City Council of Peachtree City
Minutes of Meeting
May 5, 2011

The City Council of Peachtree City met Thursday, May 5, 2011, in the City Hall Council Chambers. Mayor Don Haddix called the meeting to order at 7:00 p.m. Council Members present: Vanessa Fleisch, Erik Imker, Kim Learnard, and Doug Sturbaum.

Announcements, Awards, Special Recognition

Mayor Haddix proclaimed May 15-21 as Public Works Week and May 7-12 as Tourism Week. Janice Dukes of the Library was recognized for 10 years of service.

Minutes

Learnard moved to approve the April 21, 2011, regular meeting minutes as written. Fleisch seconded. The motion carried unanimously.

Consent Agenda

1. **Consider Fiscal Year 2011 Budget Amendments**
2. **Consider Request to Surplus Vehicles and Other Items Stored at Public Works**

Learnard moved to approve Consent Agenda items 1 and 2. Fleisch seconded. The motion carried unanimously.

Old Agenda Items

01-11-12 Consider Amendments to Recreation Fee Schedule – Fenced Account for Tournament Fees & Youth Sports Associations

Leisure Services Director Randy Gaddo gave a brief history of the proposed amendments to the Recreation Fee Schedule, adding that there were two issues to be considered – the "fenced" accounts for the youth associations and the tournament venue "fenced" accounts. Gaddo noted that the Leisure Services Commission had reviewed the proposals at its April meeting per City Council's request, taking input from staff and the associations.

Gaddo continued that the fenced accounts for the associations were created in 2004 to encourage the sports associations to help fund needed equipment and site improvements to recreation facilities. The participant/season user fee was established at $5 for in-County participants and $10 for out-of-County participants. The user fees were deposited into a special purpose fund for each sports activity. The special purpose funds became known as "fenced" accounts because of the perception that a fence had been constructed around the funds for use only on fields or facilities used by each association. The total amount of fees collected since 2004 was $256, 222.

Gaddo added that, after the April Leisure Services Commission meeting, there was another suggestion to do away with the "fenced" accounts and have the associations manage the user fees.

Gaddo said the Recreation staff had asked Council to consider placing 50% of the tournament fees into a "fenced" account several months ago. The funds in the account would be used to improve the facility or facilities used for a particular tournament, with the remaining 50% going into the General Fund. One Council Member had asked that 100% of the fees be placed in the General Fund and for the item to be discussed during the Council Retreat, which was done, and Council had asked the Leisure Services Commission to review the proposal at the April meeting. Currently, 100% of the fees were placed in the General Fund, and the associations that used the fields during the tournaments had complained about their manpower and money being used to maintain fields that attracted the tournaments and not receiving anything to help maintain the fields after the tournaments left.

Gaddo said the Commission had discussed both topics with staff and the youth associations in April. The Commission's recommendation to Council regarding the Youth Association "fenced" accounts was to leave the system as it was currently structured. The Commission recommended that Council create a venue "fenced" account system where 50% of the tournament fees would be directed to a line item dedicated to maintaining the fields where tournaments were held and to place the remaining 50% into the City's General Fund.

Haddix opened the floor for comments.

Randy Logan, Youth Soccer Association president, asked Council to leave the "fenced" accounts as they were, saying they were a benefit to the City and the associations. They allowed the associations to take care of things that needed immediate attention, such as the armyworm problem in the fall. The City benefitted from the 120 – 150 volunteers who coached and helped take care of the fields. Logan also encouraged Council to place 50% of the tournament fees into a fenced account, noting that the fields always needed work after the events and the money for the repairs came directly out of the associations' pockets and were not reimbursed. Learnard asked Logan if the accounts should be managed by the associations rather than the City. Logan said the associations would have greater flexibility if they managed the funds, and it would take work and liability off City staff. Logan said there would be even more flexibility if the user fees were given to the associations to manage on their own. Learnard said that, because the fields belonged to the City, the City must still have a hand in the management of the funds. Logan said he did not know how Learnard's scenario would work, but the associations would still work to keep the facilities up to par.

