

Revenue and Expenditure Estimates for a Proposed City of Brookhaven

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Carl Vinson **Institute of Government**

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Introduction

In June of 2011, State Representative Mike Jacobs and Citizens for North DeKalb, Inc. (hereinafter “C4ND”) engaged the Carl Vinson Institute of Government to study an area within unincorporated DeKalb County in order to aid their consideration of the area’s possible incorporation. Brookhaven, or the “study area,” as it is referred to in this report, is comprised of 12.02 square miles¹ and is situated in northwest DeKalb County. The study area is bordered on the west by the cities of Atlanta and Sandy Springs along the Fulton and DeKalb County line, on the north by I-285 which is the southern border of the City of Dunwoody, on the east by the City of Chamblee and to the south by a portion of I-85. *See Appendix A for a map of the study area.* The area is home to Oglethorpe University, a private liberal arts university founded in 1835, which houses some of the public records of the former municipal corporation known as the Village of North Atlanta which existed from 1924 to 1965 and included much of the territory included in the study area.²

This report provides estimates of revenues and expenditures a potential City of Brookhaven, if incorporated, could anticipate in providing certain municipal services for a single fiscal year. The revenue estimates are primarily based upon actual revenues collected for the unincorporated area by DeKalb County in fiscal year (FY) 2010 as well as projections for franchise fees, the Homestead Option Sales Tax, and the Community Development Block Grant. Expenditure estimates are primarily based on costs for services in the cities of Dunwoody and Johns Creek. For estimates related to police costs, expenditures from the City of Smyrna were also used. For an estimate on an aspirational level of park maintenance, expenditures from the City of Roswell were used. For each city that was used to establish costs estimates, CVIOG faculty examined its budget documents and conducted interviews with city staff to inquire as to the proper allocation of certain costs and to clarify figures and line items reported in their budgets.

The cities of Johns Creek and Dunwoody were selected at the outset of the study to be used as the primary comparisons for expenditure purposes. Both cities are similar in

¹ As determined by the Carl Vinson Institute’s Division of Information Technology and Outreach Services through GIS mapping.

² *See* Ga. Law 1963, p. 3457.

size to the study area and both are located in northern metropolitan Atlanta. In addition, both cities are new; Dunwoody was incorporated on December 1, 2008, and Johns Creek on December 1, 2006.³ Each of these cities follows a privatization model that aims to minimize the number of full-time staff employed directly by the city and to contract with outside private sector providers to provide services. The fiscal years of 2009 and 2010 were used from each city to estimate costs, because they constituted the best available data during the time the study was conducted. For most of that time, the City of Johns Creek contracted with one private sector contractor to provide the bulk of its services, while Dunwoody contracted with three providers. Both cities have more recently subdivided and rebid their service contracts to multiple private sector providers. It was assumed that a new city would follow a similar pattern of outsourcing city services to private contractors. An important point to note about cities that follow this type of model is that significant portions of capital costs that would be attributable to a city's capital budget are borne by the contractors. In other words, costs that might otherwise be attributable to a city's capital budget are being spent in operations as the contractors are required to use their vehicles and other capital equipment to perform the service.

Estimates given in this report are based on tax levies and service levels for a city not yet created; and, thus, they should not be viewed as certainties. While it is our hope that this report assists with the public consideration of a potential municipal incorporation, it should not be construed to constitute a position either for or against the establishment of a City of Brookhaven by the Carl Vinson Institute of Government (CVIOG).

³ See Ga. Law 2006, p. 3503; Ga. Law 2008, p. 3536.

I. Revenues

The revenue estimates outlined below include all major revenue sources a city including the study area would have collected had it existed in 2010 and assessed taxes and fees at rates similar to DeKalb County in that same year. In calculating these estimates, we applied metrics used in prior research that were accepted by stakeholders in some of the most recent incorporation studies. Thus, this report uses similar revenue estimation methodologies as those provided in both Georgia State University's 2007 report, *"The Fiscal Impact on DeKalb County with Possible Incorporation of Dunwoody, Georgia"* and the Carl Vinson Institute's 2008 report, *"Revenue and Expenditure Analysis of a Proposed City of Dunwoody"* to the extent possible. The method for determining how much revenue was assigned as coming from the study area is described in Table 1. One factor worthy of note is that the data used to generate revenue estimations did not include the value of the recent "Town Brookhaven" development on Peachtree Road in the study area because the property is currently owned by the DeKalb Development Authority. Thus, the development was not counted as part of the commercial base of the study area in calculating the commercial ratio used to estimate numerous revenues or in the estimation of property taxes. *See Appendix B for further explanation.*

Table 1: Study Area Revenue Estimates		
Revenue Source	Data Source	Amount
Occupation Taxes	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$1,131,938
Beverage Excise Taxes	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$497,457
Personal Property Taxes	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$431,917
Hotel/Motel Taxes	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$317,964

Hotel/Motel Taxes (restricted to tourism)	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$211,796
Business License – Police	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$216,469
Business License-Beverages	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$159,346
Bank Shares Taxes	Ratio of assessed value of commercial property in study area to DeKalb unincorporated area	\$65,155
Intangible	Ratio of assessed value of residential & commercial property in study area to unincorporated area	\$57,008
Development Fund	Ratio of assessed value of residential & commercial property in study area to unincorporated area	\$522,500
Zoning and Variance Fees and Permits	Ratio of assessed value of residential & commercial property in study area to unincorporated area	\$10,187
Insurance Premiums	Ratio of population in study area to DeKalb unincorporated area	\$2,252,101
Fines & Forfeitures	Ratio of population in study area to DeKalb unincorporated area	\$1,961,669
Storm Water Fund	Ratio of population in study area to DeKalb unincorporated area	\$1,455,897
Motor Vehicles Taxes	Ratio of population in study area to DeKalb unincorporated area	\$346,900
Law Enforcement - Confiscated Monies Fund	Ratio of population in study area to DeKalb unincorporated area	\$241,034
Parking and Rental	Ratio of population in study area to DeKalb unincorporated area	\$28,302
Sale of Printed Material- Police	Ratio of population in study area to DeKalb unincorporated area	\$27,348

