Stockbridge

Where Community Connects

CITY COUNCIL
HB 581RETREAT
January 8, 2025
9:00 a.m.
SUMMARY MINUTES

Mayor & City Council
Mayor Anthony S. Ford
Mayor Pro Tem Kyle Berry
Councilman Elton Alexander
Councilwoman Yolanda Barber
Councilwoman LaKeisha Gantt
Councilman Alphonso Thomas

Administration
Frederick Gardiner, City Manager
Vanessa Holiday, City Clerk
Frank Milazi, City Treasurer
Quinton Washington, City Attorney

Mission: To provide visionary leadership and superior municipal services that enhance the quality of life for citizens while creating a welcoming business atmosphere focused on sustainability and expansion of tourism and cultural events.

The meeting was called to order at 9:20 a.m. by Mayor Ford.

Invocation by Mayor Ford

Pledge of Allegiance recited by all in attendance.

The City Clerk was asked to proceed with Roll Call. All the members were present except Councilmember Barber and Councilmember Gantt.

Motion to amend the Agenda to add the Amphitheater Presentation was made by Harold Young was made by Mayor Pro Tem Berry; seconded by Councilmember Alexander. The motion passed unanimously 3-0.

Motion to approve the Agenda was made by Mayor Pro Tem Berry; seconded by Councilmember Alexander. The motion passed unanimously 3-0.

PRESENTATION

1. 2025 Stockbridge Amphitheater Concert Series
   Presented by: Harold Young, Amphitheater Consultant
   Mr. Young announced that naming rights have been negotiated with VyStar for four years, with the first two years using the name VyStar Amphitheater at the Bridge; and the second two years with the name VyStar Amphitheater.

Councilmember Alexander noted the contract would require City Council approval.

Mayor Ford noted he has reviewed the contract and agrees with the terms.

Councilmember Thomas requested the contract be distributed to the full Council.

Mr. Young noted the contract was distributed to each member of the Governing Body.

Councilmember Thomas acknowledged that he was having technical issues and was unable to open the attachment.

Motion to amend the Agenda to add the VyStar Naming Rights Contract was made by Councilmember Alexander; seconded by Councilmember Thomas. The motion passed unanimously 3-0.

Mr. Young referenced the annual Naming Rights contract with the City of Stockbridge and VyStar for four years with the first-year (2025) in the amount of $300,000 with 3% escalator payments; second-year (2026) in the amount of $309,000; third-year (2027) in the amount of $318,270; and fourth-year (2028) in the amount of $327,818, with a variety of negotiated incentives, and will increase revenue from $2.6 million per year to $2.9 million per year, along with other sponsorships that are in the works.

Motion to approve the Amphitheater Naming Rights contract with VyStar was made by Councilmember Alexander; seconded by Councilmember Thomas. The motion passed unanimously 3-0.

Mr. Young announced the upcoming 2025 Concert Series Schedule, noting the artists have agreed to the performances, and that he is awaiting funding from the City Treasurer to finalize the contracts; and noted VyStar has agreed to continue to sponsor city events in addition to the Amphitheater Naming Rights.

Councilmember Alexander noted the County, spearheaded by Commissioner Robinson, has agreed to collaborate with the city for BridgeFest whereas the County would be responsible for all expenses that take place inside of the Amphitheater, and the City would be responsible for all expenses outside of the Amphitheater.

Mr. Gardiner confirmed there has been a discussion of a joint venture with Henry County to include HispaniFest with the County covering a large majority of the cost during BridgeFest.

Councilmember Thomas noted that such an agreement would need to be reviewed and approved by the City Council.

Mr. Gardiner referenced an additional pending sponsorship in the amount of $250,000 that is currently on the table.

Mr. Young noted Radio One is bringing Praise in the Park to the Stockbridge Amphitheater with sponsorship.

Councilmember Alexander asked staff to look at ways to cool down the surface in the pit area to improve the patron's experience.

