City Council of Peachtree City
Workshop Meeting Minutes
January 4, 2011
6:30 p.m.

Mayor Haddix called the workshop to order at 6:30 p.m. Other Council Members present: Vanessa Fleisch, Eric Imker, Kim Learnard, and Doug Sturbaum. Staff present included Interim City Manager Nikki Vrana, Financial Services Director Paul Salvatore, Assistant Finance Director Janet Camburn, Public Services Director Mark Caspar, and Public Information Officer/City Clerk Betsy Tyler. Convention & Visitors Bureau (CVB) Chairman Kai Wolter, Amphitheater Manager/CVB Director Nancy Price, and Airport Authority (PCAA) General Manager John Crosby were also in attendance.

Hotel/Motel Tax Rate/Allocation
Haddix said the CVB had an approved 2011 budget supported by Council, and the question for the evening was the funding source. Learnard asked if the CVB's fiscal year began on October 1, and Price confirmed this.

Salvatore reviewed the existing distribution of the six percent hotel/motel tax, with two percent going into the City's General Fund and the remaining four percent going to the CVB. Of the CVB's amount, 20 percent went to the Airport Authority. The distribution left a $409,686 amount for the CVB operations.

New state regulations allowed for three percent to be allocated to the City, with the remaining three percent to the CVB. This would then provide half a percent to the Airport Authority and half a percent to a new category authorized by the state, Tourism Product & Development.

Learnard asked Price how much different the new Product & Development category would be compared to what the CVB was already doing. Price said it was very similar to what was already being done.

Haddix said he liked the versatility of the new structure. Salvatore said he needed to check with the City Attorney to see if the City could forward additional funding beyond the hotel/motel tax allocation to the CVB, or if the City needed to reabsorb funding responsibility for things like the 4th of July fireworks and fund it from the new allocation. Price asked for the rationale behind making the change, and Haddix said the focus or efforts of the CVB might change over time as the economy improved. He felt the option for flexibility was always preferable.

Wolter said the CVB's current funding would hopefully allow them to increase the revenue amounts realized under the six percent tax because their goal was to bring in more hotel occupants, thereby more revenue. However, he felt decreasing the CVB's funding would hurt their ability to meet that goal.

Fleisch expressed concern that the new distribution provided less flexibility than the current distribution, and Price confirmed the new proposal reduced overall funding to the CVB.

Salvatore reviewed a chart that showed the impact of the change, which reduced the PCAA funding by $39,000 and CVB funding by $91,000 while increasing the City's General Fund revenue by $130,000.

Imker said the impetus for this discussion was a change in state law that allowed for the modified distribution. He added that no decision would be made that night. Imker said any change would only be implemented for half a year, which reduced Salvatore's impact estimates on both sides of the equation by 50 percent. In budgeting for FY 2012, the CVB would come back and outline how the changes would affect their operation and could ask Council for ways to address the funding change at that time.

Salvatore noted that additional time would be needed if the rate changed to allow the hotels to change their software. Imker said he was not looking at any increase in the tax, so the hotels would not be affected.

Price asked about adopting the new distribution but not having it go into effect until the new fiscal year, and Imker said that was also a possibility.

Haddix said he felt the flexibility was important and he did not think anyone on Council wanted to hurt the operations of the CVB. At Learnard's request, Salvatore reviewed the distribution under a seven and eight percent tax rate, with both actually providing an increase to the CVB over the current funding level. Imker noted that, even if the City increased the tax to seven or eight percent, the City's General Fund amount remained the same and was capped at three percent.

Price said the hotel/motel tax needed to go directly back into funding items that benefited the hotels and attracted customers. Haddix pointed out that, under the new distribution option, if the hotels said a small path connection was needed to improve connectivity for visitors, the new CVB could build that path with Product & Development funds. Price said the CVB would definitely need to poll the hotels before finalizing the budget. Sturbaum felt the new law provided a lot more leniency in how the funds could be spent.

Mike Nelson, general manager of Dolce Atlanta Peachtree, said the revised distribution might provide more flexibility to the CVB in spending the money it received, but the City would be receiving more funding that still needed to be spent on sustaining the hotels. Nelson asked how much of this discussion was designed to increase the City's General Fund to pay for projects that just happened to fall under the list of authorized projects, whether or not they might benefit the hotels.

