

**City Council of Peachtree City
Retreat Workshop Minutes
May 14, 2019**

The Mayor and Council of Peachtree City met in Retreat workshop session on May 14, 2019. Mayor Vanessa Fleisch opened the workshop at 6:30 p.m. Council members attending: Terry Ernst, Mike King, and Kevin Madden. Phil Prebor was absent. The purpose of this workshop was to discuss short-term and long-term strategies for fiscal control and financial management.

City Manager Jon Rorie noted this was the third of three scheduled Retreat workshops. Topics in March included Comprehensive Plan initiatives, development/re-development initiatives and tools, along with Code Enforcement, while April's workshop covered facility management and departmental service capacities. Rorie reflected that he was beginning to finalize the \$36 million 2020 City budget he would present to Council in June and went on to define terms important to that process. Fiscal control, he said, was a policy in which a government avoided deficit spending. They could not pass a budget with a deliberate deficit. While debt instruments were not necessarily bad, they must be utilized with caution, in the right circumstances. Financial management meant planning, organizing, directing, and controlling financial activities, such as procuring and utilizing the funds of the enterprise. It involved applying management principles to financial resources, he remarked.

Rorie introduced the concepts of mission creep and scope creep. Mission creep was the expansion of a project beyond its original scope. The City's purpose was to provide services. The mission could creep based on demands. While explaining scope creep, he noted that every project from the 2011 facilities bond had a project manager assigned with the task of getting that project completed 10% under budget, requiring each manager to be aware of scope creep. It made them focus on what they were being asked to accomplish.

Rorie reminded Council of the City's mission, which called for providing high-quality services to residents. He noted that the definition of high-quality varied depending on the perception of the individual. Safeguarding the community was the theme of all three retreat workshops this year, and that boiled down to protecting the cash and deciding what was sustainable. There was a time for action and also a time to do nothing.

This would be first time Rorie said he had highlighted the phrase in the budget policy that the City's top program priority was to maintain existing service levels in all departments and divisions. They needed to question the existing service level and ask if it should continue, or if there were times when the services should decline. Rorie also noted the budget policy required them to set a baseline as an agreed upon point of departure for a new facility or service, such as quick response station. Any additional services above the baseline should be fully funded at the time of adoption of the budget, and ongoing services must have funding sources clearly identified, Rorie read from the budget policy. This was simple on paper, but harder in the real world, he remarked.

A chart, or Wordle, of responses to the One PTC survey showed that lack of a central gathering place, along with limited affordable housing, were among the most important concerns of residents. Many referred to the City as "over-policed," and others mentioned maintenance to the path system as a concern. A 2016 survey listed the City's appearance, crime, and traffic as among residents' top concerns. He noted there were costs associated with all these items. Rorie said he believed the biggest challenge was how to be all things to all people at all times, and make everybody happy. That was impossible, he concluded.

Rorie continued that he hoped to tie everything together at this meeting. He said the City had been, and still was, to some extent, operating in a "fuss and fix it" model. Things did not get fixed unless someone fussed. He said they had shifted to more of a planning focus since he arrived in 2011, and now talked about cost-effective analysis and used those models. The goal was to weigh opportunities and risks and give the City choices in the future. Choices were always present, he noted. Sticking your head in the sand was one, as was kicking the can down the road. "Good, fast, and cheap: pick two" was another slogan that could lead to sub-par projects. Staff tried to put the pieces together to create quality products, but people had differing opinions of what quality meant. Rorie mentioned that "service to all meant service to no one." Another favorite saying was "anything worth doing was worth doing all the way," although economists would say there was a point where the returns stopped. He also said they should look for the second right answer, which required looking at the "why" of any situation.

Rorie told Council he hoped they could funnel down from the big picture and talk about the components of those challenges. They needed to figure out how to prioritize, and how to balance revenues and expenses. Revenues included taxes, charges/fees, fines, and debt instruments. Expenses were personnel, services/supplies, capital, and debt service. Personnel was the biggest expense. Providing services was both capital- and labor-intensive. It required equipment, supplies, and personnel. There was a scarcity of means to provide services. The two largest revenue streams were ad valorem (property) taxes and Local Option Sales Taxes (LOST). In Fiscal Year (FY) 2019, they anticipated ad valorem taxes being about \$14.4 million. LOST would amount to about \$7.9 million. A 5% increase in LOST meant a revenue increase of \$378,000. If property values went up 5%, there would be a \$722,000 increase in ad valorem tax revenues. Added together, these increases would be approximately \$1.1 million. Overall, that was a 3% revenue increase for the total budget. Rorie asked how a 3 or 5% decrease, such as occurred in 2009, would impact sustainability and protect the cash.

Fleisch asked Finance Director Paul Salvatore if he had heard from the County about the internet sales tax. Salvatore said the County had not heard anything about it. The Mayor said she was at a Georgia Municipal Association (GMA) meeting over the weekend, and the GMA was under the impression it was being disbursed. Salvatore said he would check into it.

A 5% increase in Public Works expenditures would equal \$285,000, while a 5% increase in Fire/EMS expenditures would be \$380,000, Rorie noted. Police spending would be \$352,000 at that rate. These were the biggest spending departments in the City budget. There was \$1.8 million in the Public Works budget for outsourcing road paving projects.

