

Committee of the Whole Minutes - Final MAYOR AND COUNCIL



Derek Norton, Mayor
Tim Gould, Mayor Pro Tem (Ward 6)
Glenn Pickens (Ward 1)
Latonia P. Hines (Ward 2)
Travis Lindley (Ward 3)
Charles "Corkey" Welch (Ward 4)
Susan Wilkinson (Ward 5)
Rickey N. Oglesby, Jr. (Ward 7)

A. Max Bacon City Hall
Human Resources Training Room
2800 King Street SE
Smyrna, GA 30080

City Attorney Scott Cochran
City Administrator Joseph Bennett
City Clerk Heather K. Peacon-Corn

**August 22, 2024
6:30 PM**

1. Roll Call

Present: 7 – Mayor Pro Tem / Councilmember Tim Gould, Councilmember Glenn Pickens, Councilmember Travis Lindley, Councilmember Charles Welch, Councilmember Susan Wilkinson, Councilmember Rickey N. Oglesby, Jr.

Absent: 1 – Mayor Derek Norton

Also Present: 1 – Jeffrey Tucker

Staff: 14 – Tyler Addison, Alyssa Allen, Joe Bennett, Chuck Combs, Jeff Crowder, Richard Garland, Jacob Groat, Dat Luu, Jodi Mills, Jessica Myers, Paul Osburn, Heather Peacon-Corn, Ashley Putnam, Lee Sanders

Call to Order

Mayor Pro Tem Tim Gould called to order the August 22, 2024 Committee of the Whole meeting held at A. Max Bacon City Hall in the HR Training Room at 6:36 PM.

2. Staff M&C Agenda Items to Review

BCA2024-027: Dat Luu explained that Red Canary is the city's current Managed Detection and Response (MDR) cybersecurity service provider. Red Canary monitors all city computers for malicious activities, analyze any incoming alerts, and will react accordingly to pre-determined "playbooks". The Smyrna IT department is seeking approval to renew the subscription for another three years to lock in better pricing. The 3-year term will allow the city to divide the total subscription into three annual payments of \$35,966.67.

3. Formal Business and Presentations

A. COW2024-043 Jamie Sabbath of 110% – Presentation on Financial Sustainability – Parks and Rec

Richard Garland, Parks & Recreation Dir/Asst. City Administrator, introduced Jamie Sabbath of 110% who presented the following:

AGENDA

1. HOW & WHAT – Smyrna Parks & Recreation Financial Sustainability Strategy
2. Financial Sustainability Policy – Overview & Next Steps
3. Thoughts, Comments, Questions

Parks & Reconomics – How we manage our finite resources

Financial Sustainability – Three-legged Stool

Tax Use/Revenue, Enhancement Philosophy

1. Service Categories
2. Beneficiary of Service
3. Cost of Service

Smyrna Service Categories

- **Beginner/Intro Level Activities:** Activities in which fundamental skills are taught by an instructor/coach and designed to limit an emphasis on competition. Beginner/Intro Level Activities include classes, clinics, workshops, and leagues designed for participants to learn basic skills. *Examples: Pre-School Session Gymnastics, Twinkle Toes, Beginning Tae Kwon Do, 20-20-20 Fitness, Beginner Yoga, Beginner Swim Lessons*
- **Community Events:** Events offered to the community as a whole and not specific to a certain demographic or area of interest. Often, these events require continual or long-term planning due to their size and scope. Registration is typically not required. *Examples: Concert Series, Home for the Holidays, Lunch on the Lawn, Markets (Handmade Holiday Market, Kris Kringle Market), College Football Saturdays, and Easter After Dark*
- **Competitive Level Activities:** Activities and leagues in which participants develop skills in a competitive environment. These activities tend to include designated coaches and/or instructors who work to further develop participant skills. These skills are then applied through regularly scheduled competitions with officials and scorekeepers. *Examples: Adult Athletic Leagues, Tae Kwon Do (advanced), Dance Teams*
- **Drop-In Activities:** Self-directed activities which may or may not require registration and/or membership depending upon the location of the activity. These services may not require specific instruction but do involve supervision by staff and/or volunteers. *Examples: Open gym, therapy pool, racquetball courts, senior social activities, recreation room*
- **Educational and Enrichment Activities:** Classes, courses, trips, or other activities led by an instructor or guide and designed to enhance knowledge and personal development through education-based instruction. *Examples: Photography Class, Cooking Class, Defensive Driving Course, Day Camps, Educational Senior Trips (museum trips, historic site tours)*
- **Open Access Activities:** Self-directed activities in parks and in or on park amenities. These services do not include supervision by staff and/or volunteers. *Examples: Use of Playgrounds, Parks, Bike Trails, Fitness Courts*
- **Private/Semi-private Activities:** Activities in which participants receive individualized instruction and guidance in a private or small group environment. These activities are designed to focus on the unique needs and/or interests of individuals. *Examples: Piano Lessons, Santa Stops By, Private Swim Lessons, Wolf Center Membership Status*
- **Rentals:** Exclusive use of spaces and places by an individual or group restricting public and open access use. *Examples: Facility Rentals, Park Rentals, Room*

