

City Council of Peachtree City
Meeting Minutes
December 7, 2017
7:00 p.m.

The Mayor and Council of Peachtree City met in regular session on Thursday, December 7, 2017. Mayor Vanessa Fleisch called the meeting to order at 7:00 p.m. Others attending: Terry Ernst, Mike King, Kim Learnard, and Phil Prebor.

Announcements, Awards, Special Recognition

Fleisch began the meeting by asking for a moment of silence and reflection in honor of Pearl Harbor Day.

Council recognized Mayor Pro Tem Learnard for her eight years of service as a member. Learnard reflected on her time in office, touching on highlights that included visiting with a resident on her 100th birthday, helping students learn about government, and strapping on 60 pounds of equipment for a Fire Department training exercise. She thanked the City's public safety workers and saluted City staff and her fellow Council Members. As a going-away gift, Council presented the City Library with three books in Learnard's name. The books dealt with diversity and inclusion, concepts Learnard said were vital to the success of government.

Public Comment

There was no public comment.

Minutes

November 16, 2017, Regular Meeting Minutes

King moved to approve the November 16, 2017, regular meeting minutes as written. Ernst seconded. Motion approved 4-0, with Fleisch abstaining.

Consent Agenda

- 1. Consider Alcohol License – NEW – Michael's Asian Kitchen, 2808 Hwy 54**
- 2. Consider Pool Management Contract Renewal**
- 3. Consider Appointment of City Representative to the Convention & Visitors Bureau – Paul Salvatore**

Learnard moved to approve Consent Agenda items 1, 2, and 3. Prebor seconded. Motion carried unanimously.

Old Agenda Items

11-17-04 Public Hearing – Variance for No-Impervious Buffer, 102 North Cove

City Engineer David Borkowski explained that this was a request for a variance from the no-impervious setback requirement from streams and bodies of water. He provided a map that showed the location in the backyard of a home in the north part of the City, bordering on Lake Kedron. An aerial photo and survey drawings showed the no-impervious setback and that the home had an existing deck, partially covered by a roof, along with stairs and a patio that intruded into the no-impervious buffer.

Borkowski said the owners, the Curtises, had recently purchased the home and were unaware that the patio intruded into the no-impervious area. The new owners proposed to demolish the stairs and some of the concrete area that intruded into the no-impervious zone, and wished to extend the roofline to completely cover the deck. The concrete patio under the deck and the landing at the foot of the stairs would be the only impervious encroachment remaining, he noted.

He said staff had reviewed the request against the City's variance standards and found this request met the criteria.

Fleisch opened the public hearing. Homeowner Karen Curtis said they purchased the home a year ago and discovered the issue with the no-impervious setback when they attempted to get a permit to expand the patio underneath the deck. She said they then decided to remove most of the concrete and attempt to maintain original footprint in order to obtain a variance and still expand the patio. No one else spoke in favor or in opposition to the variance.

Ernst asked Borkowski why this was not discovered when the house was built, and Borkowski replied that no permits for the deck encroachment were on record. Prebor wondered if the deck was included in the original house, and was told the deck was built without obtaining a permit. Borkowski said there probably would not have been a problem with the wooden deck going into the no-impervious buffer when the home was built in 2000. Fleisch asked if it would be a good idea to require a survey of the property after work was finished, and Borkowski said it could be included in the motion to approve the variance. King noted that the homeowners had already been flexible in trying to comply with City regulations. Prebor asked if there was a state law dealing with no-impervious buffers near drinking water sources. City Attorney Ted Meeker replied that the Metropolitan North Georgia Water Planning District had standards, but it was up to each jurisdiction to make their own decisions.

Pam Kemp asked when the no-impervious buffer was put into place. Borkowski said it showed on the original final plat when the subdivision was developed in 1999 or 2000. Meeker said the buffer was on nearly all the properties surrounding Lake Kedron. Fleisch closed the public hearing.

