City Council of Peachtree City
Meeting Minutes
July 20, 2017
7:00 p.m.

The Mayor and Council of Peachtree City met in regular session on Thursday, July 20, 2017. Mayor Vanessa Fleisch called the meeting to order at 7:00 p.m. Others attending: Terry Ernst, Mike King, and Phil Prebor. Kim Learnard was out of town.

Announcements, Awards, Special Recognition

Mayor Fleisch recognized Police Sgt. Chris Hyatt for 10 years of service. Brian Glennie, Mark Williams, Stephen Stoyell, and Justin Mobley were recognized for their participation in the Supervisory Techniques Accentuate Results (STAR) program. Mayor Fleisch read a proclamation of recognition for the 30th anniversary of the Peachtree City Police Auxiliary. Police Chief Janet Moon noted the retirement of Tom and Alma MacCallum from the Auxiliary, then promoted Arline Cuebas to lieutenant and John McDonald to captain in the Auxiliary. The trophies were awarded to the July 4th parade winners, including 1st Place Golf Cart – The Czerwinski family, 2nd Place Golf Cart – My Floral Bliss, 3rd Place Golf Cart – United Pool Management, Most Creative – Narwall, Most Patriotic – Fayette Hobbies, Mayor's Trophy – Square Foot Ministries, and Grand Marshal's Trophy – Piedmont Fayette Hospital.

Minutes

June 6, 2017, Retreat Workshop
June 15, 2017, Regular Meeting
June 26, 2017, Budget Workshop
July 11, 2017, Special Called Meeting

King moved to approve the June 15, 2017, regular meeting minutes; June 26, 2017, budget workshop minutes; and July 11, 2017, special called meeting minutes as written. Prebor seconded. Motion carried unanimously.

King moved to approve the June 6, 2017, Retreat workshop minutes as written. Prebor seconded. Motion carried 3-0-1(Ernst).

Quarterly Reports – Second Quarter 2017

Ernst noted that Council appreciated the work done to put the reports together, adding they did look over the reports.

Consent Agenda

1. **Consider Appointment of Alternate to Vacant Position on Airport Authority – Allen Morrison**
2. **Consider Bid for Window Replacements in City Hall & Library – Action Glass Company**

Ernst moved to approve Consent Agenda items 1 and 2. King seconded. Motion carried unanimously.

Old Agenda Items

06-17-01 **Consider Special Use Permit in General Industrial (GI) Zoning for Dog Kennel, 261 Tiger Way** *(Request withdrawn)*

No action required.

New Agenda Items

07-17-03 **Public Hearing – Consider FY 2018 Budget and CIP**

Public Information Officer/City Clerk Betsy Tyler read the public hearing protocol for this meeting, which allowed each speaker up to five minutes to present their views. She noted that there would not be a vote on the proposed budget after the public hearing ended.

City Manager Jon Rorie began the presentation by showing a photo of the landscaping at the intersection of Braelinn Road/Peachtree Parkway, saying the City had received complaints that the height of the bushes had created sight issues at the intersection. As a result, the bushes were all pruned to their base. He said the bushes were "butchered" on purpose, and the bushes were now revegetating and growing, but they would not get so high again that they were a problem.

Rorie referenced a water fountain at the intersection that had recently been painted, crediting Public Works Supervisor Scott Hicks and the STAR program for the effort. He said no one had asked that the water fountain be painted, and no work order had been submitted. An unknown employee had noticed it and had taken the initiative to maintain the fountain better.

Typically, there was a budget message in front of the budget document, Rorie said, and he had not included one for this budget. He continued that, his first year as Interim City Manager, he had inherited a budget on a Thursday and had to present it on the following Tuesday. The FY 2018 budget was different, and this was his budget message.

Everyone recognized the impact of the Great Recession at all levels of government, and many cities had to scale back services. Capital investments and purchases were deferred. Services were outsourced. They did not hire people, and as a result, they could not do certain things. Maintenance was deferred throughout the City. The recession forced the City to focus on providing services efficiently, but also restricted the effectiveness of providing those services. The restriction of effectiveness played itself out in ineffective funding for road resurfacing. The City had to incur debt for normal maintenance items. When stakeholders had low expectations regarding service delivery, it was a threat to the community. The stakeholders would quit using the public amenities, which led to a downward spiral of underfunding and service delivery. The question was whether the stakeholders believed in the provision of public services and if they were willing to pay for it.

