

**CITY OF EUHARLEE
CALLED CITY COUNCIL WORK SESSION MINUTES
AUGUST 2, 2022**

Mayor Craig Guyton called the meeting to order, City Manager James Stephens led prayer, followed with the Pledge of Allegiance.

The following were present: Mayor Craig Guyton, Council Members Tim Abbott, Greg Free, David Duncan, Joe Turner, and City Manager James Stephens.

NEW BUSINESS

Millage Rate Discussion – James Stephens

City Manager James Stephens stated the document presented was the current minimum fund balance policy that was adopted as part of the 2018 budget and millage rate processed in 2018 provided in consideration of the topic for the evening. It states they strive to obtain a minimum of 4-months of fund balance based on annual expenditures for the city. It also states if it exceeds 6-months, they will roll back to zero. Again, it was adopted in conjunction with the 2018 budget.

Based on the numbers Mr. Hatch will present this evening, the audited cumulated fund balance calculates to 5.74 months at the end of 2021. They are out of the area where they stay at zero. He pointed out with the LOST distribution negotiation they have the potential based on current positions that the LOST revenue could go down in 2023 around \$100,000 - \$110,000 related to the current discussions. However, the LOST revenue totals collected are 16% higher, and 10% higher than what was built into the current budget. He pointed out give and take, they are at 5.74 months of fund balance and some council realize at one point they were at 3-months. They have made progress, but when he received the tax digest information, he sent out to council for their consideration. They are heavy on LOST; one form of revenue exceeds 50% which is a financial health indicator. He used his health as an example. He had issues that needed to be adjusted but was not dying. He stated as a staff member he prepares information for them, they have the power to tax, and was glad to address any questions. He stated he had available what a mill would cost on various home values if they were interested. He said if they are going to reinstitute a millage rate, he will need to know that evening for the advertisement to comply with the legal requirements. He reminded them they would be opening twenty-five camp sites in the spring in Frankie Harris Park that should generate a substantial amount of revenue.

Council Member Greg Free asked if the 6-months standard across the board for a city their size or is that a number they set in place.

Mr. Stephens said, the 6-months is from best governmental practices, but 6-months for a government the city size gives leeway, opposed to 6-months for a city the size of Cartersville. Before they initiated the first millage rate at that time, they were just below 4-months, and when the policy was enacted, they were striving to get the 4-months. There are arguments to be made, if you have a million dollars in the bank, do you want to take 684,000 out of citizen's pockets. Even though 6-months is good governmental practices, as small as they are he said he would sleep better if he had more than 6-months, but they have the authority to tax and the phone that people will call.

Council Member Free said he assumed the 6-months was depending heavily on LOST funds and asked what percentage drives the 6-months, it is a big chunk.

Mayor Craig Guyton said he was on the council at that time and the 6-months was an arbitrary number, wanting to make sure they had some cushion, and being fiscally conservative not wanting to have a millage rate if they had the 6-months. It has everything to do with LOST, it has everything to do with what you have in your budget.

Council Member David Duncan asked the tax amount they would gain including Westminster. It had not been included before this year.

Mr. Stephens said the impact on the total tax levy at the time they were calculating to ask the state legislator to consider the referendum to annex them, it was about a \$10,000 on the total tax levy which two mills was close to \$150,000. If it would have happened in 2018, it would have been \$160,000.

Mayor Guyton asked the amount of 1 mill of tax in Euharlee, including Westminster minus the exemptions. Mr. Stephens said it has grown from \$82,000 in 2019 to \$137,000 based on current tax digest.

Council Member Joe Turner asked what had happened that they think they are going to lose money with the percentage drop.

Mr. Stephens stated, he may recall when they were trying to decide to invest in the sewer project, the state code addressed how local governments distributes local option sales tax, and the law changed in 2016 or 2017. It changed from population by city and county and increased it to eight different criteria. Based on the change and the city's limited revenue stream, was why he strongly was a proponent of bringing the sewer downtown and they do see development coming, but it is the change in the law.