Haddix said he attended a class the state held, and the Tourism Product & Development project list would still be designated by the CVB. Price noted that the legislation did not require the City to contract with an entity like the CVB for the expenditure of the Product & Development funding.

Salvatore clarified that two percent had to be spent by the designated 501(c)(6) agency, which in the City's case was the CVB, but the new half percent for Tourism Product & Development did not have to go through that agency. Salvatore added that the City could opt to forward the funding to the CVB. Haddix said the class he took indicated all the funding beyond the City's three percent had to go through the designated agency.

Wolter asked, if the hotel/motel tax funding were to drop, what assurances would be made by the City that future Councils would cover the expenditures the CVB had assumed. Haddix said there could always be conflicts over the distribution, and it would depend entirely upon who was sitting on the CVB board and the Council at the time the issue arose. Salvatore said that, ideally, there should be a sample budget to show how the funding would be spent by the City to show. Haddix noted there was not time to do that and meet the deadline to forward the request to the state legislature.

Fleisch said the CVB committed to taking over the funding for the fireworks for 2011. She wanted the CVB to thrive, especially with the bad economy, and changing the distribution mid-year pulled the rug out from under an entity they just created in 2009. She felt the City needed to give them another year to thrive and attain their new focus.

Nelson said the CVB's budget included marketing and advertising. Taking that funding for product development reduced what they had to spend to bring people to Peachtree City. He felt the new CVB had already had some success, but taking any funding at this time would take money directly from their ability to market the City. Nelson clarified that he was not against using the funds for things like the paths or the airport, because those also helped support the hotels, but he felt it was critical that the CVB retained their current funding to market and advertise the City. Price agreed, noting several new initiatives she had put in place to promote Peachtree City and bring visitors. She said, once visitors were here, the paths were a great feature, but first the CVB needed to get visitors into the hotels.

Wolter said that, through November, the hotels had seen a 53% occupancy rate, which showed some growth, but they had reduced rates to achieve that occupancy. The overall effect for the year was a flat growth rate. Imker noted that the sales tax reduction in April should have shown some positive impact if the tax rate really impacted hotel occupancy.

Salvatore returned to the $39,000 reduction in the PCAA funding under the revised rate. He said if the City and the CVB needed to agree on the overall goals for tourism, but the PCAA needed to be included in that agreement on both the goals and the funding. There could be some latitude in making sure that adequate funding was committed to reaching the goals, regardless of whose portion of the distributed funds the projects originally covered.

Haddix said, for Thursday night, he would like to see if there was a way, under the new law, to keep the funding levels the same. Vrana clarified that it would then be part of the 2012 budget processes. Haddix agreed, saying that the structure would already be in place if and when the City needed to implement it.

Vrana asked if the discussion could be continued to Retreat, but Council felt the City needed to move forward with a vote at the January 6 meeting to forward the request to the legislature for approval. Waiting until Retreat would not allow the request to be considered in 2011 session.

Nelson asked if the CVB had a draft budget in place for operations under the proposed distribution, noting that there was no guarantee the City would forward the half percent for product development back to the CVB. Salvatore said that would be why the agreement would be critical on how to spend the additional percent going to the City. Nelson said, as a resident, he would then be concerned that the City was using funds designated for all residents to fund the CVB to help hotels make more money.

Kim Westwood asked about the reduced funding to the PCAA. Salvatore said the three agencies needed to reach an agreement on the distribution. Westwood asked how that could happen before the meeting in two days. Haddix said these discussions would take months, and the distribution change would not take effect until the agreement was in place.

2011 Resident Survey

Tyler reviewed the questions for the 2011 Resident Survey and asked for Council direction on a few of the newer questions. Tyler explained this year, instead of mailing a paper survey to all residents, a letter would be sent with directions to access the online survey. This would save considerable staff time in entering manually completed surveys. The previous year, approximately 600 paper surveys had been returned and keyed in. Staff would make some hard copies of the surveys available at City Hall and the Library for those unable to fill out the survey online. Council asked that the letter to residents note the availability of paper surveys.