Learnard referred to the proposed "fenced" account for tournament fees, noting that there were issues with garbage and plumbing during one tournament. She asked how having 50% of the tournament fees placed in a "fenced" account would do help the associations. Logan said it would allow the association to fix any damage and get other work done for tournaments. They could hire someone to pick up trash during the tournaments if they were getting reimbursed, adding that a plumber could have been called to help with a recent issue with the bathrooms during a tournament.

Linda North, Big League Baseball, noted the representative from Girls Softball had been unable to attend the meeting and asked her make comments on his behalf. North said Girls Softball would like to eliminate the "fenced" accounts from the City and for the associations to take control of the user fees. Girls Softball would also like for the associations to get 100% of the tournament rental fees to make repairs and replace equipment damaged during the tournaments.

North said Big League Baseball was concerned about having the associations be responsible for the accounts, noting there could be issues concerning the tax liability for non-profit organizations. She added the system had worked well since the City had started the "fenced" accounts. North said the leadership of the associations that shared facilities had not always cooperated well. There needed to be accountability in the collection and distribution of the user fees. In the case of shared facilities, North said there were problems regarding the priorities of the various groups. The City acted as an intermediary in making those decisions. She continued that at least 50% of the revenue from tournament fees should also go into a "fenced" account. More would be better, but she would be happy with 50% of the tournament rental fees.

Anthony Robinson, BMX Association, said his organization would also like to things to continue as they were. There had been no problems with how things worked. Spending from the "fenced" accounts was also project-driven, which had worked well. The fees would get lost if everything went into the General Fund.

Haddix closed the floor for comments.

Haddix said it was not fair to put the total burden of the upkeep of the recreation facilities on the all the taxpayers, which was why he supported the user fees. He suggested looking at the Georgia Municipal Association's (GMA) enterprise fund to see how that would work.

Fleisch said the money was collected in the City's name and the City had a fiduciary responsibility for the recreation facilities and the money. She said the "fenced" accounts should be left as they were. The associations had been responsible on how they had used the funds, and there was no need to have them go through layers of bureaucracy to get needed money out of the General Fund. Fleisch said she originally supported the 50/50 recommendation for the tournament rental fees. She said 100% of the tournament fees should go into a "fenced" account with City control so there would be an incentive for an association to support a tournament returning to the City the following year. The City recouped money from the hotel/motel tax and sales tax.

Imker said he had asked the Leisure Services Commission for their recommendation on the issues, and the recommendation was essentially status quo. He said he spoke with the commissioners and the association representatives after the meeting. He told them they should get rid of the "fenced" accounts, continue to collect the money, but put it in the association accounts. There were advantages to doing it that way. Imker said he was not talking about moving the money into the General Fund, but into the associations' accounts. Currently, the City had 12 different accounts, plus additional accounts for the tournaments, which burdened everyone. There were two pots of money doing the same thing. The question was where the money was kept.

Imker continued that the City's agreements with the associations were the appropriate place to put in the necessary controls so the associations could manage the money properly. The agreements would include definitions of the collection process used by the association, and how to mediate the process when associations malfunctioned or did not chip in equally for shared facilities. The City could review the association accounts annually. The agreements would ensure the accounts were managed property. It was not worth the City's time to be stuck in the middle of the process. It would be more efficient for the association volunteers to manage the money. Imker reiterated he did not want to get rid of the fees, just the "fenced" accounts. He added that he also supported putting 100% of the tournament fees in the associations' accounts, rather than having the associations come to the City and ask for the funds.

Sturbaum said he liked the way the "fenced" accounts worked. When he served as president of the Little League, the organization had a good working relationship with the City. There were advantages to the "fenced" accounts and to having the associations put the funds in their accounts. There were checks and balances to the way things were currently done. Sturbaum liked Imker's idea of using 100% of the tournament fees for repair of the fields, noting there was a lot of wear and tear in a short period of time on fields used for tournaments.

Haddix agreed that all the funds should stay with the Recreation Department rather than the General Fund, adding that the "fenced" accounts might already be an ideal enterprise fund. There might be better models that could enhance what was being done. He supported keeping the "fenced" accounts while finding a way to make them work better. Haddix said that, if there was a difference to be made up per the enterprise fund, they could reexamine the user fees, possibly increasing them, and as a final step, look at taking tax money out of the General Fund. Haddix said that would be fair to the users and the taxpayers as a whole. He felt the current model could be confusing sometimes, so he would like to see if another city had a better enterprise fund model.

