

City Council of Peachtree City
Meeting Minutes
May 1, 2014
7:00 p.m.

The Mayor and Council of Peachtree City met on Thursday, May 1, 2014, at City Hall. Mayor Vanessa Fleisch called the meeting to order at 7:00 p.m. Other Council Members attending: Terry Ernst, Eric Imker, Mike King, and Kim Learnard.

Announcements, Awards, Special Recognition

Mayor Fleisch read a proclamation for Armed Forces Day, and members of the local veterans' organizations attended to receive a copy. Fleisch also recognized the following City employees who serve in the National Guard/Reserves: Josh Crawford, Ricky Howard, Tony Whitley, Brett Bentley, Keith Isaac, Chineka McKenzie, Joe Sewall, and Rob Todd. Members of the South Side Cycling Club accepted a proclamation for National Bike Month from Fleisch. Dan Christensen, president of the club, said they were working with the Recreation and Special Events Department in its application to become a "Bike Friendly Community." The application should be completed by August 14. The objectives included engineering (safe and convenient places to ride and park and to adopt streetwise design standards for roadways and path systems), education, encouragement (creating a bike culture that welcomed and celebrated biking), enforcement (ensuring safe roads for all users), and evaluation and planning (planning for biking as a safe and viable transportation option).

10-Minute Talk

Wendy Maguire, Executive Director, Pedal for Pets

Pedal for Pets began in 2011 when Wendy Maguire and her son rode their bicycles to Savannah. Pedal for Pets' mission is to reduce pet overpopulation by subsidizing free and low-cost spay/neuter programs, and by raising awareness and support for spaying and neutering pets. Events such as the three-day tour to Savannah, South Side Cycling's Century Ride, and Foodies for Fido, as well as donations, support the organization. Maguire said Pedal for Pets received its 501(c)(3) status in May 2013, and since that time, they had honed in on becoming a grant provider working with seven different counties to provide matching grants to help with spay/neuter programs. They also work with a veterinary practice in Coweta County to provide low-cost spaying and neutering for pets.

Minutes

April 17, 2014, Regular Meeting Minutes

Learnard moved to make a change to the April 17, 2014, regular meeting minutes on page 3 of the Council packet, noting that the sentence that read "Pennington said he had also communicated with the same resident and agreed," should read "Pennington said he had read the Council communication and agreed." Imker seconded. Motion carried unanimously.

Ernst moved to approve the April 17, 2014, regular meeting minutes as amended. King seconded. Motion carried 4-0-1 (Imker).

Consent Agenda

- 1. Consider Tot Lot Lease Agreement with Sequoia Golf LLC**
- 2. Consider Elimination/Replacement of Two (2) Positions in Community Services Division**
- 3. Consider Amendments to the Alcoholic Beverage Ordinance**
- 4. Consider Budget Adjustment – FY 2014**
- 5. Consider Intergovernmental Agreement on FCDA**
- 6. Consider Council Appointment to FCDA – Mike King**

Fleisch noted there were additional documents for Consent Agenda items 4, 5, and 6 on the dais – staff memos for each.

Learnard moved to approve the Consent Agenda items 1 – 6. Ernst seconded. Motion carried unanimously.

New Agenda Items**05-14-01 Consider/Discuss List of Projects for Public Facilities Bond**

Community Services Director/Interim Public Services Director Jon Rorie addressed Council, saying a key component for a project to be considered as a Facilities bond project was the asset had to provide at least 10 years of service after the project was completed. He noted that the 2011 Facilities Authority bond was for \$3 million, and included 36 identified projects. Thirty of those projects had been funded, and 27 projects had been completed. Three were in various stages of completion, including the Battery Way dock/pier, which would be completed when the Lake Peachtree water level was where it needed to be following the repairs to the spillway; the BMX tower, which was waiting for a Request for Proposal (RFP); and the electrical upgrades at the pools as noted in the Recreation Master Plan. Rorie noted the electrical upgrades at the pools had been postponed until the update to the Recreation Master Plan had been completed to see whether any facilities would be repurposed. The 2011 unfunded projects included the Station 81 driveway and parking lots (\$50,000 for supplies only), Baseball Soccer Complex building improvements (SR 74 maintenance building, addressed separately from facilities bond), BMX tower (\$75,000 funded and unfunded), BC parking lots (\$500,000 – would receive a 10-year return on investment, but would not meet requirements for parking needed), and Riley Field sewer upgrade (\$39,000 – a septic system that should be converted to sewer in the long run).

