City Council of Peachtree City
Meeting Minutes
Thursday, July 15, 2021
6:30 p.m.

The Mayor and Council of Peachtree City met in regular session on Thursday, July 15, 2021. Mayor Vanessa Fleisch called the meeting to order at 6:30 p.m. Others attending: Terry Ernst, Mike King, and Phil Prebor. Kevin Madden was absent.

Announcements, Awards, Special Recognition
Fleisch presented an award to Police Sgt. Keith Isaac for 15 years of service.

Fleisch recognized the winners from the July 4th parade:
Grand Marshal's Trophy—Nick Ferrante
Mayor's Trophy—Dirty South Strength and Conditioning
Most Creative—Creative Learning Studios
Most Patriotic—Arbor Terrace
Golf Cart First Place—Ella Davis
Golf Cart Second Place—Krista Tyler
Golf Cart Third Place—New Neighbors League

Public Comment
Nick Ferrante said the lake monster his team used in the parade was made of steel and planted with live plants, with the ultimate idea of donating it to the City as a permanent art installation. He asked to submit that idea for Council's consideration.

Agenda Changes
None

Minutes
King moved to approve the June 17, 2021, regular meeting and the June 22, 2021, special called workshop minutes as written. Prebor seconded. Motion carried unanimously.

Quarterly Reports
The Mayor and Ernst both thanked staff for their work on the reports. Fleisch noted that she liked the new format.

Consent Agenda
1. Resolution to Adopt the Annual CIE Update
2. New Alcohol License - Palmer's Fresh, LLC - 266 S. Peachtree Parkway
3. Budget Amendment - FY2021 - CJCC Police Grant
4. Surplus and Sale of 2001 Aerial Fire Apparatus
5. Heritage Community Foundation Grant
6. Budget Amendment - FY2021 - Contractual Services
7. Keep Peachtree City Beautiful Services Agreement
Ernst moved to approve Consent Agenda items 1-7. King seconded. Motion carried unanimously.

Old Agenda items
None

New Agenda items

07-21-01 Step 1 Annexation Request, 1-acre next to 180 Peachtree East Shopping Center
Planning and Development Director Robin Cailloux said this property was behind the vacant Stein Mart building on SR 54. Publix owned the entire development and was asking for this annexation so they could build additional parking for the use of future tenants. The application was under the 100% annexation method. The future land use for the County was commercial, so there would be no difference between what the applicant would use it for and what the County had planned.

Peachtree City had a two-step annexation process. This first step gave the applicant permission to pursue the annexation and allowed staff to work with the applicant on the official annexation process. Approval of step one did not bind Council to approval of the annexation. The applicant would have one year to submit a proposal for step two.

Fleisch said she assumed Publix owned that property, and Cailloux said they were in negotiations to purchase it.

Ernst moved to approve New Agenda item 07-21-01, Step 1 Annexation Request for one acre next to 180 Peachtree East Shopping Center. Prebor seconded. Motion carried unanimously.

07-21-02 Public Hearing - 1991 Hwy 54 West - Rezoning
This property was known as Linda's Attic, Cailloux explained, and the applicant did business as Paper Rose Studio. It was very near the Publix shopping center on the other side of SR 54. This parcel, along with surrounding properties, was annexed into the City in 2013, zoned Office with conditions. Some of the conditions removed a few uses that were normally permitted in the Office district. The parcels were also not allowed to access Sumner Road, which ran behind them.

The current use was a legally non-conforming use that was grandfathered in, which meant they were not allowed to change or expand the retail use. The property owner had identified a potential buyer who would like to put in a small sit-down juice cafe with no drive-thru. This was a normally permitted use in an Office zoning district. The Revolution Italian restaurant next to Spectrum Eye Care was an example of this being allowed. The applicant was not requesting to remove any other conditions or add any other uses. The Future Land Use called for the property to be zoned as Office, and since this was a permitted use in other Office districts, this request was compliant. Cailloux noted that most of the conversation in 2013 was concerned with access to Sumner Road, and they were not requesting access.