Learnard asked whether the funds in the "fenced" accounts were used for maintenance or improvements, noting the City would be responsible for the maintenance of improvements. Gaddo said any improvements to the venues, which involved long-term operation and maintenance, were considered a donation to the City, and the plans had to be accepted by the Leisure Services Commission and the City Council. Information on the cost of the operation and maintenance was included when the plans were brought forward.

Imker said he saw two systems doing the exact same thing. He wanted to eliminate an extra step. There were questions over whether the money belonged to the City or the associations, and having the associations keep the funds in their accounts would end that.

Learnard asked Gaddo what the disadvantages would be to having the associations keep the fees. Gaddo said the reason the "fenced" accounts were started was because of the disparity over how much money associations put back into the venues. There was a system with a level of parity based on the participation in the association. Imker said his suggestion included a mediation process that would be used when an association was not chipping in equitably, or each association could be required to use a percentage of its income on the upkeep of the venue it used. The issues would go away with the proper association agreement.

Learnard clarified that the associations were fine with the status quo, but would also be fine if the funds were given to the organizations to manage. There did not seem to be an overwhelming need to change. She questioned whether the City and the associations would spend more money on attorneys checking the agreements. Imker said the agreement should cover the issues. Gaddo said staff had spent countless hours negotiating and facilitating between the associations that did not agree on their fair share. Sharing facilities could be very contentious, even with an agreement. The "fenced" accounts had eliminated that; it was a fair system everyone could work with. Haddix said the enterprise funds in other cities should be examined.

Learnard asked Gaddo if the 50% share of the tournament fees was an arbitrary number, and if so, whether Council should look at covering the cost to recover from a tournament. Gaddo said each tournament was different, and there were many variables. Fifty percent was an arbitrary number, but should give the City half of what was needed to restore the facilities. Upkeep was ongoing even without tournaments.

Fleisch asked if it would be easier, as far as bookkeeping, to have the tournament fees go to the association that hosted the tournament, rather than the venue. Gaddo noted that a lacrosse tournament would be held on soccer fields at the Baseball Soccer Complex (BSC), which was a reason for the fees going to the facility. Fleisch said she supported 100% of the fees going to the venue.

Haddix said he supported putting 100% of tournament fees into a venue fixed account. Imker asked why the fees for the associations did not go into a venue account. Gaddo said there were some associations that used multiple facilities, explaining that baseball used Braelinn Fields and the BSC. Soccer used Glenloch and the BSC.

Learnard asked about staff support for tournaments. Gaddo said tournament organizers were able to hire the Recreation Department's maintenance staff, but rarely did so. Staff had discussed requiring the tournament organizers to hire City staff since they knew the facilities and knew what needed to be done. Learnard asked if that was the industry standard. Gaddo said he did not know, but it was done. Facilities that were in the tournament business, including those operated by cities and counties, had staff that supported the facilities during tournaments.

Imker said 100% of the tournament fees should go to the associations. Learnard said that the associations did not sponsor the tournaments, so the funds should go to a venue account. Imker said there were four sources of money to take care of – a fenced account for the association for the user fees, each association's own accounts, the money budgeted by the City, and the venue accounts. Imker said that would be a nightmare for the staff involved. He wanted to make things simple. Haddix said putting venue money into an association account would create issues between the associations on how the money was spent. Gaddo said staff had tried to do casual audits of associations, but it had taken weeks to complete them. Haddix said if the money was dedicated to the venues that would eliminate some of the bookkeeping.

Financial Services Director Paul Salvatore said he would rather see a report once a year from the associations. Salvatore said if 100% of the tournament fees were placed in an account for each venue, then the General Fund could be reimbursed for any expenses incurred by the Recreation Department and Public Works in maintaining or repairing the venues.

Sturbaum asked City Attorney Ted Meeker for a clarification, asking whether the wording for the motion should be for an enterprise fund or a special purpose fund. Both Meeker and Salvatore said special purpose funds.