Rentals, Gymnasium Rentals, Pavilion Rentals, Sports Field Rentals, Vendor Booth Spaces at Markets

- **Resales:** Food, beverages, and other goods available for purchase at various parks, facilities, and events. *Examples: Concession Items, Vending Items*
- **Special Events:** Events designed for a specific target market or market niche' and include consideration of age, gender, skill, and/or personal interests. Special events require registration or tickets and often have a maximum number of participants. *Examples: Daddy Daughter Dance, Mother Son Nerf Wars, Galentine's Day, Senior Casino Trips, Girls Night Out, Parents' Night Out, Spooky Festival, 12 Cocktails of Christmas*

Cost Recovery Policy

Purpose

Smyrna Parks and Recreation's Cost Recovery Policy intends to create organizational resilience by way of logical, intentional, and thoughtful guidelines for investment and spending decisions. The strategy encourages tax investment and revenue generation strategies and practices that are fair, equitable, and responsible. This policy is necessary to ensure the department's financial stability in both the near and long term.

The Cost Recovery Policy will guide investment and spending choices as the department responds to economic realities, growth expectations, competing priorities, demographic shifts, evolving community needs and interests, and climate impacts.

Policy Statement

Smyrna Parks and Recreation's Cost Recovery Policy grounds cost recovery expectations and the spending of taxpayer dollars in a philosophical underpinning that affirms a commitment to equitable investment, financial discipline, and long-term fiscal health. The department's annual budget ultimately determines the amount of taxpayer support that can be made available for park and recreation services which results in understanding the degree to which subsidy investment can be made and to which services, and the degree to which user fees will be assessed and to which services.

Cost Recovery/Subsidy

Cost recovery refers to offsetting the costs (expenses) of delivering services by way of revenues generated from fees and charges, sponsorships, donations, grants, and other alternative revenue streams. Alternatively, subsidy represent a tax source. It is granted by a governmental entity; typically to remove some type of burden, and often considered to be in the overall interest of the public. It is also given to promote a social good or an economic policy.

For example, a cost recovery level of 75% simply means that for each dollar spent on a service, 75-cents are generated from a revenue source (i.e., fees) with the remaining 25-cents covered by subsidies (i.e., taxes).

Department Funding/Revenue Sources

Smyrna Parks and Recreation is supported by various revenue sources which all contribute varying levels of funding to support the breadth of park and recreation services provided to residents and visitors. The degree to which each of these sources is relied upon can shift based upon the economy, market behaviors, and department-wide policy; however, property taxes are the primary source of funding for the department.

Tax Sources

-General fund (property taxes)

Alternative Sources

-Fees and charges for service

- Grants
- Other sources as identified and available

Common Good Services or cause and purpose driven services intend to impact social, economic, and environmental issues and needs; aligns with the fundamental purpose and mission of the department. Typically, there are no like services provided by the non-profit/Non-Governmental Organizations (NGO) or private sectors.

Exclusive Benefit Services or specialized services intend to serve personal interests with competition from the non-profit/ Non-Governmental Organizations (NGO) and private sectors which offer like services being common practice.