Rorie continued that the 2014 budget had items funded through the issuance of facilities bonds, and the question was whether those items should be programmed through General Fund line items or whether a new bond should be issued. The pros for General Fund programming included spreading the costs over multiple fiscal years, and it was good financial planning if it was committed to an identified maintenance/replacement plan. The cons included the economic volatility or the "kick the can down the road" concept to which the General Fund was susceptible. There was limited ability to catch up on maintenance issues, as repairs would be more costly "down the road," funding had to be prioritized, and a reduction in purchasing power over time.

The pros for a Facility Authority bond included expediting the needed repairs and replacements, spreading the costs evenly over multiple fiscal years, liquidity in cash reserves, and spreading the costs over the life of an asset. The negative perception of long-term debt was the con.

Rorie pointed out that staff had done a good job of watching the targets on the 2011 Facilities Bond list, and the projects were nearing the end. He noted a \$3 million 10-year bond had a principle payment of \$300,000 annually. The interest payment at 3.5% was \$61,000 annually, for a total payment of \$361,000 annually for 10 years. The cost of borrowing \$3 million was not necessarily \$610,000. The underwriter's estimate on the interest rate was closer to 2.5%, which would cost \$330,000 over the 10-year period. The interest rate was a moving target.

Rorie went over the 2015 potential Facilities Bond project list, which included many items carried over from the 2014 list. Much of the work could be insourced, which should substantially reduce the cost. Rorie said the City had employees with the skill and capacity to the jobs, but the issue was finding time.

The total for the Public Services Division was \$265,000. The potential projects included HVAC and generator replacement for the administrative building, ancillary building roof recoating, gate replacement, storage bin cover, and generator/transfer switch replacement.

The Leisure Services Division list totaled \$1,317,591. The project list included demolition of Clover Reach pool; Kedron Aquatic Center wall restoration; Kedron Aquatic Center HVAC replacement; Tennis Center roof, HVAC, and awing replacements; playground equipment replacement; skate park renovations; BMX tower and irrigation system (waiting for RFP); Glenloch Recreation Center HVAC; Library windows repair/replacement; Braelinn basketball courts; Kedron hockey rink wall/roof restoration; expansion of the Baseball Soccer Complex [BSC – now the Peachtree City Athletic Center (PAC)] irrigation pond; and four new roofs at the PAC.

Public Safety Services projects totaled \$1,038,000. The list included Burn Building railings, sealant; replacement of HVAC and roof at Police headquarters; replacement of roof and HVAC at Station 81; seal coat exterior at Stations 83 and 84; roof replacement at Station 83; replacement of old section of roof at Station 84; and parking lot resurfacing at Stations 81 and 82.

The total for Administrative Services projects was \$225,000, and the list included electrical upgrades at City Hall and Drake Field, replacing the windows at City Hall, and fire protection systems upgrades at all buildings. One of the reasons for the electrical upgrade at Drake Field was to allow more community events, which currently relied on a generator to provide power.

The contingency fund for all the projects was \$35,000, for a total expenditure of \$2,880,591.

Rorie said staff recommended a Facilities bond over putting the items in the General Fund. He cited the immediate need for repairs and upgrades and avoiding the decline in purchasing power of the funds over time as the primary reasons. Using a bond also provided liquidity of cash reserves and provided budgetary and financial stability since the costs would be fixed going forward at \$361,000 annually for principal and interest for the bond. He added that the costs were a moving target, but were essentially the same for a \$2.5 million or \$3 million bond. Moving forward depended on where Council wanted to be from a maintenance perspective. He made no apologies for fixing/repairing facilities the residents used. It was the City's duty to do that. He supported a Facilities bond since the City was still catching up on maintenance from the recession years.

Imker said he wanted more information/estimates on the insourcing costs, including time, which could lower the amount of the bond. The potential list was quite large, and he would prefer to cut the amount of the bond if possible by insourcing. He noted the FY 2011 Facilities bond was for \$3 million, and it included an additional refinancing for an equivalent Facilities Authority bond, winding up at \$5.4 million (\$3 million for the actual list of projects). The interest rate for the 2011 10-year bond was 2.095%. He continued that the bond underwriter usually gave a conservative estimate for interest, but the City could get interest rates as low as 2% to 2.5%, and the impact of getting the projects done for \$20,000 in interest was advantageous.