She went through the six criteria Council must consider. The request was compliant with the Future Land Use Plan, and it also placed high activity uses near the village center. It was compatible with the surrounding uses of office and the commercial uses across the street. Did it have economic use as currently zoned? Cailloux pointed out that the property had been for sale for some time and, because it was a single-family home retrofitted for commercial use, it was not up to current standards for commercial properties. The new use would not burden existing infrastructure or public services. Therefore, staff was of the opinion that the request met most of the criteria and recommended approval.

The applicant, Christy Goedtke, told Council it was time for a change at this property, and the prospective buyer, La Tonique Juicery, planned to rent for two years and then purchase it.

Bonnie Kimmelman of The Paletta Group explained she had been working with this property for the past year and a half. Bobby Akinyemi, the owner of La Tonique Juicery, introduced himself, as well.

Kimmelman said the Juicery was directly across the street from this site, and there were issues with sit-down and parking space there.

No one from the public wished to speak either in favor or in opposition to the request, and Fleisch closed the public hearing.

King moved to approve New Agenda item 07-21-02, 1991 Hwy 54 West – Rezoning. Prebor seconded. Motion carried unanimously.

07-21-03 Public Hearing - 136 Holly Springs Drive - Rear Setback Encroachment
This property was in the Wilshire Estates subdivision off SR 74 South. The applicant was asking to add a roof to an existing patio, which would encroach into the rear setback by 14 feet. The lot was basically pie-shaped, but with a notched cutout that moved the rear setback closer to the home and the area where they wished to add the patio covering.

There were no special conditions that were not applicable to other properties in the same zoning. There were many uniquely-shaped lots at the end of cul-de-sacs, Cailloux noted. However, the regulations did present some difficulties because, if the variance was not granted, they would not be allowed to add this to their home. There were no exceptional circumstances created by the property or the development type. Granting the variance could be considered a special privilege, Cailloux stated. There would be no materially detrimental impact on public health, safety, or welfare, and they had submitted letters of support from neighbors and the homeowners' association (HOA). The requested variance did not conflict with the comprehensive plan, which, in fact, encouraged reinvestment into property.

The applicants indicated they did not wish to speak.

No one wished to speak either in favor or in opposition to the request, and Fleisch closed the public hearing.

Ernst asked if this was a roof or an enclosed porch? Cailloux noted that they were asking about a roof, but, if the variance was granted, they would be allowed to enclose it without returning to Council.

Prebor verified that the neighbors and the HOA approved.

Prebor moved to approve New Agenda item 07-21-03, 136 Holly Springs Drive - Rear Setback Encroachment. King seconded. Motion carried unanimously.

07-21-04 Public Hearing - 231 Masters Drive South - Rear Setback Encroachment
Cailloux noted they were seeing an increase in the number of requests for permission to add-on to homes, whether it was for mother-in-law suites or home office space. This property was in The Fairways subdivision, and the applicant was asking to enclose a rear patio, which would encroach on the rear setback by nine feet. Council had seen several similar requests in this subdivision, which had homes built tightly on the lots. The applicant had provided a three-dimensional graphic of what the addition would look like. A plat drawing showed the lot and the amount of encroachment.

There were no special conditions here, except that the lots were smaller and the homes were built tightly within them. The homeowners would not be able to do this addition if they strictly applied the setback regulations. There was nothing unique about the request for an enclosed porch that created the hardship. Approving the variance would not be a special privilege because there was a history of approving similar requests in this neighborhood. There would be no detrimental impact on public services, infrastructure, or the public welfare. They had HOA approval and six signed letters from neighbors supporting the project. The request did not conflict with any comprehensive plan policy because it did encourage reinvestment.

The applicant did not wish to speak.

No one from the public wished to speak either in favor or in opposition to the request, and Fleisch closed the public hearing.

King moved to approve New Agenda item 07-21-04, 231 Masters Drive South - Rear Setback Encroachment. Ernst seconded. Motion carried unanimously.