All expenses were tracked by category, with personnel expenses accounting for about 59%. Rorie showed a chart that laid out expenses and which departments they affected. Salaries, health insurance, and defined benefits impacted every department. The court budget included \$35,600 for indigent care, which provided public defenders to people who could not afford them. Rorie pointed out that they were only in court because the Peachtree City Police, paid out of the same budget, had arrested them. Technical services were a \$1.1 million expense. Street resurfacing was \$1.8 million. Street supplies included signs in its \$106,000 budget. Each sign, such as a stop sign, cost \$275, and there were 4,860 signs. At \$275 each, that was a \$1,336,500 asset. Cart path resurfacing was \$665,000. Electricity totaled \$431,000, while street lights came to nearly \$424,000, which amounted to about a quarter-mill of the tax millage rate. In FY 2019, the budget for gasoline across all departments was \$253,000. The Police Department used more than 60% of that budget. Rorie recalled that several years ago, \$3.75 per gallon had been budgeted for gas. Now, he noted, they budgeted \$2.25. Salvatore said prices were higher then, and they were also trying to protect themselves if prices went up. Rorie noted prices could go up again and wondered what would happen. In addition to impacting gasoline prices, oil prices also drove the cost of asphalt,

which would affect the cost of street resurfacing. If the cost of asphalt went up, they could not do the same number of miles for the budgeted amount. Cart path resurfacing would also be impacted. The same trigger impacted different lines on the City budget and impacted the provision of services. Rorie also noted that \$146,000 was listed for Professional Services—Economic Development.

The items he had listed, taken together, represented 64% of the entire budget, Rorie said. He reported that when the gasoline prices went down, the department heads could have been allowed to move the unspent gas money in their budget to another project. To prevent this, he said, they sequestered the money so it could not be moved around and asked for a 1% reversion in their total budgets.

There were choices to be made with that 3%, or \$1.1 million, increase. They could be a half mill rollback with a 0 expense increase. They could increase the fund balance, or cash reserves. That was a critical piece to look at, Rorie noted, because it was difficult to decide on the right amount of money to have in savings. He believed six months' expenses was the right amount, but the City's recommended amount was three months and one week. They could use the 3% increase to cover inflationary expenses or expand programs and/or services. Another option was to increase or pay down debt service.

Rorie wanted to discuss three of the topics tackled by a group of citizens that met with the Planning Department to look at issues impacting the City as they updated the Comprehensive Plan. Traffic was always a major topic. The group charged the City with establishing and maintaining a comprehensive system that provided safe and convenient circulation through and around the City including roads, cart paths, and ride-share services. That sounded good, Rorie noted, but asked how to define "comprehensive," "safe," or "convenient." There were overlapping impacts and competing interests in all these topics. Today's solutions should not become tomorrow's problems.

Transportation

Rorie presented a listing from the 2016 citizens' survey of what people said were the City's biggest challenges. Traffic was the top problem for 75% of the respondents, followed by infrastructure, which could be paving, stormwater, or any number of issues. On a map of the SR 74/54 area, he showed road projects that had been completed, projects that were on the horizon, and others that should be considered. They spent \$649,000 for traffic improvements at MacDuff/SR 54 West. The developer paid for the intersection improvements at Line Creek, while the City paid \$751,000 at Planterra/SR 54. There were 36,000 vehicles traveling this corridor every day. The projects were funded with Special Purpose Local Option Sales Tax (SPLOST) dollars. He said he probably would not have recommended funding these improvements with General Fund dollars. The vehicles coming into the County from across its western border should bear some of the burden of funding the road improvements. He showed possible future projects such as the displaced left turn on SR 54 to SR 74 and the right in, right out at Westpark (Commerce Drive). Some business owners did not like that because it might impact their business.

Road maintenance was part of the transportation issue. There were 192 miles of road in the City. In FY 2015, \$645,000 was designated for road paving. In 2019, it was \$1.8 million. They recognized there was a problem and decided to dedicate a lot of the SPLOST money for road resurfacing. SPLOST money for road resurfacing would amount to \$26 million over six years, while the General Fund would contribute \$11 million. It cost been \$200,000 to \$380,000 per mile to pave a road depending on its condition. He wondered how they could have expected to pave roads for \$645,000 a year. That would be about two miles per year. The Mayor pointed out there were some

years when they did not do any, and Rorie recalled that they had to skip a year in order to get the money together to pave Crosstown.

In 2015, the budget for cart path maintenance was \$365,000. In 2019, it was \$665,000. That was for materials and supplies; it did not include labor. It cost about \$2 million a year total to maintain the paths. That was something unique about Peachtree City: one mill of taxes went to maintain the path system. Rorie wondered how many parks or firetrucks could be added for that same amount. It was a balancing act.

Public Works was seeing a 26% increase in costs for asphalt and granite aggregate base (GAB). In the FY 2019 budget, \$665,000 would pay for materials to pave nine miles of paths. If they tried to do nine miles in 2020, the budget must be increased to \$857,000. There was a second right answer, Rorie said. There were paths that needed to be removed. Rorie acknowledged that this idea was shocking, but said he was not talking about removing 10 or 20 miles of path. There were select spots where it made no sense to maintain the paths, and other areas where the system should be expanded.

The Comprehensive Plan called for providing adequate community services as needed. "Adequate" needed to be defined, as did "needed." Each person had a different definition.

Public Safety

Police Chief Janet Moon then reflected that in the 2016 citizen satisfaction survey, traffic was the number one issue, while crime was near the bottom. In 2018, the Police Department answered more than 60,000 calls for service. Calls for service could be divided by what was dispatched through the 911 Center and whether those calls were emergency or non-emergency, along with self-initiated or directed calls. There were times when calls were put on hold for the officer to handle as time allowed. The House Watch program was an example. If a citizen went out of town, he or she could ask the Police to check on their home. Traffic stops were self-initiated activities. Any time an officer was dispatched or went on a self-initiated service, it counted as a call for service.

