



Cherokee County Board of Commissioners WORK SESSION MINUTES

February 18, 2014
3:00 p.m. | Cherokee Hall

The Chairman began at 3:06 a.m. with all Commissioners present.

1. Pine Bluff Landfill footprint redesign site suitability acceptance presented by Brian Evola, Waste Management.

Mr. Evola explained the purpose of the meeting is to discuss the recent issue of acceptability issued by the Department of Natural Resources (DNR) Environmental Protection Division (EPD) for the expansion of the Waste Management Pine Bluff Landfill. He provided background information regarding an application for the expansion submitted by Waste Management of Metro Atlanta, Inc. on October 18, 2013. In accordance with Section 12-8-32C of the Georgia Comprehensive Solid Waste Management Act, Cherokee County must hold a public hearing to notify affected residents and landowners in the area of the proposed expansion of the landfill. Mr. Evola presented a map to show the suitability coverage area as designated by the EPD. The proposed area has been deemed suitable for waste. Commissioner Johnston commented the biggest concern of the residents was what happens with the height. Mr. Evola stated that the topic was still under discussion and that they are reaching out to community members and are forming a committee to help with the process. Commissioner Johnston stated that according to what was presented seems to make sense for everybody. He added that if they can prevent from going higher, they would have less resistance. The Chairman informed the newest Board members of the height limit of the landfill. Mr. Evola addressed a previous question of distance to waste as 1,700 feet. The proposed expansion shortens the length of the perimeter road as well as cuts down on road noise and dust.

2. Q1 2014 Financial Update by Janelle Funk.

Ms. Funk began with a Status Summary for the first quarter Financial Update for 2014. She stated the cash position for all funds is good as well as the cash position for the General Fund. The General Fund improved from negative cash

in November of 2010 to \$7.0M low point in December 2013. She said we still need to correct the cash balance from Unincorporated County Services Fund but it is worked into the budget for this year. Revenues are coming in the way they should be except the sale of the old Admin Building. The positive thing is that this does not need to be used to support General Fund operations, but rather building the Unincorporated County Services Fund cash balance. Expenditures are right on track. The only concern is healthcare claims. Headcount is on target as well.

Ms. Funk went over the Cash Executive Summary. She commented that to look at All Funds is not the best indicator because as capital projects are completed, the cash balance will go down. So it is best to look at All Funds without capital. The General Fund and most other operating funds are improving. The main drivers for the \$10.4M increase are the Unincorporated Services Fund, the General Fund and the Fire Fund. Ms. Funk referenced the change in Third Party Administrator for EMS and said we are in a transition period with the new administrator. She said they have a plan in place to get the collections back and are working with Chief West and Chief Prather and have forecast what they believe the collections will come out to be. We will test scanners in ambulances to improve the collection of insurance information. Chief West spoke with Mr. Hayes at Northside Hospital regarding sharing information electronically rather than through paper. LifeQuest will be working the claims more often. The Chairman asked about the getting caught up on collections. Ms. Funk explained that as long as we are achieving the 70% collection rate no matter when it's coming in, it will be falling into the monthly collections. It may take longer to get caught up but eventually we will be moving around the \$315,000 mark. The Chairman asked about the current collection rate. Ms. Funk replied that looking at May through December, it is below 50%. Commissioner Johnston asked if LifeQuest could promise 70% because they had other customers like us and achieved that rate. Ms. Funk responded that they do. She added that their claim is they process claims quicker and the customer is more apt to pay the residual amount since they would receive the bill sooner rather than later. Commissioner Johnston asked if they are tracking a collection of bills that originated in that quarter or if it is cash collected in that quarter. Ms. Funk stated they do both, but the \$315,000 is what can show up in the future.

Ms. Funk reviewed the Revenue Executive Summary for all recurring external revenues for All Funds. There are small variances throughout. The more significant positive variances are collections from mortgage related taxes, building permits and impact fees. Ms. Funk gave a property tax collection update. She stated that of the property taxes that were billed, we've received

about 95%. Ms. Funk stated that for the Revenue Executive Summary for the General Fund, the County is right on budget.