Homestead Option Sales Taxes (restricted to capital)		Calculation pursuant to O.C.G.A. § 48-8-104		\$5,007,194	
State Grant-Community Development Block Grant		Average revenue from 19 Georgia cities population range between 30,000-94,000 from 2005-2009		\$294,636	
Miscellaneous		This represents a number of small revenue sources. <i>See Appendix C.</i>		\$13,743	
Franchise Fees - Cable		Ratio of population in study area to DeKalb unincorporated area		\$503,090	
Franchise Fees - Electric		Estimate from Georgia Power for the 30319 zip code applied per capita		\$2,406,721	
Franchise Fees- Natural Gas		Adjusted Estimate from Atlanta Gas Light		\$248,483	
Franchise Fees Phone		Average of per capita revenue from 2010 revenues received by Johns Creek and Dunwoody		\$149,040	
2010 Real Property Taxes Millage Rate 3.50	Tax Commissioner 2010 Digest	\$5,229,963	2011 Real Property Taxes Millage Rate 6.39	Tax Commissioner Preliminary 2011 Digest	\$9,927,881
2010 Real Property Taxes Penalties	Ratio of special district property taxes to overall property taxes in study area applied against penalties and interest paid on overall taxes in study area	\$22,761	2011 Real Property Taxes Penalties	Ratio of special district property taxes to overall property taxes in study area applied against penalties and interest paid on overall taxes in study area	\$43,207
Total Revenue Estimate -		\$23,810,619	\$28,528,983		

Relies on FY 2010 data unless otherwise indicated. *See Appendix D for county revenue data detail.*

A. Methodologies Utilizing Ratios of Assessed Real Property Value

A number of taxes currently collected in the unincorporated area of DeKalb County are generated solely by commercial activity. In order to obtain estimates of how much revenue would be generated by these taxes, a comparison was made between the assessed value of commercial property in the study area and the unincorporated area of the county. Assuming that the ratio of commercial real property value is a proxy for commercial activity, this ratio was applied against actual 2010 collections for several revenue sources which are described below. Actual county revenues used to tabulate the different revenue estimations were provided by DeKalb County (revenues collected through December 2010). Appraised values for the real property in the study area were provided by the DeKalb Tax Commissioner, and the tax digest values for the county's unincorporated area were provided by the Georgia Department of Revenue. To determine revenue from taxes on public utilities, the ratio of the assessed value of utility property in the study area to the assessed value of utility property in the unincorporated area was used; and, for heavy equipment taxes, the same approach was taken utilizing the ratio for industrial property. Table 2 illustrates the ratios of residential, commercial, industrial, utility and total assessed property value of the study area to the unincorporated area in DeKalb County.

Table 2: 2010 Property Values in Study Area and Unincorporated DeKalb			
	Study Area	Unincorporated DeKalb County	Percent Study Area to Unincorporated
AV Residential Prop	\$1,740,683,900	\$11,864,535,712	14.67%
AV Commercial Prop	\$589,992,922	\$4,753,114,617	12.41%
AV Com & Res	\$2,330,676,822	\$16,617,650,329	14.03%
AV Industrial Prop	\$13,448,980	\$960,614,331	1.40%
AV Utility Prop	\$431,680	\$297,959,250	0.14%
Total Assessed Value	\$2,388,135,202	\$17,347,388,488	13.77%

Occupation Taxes

Occupation taxes are levied on persons and entities engaged in occupations or trades for profit-making purposes. DeKalb County levies an occupation tax in the unincorporated area.

Alcoholic Beverage Excise Taxes

Alcoholic beverage excise taxes are collected on individual retail sales of alcoholic beverages.

Personal Property Taxes

Personal property taxes are levied on personal property owned by commercial businesses.

Hotel/Motel Taxes

Hotel/motel taxes are collected based on a percentage of the nightly room rate charged by hotels within the jurisdiction of a city or county that levies the tax. DeKalb County levies a tax of 5% of the nightly room rate. Pursuant to state law, however, only the revenue generated by a 3% tax may be spent for general fund purposes; the remaining revenue must be spent on activities promoting tourism, generally by contract with a non-profit. Thus, some of the funds identified in the table are restricted to this purpose. C4ND verified the presence of at least 9 hotels in the study area. *These are listed in Appendix E.*

Alcoholic Beverage Licenses

In order to sell alcoholic beverages in Georgia, a proprietor must have both a local and state license to sell either in packages or by the drink. Local licenses are renewed annually and each year's renewal is accompanied by payment of a fee.

Business Licenses-Police

This line item represents fees generated by background checks that are required to obtain licenses for various locally-regulated activities (e.g. alcoholic beverage pouring permits,

taxicab licenses, etc.). Added to this figure is the anticipated permit revenue from adult-oriented businesses.

Bank Shares Taxes

Cities and counties are permitted to levy a tax on depository financial institutions having offices located in their respective jurisdictions.

Intangible Taxes

Intangible taxes (recording taxes) are collected on property that is sold at the time its deed is recorded. This number was obtained by applying the ratio of the assessed value of commercial and residential property in the study area to the assessed value of the commercial and residential property in the unincorporated special tax district against the amount of revenue collected by the county in the unincorporated area.

Development Fund

This amount represents fees charged for permits related to development (e.g., plumbing, electrical, HVAC, and building inspections).

Zoning and Variance Fees and Permits

This figure represents fees charged of applicants for zoning changes and variances. This figure was obtained by applying the ratio of assessed value of commercial and residential property in the study area to the unincorporated area against the revenue generated by these activities in the unincorporated area.

B. Methodologies Utilizing Ratios of Population of the Study Area to the Unincorporated Area

A number of revenue sources depend more directly upon the number of individuals engaging in certain behaviors such as the purchase of insurance, watching cable television, owning a car, and committing traffic offenses. For these revenue sources, assumptions were made that these behaviors are fairly constant across the unincorporated population of DeKalb County, and thus the ratio of the population of the study area to the entire

unincorporated area was applied to the actual revenues. Table 3 gives the population figures for the study area and unincorporated DeKalb County.

Table 3: 2010 Population Figures for Study Area and Unincorporated DeKalb			
	Study Area	Unincorporated DeKalb County	Percent Study Area to Unincorporated
Population	49,188	562,731	8.74%
Median Household Income	\$56,231	\$51,957	
Poverty Rate	12.2%	14.5%	

Population figures for the study area were supplied by the Georgia General Assembly Office of Congressional and Legislative Reapportionment; other figures for populations, median household income, and poverty rate came from the 2010 Census and the American Community Survey, 2005-2009 estimates utilizing 2010 Blocks and 2000 Blockgroups that approximated the study area for ACS 05-09 data.

Insurance Premiums Tax

Insurance premiums taxes are collected on policies written for both property and casualty and life insurance policies purchased by those insured within the jurisdiction of a city or unincorporated areas of a county. The figure given above is based on the ratio of the population of the study area to the population of the unincorporated area.