Usually the opinions of the public were divided in thirds – 30% agreed something was the right thing to do, 30% agreed it was the wrong thing to do, and 30% were on the fence, either due to apathy or misinformation. Rorie asked everyone to keep the 70:30 ratio in mind.

In 2013, the Mayor at the time had formed a Needs Assessment Committee to determine citizens' priorities for City services and recommend a millage rate using objective methods. The committee met multiple times and sent out 1,200 invitations randomly selected from 12,000 residential addresses for a survey, receiving 209 valid responses. The results of the survey questions were mostly 70%/30%. Approximately 68% said the City's property taxes were just right. Another 2% - 3% said the taxes were too low, and 30% said taxes were too high. Answers to questions regarding cart path connectivity, stormwater, and other issues followed the 70/30 pattern. The committee recommended Council consider increasing the millage rate by 0.5 mils.

In 2016, the City received 962 responses to a Citizens Satisfaction Survey. The purpose was to measure satisfaction levels and solicit citizen input. The satisfaction with path maintenance was 50/50, Rorie said. Appearance along roadways was 75% satisfied, which was after the City started insourcing landscaping. Fifty-six percent of the respondents were satisfied with street paving and maintenance. Only 33% were satisfied with overall traffic flow. Path connectivity, alternate transportation options, and efficient road systems were cited as the top three items the City lacked. In their homes, 96% felt safe or somewhat safe, and 93% felt that way in shopping areas.

On the paths, 87% felt safe and 72% felt safe from accidents. Earlier surveys had lower percentages, and Rorie attributed that to a stronger police presence on the path system. Work continued on that. Schools, natural beauty, and the path system all contributed to quality of life, according to those who responded. Rorie said the City's number one amenity was the path system. The residents felt the biggest challenges in the next 10 years would be traffic, maintaining infrastructure, maintaining paths, aging neighborhoods, and crime. Respondents indicated the planning focus for the next 20 years should be traffic, high-paying jobs, economy, path system, and deteriorating infrastructure.

The Comprehensive Plan was updated this year, and the key features of the plan included managing congestion, providing transportation options, and ensuring adequate and modern infrastructure was in place to accommodate business and industry. Economic features included working with several public and private education organizations to provide high-quality educational facilities in the City. Transportation goals included providing a comprehensive path system connecting all the villages and multi-use activity centers.

Rorie noted all of these were worked on by citizen committees, and an infrastructure advisory group had been formed with the mission to identify projects for a proposed Special Purpose Local Option Sales Tax (SPLOST). The group took an $88 million project list and pared it down to $45 million. They did not always agree, but they came together to produce the list, and the list was put on a ballot in March. The vote to invest and reinvest in the City's quality of life was approved by a two to one margin.

Economic sustainability was an important part of any community's overall plan, Rorie said. Looking over the five-year period and the work done by the citizens, Rorie asked what they were being told by 70/30 margin, and were they listening.

Rorie noted that producing was part of his budget letter, as well as listening. He noted the City's mission statement:

*The Mayor, Council Members and Employees of the City of Peachtree City recognize that our primary responsibility is to provide **high quality services** to our residents.*
We are therefore committed to:

- *Ensuring residents a safe and healthy environment in which to live, work and enjoy leisure time*
- *Providing consistency in the delivery of municipal services in a fiscally responsible manner*
- *Responding in a courteous, timely, and effective manner to the expressed needs, concerns, and expectations of our residents*
- *Promoting a sense of community through family oriented activities and citizen involvement.*

The budget policy was very clear, starting with a baseline budget, as stated in the Budget Policy below:

The City's primary objective is to provide a standard of budgetary performance that both staff and Council have endorsed and to provide budgetary decision making with greater continuity, reinforcing the City's core financial values and preserving them for successive staff and council.

