

City Council of Peachtree City
Budget Workshop Minutes
July 10, 2018
6:30 p.m.

The Mayor and Council of Peachtree City met in workshop session on Tuesday, July 10, 2018, 6:30 p.m., at City Hall. Attending: Mayor Vanessa Fleisch, Council Members Terry Ernst, Mike King, Kevin Madden, and Phil Prebor.

This was Council's second workshop with the purpose of discussing the proposed Fiscal Year (FY) 2019 budget. City Manager Jon Rorie clarified there would not be a detailed analysis of the budget. He said they would take an abbreviated look at the proposed budget and explore questions and concerns raised by Council members and the public after the first budget workshop. This would be a free-flow of information, with no set agenda.

Rorie said he and Financial Services Director Paul Salvatore would guide the discussions, and Stormwater Manager Mike Madison was also present to talk about the Stormwater program. Fayette County Development Authority (FCDA) Chairman Darryl Hicks, Chief Executive Officer Joan Young, and Business Retention and Expansion Project Manager Megan Baker would present information on FCDA funding. Fayette County Commission Chairman Eric Maxwell and County Administrator Steve Rapson were present to answer questions as well.

Salvatore began by presenting 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.*

Level of Service Impacts and Demands

Salvatore zeroed in on the second bulleted statement, pointing out the phrase "fiscally responsible manner." He then displayed the City's budget policy, emphasizing the statement that any departure from the baseline be accompanied by new or increased revenues or reductions in expenses.

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.

Rorie showed how changes in the City's tax millage rate would affect revenues. He said as City Manager, his concern was developing a budget that would pay for the services demanded by the residents of the City. He reminded Council that at the first workshop, he presented a list of millage rates imposed by various Georgia cities, but also noted there was no real way to compare them because each community's circumstances were different. Every community made financial decisions based on its own needs.

At a budget workshop two years ago, Rorie said he presented information on what the millage rate would need to be to continue to provide City services in the absence of other revenue streams, such as fines and permit fees. It would be through the roof, he noted. Often, Rorie commented, people would come to him and say that since the tax digest had gone up, the City should do a rollback on its millage rate to keep revenues the same. Rorie said that was a simplified way of looking at finances, one that involved politics. At the end of the day, he noted, it came down to what services the City was trying to provide.

Rorie recalled that at the first budget workshop, he compared the taxes paid by the owners of two \$200,000 properties, one in Tyrone and one in Peachtree City. Tyrone's taxes were similar to Peachtree City's, but Peachtree City provided services Tyrone did not, such as Fire and Library. For example, Rorie explained, Fire came through Fayette County, and Tyrone residents paid an additional tax for that. He said he used this example to show there was really not a way to compare taxes among cities because each situation was different.

Rorie continued that he received an email this year advising him to roll back the millage rate until it was "in the 5 numbers" in order to be competitive with other cities. He said that implied Peachtree City was not competitive for recruiting or business retention. He pointed to the shortage of homes to buy or rent as evidence the City was competitive.

Rorie explained that if he rolled back the current Maintenance and Operations (M&O) millage rate of 6.32 by a quarter-mill to 5.982, the owner of a \$200,000 home would pay \$20 a year less in ad valorem taxes. In aggregate, the 0.25 reduction would roll back tax revenues about \$578,000. He referred back to the Budget Policy that called for new or increased revenue or clearly identified expense reductions when departing from the established baseline.

Rorie said he wanted everyone to keep in mind that a reduction in the millage rate would result in a reduction in services. The millage rate could be reduced to zero by eliminating the Police and Fire Departments or cutting Public Works by half, and closing the Library. However, the City's mission was to provide services. He acknowledged that some people paid for services they did not use.

If the millage rate was reduced by a full mill, equivalent to \$2.3 million, to 5.232, Rorie said he would have to figure out how to accommodate that reduction in revenue. He said the manager's proposed budget actually contained an increase in spending based on a projected increase in the tax digest to pay for items such as additional firefighters.

