

HOSCHTON CITY COUNCIL

Called City Council Meeting

December 4, 2008 at 9:00 A.M. in Hoschton Depot

A Called Council Meeting of the Hoschton City Council was held December 4, 2008 at 9:00 a.m. in the Hoschton Depot. Present were Mayor Bill Copenhaver, Council Members Richard Green, Jim Jester, John Schulte, Tom Walden and Theresa Kenerly. Council Member Richard Shepherd was absent. Also present was City Clerk Kristen Smith. Mayor Copenhaver called the meeting to order at 9:00 a.m.

ORDER OF BUSINESS:

Discussion of Possible Property Tax Millage

Mayor Copenhaver opened the meeting reminding citizens that Called Council Meetings follow same rules as City Council Work Sessions and Regular City Council Meetings. Copenhaver explained that anyone wishing to speak must first be recognized by the Chair, speakers must address only Council and not members of the audience, and personal or derogatory comments would not be tolerated. Copenhaver then opened the discussion by addressing each Council Member present to make their comments first.

Council member Schulte stated he had nothing at this time.

Councilman Walden reported that the 2009 proposed budget copies given to citizens this morning would be the budget used for discussion purposes that evening during the City Council Work Session but the budget would not be discussed during this meeting. Walden shared two calculation errors on page 3 of the proposed budget within the Housing & Development section. Walden stated corrected budgets would be available at the Regular City Council Meeting.

Council member Kenerly stated she had nothing at this time.

Council member Jester had no comments at this time.

Council member Green had no comments at this time.

Ray Holly, Deer Creek Farms, stated having been to several of these meetings and has gone away depressed because nothing was accomplished and there seemed to be confusion and bitterness among Council. Mr. Holly stated not feeling there had been a good spirit present during these meetings and requested to open this meeting in prayer. Mayor Copenhaver granted Mr. Holly permission.

Kelly Gary, The Village at Hoschton, stated he's said this before; that since 2005 city spending has gone up almost a million dollars, he has copies of audited financial reports, and that if anyone found an error in his data or something that needed correcting to identify that because he wants his information to be correct. Gary said he wants a friendly, fact-based discussion and that there can be different opinions but all need to agree on the facts. Gary said in the past couple weeks had had worked closely with Erma Denning looking at every budget area finding significant sums in every area. Gary stated opportunities being in housing & development section of general fund, opportunities in water and sewer fund, opportunities in public safety fund, and opportunities in all miscellaneous areas to save significant money. Gary stated three things this Council needs to do and the town needs to participate in:

1. Adopt a zero-based budgeting approach
2. Look at every service in that budget and ask if it is necessary, then ask if the city can afford to provide that service
3. Ask what the most cost effective way is to provide that service

Gary stated most of the savings he and Erma identified don't require a cut in service but instead can have the same services delivered at a more cost effective way and so at the same time avoid a property tax by being more efficient in operations. Gary stated he would first address his ideas for savings in the housing & development portion of the budget and then the water & sewer portion.

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Mayor Copenhaver expressed to Mr. Gary that this morning was only for discussion of the millage and the budget would be discussed that evening.

Kelly Gary stated he was discussing the millage and ways the city can avoid it. Gary continued saying he was going to run through his ideas. Gary said the most obvious area for savings and to avoid a millage is cut spending in housing & development. Gary stated the city has a full-time planner doing a part-time job and believes everyone in this town, with the possible exception of some Council, would agree. Gary said previously city used an outside contractor that worked on an as-needed, fee-based basis and charged city 40% of building permit fees. Gary said looking at city projected revenues and permit fees appears job could be done for \$12,000. Gary said there is over \$50,000 savings in housing & development budget. Gary stated in water and sewer the operations were previously provided by Jackson County Water & Sewer Authority (JCW&SA). Gary said he had made an open records request earlier in the week, picked up those documents, and talked with several staff members of JCW&SA. Gary stated his findings showed JCW&SA could do the job for about \$50,000 per year and that JCW&SA had submitted a proposal which was signed and fully executed that would have continued that operation agreement. Gary said city is paying over \$100,000 for water & sewer services and getting a lower quality result as evidenced by corroded plumbing fixtures because water not being properly treated. Gary stated budget can be balanced without a city property tax and city should do that. Gary said he had developed a one page balanced budget summary that included a reserve along with various spending cuts. Gary stated the Mayor has power of veto and asks that if the Council passes a budget with a city property tax asks that the Mayor veto that budget. Gary also asked that Council revise Charter with regard to millage rate so that the citizens are never faced with a possible property tax again.