Common Good (justification for greater subsidy investment)

- Community building
- Provides accessibility to marginalized/under-represented populations
- Broad appeal to a wide audience
- Services contribute to greater equity, cultural awareness, and make EVERYONE who resides in Smyrna's life better.

Exclusive Benefit (justification for greater cost recovery expectation)

- Individualized, special interest
- Requires higher competency/ability level to participate
- Specialized activities
- Individualized services are accessible outside of the Smyrna parks and recreation system.

Cost Recovery Strategy

Smyrna Parks and Recreation's Cost Recovery Strategy Continuum presents the degree to which financial resources will be spent and expenses will be recovered and managed. It is grounded in the differentiation of park and recreation services based on who benefits should pay. Economists have differentiated goods and services in the economy in this manner for decades and have designated three types of goods and services: community benefit, dual benefit, and individual benefit.

The Cost Recovery Strategy Continuum acknowledges varying levels of service. This strategy shifts from one which suggests that all services should be provided at no or low cost for everyone to an equitable and just philosophy where subsidy allocation decisions are based upon "beneficiary of service". In this conceptualization, each type of service has a set of specific characteristics that provide a rationale for who should pay (e.g., taxpayers, the individual, or both) and to what degree. Ultimately, this aligns subsidy allocation, cost recovery goals and expectations with beneficiary of service. Essentially, those who benefit from a service should pay for that service.

The three-year Cost Recovery Strategy Continuum includes the department's Service Categories and short-term cost recovery/subsidy goals and expectations. The continuum is a graphic representation of the department's tax use and revenue enhancement strategy.

Smyrna Parks and Recreation's Cost Recovery Strategy Continuum 2024-2026 is included in Appendix A of this policy.

Updating Investment Expectations

Service category cost recovery performance should be reviewed annually, and subsidy (tax dollar) investment goals should be analyzed and updated at least every four years or more frequently as necessary.

Pricing – Fees & Charges

Several pricing methods are utilized by the department in order to establish fees and charges. The principal method for establishing services fees will be cost recovery pricing which is defined as determining a fee based on established cost recovery goals.

Other pricing methods may be utilized by the department, however, any strategy or method used will ultimately require that cost recovery goals or subsidy allocation expectations be met. Common alternative pricing methods include the following options which can be used based upon market behaviors, the competition, and other relevant considerations.

- *Market (demand-based) pricing* results in pricing based on demand for a service or what the target market is willing to pay for a service. The private and commercial sectors commonly utilize this strategy. One consideration for establishing a market rate fee is determined by identifying all providers of an identical service (i.e., private sector providers, other municipalities, etc.), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.
- *Competitive pricing* establishes prices based on what similar service providers or close proximity competitors are charging for services. One consideration for establishing a competitive fee is determined by identifying all providers of an identical or similar service (i.e., private sector providers, other municipalities, etc.), and setting the mid-point or lowest fee.
- *Value-based pricing* is a pricing strategy in which the price of a product or a service is decided on the basis of perceived value or benefit it can provide to a customer. Value based pricing is more evident in places or markets where exclusive products are offered which offer more value than the generic or standard products.
- *Penetration pricing* has the aim of attracting customers by offering lower prices on services. While many may use this technique to draw attention away from the competition, penetration pricing often results in lost revenue and higher subsidy requirements. Over time, however, an increased awareness of the service may drive revenues and help organizations differentiate themselves from others. After sufficiently penetrating a market, organizations should consider raising prices to better reflect the state of their position within the market.
- *Premium pricing* establishes prices higher than that of the competition. Premium pricing is often most effective in the early days of a service's life cycle, and ideal for organizations that offer unique services. Because customers need to perceive products and services as being worth a higher price tag, an organization must work hard to create a value perception.
- *Bundle pricing* allows for the sale of multiple services for a lower rate than customers would pay if they purchased each service individually. Bundling can be an effective way of selling services that are poor performers and can also increase the value perception in the eyes of customers - essentially giving them something for a reduced rate.
- *Differential/Dynamic pricing* follows the "law of demand" by supporting a key pricing principle: some customers are willing to pay more than others. Differential pricing is the strategy of selling the *same* service to *different* customers at *different* prices. Differential pricing enables organizations to "profit" from their customers' unique valuations (ex. Prime time or surge pricing).

