City of Peachtree City
BUDGET WORKSHOP
Minutes of Meeting
July 22, 2004
6:00 p.m.

The City Council of Peachtree City met in a workshop session on Thursday, July 22, 2004, 6:00 p.m., in the City Hall Council Chambers. Council Members attending were: Mayor Steve Brown, Stuart Kourajian, Steve Rapson, Judi Rutherford, and Murray Weed. Staff members attending were: City Manager Bernard McMullen, Financial Services Director Paul Salvatore, 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.

Brown noted there were additional documents that included position papers on the proposed new positions – Administrative Services staff assistant, part-time planning assistant, purchasing agent, assistant fire marshal, three full-time firefighter/paramedics, part-time Kedron maintenance tech, three police officers, and a maintenance worker for the Cart Path Crew.

McMullen told Council that Salvatore would give an initial briefing on the budget book, highlight the FY 2004 budget, major points of the FY 2005 budget, and discuss adjustments and recommendations made by staff based on a continuing review of the budget, followed by questions and discussion.

Salvatore noted that FY 2004 revenues were projected to be $565,497 more than budgeted and FY 2004 General Fund expenses were projected to be $1,203,100 less than budgeted. He attributed the surplus to better Local Option Sales Tax (LOST) collections, hotel/motel tax collections, building permits, alcoholic beverage taxes, insurance premium taxes, a savings of $133,000 in health insurance, an unusual frequency of salary vacancies, the implementation of positive changes to the revenue structure, and steps taken to curb expenditures such as the change in the pension plan. Salvatore added that the voters also passed a bond referendum that would cost 0.36 mills, once the library renovations were complete, 0.26 mills for the debt service and 0.10 mill for operating expenses.

The FY 2005 budget had a combined total of $29,754,843, including $3 million in carryover projects. New appropriations totaled $26.7 million, an increase of $1,144,488, or 4.47% over FY 2004. Salvatore said approximately 35% of the increase, or $403,000, was due to the debt service for the Library General Obligation Bond. The increase would be 2.9% without the bond.

The General Fund was projected at $24.7 million, with revenues of $23.3 million and a surplus carryover of approximately $1.4 million. The General Fund included Department Operating Expenses of $21,526,425, an increase of 6.86%; General Administration expenses of $460,986, including $100,000 for Council Contingency; and transfers to other funds/authorities of $3,258,772. Also included were 10 new full-time positions and two part-time positions. Most of the General Fund revenues were ad valorem taxes and LOST.

Salvatore noted that staff had completed a three-year comprehensive survey of fees, and several changes had been implemented during FY 2004. The economy was better, so LOST collections were higher. The City's share of the LOST would decrease by 1.01%, while the County's share would increase 1.5%. Salvatore noted a 5% increase in LOST was projected, but the City would receive an increase of 1.9% in additional revenue due to the LOST formula change. The revenues included a projected 4.9% increase in ad valorem taxes and a 0.26 millage rate increase to pay for the library bond debt service.

Salvatore addressed the Public Improvement Program (PIP) fund for FY 2005. The total revenues for the program were $4.9 million. Appropriations were $1.9 million and there were approximately $3 million in carryover projects. Most of the carryover projects were due to the widening of Highway 54 and the Livable Centers Initiative (LCI) projects. Also included was $120,000 for Phase 1 of Meade Field and Riley Field parking improvements, as well as a concession stand at Meade Field, and fire station repairs and equipment. Gaddo noted that the funding included engineering work for both fields, curbing, and guttering for FY 2005. The paving of the parking lot would be completed in the next fiscal year. Gaddo said there were safety concerns at both venues and problems with water runoff. McMullen added that they needed to look at stormwater retention, which had not been addressed in the previous estimate. Rapson said he preferred to move quickly on these projects and that money could be taken from PIP contingency to do the entire project. The PIP contingency had $300,000 per the City's financial policy and he expected to use most of the fund. Salvatore pointed out the PIP was subject to change from FY 2006 and beyond.