Fines and Forfeitures

Traffic offenses and certain misdemeanor offenses may be adjudicated in county level (recorders) and city level (municipal) courts and fine revenue from these offenses is retained by the local government with jurisdiction. An assumption was made that rates of petty offenses of this nature take place on a fairly consistent level across unincorporated DeKalb, and the population ratio was applied to 2010 actual revenue.

Storm Water Fee

DeKalb County collects a storm water utility fee in order to defray the costs associated with infrastructure to handle storm water runoff. The fees imposed are designed to be proportionate to the amount of runoff created by impervious surfaces. The 2010 rates charged by DeKalb County were \$48 per single family residential dwelling annually.

Multiple dwelling units are each charged half of that rate annually, and all other improved properties are charged at a rate of \$48 per 3,000 square feet of impervious surface. As the amount of impervious surface in the study area is unknown at this time as well as the actual collections from the study area, the population ratio was used here as a rough approximation of development and, consequently, reflective of the amount of impervious surface. Because storm water utilities operate as an enterprise fund and because the fees collected must be used for storm water utility purposes, this figure was also used to calculate expenditures.

Motor Vehicles

Motor vehicles are subject to an ad valorem tax levied on their assessed value. The figure above is derived by applying the population ratio and assumes car ownership is consistent across the unincorporated area.

Law Enforcement - Confiscated Monies Fund

This fund represents revenues received from money confiscated in drug cases. An assumption was made that police seizure of money from illegal drug trafficking would be proportionate to population.

Parking and Rental

This figure is derived from miscellaneous revenues collected in the unincorporated area from a variety of minor revenue sources likes parking and rental fees that a city might expect to similarly collect over time.

Sale of Printed Material-Police

Police departments are able to charge fees for copies of police reports, incident reports, motor vehicle accident reports and other miscellaneous materials. It is assumed that there would be some demand for the same types of documents from a municipality.

C. Homestead Option Sales Tax (restricted to capital)

The Homestead Option Sales tax is a one cent countywide sales tax originally enacted to provide for county property tax rollback that is levied on the sales of most

goods. It has been amended over time to allow up to twenty percent of its proceeds to be spent on capital needs and to provide that newly incorporated cities receive a portion of the proceeds from the countywide levy to use for their capital needs. A very specific formula found in O.C.G.A. § 48-8-104 provides for the calculation of the amount to be distributed to a new municipality based on both the level of funds to be spent in a given year on capital as determined by the county and the relative size of the residential homestead real property tax digests of the applicable local governments. The intent behind the statutory changes that allow cities in DeKalb County to receive distributions seems to reflect a desire to equalize the benefit of the tax rollback to municipal taxpayers that pay property taxes to cities instead of the county for certain services. Thus, the “equalization payments” made to cities under the statute are proportional to the size of the city’s residential homestead digest.

To arrive at a more accurate approximation of a year’s worth of HOST distributions to a city comprised of the study area, the average was taken of two calculations. Because there are several variables involved in the HOST formula and because sales tax revenues are subject to variations caused by economic upturns and downturns, overall proceeds from two tax years were used to calculate likely distributions to a city comprised of the study area. The 2009 proceeds of the HOST tax were approximately \$83,000,000 and the 2010 proceeds were approximately \$91,000,000.

Another variant in the HOST proceeds calculation is the capital factor set by the county, which determines the amount of the overall proceeds that can be spent by the county on capital needs. Using the most recent HOST certification from the DeKalb Tax Commissioner to establish the total homestead digest for the county and each qualified municipality, a calculation of the 2009 HOST proceeds amount applied against a capital factor of 0 (scenario 1) was averaged with a calculation of 2010 proceeds applied against a 20% capital factor (scenario 2). The homestead tax digest for the study area was calculated based on tax information provided by the DeKalb Tax Commissioner’s Office. CVIOG calculated the total amount of distributions likely due to all qualified municipalities to determine the total amount of equalization payments to deduct from the excess capital proceeds in scenario 2. *Appendix F contains these two separate calculations using the*

spreadsheet utilized by the Georgia Department of Revenue as well as the most recent county certification letter.

It should be noted that distributions are made from the previous year's tax collections, so a new city would have to wait to begin collecting this distribution. Prior to the issuance of the report, but after the issuance by the county of its most recent certification letter (required by O.C.G.A. § 48-8-104), the Georgia Attorney General had instructed the Georgia Department of Revenue to use the maintenance and operations tax digest instead of the bond tax digest. This accounts for some of the differences between the statements made in the county's certification letter and the figures used in the calculations.⁴

D. Community Development Block Grant

Community Development Block Grants (CDBG) are awarded by the federal and state governments to local governments meeting certain criteria. To obtain an estimate for what a city comprised of the study area might expect to receive from such grants, five years of awards for 19 different Georgia cities ranging in population from approximately 30,000 to 93,000 were averaged into a per capita amount, adjusted for inflation and applied against the population of the study area. Grants for the City of Albany were not included in the final calculation because the grant amounts were so large in comparison to the other recipients that it appeared to be a statistical anomaly. It is also worthy of note that neither Dunwoody nor Johns Creek has received any CDBG funds since their incorporation. Both the fact that the cities are new and that they both have low poverty rates probably contribute to this. Because the poverty rate in the study area is greater than that of these two comparison cities makes it more likely that it could be a CBDG recipient at some point in the future.⁵

The data used for these calculations is shown in Appendix G.

⁴ At the time of issuance of the report, the Georgia Department of Revenue was seeking clarification as to whether to use the entire county homestead tax digest or the total municipal homestead tax digest as the proper denominator in the "step 3" calculation applicable in instances when the capital proceeds do not generate enough for all the cities to be paid an "equalization payment." Because the statute utilizes the term "municipality," the total maintenance and operations homestead tax digest for all municipalities and the study area was used as the denominator in our calculations. Using the county total digest in this scenario would reduce the municipal distributions.

⁵ For more information on CDBG criteria, see: http://portal.hud.gov/hudportal/HUD?src=/program/offices/comm_planning/communitydevelopment/programs.

E. Franchise Fees

Some revenue sources are unique to municipal corporations in Georgia. Franchise fees are essentially rental compensation by a private utility company for use of a city's public rights-of-way. For estimating the electric, natural gas, and telephone franchise fees, the authors consulted with the private regulated utilities for assistance in estimating the likely revenues.

Franchise Fees - Cable

Federal and state law allows cities and counties to enter into franchise agreements with cable companies to compensate the local government for their use of the public rights-of-way. These fees are usually 5% of the revenue derived from cable television services. Assuming cable television viewership is consistent across the unincorporated area, the ratio of the population of the study area to the unincorporated area applied against the actual cable franchise fee revenues results in the figure above.