Ms. Funk briefly reviewed the TAVT and "Birthday Tax" collections. The TAVT results show the Actual is a little better than budget and the "Birthday Tax" is a little less than budget but together we are where we should be. Ms. Funk stated she was a little concerned because the TAVT dropped in December but she doesn't think they are at risk at not meeting the budget.

Ms. Funk went over the Expenditure Executive Summary. Expenses are being managed across All Funds. Some variances exist but are explainable. For General Fund, the only thing higher than it should be is Workers' Comp and that is due to paying administrative fees up front to the third party administrator. Ms. Funk said the only expense she is concerned about is the Insurance & Benefits Fund. Healthcare claims are about 17% over budget for Q1. Gallagher Benefit Services (GBS) informed Ms. Funk that claims tend to trend upward at the end of the calendar year and that large claims usually drive performance. GBS will examine the data in February to review the underlying causes. The variance can be driven by Per Enrollee Per Month (PEPM) which is over budget by 12% and we have more employees enrolled. The Fund is \$140K over budget.

Ms. Funk stated that the actual year-to-date headcount is close to the original estimate. She said she expects the Seasonal category to change some during the summer months. She added this is a better measure to track headcount and compare it to other counties.

The Chairman commended everyone for the call during the previous week's storm. He mentioned there will be a debriefing meeting coming soon.

The Chairman stated there is an amendment to the Regular Meeting Agenda to accept the resignation of three of the members of the Resource Recovery Development Authority (RRDA). Those members are Jeff Duncan, Tom Ware, and John Konop. The Chairman explained their reason for resigning and that moving forward they need to discuss that during the Regular Meeting and accept their resignation.

3. Upcoming Department of Audits Sales Ratio Study of 2013 Digest – John Adams and Steve Swindell.

Mr. Adams began by stating when the 2012 Ratio Study was performed, the Audit Department compared the January 1, 2012 values we had established to sales values that occurred several months later. The result was it made it look like our values were lower than they should be. Our State organization did not agree with this method. The School District appealed the study so we had a hearing which some of the Commissioners attended. As a result of the hearing, we were able to get some sales thrown out of the study and then we were in compliance with the Department of Revenue standards. The real estate market here has gone up 15% to 20% since mid-2012 and all through 2013 and if the Audit Department does the look forward again it will make it look like we had a bad digest when we did not. Commissioner Johnston commented that the County was probably under-appraising property. Mr. Adams said that is correct and that the information they have to look at is what has happened coming in to the end of the year; and look at as much as the information at the first of the year because they have to establish the value as of January 1st. It puts us behind from the beginning of the year. The Chairman and Commissioner Johnston asked why they do that. Mr. Adams explained that the reason behind it goes back to SB 346. Part of the bill is the one-year lock-in. If you buy a property today, then next year it cannot be appraised for more than that amount for that year's taxes. The amount is locked in unless physical changes or upgrades are made in some manner. Then those can be added into the purchase price. The method is that if the amount is locked in then the value is going to be perfect. So it is tainted in the eyes of the audit department. They will not use that sale on a ratio study. Commissioner Johnston stated we kept up on the downturn and are struggling to keep up on the upturn using the restraints the State has on us in how we have to appraise. Mr. Adams stated that if you use the criteria we've always used, for example, we use both good sales and distressed sales occurred in 2012, mixed together for the best fit. The rate of distressed sales brings down the overall evaluation of everything. He said the problem they have is the audit department is using a small fraction of the distress sales which makes it look like we are lower than we are. Looking at the entire year once the market turned up, the part they got to see the first quarter was going down but when the audit department looked at the entire year, it was up which put us in a hole. At the hearing, the audit department conceded that in our particular market, they should only look at the first quarter. We were back in compliance after that. We will be in a similar situation for 2013. Their in-house studies show we are above 95% which is a 38% ratio. Mr. Adams stated that the market is getting better. The Chairman asked the total sales for 2012. Mr. Adams said there were about 5,200 sales. He said for

2013 there are almost 3,600 qualified sales versus less than 500 distress sales which show things are improving. Still with the market increasing during 2013 compared to January 2013 assessment date statewide, if the same method is used again, it's going to fall short again. If the ratio falls below 38%, we could face penalties with the Revenue Department.