In the event a Service Category's subsidy/cost recovery goal is higher than current cost recovery performance and fee increases are required, prices may need to be raised incrementally in accord with market acceptance to optimize revenue generation. However, if the market does not respond favorably to the increase, the service may require

divestment if the subsidy investment required cannot be justified based upon beneficiary of service.

In the event a tax dollar investment/cost recovery goal is less than the current level of recovery the established fee will remain the same to ensure that there is no loss of revenue or negative impact on the department's financial condition.

Partnerships

Partnerships are advantageous collaborations that position both the department as well as participating partner organization(s) to efficiently utilize resources leading to cost effective and efficient service delivery, bridging of markets, reductions in duplication of services and fragmentation of resources, and cooperative capital development and/or improvements. A condition that must be met in order for the department to enter into a partnership agreement includes that of reciprocal benefit. To prevent the department from simply becoming a granting body to any organization, the department and its partner identify the value of the mutual contributions brought forth to the agreement and arrangement. There will be equal value and benefit to each organization resulting from any partnership ensuring that the department is receiving fair and just value on behalf of taxpayers in return for any resource investment and commitment.

Reinvestment

The Cost Recovery Policy guides re-investment into the park and recreation system such as in those services which require extensive and essential investment. Methods for reinvestment may include a retained earnings fund, an enterprise fund, or similar that will allow for the re-distribution of excess revenues generated from department services such as Specialized Business Services that are individualized, highly specialized and/or exclusive, and expected to generate a minimum of 100% cost recovery to a retained earnings, enterprise, or similar fund. This fund may be used to support service interests such as social equity and capital investments in park and recreation infrastructure that require short, preventative, and long-term maintenance alleviating pressure and reducing reliance on the General Fund.

Needs Based Assistance

Smyrna Parks and Recreation ensures that services are accessible to residents who may be considered economically-disadvantaged, underserved, under-represented, or marginalized, and who may require assistance and support in accessing parks and recreation services. This will require that funds are appropriated and fairly and equitably distributed throughout sub-communities in need. Applications will be made available allowing for qualifying individuals and families to have access to reduced rates that can both satisfy need for assistance as well as provide equitable subsidies across the system.

An appropriation will be made during each annual budget process calculated on the projection of total population needing to be served based upon previous year's requests and results of a needs quantification system. Awards will be issued to City of Smyrna residents only and as defined as those who reside within the City's boundaries.

The department intends to reduce barriers to entry by not requiring financial records or disclosures, rather, relying on an "honor system" for the application process requesting information from applicants specific to their needs and ability to pay only. Applications will be kept on file for one year from application.

Financial assistance may be based upon a "pay as you can" model with the process evaluated annually. Additional funds will be sought using a "round up" or "pay it forward" option made available by way of the recreation registration/point of sale system.

Retained Earnings and Reinvestment

Smyrna Parks and Recreation will seek to innovate in how it retains earnings so that it can re-invest in its own system and in those critical services and community efforts that require extensive and oftentimes hard to come by subsidy dollars.

Methods will include a retained earnings fund (or similar) that will allow for the re-allocation of excess revenues generated from Department services such as those that exist within the *Educational and Enrichment Activities, Competitive Level Activities, Rentals, Private/Semi-private Activities and Resales Service Categories* that are individualized, highly specialized and/or exclusive, and expected to generate a minimum of 100% cost recovery. Community and social service areas such as social equity interests and investments into important park and facility infrastructure that require short, preventative, and long-term maintenance should be the primary recipients and beneficiaries of this fund.

Success Metrics

Success metrics will be used as a means to evaluate whether or not each service is in compliance with established cost recovery goals (as indicated on the Cost Recovery Strategy Continuum) as well as other efficiencies and intended outcomes. In the event success metrics are not being met, items 1-6 below the Success Metrics list outline actions to address gaps between current performance and success metrics.

Success Metric 1: Financial Viability: a service must meet its minimum tax dollar investment/cost recovery goal as noted on the Cost Recovery Strategy Continuum.