07-21-05 Adoption of FY2022 Budget - Convention and Visitors Bureau
Finance Director Paul Salvatore said he would be making this presentation and noted that Patti Kadkhodaian, the chair of the Convention and Visitors Bureau (CVB) Board of Directors, was present, as was CVB Executive Director Kym Hughes. He said the budget was first approved by the Finance Committee, then the CVB Board, and now was coming to Council.

The CVB would start the year with a fund balance of about $117,000. Estimated revenues were approximately $420,000, and expenses were about $429,000. They were using approximately $9,000 of cash reserves to balance the budget, resulting in a year-end fund balance of about $108,000.

Salvatore noted this budget was the hardest hit by COVID. They had budgeted for a 10% increase in revenue over the FY2021 budget, which was previously cut by 50%. That meant they were budgeting at 60% of the pre-COVID levels. Personnel expenses would increase by 27.5%, but that was after a 35% cut in the previous year. The CVB previously had three full-time positions (executive director, sales manager, and marketing manager), but the marketing manager full-time position had been eliminated. They had added back four part-time Visitors' Center info representatives who would also work tourism events. The advertising budget was still cut 80% from FY2020. It had been $166,000 in FY2020, but was now budgeted at $33,000. That was an area to look at putting more money back into if revenues increased during the year. Money was budgeted for employee training under the new career development plan.

One trade show had been added back to the CVB budget, after dropping to zero in 2021. Most trade shows happened during the first half of the fiscal year, so Salvatore explained that they had already spent all the money allocated for them when COVID hit in February and March of 2020. The one show added was the Georgia Society of Association Directors at $2,600, which was nowhere near the $48,000 spent in 2020. This was another area where they might be able to add more funding during the year.

Tourism events that would be completely funded by the CVB were still budgeted at zero, but they might hold some ticketed events. The office rental expense was eliminated by moving out of the offices in The Avenue and relocating to the old Recreation Administration Building. Now they only had to pay a shared building expense of about $6,000.

At the beginning of FY2021, they had a fund balance of around $103,000, and had budgeted to use almost $21,000 of that. They were doing better than expected, though, and projected actually adding about $13,000 to the fund balance, bringing the fund balance to about $117,000.

A pie chart showed that 96% of the CVB's revenues came from the hotel/motel tax, so when that was hit hard by COVID, it impacted the whole organization. Most expenses were for contractual labor, with the next biggest chunk going for sales, marketing, and promotion, which was the CVB's mission. Salvatore pointed out that the majority of what was spent on contractual labor was also for that purpose.

He said again that the CVB would start the next fiscal year with $117,000. They anticipated revenues at $420,000 and expenses at $429,000, making up the difference from cash reserves. The year was projected to end at $108,000, but Salvatore said they were hoping revenues would be higher than projected. They would look at the finances as the year progressed and perhaps start adding back into the areas that had been cut.

Fleisch remarked that people in the community might be surprised to learn about the CVB and how the funding worked.

Hughes said the hotel/motel tax was important not only to the community, but to the State. It was not reflected in their budget, but about half of the same amount went back to the City's General Fund. Peachtree City was fortunate to have spaces for conventions and meetings, but they had to be promoted. They also tried to promote lesser-known aspects of the community, such as golf cart rentals, which not only benefited the companies that offered them, but other businesses such as restaurants and shops. They provided a lot of different services, including meeting with people who were interested in moving to Peachtree City.

Hughes thanked City staff and the City Manager for their support during a tough year. Fleisch asked about meeting space, and Hughes said Peachtree City had 90,000 square feet of meeting space, and it was important to keep the meeting facilities in good condition and busy.

City Manager Jon Rorie explained that the hotel/motel tax generated funds. Some of it was restricted funds related to the CVB and marketing; others were General Fund dollars, and others were Tourism Product Development (TPD) dollars. The General Fund budget would see a shortfall of about $500,000 in the next fiscal year thanks to the drop in hotel/motel tax collections. He said he hoped they would be able to amend the budget because of increased hotel/motel tax revenues during the next few months.

Ernst moved to approve New Agenda item 07-21-05, Adoption of FY2022 Budget - Convention and Visitors Bureau. Prebor seconded. Motion carried unanimously.