- *Baseline and Service Level Funding*

*The City's top program priority is to maintain existing service levels in all divisions and departments. **A baseline should be set and serve as an agreed upon point of departure for subsequent budget discussions** ie: a new facility or service. Any additional services above the baseline shall be fully funded at the time of the adoption of the annual budget and ongoing* *funding sources shall be clearly identified.* ***Such ongoing funding sources must be either new or increased revenues or clearly identified expense reductions.***

By ordinance and law, the city manager was required to produce a proposed budget for the City. It took hours of staff time, as well as several workshops. The public hearing solicited input from citizens, which Rorie said he would argue was done all year long. The City had struggled and made systematic, steady progress. It was time to cross the finish line, Rorie said.

Financial Services Director Paul Salvatore then gave an overview of the various funds in the City's budget, including the General Fund ($34.878 million), Capital Improvement Program budget (CIP) ($1.553 million), Stormwater Operations ($2.353 million), Amphitheater Operations ($1.054 million), Hotel/Motel Tax ($1.522 million), and General Obligation (GO) Bond Fund ($629,000).

Fleisch pointed that the collections on the SPLOST had begun on July 1, and the first payment was due to the City in September. She asked Salvatore to explain the reporting. Salvatore said the money would go into a special purpose fund. They expected to take in $6 million – $7 million/year over six-year SPLOST. There would be some prioritization of the projects. Some temporary financing was in place for some of the bigger projects, so those projects could get off the ground.

Rorie said that SPLOST information was available in the Community Room (SPLOST War Room) downstairs at City Hall. Everything was displayed graphically. People would be able to get the information readily and easily. Signage regarding the projects would be placed around the community. Information would also be included in the Quarterly Reports. Everyone would know what's going on.

Salvatore said the highlights of the FY 2018 General Fund operating budget included the following:

- 0.25 mil reduction in Maintenance & Operation (M&O) millage rate (assuming 7% increase in property tax digest)
- Estimated revenues of $34,878,273, or 3.43% increase ($1,353,000)
- Appropriations of $34,466,930 or 2.94% increase ($984,000)
- Cash Reserve increase of $411,343, or 1%
- Street and path resurfacing – no change ($1,800,000 @ 3-4 miles of streets and 9 miles of paths, SPLOST funds would supplement and $5 million would be spent)
- $110,000 increase in Citywide building maintenance expense
- Increase in permitting activity (~$200,000)
- $146,047 funding for Fayette County Development Authority (FCDA) & $25,000 for Non-Profits (no change – Promise Place & Fayette Senior Services)
- Total (net) Personnel Expense increase of $136,787, or 0.69%
    - $186,000 (1.5%) for merit increases – management discretion
    - $186,000 (2%) Cost-of-Living Adjustment (COLA) as of January 2018, if approved by City Council based on budgeting targets
- Two new positions proposed (not included above):
    - Engineer – Full Time, $82,511 (all inclusive, $53,000 salary)
    - Bailiff – Part Time, $14,187 (all inclusive, $9,641 salary)
    - Unfunded Positions – Public Services Director, Administrative Service Director, Police Captain, IT System Administrator, Code Enforcement Officer
- $7,650 **decrease** in airport funding (down to $84,150, per agreement)
- $254,000 **decrease** in transfer to Debt Service Fund (two loans paid off)
- $426K increase in transfer to Capital Projects Fund (CIP)

Salvatore explained that the baseline budget for paving would be supplemented by SPLOST funds. Rorie added that IMS Paving was currently working on an assessment of the City's roads, which included road classifications, and the City should have that information in October.

Highlights for the 5-Year CIP budget included:

- FY 2018
  - $341,000 cash funding for infrastructure (citywide facilities & bridges)
  - $275,000 cash funding for technology infrastructure replacements
  - $891,750 for vehicle & equipment replacements (five-year financing)
- FYs 2019 – 2022
  - $350,000 per year cash funding for citywide infrastructure (facilities & bridges)
  - Additional $250,000 cash funding for All Children's Playground in FY 2020
  - Fire Truck, ambulance, radios, self-contained breathing apparatus (SCBA) moved to SPLOST
  - New West Side Fire Station – fully operational by FY 2021, ~$1 million/year operating expenses
  - Reduced reliance on debt financing of infrastructure – more pay-as-you-go
  - **Additional millage rate reductions in FYs 2019 & 2020 (0.1 & 0.2, respectively)**