Salvatore went over the main points of the proposed General Fund Operating Budget:

- Estimated revenues of \$37,056,830, or 3.4% increase (\$1.23 million)
- Appropriations of \$36,879,943, or 2.4% increase (\$871,000)
- Decrease in total millage rate of .1 mills (due to the payoff of a bond)
- Cash reserve increase of \$176,887, or 0% (still 38%)
- Street and path resurfacing – no change (\$1.8 million for 3-4 miles)
- Personnel changes
- \$146,047 funding for Fayette County Development Authority and \$25,000 for non-profit organizations (no change)
- \$2,250 decrease in airport funding (down to \$81,600 per agreement)

Salvatore said the increase in revenue was primarily driven by the two biggest sources of revenue, ad valorem taxes and the Local Option Sales Tax (LOST). The budget figures, Salvatore reported, were based on the County's estimate of about 4% to 4.5% growth in the tax digest, which consisted of new growth and reassessments of existing property. Franchise fees and other taxes would be going up as well. His summary included charges for services, which Salvatore said was the Convention and Visitors Bureau (CVB) reimbursing the City for expenses for its employees. Another category, interfund transfers, was the Georgia product development part of the hotel/motel tax. It was kept separate because its use was legally restricted.

A pie chart of expenditures showed that Police, Fire/EMS, and Public Works accounted for \$21 million of the City's spending. Another chart showed expenditures by account type, which Salvatore said graphically depicted the discussion about in-sourcing and outsourcing services. Rorie noted that the City tried to balance the benefits and drawbacks for services that could be supplied by outside contractors with the option of bringing on a new employee to handle those tasks. The 2019 budget, he noted, showed a 1% increase in personnel costs, and that was for three new firefighters, a GIS tech, and a communications specialist.

Rorie pointed out that the Big Three of Police, Fire, and Public Works, were both capital and labor intensive. He said he would love to have a robotic lawnmower to mow the City's grass. Someday, technology would catch up and that would be the case. Then, personnel costs would go down.

Salvatore showed a list of the key drivers of the \$870,000 expense increase. The new positions, along with bringing mowing in-house at an increased cost of about \$35,000, plus Cost of Living Adjustments (COLA) for City employees, accounted for much of the increase.

Highlights of the Capital Improvement Plan (CIP) were discussed, and Salvatore noted that the City wanted to complete capital improvements on a cash basis and avoid issuing Facilities Bonds. He outlined the plan:

- \$445,000 cash for citywide facilities and infrastructure improvements
- \$316,333 for Public Works and Grounds equipment purchases
- \$675,325 for Police Department vehicles and equipment, including 10 patrol vehicles at \$56,000
- \$447,800 for Fire Department/EMS vehicle and equipment, including a Medic Unit replacement at \$275,000
- \$530,092 for technology, including more cyber-security \$219,000 for citywide personal computer replacement (146 PCs) and upgrading to Windows 10.

The total Capital Improvement Plan (CIP) projects for 2019 totaled \$2,414,550. This could also include the Recreation improvements discussed at the first budget workshop. Salvatore mentioned Rorie's mantra of "A little well done is better than a lot just done."

Rorie noted that the two biggest sources of revenue, ad valorem taxes and LOST, took a big hit during the recession. He said decisions had been necessary regarding service cuts and millage increases. He pointed out that the City was trying to maintain a multitude of facilities spread out over 24 square miles. The City needed to ask if it was trying to do too much with too few resources, asking whether they should try to maintain many services and facilities at a lower level or consolidate resources and maintain the remaining services and facilities well. He said they needed to explore what type of amenities would be needed over the next 60 years.

Rorie observed that it was July, and every year at this time, the City must supplement its outsourced mowing crews with City workers in order to keep up with the right-of-way mowing. The City could either increase its contractual services contract to allow them to get more people or figure out how to use City employees. The focus should be on maintaining quality services and figuring out how to fund them. This involved making decisions on the right amount of resources, Rorie concluded.

Salvatore showed a five-year budget model, with the projected 2018 budget, the proposed 2019 budget, and models for budget through FY 2023. It showed revenues and expenses for those years, along with millage rates and fund balances. Salvatore pointed out there would be a spike in expenses in 2021 when the West Side Fire Station came on line. He and Rorie both said these projections were conservative, and Rorie noted that a change in one area led to changes in all categories.

Rorie went back to the comparison of millage rates in several Georgia cities, along with a look at services the cities provided. He showed spending on Fire, Police, and Public Works in cities comparable to Peachtree City. Several had higher budgets in some categories, while spending in other areas were lower. Rorie said this chart showed there were too many variables to make comparisons feasible. One commonality: the millage rate was based on tax digest valuations, set to generate enough revenue to cover expenses.

