City Council of Peachtree City
Special Called Meeting Minutes
August 7, 2018
7:30 a.m.

The Mayor and Council of Peachtree City met in a special called meeting on Thursday, August 7, 2018, at City Hall. Mayor Vanessa Fleisch called the meeting to order at 7:30 a.m. Other Council Members attending: Terry Ernst, Mike King, Kevin Madden, and Phil Prebor.

The purpose of the special called meeting was to hold a public hearing on the 2018 millage rate.

Mayor Fleisch opened the public hearing.

Financial Services Director Paul Salvatore said this was the first of three required public hearings regarding the proposed tax increase (the second would be held on August 7 at 6:30 p.m., the third public hearing was slated for the August 16 regular meeting, was well as adoption of the millage rate). He explained that the operations & maintenance (M&O) millage rate would stay at 6.232 mills, and the bond millage rate would be reduced from 0.273 mills to 0.176 mills. The total millage rate would be reduced from 6.505 to 6.408.

Salvatore continued that the reason for the tax increase was due to an increase in the assessed value of properties. Property owners who had an increase in the assessed value of their property would experience a tax increase. The total increase in all net digest values was 4.17% (real and motor vehicle property); however, the average increase in assessed values of real property in the City for 2018 was 4.99%.

Based on the Fair Market Value (FMV) of a property, the annual tax bill for a $200,000 home would increase by $8.80 for the 6.232 M&O millage rate, Salvatore said. The decrease in the bond rate of 0.176 mills would be $7.76. The net result would be a $1.04 increase in the tax bill for a $200,000 property. He continued that the net increase for a $300,000 property would be $1.56 annually ($13.20 M&O increase minus 0.176 bond rate decrease of $11.64). For a $350,000 property, the M&O increase would be $15.40 and the bond decrease would be $13.58 for a net increase of $1.82 to the annual tax bill. The net increase for a property with an FMV of $400,000 would be $2.08 (M&O increase of $17.60 minus $15.52 decrease in bond rate). Salvatore pointed out that the new average home value in the City was $341,000 based on the new tax digest.

The net digest values had increased from just over $1.9 billion in 2009 to over $2.3 billion in 2018, Salvatore pointed out. The 12.5% increase in the digest from 2016 to 2017 corrected the drop in value during the recession. Last year, the City had completely rolled back the tax rate due to the increase, which had been approximately 0.5 mills.

Salvatore discussed a chart provided by City Manager Jon Rorie that showed the fiscal impact of M&O rate reductions on the General Fund. The millage rate of 6.232 would generate $14,420,465 in revenue. A decrease of 0.25 mills to 5.982 mills would drop the revenue to $13,841,980, which was a drop in revenue of $578,485. The homeowner of a $200,000 property would save $20. The owner of a $300,000 would save $30, and the owner of a $400,000 property would save $40.

Rorie referred to the annual impact net increase chart (FMV), saying he was not making light of the tax increase, but the net increase for his $200,000 home would be approxmimately10¢ per month. Salvatore added that the way the state law was written the decrease of 0.1 mill in the bond millage rate did not count as a rollback. He continued that last year there had been a full rollback of the M&O millage rate due to the added growth in the digest, which also required more services from the City. Rorie asked how much of the rollback was attributed to new growth. Salvatore said the ratio of new growth to reassessments had been approximately 50/50. The only growth in the revenue had been from the new growth, reiterating that the new growth led to new expenses, such as additional employees. Rorie added that it was a balancing act – balancing revenue and expenditures to make it all square.

Resident Eric Imker addressed Council, saying he knew developing the budget was a tough job, but the budget could be changed after its adoption. The millage rate would be locked in once adopted and could not be changed. He was disappointed the City needed to have three public hearings because of a tax increase. There should be a full rollback of 0.1 mills. He recommended Council not include the bond millage rate in the discussion since those were specific funds approved by the citizens for specific things. He was strictly talking about the M&O rate.

Imker continued that the City was not growing as it should be and would never fully realize the potential of its industrial area because of the M&O tax rate. He noted that Roswell (5.75 mills) and Alpharetta (5.455 mills) were booming, and they also were AAA-rated cities. The City had an opportunity to not levy all the taxes on residential. The industrial park could have been the source of revenue. He wanted to see the City's millage rate around 5.9 to be more competitive, and Council could have easily done another full rollback this year.

The City had been handed the best deal in its history, Imker said. The Special Purpose Local Option Sales Tax (SPLOST) was bringing in $5 million more than projected, and that could be used to offset the M&O millage rate, pay for the cost overrun on the spillway, and save the City more on road improvements. The M&O rate could have been lowered by at least 0.1 mills and still get the job done. Council had a choice to lower the advertised millage rate.

No action by Council was required.

There being no further business, King moved to adjourn the meeting. Ernst seconded. Motion carried unanimously. The meeting adjourned at 7:47 a.m.

Pamela Dufresne

Pamela Dufresne, Deputy City Clerk

Vanessa Fleisch, Mayor

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Mayor Fleisch opened the public hearing.

Financial Services Director Paul Salvatore said the operations & maintenance (M&O) millage rate would stay at 6.232 mills, and the bond millage rate would be reduced from 0.273 mills to 0.176 mills. The total millage rate would be reduced from 6.505 to 6.408.

Salvatore continued that, despite the reduced millage rate increase, the proposed millage was considered a tax increase due to the increase in the assessed value of properties. The total increase in all net digest values was 4.17% (real and motor vehicle property); however, the average increase in assessed values of real property in the City for 2018 was 4.99%.

To give an idea of the impact, Salvatore said the tax bill for a $200,000 home would increase by $8.80 for the 6.232 M&O millage rate, but decrease due to the bond millage rate 0.176 mills, or $7.76. The net result would be a $1.04 increase in the tax bill for a $200,000 property. He continued that the net increase $1.56 for a $300,000 property, $1.82 for a $350,000 property, and $2.08 for a $400,000 property.

Salvatore then reviewed the net digest values over the past several years as they rebounded from the recession, increasing from just over $1.9 billion in 2009 to over $2.3 billion in 2018. He also noted that there had been a 12.5% increase the previous year, and the City had rolled back the tax rate by about 0.5 mills to eliminate the tax increase.

A chart provided by City Manager Jon Rorie that showed the fiscal impact that rolling back the M&O millage would have on the General Fund. A decrease of 0.25 mills would save the owner of $200,000 property about $20, but would reduce General Fund Revenues by $578,000.

Resident Eric Imker addressed Council, reiterating his comments from the morning meeting that the City should look at lowering the millage rate below 6 mills to attract businesses, noting that Roswell (5.455 mills) and Alpharetta (5.75 mills)had lower rates and were drawing business. Imker said that Special Purpose Local Option Sales Tax revenues were coming in higher than expected, and those funds could be used for paving so the millage could be rolled back next year. He said Peachtree City residents should have some of the tax burden shifted to industries.

No action by Council was required.

There being no further business, King moved to adjourn the meeting. Ernst seconded. Motion carried unanimously. The meeting adjourned at 6:41 p.m.

Betsy Tyler, City Clerk

Vanessa Fleisch, Mayor