City of Peachtree City
BUDGET WORKSHOP
Minutes of Meeting
August 1, 2005
6:30 p.m.

The City Council of Peachtree City met in a workshop session on Monday, August 1, 2005, at 6 40 p.m. Council Members attending were: Mayor Steve Brown, Steve Rapson, and Judi Rutherford. Stuart Kourajian participated via teleconference. Murray Weed was unable to attend due to work commitments. Staff members attending were· City Manager Bernard McMullen, Financial Services Director Paul Salvatore, Assistant City Manager Colin Halterman, Police Chief Jim Murray, Leisure Services Director Randy Gaddo, Public Services Director Tom Corbett, Fire Chief Stony Lohr, Administrative Services Director/City Clerk Jane Miller, Developmental Services Director Clyde Stricklin, System Administrator Matt Robinson, and Assistant Finance Director Janet Camburn.

Salvatore went over the changes made to the proposed budget for FY 2006 since the workshop held on June 14 He noted that the growth in the tax digest was .25% greater than expected (estimated 5 75%, actual 6%), or $108,620. The estimate for impact fees had also increased by $146,526 The estimate had been $50,000, but the City Planner estimated the impact fees would be closer to $196,000. Based on actuals for FY 2005 to date, the General Fund revenue estimates had increased by $9,845 The total increase in revenue sources since the last workshop was $264,991

Salvatore said there had also been adjustments to the FY 2006 appropriations. Health insurance had decreased by $99,016. The Defined Benefit Pension program decreased $61,698 due to an adjustment in the assumption of the actuarial evaluation. McMullen said the difference was also attributed to moving from a small fund classification to a large fund classification with a greater rate of return. Salvatore continued that computer software decreased $16,810. The Chamber of Commerce Roundtable appropriation of $600 had been eliminated. Pool maintenance costs increased $14,339 per the recent contract approval. Library Services increased $1,110 for the Flint River Regional Library System contract. Departmental savings decreased expenses by $4,068 The net appropriations adjustment was a decrease of $158,607

Salvatore continued that additional changes included a reduction in the PIP contingency of $100,000 He explained that they had investigated prior years' PIPs to find leftover funds from capital projects and re-evaluated the amount needed for PIP contingency for FY 2006 and future years. Rutherford noted that many of the costs in the PIP were estimates from four or five years ago. She asked if those estimates had been updated so they were reasonable. McMullen said that the local share for most of the larger dollar PIP projects would be funded by the SPLOST There were still potential concerns about some projects, but those would be funded by the SPLOST, not the General Fund. McMullen continued that there were also changes that saved money The traffic light at GA 54/Stevens Entry had been estimated at $500,000, but the estimate was now at

$90,000 The report on MacDuff Parkway had come back and it was recommended that MacDuff not be widened.

Salvatore continued that the FY 2007 PIP was reduced by $35,000 since the funding for the Weber Station driveway repairs already existed. McMullen said the money for the repairs had come from the 2001 Bricks & Mortar loan, but had not been spent.

Salvatore noted that the local share for the Walt Banks roundabout would be funded by SPLOST so the PIP carryover increased $175,000 The funding had been in a prior year PIP and had been sitting in a bank. Now the funds could be dropped into the fund balance as surplus cash. It was a one-time revenue source that could help fund one-time expenses in 2006. Another $55,000 in savings had also been identified from various projects.

Additional changes that were pending included increasing the revenue for golf cart decal registration, $24,300 An additional $10,000 was needed to fund a pilot program to eradicate kudzu. Another $20,000 was needed for communications tower maintenance.

Rutherford questioned the tower maintenance. McMullen said the maintenance was for the tower located behind City Hall. Some immediate maintenance needs dealt with how the cables were attached to the tower There were longstanding issues that needed to be addressed, including some items that did not meet OSHA standards. A structural inspection of the entire tower was also needed, as well as scheduling ongoing periodic inspections. Rutherford asked what the lease payments for the tower were. McMullen said approximately $175,000 Rutherford asked if the maintenance should be done in this fiscal year rather than waiting. McMullen said an engineer had to identify the issues first, then do the drawings needed to go out to bid. The funds to pay for the engineering work did come out of the current fiscal year funds; however, the bids for the work most likely would not come back until the next fiscal year McMullen said the process had started. Gaddo said every time a leaseholder put something on the tower, an engineer inspected the structure, but the inspection was for their equipment. Rutherford said she would rather do something sooner than later McMullen said it could go out to bid as soon as the engineer's drawings were completed.