Ernst said he wanted to ensure that the homeowners would have no problems in regard to this variance when they decided to sell the property, and Fleisch said this was why she recommended a new survey after the work was completed. King asked whether the lake or if Flat Creek was the water source in question for deciding the buffer. Borkowski said the lake was the point of measurement for part of the property, then the creek was considered for the remainder of the property. He clarified that the line was based on the lake being at full pool. Learnard wondered what would happen with the unpermitted deck and concrete areas on the property if the variance was not approved. She asked if the homeowner would have to mitigate the encroachment now that it had been discovered. Prebor noted that granting the variance would be more in the spirit of the no-impervious buffer designation.

Fleisch asked Council if anyone wanted to make the survey a requirement of granting the variance. When no one did, she again recommended that the homeowners have one done for their own protection.

King moved to approve Agenda Item 11-17-04, variance for no-impervious buffer at 102 North Cove. Ernst seconded. Motion carried unanimously.

New Agenda Items

12-17-01 Consider Contract for MacDuff Pkwy/SR 54 Intersection Improvements

Borkowski said the intersection improvements consisted of adding dual left turn lanes coming from MacDuff Parkway, along with modification to the median on SR 54 and signal upgrades. Five bids were received, he said, with Piedmont Paving submitting the low bid at \$598,249. He said this firm

met all criteria and recommended Council approve awarding the contract. Borkowski noted that \$650,000 was earmarked for this project in the Special Purpose Local Option Sales Tax (SPLOST).

Fleisch clarified that work on Planterra Way/SR 54 was proceeding as well. City Manager Jon Rorie reported that they had met with the Georgia Department of Transportation (GDOT) that week and received confirmation that paving of SR 54 to the Fayetteville city limits would begin in March or April. Rorie pointed out that Peachtree City was trying to coordinate its work with GDOT's paving project. He said the work at Planterra had begun, and tonight's award would put the MacDuff/SR 54's project on track. He said they asked GDOT to start its work on the other end of the county, so both City projects should be complete by the time the SR 54 paving reached Peachtree City. Rorie also added that most of the work on the intersections would be done at night to lessen impact on traffic. Fleisch asked about timing of the lights, and Rorie said the City would have to coordinate its work with GDOT.

Ernst inquired what was meant by signal upgrades. Borkowski said new signal heads would be needed to accommodate the dual turn lanes, but stressed that there would be no additional traffic lights on SR 54.

Ernst moved to approve Agenda Item 12-17-01, the contract for MacDuff Parkway/SR 54 intersection improvements. Prebor seconded. Motion carried unanimously.

12-17-02 Consider Master Lease Purchase – Lease Schedule #1

Financial Services Director Paul Salvatore reminded Council that in January 2017, they approved a master equipment lease purchase agreement with Bank of America. He said this would be the first drawdown on this agreement and included equipment in the FY17 capital budget, pegged for five-year financing. Salvatore said the equipment totaled \$851,821.11. The interest rate would be 2.0062% annually, with closing scheduled for Friday.

King moved to approve Agenda Item 12-17-02, Master Lease Purchase – Lease Schedule #1. Learnard seconded. Motion carried unanimously.

12-17-03 FY 2017 Year-End Fiscal Analysis (unaudited)

Rorie said this was the third year-end fiscal analysis Staff had presented. He stressed that it used unaudited figures from the fiscal year that ended September 30, 2017. The audit would take place in January, but any discrepancies should be minor. Rorie stated he believed it was a good idea to present these numbers because Council adopted a budget without a true idea of the City's financial position at the end of the fiscal year.

Salvatore began the presentation by going over the City's mission statement, which he said was the focus of the budget. The mission statement read:

The Mayor, Council Members and Employees of the City of Peachtree City recognize that our primary responsibility is to provide high quality services to our residents. We are therefore committed to:

- *Ensuring residents a safe and healthy environment in which to live, work and enjoy leisure time*
- *Providing consistency in the delivery of municipal services in a fiscally responsible manner*

- *Responding in a courteous, timely, and effective manner to the expressed needs, concerns, and expectations of our residents*
- *Promoting a sense of community through family oriented activities and citizen involvement.*

Salvatore also reminded Council of the budget policy:

The City's primary objective is to provide a standard of budgetary performance that both staff and Council have endorsed and to provide budgetary decision making with greater continuity, reinforcing the City's core financial values and preserving them for successive staff and council.

