

WHITE COUNTY BOARD OF COMMISSIONERS
MINUTES OF THE JOINT MEETING WITH THE
CITY OF CLEVELAND AND THE CITY OF HELEN
HELD MONDAY, JUNE 18, 2012 AT 4:30 P.M.

The White County Board of Commissioners held a Joint Meeting with the City of Cleveland and the City of Helen in Courtroom #2 at the White County Courthouse at 4:30 p.m. The purpose of the meeting was to discuss preliminary information and the structure of negotiations of the Local Option Sales Tax (LOST). Present at the meeting were: Chairman Travis Turner, Commissioner Terry Goodger, Commissioner Lyn Holcomb, Commissioner Edwin Nix, Commissioner Craig Bryant, County Manager Michael Melton, County Clerk Shanda Smallwood, City of Cleveland Officials, and City of Helen Officials.

Chairman Turner called the meeting to order.

Cleveland Mayor Don Stanley and City of Helen Manager Jerry Elkins were designated as spokespersons for their individual municipality.

Chairman Turner stated the current LOST distribution is 60% County / 20% each City.

Mr. Jerry Elkins stated the Helen City Commission wanted to let the County Board of Commissioners know how important the LOST revenue was to the City of Helen. He explained that on average over the past six (6) years the LOST revenue accounted for 29% of the City of Helen's General Fund revenues. He further stated the Helen City Commission had voted to raise the 2012 millage rate in order to make up for \$100,000.00 deficit and any reductions to the LOST distribution would result in additional tax increases. He noted the City of Helen's population had increased to 640 with the 2010 census and tourism had increased greatly over the past 10 years as well - at a rate of 500,000 per year, with Helen hosting over 2.5 million tourists each year. Mr. Elkins noted that on average the City of Helen would service approximately 7,500 people per day; however he indicated that due to seasonal fluctuations, the City of Helen served 30,000 to 40,000 people during seasonal peaks. Mr. Elkins stated the City of Helen had worked hard to improve the City of Helen with SPLOST funds, which has benefited the entire County. He said the Helen City Commission was requesting the LOST distribution remain the same.

Mayor Don Stanley indicated the Cities had taken a 10% reduction in the SPLOST distributions when negotiating the 2004 SPLOST. He stated that 48% of the jobs within White County were located in the City of Cleveland or the City of Helen. He explained the City of Cleveland was upgrading the sewer line on Hwy 129 South – which is a \$3 million project with \$1.8 million in grant funding. He indicated that if the LOST distribution was reduced for the City of Cleveland it would be very difficult for the City of Cleveland to budget the remaining \$1.2 million needed for the sewer project. Mayor Stanley informed the City of Cleveland was redoing three (3) intersections which would cost the City of Cleveland at least \$1.5 million. He stated the City of Cleveland would be pulling \$300,000.00 from fund balance in order to balance the FY 2013 budget. Mayor Stanley stated that in considering the point of sale method in the LOST distribution – most of the LOST is generated in the City of Cleveland or the City of Helen. He

June 18, 2012 – Joint Meeting Minutes (continued)

expressed that he wanted to see the LOST distribution remain at 60% / 20% / 20% as it had been since the LOST collections had first began.

Chairman Turner asked if anyone was aware of how the LOST distribution was determined to be 60% / 20% / 20%.

Following a brief discussion – it was determined that no one was aware of what factors the LOST distribution of 60% / 20% / 20% was based on – only that it had been agreed upon years ago.

Mr. Melton stated that in his experience with LOST negotiations, the current distribution seemed to be very arbitrary and should be based on factual data; however that was a decision left to the elected officials in the negotiation process.

Commissioner Goodger stated that since both cities had utilized the current distribution in developing budgets and that both cities had strong infrastructure needs which would benefit everyone - he was in favor of allowing the LOST distribution to remain as it currently is.

Commissioner Bryant stated he was in agreement with Commissioner Goodger; however he was interested in looking at the cost of housing jail inmates (\$45 per day) compared to the per day fee paid by the cities (\$25 per day). The reduction in the SPLOST distribution to the cities by 10% several years ago and the 10% add-on fee to all fines for jail maintenance was discussed as offsetting the \$25.00 per day charge.

Commissioner Nix agreed with researching the reasoning behind the current distribution and whether services had changed within the past ten (10) years.

Commissioner Holcomb stated he would also like to know what factors the current distribution was based on.

Helen Commissioner Jeff Ash stated that if point of sale data was available from the Department of Revenue, he felt it would shed a different light on the distribution; however it was the City of Helen's goal to draw tourists to White County in order for everyone to benefit from the tax collected.

Chairman Turner asked E911 Director David Murphy to confirm if dispatching for the City of Cleveland and the City of Helen had increased. Mr. Murphy confirmed this to be true – particularly for the City of Helen who had reduced their dispatch staff. Mayor Stanley stated that the County received the 911 surcharges from phone bills of City and County residents. Mr. Murphy confirmed this is collected and does fund a portion of the E911 operations.

Commissioner Holcomb stated he had no objections to the distribution remaining at the current levels.

Commissioner Nix stated he did not have any objections; however he just had questions regarding the justification of the distribution in light of the services the County provides.

June 18, 2012 – Joint Meeting Minutes (continued)

Chairman Turner asked that the City / County Managers research and come together within the next thirty (30) days in an effort to document the basis of the 60% / 20% / 20% distribution for the benefit of future boards. He asked this be done on the pretense that the distribution would remain the same; however that the documentation would benefit future generations. There was a consensus that the proposal made by Chairman Turner was acceptable.

The minutes of the June 18, 2012 Joint Meeting are hereby approved as stated this 9th day of July, 2012.

WHITE COUNTY BOARD OF COMMISSIONERS

s/Travis C. Turner
Travis C. Turner, Chairman

s/Terry D. Goodger
Terry D. Goodger, District 1

s/Lyn Holcomb
Lyn Holcomb, District 2

s/Edwin Nix
Edwin Nix, District 3

s/Craig Bryant
Craig Bryant, District 4

s/Shanda Smallwood
Shanda Smallwood, County Clerk