Mayor Ford agreed, noting the grassy area has been prioritized for improvements.

Mr. Gardiner noted a pervious surface will help with draining in the grassy area, and that the chairs need to be replaced.

DISCUSSION

2. Georgia House Bill 581 – Statewide Floating Homestead Exemption and FLOST.
   Presented by: Frederick Gardiner, City Manager and Ed Wall, Financial Advisor
   Mr. Wall noted House Bill 581 was signed into law April 18, 2024, and was passed by the voters on Statewide Referendum (HR1022) on November 5, 2024; and noted the City of Stockbridge, McDonough, and Hampton, along with the County need to decide if they will all remain in or opt out, noting the municipality cannot later opt in or opt out, and that all municipalities of their respective county must agree; noted the Board of Education cannot participate in FLOST, and noted the City of Hampton has a frozen exemption. Mr. Wall noted Locust Grove does not currently offer Homestead Exemption and that according to the Henry County Tax Commissioner, Michael Harris, they are not eligible to participate. However, it was noted that the city's Attorney, Andy Welch is contesting that decision due to the fact that it would disqualify the City of Locust Grove from participating in FLOST.

   Councilmember Alexander noted GMA supports HB581.

   Mr. Wall reviewed a Summary of HB581 as follows:
   During the final week of the 2024 legislative session, four separate bills were consolidated: House Bill 581 (HB 581). This comprehensive legislation introduces significant changes to property taxes and local sales tax options aimed at reducing the reliance on property taxes by shifting some of the tax burden to sales taxes. Specifically, HB 581:
   1. Establishes a floating homestead exemption for property taxes tied to inflation.
   2. Creates a new Floating Local Option Sales Tax (FLOST), a 1% sales tax that functions similarly to a LOST (Local Option Sales Tax) but replaces property tax revenue with sales tax revenue.
   3. Simplifies the process for calculating and adopting property tax millage rates and rollback millage rates.
   HB 581 required approval through a statewide Constitutional Amendment, which was on the ballot in November 2024. The amendment passed with 63% of the vote (3,087,240 votes in favor and 1,818,724 votes against).

The legislation allows local governments to opt out of the new homestead exemption between January 1, 2025, and March 1, 2025. If a government takes no action, it is automatically included in the exemption. After March 1, decisions to opt in or out are permanent—local governments that do not opt out will retain the exemption indefinitely, while those that opt out will be permanently excluded.

How Does the New Homestead Exemption Work?

The new floating homestead exemption ties the assessed value of a property to the annual Consumer Price Index (CPI) rate, limiting the increase in taxable value to the rate of inflation. Here's an example:

A house valued at $250,000 in Georgia is assessed at 40% of its market value for property tax purposes. This means the assessed value of the house is $100,000 ($250,000 × 40%). Under HB 581, the base year for the homestead exemption is set as the assessed value in 2024.

If, in 2025, the tax assessor determines the house's fair market value has increased by 10%, the new market value would be $275,000 ($250,000 + $25,000). At 40%, the assessed value would rise to $110,000 ($275,000 x 40%).

However, under HB 581, the increase in assessed value is limited to the annual inflation rate. Assuming inflation in 2025 is 3%, the allowable increase would be $7,500 ($250,000 × 3%), resulting in a new market appraised value of $257,500. At 40%, this gives a new assessed value of $103,000 ($257,500 x 40%).

The $7,000 difference between the $110,000 assessed value and the inflation-adjusted $103,000 would be added to the homestead exemption. This means the homeowner would be exempt from property taxes on the $7,000, resulting in savings and further reducing their tax liability due to the City.

This formula is applied annually, increasing the homestead exemption amount year over year. When a property is sold, the homestead exemption resets, and the new owner begins the process again based on the updated assessed value.

While this exemption benefits homeowners, it reduces the growth of the tax digest from residential properties, shifting the tax burden to other property classes, such as commercial, industrial, and multi-family properties.