John Buchanan, 198 Deer Ridge in Deer Creek Farms, said he and Jan moved to Hoschton in 1985. Buchannan stated currently Hoschton's millage rate is 33.41% which is higher than Jackson County at 32.5, Jefferson City at 32.6, Commerce City at 29.39, Gwinnett County at 31.8, Barrow County at 27.8, and Winder at 25.6. Buchannan said if the proposed millage rate increase is added that would increase taxes in Hoschton 10% and would be the highest taxed municipality anywhere in the area. Buchannan commented the economy is in shambles and he hears hard-luck stories all day. John said he had gone to a meeting in Atlanta and Governor Purdue never mentioned raising taxes but would balance the budget, with Steve Forbes saying the same thing. Buchannan stated raising taxes in this economy would be disastrous and last week the Jackson-Herald paper reported foreclosures up 92% over last year and it's not over. Buchannan stated having worked with Jackson County almost eight years trying to attract industrial/commercial development and have been successful and assures one of the first questions asked is "what are your taxes". Buchannan said if Hoschton raises taxes it will cause people and developers to run from this town because they won't pay more in taxes to live or work in this town. Buchannan asked that Council please find a way to balance the budget because this is not the time to raise taxes.

Erma Denning, 85 Deer Creek Way in Deer Creek subdivision, thanked Councilman Walden and Jester for their diligent work since last meeting. Denning thanked Kelly Gary for spending time with her to try and find ways to prevent millage rate from happening. Denning stated the city is far from being on a shoestring budget and she has contacted surrounding cities to find out what they are doing, their number of staff, if they have a police force, and also spoke with Mr. Evans. Denning then turned toward the audience saying; this is something she really wanted to make sure all of them understand, because there have been scare tactics thrown at all of you...

Mayor Copenhaver interrupted Denning to remind her that she may only address Council during the meeting. Denning replied, yes that she just wanted to make sure her coat was still here.

Erma Denning said she wanted to make sure the citizens of Hoschton are not threatened by inaccurate facts. Denning said Mr. Evans, newly elected for another term as Jackson County Sherriff, has pulled documentation from 7/07 to 7/08 with average response time in Jackson County as eight minutes and she stated she never wants to hear a disparaging remark coming from the city to a county government in a professional environment such as this again without having the facts. Denning stated the city must have police protection and city clerks but asks Council to look

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at neighbors and find out what they are doing. Denning asked why a city as large as Nicholson has a city clerk, a water clerk and a maintenance person each. Denning stated the Nicholson Mayor is working diligently to reduce expenses, isn't looking at a property tax, and doesn't have a police department but is looking at having some evening officer work just to curtail anything that might come up at night. Denning stated it wise for Council to look around because Council doesn't know everything about municipal government and city doesn't even have an experienced, for years and years and years, city clerk. Denning said city is running on new information so please do not tax city based on Council's lack of ability to balance this budget, but she said she is confident Walden and others are trying very hard so she will pour over this once again today before tonight's meeting.

Alice Nunley, Hoschton, said the city does need a police force but believes four policemen could do the job by rotating. Nunley said she looked over the system for last year and ended up with about \$67,000 that each police officer was getting with all the add-ons so you want to have a good police service but you want to cut it back so that it isn't an endless pit which it seems it is to a certain extent. Nunley said she hated saying anything about the police but it is way over in balance.

Deb Donaldson, Hoschton, said that in previous meetings having been told the revenue from the millage rate would be put into reserves. Donaldson asked if Council can guarantee that by year-end the same amount of reserves would be available to the city and not spent on anything else. Donaldson also stated having been told if there is no millage rate and no revenue generated from property taxes that services would be cut, so if the money is generated to be put in a reserve account why is there going to be a cut in services?

Councilman Walden answered saying he has no idea because the budget which he proposed has no millage rate in it and has no cut in services. Donaldson said she is asking and wondering about the budgets that would have a millage rate. Walden responded that any reserves will be dedicated to one of two reserve fund accounts that have been opened and withdrawal of money from either reserve fund will require pre-approval by Council in an open meeting.

Erma Denning, Deer Creek, asked if the minutes from the meeting two weeks ago in the morning and evening going to be available tonight. Mayor Copenhaver stated they would be part of what will be approved on Monday, December 8th and available after Monday. Denning stated she was at both meetings and heard Mayor Copenhaver may have said in response to the question from many citizens "do we have a hiring freeze?"; no we do not have a hiring freeze but we are not hiring at this time. Denning said she thought Officer Grogan had resigned but understood he is now back on the payroll. Chief Hill responded stating Officer Grogan had resigned from his full-time position but retained a part-time status with the city to assist on an as-needed basis. Hill confirmed that as a part-time employee Grogan was not eligible nor was receiving any city benefits now.