Council Member Turner said he remembers the change in the law, but with the way the laws are written out, is there anything they can do or change.

Mr. Stephens said he thinks when the campground is completed, it will generate at least \$137,000 annually. There are other services they could consider bringing in-house. He considered once composing a solid waste collection as a service and calculated an amount that would have been a decrease for taxpayers that were already paying somebody, and it would generate revenue for the city. The room was full, and the people preferred a tax, and it continues to be something to consider. He said, diverse revenue streams would help them. The tax is renegotiated every 10 years and they have time between now and 2030 to have more strength in the various eight criteria. Population and current debt services are the city's two strongest factors, and strongest arguments. He assured them that Mayor Guyton had represented Euharlee extremely effectively in the negotiations.

Council Member Tim Abbott stated his number one concern is always the safety of the Euharlee citizens. He said the police department does a good job. The police officers, cars, training does not come without a cost. He said thank to Chief Matthews for doing such a good job. He hates to see buildings they own as a city, sitting with no occupation generating nothing. They need to go away or update them and use them. You can google the open windows theory and see how unused buildings impact a city. He stated it was not toward the city manager. They need to address the buildings they have, and it will not happen until they update them and make decisions about what they are going to do. He is learning, and to learn that the budget is 73% of LOST funds and that bothers him. He was saying those things in consideration of things they have to do. They still have investments in Joe Cowan Park for years to come and it does not come without cost, and it also serves the citizens. It is their job as a council to keep an eye on those things. He said he will end where he started, he does not ever want the time to come in their city where they cannot take care of the police department. He shared his thoughts on revenue streams, the millage rate and what could happen with LOST in the next 10 years. It is their job not to look near sighted, but to look 10 to 20 years down the road, if he is sitting there or not, but setting the city up for success.

Council Member Free said he runs a business on a day-to-day basis where he has to look at the budget, and he does it as he would his own home. He wants to do well and have money today, but also five years from now. He wants to keep putting his feet forward to have a good financial footage to be able to withstand some of the storms. He thinks Euharlee has done well in times of uncertainty and has weathered the storm with keeping things on track when it might not have looked good. He is not a huge fan of taxes, but he is a realist that you must have money to operate. As the city continues to grow, revenue streams, not just one, are particularly important, and will require thinking outside the box like campgrounds and other things to attract small businesses that will in turn generate revenue. It will not be the revenue like from other cities; they are trying to be the best Euharlee. This is where the discussions need to start, and how do they set things up now for the city to be successful, instead of waiting 5 to 10 years from now scrambling to make some tough decisions because they did not prepare as well as they could have. He said to Council Member Turner's point, he guesses people do not want you fooling with their trash, but he would rather pay for trash than a tax. He still thinks it is a good way to create revenue. You have fifteen different trash companies in and out during the week tearing up the roads and he lives where they tear up the roads. It will be a good discussion to generate revenue and to set the city up for continued success.

Council Member Turner added he did not think they needed to increase a millage rate if they can control the spending they are doing now. He stated the funding received could be used for expenditures from the general fund and save general fund revenue. He was referring to Osborne Park. The federal government stated they could spend the money as they wanted, relaxed the requirements. Paving the streets and streetlights all come out of the general fund. You could do all that maintenance and infrastructure and save money out of the city funds and not consider taxes.

Council Member Free referred to Council Member Abbott's statements about unused city buildings and Osborne Park is a highly unused park for its size. It has been proven that Osborne Park is number one on the target list for unutilized. If they keep it as is and keep spending money on something that is not being used in its full capacity. The council agreed to use the funds on Joe Cowan Park, if Osborne Park is so great, why Joe Cowan Park? He loves Joe Cowan Park, but if Osborne Park was such a great park and met their needs, why build Joe Cowan Park. It does not make sense. It has been discussed in favor that Osborne Park needs reconditioning to make it more of a draw for people in the city and it comes with a price, but it will bring people to the city and for citizens to enjoy. Eventually, that pot of money will go dry, and you will have to have money to continue. The roads and infrastructure are not a one-time fix you have to have continuous revenue to do so and that is where they have to really prepare.