McMullen explained that staff was considering replacing the golf cart decals every five years at a charge of $15 per decal. Rutherford agreed that such a program would provide better information on how many carts there were, as well as who had them. She said she was glad a program was in the works.

McMullen continued that a small pilot program that used contract grazing for kudzu eradication was also planned. He explained that the chemical process cost more than $16,000 per acre per year compared to an estimated $2,500 per acre per year for contract grazing. The price could come down if a larger area was involved. Three different sites comprising approximately two acres had been selected. The sites included the right-of-way on the north side of GA 54 next to McDonald's, the entrance to the Kedron

Fieldhouse complex, and the area around the detention pond off Kedron Drive. Rutherford asked if they would be able to tell if progress was being made in a year, since the process took longer McMullen said they would know the cost at the end of the year The program accomplished the same thing as the chemical process did, the foliage was cleared so the roots starved. Brown asked if staff had considered the City greenbelt area behind Regions Bank where there was a large patch of kudzu. McMullen explained that two of the locations were near residential areas, which would give staff a good idea of what kinds of problems contract grazing could cause.

Salvatore pointed out the net impact of the changes made since the last workshop. The proposed budget presented on June 14 used $1,673,752 of cash reserves. The net impact of the revenue increases and expense cuts totaled $523,598 (or $517,898 based on the additional recommended changes). The cash reserves needed to balance the FY 2006 budget had been reduced to $1,150,154

Rutherford asked what would happen to the millage rate if they left the cash reserves use at $1,673,154, and if that would allow Council to drop the millage rate. McMullen said at this point the City was $774,000 over cash reserves target. Using the $500,000 for something else would take the cash reserves down to approximately $400,000 and would affect the millage in future years. Salvatore said he was trying to get away from using cash reserves to balance the budget because they would eventually be gone. McMullen said if everything stayed the same as in the current model and the $500,000 was put towards other things, then a larger millage rate projection for future years would be needed than what was currently in the model. Rapson clarified that Rutherford was asking what a full millage rollback would mean. Salvatore said they were dipping into cash reserves significantly to balance the budget. Rutherford said $1.6 million was needed from cash reserves prior to the changes. The City made the choice not to take all of the road money out of the SPLOST She said the best use of the found money would be to keep people from paying more in actual tax dollars.

Salvatore looked at the updated projections in the FY 2005 budget, and noted that the figures were based on year-to-date actuals. Revenue projections had increased by $51,202. Expense savings had increased $227,395 The PIP fund balance carryover had increased by $175,000 The net impact on the FY 2005 fund balance was $453,597, which Salvatore used to offset the projected future tax increase. He noted that a one mill increase had initially been projected in FY 2007 and FY 2008. The revised projection was reduced to 45 mills in 2007 and 75 mills in 2008. Salvatore noted that a similar increase had been projected for the last three years, but the millage rate had held constant. Brown noted that the City had also totally absorbed the $4 million library expansion, which was a voter-mandated project. Salvatore said debt service alone was at $409,000. Rutherford asked if it would be possible to rollback the millage rate. She said the actual tax dollars residents paid would go up because assessments had increased. She said it would behoove the City to rollback the millage rate and would be in the best interests of the citizens.

Rapson asked how much of the tax digest was due to reassessment and how much to new growth. Salvatore said 68% of the increase in the tax digest was due to reassessments and 32% was due to new growth. He said rolling back the millage rate would have a ripple effect. By 2008, the City would be $1 million below its cash reserve target. He said the conservatism had been taken out of the model. McMullen said this was his third budget, and the City had become less conservative in terms of revenue projections. This year revenues would be one percent over projections. The projections were much closer to reality on revenues and expenses than the figures used previously Rapson said a rollback was not a prudent thing to do It was not in the best interest of the citizens to have the millage rate fluctuate back and forth. The projected 11% increase in the millage rate in 2007 would more realistically be three to four percent if things continued to track as they had. Rapson said the City's finances looked good because they were seeing the benefits of actions taken two to three years ago The City had been very proactive in looking at fees, refining fines, and looking at capital projects. Rapson noted the projected staff savings of $474,000 in 2007 and said that was conservative. They would pick up another $200,000 to $300,000. The amount changed each year, but the danger came in budgeting at that level.