Franchise Fees - Electric

Franchise fees for electric utilities are the result of contracts between municipal corporations and electric utility providers that occupy a city's right-of-way. These agreements typically provide that 4% of the gross sales of electric power within a city's limits less sales taxes and fuel costs be paid annually to the city to compensate the city for use and occupancy of public property. The sole electric utility provider in the study area is Georgia Power. Pursuant to recent rulings by the Georgia Public Service Commission, half of the annual franchise fee paid by Georgia Power to municipal corporations is collected from the rate base of all Georgia Power customers statewide (as a cost of doing business) and the other half is collected as a fee solely on the electric bills of customers within the municipality collecting the fee. Thus, collection of the electric franchise fee would result in an increase of less than 2% in the electric bills of city customers.

Georgia Power's account records are organized by zip code and so they were unable to provide an exact estimate of the anticipated annual franchise fee that would be collected based on the gross sales within the study area. They were able to provide an estimate,

however, for the 30319 zip code. The 30319 zip code contains the largest portion of the study area, but also includes portions of the City of Atlanta. The southern portion of the study area also includes portions of several other zip codes.

Thus, to achieve the estimated figure above, Georgia Power's estimate for the 30319 zip code of \$1,880,000 was divided by the number of persons identified as living in the 30319 zip code by the U.S. Bureau of the Census, 38,423, to obtain a per capita amount that was then applied against the estimated population of the study area.

Franchise Fee - Natural Gas

Atlanta Gas Light is the only natural gas distribution utility occupying public rights-of-way in the study area. Franchise fees paid to municipal corporations are paid out of the rate base of all AGL customers as a cost of doing business. AGL provided an estimated franchise fee of \$260,452 based on identification of the number of customers in a slightly larger study area than the one included in this study. They provided the estimate based on the 2010-2011 franchise fee rate applied against the annual amount of usage by those customers from September 2009 through August 2010.

Because a new estimate for the final study area could not be obtained prior to the completion of the report, CVIOG adjusted down the estimate provided by AGL. The area which CVIOG asked AGL to use to calculate their estimate contained an additional 123 tax parcels and 575 more people than the final study area. Even though all 575 people probably did not represent individual customers, CVIOG adjusted down AGL's estimate as if each person represented a customer in order to assure that the resulting adjustment represented a more conservative revenue estimate.

Franchise Fees - Phone

An attempt was made to obtain an estimate from AT&T for the anticipated franchise fee from land line telephone service in the study area. For a number of reasons related to the rapidly changing pace of the telephone industry, they were reluctant to provide an estimate. Since only landline telephone service requires occupancy of the municipal right-of-way, movement away from landline service to internet-based and cell telephony services

is making this a diminishing revenue source for municipal corporations. Thus, this figure was obtained by averaging the per capita 2010 telephone franchise fee revenue of the cities of Dunwoody and Johns Creek and applying against the population of the study area.

Table 4: City and Fiscal Year Budget	Revenue	Per Capita
Johns Creek - FY 10	\$201,448	2.63
Dunwoody - FY 10	\$158,608	3.43
Average Per Capita Revenue		3.03
Study Area Revenue Estimate		\$149,040

F. Real Property Taxes

The figures given here represent the amount of real property taxes being paid by study area residents to the county for the services being provided through county special service tax districts. These special district services include police, roads maintenance, parks and recreation, and storm water systems.⁶ In order to allow for comparison of available revenues at existing levels of taxation, these figures were used. It should be noted that because statutory county homestead exemptions and the Homestead Option Sales Tax credit must be applied to the taxable value of residential homestead property to determine the amount of revenue generated by application of a particular millage rate in county special districts, this specific millage rate does not directly equate to a municipal millage rate. In other words, the method utilized here demonstrates the amount of property tax revenue being generated in the study area for the county that would become available to a municipality that took over the provision of those municipal services currently being provided by the county if the amount of property tax collections remained constant but was instead collected by a city.

2010

The millage rate for the unincorporated special tax district in DeKalb County in 2010 was 3.5 mills. The taxable assessed value from the 2010 digest for the study area generated \$5,229,963 in property tax revenue for the unincorporated special services tax district based on this millage rate.

⁶ See Ga. Law 1982, p. 4396, and HB 607, effective May 11, 2011.

2011

Recent statutory changes have required that police services be broken apart from the other special services tax district services and billed as a separate line item.⁷ The 2011 millage rate for the police services that were previously included in the special services tax district is 5.94 mills and the millage rate for the remaining unincorporated special services is .45 mills. Together, these two millage rates equal 6.39 mills and represent services funded from the previous unincorporated special tax district. The 2011 figure is based on 2011 taxable assessed value figures, identification of homestead exemptions, value of the homestead exemption and millage rates provided by the Tax Commissioner, as well as the application of the HOST tax credit.⁸ While most of the revenues used in the report draw on 2010 revenues, the changes in millage rate, digest, and law suggested a separate calculation of the 2011 potential revenues be made. It should be noted that the 2011 property tax digest data used to estimate the amount of property tax revenues to be generated on the current 6.39 millage rate were obtained from the Tax Commissioner in July of 2011 and it is, therefore, likely that it does not reflect completed tax appeals.⁹

Penalties

For each year's 2010 and 2011 real property tax revenue, the ratio of penalties and interest collected in the study area against all taxes collected in the study area was applied against the 2010 and 2011 special district revenues, respectively.

⁷ See HB 607, effective May 11, 2011.

⁸ The HOST tax credit was calculated based on a HOST factor of 47.3%.

⁹ This calculation assumes full collection.

II. Expenditures

The expenditure estimates below are based primarily on expenditures incurred by comparable governments to provide services similar to those contemplated to be provided by a city comprised of the study area. In calculating these estimates, CVIOG first established two primary comparable governments, the cities of Dunwoody and Johns Creek. These cities were selected based on several factors. Both cities are new, Johns Creek was officially incorporated in December of 2006 and Dunwoody in December of 2008. Both cities are located in the north metro Atlanta area and are close in population to the study area. Dunwoody, like the study area, is wholly contained inside the limits of DeKalb County. Because the two main comparison governments had lower poverty rates and, therefore, might not have comparable crime issues, an additional comparison city, Smyrna, was added for purposes of comparing costs for operating a police department. Smyrna's population, poverty rate and median household income are very similar to the study area, and its location in the metro Atlanta area all makes it a good city for purposes of comparing police services. Profile data for the study area and the comparison cities is given below in Table 5.