Sturbaum moved to approve the venue special purpose fund for 100% allocation and for the current special purpose funds for the associations to remain status quo. Fleisch seconded. Imker said he preferred two motions. Fleisch withdrew her second. Sturbaum withdrew his motion.

Sturbaum moved to approve the venue special purpose fund with 100% allocation from the tournament fees. Fleisch seconded. Imker asked Salvatore whether he preferred 100% or 50% of the fees dedicated to the special purpose fund. Salvatore said either way was fine. It was all City money. Council could move all the money to the General Fund later if they wanted to do so. The motion carried unanimously.

Sturbaum moved to leave the special purpose funds status quo. Fleisch seconded. The motion carried 4-1 (Imker).

New Agenda Items

05-11-01 Presentation of Annual Audit Report

Tammy Galvis, a partner with Moore & Cubbedge, LLP, presented the annual audit report for FY 2009-2010. Galvis said the report had already been submitted to the Georgia Department of Audits & Accounts as required by state law. It had also been submitted to the Government Finance Officers Association, and she added that the City would receive another Certificate of Excellence for Financial Reporting. Galvis said her firm had issued a clean, or unqualified, opinion on the audit. She noted that the Primary Government governmental fund types included the General Fund, Special Purpose Revenue Funds [association fees, neighborhood parks, Drug Abuse Resistance Education (DARE) program, state/federal seizure, hazardous materials (HAZMAT), Police Department tuition, youth, hotel/motel tax, grants/donations, and Keep Peachtree City Beautiful (KPTCB)], Debt Service Fund, Capital Projects Fund [Special Purpose Local Option Sales Tax (SPLOST), capital project, and library sales tax], Proprietary Fund Types (enterprise fund – stormwater, amphitheater), and Fiduciary Funds [pension trust and agency funds (Municipal Court fund, landscape deposit fund, and flexible spending fund)]. The City's component units included the Peachtree City Water and Sewerage Authority (WASA), Peachtree City Airport Authority (PCAA), Peachtree City Convention and Visitors Bureau (CVB), and the Development Authority of Peachtree City (DAPC).

Galvis continued that the revenues for the fiscal year October 1, 2009, through September 30, 2010, were $25,434,543, and expenditures were $24,707,030, with an excess of $727,513. The total for Net Other Sources (Uses) was ($2,169,915), with a net change in the fund balance of ($1,442,402). Galvis noted that the $1.4 million was a transfer from the General Fund to the Pension Fund, which was an advance funding of the pension contribution for 2011 due to financial benefits and cost savings. The Fund Balance as of September 30, 2010, included $357,307 in Non-spendable Funds, $2,618,025 in Committed Funds, and $5,459,321 in Unassigned Funds for a total of $8,434,653. Galvis noted that the Unassigned Fund Balance at

September 30, 2010, would cover approximately 20% of the 2011 budgeted expenditures and transfers out.

Galvis said Salvatore and Assistant Finance Director Janet Camburn were a big help, and very few adjustments had to be made. She added that Council could feel confident they were getting timely and accurate information all year. Very few adjustments had been required.

Salvatore gave an analysis of the projected vs. the actual use of Fund Balance for FY 2009-2010. He said the projected use of Fund Balance was $113,763. The major changes from the projections, without the pension prepayment, included greater than projected Local Option Sales Tax (LOST) revenues - $39,513; greater than projected court fines - $192,004; a reduction in General Fund Self-Insurance Claims, not projected - $70,994; net transfer to Impact Fee Fund, not projected – ($190,177-Sany credit); and miscellaneous - $20,769 for $133,103 in net major changes, without the pension prepayment. The prepaid 2011 Defined Benefits Pension that was required to be expended in FY 2010 per the Governmental Accounting Standards Board (GASB), not projected was ($1,461,742) for a total change from projections of ($1,328,639). The projected use of Fund Balance for FY 2010 during the FY 2011 budget process was $113,763, for an actual use of Fund Balance in FY 2010 of $1,442,402. Salvatore clarified that the Defined Benefit Pension contribution for FY 2011 was paid in April 2010 to realize economic gain on investments. He added that the City's actuary had calculated gains in excess of $200,000 compared to making monthly deposits in FY 2011. While the Defined Benefit Pension expense doubled in FY 2010, the expense would be zero in FY 2011, and the Fund Balance would even out by the end of the year. Salvatore added that he had spoken with the actuary that week, and the actuary verified that the gain to the Defined Benefit Pension Fund had been more than $200,000.