Stormwater Utility Fund

Rorie reported that one of the first questions he received about the proposed FY 2019 Budget asked why Peachtree City's stormwater costs were more than \$1 million higher than the next highest city and more than three times the average. He asked if the City doing more than necessary. He said it was a perspective issue. The bar chart he showed included annual stormwater utility costs for Peachtree City, Dalton, Kennesaw, Statesboro, Stockbridge, and Lawrenceville. Rorie noted that Peachtree City was built on a swamp, making it more likely to have stormwater issues.

While the City spent \$2.3 million on stormwater management, Kennesaw spent about \$922,000 annually, and Stockbridge spent \$1.3 million. However, Peachtree City is almost three times larger in acreage than Kennesaw, Rorie remarked, adding that Peachtree City was built in a valley. In addition, many stormwater infrastructure problems had been discovered as the City aged, Rorie pointed out.

Madison noted that the Stormwater Utility was an enterprise fund. It was self-supporting, and all revenue generated by the utility funded its operations. It was not subsidized or supported by the General Fund. He said the FY 2019 proposed budget showed approximately \$2.4 million in revenues and about \$2.3 million in expenses. Rorie remarked that about 30% went to personnel services and benefits, while another 30% went to purchased contracted services, and an additional 30% to debt services. This added up to 90% of the budget.

Madison, responding to a question from Rorie, said the \$686,000 in debt service was from a 2013 Stormwater Bond for \$8 million. He told Rorie that bond was necessary to replace many failures in the system, including three dams and subdivisions that were seeing structural flooding due to failures in their drainage systems. Madison said the cost of these projects far outweighed annual revenue.

Rorie asked what purchased contracted services consisted of, and Madison replied that this was for services such as engineering services, pipe cleaning, pipe lining and surveying services that could not be done in-house.

Madison presented a listing of City-owned and maintained stormwater system components, including 76.1 miles of stormwater pipe at the end of 2017, up from 69.5 in 2013. There were 6,032 drainage structures, compared to 5,789 five years ago, along with 80 stormwater detention ponds, up from 68 in 2013. The City had 32.1 miles of roadside ditches, and unknown number cart path drainage ditches, along with other stormwater conveyance ditches.

Rorie asked why the City was responsible for maintaining detention ponds built by developers, and Madison said it was required by ordinance.

Madison listed the Stormwater Utility's responsibilities:

- Maintain, repair, replace, and rehabilitate the City's storm drainage system
- Administer and ensure compliance with the City's National Pollutant Discharge Elimination System (NPDES) Phase II Stormwater permits
- Provide construction oversight and management on all outsourced (bid) stormwater construction projects
- Respond to drainage complaints and concerns
- Street sweeping
- All other duties as assigned

Madison also detailed the work accomplished by the Stormwater Department in 2017:

- Cleaned 262 drainage structures
- Re-excavated/cleaned 6,875 linear feet of ditch
- Cleared sediment and debris from 2,715 linear feet of pipe
- Rehabilitated (lined) 9,880 linear feet of pipe. In 2018, this should be between 11,000 to 12,000 linear feet
- Replaced 1,528 linear feet of pipe as part of 17 replacement projects completed by the Stormwater crew
- Performed maintenance activities (mowing, clearing, debris removal) on 37 detention ponds, including one complete reconstruction
- Swept 292 miles of roadway, intersections, and parking lots
- Responded to 75 drainage complaints. This number continued to decline, Madison said. In 2016 and 2015, they averaged about 130 complaints a year, and in the early to mid-2000s, there were an average of 400 to 500 calls a year.
- Maintained compliance with the City's National Pollutant Discharge Elimination System (NPDES) Stormwater Permit

Fleisch asked when the utility was created, and Madison said 2006. Before that, there was no system for handling these complaints, Rorie said.

Prebor asked about the NPDES permits. Madison said this was the permit required to own and operate the stormwater system. There were six control measures, Madison said, including components of public outreach and education, public participation, illicit discharge detection,

erosion control inspection, detention pond maintenance, and a good housekeeping pollution prevention requirement. There could be other programs under each of those components, Madison remarked, adding the utility probably spent about \$100,000 a year to administer that permit.

Prebor asked what would happen if they did not maintain compliance. Madison told him there would be a fine, and the Environmental Protection Division (EPD) would take over the program. The City could also lose its Local Issuing Authority (LIA) from the State, which allowed the City to review its own projects. Fleisch said a project could bog down in the state backlog without the LIA.

Prebor asked Rapson how much the County spent on stormwater. Rapson replied it was now part of the General Fund, with some projects funded through the 2017 Special Purpose Local Option Sales Tax (SPLOST). Staff was never paid from the stormwater utility when it existed, Rapson said.