Table 5: 2010 Demographic Profile of Study Area and Primary Comparison Cities			
	Study Area	Johns Creek	Dunwoody
Population	49,188	76,728	46,267
Race-White	51.5%	59.9%	64%
Race-Black	11.4%	9%	12.3%
Race-Hispanic	30.2%	5.2%	10.3%
Race-Other	7%	25.8%	13.3%
Median Income	\$56,231	\$108,279	\$83,046
Poverty %	12.2%	3.2%	4.6%

Population figures for the study area were supplied by the Georgia General Assembly Office of Congressional and Legislative Reapportionment; other figures for populations and median income and poverty rate came from the 2010 Census and the American Community Survey, 2005-2009 estimates utilizing 2010 Blocks and 2000 Blockgroups that approximated the study area for ACS 05-09 data.

For most of the cost estimates given, the figures were derived by averaging the per capita costs of expenditures made by the two comparison cities for both the fiscal years of 2009 and 2010.¹⁰ In some instances, it was not possible to allocate costs to one or more departments because each city had entered into contracts with private providers where costs for various services were aggregated together. To determine how best to interpret the budget and other financial documents of each city, faculty from CVIOG interviewed the City Managers and the Finance Directors of both Dunwoody and Johns Creek and clarified information with the City Clerk of Smyrna. The explanation for how each estimate was derived is included below. The summary of the expenditures is given in Table 6 below. It is important to note that Johns Creek utilized a sole private contractor during the fiscal years included in the report. The private contractor did not allocate its invoiced costs to any particular department of the city and thus city staff did its best to approximate these allocations in their budget and other financial documents.

To determine services on which to estimate expenditures, it was assumed that a city comprised of the study area would provide the services currently provided to the unincorporated area via the unincorporated special tax districts. This includes police, parks, road maintenance, and storm water. It was also assumed that a new city would be responsible for planning and zoning; but that fire and rescue, E-9-1-1, sanitation, and other general countywide services would continue to be provided by the county.¹¹ This means that new city residents would continue to pay general county taxes, the fire service district tax, assessments for Grady Hospital, and any existing unincorporated or countywide bonded indebtedness just as they are now. However, the unincorporated special district taxes would be eliminated and replaced by a municipal millage rate.¹²

¹⁰ City of Dunwoody FY 2010 annual operating and capital budget, used FY 2009 amended budget and FY 2010 approved budget figures. Johns Creek FY 2011 Proposed Budget, used FY 2009 actual expenditures and FY 2010 mid-year revised budget figures. City of Smyrna FY 2011 budget, used FY 2010 budget figures.

¹¹ This would also include general county government operations, all health and welfare services, all court and judicial services (except the county recorder's court - whose function would be supplanted by a municipal court in a newly incorporated city), animal control, public libraries, and the services of the office of the sheriff, the tax commissioner, and the tax assessor.

¹² The provision of public school services and taxes levied to fund those services by the DeKalb Board of Education would be unaffected by municipal incorporation.

Table 6: Summary of Expenditure Estimates	
City Council	\$215,093
City Manager	\$408,260
General Operations/Administrative Services	\$2,035,399
Finance	\$1,804,216
Legal Department	\$280,372
City Clerk	\$151,991
Human Resources	\$137,726
Community Development	\$2,701,897
Debt Interest from TAN	\$101,327
Facility Leases	\$592,592
Facility Maintenance	\$34,923
Municipal Court	\$295,620
Parks *	\$1,376,492
Police	\$5,568,082
Public Works	\$3,610,978
Storm Water	\$1,455,897
Tourism	\$211,796
Contingency Fund	\$328,576
Total Operating Costs	\$21,311,237
Annual Capital for Roads & Drainage and Park Acquisition	\$2,940,323
Police Capital and General Start-Up**	\$831,682
Total Annual Expenditures	\$25,083,242
Deficit Based on Revenue Estimates Using 2010 Property Taxes	-\$1,272,623
Surplus Based on Revenue Estimates Using 2011 Property Taxes***	+\$3,445,741

* C4ND asked for an estimation of the costs associated with a superlative level of parks maintenance service. This is discussed in more detail in the parks section below.

** This figure represents costs for police vehicles and police equipment, as well as furniture and financial software purchased for general government purposes in Dunwoody. These costs are amortized over the course of five years. Because police capital costs are not included elsewhere, these are treated here as an ongoing annual capital expense; see police capital and general start-up below.

***Based on 2011 Preliminary Property Tax Digest Data.

City Council

At the instruction of C4ND, an assumption was made that there would be six council members and one mayor.

City and Fiscal Year Budget	Dept. Budget (1 Mayor, 6 Council Members per city)
Johns Creek – FY 09	\$188,888
Johns Creek – FY 10	\$277,617
Dunwoody – FY 09	\$153,283
Dunwoody – FY 10	\$240,582
Study Area Estimate with 1 Mayor, 6 Council Members	\$215,093

City Manager

These costs were determined by averaging the 2009 and 2010 fiscal years of Dunwoody and Johns Creek. These budget lines included costs not just for salaries and benefits but also for studies and other discretionary items typically paid for out of a city manager's budget.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$681,321	\$8.88
Johns Creek - FY 10	\$1,092,463	\$14.24
Dunwoody - FY 09	\$237,139	\$5.13
Dunwoody - FY 10	\$229,278	\$4.96
Average Per Capita Expenditure		\$8.30
Study Area Expenditure Estimate		\$408,260

General Operations/Administrative Services

This figure represents ongoing operational costs, including information technology. These figures do not include property and liability insurance costs which are included under Finance. For Johns Creek, these figures also include human resources costs which were brought in-house during fiscal year 2010. As previously mentioned, Johns Creek's contract

with the private sector provider did not allocate costs to any particular department of the city. So for this figure and others in the report, specific cost allocation is an approximation.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$5,529,214	\$72.06
Johns Creek - FY 10	\$5,071,573	\$66.10
Dunwoody- FY 09	\$765,755	\$16.55
Dunwoody- FY 10	\$499,000	\$10.79
Average Per Capita Expenditure		\$41.38
Study Area Expenditure Estimate		\$2,035,399

Finance

This figure represents all traditional finance functions: accounting, purchasing, contract administration, risk management, accounting and payroll. It also includes property and liability insurance. Fiscal Year 2009 for Dunwoody was excluded because costs could not be clearly allocated to the department.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$1,771,495	\$23.09
Johns Creek - FY 10	\$1,775,401	\$23.14
Dunwoody- FY 10	\$2,951,927	\$63.80
Average Per Capita Expenditure		\$36.68
Study Area Expenditure Estimate		\$1,804,216