Success Metric 2: Operational Efficiency: services should meet 75% or more of capacity (maximum) or realize a minimum increase of 10% usage during each service cycle to ensure efficiency of resource investment (*excl: events where capacity is difficult to establish*).

Success Metric 3: Participant/Customer Satisfaction: overall participant (customer) satisfaction must meet a minimum of 85% satisfaction or higher (*per user surveys and evaluations*).

Success Metric 4: Participant/Customer Impact: alignment with service goals – impact on social connections, increases in activity levels, impacts on quality of life, school performance, etc. (*per user surveys and evaluations*).

Addressing gaps between existing cost recovery performance and target (goals)

1. Analyze success metrics for services not meeting their cost recovery goal.
2. Analyze direct and indirect costs of providing service.
 - a. Measure ratio of direct and indirect cost.
 - b. Identify cost reduction opportunities and implement.
3. Suggest market increase commensurate with cost recovery goal.
 - a. Conduct market analysis of service.
 - b. Identify opportunities for capturing larger markets.
4. Identify potential sponsorship, donation, or pay-it-forward opportunities.
5. Identify potential partnership opportunities to continue to provide a service, however, in collaboration with another provider, reducing impacts on and dilution of department resources, avoiding unnecessary duplication of service, and responsibly utilizing finite taxpayer resources.
6. If services do not satisfy success metrics, consider divestment of service at the end of a four-year strategy term or sooner.

Mr. Garland and Mr. Bennett discussed the informational sheets that were presented to Council and explained that these are just suggestions and/or recommendations.

4. Review of Current M&C Agenda

A. **COW2024-051** Review of the August 26, 2024 Mayor and Council Meeting Notice and Agenda

Mayor Pro Tem Tim Gould reviewed the August 26, 2024 Mayor and Council Meeting agenda.

ATH2024-117: Paul Osburn, Deputy Public Works Director, stated that this is a request for authorization to approve the following: Requesting the milling and overlay of 6" of 9.5mm Super Pave for 1,200 SY at a cost of \$94,755.00 to be paid from FY 25 Storm Water not to exceed to Wildcat Striping, Sealing & Paving, 5365 Truman Drive, Decatur, GA 30035. This request was based off a Public Works review of a homeowners request to construct a pool at 1876 Cedar Cliff Drive. It was determined that city road water from Ridge Road was passing through this homeowner's property without proper easements as well as properly sized piping. It appears that a previous homeowner piped the system without city permission. The solution of redoing curb, gutter, and sidewalk along Ridge prevents the city from acquiring easement or having infrastructure across private property and addresses the drainage issue in the right-of-way and allows the homeowner to construct the pool.

ATH2024-119: Paul Osburn stated this is a request for authorization to approve the following: Requesting replacement for Community Development - 2wheel drive F-150 standard cab at a cost of \$38,682.00 the amount budgeted is \$35000.00 with a difference of \$3682.00 Requesting replacement for Building & Plants - 4wheel drive F-150 super cab at a cost of \$48592.00 the amount budgeted is \$35000.00 with a difference of \$13,592.00 Requesting replacement for Sanitation - 4wheel drive F-150 crew cab at a cost \$50,572.00 the budgeted amount is \$35000.00 with a difference of \$15,572.00 This request was based off the annual vehicle replacement process.

Mr. Bennett asked of the Council if replacement vehicles are already budgeted and within budget, do they still want those items to come before them. They all agreed that it was not necessary as long as they were within budget.

ATH2024-121: Paul Osburn stated that this request was generated from the addition of a new recycling crew to include 1 driver and 2 laborers. This request was made regarding the workload on the current crews no longer being feasible due to volume. This extra crew and truck will balance the routes out and make our service more efficient and effective to the citizens.

ATH2024-123: Paul Osburn stated that this request is based off a failed 84-inch corrugated metal pipe that has exceeded its expected useful life as well as has caused the roadway to start to fail. The city has proposed replacement with a concrete box culvert that the city will purchase to allow for about \$16,000 in cost savings on the material. The total project amount is \$ 479,555.00 not to exceed to be funded out FY 25 Stormwater Fund.