How Does the FLOST Work?

Each of Georgia's 159 counties is eligible to implement a new 1% sales tax, known as the Floating Local Option Sales Tax (FLOST), to offset property taxes. However, this option is contingent on the county and all its municipalities choosing not to opt out of the new floating homestead exemption. The FLOST is exclusively available to cities and counties and does not apply to schools.

Unlike other sales taxes that require the full 1% rate, the FLOST can be levied in increments as small as 0.05%. The revenue generated from the tax is shared between the county and its cities based on population distribution.

FLOST does not generate new revenue; rather, it replaces property tax revenue in the same way as the Local Option Sales Tax (LOST). FLOST functions as an alternative to property axes, shifting the revenue source from property owners to a broader base through sales taxes.

FLOST differs from LOST in several keyways. While LOST operates on a 10-year cycle with renegotiations between the county and its cities, FLOST is limited to a 5-year term. To renew FLOST after the initial term, the following process is required:

1. A new local act must be approved by the county's legislative delegation, passed by the General Assembly, and signed by the Governor.

2. A new intergovernmental agreement (IGA) must be executed between the county and all its cities.

3. The renewal must be approved by voters in a referendum.

If the FLOST renewal fails, the city will lose a critical source of revenue. Since FLOST is designed to replace property taxes, the City will need to increase its millage rate to make up for the loss, placing the burden back on property owners.

Current Homestead Exemptions in the City

The City currently provided the following homestead exemptions:

Every resident with a homestead exemption gets $10,000.

Residents with a homestead property 62 or older with a septic system gets $15,000

<u>Should the City Opt Out?</u>

Stockbridge's 2024 gross tax digest was $1.952 billion. Residential property was $1.251 billion or 64%. (That is very highly concentrated.) The value of all homestead property is hard to determine. The City has not had a homestead exemption before because it just started levying property taxes. Some percentage of that $1.224 billion will be eligible and apply for homestead exemptions. Henry County's homestead property in the City is $425 million. The County homestead exemption is $15,000. The City's $10,000 exemption is 66% of that. So, 66% of $425 million = $283 million. If in 2025, the tax assessor raised the values by 8%, the homestead property would be worth $$306 million. If inflation is 2.5%, the new Floating Homestead Exemption would only allow the City to tax at $290 million. ($283 million x 2.5%). So, the homestead exemption would increase by the difference between $306 million and the amount tied to inflation of $290 million or $16 million. That increased exemption times your millage rate of 3.77 mills would total $60,320.

<u>Conclusion</u>

In my opinion, the cost to the city is not so great that it would be prohibitive, and the City does not have to opt out. Furthermore, it is an opportunity cost and not money out of the city's coffers that it has now. Lastly, there is no cap on the City's millage rate in its charter (like a School Board limited to 20 mills or some cities with a millage rate cap) and the city has the option to raise its millage rate if it needs to.

Mr. Wall noted LOST (Local Option Sales Tax) = .01 and FLOST (Floating Local Option Sales Tax) - .05 and recommended the City of Stockbridge remain in with a FLOST, noting this action only affects homestead exemption properties.

Mr. Gardiner noted the last SPLOST that was on the ballot in Henry County passed by a very close vote due to the lack of knowledge by the voters, and agreed the City should remain in, educate voters on the FLOST, and noted ACCG also supports HB581 and wants everyone to remain in with a FLOST.

Mr. Wall noted voters must approve the 5-year FLOST and the municipality must go back to the Georgia Legislature for a renewal and place on the ballot for a vote.

Mr. Gardiner noted the County's position is to use the 2020 Census numbers that would not include the 7,000 residents annexed into the City of Stockbridge post-census; however, the City of Stockbridge would be responsible for services for those residents, not the County, noting this is not project based, but rather a relief to the homeowners.

Mr. Milazi noted the importance of educating homeowners regarding homestead exemption and how revenue affects services that residents are expecting.