Mr. Adams stated one of the Representatives called a special meeting with the State Auditor and asked our group along with others to attend. They agreed to do some time adjustments. He urged that we need to keep the pressure on them to get some things fixed through legislation. Mr. Adams asked the Board to use any influence they may have to get them on the same playing field with those in Tax Assessors Offices throughout the State. He said they are just starting to look at 2014 and may see a pretty heavy upswing in certain areas. He added that it looks like most of the County has recovered as evidenced by the fewer foreclosures, bank sales and distress sales. It will be a few months while they do field checks. Commissioner Johnston asked what portion of the tax digest is utilities. Mr. Adams replied that the Utility Digest is given to them by the State Revenue Department. He said until they get the group of sales used in the study, they won't know exactly how bad it could be. Based on information that they have been asked for, he feels they are trying to get it as close to the true value as possible. The Chairman asked what kind of penalties would be assessed if we are at 36%. Mr. Adams replied that we would have to make up the difference between 36% and 40% to the State. He added there are other components they look at as well. The Chairman confirmed with Mr. Adams that we are not the only county dealing with this issue. The Chairman asked if it is likely anything will change. Mr. Swindell stated one of the problems we're having is one of the assessors wanted to see in HB 295 was an idea of imposing a moratorium on the State keeping them from assessing those penalties until the market settles down. A State Representative from another county who sits on the Ad Valorem subcommittee, wants that stricken. He doesn't like the idea of the State losing oversight ability on the Assessors' Offices. After they met with him, he still removed the language from the bill so the counties are still on the hook. They received promises from the auditor that he was going to narrow the time frame and look at no more than six months then he was going to time adjust the sales. Mr. Swindell said the auditor suggested that the Department of Revenue needs to relax its standards on the uniformity issue. He added the State Representative reference earlier agreed and said he would speak to the head of the Department of Revenue. Mr. Swindell expressed concern that there is no legislation to enforce the change. He said the chief appraisers are getting nervous about this idea because it's going to put them in a bad spot if the auditors are not as proactive as we are, a lot of the appraisers are going to be on the hook. Mr. Swindell also encouraged

the Commissioners to use their influence to impress upon the Representatives to force the Department of Revenue to loosen the standards the way they need to. The Chairman asked if there is a draft resolution. Mr. Swindell said one of the problems they are having with the ACCG is they dropped that particular issue from their platform. Commissioner Nelms asked who would have lobbying power. Mr. Swindell said the Legislature has the power of the purse strings. He added that we should no longer be held to a standard that was established during a very tranquil market. Discussion ensued regarding methodology of calculating ratios. Mr. Swindell indicated that with both agencies giving conflicting data, we're stuck in the middle. He added that if Legislation would get rid of the one-year lock-in provision, the problem goes away. The Chairman asked what they wanted them to do. Mr. Swindell asked them to contact the subcommittee members and express displeasure with the provision. The Chairman asked for discussion points. Mr. Swindell referenced the bank sale issue and the Department of Revenue relaxing their standards. Commissioner Nelms asked if they would get him the list of those members on the Ad Valorem subcommittee. Mr. Swindell said yes.