Salvatore reviewed the operating budget for FY 2006. The General Fund totals were $25,713,607 The total budget, including SPLOST, was just under $32 million. The estimated increase in revenue was $869,000 (3 7%). The millage rate was to remain constant at 5.283 mills. The cash reserves amount used was $1 15 million. Appropriations increased $637,000 (2.5%). Rapson noted that the appropriations increase included self-insurance. Salvatore said the appropriations increase included the departmental increase.

Rutherford suggested adding three firefighters and two police officers to the budget in light of the increased revenues and spending cuts rather than a rollback. She said she wanted to make sure the budget was the best budget for the City Salvatore said the cost would have the same impact as the rollback. Rapson said the net result would be the same – the budget would be $1 million in the hole in 2008.

The budget included three new full-time and two new part-time positions. The new positions were a systems specialist for Information Technology, a children's specialist and part-time library assistant for the library, a city engineer 1 for Engineering, and making a part-time staff assistant position full-time for the Planning Department. Rapson noted that there were actually fewer library positions than originally projected. Gaddo confirmed that the projection had been two full-time and two-part positions. They were able to cut back on positions because of the library design. Salvatore said the staff assistant position in the Planning Department was actually a ¼ time increase, from 30 hours to 40 hours a week.

Rutherford said she preferred that the new engineer position wait until the stormwater utility came on line. Rapson asked if the position could be converted to stormwater, or if there would need to be a position dedicated to stormwater McMullen explained that the same type of situation would also come up with Code Enforcement and other departments. A portion of the employee's time would be spent on stormwater. The portion of time spent on stormwater would be charged to stormwater The City would be a stormwater utility customer, which would cost about $340,000 Rutherford said she thought there was a full-time engineer in the stormwater plan. Stricklin said there was a full-time stormwater supervisor, not an engineer The supervisor might be in the Engineering Department because of the types of projects. Rutherford asked if the position was needed because of the SPLOST McMullen gave the Flat Creek bridge project as an example. He pointed out that the work on the project began in 1996. There were a number of similar projects, and approximately $2 million in projects rolled over on an annual basis, which would go up by four or five percent. McMullen said that added nearly $1 million to the projects' cost because the City did not have enough staff. Rutherford asked if they could contract someone. McMullen said, based on his experience, that the cost would increase two and one half times more. Rutherford asked Stricklin how much staff time would be spent on stormwater projects. Stricklin went through a list of estimated man-hours to be spent on stormwater projects. Rutherford asked how that equated to positions. Stricklin equated the time to a new project manager, 2,080 hours, for a pay rate between $44,000 to $70,000, leaving a deficit of 3,564 man-hours that the utility would work on when it was in place. Rutherford asked how much total staff time would come out of stormwater Stricklin said half of the engineering staff's time would be spent on stormwater and half would be spent on other projects.

Salvatore said FY 2006 SPLOST revenues were estimated at $2,082,553 The projects included the Marketplace/Westpark tunnel, street resurfacing program, path system upgrade, Walt Banks roundabout, adding right turn lanes at TDK/Dividend Drive, design of the GA 74 North multi-use bridge, Rockaway Road construction, landscape design for MacDuff Parkway, design for the Flat Creek multi-use path connection, a signal and lane improvements at GA 74/Wisdom Road, and installing a traffic signal at GA 54/Stevens Entry

The PIP total for FY 2006 was $2,874,352, which included a $2.3 million multi-year financing proposal. Salvatore said the items to be financed included Bricks & Mortar loans, as well as other types of financing. Any items that cost under $100,000 would be paid for in cash.

Salvatore referred to the 10-year model and said staff was looking at a plan to build up a fund balance in the event that LOST negotiations were not favorable and the SPLOST was not renewed in FY 2009, 2010, and 2011 If the City did well with the LOST negotiations and the SPLOST was renewed, there could possibly be a millage rate reduction. Brown said if population was used as a factor the City would be fine. McMullen said the County had 50% of the population, and the projection was the numbers would go down to 42% of the population. Eight percent would be spread among the municipalities.

Kourajian said the budget was fine and he had no questions. Brown asked if the planning money for The Gathering Place expansion was included.

Salvatore said the first millage rate hearing was scheduled on Thursday, August 4, at 7 a.m. Another workshop on the budget was tentatively slated on Monday, August 15 It was up to Council to decide if the additional workshop was needed. Brown asked Salvatore to break out the library information. He said residents needed to know that the cost of the expansion was covered by the budget without increasing the tax rate.

There being no further business to discuss, the meeting adjourned at 8:00 p.m.

Jane Miller, City Clerk

Stephen D Brown, Mayor

Pamela Dufresne, Recording Secretary