Doug Easter, Hoschton, voiced that his family can't afford a millage rate. Easter stated, if you (the city) don't have it then don't spend it.

Deb Donaldson, Hoschton, asked if the millage rate was increased then when would bills be mailed and then due? Council member Kenerly reported that if the millage rate increased then the billing would be included in the next Jackson County Tax Bill which would be mailed mid December 2009, and then due within sixty days. Kenerly explained this was the reason she wanted discussions about millage now so people would have a year to plan and be prepared.

Alice Nunley, Hoschton, stated the citizens need to reconstruct the city because it's broken. Nunley then said the Council needs to do something without a millage.

Walter Shinler, Panther Court, said he doesn't understand why there is a discussion about a city property tax when the citizens don't want one and can't handle a tax increase. Shinler stated he liked Hoschton the way it was and doesn't want to be Braselton or Jefferson.

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Jonan Warwick, Hoschton, said not to cut the police department. Warwick stated that if two separate emergencies took place at the same time in Hoschton then Jackson County can't get to both.

Erma Denning, Deer Creek, stated she doesn't want to cut police or the city clerk. Denning said Hoschton should contract with the Sheriff and have a city Marshall rather than a city Chef. Denning stated the need to ask the question is it necessary then negotiate to have coverage without liabilities.

Councilwoman Kenerly reported the meetings the city had been having are meetings required by the state of Georgia. Kenerly expressed that she never came onto the council wanting a tax. Kenerly addressed Ms. Denning reported that she, too, had worked with Stan Evans.

Kay Schulte, Deer Creek, asked Council member Green why the city had two loans for the waste water treatment plant and the amount of the loans.

Councilman Green reported the city paid \$3 million for construction of the initial plant which didn't work at completion. Green explained the city then had to get a second loan in order to bring the plant operable, at a cost of another \$3 million. Green stated seeing no way around the two loans because the plant had to be operable. Green reported there are two GEFA loans with the second at a slightly higher rate based on the 2nd loan proposal allowed for longer repayment terms therefore lower monthly payments. Green stated the city has a current pending lawsuit against the original design engineer.

Council member Schulte reported the city had a project underway for a brochure to promote the city. Schulte explained that promoting the city may bring in additional revenue sources.

Bill Pendergass, The Village at Hoschton, asked Council member Green if the design engineer had insurance. Council member Green reported the original design engineer only has a \$1 million insurance policy.

Councilman Jester stated he was fighting for what he believed. Jester said he felt that Council would continue holding meetings until finally no one shows up and then Council will do what they want. Jester stated there is a way to balance the city budget without a property tax and there are funds the city can use until the economy gets better. Jester apologized to audience for Council not having done what we were elected to do.

David Oliver, Hoschton, said he had never seen such a lopsided budget. Oliver stated that's the way it is but may not be the right way. Oliver then addressed Council member Kenerly saying to think about that.

Erma Denning, Deer Creek, asked Council not to give up and that it is negligent to think a tax is the fix.

Chuck Fisk, Hoschton, stated to Council that they are not the enemy but he doesn't see creativity and the Council needs to think outside the box.

Jim Cleveland, Hoschton, asked if the police fines and forfeitures revenue could be increased. Cleveland asked Council if they were pushing to have the water sewer court case resolved. Council member Green reported the Council was but the city is at the mercy of the Judges' scheduling and calendar. Cleveland said the Council needed to go forward with no tax and if the city gets into an emergency situation then impose an emergency tax. Cleveland stated that all economic experts believe an up turn in the economy will happen in late 2009. Cleveland said the city must live within the city's means.

Dee Poteef, The Village, thanked the police department for what they do. Poteef said she and her husband researched many counties before moving to Hoschton and had fallen in love with Hoschton's small town atmosphere. Poteef stated the Scarecrow event brought people to Hoschton but a tax will scare away people from considering moving to Hoschton.

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Walter Shinler, Panther Court, stated having heard Council member Jester is against property tax and wants to hear from all other Council members as to whether they are for or against it.

Councilman Walden stated he was not for or against it and won't decide until he has all the facts.

Councilman Schulte stated he would do what's best for the city and if that means a city property tax then okay and if not, then no tax.