ATH2024-125: Paul Osburn stated that this is a request for authorization to approve the following: Requesting replacement of existing Public Works 710 John Deere Tractor for new John Deere 710P 4x4 Backhoe Loader budgeted amount is \$220,000.00 actual cost is \$223,920.49 with a difference of \$3,920.49. This request was based off the annual vehicle replacement process.

ATH2024-130: The Police Department Locker Room Renovation was awarded to Osprey Management at the 6/17/2024 council meeting. At that time the lockers were approved to be purchased separately at an estimated cost of \$25,000.00 with installation performed by Public Works. Quotes and specifications were obtained from three companies:

- RFS Sports Flooring & Lockers – \$56,223.00 includes lockers & installation
- All Wood Lockers – \$38,178.00 lockers only
- Salsbury Industries – \$25,691.91 lockers only

After review of the specifications and quotes received, we have determined that RFS is the preferred company based on appearance and examples of work and product. RFS Sports Flooring & Lockers quote includes design of locker layout and installation priced under TIPS cooperative contract.

ATH:2024-129: Joe Bennet, City Administrator, stated that the Water and Sewer department is in need of a storage building to store materials to preserve their useful life. When these materials are subject to weather and direct sun, it can lead to these materials having a shorter useful life and failure once installed. The former records building was being disassembled to make room for the 2022 SPLOST funded surface parking lot so City staff consulted with Commercial Buildings and Doors, Inc about disassembling the records building and reconstructing it on the Public Works lot to meet the needs of the Water and Sewer Department. The initial estimate for a new building was \$200,000, and the cost reassemble and provide a new roof in an amount not to exceed \$42,500 provided a large cost savings for the City. City Administrator, Joe Bennett, discussed this request with Council prior to the records building being disassembled. This request is to amend the budget and establish the CIP project in the Water CIP fund and amend the budget for the associated transfers needed. The disassembly of the building is being funded by 2022 SPLOST in the Downtown Parking Deck project.

Paul Osburn updated the Council on:

- The demolition of the two houses on the Atlanta Rd. property – August 27
- The Riverlands Trails project will be starting in the next couple weeks
- Crepe Myrtle trees keep getting mowed over, so they will leave one tree and place decorative pavers – Ward 4

5. Other Business / Staff Comment

Councilmember Welch – asked if council still needed to appoint members to the hospital authority. Mr. Welch stated he will appoint his wife. Joe Bennett mentioned that this should be revisited.

Councilmember Oglesby – mentioned an open house for the Tillman House for their beautiful new facility.

Richard Garland, Parks & Recreation Dir/Asst. City Administrator, mentioned that a request was made to place a blue star marker in the brick wall of the Veterans' Park. They would purchase and pay for the marker installation. They are just seeking permission. Mr. Garland stated that replacement bricks are now made of granite, not marble. Mr. Bennett stated that if someone wants to have something dedicated within the city, it needs to have a council sponsor. It has been loosely discussed to have a policy, but for now, this is the pathway.

6. Executive Session (As Needed)

Councilmember Charles Welch made a motion Enter into Executive Session at 7:41 PM; seconded by Councilmember Glenn Pickens.

The motion Enter into Executive Session carried with the following vote:

Aye: 6 – Councilmember Pickens, Councilmember Hines, Councilmember Lindley, Councilmember Welch, Councilmember Wilkinson, Councilmember Oglesby
Nay: 0 – None
Recuse: 0 – None

Councilmember Susan Wilkinson made a motion Return to Regular Session at 7:45 PM; seconded by Councilmember Charles Welch.

The motion Return to Regular Session carried with the following vote:

Aye: 6 – Councilmember Pickens, Councilmember Hines, Councilmember Lindley, Councilmember Welch, Councilmember Wilkinson, Councilmember Oglesby
Nay: 0 – None
Recuse: 0 – None

7. Adjournment

Mayor Pro Tem Tim Gould adjourned the August 22, 2024 Committee of the Whole meeting at 7:46 PM.

Facilities are provided throughout City Hall for the convenience of persons with disabilities.

THIS MEETING WAS PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS IN ACCORDANCE WITH THE NOTICING STANDARDS AS OUTLINED IN O.C.G.A. 50-14-3:
The City of Smyrna website – www.smyrnaga.gov
City Hall, 2800 King Street SE, Notice Boards