



4800 Ashford Dunwoody Road
 Dunwoody, Georgia 30338
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To: Mayor and Members of
 Dunwoody City Council

From: Linda Nabers
 Finance Director

Richard Platto
 Assistant Finance Director

Re: Sinking Fund Reserve for Artificial Turf Fields

Date: 24 October 2022

Action

Approval of the Resolution to authorize the establishment of a Sinking Fund Reserve for Artificial Turf Fields, with funding beginning in Fiscal Year 2022.

Summary

The City of Dunwoody currently has two baseball fields and two multi-use fields located at Brook Run Park that have artificial turf, with additional artificial turf fields potentially planned at future parks. These turf fields support a variety of youth and adult recreation programs in the Dunwoody community, and at the end of their useful life, will need to be replaced. Since replacement of artificial turf can be expensive, the City wishes to establish a sinking fund reserve in order to separate this amount from the overall reserve within the General Fund. This will provide transparency of the funding available when the time comes to replace the artificial turf.

Details

It is estimated that the City will need to remove and replace the turf every 10 to 12 years. Based on this schedule, the City would like to establish a minimum target of contributing \$60,000 per year to the sinking fund for replacement of turf fields, as this could eliminate a large spike in capital expenses and normalize the annual costs long-term.

Funding for the sinking fund would come from the revenue generated by the field rental fees that are part of the facility usage agreements the City has with various athletic associations and partners. After normal repairs and maintenance expenses are performed with this revenue per year, the remaining amount would be contributed to the sinking fund.

If the revenues from field rental fees, less annual repair and maintenance expenses, does not generate the annual target amount to be contributed to the sinking fund, then any difference will be made up by the pavilion rental fee revenue the City receives, less any repair and maintenance costs.

Lynn Deutsch Mayor
 Eric Linton ICMA-CM City Manager
 Sharon Lowery CMC City Clerk

Catherine Lautenbacher City Council Post 1
 Rob Price City Council Post 2
 Tom Lambert City Council Post 3

Stacey Harris City Council Post 4
 Joe Seconder City Council Post 5
 John Heneghan City Council Post 6

To demonstrate how the calculation above would work, below is an analysis of FY2022 year-to-date:

Turf Field Sinking Fund Analysis

Revenue:

Facility	FY2022 Amount
Baseball Field	\$ 86,000
Multi-Use Field	61,650
PCMS Football Field	5,577
Total Revenue	\$ 153,227

Expenses:

Facility	FY2022 Amount
Baseball Field	\$ 73,829
Multi-Use Field	50,243
PCMS Football Field	17,612
Total Expenses	\$ 141,684

Amount Availabe towards Sinking Fund with Athletic Field revenue and expenses only	\$ 11,543
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Plus:
 Pavilion and Lawn Rental Revenue \$ 54,775

Amount Availabe towards Sinking Fund including Pavilion Rental revenues	\$ 66,318
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Additionally, below is a Sinking Fund schedule that would estimate how much would be available if the minimum \$60,000 was contributed to the sinking fund annually for 12 years, assuming an estimated annual interest rate of 3%:

Sinking Fund Schedule

	Amount		Total	Accumulated
	Added to	Interest	Addition	Amount
Period	Reserve	Earned *	to Fund	in Fund
FY2022	\$ 60,000	\$ -	\$ 60,000	\$ 60,000
FY2023	\$ 60,000	\$ 1,800	\$ 61,800	\$ 121,800
FY2024	\$ 60,000	\$ 3,654	\$ 63,654	\$ 185,454
FY2025	\$ 60,000	\$ 5,564	\$ 65,564	\$ 251,018
FY2026	\$ 60,000	\$ 7,531	\$ 67,531	\$ 318,548
FY2027	\$ 60,000	\$ 9,556	\$ 69,556	\$ 388,105
FY2028	\$ 60,000	\$ 11,643	\$ 71,643	\$ 459,748
FY2029	\$ 60,000	\$ 13,792	\$ 73,792	\$ 533,540
FY2030	\$ 60,000	\$ 16,006	\$ 76,006	\$ 609,546
FY2031	\$ 60,000	\$ 18,286	\$ 78,286	\$ 687,833
FY2032	\$ 60,000	\$ 20,635	\$ 80,635	\$ 768,468
FY2033	\$ 60,000	\$ 23,054	\$ 83,054	\$ 851,522

Recommendation

Staff recommends approval of the establishment of a Sinking Fund Reserve for Artificial Turf Fields in Fiscal Year 2022.

A RESOLUTION ESTABLISHING A SINKING FUND RESERVE FOR ARTIFICIAL TURF FIELDS, BEGINNING IN FISCAL YEAR 2022, AND DESIGNATING THE MINIMUM AMOUNT TO BE CONTRIBUTED TO THE SINKING FUND ANNUALLY

WHEREAS, the City currently has two baseball fields and two multi-use fields with artificial turf, with the potential for additional artificial turf fields to be added at future parks; and

WHEREAS, it is estimated that the City will need to remove and replace the artificial turf every ten (10) to twelve (12) years; and

WHEREAS, given the fact that removing and replacing artificial turf can be expensive and require significant capital funding; and

WHEREAS, the Mayor and City Council intend to establish a Sinking Fund Reserve for Artificial Turf Fields, beginning in the Fiscal Year 2022:

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Dunwoody, pursuant to their authority, as follows:

Section 1. That the City of Dunwoody, Georgia hereby establishes a Sinking Fund Reserve for Artificial Turf Field beginning in the Fiscal Year 2022, with said Sinking Fund being described below;

Section 2. That the City establishes a minimum target of contributing \$60,000 per year to the sinking fund for replacement of artificial turf fields; and

Section 3. Funding for the contribution to the sinking fund will be generated from the field rental fees that are part of the facility usage agreements the City has with various athletic associations and partners, less normal repair and maintenance expenses incurred; and

Section 4. That if the minimum target contribution amount is not generated from field rental fees, less normal repair and maintenance expenses incurred, that the difference will be made up by the pavilion rental fee revenue the City receives; and

Section 5. That the City Manager and his/her designee may promulgate all necessary internal rule and policies to ensure that this Sinking Fund Reserve for Artificial Turf Fields Resolution is followed.

**STATE OF GEORGIA
CITY OF DUNWOODY**

RESOLUTION 2022-XX-XX

**SO RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF
DUNWOODY, GEORGIA** this the 24th day of October, 2022.

Approved:

Lynn P. Deutsch, Mayor

Approved as to Form and Content:

City Attorney's Office

Attest:

Sharon Lowery, City Clerk
(SEAL)