**City Council of Peachtree City**
**Meeting Minutes**
**August 27, 2009**
**6:30 p.m.**

The City Council of Peachtree City held a Special Called Meeting on Thursday, August 27, 2009. Mayor Harold Logsdon called the meeting to order at 6:30 p.m. Other Council Members attending: Steve Boone, Don Haddix, Cyndi Plunkett, and Doug Sturbaum. The purpose of the meeting was to hold a public hearing for the proposed millage rate, adopt the 2009 millage rate, and adopt the FY 2010 budget resolution.

**Old Agenda Items**

**08-09-10 Public Hearing – 2009 Millage Rate**

Financial Services Director Paul Salvatore gave a Power Point presentation on the third and final public hearing for the proposed Millage Rate (The presentation is included in the official meeting file). The current millage rate was 5.122 for Maintenance and Operations (M&0) and .411 for Bonds, totaling 5.533 mills. Staff proposed a 0.25 mill increase to the M&0 and reducing the Bond millage rate by 0.012, for a net increase of 0.237 to 5.771 mills. This would require no projected use of cash reserves for the FY 2010 budget and maintain a projected fund balance at $9.4 million (or 36%). Salvatore said if the millage rate were left at the existing 5.533 mills, the FY 2010 fund balance would decrease to 34%.

Salvatore explained staff's reasons for the proposed increase, saying the proposed FY 2010 budget included eight new public safety employees (two for Police and six for Fire). There had also been several expenditures made over the years, including the Library bond and the addition of 27 new full-time and 10 part-time employees in Public Safety since 2006 with no corresponding increase in taxes to cover those costs.

Staff was also looking forward to 2011, at which time they were proposing to reinstate the employee raises. The increase would also help fund paving costs if the Special Purpose Local Option Sales Tax, which expired in March 2010, was not renewed by the voters. Finally, the 2009 Resident Survey supported doing some cuts and a modest millage rate increase.

Salvatore then reviewed an estimated City property tax bill, based upon an average residential property of $272,000 as reflected in the current digest, with the proposed millage rates County-wide, noting that the Peachtree City portion only comprised 16.5% of the total bill. Fayette County taxes made up another 15.5%, with the State receiving 0.7% and the Fayette County Board of Education receiving 67.2%. The overall county tax bill would have 0.262 mill decrease, a reduction of approximately $28.51 based upon the average residential tax bill. Salvatore also indicated that the example reflected the loss of the Homeowners' Tax Relief Grant (HTRG) credit that would result in an increase of approximately $278.73 on the average residential tax bill.

The public hearing opened.

Ben Johnson indicated that he was disgusted that the City was considering raising taxes in light of the current economy. He was concerned that the number of police would increase in the FY 2010 budget. Based on his observation, it appeared that the City had enough officers currently. He asked if council would consider doing a rollback on the millage rate on the economy improved. He said that the answer to all government problems is always "let's raise taxes".

Robert Walsh asked for clarification on whether HTRG would be a temporary suspension for one year, returning in 2011. Plunkett indicated that HTRG was controlled at the State level by the Governor. In current situation of the State's budget, it was easy for the State to put it in and obviously just as easy to take it out. Walsh continued that he agreed with the use of reserves and that the budget was good, but it was just a problem of where the money came from.

Beth Pullias supported the increase, saying there had not been an increase in four years and this would prevent use of cash reserves.

Robert Brown asked what the target reserve rate was. Salvatore said the minimum was 20%. Brown said the City was 16% above the minimum, and that left a lot of room. Brown said the reserve was in place to get the City through down periods, which the country was currently experiencing. He felt the City should not raise taxes during a bad economy merely to maintain an inflated reserve level. Brown asked what the total number of City employees was at present compared to 2006. Salvatore indicated that there had been 243 full time employees in 2006, compared to 239 in 2009. The number of part-time employees had increased significantly due to the City assuming management of the Amphitheater.

Keith Starke agreed that, based on the economy, the reserves should be used in lieu of a tax increase. He acknowledged that there had been a lot of cutbacks, adding that residents had been cutting the right-of-way at his subdivision entrance. There had been a lot of tough decisions, but reserves should be used to help see the City through these economic times.

Brown returned and asked what City residents were getting for the nearly equal amount going to Fayette County, acknowledging that they received excellent services from the City for the taxes paid.