Stormwater Fund highlights included:

- No proposed changes in any fees
- No new debt
- No new capital equipment
- No additional employees
- Continued efforts in stormwater pipe lining and infrastructure maintenance

Salvatore looked at the five-year financial plan. No millage increases were expected. In 2021, the plan included an additional $1 million for the new fire station on the west side. Between FY 2019 and FY 2020, the City would start using impact fees to build the station and provide the equipment. A 0.5 mil reduction (0.25 mils in FY 2018, 0.1 in FY 2019, and 0.2 in FY 2020) would take place over the next few years, Salvatore said. The millage should drop from the current 7.065 to 6.506 between FY 2017 and FY 2020, which would offset the rising property values.

Fleisch asked if there was any indication on when the final tax digest would be ready. Rorie said it was difficult to say due to the assessment appeal process. He added they always budgeted on the conservative side on revenue, and Salvatore's estimates were typically within 1% of the revenue targets.

Rorie discussed the budget as a project management tool for the City as a whole – men, money, machines, and materials (four Ms of project management), saying the key questions were what people were needed, what skill sets did they possess, and how did they all work together as a team. The machines included trucks, police cars, telephones and more, and replacement of the machines was addressed in the CIP. Materials included concrete, which was expensive, down to pens and paper. The money was the budget and where the revenue came from. These were core things that were needed to meet service demands.

Another question regarded contingencies and what would happen if the money did not come in. The City had a fiduciary responsibility to maintain assets. The focus of the 2018 budget fell into three categories – maintenance of the City's infrastructure, maintenance of the capital equipment and facilities, and maintenance of the employees. The budget was vision-based and connected the resources of men, money, machines, and materials so high level services could be provided. What was done today would allow future generations of stakeholders to be proud of their community, Rorie said.

Fleisch opened the public hearing, reminding everyone of the five-minute time limit.

Bob Grove said he supported Rorie and his staff. This was the most understandable budget presentation he had seen over the years. He thanked everyone for their hard work.

Fleisch noted there would not be a vote on the budget at this meeting. No one else spoke. The public hearing closed.

Rorie said staff would continue to seek information on the tax digest so the millage rate hearings could be set. Salvatore said the vote on the budget was tentatively set for the August 3 Council meeting, but it would depend on when the City received the tax digest, so it could move to August 17. The budget could always be amended if necessary.

Council/Staff Topics

Drone Regulations

Rorie noted that the use of drones was growing for hobbyists and commercial purposes. The City was impacted by their use in parks and over roadways. Citizens had requested regulations for drone use, but there were limitations on what the City could do. He introduced Bob Ross, who gave a presentation on the risks and responses of drone use.

Drones were part of the technological revolution, and ordinances/laws at the local/state/federal levels often lagged behind. There were opportunities and concerns. Drones were small unmanned aircraft systems (sUAS) that weighed between 0.55 and 55 pounds. They were incapable of carrying a person, and they were operated remotely or autonomously. The Federal Aviation Administration (FAA) recognized drones as aircraft, and until a few years ago, people who flew drones had to have the same credentials as pilots. Drone capabilities were increasing, and costs were coming down. Drone sales were forecasted to reach over four million for hobbyists and over 2.5 million for commercial users by 2020.

Police and Fire professional organizations had already developed guidelines for drone use. However, there were concerns about the use of drones by law enforcement, including whether the drones could be weaponized and used for searches with and without a warrant. Twelve drones were currently in use by the state of Georgia. According to **Rasmussen Reports**, public opinion regarding police drones was mixed. Thirty-nine percent of those surveyed opposed the use of police drones, 36% favored the use of drones, and 25% were undecided.

Commercial uses for drones included inspections of towers, pipeline surveys, photography, mapping, agriculture, package delivery, public safety, competition, sports, public safety uses, and entertainment.

Drones could not be flown over people or be flown by someone in a vehicle. Concerns about drones involved personal injury and property damage, as well as illegal activities such as weaponization, smuggling, and unlawful surveillance. Ross noted that there had been 150 accidents worldwide between 2006 – 2016, and 64% of those were due to equipment failure. Responses to those concerns included educating users, law enforcement, and the public. There were civil penalties for those who misused drones (20 convictions nationwide as of June 2016).