Rapson also pointed out that if a City did not comply with permitting requirements, it could be deemed an unqualified city and no longer be allowed to work in its rights-of-way. Rapson called that "a very bad thing," adding it was probably the biggest sledgehammer the state had for a municipality or county.

To answer Prebor's question, Rapson reported that the County had about \$500,000 allocated for stormwater related projects in its budget. Rorie asked if that was dams, ponds, or pipe. Rapson said money was funded that was not part of the 2017 SPLOST for bigger projects. He said the \$500,000 was for annual projects, such as pipe lining, that were reported to the state. A team of four or five people worked on those projects for the County, Rapson noted. He said they did this when the County had a stormwater utility and still performed those tasks now, without the utility.

Rorie said the differences between Peachtree City and Fayette County's reporting of stormwater expenses illustrated why it was difficult to compare spending.

King asked about a dam along SR 54 near Fayetteville that was breached in the recent past. Rapson did not know about that, and said there were three dams in the County: Emerald Lake, Koziak, and Longview. The County recently completed a \$3.1 million re-do of Emerald Lake Dam, he commented.

Madison listed the 2018 goals for the Stormwater Utility:

- Continue maintaining pipes structures, detention ponds, ditches, etc.
- Continue street sweeping
- Continue replacing failed pipes utilizing the Stormwater crew (10-12 replacement projects annually), replacement list currently contained 24 projects
- Continue to replace failed pipes utilizing the bidding process (one to two projects annually), CIP list contained 39 projects
- Continue to in-place rehabilitate (line) degraded systems when possible
- Continue to address resident concerns
- Continue completing Stormwater Bond projects
- Continue to remain in compliance with the City's NPDES Stormwater Permit

Madison went over the status of the Stormwater Bond projects, saying most had been completed. The Wynnmeade subdivision project should go to bid at the end of summer, and the Golfview Drive drainage project was about two-thirds completed and should be done by early September. Miscellaneous pipe lining was ongoing and should be finished in June 2019.

A listing of projects the stormwater crew could handle in-house was next. Madison explained that when a resident called with a complaint, the City went out and evaluated the situation, scoring it through seven ranking criteria. The higher scored projects got top priority. He also included the estimated construction costs had it had been necessary to bid the project out. Currently, that total was \$825,000. Funding for these projects came out of operating expenses.

Madison displayed a listing of 46 CIP projects that could not be done in-house because they required significant engineering. The projects included structural flooding, stream stability, maintenance issues, and non-structural flooding. Again, Madison noted, each was assigned a score and ranked by priority. Estimated costs for these projects totaled \$46,795,000. Rorie asked if that number was firm, and Madison responded that it was not. He said, as his crews got more proficient, he could move some of these projects off this list and on to the list of in-house projects. Additionally, some of the projects had been on the list several years and seemed to be one-time only issues. He would evaluate the list at year-end year and possibly remove some.

Rorie noted this was a financial model that required predictions. Some services could be done through contracts, but others could be better accomplished by staff. Fleisch pointed out that many of the projects were the result of neglect over the years.

Rorie said it came back to the base question: "Are we doing more than necessary?" It was a matter of perspective. The City met federally-mandated program requirements, but did not do projects just for the sake of doing them. Several projects had been refused as beyond the City's jurisdiction or scope.

Madison noted that Kennesaw and Stockbridge, the next two cities in stormwater spending, were much smaller in area than Peachtree City. Kennesaw and Stockbridge had 55 and 42 miles of stormwater pipe to service, while Peachtree City had 76.1 miles. Peachtree City had 6,000 drainage structures, while Kennesaw and Stockbridge had 5,000 and 4,500, respectively. Peachtree City had 80 drainage ponds to maintain; Kennesaw had 12, and Stockbridge, five, Madison reported. Peachtree City had \$46 million in CIP projects; Kennesaw had \$30 million, and Stockbridge, \$15 million, but Stockbridge was planning to re-evaluate, and its list would grow. Peachtree City just had more area to cover and chose to be pro-active as far as lining and keeping ponds cleaned out.

Fleisch asked how Newnan handled stormwater. Rorie said he could find out. Madison noted that much of the stormwater work in Dalton, which had a low budget for stormwater, was handled by Whitfield County.

Amphitheater Fund

Rorie stated the total operating budget for the Amphitheater Fund was \$1.3 million, and, like Stormwater, it was a self-supporting fund. Rorie said he found it interesting that the enterprise fund for a necessity, stormwater, had a budget of \$2.4 million, while an enterprise fund for an amenity, the Amphitheater, was just a million dollars less.