The average response time was 5.18 minutes, which included both emergency and non-emergency calls. Other calls might take precedence over a non-emergency call, and the dispatcher might call back to say the officers would be delayed.

Moon said she got many messages about traffic at SR 54/74, asking why an officer could not be stationed there to direct traffic. It was not that simple. There were six traffic lights from the SR 74/54 intersection to MacDuff. One officer would be needed for each intersection along the SR 54 West corridor for two hours in the morning, two hours in the evening, and three hours on the weekend. The average patrol shift was seven or eight officers. She could not pull six of them away for traffic duty because they were needed to handle the 60,000 calls for service. The next logical step might seem to be to hire off-duty officers. At \$30 per hour for 156 hours per week, 52 weeks a year, that would equal \$243,000 that someone would have to find. Moon's counter to all this was that they did have an officer at each of those intersections. It was called a traffic control device, and the Georgia Department of Transportation (GDOT) was paying for it. Sometimes the timing was off, but that would happen with officers, as well. GDOT's solution was more cost-effective.

Rorie echoed Moon's comments. The signals were there to provide safe movements through the corridor. It was inconvenient to have to stop and wait. In addition to Fire Chief Joe O'Connor, Rorie pointed out that there were 20 firefighters in the room, referring to the overhead sprinklers in Council Chambers.

Ernst asked Moon about the occasional officer who sat in the safety zone at of SR 74/54, not blocking the intersection, but there. Moon said it was not a scheduled event, but when the officers' schedules allowed, it could happen.

Moon continued that it was becoming harder to hire officers, saying that, nationwide, applications for law enforcement jobs dropped 63% from 2013-2017. Firefighter/EMT applications were down 38%. There were a lot of factors, including the negative perception of law enforcement officers by many people and also the criticism that officers were subject to through the press and social media. She said Peachtree City had lost three officers due to complexities related to officer-involved shootings in Baltimore and Dallas. Those officers and their families decided they no longer wanted to work in law enforcement.

Moon moved on to talk about local competition. Fayetteville had raised its starting salary for a police officer to \$40,425. In order to compare the salaries between departments, Moon noted, people had to know how many hours the officers were working. Most departments worked 12-hour shifts, but they were structured differently. Fayetteville had a 2,080-hour work schedule for that amount of money. The Fayette County Sheriff's Department lost 43 employees last year, of which 25 were sworn deputies and 16 were detention officers. The Sheriff proposed raising salaries to \$42,117, but their schedules called for 2,184 work hours. Moon said Fair Labor Standards dictated how overtime was paid. She noted that Rorie liked to remind them that police officers and firefighters had their own chapters in the Fair Labor Standards Act (FLSA). They could work a little more, but in Peachtree City, they were treated more as a general service employee, rather than one with a separate FLSA category. The turnover rate for police and fire last year was 30%, Moon pointed out.

Rorie stated that they were talking about compensating employees fairly and equitably, based on the market. They were an asset and if Peachtree City did not compensate them fairly and equitably, it would become the employer of last choice, and he did not want that for any of the employees. He asked what they wanted out of an employee. Assistant Finance Director Kelly Bush replied that they wanted them to want to be there, to want to do well, and to want to do more. If they did not, Rorie said they would help them be successful somewhere else.

Moon showed that the current police officers started at \$39,619 based on the 2,080-hour schedule. Fayetteville's adjusted rate was at \$42,117 for 2,184 hours. Coweta did the 2,184 as well. The cost for a police officer, salary plus benefits totaled \$68,563. Their vehicle was their office, and there was also the cost of the uniform, software, and equipment. The entire cost came to \$157,000 for each additional officer. They kept that in mind because it was a large expense.

Moon explained that officers were scheduled to work 84 hours in a two-week cycle. The supervisors had to flex the officer out for four hours every two weeks to avoid overtime. That became an operational inefficiency. They were proposing a move from the 2,080 work hours to the FLSA's 2,184. That way, they could work their 84 hours in that two weeks and get compensated at the straight rate of pay. To roll this out, they were asking for a pay adjustment for all officers of \$2,500 because they were asking them to work 104 hours more throughout the year. The starting salary for a certified police officer would go to \$42,119, which put them in the market comparable to the Sheriff's Department. She showed how it would adjust through the ranks.

Moon said she and O'Connor had worked out a career development program for both the Police and Fire Department, which O'Connor would discuss. She stated that they were asking to maintain their take-home car policy at the current rates because the officers contributed a user fee based on the mileage they lived from the department. She went on to say that they had quality employees that they did not want to lose, and they also wanted to attract good candidates.

Moon showed that the new plan would put them in parity with Fayette County. Moon said the addition \$2,500 per officer would increase the budget by \$165,000 in salary, with an additional \$12,623 in Federal Insurance Contributions Act (FICA). This totaled \$177,623 annually. Moon explained that if they allowed their existing good employees to work that four hours they were already scheduled to work, that number of hours basically equated to two police officers. Hiring two new officers would cost \$314,000, while implementing this plan would cost \$177,000 and result in the equivalent of two additional officers on the street.

If the proposal was implemented on June 1, the budget impact would be about \$63,000 for the Fire Department, and \$61,000 for the Police. For each month they delayed, it would come down slightly.