Drones were aircraft under federal regulation. The federal government had authority over the national airspace, not the state or local municipality, Ross stated. Current FAA rules and restrictions included no pilot requirements for drones, drones could not weigh more than 55 pounds, and could not be flown within five miles of airports without prior notification to the airport and the air traffic controllers. In addition, drone users were required to follow community-based safety guidelines and notify air traffic control tower before flying within five miles of an airport.

Although the FAA controlled the National Air Space, it relied on help from local law enforcement, Ross said. Police had successfully charged errant drone pilots with obstructing police business when interfering with police helicopters at a crime scene, disorderly conduct when refusing to land a drone at an incident scene, trespassing, unlawful surveillance, and reckless endangerment for flying over a wildfire.

Georgia House Bill 481 went into effect on July 1, and it preempted any local ordinance, resolution, regulation, or policy for unmanned aircraft systems, with three exceptions. The local government could enforce any ordinance adopted on or before April 1, 2017; adopt an ordinance that enforced FAA restrictions; or adopt an ordinance that provided for or prohibited the launch or intentional landing of an unmanned aircraft system from or on its public property except with respect to the operation of an unmanned aircraft system for commercial purposes.

Currently, Peachtree City had one ordinance regarding drones, Sec. 54-2(e), which stated "it shall be unlawful for any person to utilize a drone or any type of remote-controlled flying device within any recreation facility during a scheduled practice, scrimmage, game, tournament or event held at a recreation facility." The City could adopt ordinances regarding use of drones on any City property.

Ross summarized the presentation, saying drones were becoming cheaper and more capable. The drone population was increasing rapidly, and there was public apprehension of new technology. Issues and responses were evolving. There was a low accident rate for drones compared to the drone population. He encouraged Council and residents to stay engaged, adding the federal legislation was working. He also encouraged educating the public and government officials.

Fleisch asked Airport Manager Hope Macaluso if they received calls from drone users. Macaluso said they did get a lot of calls, adding Ross had given an excellent presentation.

Rorie reiterated that the City had no drone regulations, with the exception of the ordinance regarding recreation facilities. There was a conflict regarding local control and whether it would stand up in court. The City had used drones to fly over the construction of MacDuff Parkway and to identify traffic movements. Staff plans were to purchase a drone and train key staff in Engineering, Police, and Fire how to use it. The policy issue would continue to evolve. He continued that Planning and Zoning had reached out to someone at the FAA whose job was to help cities look at policy decisions that could stand up to preemptive legal challenges. The City's role at this point was to note it was an evolving policy issue. They needed to take time.

Bond Covenant Restrictions on Sewer Extension Outside Peachtree City Limits
Fleisch said this topic was about the issue of bond covenants and whether sewer could be extended outside the City. She noted that Water and Sewerage Authority (WASA) members Bill Holland (chairman), John Dufresne, Frank Ward, Bob Grove (alternate), WASA attorney Mark Oldenburg, and WASA General Manager Stephen Hogan had been invited and were at the meeting. They board members were all volunteers who served five-year terms.

Rorie explained that there had been an ongoing discussion about who controlled the extension of sewer service outside the City. There had been back and forth between the attorneys. A third party had been asked to review the documents and render an opinion. Rorie read from the third party legal opinion provided by Andrew J. Welch, III, and Warren M. Tillery with the law firm of Smith Welch, Webb & White, which asked the following question:

Whether the Peachtree City Water and Sewerage Authority ("WASA") can extend sewer service beyond the corporate limits of Peachtree City without approval by the City Council.