4. Discussion on Historical Preservation Ordinance.

The Chairman asked the Commissioners if they wanted to wait and discuss the Historical Preservation Ordinance at the Regular Meeting. Commissioner Johnston stated that he feels that the County is building up this ordinance around a situation it cannot solve. Mr. Watkins said it would help for future situations. He said the public wants to know information on historical structures in the County. Mr. Watkins said he thought of some alternatives to the ordinance. He stated we have codes and ordinances in place for buildings that can be slimmed down that gets something like the establishment of historical landmarks. Mr. Watkins commented that Certificate of Appropriateness seems to rub people the wrong way by telling people what they can do with their property. He feels the Public Hearing process is tough to do. He suggested taking some aspects of the model code and adding them to our current code of ordinances, some sort of notice procedure, a time out, and identifying historical landmarks. The Chairman commented that he liked that thought process. Commissioner Johnston stated this would create some public notice of demolitions, some period of time, and some process; but after that process, the owner could do what they wanted. Mr. Watkins said his idea of public notices of demolitions would be similar to the notices they post at properties for zoning. He said he would try and get a draft version to the Commissioners this week if possible.

5. Discussion of Regular Agenda Items.

ZONING CASES

1. Consider setting a public hearing at the request of adjacent property owner, David Vice, to hear appeal of Zoning Board of Appeals decision on January 9, 2014 regarding case 14-01-001V, Dr. Peter Congiundi.

Ms. Taylor-Lee said it would be March 18th before she could get the Public Hearing advertised should the Board approve it. She said her concern is there is no technical defect. It was legally advertised and the applicant was at the hearing and was heard. The Zoning Board of Appeals (ZBA) followed protocol and procedure, heard the case, and made a ruling. She does not feel there are grounds for the applicant to ask for an appeal for granting the variance. The applicant petitioned Ms. Lee to ask the Commissioners to review the ruling of the ZBA. She stated he also submitted some possible re-designs if they would be interested in viewing those along with the ruling. Commissioner Johnston asked for some kind of perspective of what variance the applicant is seeking. Ms. Taylor-Lee stated it is 18 parcels and Dr. Conigiundi has four acres and Mr. Vice has close to 25 acres but in several pieces. Dr. Conigiundi's plan, based on the topography, was to line up his house with attached garage and workshop. He asked for a 35-foot variance in the 50-foot setback on one side. The ZBA granted a 30-foot variance into the 50-foot setback. There is no building on Mr. Vice's property at this time. The properties rise and fall front to back as well as southwest to northeast making Mr. Vice's property between 35 and 40 feet higher than Dr. Conigiundi's house. Mr. Vice's reasons were that he didn't receive notice although he was at the hearing; he thought the doctor could turn his house a different way and wouldn't need quite the variance; and it would cause a de-valuing of his property. Commissioner Johnston stated there is no precedent for taking out a second-guessing of the judgment of the ZBA. Ms. Taylor-Lee stated that in the past if a case was turned down, they appealed to the Commissioners could hear the case. She reiterated her concerns previously stated.

2. Consider Case Number 14-02-001 below:

APPLICANT	: Matthew Francoletti
ZONING CHANGE	: R-20 and AG to GC

LOCATION	: 8566, 8572, and 8600 Cumming Highway
MAP & PARCEL NUMBER	: 03N10, Parcels 192, 193, & 194
ACRES	: 3.0
PROPOSED DEVELOPMENT	: Commercial/Retail
COMMISSION DISTRICT	: 1
FUTURE DEVELOPMENT MAP	: Transitional Corridor over Suburban Growth
PLANNING COMMISSION RECOMMENDATION	: Approval of NC

Ms. Taylor-Lee indicated the applicant contacted her and said he couldn't use NC for his business which is a flooring company. She said she advised him to contact the Commissioners and explain his situation and that he would require GC for his business. She commented that her concern was not for this GC zoning but for others they might get for this area. Commissioner Johnston asked how offensive it would be if they approved NC with the additional allowed use of retail floor covering business. Mr. Watkins said he believes it would go the other way. Ms. Taylor-Lee stated they could approve NC use with the one GC use.

CHAIRMAN

L. B. AHRENS

- A. Consideration of agreement for the Ball Ground Recycling site, pending receipt of recommendation from RRDA Board at their Monday, February 17, 2014 meeting.