Imker said a balanced budget had been expected in FY 2010, but half way through the fiscal year, there had been a significant shortage, and additional cuts to the budget were made. He thanked Salvatore for suggesting the move for the Defined Benefit Pension Fund.

No action was required.

05-11-02 Discuss/Consider Changes to CAR 9-3 Investment Policy

Imker asked Council to continue the agenda item, noting that additional revisions had been suggested and time was needed for review. Imker moved to continue the agenda item to May 19. Learnard seconded. The motion carried unanimously.

05-11-03 Consider Flashing Light at Baseball/Soccer Complex

Gaddo asked Council to authorize the Mayor to sign the permit for flashing beacons at the BSC on SR 74 South. The permit initiated the process to get the flashing lights. Gaddo continued that, for several years, the City had tried to have a traffic signal installed in conjunction with the SR 74 widening, but the site never met the Department of Transportation (DOT) standards for a signal. Earlier in the year, a delegation of elected officials and staff had gone to DOT and had secured permission for the flashing light and signage from the DOT commissioner. The lights would be solar-powered, which brought the cost down to $8,000. The signage would alert drivers to the recreation area. The City would pay $8,000 for materials, and the DOT would pay for poles, signage, and installation.

Learnard asked if the lights would flash all the time. Gaddo said he thought they would, but he did not know. Sturbaum said that, when the delegation had gone to Atlanta, the DOT officials had said a timer could be used.

Sturbaum moved to authorize the Mayor to sign the permit for flashing lights at the BSC. Fleisch seconded. The motion carried unanimously.

05-11-04 Consider Recommendation for New Air Supported Structure Contract for Kedron

Gaddo said staff recommended Council approve a contract with Arizon Companies not to exceed $6,000 to conduct testing of the concrete footings at Kedron Fieldhouse & Aquatic Center. Gaddo said the contract was needed to establish a more accurate final project cost for the new bubble. The request for proposal (RFP) for the new air supported structure had been sent to 10 contractors in February, and two had attended the mandatory pre-proposal meetings. Arizon was the only company to submit a proposal. Their price was $346,177, which was $96,000 over budget. Gaddo said the proposal was the minimum cost. If the testing revealed additional footing was needed, then the final cost could be more.

Sturbaum asked why only one proposal had been submitted. Gaddo said Purchasing Agent Angela Egan had not been able to find out why. Staff thought there would be at least two. City Manager Jim Pennington pointed out that Arizon was very active in the southeastern part of the country. Kedron Manager Scott McCord said the company that made the current bubble was no longer in business, and the consultant that had worked with the City on the bubble currently worked for Arizon. Arizon had projects in China, Russia, and all over the United States. The company handled everything in-house.

Fleisch asked how much revenue was generated during the bubble season. McCord said the revenue was approximately $60,000 from October 1 through March 31. Fleisch asked if the bubble would be financed with a 10-year bond. Salvatore said the bubble would be financed along with improvements to other facilities, and they were looking at a 10-year bond as some of the maintenance items only had a 10-year life. The debt service on the bid price for the bubble would be $45,000 per year for 10 years. The bubble had a 15-year life.

Gaddo said staff had also discussed the testing of the footings and had decided to go with a full test, so Council would have a final number for the cost. The new bubble would be guaranteed for 15 years. McCord added that there were only four or five major players in the world for this type of project, and Arizon was the only company to have its corporate offices in a bubble.

Imker said the money for the testing should not be approved unless Council was going to approve the bubble. Haddix agreed, saying the minimum was $352,000, and they already knew the tax digest would be lower in the coming year. The projections were that the housing market would be down for another 10 years. The structure only operated for part of the year for less than 5% of the residents. It was too much money.