07-21-06 Adoption of FY2022 Budget - Keep Peachtree City Beautiful

Keep Peachtree City Beautiful (KPTCB) Director Al Yougel noted that the hours for court-mandated service were about half of what they were pre-pandemic. He also remarked that the amount of cardboard they were getting had exploded due to the increase in on-line shopping.

KPTCB's revenues had increased because of the new homes in the City that had trash service. The waste haulers paid the City $4 a year for each customer, and, with 560 new homes, that equaled more than $2,200 in additional revenue. Yougel joked that everyone thought there were three waste haulers in Peachtree City, but there were actually four—Pollard, Republic, GFL, and KPTCB. KPTCB had to pick up household trash that people illicitly placed in the cart path trash cans. He estimated that at least half the volume of about half the cans was residential garbage. KPTCB and Code Enforcement were trying to track these people down. If they found mail with an address on it, then they sent a warning, but the next time, the scofflaws just would not put any mail in it. It was a problem at the athletic fields and playgrounds, too.

KPTCB had two contracts with the City, which made them one of the few chapters of Keep America Beautiful with a guaranteed revenue stream. They had a contract to collect litter along 83 miles of streets and highways for $50,370 and another to pick up trash and empty the garbage cans along the 100-plus miles of multi-use paths for $45,760. Other things they did were not related to these contracts. They budgeted $5,321 in revenues for fees from the recycling center at Public Works.

Yougel said the proposed budget was basically the same as the previous years. The City would continue to provide a subsidy of $6,430.

Rorie mentioned litter he spotted in the McIntosh Trail/Kelly Drive area, but said it had been collected. Rorie noted the lack of court-mandated labor that previously had been used to pick up trash. That lack of a labor component made KPTCB's job harder. They were doing a good job keeping up, but there were struggles. He said he appreciated the partnership with KPTCB.

Ernst echoed those thoughts, saying every time he called Yougel about trash spills, he either answered the phone or called right back. Peachtree City was lucky to have him and his crew.

King moved to approve New Agenda item 07-21-06, Adoption of FY2022 Budget - Keep Peachtree City Beautiful. Ernst seconded. Motion carried unanimously.

07-21-07 Public Hearing - Proposed FY2022 Budget and Capital Improvement Program (CIP)
Rorie said he wanted to focus on the partnership between Council, City staff, and citizens in fulfilling the City's mission of providing services to residents. Staff had been working with a program that explored how to build sustainable, resilient communities. That program highlighted the major tenet of the City's budget policy: no services were added unless they had an identified ongoing new revenue source or an expense reduction. In last year's budget, the workforce was cut, with an impact of about $800,000 or $900,000, but they never realized some of the worst case scenarios. Now, they were finalizing the 2022 budget. In all cases, Rorie went on, they always kept an eye on the policy that they would not expand services without identifying new revenues or cutting expenses.

The General Fund revenues proposed for FY 2022 were $40,650,787, and expenses were $41,204,376. The difference would be made up by the use of cash reserves in the amount of $553,589, leaving a fund balance of 49%. Some people said this was deficit spending, Rorie stated, but he wanted to be clear that the use of cash reserves for cash projects was not deficit spending; it was good fiscal management.

The adopted FY 2021 budget had revenues estimated for a worst case scenario, Rorie continued. They did not know what would happen to sales tax revenues, for instance, but it did not take as much of a hit as expected. They took in more revenues in some areas than what they spent.

Ad valorem, or property, taxes made up the highest revenue stream for the City. In FY 2022 they were estimated to make up about 40% of the General Fund revenues, totaling $16,681,137. That was a conservative estimate; it could be more. Local Option Sales Tax (LOST) was the second highest revenue stream, making up about 22% of revenues, or roughly $9 million. Other sources were various fees and fines.

Impacts to the revenue stream included the previously discussed decline in hotel/motel tax collections, which he earlier said was a $500,000 impact, but it was a bit more than that.

Police, Fire, and Public Works were the areas with the largest expenditures, with Fire/EMS accounting for most of the money, followed by Police, then Public Works. City operations were both labor and capital intensive.