The Chairman stated the three RRDA members were present and recommended that the Board of Commissioners adopt a letter of interest and a rental agreement which would allow the lessee to occupy the property sooner during which a lease/purchase agreement would be developed. Commissioner Johnston stated it was a difficult call. He said he felt from the beginning this deal wasn't enough although he is reluctant to pass up the best current offer they have. He believes the property is worth at least \$100K per acre like other industrial properties in the County. He said if they couldn't get significantly more to represent the value of the equipment, then he is inclined to hold onto it to use as an Economic Development site for a prime industrial prospect in the future. Commissioner Johnston suggested that if they wait five years and market the property for at least \$1M more than the current offer, then they are still better off. The Chairman asked if the balance principal is due immediately. Commissioner Johnston said they would have to lease versus sale since the property is pledged as collateral for the bonds.

He said he believes the only other option would be to lease until the County is in a position to pay off the full balance. Commissioner Nelms stated he didn't think this was a great deal, but that there isn't going to be a great deal. He believes this will move the County in the right direction. He mentioned the value of the equipment will depreciate more the longer it sits without operating. The Chairman stated he sees complimentary activities possible. He believes we have a certain obligation to do something. He added they will accept the resignation of the three members and consider how they fill the gap short-term. The Chairman stated that should the offer be approved, they will need to appoint Board members back. This would require a called meeting for Wednesday, February 19, 2014.

Mr. Cooper went over the one item under the **Consent Agenda** portion:

- 1.1 Consider acceptance of GAEMS (Georgia Association of Emergency Medical Services) Trauma Equipment Grant and budget amendment in the amount of \$21,491.82. This is a no match grant to reimburse the EMS department's recent purchase of trauma equipment in the amount of \$28,130.00.

Mr. Cooper went over the three items under the **County Manager** portion:

- 2.1 Authorize purchase order to low bidder, Wade Ford, in the amount of \$23,991.00 for the purchase of a 2015 Ford F-350 for Roads and Bridges Department.
- 2.2 Authorize purchase order to low bidder, King Ford, in the amount of \$18,953.00 for the purchase of a 2014 Ford F-250 Chassis for Roads and Bridges Department.
- 2.3 Consider approval to purchase twelve (12) new vehicles for the Cherokee Sheriff's Office from Cherokee Dodge in the total amount of \$276,276.00.

Mr. Hamilton went over the one item under the **County Attorney** portion:

- 3.1 Tax Levy resolution for Cherokee County School District.

Cherokee County School Board Attorney, Mr. Darrell Caudill, began by stating the School Board is in the process of issuing general obligation bonds for the Commissioners' consideration. He said for this particular bond, they have about \$46M in new money; and the school district will be refinancing approximately \$25M that will result in a savings of about \$1.5M to \$1.6M. He added this is from SPLOST of 2011. Commissioner Johnston confirmed that this was for school construction projects. Mr. Caudill stated it was for completing the Teasley Middle School project already underway and it is also earmarked for the Dean Rusk Middle School. He added technology and some other things are also included. Commissioner Johnston commented that it seems to be a catch-22 because the School Board is obligated to come to the BOC for approval for a property tax back-up mechanism and yet the Board doesn't really have the option to deny it. He said he understands it to be a back-up in the event SPLOST revenues are not sufficient to pay the debt. Mr. Caudill replied that is how he believes it to be. He said this is just to bring everything to full light for the taxpayers and representatives of the County. The Chairman stated the document does not mention any kind of cap or direction on taxing. He asked if it is open-ended. School District CFO, Mr. Candler Howell, stated whatever the digest would take, about 3 mils. Commissioner Johnston commented that they have to face the reality that if voters choose not to renew these three more SPLOSTs, then the automatic property tax increase would kick in to protect the bond dollars and be sure they get paid.

Adjourn

Hearing no further business, Commissioner Johnston made a motion to adjourn to Executive Session at 4:56 p.m. to discuss personnel, land acquisition or disposal, and/or threatened or pending litigation; Commissioner Nelms seconded and the motion was unanimously approved.