Fleisch said they had just looked at the revenue from the pools. The bond would cost $45,000 per year, and the bubble's revenue was $60,000 per year. It would hold its own.

Haddix said they were looking at a non-permanent structure, an amenity. Other facilities needed maintenance. Council had just approved additional landscaping and mowing, and a major repair was needed at the Library. Work on other structures had been postponed. Council had to cut back on spending. He said he would like to use the need for the bubble as a negotiating point in the upcoming LOST talks next year since many County residents used it. If Council approved the bubble, there would be no leverage since it was already paid for.

Sturbaum clarified that the price of $346,177 was if nothing additional needed to be done. He asked if Arizon had given any estimates on what the cost could be if repairs were needed. Gaddo said if the current footing was inadequate, they would have to cut out a section and rebuild the footings to the needed standards, which was very expensive. The testing should be completed prior to the May 19 meeting. Repairing the footing would be a time-consuming process. The pool would also be closed during the time. McCord added that there were no drawings or diagrams of the building available, and the codes had also changed since the fieldhouse was built.

Haddix said a vote for the testing meant they supported the cost for the bubble. Learnard said she supported the testing because they needed to know what the situation was. Fleisch said that did not necessarily follow, as the findings could put everything into another stratosphere. Gaddo said that, even if Council chose not to go with the bubble now, the testing still had to be done so they would know what was there. Sturbaum said the testing would also provide the City with complete diagrams, substrates, and 15 years of knowledge.

Learnard moved to award to Arizon Companies an amount not to exceed $6,000 to conduct destructive and non-destructive testing to verify that proper footings were in place for the bubble. Fleisch seconded. Sturbaum asked Learnard for an addendum to the motion, to make sure the City received all of the proper documentation when the testing was completed. Learnard accepted the addendum. Fleisch seconded the addendum. The motion carried unanimously.

05-11-05 Consider Resolution for Sunday Alcohol Package Sales

Haddix noted there was an additional document on the dais – the resolution for the referendum. Haddix said he supported the residents' right to choose. Learnard added that, because of the municipal election, no additional cost would be incurred to hold the special election.

Imker moved to approve the resolution for Sunday alcohol package sales. Learnard seconded. The motion carried unanimously.

<u>Council/Staff Topics</u>

Hot Topics

Pennington reported that the MacDuff tunnel workshop with Council and the Planning Commission would be held on June 7.

Pennington continued that the SR 74 South widening was still on track for completion on December 11, 2011, per the state.

Pennington complimented Public Works on the repaving of the cart path in front of City Hall, which had been completed.

Pennington said the issues in the lower level of the Library were still under architectural review, and there was no cost estimate available. He added that the City needed to focus more attention on its infrastructure, which was beginning to age and have problems. He said staff would like to talk to Council about retaining consultant services to examine the City's structures. An inventory needed to be done so they would have the information, especially for budgeting purposes.

The Path Clean-up was scheduled from 9:00 a.m.-noon on May 7. Touch-a-Truck was also scheduled on May 7.

Haddix said he had spoken to Senator Ronnie Chance regarding the City's local legislation for an increase and redistribution of the hotel/motel tax. Haddix said that, according to Chance, the legislation failed because the Council vote was 3-2. Imker said he had been told conflicting stories about moving the legislation out of committee from Senator Valencia Seay's office, who said the legislation did not leave the committee because Chance had not asked the chairman to do so. Imker said he still needed to speak to Chance. Haddix said that Seay had not signed the legislation because of the 3-2 vote, and the committee chairman did not move on the legislation because of that, adding that Chance was not a member of that committee.

Sturbaum moved to enter into executive session at 8:52 p.m. to discuss pending or threatened litigation. Learnard seconded. The motion carried unanimously.

Sturbaum moved to reconvene in regular session at 9:05 p.m. Learnard seconded. The motion carried unanimously.

There being no further business, Sturbaum moved to adjourn the meeting. Learnard seconded. The motion carried unanimously. The meeting adjourned at 9:07 p.m.

Pamela Dufresne

Pamela Dufresne, Deputy City Clerk

Don Haddix

Don Haddix, Mayor