Council Member Turner shared the number of cars that visit for the kayak business are not from here and they get in their cars and go home, and it does not benefit the city. The council all agreed that is a good thing and the gas stations and restaurants would feel different about that comment.

Mayor Guyton said that the discussion was about the millage rate and not about the park at that particular time.

Council Member Turner said if the money were used more wisely, they would not have to consider a tax.

Mayor Guyton said if every dollar of the rescue funds on paving, streetlights, and whatever else in the budget, they would still have to have the same discussion right now. It is not being unwise it is being prudent. He stated, the council needs to decide today, if they are interested in adding a millage rate this year, they have to decide for the city manager to have proper notifications for advertisement. In order to do that, the council would have to change the current policy and give Mr. Stephens the go ahead to

advertise. The 2018 policy would have to be ended or amended. To a dollar figure or a month figure. Mr. Stephens recommended not to totally end the policy.

Council Member Duncan said when they ended the tax, he said he was not in favor of getting rid of it or rolling it back, because he did not want to go back and forth. If they vote it back in, as long as he is on the council, he will not vote to remove it again. He has one more year on his current term, he will run for another term, but he will not vote to roll it back again if they implement it this time.

Mayor Guyton said the policy will determine if it rolls back to zero. If the city had twenty-five million in the bank, and they spent two million per year, you would not want a tax and that is the purpose of the policy. He said but the heart Council Member Duncan spoke from he heard him completely.

Council Member Free asked how many municipalities in the county do not have a millage rate. Mr. Stephens said they all have a millage rate. Mayor Guyton said, he was not sure about Kingston, but he was almost sure White did not. It is extremely rare to live in a city that does not have a millage rate. In the mayor's meetings the looks he receives when he says his city does not have a millage rate. Of course, this council has been proud to be able to operate inside it means and not having to do that, however, there are things that have to be done. He was honest to say and gave his opinion. It is late in the year, it needs to be advertised and the in fact not, "needed", for the budget this year, he would be more apt not to make any changes now, but they do have time to do the advertisements and public hearings if the council deems necessary. He said, next year they will probably not have a choice. However, they need to decide if they are strongly considering it for advertisement.

Council Member Duncan asked Mr. Stephens what percentage he recommended.

Mr. Stephens shared the digest has grown and one mill would generate up to \$137,000. If they want to extend services, if they want to make Joe Cowan Park pristine, which he was for and not against he considers that an increase of service. A millage rate increase would help them provide that; it would help them to keep the area to the creek more pristinely kept and to him those are increases in services. So, if the council would prefer increase in services, he would recommend if they went through the process not to do it less than 1 mill of tax. If they go through the process, he might not go less than 2 as they did years ago.

Council Member Turner stated he agreed with Mayor Guyton, but for different reason. He could not vote for a millage rate with them spending that kind of money. Mayor Guyton said to Council Member Turner, but at the same time he did acknowledge they are not spending that money out of the general fund.

Mayor Guyton explained, if there are three people on the council that would like a millage increase, they could tell Mr. Stephens to advertise. He said, he would like for them to vote that evening at the city council meeting to update the policy in some way.

Mr. Stephens said he wanted to point out, if they advertise a millage rate, the maximum they impose is the advertised rate. Mayor Guyton said they will take a vote tonight to tell him what to advertise in the regular meeting.