The Council disagreed with the County's position of using the 2020 Census numbers and respectfully request the County should use 2023 numbers following the annexation of 7,000 new residents into the city.

Mr. Wall noted the next steps would be for the Mayor to sign a formal letter to remain in.

Mayor Ford thanked Mr. Wall for his due diligence and solid financial advice to the city, noting the advice given led to the Amphitheater being paid off in August of 2025.

Mr. Gardiner noted approved SPLOST monies are being used to pay off the Amphitheater; referenced the proposed TAD, a $315 million dollar project that will go to roads and infrastructure inside the Tax Allocation District, and referenced the Special Tax District where the city is working with John Ernst for projects such as the Performing Arts Center and Youth Center that won't be paid by residents, and instead monies are set aside from the Special Tax District; noted the Western Parallel is underway and will be ripe for commercial development; noted the County supports the TAD, referencing a Fire District concern, and that the TAD is being placed on an upcoming Board of Commissioner's Agenda; noted the new School Board Superintendent understands and supports the TAD; noted HB581 will be further discussed in a joint meeting in Macon on January 13th; and the city will educate the public with town hall meetings.

Mr. Milazi noted homestead can be beneficial to the city, however, it is crucial that the city have various funding sources for city projects and not place a financial burden on the city's general fund.

NEW BUSINESS

3. Code Enfoncement Action Plan and Allocation
   Presented by: Richard Godfrey, Assistant Police Chief
   Assistant Chief Godfrey presented the Code Enforcement Comprehensive Plan noting the report outlines the progress, ongoing efforts, strategic goals, objectives, action steps, and resource requirements of the Code Enforcement Division; noted by addressing current challenges and identifying opportunities for improvement, and that the department aims to enhance operational efficiency, foster community trust, and ensure compliance with municipal codes.
   Assistant Chief Godfrey noted the Code Enforcement Department consists of (3) three officers covering Zone 1, 2, 3 & 4; reviewed Goals, Objectives, and Action Steps: 1 – Implement Routine Neighborhood Patrols by Zone/Council District. 2 – Conduct Code Compliance Blitzes. 3- Expand Coverage through Rotating Shifts (with rotating weekend shifts that began last weekend). 4 – Enhance Training for Code Enforcement Officers. 5 – Public Information Campaign. 6 – Integrate with Police Department Electronic Systems, noting the police department did piggyback off of the Henry County Records Management system in 2022, however, the program has limitations, noting the city of Stockbridge is using EnerGov, and the County is using Sages. 7 – Implement a Citizen-Friendly Code Enforcement System. Assistant Chief Godfrey noted the city's Code Enforcement wants to fully implement See/Click/Fix and utilize to its fullest capabilities; and noted the department is working on the homeless encampments where surprisingly, homeless individuals have smart phones, and that for the most part, homelessness is a lifestyle choice. 8 – Increase Staffing for Geographical Coverage. 9 – Establish a Code Enforcement Management Position.

   Assistance Chief Godfrey reviewed Code Enforcement Department Accomplishments: 1. Zone Realignment. 2. Strategic Neighborhood Patrols. 3. Enhanced Reporting System. 4. Operational Adjustments. 5. Homelessness and Business Blitzes. 6. Collaborative Partnerships. 7. Enhanced Operations. Noted additional resources are needed: Code Enforcement Manager and an additional Code Enforcement Officer.

   Councilmember Alexander asked Assistant Chief Godfrey if it is customary to use spray and/or batons when encountering homeless encampments; and noted support of the blitzes and requested the outcome and results of the blitzes to be included in the reporting; and asked that the Code Enforcement operations numbers be reported that were pre-pandemic.

   Assistant Chief Godfrey confirmed he would retrieve the data from the Community Development Department where the Code Enforcement Division was during that time and report the information back to the Governing Body.