Rorie read and discussed the basic facts from the report:

The General Assembly adopted the Act that created present-day WASA in 1987. Among other things, this enabling legislation granted WASA twelve (12) enumerated powers couched in very broad terms. In particular, those enumerated powers include the ability to acquire property of any kind and to make agreements with any political subdivision of this State regarding the provision of water and sewer service. See Section 4. These powers are not limited by a geographical reference to the corporate limits of Peachtree City. WASA also has the power to issue bonds for financing "projects." Id. The term "projects" is defined very broadly to include anything "used or useful in connection with obtaining" water and sewer service. See Section 3. A copy of WASA's enabling legislation is included with this memorandum, marked Exhibit **"A."**

In 1996, the General Assembly amended the enabling legislation to broaden the scope of the phrase "cost of the project," and to allow for the acquisition of projects through purchasing the capital stock of a corporation. A copy of this Amendment to WASA's enabling legislation is included with this memorandum, marked Exhibit "B." Accordingly, WASA then used thee powers to acquire its sewer system from Georgia Utilities Corporation ("GUC") in 1997. That acquisition was funded by the issuance of revenue bonds supported by an intergovernmental agreement between Peachtree City and WASA. In pertinent part, that intergovernmental agreement provided that WASA would operate its sewer system as a public sewer system and make its sewer facilities and services available to residents of Peachtree City. In exchange, Peachtree City agreed to pay WASA an amount sufficient to enable repayment of the outstanding bonds if the net operating revenues of the sewer system were insufficient to cover that cost of repayment. Peachtree City also pledged an annual levy of ad valorem property taxes to obtain the money necessary for Peachtree City to make such payments to WASA.

Both Peachtree City and WASA represented in the intergovernmental agreement that they had the authority to enter into the contract. Moreover, Section 6.6 of that intergovernmental agreement also provided as follows, including: "The Authority shall not extend the System or enter into any contract or commitment to extend the System outside the corporate limits of the City, unless such extension, contract, or commitment is approved by resolution of the Council of Peachtree City." A copy of that intergovernmental agreement, the 1997 Sewer System Agreement, is included with this memorandum, marked Exhibit "C."

That 1997 Sewer System Agreement was specifically referenced in the Petition and Complaint that initiated the bond validation proceedings for the Series 1997 Bonds. A copy of that Petition and Complaint is included with this memorandum, marked Exhibit "D." Neither WASA, nor Peachtree City contested the validity of the Sewer System Agreement or challenged the validation of the Series 1997 Bonds. Accordingly, the Final Order and Judgment validating the Series 1997 Bonds provided as follows, including:

> *It is Further Determined, Declared, Ordered, and Adjudged, as a matter of fact and as a matter of law, that the Authority and the City are authorized to enter*

> into and have properly authorized the execution and delivery of the Sewer System Agreement in substantially the form presented to this Court, and upon the execution and delivery thereof concurrently with the delivery of the Series 1997 Bonds, the Sewer System Agreement and all of the terms, covenants, and provisions thereof shall constitute a valid, binding, and legally enforceable obligations of the parties thereto for the full term thereof;

A copy of that Final Order and Judgment is included with this memorandum, marked Exhibit "E."

In 2002, WASA issued additional revenue bonds to improve and extend the Sewer System. Accordingly, WASA and Peachtree City entered into the First Amendment to the Sewer System Agreement, which reaffirmed the obligations under the Sewer System Agreement entered into between the parties with respect to the issuance of the Series 1997 Bonds. A copy of that First Amendment to the Sewer System Agreement is included with this memorandum, marked Exhibit "F." The validation proceedings for the Series 2002 Bonds incorporated all of the originating documents from the Series 1997 Bonds, including the Master Bond Resolution and the Sewer System Agreement.

In 2005, WASA issued a third series of bonds (the "Series 2005 Bonds'), primarily to refinance the outstanding balance of the Series 1997 Bonds. Accordingly, WASA and Peachtree City entered into the Second Amendment to the Sewer System Agreement, which reaffirmed the obligations under the 1997 Sewer System Agreement and 2002 First Amendment thereto. A copy of that Second Amendment to the Sewer System Agreement is included with this memorandum, marked Exhibit "I." Just like the previous bond validation proceedings in 1997 and 2002, the Sewer System Agreement, including the First and Second Amendments thereto, were incorporated by reference in the Petition and Complaint that originated the bond validation proceedings.