The total for all Special Revenue Funds for FY 2005 was $955,016, with most of the money coming from the Hotel/Motel Tax fund. Salvatore said a two percent increase in the hotel/motel tax collections was projected in FY 2005. Due to previous shortfalls in the hotel/motel tax, the amount budgeted for FY 2004 was equal to the amount collected last year. Two-thirds of the funds went to the Peachtree City Tourism Association per state law and the remainder went to the General Fund.

Salvatore addressed the Debt Service Fund and said new equipment purchases of $526,000 added $153,612 to new debt service in FY 2005. The Library Bond debt service totaled $402,998. The fund totaled $2,674,910.

Salvatore continued with the details for the 10-year Financial Model. He noted the model had been revised to show improved revenue estimates, improved expenditure estimates, and improved millage rate estimates. One mill was the equivalent of $1,561,092 in the tax digest. The proposed millage rate increase, with the 0.26 mill addition, was 5.543 mills, or a 4.9% increase, which would generate an 11% increase in revenue. The estimated impact on a $200,000 property was $20.80 for a total City tax bill of $443.44.

McMullen addressed staff's proposed revisions to the budget that had come in since the budget books were delivered to Council. The revisions included additional grant funds for the Huddleston/Dividend intersection project in the PIP, moving some items in the PIP, a decrease in the estimated cost for the Court Solicitor, a decrease in the not-for-profit allocation based on requests that had been received, charges for alcoholic beverage server registration, and the increase in the Court administrative fees. The current recommended millage rate increase was 0.26 mills for a proposed millage rate of 5.543. The revised proposed millage rate was an additional 0.11 mills for a proposed millage rate of 5.390 mills.

McMullen noted that staff would bring a proposal to Council on August 5 for Court Solicitor services. Rutherford asked about the cost of malpractice insurance. Weed noted that if the Court Solicitor were a City employee, then the solicitor would be covered under the city's insurance. McMullen said staff would present the most economical way to add a full-time Court Solicitor's position.

McMullen continued that only two requests had been received before the June deadline from not-for-profit organizations. Both requests were for $7,500 and the allocation had been revised from $25,000 to $15,000. McMullen added that the alcoholic beverage server registration revenue had not been included in the budget and that the figures had been revised to reflect the change in the Court administration fee from $4 to $5. Rutherford asked if annual golf cart registration would begin during the fiscal year. McMullen said it did not look promising in terms of expense, but staff was still working on the assessment. Rutherford noted that homeowners would pay more ad valorem taxes because assessments had gone up, whether the millage rate increased or not.

Rutherford said she had anticipated that a captain would be added to the Police Department and noted there was not a captain's position requested, but there were three new officer positions requested. Chief Murray said the captain's position was taken out and three new officer positions were added. Murray added that there would be an upgrade of a current position requested in the next fiscal year. He needed people to put on the west side. Rapson asked Murray why he had not included an upgrade to a captain's position in the FY 2005 budget. Murray said he wanted to wait until after the assessments in October.

Rutherford asked if the City provided the School Resource Officers and the DARE Officer. Murray said the City provided the high school and middle school resource officers. The Board of Education provided $44,000 for the programs, and it was possible that a full-time position could by paid by the County in the future. Rutherford asked if the County could provide the officers. Murray said he did not recommend that since the local officers worked with the students one-on-one. He continued that the officers were rotated, and this year a bilingual officer would be assigned to the middle school. Murray added that the Department's relationship with the Board of Education was outstanding. McMullen noted that the City had received a 10% increase in the funding provided by the Board of Education for the new fiscal year.

Kourajian said the proposed budget was a good start. He asked McMullen to talk about the budget process and if there were any more possible cuts. He noted there would probably be small things in each department, but he did not want to nit pick.

McMullen explained the budget process and said Salvatore called the department heads and had them fill out a list of their requirements and needs, then Salvatore met with each director and chief to review the their budgets to put together Bud 1. Subsequent meetings were held with Salvatore and McMullen, and then each department head met with McMullen, Salvatore, and the Mayor. Changes were recommended, and then the budget was presented to Council.

Salvatore added that each department was closely scrutinized. If there was more than a five or six percent increase, they looked for an explanation. They looked for explanations if there was a decrease, and unusual increases and decreases were highlighted.