   Councilmember Alexander noted the Council is seeking zero tolerance, noting the behavior of violators has not moved under the Police Department and needs to see results, noting the repeated violations along N. Henry Blvd. with damaged signage, the uncut grass on the Bank of America hill on Hudson Bridge Rd., trees down for more than six months, the car wash near

Banks Rd./Rock Quarry and the boarded up hotel on Hwy.138 are abandoned eyesores, noted a tractor trailer parked in the right-of-way on Jodeco Rd. and commercial vehicles parked in residential neighborhoods are problematic, noting the Code Enforcement Department needs to be more proactive.

Councilmember Thomas noted the Code Enforcement Strategic Plan as presented looks good on paper, and expressed concern regarding the implementation; referenced the pop-up food truck that is set up every weekend in the Chevron parking lot at the corner of Hwy. 138 and N. Henry Blvd.

Assistant Chief Godfrey noted the business owners need to be educated regarding the permit requirements and what is and is not allowed on their properties.

Mr. Gardiner noted there is $150,000 in the FY2025 Budget for Nuisance and Abatement efforts in coordination with Chief Wells and the city's Building officials who have oversight, and noted the city is seeking a demo order for the property on Wilson by the end of the month.

Councilmember Thomas noted there needs to be a formal policy document outlining clarity for Code Enforcement processes and procedures; asked that the No Litter signage throughout the city either be cleaned or replaced; referenced a litter campaign coming forward involving girls scouts and boy scouts in the schools to educate about litter in coordination with the city's Stormwater department; noted receptacles were removed in strip malls, and as a result, patrons have nowhere to throw away trash, referenced loose panels on commercial buildings that need to be addressed and the carwash at Tye Street and N. Henry Blvd. has numerous violations; and referenced the furniture dumped in the rear Vape shop in the Food Depot plaza.

Assistant Chief Godfrey noted the Vape shop closed approximately three weeks ago.

Councilmember Thomas stated his concern is that Code Enforcement has been under the direction of the Police Department for two years and the only difference is to add a Manager position, and that the government should work every day to make everything more efficient; noting the Plan is a good document and wants to see it implemented.

Mr. Gardiner stated the goal is to implement and update the Council in six (6) months; and noted again that all employees driving city vehicles are to address or report issues they see, not just Code Enforcement, and believes the Council will see a more robust collaboration.

Councilmember Alexander noted the City Council passed a Commercial Code Enforcement Fee Schedule and asked about the status of the Keep Stockbridge Beautiful Committee.

Ms. Holiday noted the City Council approve the committee as requested by the former Economic Development Director, Kim Allonce, and that the new Director has the committee on hold for now.

Mr. Gardiner noted the program will move forward.

Councilmember Alexander inquired about a Blight Tax and what is required to implement.

Mr. Gardiner noted the residential or commercial property must be vacant for a year and must be assessed based on the current millage rate and follow the process of selling or demolition.

Councilmember Alexander referenced the Model Ordinance from Sandy Springs regarding Sunset Dates which gives businesses a timeline to come into compliance and asked Attorney Washington to present the ordinance to the Council.

Attorney Washington noted Legal will be working with the Community Development Department to re-draft the Code due to the growth, adjudication matters, there needs to be a major re-write, and to also empower the Municipal Court to deal with Blight Tax fines.

Councilmember Alexander inquired about assigning a distance limit for Vape Shops as is done for other establishments in the city to prevent saturation, and to review the code as it relates to the distance requirements to include the radius for businesses in the County.

Mayor Ford noted his support of the Code Enforcement Plan and wants to give the Police Department an opportunity to implement and provide the results to the Council.

Councilmembers Alexander and Thomas agree there needs to be results and changes in behavior.

Adjourn

Motion to adjourn the meeting at 12:00 p.m. was made by Councilmember Thomas; seconded by Mayor Pro Tem Berry. The motion passed unanimously 3-0.

Respectfully submitted by:

Vanessa Holiday

Vanessa Holiday, City Clerk

Anthony S. Ford

Anthony S. Ford, Mayor