By category, the bulk of the City's expenses, about 57%, were personnel costs. If you wanted to reduce expenses, Rorie noted, the number one place to do it was in personnel costs. Second would be operating supplies and contractual services. The City had roughly 315 full-time equivalent funded positions, 254 were full-time, and 123 were part-time. There was a reduction in force last year, and it was being expanded this year. Planning and Development was losing a planning position. If the Public Works Superintendent retired, he would not be replaced. Two part-time accounting clerk positions had been converted to one full-time position. The CVB sales manager position was eliminated.

Three firefighter/paramedic positions would have to be fully funded in the FY 2022 budget. The full-time accounting position would be funded. Rorie said they did well for the most part in recruiting and retaining part-time employees, but were struggling to maintain five part-time code enforcement officers.

Current full-time vacancies included a park enforcement officer and a maintenance tech, but Rorie said he really wanted to focus on the nine part-time firefighter openings and the seven police vacancies. They were heavily dependent on part-time firefighters from other agencies, but the ability to recruit them was limited because those people did not have to work that extra job. The number of applications for police officer positions had dropped from 159 in 2015 to 30 so far in 2021. They had to think about how they could maintain service levels with those seven police officer vacancies.

What were they doing to recruit and retain people? Rorie recalled that there was a pay and compensation study conducted in 2014. With that, they killed off merit raises. Rorie commented that employees possessed public service mentalities and were looking for careers. The City's job was to maximize that resource and look at how to retain those employees. Very few local governments had created career development plans. They rarely articulated what good performance looked like or told the employees what they needed to do to be promotable. Peachtree City rolled out its career development plan in the Police and Fire departments last year and were rolling it out citywide this year. The idea was that they would show employees how to perform at a higher level and compete for other jobs.

One change was to adjust earned vacation hours from 40 to 80 in the first year of employment. They had modified accrual rates for equitable bridge credits towards retirement. This created parity between departments. They would maintain the defined benefits (DB) and health insurance benefits under the current cost share system. Some people would say they should not have a DB program, but Salvatore noted that it was funded at almost 100%. The retirement plan was in excellent shape, Rorie stated, but the rise in health insurance costs might eventually lead to health savings accounts (HSA) and high-deductible plans.

Tuition reimbursement was increased from $1,500 to $3,000 for firefighters, police officers, and public works employees who wanted to advance in their careers. They had rolled out a program for education that would allow department directors to offer incentives above the base pay for employees with college degrees. That should help with recruitment from other cities that might offer higher salaries. There was a 2% cost of living adjustment (COLA) across all funds, which would total about $228,000, but might not be sufficient to keep pace with the consumer price index. Another pay and compensation study was planned for FY 2021. Policy called for a study every five years, so it was a little behind, but Rorie said they had made adjustments along the way, so he was not expecting a big impact on salaries, except in Public Safety and Public Works.

Capital outlay was at $1.8 million, and debt service was $3.7 million. Rorie said he asked Salvatore to define why Peachtree City was a AAA bond rated community. Salvatore said it was a function of the general wealth of the community. They liked to see a good mix between commercial, residential, and industrial. Consistent good financial management and maintenance of a cash reserve policy over a period of years were factors. Also, they had very low debt with little on the horizon.

Rorie said they had talked for years about the difference between using cash and using debt to pay for projects. They were not letting up on their established program of priority-based budgeting, but would continue to do things on a cash basis. He pointed out that $400,000 was earmarked for citywide facilities improvements, including bridges. In 2011, that number was zero. They had built up this cash balance to fix stuff. The debt service on the 2011 facilities bond was about $400,000 and would be paid off in the next year. They were also building up cash reserves to avoid future debt. Other major capital outlays in the budget included Public Works equipment, police vehicles, an ambulance, technology replacements, and $1.8 million for street resurfacing. Special Purpose Local Option Sales Tax (SPLOST) money was added to the street resurfacing funds, making the total spent annually about $5 million.

There were 196 subdivisions in the City, Rorie pointed out, and 20% of those were built in the 1970s and 37% in the 1980s. In the 1990s, 29% were built, while 10% were built in the 2000s; 2% came along in the '10s, and 3% in the '20s. That meant 86% were more than 20 years old.