Rorie remarked that he got many questions about why the General Fund did not support the Stormwater Utility. One reason was that everyone, including churches and other entities exempt from ad valorem tax, paid into a utility. Another reason was that if it were part of the General Fund, there would be a constant debate about spending priorities, such as executing a stormwater project or buying a firetruck. The enterprise fund setup kept those concerns separated.

Fayette County Development Authority (FCDA)

Rorie said there had been questions about the \$146,047 in the General Fund budget for the FCDA. This situation was two or three years in the making. The other piece of the puzzle was the \$25,000 maximum expenditure for two non-profits, Fayette Senior Services and Promise Place, which were the only two non-profits the City supported financially based on policy decisions made by Council.

Rorie said the FCDA promoted economic development in Fayette County and its municipalities and introduced the representatives in attendance. Hicks thanked Council for trusting that they were good stewards of the City's resources and said the FCDA did its best to promote economic development in Peachtree City and the County as a whole.

Hicks described the FCDA's makeup. In addition to regular staff, there were nine board members: five appointed by the Fayette County Board of Commissioners, one from Fayetteville, Peachtree City, and Tyrone, and another from the Peachtree City Airport Authority.

The FCDA's budget for FY 2019 was approximately \$471,000. Fayette County would contribute \$225,696; Peachtree City would fund it with \$146,047; Fayetteville would contribute \$67,766; Tyrone's contribution would be \$29,235, and Brooks and Woolsey would chip in \$2,227 and \$672, respectively. Hicks explained these numbers were based on population, assessed at \$4.25 per capita. He said this formula was only a couple of years old. Prior to the formula's adoption, the FCDA was primarily funded by the County and Peachtree City. Four years ago, he explained, there was a shift in the board, and one of the results was a commitment to provide improved services. The best way to do that, they concluded, was to include everyone in the process. Hicks said they looked at how other development authorities were funded, and many were funded by a pro rata share. He said \$4.25 was the average assessment.

Hicks said it was important to include all the municipalities. Even though a large corporation might not want to locate in Woolsey or Brooks, those municipalities would benefit if they came to Peachtree City or another location in the County.

The FCDA did not seek to attract all types of industry, Hicks explained. Its targets were corporate headquarters, film/new media, info tech, advanced manufacturing, aerospace, and life sciences. The message to stakeholders would be to focus on industries that paid well enough for employees to be able to afford to live in the community. Companies offering \$14 an hour manufacturing jobs would not be suitable, but industries with \$35 an hour or higher jobs would be acceptable.

Hicks explained that, four years ago, the FCDA was trying to dig out of a hole and had brought in new staffing. The work was beginning to pay off, and developers were approaching them. In the last fiscal year, the FCDA had worked on 26 projects in Fayette County that equaled a total investment of \$2.6 billion. With those projects would have come 1,810 jobs.

Peachtree City won three of those projects for a total investment of \$47 million, with 264 jobs and a payroll of \$18.7 million. Those three companies were Rinnai, Silon, and Laser Tech Metal Works. Rinnai was courted heavily by a neighboring county that even offered to give them land. He pointed out that not only did Peachtree City get a boost in new development; it would also not suffer by having Rinnai leave the community.

Hicks detailed the financial benefits to the City over a 10-year period by having these industries. He said return on investment was one of the FCDA's main issues. While the FCDA offered incentives to industries to locate or expand here, it needed to know what the benefit would be years down the road.

The tax plan, Hicks explained, set out what type of companies would be eligible for property tax savings if they located or expanded in Fayette County. Criteria included a minimum number of jobs (20), average wage (\$50,000), and capital investment (\$7 million). The standard 10-year tax abatement offered to qualifying industries consisted of 10% per year. Some projects required different packages, but this was standard. Responding to a question from Fleisch, Hicks said every governing body except the Fayetteville City Council had approved this agreement, and they were expected to soon.

Ernst pointed out that Hicks said \$50,000 a year was the average wage requirement, but his presentation showed that Silon and Laser Tech Metal Works paid an average of \$40,000. Hicks said those industries did not get the tax abatement. Young said Silon had already put a contract on its building before it approached FCDA about tax incentives. She added there were other ways to incentivize industries, such as jobs grants.