O'Connor referred back to the 2016 citizens' survey, noting that safety was a big concern. Since 2013, the number of service calls for fire/EMS had increased by more than 1,000 per year. Most were for emergency medical service, The Fire Department extinguished 62 fires during 2018, just 1.5% of their calls. Emergency medical calls represented 77% of their calls if emergency medical patients and invalid assist calls were combined. He noted they had an amazing, well-trained, experienced work force they would like to hang on to. The vast majority of the calls for service were for people older than 70, O'Connor reported, even though they represented just 8% of the population. He went on to state that on 952 occasions, Fire/EMS ran two simultaneous calls; 361 times they had three calls at once; 121 times, four calls, and 59 times, five or more calls. They went as high as eight calls once, after a thunderstorm.

O'Connor agreed with Moon that they were feeling the pinch in hiring. The last two weeks had been tough in the Fire Department, he said, with the loss of four employees, three of them seasoned paramedics. A month ago, they lost a lieutenant to the movie industry as a medic. He was paid substantially and at home every night. Not all of the competition came from other agencies. Hospitals were hiring paramedics for emergency rooms, as well as the film industry.

A Peachtree City firefighter worked 2,808 hours a year. They were paid straight time for all hours up to 2,756, which was when overtime kicked in. Salary and benefits added up to about \$68,500, the Chief reported. They were provided with personal protective equipment and uniforms. All told, it came to about \$72,000 per firefighter. Like the Police Department, they were proposing a comparable increase in the firefighter's hours scheduled as well as pay. Firefighters got a day off without pay every three months, so they received four or five during the year as a way of avoiding overtime. The proposal was to add 112 hours to their schedules and eliminate those days off. The net would be \$2,500. It did not significantly change the overtime budget, he remarked. The cost to add the \$2,500 per firefighter would be about \$183,000 total, but he noted that it cost about \$78,000 to add one firefighter to the shift. His proposal would be the equivalent of adding two firefighters that he did not have to cover throughout the year.

Rorie returned to the 3% revenue increase and 3% increase in expenses. If the City added \$173,000 for asphalt and GAB to maintain nine miles of road paving and increased the rates for Public Safety employees by \$361,000, it would equal \$534,000 of the \$1.1 million increase in revenue, leaving \$600,000.

O'Connor noted that in the Fire Department, fewer than 20% of the workforce was above the midpoint of their salary range, with the vast majority, about 68%, under the first quartile, just 12.5% above their starting pay. In the past, there was methodology to move them across the pay scale, but with the recession, those systematic advancements in pay went away. O'Connor said they had

a proposal to begin moving some firefighters from the bottom of the pay scale. He repeated that about 80% of his staff was below the midpoint; in the Police Department, it was about 75%.

Rorie said the goal was not to get to the maximum, but to pay their employees fairly and create a retention strategy.

O'Connor and Moon had put together a career development program that rewarded employees who sought to improve their education and training as they gained experience. It was up to the employee. They would have to register and complete the classes. O'Connor noted that within the first year of employment, they asked all firefighters to participate in the field training program to achieve certain certifications and licenses. If they were successful, they would be awarded a 1% increase in salary after their first anniversary. At \$40,000, it would be a \$400 raise. The following year, they would have the opportunity to choose three classes from a list. If they successfully completed them, they would get another 1% raise after completing their second year of employment. O'Connor said a program such as this would allow them to progress from Firefighter II to Firefighter III. There would be a total of five 1% raises over their first six years of service, bringing them to about 105% of the starting pay. O'Connor said they recommended a hard cap at 110% of salary. No one could advance beyond that through the career development program. This would amount to less than \$19,000 the first year, and a grand total of \$66,000 over the first five years. It was a way to incentivize those employees who worked to develop a career. Those were the employees they wanted to retain.

Fleisch asked if other area departments were doing this. O'Connor said they were, and most recruitment advertisements mentioned it. Fleisch asked what was happening in Coweta County, and O'Connor replied there was a statewide issue. It was tough to become a paramedic. The schooling was nearly two years long, O'Connor reported, and they could only attend if they had completed a nine-month emergency medical technician (EMT) course. They were nearly three years in training to earn the licensure for paramedic. They were highly sought-after at that point, he commented, even with limited experience. Peachtree City had held its folks longer than many of its neighbors, but was starting to feel the same crunch.

Fleisch asked O'Connor to talk about the volunteer ranks, saying that used to supplement the force. O'Connor replied that a volunteer probably would not obtain the same training as professional staff or want to keep up with the continuing education requirements. They asked volunteers to do a lot, but could not require that level of commitment. He said it used to be easier, because the requirements were not so high. They were struggling to recruit and retain good volunteers. Volunteers were trained to serve in a support role, and that was a terminal level of training for most of them. The training program could be completed in as little as 10 weeks, the Chief said.

Rorie wanted to know if paramedics could administer epinephrine. O'Connor said they could, and it was a drug that could counteract an allergic reaction. If a patient's heart stopped, epinephrine was one of a series of drugs that could be administered to get it started again. Rorie asked about contraindications for that use. O'Connor noted there were a host of them, and said many people over 50 found it hard to tolerate. Rorie asked who residents wanted to administer epinephrine to their relative – Mother, Jugs, and Speed, or a highly-trained paramedic. The City's highly-trained personnel were carrying the emergency room to the patients.