Legal Services

This figure reflects the per capita average of two fiscal years from both Johns Creek and Dunwoody. Fees related to ongoing litigation against an adult novelty business were deducted from the Johns Creek expenditures.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$313,881	\$4.09
Johns Creek - FY 10	\$425,000	\$5.54
Dunwoody - FY 09	\$250,000	\$5.40
Dunwoody - FY 10	\$359,000	\$7.76
Average Per Capita Expenditure		\$5.70
Study Area Expenditure Estimate		\$280,372

City Clerk

This figure represents two fiscal years from both cities averaged per capita and applied to the study area population.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$135,455	\$1.77
Johns Creek - FY 10	\$188,115	\$2.45
Dunwoody - FY 09	\$208,699	\$4.51
Dunwoody - FY 10	\$168,554	\$3.64
Average Per Capita Expenditure		\$3.09
Study Area Expenditure Estimate		\$151,991

Human Resources

This figure only includes one budget year for each comparison city because in fiscal year 2009 human resources costs were assigned to general operations in Johns Creek and to the finance department in Dunwoody.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 10	\$243,183	\$3.17
Dunwoody - FY 10	\$112,000	\$2.42
Average Per Capita Expenditure		\$2.80
Study Area Expenditure Estimate		\$137,726

Community Development

This figure includes costs for planning and zoning, building inspections, and code enforcement. It represents an average of two fiscal years for both cities averaged per capita and applied to the study area population.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$5,287,754	\$68.92
Johns Creek - FY 10	\$4,827,732	\$62.92
Dunwoody - FY 09	\$1,813,500	\$39.20
Dunwoody - FY 10	\$2,251,500	\$48.66
Average Per Capita Expenditure		\$54.93
Study Area Expenditure Estimate		\$2,701,897

Debt Interest from TAN

Tax Anticipation Notes are essentially loans taken out and repaid within the same calendar year to assist with cash flow given that expenditures occur throughout the year and certain tax revenues arrive only at given times of the year. Dunwoody managed to avoid taking out a TAN by receiving franchise fee payments from an electric utility up front, and Johns Creek was able to avoid utilizing much of the funds they were authorized to borrow. In order to have some idea of the likely costs associated with interest on a TAN should a new city need to utilize one, the costs below for fiscal year 2009 were taken from the mid-year budget because the actual end of year interest paid was so low.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$175,000	\$2.28
Johns Creek - FY 10	\$140,767	\$1.83
Average Per Capita Expenditure		\$2.06
Study Area Expenditure Estimate		\$101,327

Facility Leases

Both Johns Creek and Dunwoody lease the space that houses their city hall and police departments. This figure represents an average of 2010 fiscal year cost per square foot for Johns Creek and Dunwoody applied against the average amount of square footage leased by the two cities.

City and Fiscal Year Budget	Leased Space Sq. Ft.	Per Capita Sq. Ft.
Johns Creek - FY 10	52,000	.68
Dunwoody - FY 10	25,000	.54
Average Square Footage		.61
Study Area Estimate of Square Footage Needed		30,005

City and Fiscal Year Budget	Dept. Budget	Per Sq. Ft.
Johns Creek - FY 10	\$1,138,346	\$21.89
Dunwoody - FY 10	\$440,000	\$17.60
Average Cost per Square Foot		\$19.75
Study Area Expenditure Estimate		\$592,592

Facility Maintenance

Although the leases covered almost all maintenance costs, this figure represents expenditures made by Dunwoody in fiscal year 2010 to provide air conditioning during municipal court and city council meetings that were held after regular business hours. These costs were figured per capita and applied to the population of the study area.

Municipal Court

This figure represents costs for two fiscal years for each city averaged per capita and applied to the study area population.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$419,017	\$5.46
Johns Creek - FY 10	\$505,858	\$6.59
Dunwoody - FY 09	\$271,947	\$5.88
Dunwoody - FY 10	\$281,981	\$6.09
Average Per Capita Expenditure		\$6.01
Study Area Expenditure Estimate		\$295,620

Parks

In order to calculate an expenditure estimate for park maintenance, CVIOG deviated from the report methodology employed for estimating other expenditures. This was for two reasons. First, utilizing the study methodology to determine parks maintenance costs was too difficult because Dunwoody did not take ownership of the parks in its city until fiscal year 2010 after the passage of a general statute and it was difficult to determine the actual acreage of parks that are maintained by Johns Creek. Second, C4ND wanted CVIOG to investigate the costs that might be associated with parks maintenance in a city with a superb reputation for excellent service in parks maintenance.

DeKalb County provided detailed information identifying the costs associated with maintaining the parks within the study area and estimated the annual net cost to be \$480,140. *See Appendix H.* C4ND inventoried all the parks, recreation centers, and pools in the study area and the following chart lists the parks and their amenities:

Table 7: Study Area Park Amenities					
Park	Acres	Fields/Courts	Pools	Rec Centers/ Picnic shelters	Playground Structures
Ashford Park	3	2 tennis 1 basketball		1-lg. rental	2
Blackburn Park	49.5	2 baseball 3 soccer 18 lighted tennis		1-picnic	1
Briarwood Park	18	2 lighted tennis	1 -3900 square foot	1-10,000 sq. ft. 1-picnic	1
Brookhaven Park	9	1 multi-use		3-picnic	1
Georgian Hills Park	7	1 multi-use ½ basketball		1-picnic	2
Lynwood Park	17	2 tennis 2 multi-use	1 -2700 square foot	1 rec center 2-picnic	3
Murphey Candler Park	135	12 lighted baseball 2 lighted football 2 tennis	1-5200 square foot	14-picnic 4-lg. rental	4
Skyland Park	11	2 tennis 1 multi-use		1 picnic	3
Total	249.5				

Because the City of Roswell has been recognized on multiple occasions for its parks in recent years by the Georgia Parks and Recreation Association¹³ and because it is located near the study area in northern metro Atlanta, it was chosen as a comparison for the purpose of determining what level of costs might be associated with maintaining a similarly high service level for the parks in the study area.

City and Fiscal Year Budget	Dept. Budget	Acres	Cost Per Acre
Roswell FY 10	\$5,059,432	917	\$5,517
Roswell FY 09	\$5,139,945	917	\$5,605
Average Per Acre Expenditure			\$5,561
Study Area Expenditure Estimate		249.5	\$1,376,492

¹³ See <http://roswell.patch.com/articles/roswell-parks-win-best-in-state-award-again>.

The difference between the DeKalb County estimate for the current level of maintenance and this aspirational expenditure is \$896,352. The aspirational amount was used in calculating the total estimated costs in Table 6. Neither of the comparison cities maintains a robust recreation program, relying instead on non-profits to serve this function, it was assumed a city comprised of the study area would operate similarly.