Under the Community Information Sources section, Council asked that the information sources be listed in alphabetical order on the paper surveys and randomized on the online version to help prevent any appearance of steering the survey taker. Tyler also noted that online versions of several newspapers had been added to see where people were getting the majority of their information. Imker requested that two additional sources, Friends & Neighbors and Other with the ability to specify the source, be added. Charlie Nelson, publisher of ***The Guide*** magazines, asked about adding magazines, but Tyler said the City was trying to determine the best sources for immediate news. She would change the section title to reflect that goal.

Learnard asked that the questions on City staff be moved above the questions about Garbage & Recycling.

At Caspar's request, the question on street maintenance would be changed to reflect "primary" roadways instead of "major" roadways, and Caspar said he would provide a revised list of streets to include as examples.

Learnard asked about adding a question on citizen satisfaction with Library services under the Leisure Services section. Vrana explained that the additional questions regarding the hours that Kedron and the Library were open had been added specifically because those hours had been cut over the previous two years. Council consensus was not to add the question.

Council then reviewed two questions related to the Kedron bubble replacement. Learnard and Imker did not want to have a specific question relating to a tax increase to replace the bubble. Sturbaum felt leaving both questions on the survey was appropriate. Imker and Fleisch indicated the bubble replacement was a maintenance item already budgeted for 2012. Haddix said the 2012 budget had not been adopted and the survey could help Council make that decision. Learnard viewed the survey as a guide to help gauge citizen satisfaction and priorities, but not the final word on Council decisions. Haddix agreed it was a guide but said they were elected to represent the citizens, and he felt they had to take the survey responses seriously.

Following questions from the audience, Tyler confirmed the annual survey was not a scientific, random survey with statistical validity; however, she noted the City generally received about 1,700 responses, which was significantly higher than input the City received on any single issue, and it was a good tool to gauge interested residents' opinions on a wide variety of issues

Council agreed to retain the question about the importance of having a City pool available during winter months, but to eliminate the question about specifically supporting or opposing the bubble replacement.

Council then addressed a question regarding support or opposition to expanding The Gathering Place adult recreation center. Two question formats had been proposed, one showing the average annual cost per homeowner if the project were to be financed over 15 years, and the second showing the average cost if a one-time tax increase were imposed.

Salvatore noted that using a one-time tax increase to fund capital projects was not really a recognized practice in government finance. He said governments generally paid in cash with funds already available or financed a project over time. Imker said he was concerned about the additional costs associated with financing a project. Vrana asked if funding through a one-time tax increase could affect the City's bond rating, and Salvatore confirmed that the rating agencies looked at the long-term stability in a city's millage rate as a factor of the rating.

Learnard asked about rephrasing the question so that Council could get a feeling about citizen support for the project. Tyler suggested alternate wording, and following Council input, the approved phrasing read, "Would you support an $850,000 expansion of The Gathering Place (average of $35 per household)? (This would be a streamlined/economized version of the $2.9 million bond question defeated in November 2007)."

Council then discussed a question relating to opinions about path resurfacing and path system expansion, noting that putting off maintenance of the paths was not really a viable option. However, Council opted to keep the question as presented to get a feel for whether residents felt maintaining the paths was more important, as important, or less important than expanding the path system, and whether people felt that all path work should be postponed until the economy improved.

Council asked Tyler to rewrite the question relating to grocery shopping, focusing on the village centers versus specific stores. Tyler indicated a desire to keep Wilshire Pavilion and Peachtree

East centers included, even though they were not village centers, due to their popularity, and Council agreed.

The final question for discussion referenced the millage rate. Imker, Learnard, and Fleisch felt the question should not be included. Haddix and Sturbaum felt very strongly that the question should stay. Learnard asked if there might be a way to rephrase the question, and Salvatore suggested modifying the question to reflect satisfaction with overall service levels and whether they should be increased, maintained, or decreased. Tyler suggested modifying the question to ask for an opinion on City service levels and taxes together in the coming year, with the response options being a reduction in taxes and services, maintaining taxes and services, or increasing taxes and services. Council agreed.

Council had no additional changes for the survey.

There being no further business to discuss, the workshop adjourned at 8:25 p.m.

Betsy Tyler, City Clerk

Don Haddix, Mayor