Hicks said when he first came on the board, many developers wrongly perceived Fayette as not having any available sites for industry. They had been working to change that perception. He used the 37-acre Vistas site and Falcon Field site as example, saying they almost landed a major project there. No longer was the FCDA waiting for industries to approach them; they were recruiting industries through events such as project manager outreach days to educate them about Fayette's advantages.

The FCDA's newly-revamped website was more instructive and user friendly, Hicks noted, allowing prospective clients to see what the County had to offer. New branding with the slogan "Create Your Story" was a big part of this makeover.

Madden asked how important it was that Fayette had its own municipal airport. Hicks said Peachtree City was on the short list recently to get the Professional Golf Association (PGA) headquarters, thanks in large part to the airport. Golfers would have been flying in and out from all over the world, and the local airport was a huge selling factor. The Atlanta airport was important, too, but the local one was vital. Hicks thanked Council and City Staff for their work in trying to convince the PGA to locate here.

King mentioned that the County contributed \$280,000 to the FCDA in 2013, and Peachtree City contributed a little over \$75,000. In 2015, the County reduced its input to \$100,000. King said he wanted an explanation of the shift in funding from the County to the cities. Hicks responded by saying the FCDA wanted all its stakeholders engaged, and the pro rata funding was a way to do that. He said it was best to have many people at the table. The FCDA had a budget need of \$500,000. Poor funding several years ago resulted in a breakdown that had taken several years to recover from, he said. The FCDA had an obligation to create revenue, and the board had asked for latitude to become more creative with funding.

King said Peachtree City had funded at this level for two years, and he did not see a lot of benefit coming back to the City. Hicks referred to the slide showing the three industries that were relocating or expanding in the City. King responded that two were below the recommended average salary, and all three resulted in only 264 jobs. Hicks said he understood King's point but was looking at the long run as well as the intangible revenue that would come.

Ernst told Hicks he fully agreed that FCDA needed the money, but he questioned how the County allowed the FCDA to fall apart. Rapson said the most the County had ever funded, going back to 2010, was \$290,000. The County was still funding 78% of that. In 2015, there was a distinct event that he would not rehash. There were only two ways to control the FCDA: budgetarily or by appointments.

Rapson continued that the FCDA was the bonding agency for the County. At one point, Peachtree City had its own development authority, as did Fayetteville, but they merged them all into this County board. He said the board makeup, etc., was all done at the State level. The funding mechanisms from 2010-16 did not show the fund balance, structured through the bond deal with NCR. He said in 2014, there were bond fees of \$240,000 that tapped into that same \$225,000 and the \$75,000 from Peachtree City. Rapson said that was the first time the FCDA had ever been funded more than \$450,000.

The \$471,000 budget was a 60% increase from what the County had historically funded, Rapson related. To say this was a County mechanism was not correct. He said the FCDA had been a County-funded initiative, a Peachtree City-funded initiative, along with bond proceeds and a fund balance. In 2015, the funding was lowered to make a point; since then the FCDA had stepped up, and everyone was happy with the way things were going today. Part of that 2015 shakeup was a decision to allow everyone to have skin in the game. That was why the pro rata shares formula was adopted.

Rapson said these new projects were not a huge source of income for the County. All were in the municipal limits of the cities, and the County would not receive full tax benefits until year 11, when the 10-year tax abatement expired. The cities, on the other hand, got occupational tax, planning revenue, permit revenue, and inspection revenue for the entire 10-year period. He said the County thought the FCDA was a critical function and showed that by providing half the budget.

He told Council it was within their rights to decide not to fund the FCDA at its allocation level. The County would be funding at its assigned level, as would Fayetteville and Tyrone, Rapson noted.

Prebor asked Hicks how they arrived at the \$4.25 per capita. Hicks said they looked at how other metro Atlanta development authorities were funded and found some that charged less than \$4.25 per capita and others that were \$10 per capita or higher. The FCDA board found that \$4.25 was a median, and that would meet its needs.

Fleisch noted that there was no acreage in Peachtree City that would attract a big new industry. Business retention was important because the City only had smaller tracts. Silon took over the building of a company in the same industry, so it did not require a lot of retrofitting. She asked what the mechanism would be for setting up a business park since land was so expensive. Peachtree City would have to annex to get a large tract of land.

Fleisch asked Hicks if the board was stable now. Hicks said the County recently reappointed all members who wanted to be appointed. He said there were many people with economic development experience, and he felt good about the future.