A long-range plan was to bring service to the newly-developed West Village. They were now seeing a good number of calls to Cresswind. The Fire Department had collected impact fees from new construction for a number of years, O'Connor remarked, and had projected the ability to offset the cost of adding another quick response station in that area. They had tracked building permits and certificates of occupancy in Everton and Cresswind. Presently, 425 families lived in the new

subdivisions off MacDuff, and more than 540 building permits had been issued. Initially, they had intended to use all the taxes collected when 30% of the homes were built, but it seemed they would be closer to 50%, so not as large a percentage of the tax would be needed. They had the deed to the property and were looking at designs that would fit with the neighborhood. There was an opportunity for the Police Department to use some of its impact fee money to construct a substation in the area. Some of the land could be utilized for recreation, he noted.

Rorie said they had been collecting impact fees to build a fire station. Impact fees could not be collected to re-build; they could only be used for growth. The growth was occurring in the West Village. Rorie explained Council had decided to allow 100 certificates of occupancy (COs) in Everton and Cresswind (total of 200) for the purpose of getting MacDuff Parkway built. The City did not own MacDuff; it was a private road. The City did not own the greenbelts or rights-of-way along MacDuff since nothing had been turned over to the City yet. The City advanced the COs to get the road built, which was an \$8 million project. When all was completed, the impact fees from the West Village would pay for the construction of either a fire station or a quick response station, as well as the MacDuff/SR 54 cart path bridge. The problem was, they could not collect money quickly enough, so they were pre-funding the bridge with SPLOST dollars that would ultimately be recouped from impact fees. Rorie pointed out that \$1.6 million in impact fees for the Recreation Department were designated for path expansion, which was the bridge. He mentioned another SPLOST project, the intersection improvements at Planterra and MacDuff, and said it showed how all the puzzle pieces came together.

Rorie noted the collection of impact fees for the library had maxed out, so that had ceased. The library still had \$46,000 for its use, but would get no more funding from impact fees.

Rorie went back to show that that the Fire Department had collected \$1.2 million in impact fees. He said Council would hear about the need to purchase a medic vehicle at its next meeting, recalling that 77% of the calls were for medical reasons. Growth meant more calls, requiring the purchase of more medical trucks. This would be a smaller vehicle that could more easily get to a scene to provide care. Impact fees were collected and expensed on the basis of first-in, first-out. He said \$1.8 million was designated for Station 85, recalling that there was \$1.2 million in the Fire Department's fund, and it would be spent buying the fire truck. When to build the new stations was the question, and whether to bring on debt and then pay it off as more impact fees came in. That was what financial management was about.

Building/Facility Maintenance

After a short break, Recreation and Special Events Director Quinn Bledsoe discussed the challenges noted in the citizens' survey, including the appearance of the City, maintaining the infrastructure, primarily buildings, and updating recreation facilities. She explained what the City had to maintain: 40 buildings and 24 structures (such as the plaza fountain), with a combined insured value of \$56 million. In FY 2019's budget, about \$500,000 was designated for building repair and maintenance (including HVAC maintenance, pest control, fire alarms and extinguishers, dumpsters, etc), which was 1.4% of the total budget for services that were never seen. They were also spending \$175,000 for other maintenance needs, such as painting, resurfacing the fountain, bathroom fixtures, water fountains in parks, and flooring. Many of the employees work on these projects in the off-season.

The City had 416 acres of land for recreation use, and Bledsoe showed a list of all the athletic facilities that had to be maintained. She pointed out, as she had in the past, that there were 226 trash cans in parks throughout the City that had to be serviced every day. There had been challenges, such as the Bluesmoke Tennis Courts, which had a sinkhole underneath. That court was eventually removed. All Children's Playground had needed some cosmetic work and

patching of its subsurface. It was deteriorating and required a lot of maintenance. The whole playground needed to be replaced. They had added an artificial surface over the rubber surface they had been patching, but it was hot and required a fabric softener spray to get rid of static electricity. It was time to decide what to do about this facility.

Rorie read an email he received the previous week. From a three-year resident who said she chose Peachtree City because of the family-friendly atmosphere. She felt the City was severely lacking in new playgrounds and splash pads. The existing facilities were old, the writer noted, pointing out that All Children's Playground was old, small, and lacked character. Rorie noted it was the largest park in the City. The writer went on to say it was a shame to neglect the parks because of all the taxes young families paid. She said she was glad they were receiving a splash pad, but it looked very small, and one splash pad could not serve the whole city. She felt there should be multiple large parks in a city the size of Peachtree City. The lack of amenities for children, she concluded, might cause young families to leave or to vote in new leadership. Rorie said he appreciated getting feedback such as this.

There were 22 tot lots, or parks, and they were old. There was a program going on to update them, Rorie said. He showed a photo of new equipment at the Glenloch Recreation Center. Prices varied, but this set-up cost about \$45,000. Rorie reported that if they spent \$25,000 on new equipment at each of the 22 parks, the total cost would be \$550,000. If they spent \$40,000, the cost would be \$880,000. They needed to look at the impact of trying to maintain all 22 tot lots as opposed to the saying "a little well done was better than a lot just done." He mentioned the 225 trash cans scattered across the City. The maintenance person had to get in the truck (a capital investment), put gas in the truck (another expense), and bring bags to put in the trash cans (also an expense). The question should not be whether new or better parks were needed, but whether 22 parks were needed, which did not include those owned by homeowners' associations. In response to citizen Caren Russell's question, Rorie said a corporate sponsor would be welcome, but they had learned through the adopt-a-park program that it was hard to get their backing to continue. Fleisch said there were a couple of large donations for the Drake Field pavilion, and Salvatore mentioned that the amphitheater had several sponsors. Rorie said he would welcome corporate donations, but the bigger question was whether there should even be 22 parks.