Police

Police operational expenditures for the two most recent fiscal years of Johns Creek and Dunwoody and the two most recent fiscal years for Smyrna were averaged per capita and applied to the population of the study area. The most recent fiscal years from Smyrna were added for the reasons articulated above.

2010 Demographic Profile Study Area and Smyrna		
	Study Area	Smyrna
Population	49,188	51,271
Median Income	\$56,231	\$55,468
Poverty %	12.2%	13.7%

Population figures for the study area supplied by the Georgia General Assembly Office of Congressional and Legislative Reapportionment; other figures for populations, median household income, and poverty rate from the 2010 Census and the American Community Survey, 2005-2009 estimates utilizing 2010 Blocks and 2000 Blockgroups that approximated the study area for ACS 05-09 data.

Because costs were not allocated between regular police services and costs of operating Smyrna's jail in its FY 2009 budget, figures from its FY 2011 budget were used in order to provide two years of costs for Smyrna. No jail costs are included in this figure, as it was assumed that a new city would not maintain its own jail and that it would enjoy a similar arrangement with the DeKalb County Sheriff as does Dunwoody. In Dunwoody, a 10% fine add-on is collected on cases that go to municipal court and sent to the county to pay for housing needs for any municipal prisoners. Municipal prisoners would only be those awaiting adjudication or serving a sentence imposed by the city's municipal court. It is worthy of note that within these costs, Johns Creek maintains 3 k-9 units, participates in a cooperative intergovernmental SWAT team, and employs 3-4 people with forensic

responsibilities and an internal affairs person. Dunwoody contributes one person to a cooperative intergovernmental SWAT team, and employs one full-time narcotics person.¹⁴

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$7,412,617	\$96.61
Johns Creek - FY 10	\$8,422,612	\$109.77
Dunwoody - FY 09	\$5,104,799	\$110.33
Dunwoody - FY 10	\$4,907,925	\$106.08
Smyrna - FY 10	\$6,542,359	\$127.60
Smyrna - FY11	\$6,605,084	\$128.83
Average Per Capita Expenditure		\$113.20
Study Area Expenditure Estimate		\$5,568,082

Public Works

To estimate costs for public works, which would primarily be road and bridge repair and maintenance, we obtained the number of local road lane miles within the study area and for the cities of Dunwoody and Johns Creek from the Information Technology and Outreach Services Division of CVIOG through use of GIS mapping technology. Fiscal year expenditures for 2009 and 2010 for both cities were calculated per lane mile¹⁵ and then averaged. That amount was multiplied against the number of lane miles in the study area. Johns Creek figures demonstrate a much higher cost per lane mile due to a massive road widening project that took place during the fiscal years reviewed. It also should be noted that while costs associated with street lights are included in Dunwoody's expenditures, revenues from residential street light assessments in the study area were not estimated. Thus, the average per lane mile operating costs below should be robust enough to cover costs associated with significant road improvements.

¹⁴ DeKalb County maintains use of a police helicopter and other specialized resources that might only be available to the city on a cost or intergovernmental agreement basis upon incorporation.

¹⁵ GDOT total lane mileage, 2009 form 499. (City maintains all "county" roads.)

City and Fiscal Year Budget	Dept. Budget	Lane Miles	Cost per Lane Mile
Johns Creek - FY 09	\$6,958,797	306.41	\$22,711
Johns Creek - FY 10	\$6,546,538	306.41	\$21,365
Dunwoody - FY 09	\$1,722,999	272.80	\$6,316
Dunwoody - FY 10	\$2,693,576	272.80	\$9,874
Average Cost Per Lane Mile			\$15,067
Number of Lane Miles in study area		239.67	
Study Area Expenditure Estimate			\$3,610,978

Storm Water

Storm water utilities are enterprise funds designed to be funded by a fee structure that approximates their cost. Since the revenue estimate generated a larger number than the expense estimate calculated below, the larger amount was used in Table 6 above to insure an overall conservative approach to estimating expenditures. Because property owners in the study area are currently paying the fee structure imposed by DeKalb County and because Dunwoody has maintained the same fee structure imposed by DeKalb prior to its incorporation, Dunwoody figures are shown below for illustrative purposes.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Dunwoody - FY 09	\$1,199,941	\$25.94
Dunwoody - FY 10	\$1,199,941	\$25.94
Average Per Capita Expenditure		\$25.94
Study Area Expenditure Estimate		\$1,275,937

Tourism

Because a portion of the hotel/motel tax is dedicated to be spent on tourism by state law, many jurisdictions tend to use that portion of the tax for their tourism budget. Thus, the estimated revenue figure for hotel/motel taxes restricted to tourism has been used as the estimated expenditure amount.

Contingency Fund

These are funds used by cities to cover unforeseen expenditures. Dunwoody did not maintain a contingency fund in its first full fiscal year.

City and Fiscal Year Budget	Dept. Budget	Per Capita
Johns Creek - FY 09	\$833,692	\$10.87
Johns Creek - FY 10	\$800,863	\$10.44
Dunwoody - FY 09	\$0	\$0
Dunwoody - FY 10	\$250,000	\$5.40
Average Per Capita Expenditure		6.68
Study Area Expenditure Estimate		\$ 328,576

Annual Capital for Roads and Drainage and Park Acquisition

These costs represent the on-going capital costs associated with maintaining roads and accompanying drainage; i.e., land, equipment, as well as repairs and alterations to fixed works. To determine this figure, capital expenditures for roads and drainage reported to the Georgia Department of Community Affairs by 19 cities ranging in population from 31,000 to 92,000 for 2007, 2008, and 2009 were averaged per capita. These numbers were then adjusted for inflation to 2010 dollar values, and the per capita average of those numbers was then applied against the study area's population. *See Appendix I.* This figure excludes costs for capital associated with services that will continue to be maintained by DeKalb County government like libraries and fire stations, as well as capital costs associated with city functions assumed to be covered through operational costs by virtue of contracting with the private sector. Capital needs for police services were also excluded from this number as they are accounted for separately as police capital.

To the figure for annual capital was added the cost for a newly incorporated city to acquire the parks from DeKalb County as determined by the number of acres and the statutory formula set forth in O.C.G.A. § 36-31-11.1, which is \$24,950. This statute was passed to resolve an impasse between Dunwoody and DeKalb County, over the costs of park acquisition, and by virtue of its wording would apply if the study area were incorporated. Even though this amount represents only a one-time expense, it was added to the line for annual capital costs because annual capital costs for parks are not included elsewhere.¹⁶

¹⁶ DCA data does not segregate land acquisition costs from other parks-related capital costs, consequently only the statutorily-derived parks acquisition cost figure was used.