Fleisch asked how the FCDA would work to help the City get a revenue bond. Rapson said if the City bonded through the Development Authority, it would have to place that land and building in trust with the FCDA until the debt service was paid off. However, the City also had a Public Facilities Authority. Rorie said the FCDA was just another mechanism to fund projects. Rorie summarized that the manager's proposed budget included the entire funding allocation of \$146,047, which was the representation of \$4.25 per capita. He said Council should consider if the "juice was worth the squeeze."

Maxwell said the County Commission was committed to the FCDA and that industries could not locate in the unincorporated County because there was no sewer system. They must either be in a city or be annexed into one.

King pointed out that the County provided less than half the FCDA's annual funding, yet they appointed five of the nine board members. Maxwell said that could certainly be tweaked, but cautioned about the law of unintended consequences. Problems could be created with change.

King said he did not want to go back to the situation of four and a half years ago when the board lost years of institutional knowledge for what he called "the stupidest of reasons." He said he trusted Maxwell and Rapson to do what was right, and he would support paying the allocation, but he wanted them to show him it was worth it.

Maxwell acknowledged that the need for secrecy on these projects made it difficult to show what was being done towards recruiting industry. Sometimes they made every effort and still were not successful. Maxwell recalled that he first came to Peachtree City when he and the City were both very young. He said he hated what happened to the FCDA board, reflecting on the loss of members like Hollis Harris. He said he appreciated King's comments, but feared those unintended consequences shaking up a smooth-running operation after a period of turmoil.

Fleisch mentioned that negative publicity also hurt the County at that time. She and other leaders attended a workshop that discussed how bad publicity could scare developers from a community. She asked if the perception of the County had changed and said there was a lot of damage done.

Madden said he felt the FCDA had accomplished a great deal, but it would go a long way with the Council if Peachtree City had another appointment since the airport was such a big factor in attracting industry. Rapson said changing the makeup of the board would require state legislation. In addition, the FCDA had bonds issued in its name, so changing the structure would require dissolving the board and recreating it.

Rapson continued that the County approved \$38,000 in a fuel tax credit to be paid to the airport that would go back to the airport to offset their taxes. Fleisch said she had been told that Falcon Field's fuel prices were higher, and this prompted pilots to use other airports. She said the City paid the airport a subsidy each month and felt the County could help with some of that since the County also benefited from having a local airport.

Madden noted that someone else from Peachtree City could be appointed to the board when one of the County's five spots came open. Fleisch said she would like to see Peachtree City residents apply to the Water Board, and Rapson said there were applicants and the process was still open. He asked them to recommend someone to the FCDA board when there was a vacancy.

Rorie closed the discussion of the FCDA by referring to the "Create Your Story" tagline. He said that could mean job creation, wealth creation, or other types of economic development. There would be trade-offs in all cases. He noted that there were a number of moving pieces, and it all came together to create a story. The only way he knew to fund the services demanded was through ad valorem taxes and sales tax, and the way to increase the tax base was to recruit or retain industry. At stake was the funding strategy and using it as an economic development tool. He once again said the allocation was included in the budget.

Library

Rorie said the City made a conscious decision to have a \$1 million library sitting next to City Hall. Years ago, the library construction was funded with General Obligation bond debt, and now the library had a \$1 million budget each year. Peachtree City and Tyrone both had libraries by choice, and the County provided library services as well, Rorie noted. Half a mill of taxes went to the library. Peachtree City was a regional library, with nearly 27,000 users a year, Rorie showed. More than

15,000 of those users were Peachtree City residents; 3,000 came from Fayetteville, and more than 650 from Tyrone. More than 3,500 were from Coweta County, and an additional 4,300 users came from Clayton, Fulton, and Henry Counties.

Reducing the book budget by \$25,000 several years ago had been controversial, Rorie recalled, but it was accomplished. He noted that Peachtree City was a cultural community, so there was a need for library services. The library was budgeted at \$1 million because the community had decided a library was important.

Madden asked Rapson how much the County paid for the Fayette County Library in Fayetteville. Rapson reported \$1.51 million. That library, he noted, was the designated regional library by the Flint River Library System, and the Peachtree City Library had many benefits funneled to it through the Fayette County Library. He quoted Library Director Chris Snell by noting that the library was a quality of life issue.

Public Works

Rorie pointed out that Peachtree City was second in Public Works spending among the state's Class B cities. Public Works had an \$8 million budget, but that included \$1.8 in road resurfacing, \$665,000 in path maintenance, and \$200,000 in tree removal. Once again, he said comparisons were apples and oranges. Statesboro, for instance, was 15 square miles, compared to Peachtree City's 24. Peachtree City had 100 miles of paths, which was a badge of honor for some. Rorie asked if it might be better to have only 90 miles if they could be better maintained.