Drainage issues at the Peachtree City Athletic Complex (PAC), resulting in closed fields and canceled games, Bledsoe noted. The Mayor remarked that this had been a problem since these fields were constructed in the 1990s. Rorie noted that Fields 3 and 4 were built in wetlands. Bledsoe said turf fields were an option for the fields with drainage issues, as well as a couple of fields at Meade. Artificial turf would be a substantial investment and probably would have to be replaced in 10 years. The City would not see any return on its money. The situation with lighting was similar. Lighting at the PAC was below the standards of some of the athletic organizations. There were looking at \$1 to \$2 million just to upgrade lighting. Bledsoe showed land that was just north of the PAC. They had considered what they could put there and what it would cost. They needed to decide if they wanted to upgrade the existing facilities and fix the drainage problems or expand.

Rorie confirmed with City Engineer Dave Borkowski that this project was under review.

The Kedron Fieldhouse also needed attention, Bledsoe reported. There was a bubble over the pool during the winter, and it was about halfway through its life expectancy. The purchase cost of the current bubble had been about \$500,000. The question was whether or not to continue with a bubble. The building opened in 1995, and the bubble had been replaced in 2012. The management of the pool was contracted out at a little more than \$200,000 a year. Not replacing the bubble was an option, as was erecting a permanent structure.

Bledsoe showed the usage of the pools, which showed 6,210 swimmers when the bubble was up, and almost 21,000 when the bubble was down. Another factor was the use of the pool by the school system. None of schools had its own swimming pool. The school system needed to know if the City was not going to replace the bubble so they could make some decisions about finding a venue for swim meets. King asked if there were any other Olympic-sized pools in the county, and Bledsoe said there were none, as far as she knew.

Another problem was buckling of the Kedron gym floor, Bledsoe continued. The life of the floor was pretty much past. Rorie pointed out that the flooring sounded hollow when it was tapped.

Rorie again asked if they should keep doing what they had always done.

Rorie moved on to the Tennis Center, with 24 courts, 12 were hard courts. Six were clay courts, and six were covered. The Tennis Center covered 14 acres and had one building. The Tennis Center was built through a bricks and mortar loan, Salvatore said.

The Tennis Center currently had 512 members and 355 memberships. Peachtree City had a population of 35,000, Rorie noted, pointing out this was a small percentage. Rorie added that there were 152 participants in 2018 on swim teams at the bubble. The Tennis Center had 187,000 unique visits a year. Adult League Tennis had 2,662 participants; 1,209 were Peachtree City residents. There were 425 middle and high school players; 231 were Peachtree City residents. There were 3,735 unique program players, and 1,807 were Peachtree City residents who played an average of two days per week.

Rorie remarked that it was important to consider economic impact events. Tournaments at the Tennis Center in 2018 attracted 624 players who stayed 1,405 total hotel nights, representing \$140,500. They generated about \$216,000 of direct spending, such as meals. Rorie pointed out that the hotel/motel tax was 8%, amounting to \$8 on a \$100 room. Out of that \$8, \$3 went to the General Fund; \$3.50 went to the Convention and Visitors Bureau (CVB), and the remaining \$1.50 went to tourism product development (TPD). The TPD funds were earmarked for the Amphitheater, the Tennis Center, the PAC and Meade because they were tournament facilities, and BMX. If they decided to do an artificial turf project at the PAC, it should be funded by revenues from the hotel/motel tax, specifically TPD. The math did not work, nor would it ever work, he warned. If they wanted to do something that had \$300,000 in construction costs, they would need 200,000 room nights. There were 800 hotel rooms in Peachtree City. They would all have to be full every day. Rorie noted that 25,000 room nights would generate roughly \$200,000 in hotel/motel tax; \$75,000 would go to the General Fund; \$87,500 to the CVB, and \$37,500 to TPD. It would take a lot of room nights to raise \$1 million for artificial turf at the PAC. This was all about the second right answer, the "why," and looking at the return on an investment, Rorie stated.

The lighting at the Tennis Center needed upgrading, and the courts needed resurfacing, Rorie continued. Asphalt courts cracked. They could be patched and painted over, but they sounded hollow when tapped. The next year, the same process continued. Eventually, the whole court sounded hollow, and then the court needed to be rebuilt. The quoted price from the City's vendor to rebuild a pair of courts with lights was \$74,000. That was assuming the City did the grading, and there was no fluctuation in asphalt prices. The cost would go up the longer the work was delayed. Nine pairs would be \$666,000. They could spend that dollar only once, and the cost of maintaining the courts would continue to rise.

Tennis was not a growing sport, so they needed to look at what this facility could be in the future. Rorie wondered if they should sell the Tennis Center or turn it into a recreation facility. There was an acre under a roof. It was under-utilized. It could be a soccer court, a pickleball court, a tennis

court, or a basketball court. It would be on the west side of SR 54, where there were currently no recreation facilities other than the Tennis Center. He went back to O'Connor's mention of a new facility on MacDuff Parkway. Rorie said he envisioned a municipal complex with a fire station, a police station, a flat rectangular grass field, and a gazebo, asking how they should move those pieces to make that happen.

King noted that in golf, they did not count the number of members, they counted the number of rounds played. He asked if the data for the Tennis Center use was the number of people playing or the same people over and over. Rorie said it was the same people; the average player played two days a week. King noted that 40% were not Peachtree City residents. Rorie also pointed out that there were also 10 courts throughout the City, asking if the City should maintain those courts or the Tennis Center.