McMullen continued that during the Bud 2 process, the department heads added in what would be needed for telephone, computers, etc. Robinson then reviewed each department's budget and made recommendations. The changes made between Bud One and Bud Two reflected that information.

Kourajian asked what happened to the old computers and equipment. Robinson said that the computers were on a three-year replacement cycle, which would make the discards easier to sell. Some of the old computers were given to non-profit organizations. He pointed out most of the discarded computers had gone beyond a useful life. The best of the discards were kept as loaner equipment during emergencies within the City.

Kourajian noted the part-time planning assistant position was a half-time job with a computer. He asked what the need for the position was. McMullen said the position was the result of new requirements. He explained that a complete update of the comprehensive plan was to begin soon. They were only looking at the position through 2007. The City could hire a part-time assistant or hire a consultant. The rate for the consultant would exceed the cost of a part-time assistant. The part-time position would allow time for the City Planner to work on the comprehensive plan update. Some consultant work would still be needed, but the part-time assistant would reduce that need.

Weed asked if the cost for the position would be $33,000 for four years. McMullen said the salary for the first year would be $18,844. The full-time salary would be $33,000. Stricklin said the comprehensive plan update had to be completed by February 28, 2007.

Kourajian asked for the justification for the purchasing agent position. Salvatore noted there were more transactions to handle and that person would help with the Peachtree City Tourism Association (PCTA) books. McMullen added that they wanted to keep track of the hours spent on PCTA work by the staff. He said they felt like the PCTA was getting the best deal and that should be adjusted. A couple of months would be needed to document the time, and then an adjustment could be made. McMullen said the PCTA had just hired a finance/human resources person to do some of the work, but a history was needed once that person was in place. Rapson said an accurate comparison could not be done at this point since they did not know what the normal workload was yet.

McMullen continued that a purchasing agent would also allow the City to be more economical in purchasing since there was another person to research pricing. Department heads now did a lot of the research. Rapson pointed out that Camburn was currently working on the new state financial requirements (GASB 34), as well as serving as the purchasing officer.

Weed said he would rather outsource for special services, such as those that would be performed by the part-time planning assistant. He continued that it would be hard to justify to him the money needed for the position for three years, plus the need for a consultant, which was not addressed in the budget. Weed said he was willing to be convinced, but he was not there yet. Stricklin said he could get more for less by having an intern, or planning assistant, working under the guidance of someone on staff. A consultant would have to go out for bid and then be trained. Stricklin said a part-time planning assistant was a more efficient use of money and would provide the data the way it was needed.

Kourajian asked about the Assistant Fire Marshal position and if all the priority inspections required of the Fire Marshal were made every year. Lohr said they were not and the visits were made in the reaction mode. The Department had tried to augment the Fire Marshal by sending others to get certified to do some of the lower level inspections, but those people were not qualified to do the more complex inspections. The $63,000 cost for the first year included everything the person would need to be functional.

Weed asked if the Fire Marshal went on fire calls. Lohr said it depended. Weed asked if the fire marshals would leave what they were doing to respond to a fire call. Lohr said they would finish what they were doing, then answer the fire call. Lohr said available staff answered the call. The Department answered a call as quickly as it could, but usually only with three people. They had eight minutes to get an effective force on the scene.

Kourajian asked Lohr if he would close any fire stations if there were fewer than 11 people on duty. Lohr said that was not a viable option, but had been considered in previous years. Rutherford asked Lohr if people were out sick whether he would close one station to staff the others. McMullen clarified the situation and said Station 84 would have two people if there were a full staff. If someone were out, then one person would staff Station 84. Because of safety considerations, there should always be more than one person at a station. That was a reason to close a station until more people were available. Lohr said in those situations, they called part-timers, then volunteers, to keep the stations staffed.

Kourajian clarified with Gaddo that the part-time maintenance tech position was 27 hours a week and asked what kind of work the job entailed. Gaddo said yes and that the work included setting up and breaking down rooms and minor maintenance. Gaddo said the position was more janitorial than maintenance. The hours were nights and weekends.