Pennington agreed with Imker. When a cost value of money was done over the 10-year time period, the projection was practically nothing. Imker noted the General Fund debt was \$16 million four years ago, and the current General Fund debt was \$10.5 million, an incredible accomplishment given the disastrous budget, in his opinion, at that time. All but two of 10 debt items would be paid off within three years. Imker said the City also had \$2.8 million in General Obligation Debt, which was a separate line item on the tax bill. The Stormwater Utility debt was \$9.4 million in bonds that were 10 years at 3% interest. The utility's semi-annual fees paid the principle and interest on those bonds. Imker said he was not prepared to fund another bond when he did not know how it would impact the overall FY 2015 budget and beyond. He was ready to approve the proposed bond, but he wanted confirmation from the proposed FY 2015 budget and a better picture of where the City stood. There were too many unknowns at this point.

Imker had asked Meeker prior to the meeting if the City could reimburse the General Fund from the bond proceeds if needed for items that needed to be done as soon as possible, and Imker reported Meeker had said yes. Imker added he needed to know which projects were critical and which were advantageous to start right away.

Ernst noted there were some items appearing on both the 2011 bond list and the 2015 potential bond list, noting the HVAC at the Police Department on both lists. Rorie said the Police Department HVAC units were on both lists, adding that the HVAC units had been moved to the 2015 list because a new roof was programmed and it made sense to replace the HVAC units when a crane was available.

City Engineer Dave Borkowski added that there was originally \$95,000 budgeted for the HVAC system in 2011, and that was for operational upgrades, monitoring, and automation. The roof units were not done at that time because they would be moved twice with the installation of a new roof. Pennington added that no matter what the project was, staff had found double what was expected when something was opened up.

King said he agreed the City had to catch-up with facility maintenance, and Council had to make hard decisions. A better job needed to be done selling the idea of a bond to the general public. The amount of interest on a bond was next to nothing when spread out over 10 years. The reality was the perception was the City was borrowing money to pay for maintenance that should be included in the budget. King said he was not saying he would vote against a bond, but he needed more information, asking if reserve funds could be used to offset any of the cost. Some citizens were not opposed to paying more in taxes to keep the City nice, and there probably were some items that could be cut from the budget. Council had to look at all the options.

Pennington said staff had looked closely at everything. There would be changes and adjustments upward in the operating budget because it was necessary. There was money in the cash reserve, but the City had a AAA credit rating, which was very important. Without that rating, the City would spend as much as it had before due to the purchase of insurance as protection. It all balanced out. Something needed to be done in the next month.

Financial Services Director Paul Salvatore said \$800,000 in cash reserves had been budgeted for "pay as you go" projects. Due to budget amendments, that number was now up to \$2.2 million, including the bridge work, technology upgrades, and more. The City was hitting the cash reserves now, which was another reason staff recommended a bond.

King asked if a decision was needed that night. Pennington said staff would like a decision, but staff wanted Council to understand either the money had to come from the cash reserves or General Fund or from the low-cost methodology of the bond. The cash reserves and General Fund fluctuated day to day. The City was still sitting at the 25% range in cash reserves.

Salvatore said the first budget workshop was scheduled for June 16, and the capital requests had been due from staff two weeks prior to this meeting. The operating budget requests were due May 9. This year, the City was on track with the budget, a little ahead on revenues with a favorable variance on expense projections. Pennington asked Salvatore to have the current revenue and budget information to Council for the next meeting.

Imker asked Rorie if the City would fall apart in two months. Rorie said no, they had been waiting for six months already. Imker suggested placing the consideration of the Facilities Authority bond on the agenda for the second meeting in June, which would be after the first look at the FY 2015 budget. Imker said he would be more comfortable with his understanding of what he would be voting for.

Rorie said the capital items had already been submitted for FY 2015 and were being added to the budget document. Pennington asked Salvatore if the debt service for bonds had been added to the budget. Salvatore said he had already included the debt service on the proposed bond in the current budget and in the future years budgets.

Imker said he was aware payments for a bond should have started in April, and the savings would be added to the bottom line of FY 2014, but he wanted to see the impact on the future years. He wanted to change some things for the future years too, which included changing the cash reserves from 20% to 25%. After speaking with Salvatore on why the City had the AAA credit rating, he wanted to ensure the rating was not jeopardized.