King noted that the three golf clubs also had tennis courts and tennis members, asking how their costs compare with the Tennis Center's. Rorie said he did not know. He did know that Centennial had a pool with a slide, along with tennis courts. HOAs provided tennis courts and pools in many subdivisions.

Frank Destadio stated that tennis members were social members at the golf club. Fleisch pointed out they were converting a court to pickleball at the Flat Creek club. Rorie noted that the City was competing with the private sector, and Fleisch noted that the private sector in this case was the same company that ran the Tennis Center.

King said they would have some hard decisions to make in the coming year, not just with the Tennis Center, but with the Kedron bubble as well.

In response to a question from Caren Russell, Rorie said that non-Peachtree City residents paid more for memberships at the Tennis Center, but he did not know how much. She asked how many non-residents used the courts, and Rorie said it was roughly half the users.

Madden asked about the 187,928 visits, asking if that was per game. Rorie said that was individuals renting courts and playing. In comparison, the library had about 260,000 visits a year. Madden computed that 187,928 times \$5 in user fees would be \$939,640. For that, the tennis courts would be re-done every year. Madden confirmed that they charged \$5 to swim in the pools, and Bledsoe added that there was a \$2 fee to play basketball.

Rorie said it had been like that forever. There was a three-tier system of fees based on residency in the athletic leagues. Soccer players at the PAC paid a user (maintenance) fee of \$15 if they were City resident, \$25 if County residents, and \$50 if outside Fayette County. The fee was based on tax participation in the community and the County. The same thing was done with hockey, pools, and other programs. They did not do it at the Field of Hope because that was a different environment. The master plan for recreation stated that more costs should be passed to the users. He said Madden had a valid point, and a facilities maintenance fee that fed back into the facility was a possibility. The Tennis Center facility was rented for \$24,000. The City did not pay utilities, but had to maintain the building. On top of that, they resurfaced courts at about \$30,000 per year. This was a valid discussion to have in the future.

Utility costs at the PAC were \$36,000 annually. The average citizen could not go down to the PAC, turn on the lights, and play a game. There were facility use agreements with the various sports associations to provide these programs. The programming costs should be borne by the users, but the City bore the maintenance costs. The City spent a lot more than it brought in. Rorie said he did not think he should pay for the utilities through the General Fund, if he could not use them. He

did not know the right answer. The lights were a cost directly related to the programs.

Economic Development

Under economic development, the Comprehensive Plan stated the goal was "to maintain a diversified economy that encouraged high-paying jobs and maximizing tax contributions while meeting the requirements of a healthy environment." An increase in the industrial and commercial share of the tax base would shift the burden from residents, so they needed to recruit high-quality jobs. Rorie said economic development was a much bigger picture than what it was usually narrowed down to. Fayette County was projected to grow in population by 32,000 by 2040, while Coweta was projected to increase by 98,000. Every day right now, 36,000 vehicles came to Peachtree City from the west. The jobs that were increasing on the south side of the metro Atlanta region were lower paying service jobs. Half the population drove out of the City to work for higher paying jobs, and about that number drove into the City to work at lower paying jobs. He said they talked about incentivizing job growth in the Industrial Park, and then began to assess what was available in the park. There were two lots available with greater than 35 acres, and four between 11 and 17 acres.

Rorie showed a photo of The Meridian apartments in Fayetteville. He pointed out that the City's commercial vacancy rate was 5%, up from 3% last year. Office vacancy was 10%, which was an improvement from last year's 11%. Industrial vacancy was 2%, consistent with last year. The bottom line was that economic development was a case of be careful what you ask for, you just might get it. He went back to The Meridian and asked if that property was considered residential or commercial. Two Council members answered "residential," but Planning and Development Director Robin Cailloux responded that it was commercial. Rorie said The Meridian was a \$20 million property on the tax rolls.

Rorie showed a sign he saw in Fayetteville that read "Big space, little rent." That meant the vacancy rate was high enough that it limited the amount of rent that could be commanded. The City's commercial vacancy rate was higher than Fayetteville's. The City had been planned to limit commercial growth. They did not want to increase the market for office if there were not doctors or lawyers to fill it. They did not need to be increasing retail when they were facing "retail apocalypse." Kmart had already closed. The Comprehensive Plan talked about mixed use developments, and they would become more common. The goal was to maintain 25% greenspace throughout the City, along with a 25/75% mix of commercial and residential. He said he did not want the growth boundaries to sprawl out so much they required a \$1 million fire station and hiring people to staff it. Rental inventory needed to be modernized to command top rental rates.

The City contracted with the FCDA to recruit corporate headquarters, film/new media, information technology, advanced manufacturing, aviation/aerospace, and medical and laboratory. Every community in the state was trying to recruit the same businesses. Peachtree City would put them in the Industrial Park, but space was limited. They used active site marketing incentivized with a tax abatement that taxed the property at 10% of its worth the first year, 20% the next, increasing each year until it reached the full property value. The City offered a salary grant of \$500 per full-time job with a salary of \$60,000 or more. This was capped at \$50,000 per applicant, or 100 jobs. Rorie asked if this was the right approach. Walmart, based on tax records, was a \$10 million property that generated \$25,000 in ad valorem taxes each year. Walmart also contributed LOST. Rorie said his wife spent about \$200 a week at Walmart. Every \$10,000 she spent generated \$100 of LOST for Peachtree City. LOST was the City's second highest revenue source. Another \$100 went into SPLOST. The money was divided up by population; with about \$34 of the LOST going to Peachtree City, and the rest going to other cities and the County. Walmart's value

was the sales tax. Look across the western border to Sam's and Costco in Coweta County, which would take advantage of the spending of City residents.