Weed asked Gaddo why they did not outsource the work to a bonded janitorial service. Gaddo said they had looked at outsourcing, but the costs were more. He added that the job also included some customer service, since people were always asking for help, and for things normal contract people were not expected to do. Gaddo said that two people were needed at Kedron on the weekends, one customer service person and one maintenance person. Now, two customer service people staffed the facility because there was not a maintenance person available. The Department was also using its part-time customer service people for more hours and paying overtime. Kourajian noted that they would not necessarily be adding another person, but replacing hours worked by someone in another position, so there might not be an increase in cost. Gaddo said it would probably be close. During big events, people had to be added, and both full-time and part-time employees received comp time for the events.

McMullen clarified with Gaddo that he was asking for a different type of position, but the staffing requirement was always two. Currently, two customer service employees staffed the fieldhouse. If the position were approved, a customer service representative and a maintenance technician would staff it. Both the customer service positions, were paid out of part-time salaries, so the maintenance technician could be added without adding to the part-time salaries line item. Replacing a customer service person with a maintenance technician would not cost anymore. Kourajian asked if the maintenance was being done currently. Gaddo said they were either doing the best they could, or the work was not being done.

Kourajian asked if there would be more grant money for the DARE officer. Chief Murray said the grant money lasted for four years. Kourajian asked about the money for the program provided by the Kiwanis Club. Murray said that money paid for all the materials and t-shirts.

Kourajian asked what Public Services considered an emergency call for the paving crew. Gaddo noted that an emergency could be a sinkhole on the cart path, or trees down, etc. He said most emergencies for the crew were cart path related. McMullen pointed out that the paving crew was multi-tasked and did more than paving.

Weed said more money had been allocated to the cart paths in the budget, and asked if more money had been allocated than crew to do the work. McMullen said the City needed to do more paving, and that more money had been put in the budget for supplies; however, people were also needed. A second asphalt paver had also been requested to get with the cart paths that needed paving. The paver was often pulled to work on a problem with the streets; so one paver would be dedicated to the cart path crew. Brown pointed out that the top complaint from citizens each month was about the cart paths. Kourajian said he did not disagree that another person was needed, but the only justification for the position was the emergency calls. Weed agreed that the justification should include the need for more staff to do the work.

Rutherford pointed out that there were no simple answers for healthcare costs. She noted that the corporate world employees were required to pay a premium for health insurance. Rutherford asked if the City was comparing premium fees.

Salvatore agreed that healthcare was a complex subject. He said they could go to premium from self-insurance, but there would always be a run-out on claims in the first year of paying premiums to the new company. He said the run-out would be significant, as much as six figures.

Miller said staff was currently doing an analysis with other networks to determine if there would be any savings to change networks. A survey would be sent to employees to make sure a majority of providers would be available.

Rutherford suggested the City pay out employees who used their spouses' insurance, rather than the City's health insurance. Miller said that would be a savings and would reduce the City's exposure.

McMullen provided an example from his own experience and said he used his retired military insurance to get his prescriptions. He noted there was a number of retired military working for the City, and that should be considered.

Salvatore continued that there would be $1.2 million in staff savings for the current fiscal year. He said the savings was usually $500,000, or normally two percent of the total operating budget. Salvatore said the savings in health insurance, the normal two percent savings, and the high number of employees who left during the fiscal year and were replaced by people with a lower salary contributed to the savings.

Rutherford said she had a problem raising taxes for money the City did not spend. McMullen said staff prepared the budget, then subtracted $500,000.

Rapson asked Chief Lohr if he could get by with adding one more person on the night shift and using one of the six staff personnel during the day to answer calls. Lohr said the training lieutenant did go to calls on the tower truck, but other personnel were usually already gone in the other vehicles. When staff was available, staff answered calls.

Rapson said he felt the problem was logistics and he had a hard time adding an additional body to the day shift. He said he realized an additional body was needed on the night shift and that additional part-time people might help.

Lohr said the firefighters worked one day on/two days off and most had at least one other job. The part-time firefighters worked full-time for other departments. Lohr continued that the consultant had recommended 15 people on a shift and never less than 12 for safety reasons. The consultant recommended that no vehicle go out with less than two people on it. Lohr noted that more injuries occurred on the trips to and from the fire, than at the actual fire. Lohr continued that, if all the existing standards were applied to the Department, then none of those standards were met. Adding another person to each shift got the Department a notch closer to meeting the standards.