In 2013, WASA issued its fourth set of bonds. These were used to consolidate and refinance the outstanding balance remaining on the Series 2002 and Series 2005 Bonds. In connection with issue of the Series 2013 Bonds, WASA and Peachtree City entered into a new Sewer System Agreement as opposed to a Third Amendment to the 1997 Sewer Agreement. The 2013 Sewer System Agreement, however, contained an identical provision to the 1997 Sewer System Agreement, including the First and Second Amendments thereto. That provision provided as follows, including:

> Section 6.5. Extension of System Outside Corporate Limits of City. The Authority shall not extend the System or enter into any contract or commitment to extend the System outside the corporate limits of the City, unless such extension, contract, or commitment is approved by resolution of the Council of Peachtree City.

A copy of this 2013 Sewer System Agreement is included with this memorandum, marked Exhibit "L."

This is not an impermissible delegation of WASA's legislative authority. The 2013 Sewer System Agreement does not alter the enabling legislation that created WASA. Rather, the effect of it is to impose restrictions on its unfettered exercise of these powers in exchange for Peachtree City securing WASA's bonds.

Rorie noted the attorney's answer to whether WASA could extend sewer outside the City:

Not presently. WASA has the power to make such extensions without approval by the City Council; but, it has contractually agreed to refrain from exercising such power without first obtaining City Council approval in exchange for Peachtree City serving as a surety for WASA's revenue bonds. So, at least until those bonds are repaid, WASA is required to obtain approval from the City Council prior to extending its sewer system beyond the corporate limits of Peachtree City.

Rorie said the next question regarded the solutions following repayment of the loans:

One option would be to consider petitioning your local legislative delegation to amend WASA's enabling legislation to expressly require City Council approval of extra-territorial expansion. A second option may be to amend the enabling legislation to reconstitute the WASA board with a majority or all of its members constituting the membership of the City Council. A third option would be to amend the WASA enabling legislation so as to fold WASA into Peachtree City as a city department. A final and the least durable option would be to enter into an intergovernmental agreement with WASA limiting system expansion; however, intergovernmental agreements can be terminated.

Rorie said the whole debate was about extending service outside the geographic boundaries of Peachtree City and the authority of City Council to authorize the extension. He continued that bond agreement and covenant restrictions were strong for the next eight to nine years, and Council had to consider what to do next. If the thought was to do what was in the best interest of Peachtree City residents, they had to decide how to move forward. Rorie said he had done some research regarding this.

Rorie had contacted the Metropolitan North Georgia Water Planning District (MNGWPD) and learned that approximately 34% of the single-family homes in the district were on septic systems. Peachtree City had some single-family homes on septic systems, which was consistent with the other counties. Fifty-three sewer providers were in the 15-county district, and 81% were enterprise funds, which had advantages, and some of those were utilities. Twenty-nine percent of the systems were local government authorities, both independent and dependent. The independent authorities worked in other communities. One of the pros of an authority and an enterprise fund was that the revenues stayed within that entity to be reinvested in the system. They could also issue revenue bonds separate from the government.

WASA's rate structure was balanced, and WASA was paying the bond, providing service, and reinvesting in the system, Rorie said. WASA responded to complaints. There was no elected follow-up that was required, which could be questioned. Rorie said he received complaints that he had to discuss with the General Manager. They could take a firmer stand on rate structures and customer service issues. Rate structures were debated in the political arena even when set up as enterprise funds. People did not want to raise rates to pay for the operation, so then it was subsidized with General Fund dollars or maintenance was deferred. The focus of the board was sewer issues, while Council had competing interests. An authority could also avoid mandated payments to the General Fund, which utilities had to make to help offset costs of human resources, finance, or other administrative services.

The cons were WASA had no taxing authority. A narrow focus on sewer issues was a con as well as a pro. There was a potential for duplication of service levels independent of services provided by the City. The City would be able to spread benefits cost over a larger pool, while the authority had a smaller pool of employees. There were also pros and cons regarding project coordination.

There were control drivers and financial drivers, Rorie noted, to consider. Sewer users complained outrageous sewer bills, but they were paying twice as much for sewer than water. The rate structure for WASA included $24 for bond debt and $2 for R&E for capital improvements, which meant 60% of the total sewer bill went to pay the debt, 5% went to R&E and capital improvements, and 35% went to operations. Fayette County Water System's water bill rate structure was 28% for debt, 17% to R&E, and the remaining 55% was for operations. The financial driver was the rate structure. The white elephant in the room was bond debt. Once the bonds were paid off, the rate structure could improve. Connection fees were also a financial driver. WASA was a unit of the City, but was legally separate, Rorie pointed out.