- *Baseline and Service Level Funding - The City's top program priority is to maintain existing service levels in all divisions and departments. A baseline should be set and serve as an agreed upon point of departure for subsequent budget discussions ie: a new facility or service. Any additional services above the baseline shall be fully funded at the time of the adoption of the annual budget and ongoing funding sources shall be clearly identified. Such ongoing funding sources must be either new or increased revenues or clearly identified expense reductions.*

Salvatore asked Council to think about the analysis as a checkbook in which the account holder entered the balance, subtracted checks written, and carried over the new balance. He said City revenues were deposits, and disbursements were the checks, with any difference carried over to the next year. Salvatore presented a five-year financial plan that showed projected actual figures from FY 2017, figures from the adopted FY 2018 budget, and figures from model budgets for FY 2020, 2021, and 2022. Salvatore went on to break down General Fund spending and revenues projected for FY 2017 and budgeted for FY 2018, noting that the City began FY 2017 with \$12,403,672 in an unassigned fund balance. There were \$33,720,240 projected revenues, he noted, and \$34,446,413 in expenses. He said \$726,1734 of the surplus balance was expected to be used, which would have left the ending fund balance at \$11,677,499, or 34% of the budget. The reserve fund would have increased by \$411,343 using these projections. However, the unaudited actual figures for FY 2017 differed from the projections. He noted that the ending cash balance in the reserve fund was up to \$14,063,817, or 42% of the total budget, and pointed out an increase of \$2,386,318 in reserves from the projected. Almost \$608,000 was reserved for carryover expenses, Salvatore said, making the net increase from the projected figures \$1,778,348.

Salvatore then went over the areas of revenue differences, pointing out that motor vehicle taxes were unpredictable. Local option sales tax (LOST) collections came in at more than \$451,000 over expectations, but \$250,000 of that was a one-time windfall from a state audit. Insurance premium taxes were more than \$139,000 over projections, while golf cart registrations were more than \$111,000 over expectations. Revenue from building permits was about \$222,000 higher than projected, Salvatore explained, and court fees and fines exceeded projections by more than \$216,000. He noted that interest rates were increasing slightly, and income from interest was up about \$48,000 over what was forecast. Hotel/motel taxes were up about \$74,000 over projections, Salvatore noted, but other General Fund revenues were below expectations by about \$52,000.

Salvatore said City departments underspent budgeted amounts by about \$330,000, and general administration expenses were around \$135,000 under expectations. Interfund transfers were \$70,448 over projections, Salvatore reported.

To recap, the City had a \$2,386,318 increase in reserves from the projected amount, Salvatore noted. Taking into account \$607,970 for carryover expenses, he said, this left a \$1,778,348 net increase from the projected reserve fund figures. He said this increase would be added to the bottom line for FY 2017 and carried over to FY 2018.

Rorie then discussed how this increase in cash reserves could impact future budgets. He explored three options: increasing cash reserves, amending the budget and spending reserve funds on Capital Improvements Plan (CIP) projects, or utilizing the funds to pay off debt. He said if the overage was allowed to sit in the fund balance, it would impact the percentage of the budget that was in cash reserves going forward, rising from 34% to 42%. Rorie noted that most financial advisors recommended that the average person have about six months of reserve funds to cover their bills. He said currently, the City had cash reserves to cover about four months of expenses. He said in North Carolina, where he previously worked, 50% was the standard. The City's standard had been 25%, Rorie noted.