Rapson noted that the City's ISO rating was four and only seven percent of the fire departments in the country had an ISO rating of four. He said that, according to what Lohr just said, the Department was substandard, but the fire response times were phenomenal. He challenged Lohr to find any city with better response times. Lohr said the Department's response times were good, but the clock stopped when the first vehicle got there. Lohr pointed out that a truck had only one person when it got to the fire. Other departments had three or four people on the truck. Six people were needed to start operations if there was a fire. Rapson said, if the Department were staffed at 12 during the day, then there would be six people at a structural fire. Rapson said the assistant fire marshal position was critical, but he felt the Department should rely more on volunteers to make up at least two of the positions.

Weed noted that the Department was down to 24 volunteers, but only had three that could be relied on. Rapson asked what happened to the volunteers. Lohr said the Department trained them and then they left for other jobs. He pointed out that of the last 27 volunteer applications they had gotten, only three lived in the City and the others lived well outside the City. Special duty volunteers had to spend 32 hours a month at the station and could not answer calls from home because it was too far.

Rutherford said fire districts needed to be created so the City could get the money back from the County to put into the City's fire program. Rapson agreed and said that money would fund the additional positions that were needed. He suggested the City fund the three positions, fund the fire marshal, and put a plan in place to aggressively go to volunteers. There had to be a plan.

McMullen said the fire committee was working on a plan, but it was taking longer than expected to complete. They were also looking at new developments in the City, the costs for everything, and the impact on the tax digest. Rapson said he was pro-volunteer, but they needed to ask tough questions and might need to consider going to a professional department because of the demographics.

McMullen said they needed to document the exact services they got from the volunteers and what those services cost. Volunteers provided the help needed for all special events. Rapson said if it cost $45,000 a year to staff special events, it was worth every dime. He wanted to know what could be counted on from a firefighter perspective.

Lohr said 2.34 people were needed, even for emergency services. Lohr said that number was not enough, but was cost effective. Their mission was to support the community's need and to maintain a combination fire department as long as it made sense. When that was no longer feasible, then the volunteers would go away. Lohr said he hoped that would not be too soon because the volunteers served a valuable purpose.

Rapson said there were seven steps to balancing the budget – review and evaluate the revenue stream, review and realign the expenditures, recognize there were no sacred cows, review the capital plan and eliminate programming, and increase taxes. Rapson said he had taken a hard look at revenues and there was only one duplication between his analysis and staff's in court fines, which was another $120,000 in revenue. Rapson noted that he had added an additional $50,000 to the $30,000 for golf cart paths. He said it was critical that the paths be replaced. The sacred cows were police and fire promotions, cost of living allowances, and merit raises. Rapson said his plan dropped $100,000 from the budget and no tax increase would be needed.

Weed clarified the revision to #6 and said $76,000 would go back into the budget. Rapson said yes. McMullen pointed out that the position at Kedron could be authorized, but the part-time salaries line allocation might not need to be adjusted.

Rapson said the reason the City was in the position to do this was because Council scrapped $1.6 million in expenditures in 2002, adjusted the millage in 2003, and due to the actions taken by the Council at the beginning of the year. In the last three years, the City had not added any jobs, while other cities were cutting people. He noted that 70% of the new positions requested were public safety.

Salvatore clarified the "marching orders" to review the changes and work with the City Manager to get the millage increase to zero, or hold the same millage as last year. Rapson said he did not favor rolling back the millage rate, then having to pick up the millage rate again next year and add 0.9 mills. Rutherford thanked everyone for the excellent job that had been done, but she was not ready to just make cuts, or rollback the millage rate. She also asked to see what had been cut from the budget before it got to Council. Rapson said the City could have a healthy rollback, but Council had to look at the impact that would have in future years.

The next budget workshop was tentatively scheduled for Wednesday, August 11, 6 p.m., pending availability of Council. There being no further business to discuss, the meeting adjourned at 8:37 p.m.

Jane Miller, City Clerk

Stephen D. Brown, Mayor

Pamela Dufresne, Recording Secretary