Rorie went on to describe a hypothetical factory with 500 employees. The average hourly employee earned \$37,000 a year, or \$17.78 an hour, close to what the police officers made. These employees could not afford to live in Peachtree City. The average salaried employee earned \$82,000, or \$39.42 an hour. That was the target market to live in Peachtree City. Of these 500 employees, 15% lived in Peachtree City, while 85% resided outside the City, and contributed to the traffic coming in from the west every morning.

Peachtree City paid the FCDA \$146,000 a year to recruit companies for the Industrial Park. A \$10 million capital expenditure would generate \$25,000. For a break-even point, they would need a \$60 million capital investment year after year after year. There were several questions to consider, Rorie said, whether they wanted more employees to be able to live in Peachtree City, did they need more residential affordability, and what would that look like. He asked if they wanted to use the new term, "talent attraction." He asked what would be the answer for a city approaching build-out, and what would be a way to incentivize or dis-incentivize development. He mentioned concepts like mixed-use developments, talent attraction, aging demographics, aging infrastructure and its maintenance. They were choices to make.

Caren Russell asked about the vacancy rates for apartments. Cailloux said it varied, but most apartment developments had occupancy rates of 95% or higher.

Rorie presented a chart showing that LOST brought in \$7,021,261 in 2006. In 2017, LOST brought in \$7,642,000. When the recession hit, people quit spending money, and LOST tanked. It took 10 years to recover. That was the impact of the Great Recession. The City ended up not fixing roads and taking on debts. None of that was right or wrong; it was process. They went from a millage rate of 5.134 to 6.384 to keep the money the same. They could not do anything about the decline in LOST, so that was how they maintained the service capacities, but they could not completely maintain them, even with tax increases.

Rorie said the City's head count was up by 11 positions over a five-year period, but personnel costs were up only 8%. Salaries were up 6%. The biggest driver of the cost increases was group health insurance. After five years, they were paying 52% more in health insurance. Overall, he said, they had done a good job of putting together a strategy to balance personnel costs.

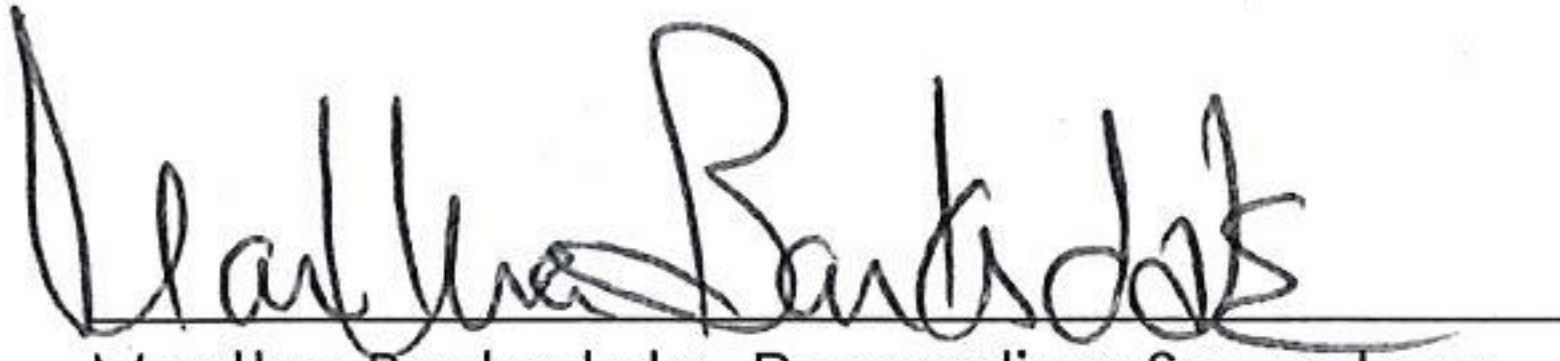
Rorie said the City borrowed \$3 million to provide cash flow to build the spillway and were paying 0.8% interest on it. They took \$3 million of TSPLOST dollars and put it into cash reserve fund balance and were drawing about 2.4% interest. Debt instruments were not bad. It depended on the rates. Rorie stated that during the budget process they would talk about financial smoothing and intergenerational equities. These were financial management policies that considered debt.

Rorie recalled they had looked at \$500,000 for a pool bubble for 6,000 users and 152 swim teams, and had seen that it would cost \$1 million to put artificial turf on one soccer field. The question was if they were going to spend \$1 million on one soccer field or \$3.5 million for all the athletic fields or \$1.4 million for lighting upgrades, \$500,000 for tot lots, and \$500,000 for the Tennis Center. By then enough expenses had accrued that they would have to consider a bond debt or introduce a general obligation (G.O.) bond and let voters decide. Construction costs went up every year, Rorie asked if would be OK to say "I'll wait to build the fire station until I have \$1 million." It was all about balancing.

Rorie said he did not think he would be able to meet one of the budget goals; the policy that called for 25% in cash reserves. The goal was to have a fund balance to cover for three months in the event of a catastrophe and to also have at least \$1 million to cover recessionary impacts over a five-year period. Maintenance would be neglected if there was not a reserve, and costs would be higher when the work became unavoidable. Nothing would be saved by putting off the work.

Rorie concluded by saying he could summarize fiscal control and financial management through the phrase "protect the cash."

The workshop concluded at 9:37 p.m.



Martha Barksdale, Recording Secretary



Vanessa Fleisch, Mayor