The control driver was limiting sewer to the City, and a board that was not responsible to the electorate, Rorie continued. If Council chose an option that was a control driver, the rest of the options would not matter.

Fleisch asked if rates could be lowered by bringing the system into the City. Rorie said maybe a little, but not by a massive number. He disagreed with the $1 million figure people talked about. Fleisch recalled from discussions with other cities that ran their own systems and they had chosen between spending money on a police car or a sewer pipe many times.

Fleisch asked if anyone from WASA had a comments. Rorie said they were citizen volunteers, and this was not an "us or them" situation.

WASA Board Member John Dufresne said WASA understood they could not take the system/pipes outside the City limits, asking if the report addressed whether Tyrone or Senoia could bring their system pipes to connect to the City's system.

King said the issue was the capacity. The system's capacity belonged to the citizens, and they looked to elected representatives that were accountable to them to take care of the capacity. He asked Mayor Fleisch and Rorie to schedule a public hearing in the next month so this issue could be put to bed. He liked the options, or a hybrid. He wanted to see WASA brought under City control.

Prebor said the citizens looked at the sewer system as the City's asset, even though it was managed by a separate authority. The citizens had paid for it, and they wanted to control it.

Doug Tucker asked for a copy of the report, or at least the recap, to be posted on the website. Rorie said he had directed staff to scan the report so it would be available in electronic format. His comments would be in the minutes. He had a copy of the opinion that Tucker could have.

Cal Beverly noted he had been a resident since the system had been Georgia Utilities, owned by the developer and used to control development. Density followed sewer. Where there was no sewer, there was limited density because of the septic systems. Sewer was connected to zoning. Zoning outside the City limits would be at risk if sewer lines went out of City limits. It would put the entire zoning structure of Fayette County at risk. He agreed the City should control City sewer. He did not attribute this issue to the bad motives of the volunteer board, but they were singularly focused on sewer. He wanted to see politics involved in the operation. It allowed citizens to have accountability, and it needed to be done quickly.

Rorie said he had looked at zoning, and R-43 zoning was set up for septic systems. One of the issues was putting R-43 tracts on sewer, which could become an immediate rezoning request.

Prebor said he liked where the conversation was going. The citizens wanted to know that when the bonds were paid off the elected officials would still be in control.

King said it would take time, but Council needed act quickly on one of the options or a hybrid option. Nothing would happen until after the 2018 legislative session. Fleisch noted it would have to be introduced in January, and if it passed, it would not go into effect until July.

Fleisch said the WASA volunteers had a constraint to watch over the fiscal management of the system, and they had done so. For her, Fleisch said the driver had always been taking sewer outside the City limits. Fleisch asked to have a discussion on the August 17 agenda when Learnard would be able to attend the meeting. In the meantime, they could gather information, knowing the target dates in January, with possible signage in July.

Ernst said they should not make a rash decision, and they had to make sure they knew what they were doing. They needed time to absorb the information.

Fleisch said there would not be a huge windfall for everyone if things changed. Rorie agreed that the bond debt and the capital needs of the system would not go away. Fleisch said WASA had as many pipe issues as Stormwater. She noted Athens' sewer system had one lift station, while the City's had 37, which meant constant work. She continued that the WASA board had been good stewards of the system; it was going outside the City that drove this issue. Prebor said there were long-term issues that should be considered that Council should be responsible for.

Rorie asked if there was an expectation for staff for the August 17 meeting. Fleisch asked to see language for the enabling legislation and the boundaries of the system. Prebor said he would also like to see language for the second option, which was for Council to take over the system. Fleisch said she did not see pulling the system in as a City department. Prebor agreed staff should not work on that. They both agreed option 4 was the least durable and of no interest.

<u>Executive Session</u>
There were no topics for executive session.

There being no further business, King moved to adjourn. Ernst seconded. Motion carried unanimously. The meeting adjourned at 9:49 p.m.

Pamela Dufresne

Pamela Dufresne, Deputy City Clerk

Vanessa Fleisch, Mayor