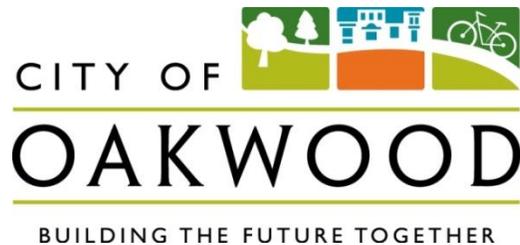


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NEWS ARTICLE: Gainesville Times on October 12, 2014

Oakwood mulls major tax hike as debt, bills pile up

For 15 years, one of the things Oakwood residents and businesses could count on was a mostly steady tax rate.

That could drastically change Monday night if Oakwood City Council decides to increase the rate by 50 percent.

In an interview last week about the city's financial state, City Manager Stan Brown said that, because of mounting debts and other pressing needs, the move is unavoidable.

"We've held off, held off and held off and now we're at a point where we've got to make an adjustment," he said.

The council plans to hold its third and final public hearing at 6 p.m., then cast a vote at its 7 p.m. meeting on whether to raise the rate to 4 mills from 2.658.

One mill equals \$1 for each \$1,000 in assessed property value, with property assessed at 40 percent.

The new rate would help support the South Hall city's yet-to-be-adopted 2015 budget, which takes effect Jan. 1.

But the proposal has plenty of detractors.

"A 50 percent raise in property taxes is unacceptable," said Charles Lysaker, a 10-year resident and associate minister at Liberty Bible Church in Gainesville.

"I've got a ton of (neighbors) who are retired and living on fixed incomes, and I don't like anybody sticking their hand in my pocket."

Officials say that, even with the tax increase, next year's budget is projected to result in a \$393,000 deficit. That amount could be covered by carryover money from fiscal 2014, which ends Dec. 31. Plus, officials are looking at cutting expenses in 2015.

So what has brought Oakwood to the point where officials are talking about huge debt, short-term loans and, as Brown has told council members, "living month to month, payday to payday?"

"It's not about the (daily) operating expenses," he said, adding that those dollars have been whittled by one-fourth over the past few years. "We have about \$1 million more revenue than we have operating expense.

"The problem we have is the debt service and the fact that in order to maintain what we have, we do need to be doing some capital maintenance and repair."

Brown said it's a "perfect storm" of sorts.

It's a combination of land purchases as part of long-range plan for the city, buying right-of-way for Thurmon Tanner Parkway that cuts through town and getting less-than-expected revenues from the local option sales tax it shares with Hall County and other local governments.

Plus, officials aren't planning for any revenues from the special purpose local option sales tax beyond its expiration next year. In the past, the city has relied on SPLOST money to repave streets.

The \$3.5 million debt on Thurmon Tanner is "the big issue," Brown said.

The project called for running a parkway parallel to Interstate 985 between Flowery Branch and Oakwood. On the final, federally funded link, the U.S. government required that Oakwood pick up the tab for right of way, which totaled \$8.5 million, he said

The city got some money from Hall County as part of right of way that wasn't in the city. But otherwise, it had to dip into reserves and go into debt for the rest.

"We had a number of property owners who had previously agreed to donate the right of way, but under federal requirements, you have to give them fair market value," Brown said.

"And we were acquiring at a time when land values were probably at an all-time high."

Another chunk of debt comes from \$2 million in the city's purchase of 30 acres to kick-start its 2030 plans. In an October 2008 presentation before South Hall business leaders, city officials rolled out with maps and computerized images of how 253 acres in the city's core might look over time.

The city also spent \$1.7 million for a 32-acre industrial park on W. White Road near Interstate 985. That debt will be paid off in July.

Oakwood has about 6 acres it owns off Thurmon Tanner, as well.

The hope is to sell land, perhaps triggering economic development of some kind, and use proceeds to pay off debts from other land purchases in a sort of "snowball effect."

"As the debt comes down, what I'm recommending to council is that we adjust the (tax) rate accordingly," Brown said. "And the land will sell. We didn't buy land to sit here and hold it. The idea was to do it for economic development purposes."

The 2030 plan "looked like a really good thing to pursue" in 2008, just a year or so before the nation's economy crumbled and the worst downturn since the Great Depression ensued.

“If we had hindsight, we probably should have made other choices,” Brown said. “But, at the time, we were still full speed ahead, as most people were.”

Chad Klinck, who owns Diamond Auto Spa & Lube on Wallis Road, said he believes Oakwood and other towns have “Suwanee-Buford fever,” or an affinity for mixed-use, “work-play-shop” developments.

“They want these greenspaces and civic centers, and most of these small towns don’t even need to exist,” he said. “Here’s Oakwood wanting to building its own downtown and it’s something nobody even needs or wants.”

The city’s tax proposal isn’t being greeted well by other residents and business owners, as well, with a few of them showing up at the council’s first two public hearings.

Some of the sharpest criticism came from Lysaker, who particularly attacked officials for holding public meetings at 4 p.m.

“I told Stan (Brown) on the phone how cowardly it was for you guys to have meetings at (that time), when there’s next to nobody here,” he told city council.

Tensions continued after Monday’s hearing, with a heated exchange over several issues — including meeting times — taking place between Lysaker and Brown.

Brown said later the 4 p.m. time “has been our standard time” for such meetings.

“With the issues that have been raised, we’ll certainly take a look at that (time) in the future,” he said.

Business owner Rick Jackson has said he would suggest that in the future the city consider “more incremental increases that people can absorb.”

And Crawford Oaks subdivision resident Carole Moores has said, “Many of us are still struggling and we have seniors on fixed incomes. I hope you take all of this into consideration when you decide on your millage rate.”