Another option for the cash reserve fund, Rorie said, would be to pay for 2018 CIP projects, rather than financing them. He said one goal was to spend \$350,000 on infrastructure (facilities & bridges), which was budgeted at \$200,000 in FY 2018 budget, but modeled at the full \$350,000 for the FY 2019 budget. He said there was a need to reset the CIP to enable economic smoothing, particularly for police vehicles. Rorie related that several years ago, the City changed its policy on replacement mileage for police cars, moving it from 100,000 to 125,000 miles. He noted that the drawdown from the master lease schedule, which Council approved earlier, would go towards financing the purchase of police vehicles, in addition to other purchases.

Retirement of the general obligation (GO) bond debt, which would result in a tax decrease, was another part of the plan to utilize the increased fund balance, Rorie noted. Rorie reiterated that the 2018 budget designated \$100,000 each for bridge and facilities improvements and maintenance, which was \$150,000 short of the goal amount. He showed another chart that showed nine police vehicles would need to be purchased in FY 2018, at a total cost of \$531,000, resulting in an annual debt service of \$117,702 over the next five years. He said the change in the replacement mileage affected the budget for years down the road, resulting in variations in the number of vehicles replaced each year. Rorie said one idea was to purchase a few more vehicles this year to lessen the imbalance.

Rorie said during the recession, property values declined, resulting in a drop in property tax collections, and sales tax collections had also declined. This restricted the City's ability to spend on needed renovations and maintenance of City property. He said there were few options other than issuing facilities bonds, set up in a revolving five-year cycle. During the budgeting process, he noted, the outstanding principal was about \$1.5 million, with an annual debt service of \$230,000, which was equivalent to almost one mill of taxes. Around \$2.3 million was tied up in revolving equipment loans, Rorie remarked. The millage equivalent in debt was 1.357, he said, and any conversation about reducing the millage rate would have to involve this debt.

Rorie used the bricks and mortar loan as an example to compare the options of using the cash reserve for resetting CIP versus using it to pay off debt service. He presented a chart that showed the impact of paying off the loan early. If the \$1,517,658 loan, which had an interest rate of 4.1551%, was carried to term for seven years, it would cost the City a total of \$1,610,371. If the City used the cash reserve to prepay the debt, it would pull \$1,391,107 from the cash reserves, add an

additional 7% prepay penalty of \$97,378, for a total of \$1,488,485 in order to save \$121,883 in interest, Rorie reported. Investing the same amount of money at 1.5% would result in a \$129,990 gain over seven years; at 2% interest, the total gain would be \$175,505, he noted. Rorie pointed out that both figures were more than the \$121,883 saved by paying off the debt early.

Rorie advised Council that he favored sitting on the money. At the January 4, 2018, Council meeting, he said he would bring forward budget amendments that rolled \$150,000 of the cash reserve money into CIP. Of that, \$70,000 would be designated for intersection lights on SR 54 at Robinson Road, Peachtree Parkway, and Walt Banks Road, while \$60,000 would be used to replace the Lake Peachtree boat ramps. Rorie added that \$18,000 would be earmarked for technology, electrical, and heating and air conditioning upgrades. He said he would recommend buying an additional two police cars at a total cost of \$120,000, along with a smart variable message sign (VMS) board, which would cost \$17,000. Rorie said the remainder of the cash reserve overage would accrue interest and be available to cover expenses as needed.

Prebor clarified that the prepayment penalty was the reason for letting the money sit. Rorie said this was so, but added the issue could be re-visited in the future. Prebor asked if the additional \$150,000 was limited to maintenance, and Rorie said it could be used for new structures, such as bridges, as well.

12-17-04 Consider Budgeted Cost of Living Adjustment

Rorie explained that a 2% cost of living adjustment (COLA) for all City employees had been included in the FY 2018 budget. He said that was pegged against the consumer price index (CPI) and presented a table that showed how COLA and CPI were calculated. He noted that in 2014, the City conducted a salary survey. Rorie said no COLA increase had been approved since 2014, meaning that the same amount of salary had less purchasing power now. Rorie said, for example, \$100 in 2014 was now worth \$96.20 in terms of what it could buy. He said the 2% COLA would bring that up to \$98.20. The budget impact for FY 2018 would be \$186,835, and the impact for FY 2019 would be \$249,113 because of the difference between the remainder of this year and the whole year in 2019. He showed how a 2%, 2.5% and 3% COLA would impact the budget. Rorie recommended Council approve a 2.5% COLA, which would impact the FY 2019 budget by \$311,393.