Fleisch remarked that some of those streets had never been resurfaced when they started the paving program. Some around Lake Peachtree were found to have been constructed with no roadbed. In 2015, she said, they resurfaced 3.41 miles, which was two streets. In 2018, after SPLOST, they did 14 miles, or 48 streets. In 2019, it was 15 miles, or 102 streets. That was the difference the SPLOST made. Because some of the roads were discovered to be in worse condition than expected, budget amendments were needed to fund the extra work.

There was a lot of development grade infrastructure put in during the '70s, '80s, and '90s, Rorie agreed. They were projecting the need to replace or re-line 300,000 linear feet of stormwater pipe at a projected cost of $75 million in today's dollars.

In the capital plan, $2.3 million was cash. There also was the cyclical equipment loan of $2.3 million, which was done for financial smoothing. Right now, they were looking at a $430,000 cash outlay for All Children's Playground. That had been delayed for a while, Fleisch noted.

The capital funding strategy showed an increased reliance of pay-as-you-go financing, with cash funding of facility maintenance expenses, bridge maintenance, and street resurfacing. The 2011 facilities bond, with $573,000 in annual debt, would pay off in 2022, while the 2014 bond ($341,000 in annual debt) would be paid off in 2024. They should not have to take out loans again to pay for maintenance, Rorie remarked.

About $2.2 million was budgeted for major capital improvements in 2022. These included the police headquarters expansion, fire station expansion and remodels, buildout of the basement at McIntosh Place, and construction of a city storage building.

About $2.5 million was budgeted for the storm water utility fund. Some people called it a "rain tax," but Rorie noted that it provided storm water management for a city built on a swamp. Around $470,000 went to renewal and extension projects such as pipe lining. Staff would be recommending dedicating a large portion of the American Recovery Plan (ARP) funds to storm water projects, in particular stream bank restoration and pipe lining.

At $3 million, the City's debt was relatively low. About $421,000 of that was for the broadband equipment loan in 2016, while $582,000 was for the 2011 facilities bond, $862,000 was for police/fire/city hall renovations in 2009, and about $1 million in the facilities authority bond for 2014. Rorie did say that, while debt was low, past practices would be catching up to them. The amount for equipment lease/purchases would go up by about $1 million in 2025.

Rorie showed the five-year financial model, saying he proposed a balanced budget of approximately $41,650,000, plus $553,000 from the fund balance to fund cash projects. That would leave an estimated 49% fund balance, or roughly $20 million. Council was asked to consider a tax rollback of .0197 mills, which would take the millage rate from 6.232 to 6.035. That was based on estimated appraised value market growth, not new growth. They were looking a roughly 5% growth in the tax digest, with roughly 2% being new growth and 3% reassessments.

In conclusion, he said the FY 2022 budget had expenses and revenues balanced at $41,204,376. Targeted reserves were $13 million, with recessionary funds of about $7 million, which took them to a 49% fund balance with a .0197 millage rate rollback. That left $20 million in the bank to generate interest.

Rorie thanked staff for their work in helping create this budget and said the City was in the best financial shape it had been in since his employment.

The Mayor asked if there were any comments in favor or opposition to the budget. There were none, and she closed the public hearing.

Salvatore said this was the only public hearing required by law, and Council would vote on adopting the budget at its first meeting in August.

Council/Staff Topics

Prebor mentioned that there had been discussion before COVID of forming a committee to look at cart path regulations. Fleisch said they could pursue that.

She went on to say she was glad to see so many people in the audience to hear discussion of the budget.

King moved to convene in executive session to discuss the acquisition, lease, or sale of real estate at 8:07 p.m. Ernst seconded. Motion carried unanimously.

Ernst moved to reconvene in regular session at 8:24 p.m. Prebor seconded. Motion carried unanimously. There being no further business, King moved to adjourn the meeting at 8:24 p.m. Ernst seconded. Motion carried unanimously.

Martha Barksdale, Recording Secretary

Vanessa Fleisch, Mayor