Environmental Overlay – James Stephens

City Manager James Stephens said in 2007 the city council amended the planning and zoning ordinance and map to include an environmental overlay. There are two tracts that are covered by environmental overlay. He identified the areas on the map. The environmental overlay states that any development in either of those tracts has a minimum of 40% of green space. There is a developer considering a

development on Milam Bridge Road which is one of the tracts. They had a conversation with him about applying for a variance pertinent to that overlay. Professionally, he believes if you have an ordinance, it may not be equitable, outdated, or old, it is sometimes better to change your ordinance than to give a variance which it is why it is on a work session agenda. The city and the state have stream buffers to protect the river. If they want to consider lifting the environmental overlay, they have other regulations in place to protect the river. He is not saying they need to do that, but saying he believed it would be better government to lift the overlay than to grant a variance against it on such a substantial piece of property. He cannot tell them why the city put that in place in 2007, and if it were a trend being pushed by Georgia and the federal government. He is not saying it was not good government at that time, he is not saying it is not good government now, but he is telling them the developer could go through the court system and get a variance with or without their permission and would be a long-drawn-out process if it is not equitable in the first place, it would just be easier to remove the overlay. This is for consideration and does not need any action at that time. He welcomed comments.

Council Member Joe Turner mistakenly thought they were referring to the Euharlee Corridor Overlay.

Council Member David Duncan asked is that where they started building those houses and stopped. Mr. Stephens said that is indeed one of the properties. They have not sold any lots, and no new houses under construction. It was rezoned as RE-1 which requires a minimum of lot size of three acres. In addition to that, the 40% green space requirement by the environmental overlay makes it challenging for the development. He is making the recommendation on professional standards and there are very few times he thinks a variance should be needed and approved and this one of them. The council may not approve a variance, but they may get it from a court.

Council Member Tim Abbott said, the environmental overlay does not apply to every parcel of land. Mr. Stephens said no sir. Council Member Abbott said so there was a situation in 2007 where they approved a 40% environmental overlay. He said he was seeking to understand.

Mayor Guyton said they will eventually ask the council to rezone from RE-1 to R1 so they can do smaller sizes and more houses. Mr. Stephens said, and that is because of the development of the sewer system, and it would be a return on investment.

Mayor Guyton stated he agreed with the city manager. If the council wants to keep the environmental overlay on the property, they should not approve a variance. It is either a good policy or it is not and not a good policy for this particular reason. He would be in favor of keeping it as is, or eliminating the environmental overlay, more so than granting a variance.

Council Member Abbott said it would be difficult to make a decision not knowing anything about the property and he was glad it was a work session, and he has a chance to be educated.

Council Member Joe Turner said if he remembered right, the 40% green space was a big part of the conversation back then. Mayor Guyton said if he remembers correctly the same developer asked them to do it and now the same developer is asking for a variance. Mr. Stephens stated there was not any sewer in 2007 and there is now. He said, if questions come to mind do not wait until the next meeting so it would give him time to research.

Mayor Guyton asked if they formerly requested a variance. Mr. Stephens said yes, and they withdrew it and now will submit a rezoning application where Etowah Bend is currently gated. They do know that he was having the conversation with the council. Mayor Guyton stated this will be something they have as a discussion later.

Public Comments

Steve Gray brought to the council's attention of a luxury RV park coming to Cartersville with 252 sites with camping and even a waterslide. He asked, if they are spending money in the city and are they competitive with the luxury RV sites that are coming.

Council Member Abbott said it will be in Emerson and that was good question but does not think they will have to compete. People will like the outdoor experience and the quiet Euharlee can offer. They have the river to kayak, and he finds that delightful.

Council Member Greg Free explained it would be more like a state park and more affordable. However, you will pay per tier, and everybody will not be able to afford it. It will book, and so will the city's because people will not pay that. It is like a one time of year thing because you will pay hotel prices. They are including cottages on the property and other streams other than campers. It will be nice, but he does not think it will impact the city. As a camper, he would stay there one time, but other time at state parks because he knows what to expect.

With no further discussion the meeting was adjourned at 7:45 pm.