Councilwoman Kenerly stated she feels the same as Councilmen Walden and Schulte. Kenerly said the Council has worked hard to balance the budget and Dave has cut drastically the police department budget. Kenerly stated she doesn't personally want a tax but if the city's needs the revenue from a property tax then okay.

Alice Nunley, Hoschton, stated the citizens had voted Council in to balance the budget, that Council knows the revenues and must make it work or cut out city employees to balance the budget with lower revenues. Nunley said people don't want a tax.

Lamar Johnson, Quail Crossing, asked if the 2009 city property tax would actually create a surplus in 2010. Council member Kenerly said yes. Johnson asked if Council had looked at what the lowest millage rate could be to keep Hoschton's head above water.

Council member Kenerly responded to Mr. Johnson stating that a 1 millage rate in the city would equal about \$50,000 per year and that the city had been advised to have at least three months expenses in reserves with \$180,000 being the amount of a 3 month minimum reserve. Kenerly said the 3.25 millage rate was based on having borrowing ability as well as money remaining to carry over for 2010.

Jim Cleveland, Hoschton, asked Council if the economy turned around early in 2009 what happens to the 3.25 millage rate. Council member Kenerly stated the city would then drop the millage rate back to zero.

John Buchannan, Deer Creek, stated that imposing the tax is a short-term fix and Council needs to look at 8-15 years down the road. Buchannan said if Council imposes the tax then people won't move here and it will kill Hoschton.

B.J. Bragg, Hwy 53 in Hoschton, said he hopes people don't pass by Hoschton. Bragg stated he was for the tax because Hoschton needs it to do what's necessary to let this town prosper. Bragg said he's really worried about the water sewer account.

John Buchannan, Deer Creek, said he is afraid the tax will back-fire.

Councilman Jester said that the best thing to have come out of this budget process, discussions, and confusion is that it's forced us to back-up and focus on revenue. Jester thanked Councilman Walden for his hard work and that it's better how Walden plans to propose the budget process than it has ever been in at least four or five years. Jester stated now is not the time to begin building the reserves.

Chuck Fisk, Deer Creek, reported the Kia dealership in Athens has closed and is gone. Fisk stated having taken his car to the dealership for an oil change in the past week and the dealership was like a morgue. Fisk said these are scary economic times and he hears so many financial crisis people are facing.

Councilman Green said that having had several budget meetings, at least people are now aware of the goings-on within the city, the budget, and how things work because citizens have chosen to attend these meetings where people never had in the past. Green said that he's heard people don't want an increase and he believes them so he thinks Council can do this without a property tax which he is not in favor of a tax. Green reported the city needing to review water & sewer fees again because the users have to pay the expense of the services. Green stated he is not willing to contract services because he has experienced how bad that choice is for the city.

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JoNan Warwick, Hoschton, said her father, Ralph Freeman, experienced a tax in Hoschton and had been a member of the city Council.

Ralph Freeman, Hoschton, said the tax had been done away with during the time he was on the Council and he had been against removing the tax. Freeman said Hoschton had always been on a tight budget and the only way they were able to remove the tax at that time was because Hoschton had a convenience store that sold beer and was the only place near that sold therefore the city made good revenues from the beer tax. Freeman said the job of the Council is not to make a profit but to spend what the city has wisely.

ADJOURNMENT: Meeting adjourned at 10:44 a.m.

Being no further business, Council member Schulte made a motion, seconded by Council member Jester, to adjourn.
Motion carried with a 5-0 vote.

Respectfully submitted,

Kristen A. Smith, City Clerk

APPROVED:

William Copenhaver, Mayor

Kristen A. Smith, City Clerk

Manner of Addressing Council. No member, while the City Council is in session shall speak on any subject unless recognized by the presiding officer. Every speaker shall address the chair, and no member shall interrupt anyone who is speaking, except to call him to order or for explanation.

Limitations on Addressing City Council. Any person not a member of City Council who desires to address the City Council shall first secure the permission of the presiding officer, and then shall step up in front of the council, give his name and address in an audible tone of voice for the record, and direct his remarks to the City Council as a body rather than to any particular member, limiting such remarks to a reasonable time (**2 minutes per person/ 5 minutes per topic**) unless additional time is granted by City Council. Permission to speak is at the discretion of the Mayor and City Council. Persons wishing to bring subjects to attention of the City Council may do so either by providing the City Clerk or the Mayor with a written petition for presentation to the City Council at its regular meeting or by contacting the Mayor or any City Council member informally

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