Tim Lydell said the increase should be passed. He said the City should be conservative and keep the budget in check. The long-term impact of the City's bond rating was critical. He encouraged Council to not draw down the reserves and to continue looking at ways to save money.

Darlene Gulli opposed the proposed increase because she felt it should be increased by a greater amount, and felt staff had done a great job in trying to reach a middle ground.

Hearing no further comment, Logsdon closed the public hearing.

Boone said he had never voted for a millage increase. Property tax was not the wherewithal to balance the budget. It took sales tax and shopping in the City. Due to the economy, the sales tax was down. Losing the HTRG credit was significant. People were on fixed incomes. It was just not the time to increase taxes. Everyone had to tighten their belts.

Haddix said he supported the tax increase for the long term. The economy would continue downhill for a few more years, and the recovery would be slow. A small increase each year could keep the City from having to impose a huge increase in the future. The City had struggled to cut the budget, but he felt they should return the cost of living increases to the employees. He also felt the City would dip into the reserves if the economy continued to decline, which he felt would happen. His goal was to rollback the millage rate once the economy improved.

Sturbaum said it was a tough decision, and there was no crystal ball. He supported the balance of the budget, the reserve fund, and what could be done to support the City as a whole. A small millage increase now would provide emergency funding if needed, along with the cash reserves, and giving the Cost of Living Allowance (COLA) back to the employees. He was also concerned about millage increases down the road and wanted to buffer that as much as possible.

Plunkett noted that the tax digest had come in $159,000 over projections. Salvatore confirmed the statement. Plunkett said that meant the City would only need to take $292,000 out of the cash reserves to balance the budget. Salvatore said the reason staff had not changed the figures to reflect that was because the last two months of LOST collections had averaged 4% short of the adjusted budget, which had been cut 10%. If the shortage continued, the City could end up $240,000 short next year.

Plunkett said she had voted for a tax increase in the past, and money had still been taken out of the cash reserve. She pointed out that, because of the excellent job staff did managing the budget, only half as much was taken out of cash reserve as was projected. In economic downturns, the City had to be even better stewards of taxpayer money. She could easily make an argument to increase taxes, but it was not the right thing to do at his time.

Logsdon noted that everyone knew how he felt. He did not support a millage rate increase. The money from the budget came from property taxes, sales taxes, and all others (franchise fees, fines, forfeitures, etc.), which were usually balanced. The franchise fees had been fairly stable. Sales taxes had been the problem. There had been a lot of cutting, reorganizing, and outsourcing this year. The City was very efficient, and he challenged any municipality in the state to any more efficient. The City had approximately one-third of the employees of similar-sized cities. The Department of Revenue had made changes that could result in an increase in sales tax collection. A property tax increase was the last thing that should be done.

**08-09-20 Consider Adoption of 2009 Millage Rate**

Logsdon moved to maintain the millage rate at the current rate of 5.533 mills, adopting the M&O millage rate of 5.134 mills, including 0.091 mills dedicated to the Development Authority of Peachtree City, and the Bond millage rate of 0.399 mills. Boone seconded. The motion carried 3-2 (Haddix, Sturbaum).

**08-09-21 Consider Adoption of FY2010 Budget Resolution**

Salvatore said the budget in the Council packet had been based on staff's proposed budget. He showed an alternate budget model (Option 2A) that was developed in the event Council kept the current millage rate. (A copy of the PowerPoint is included in the official meeting file.) He noted that a 1.5 mill tax increase could be needed in FY 2013 to balance the budget.

Logsdon pointed out that Council could adopt the budget at the September 3 meeting, adding that the budget had to be adopted by October 1. Salvatore said that was correct, and it would give staff time to prepare the correct budget information for the alternate model. Logsdon added that that information would show the $451,000 needed from cash reserves. Salvatore said it would. Logsdon noted that Council preferred to see all the information prior to adopting the budget.

Boone moved to continue the adoption of the FY 2010 budget resolution until September 3. Plunkett seconded. The motion carried unanimously

There being no further business to discuss, Sturbaum moved to adjourn the meeting. Plunkett seconded. The motion carried unanimously. The meeting adjourned at 7:27 p.m.

Nikki Vrana

Nikki Vrana, Recording Secretary

Harold K Logsdon

Harold K. Logsdon, Mayor