Salvatore said one of the threats to the AAA rating was when large chunks of the cash reserve were eaten up. If a decision was made to pay as you go next year, taking money out of the cash reserves in addition to the \$2.2 million used this year could jeopardize the credit rating. He clarified that Council was not approving the bond resolution at this meeting. Approval of the agenda item meant staff could move forward with the underwriters and the process.

Imker asked if there were any critical items that had to be taken care of immediately. Rorie said the fire protection upgrades at City Hall and the Tennis Center roof, but waiting six to eight weeks would not hurt. Pennington added Council would have plenty of information by then.

Fleisch said that, when the 2011 bond list had been done, there were estimates that were not accurate. She asked how the cost estimates were done. Rorie said some of the estimates were actual quotes the City had received, and others were means estimates, which were typically plus or minus 10%. There were other costs that they would not know until the work had begun. Fleisch asked if there was another tier of projects that would come after the new bond. Rorie said the proposed list represented staff's best effort to identify projects for the next 10 years. Pennington said completing the projects would catch the City up on maintenance and provide a launching pad for the future. Maintenance never ended.

Fleisch commended staff on getting the work done since the 2011 bond was approved. Having the assessment done by Pond & Company made a great deal of difference.

No action was taken. Council consensus was to move the agenda item to the June 19 agenda.

**05-14-02 Consider Use of Eminent Domain to Acquire Stormwater Easements at
100 Chase Court**

City Attorney Ted Meeker said this was another issue where the property owners agreed with the amount the City planned to pay for the easements, but the bank would not respond. Learnard asked if this agreement had been friendly. Meeker said it had, and the agreement with the property owners had been signed nearly one year ago.

King moved to approve 05-14-02 Consider Use of Eminent Domain to Acquire Stormwater Easements at 100 Chase Court. Learnard seconded. Motion carried unanimously.

Council/Staff Topics

Pennington said representatives from the state's Safe Dams program had collected all the data and reports on the Lake Peachtree spillway for review after meeting with Fayette County Water System staff and the City Engineer. Staff hoped to get a response the next week that would tell the Water System which way to proceed. The lake would stay as it was until a decision was made by Safe Dams.

Fleisch noted that the state had allowed a permit so the "Get Stoked" tri-sport fitness challenge (swimming, stand-up paddle board race, and skateboard race) on June 27 could be moved to Lake McIntosh. Pennington said there were some other triathlons, but the big issue would be the International Festival and Dragonboat Races held in September. Lake McIntosh did not have the capacity or the set-up for that event. The state had issued permits for two events at Lake McIntosh, and the Water System officials had been told the state hoped those were the last they asked for. Everything was now dependent on Safe Dams.

Pennington said the Georgia Department of Transportation (GDOT) was working on the traffic responsive system along SR 54, and GDOT had met with the City's engineering consultant, Pond & Company. A lot of data had been collected on SR 54 and SR 74, and staff hoped to have more information within a week.

The replacement of the rails on the multi-use bridge on Lake Peachtree had been scheduled and the bridge would close on May 19 for 30 days. Map stands were posted that showed alternative routes.

Pennington said staff hoped to have the information on the SR 54 corridor study by mid-May or the end of May. Pond & Company had coordinated efforts with the state for a complete picture. There was a lot of available data.

Imker said he was out of town, asking if the Kedron pool bubble had been taken down. Rorie said it had.

Imker continued that he noticed there was still a lot of debris along the main arteries from the recent storms. He asked if more people could go out with blowers to clear the roads and paths. Rorie said 25 trees had gone down on the cart paths, and City employees were still out trying to take care of everything. Pennington said the crews were out at 4:00 a.m. during the last storm to get the roads cleared. Imker asked citizens report any problem areas, noting it could be done via the City's website.

Imker continued that there had been a 100% difference in how Council worked together over the last four months. It was a night and day situation compared to the previous four years, and he thanked Fleisch for leading the charge. Fleisch noted that Keep Peachtree City Beautiful also had trucks on the path system and were helping with the clean-up.

Meeker said there was no need for an executive session.

There being no further business, Imker moved to adjourn the meeting. King seconded. Motion carried unanimously. The meeting adjourned at 8:49 p.m.


Pamela Dufresne, Deputy City Clerk


Vanessa Fleisch, Mayor