King pointed out that if Council took no action, salaries would be nearly three years behind in COLA, and Rorie noted that it would actually be four years behind. Ernst clarified that each half a percent impacted the budget by \$62,000 for a full year. Ernst said he would like to consider a 3% increase because nothing had been done for three years. King noted this would bring salaries up almost to previous levels.

Prebor inquired how the rising cost of insurance had impacted total compensation, saying if insurance costs increased for employees, they were actually getting less money. Human Resources and Risk Management Director Ellece Brown explained that there was an anticipated decrease in costs from FY17 to FY18 because there were four large claims in FY17 as well as large claims in the previous year, anomalies she did not expect to repeat. Over six years, however, she noted that insurance costs had increased by 26%. Prebor asked how health insurance costs compared to salaries. Rorie noted that health insurance was not just a head count of employees, but included families of employees. He said the City was self-insured, which helped control costs. Annually, he said, the City paid around \$3 million for health insurance. Prebor estimated the health insurance equaled about 30% of salary costs. Brown noted that some costs had been passed on

to employees through higher co-pay requirements. Prebor said that health insurance costs impacted everyone in the U.S., with Fleisch noting that self-employed people were most affected. Rorie clarified that Prebor was saying Council should look at the total compensation package, not just salaries. He added that he considered this when recommending the 2.5% increase. Rorie said that COLA and CPI adjustments were necessary over the years, eventually requiring major salary adjustments.

Prebor moved to approve a 2.5% COLA adjustment. King seconded. The motion carried unanimously.

Rorie said he would be making another COLA recommendation for FY19. Ernst said he hoped the City would never again wait 14 years to conduct another pay study.

Council/Staff Topics

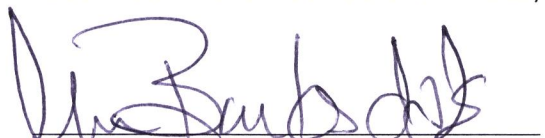
Public Information Officer/City Clerk Betsy Tyler recalled that at the November 16 meeting, Council discussed changing regular meeting times to 6:30 p.m. She delivered the results of an online poll of residents that showed, of 119 respondents, about 29% said a 6:30 meeting start time would be best for them, while nearly 33% said a meeting that started at 7:00 p.m. would be easiest for them to attend. The remainder of respondents, about 38% of the total, said they watched online or did not attend Council meetings. With those inconclusive results, Rorie previewed the ordinance amendment that would move the meeting time to 6:30 p.m. and said staff would bring before Council at the January 4, 2018, meeting.

Rorie noted that he had received an email from a resident asking about the lake level in Lake Peachtree and wished to read his response into the public record. He said he asked Dan Davis, the spillway project manager, to verify the lake level now and projections for the future. His response, Rorie read, said the lake was at 777.3 feet (point of elevation) that day (December 7) and had been at 777.4 feet the day before following heavy rain. The target elevation now that the coffer dam was in place was 778.5. In February, when concrete pouring was complete, the lake would be raised another two feet, to a level of 780.5, Rorie reported. He pointed out that the lake was slowly being raised, but much depended on the weather.

Executive Session

Learnard moved to convene in executive session to discuss personnel at 8:40 p.m. Ernst seconded. Motion carried unanimously. King moved to reconvene in regular session at 9:12 p.m. Ernst seconded. Motion carried unanimously.

There being no further business to discuss, Learnard moved to adjourn the meeting. Ernst seconded. Motion carried unanimously. The meeting adjourned at 9:14 p.m.



Martha Barksdale, Recording Secretary



Vanessa Fleisch, Mayor