He mentioned that Statesboro had a Solid Waste Collection and Disposal division in its Public Works Department. Peachtree City did not have that, but did have a cart path system. He used this as another example of how he could cut the millage rate, but decisions would have to be made on where to cut expenses. He said Public Works would not be where he would start to cut. He would look at all departments because he believed that the services provided, including quality of life issues, led to increased property values, which led to increased tax revenues. It was a slippery slope, Rorie said.

Many cities relied on the County to provide services. Peachtree City was an Insurance Services Offices (ISO) Class 1 city, which was a good value if you were a non-sprinkled commercial property. Sprinklered properties saw limited value. The City received an insurance premium tax, and if insurance payments went down, the tax revenues went down as well. The nuances of a budget, and these types of topics, was what most people missed. Rorie said if he eliminated the fire department, the ISO rating would drop, and insurance tax revenues would go up.

Fire

Newnan had a Fire Services budget of \$4.4 million, while Peachtree City's was \$7.2 million, but Peachtree City had an ambulance service that brought in \$1 million to offset some of the cost. Rorie said 80% of the calls Peachtree City responded to were medical. In Newnan, all calls were for fire. Peachtree City was paying more to meet higher demands for medical service in an aging community. He said the City needed more quick response stations, not fully-staffed fire stations.

In-sourcing and Outsourcing

During the first budget workshop, Council focused on City Attorney services and garbage collection. Rorie said they decided to continue to outsource the City Attorney, but were looking at the best way to stabilize costs. Litigation services in the FY 2019 budget were \$243,000, which included employment issues, zoning issues, and other items.

Legal services were budgeted at \$200,000, which consisted of the day-in-day-out legal consultations required in the course of City business. Fleisch asked if each department was billed for how they utilized legal services. Rorie provided a copy of June's invoice. All charges went to the City Clerk's budget. Then it became a question of accountability, Rorie noted, saying he urged employees to use discretion in calling the City Attorney. However, the cost of not making a call when needed could be much higher.

Dunwoody had the highest legal services budget of the cities Rorie polled. Cities with high expenses could have had an expensive lawsuit, and those with lower costs could just be lucky. Rorie noted the \$200,000 budgeted was an open-ended amount, and actual expenses could be higher or lower. The cost could be stabilized through a retainer, with a separate litigation budget. He asked Council to review the invoice and reflect on how costs could be stabilized.

Fleisch said Council should get a copy of the invoice for legal services each month. Even with a retainer, Rorie noted, staff should have some type of accountability. Rorie said he would like to see a little more detail, such as a line item with the reason for the call.

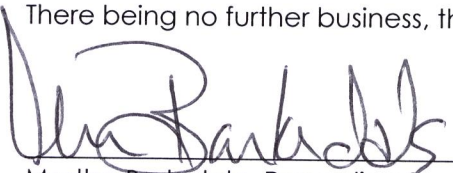
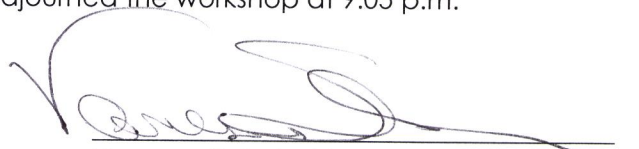
For example, Rorie said he had a meeting that day regarding a stormwater project that he asked City Attorney Ted Meeker to sit in on. He paid Meeker travel plus an hourly fee, but said he believed it was of value to have him there.

Rorie continued that Council would wait to make a decision on a single-provider garbage contract after a Request for Proposal (RFP) had been issued, probably in October. Right now, he said, he did not have time to work on the RFP.

Rorie concluded by saying this workshop would lead to a public hearing at the July 19 Council meeting. He noted that looked to be a lengthy meeting and advised Council that they would be looking at Tax Allocation District (TAD) and Community Improvement District (CID) resolutions. They could move forward on them or table them at that time, which was the case for almost any item on the agenda, he noted.

Fleisch commended the Recreation, Public Works, Police, and Fire departments for coordinating such a good Fourth of July celebration. She said Battery Way and Spyglass Island looked very good.

There being no further business, the Mayor adjourned the workshop at 9:05 p.m.


Martha Barksdale, Recording Secretary
Vanessa Fleisch, Mayor