Police Capital and General Start-Up

These costs represent those associated with equipping a city police department as well as some general non-police specific city-wide start-up costs. Most of these represent costs associated with beginning the operation of a police department due to the large amount of equipment and vehicles needed to provide police services. For purposes of calculating this figure, it was assumed, based on the recent experiences of Johns Creek and Dunwoody, that lease-purchase agreements would be used to acquire the needed vehicles and equipment pursuant to a five-year lease at an interest rate of 2.5%. To arrive at these costs, it was assumed that there would be 53 police officers in a study area city department, based on the average number of police officers per capita currently employed in the cities of Johns Creek, Dunwoody, and Smyrna, one officer for every 929 people.

Comparison of Resident Population to Number of Police Officers				
	Johns Creek	Dunwoody	Smyrna	Study Area
2010 Population	76728	46267	51271	49188
No. of Police Officers	63	46	91	
Residents per Officer	1218	1006	563	
Average number of residents per officer			929	
No. of officers assumed for study area			53	

The total costs of equipping each Dunwoody officer with a vehicle, computer, furniture, radio, firearm and other basic equipment was determined per capita and applied against the number of officers assumed for the study area to arrive at a total officer police capital cost estimate.

City and Fiscal Year Budget	Budget	Cost Per Officer
Dunwoody - FY 09 Police Start-up	\$2,674,000	\$58,130
Number of Officers Assumed for study area -53 x \$58,130 per officer		
Study Area Expenditure Estimate		\$3,077,847

In addition to capital expenditures for police, a new city would likely incur some general start-up costs. Dunwoody's start-up costs included expenditures for furniture and software. Because Johns Creek start-up costs were subsumed in their private vender contract, while Dunwoody chose to purchase start-up equipment for its sole ownership, only Dunwoody figures were used to determine general start-up costs.

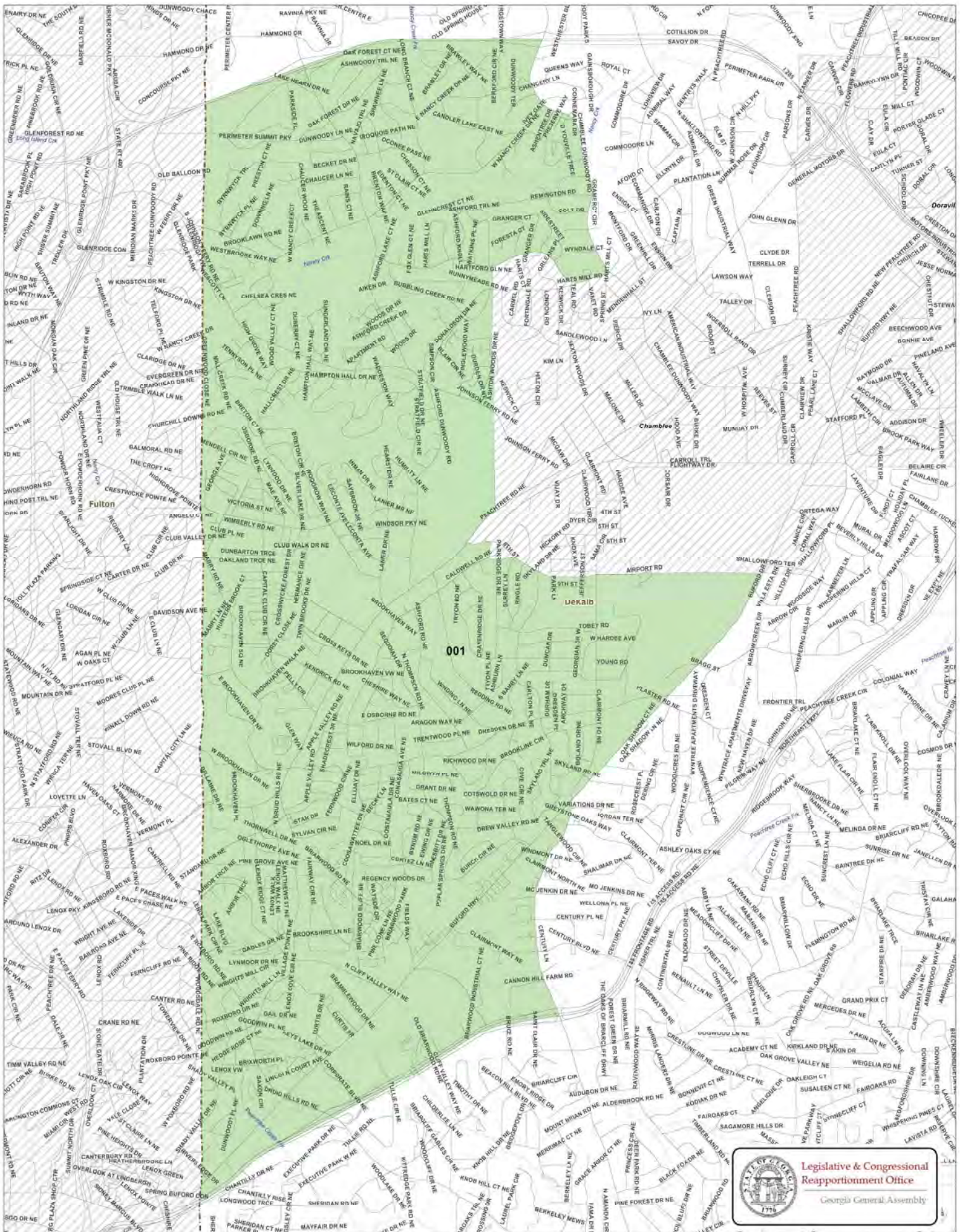
City and Fiscal Year Budget	Budget	Per Capita
Dunwoody - FY 09 Non-police Start-up	\$778,000	16.82
Study Area Expenditure Estimate	\$827,342	

Police capital costs and general start-up costs figured per capita for the study area were added together and assumed to be financed over a five year term on similar terms to those used by Dunwoody to finance these same expenses.

Police Capital Start-Up Estimate	\$3,077,847
General Start-Up Cost Estimate	\$827,342
Total Start-up Cost Estimate	\$3,905,189
Amortized over 5 years at 2.5% interest	\$831,682

Brookhaven Study Area

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Appendix B

Town Brookhaven Development

Town Brookhaven is a mixed-use project located on a 54-acre site on Peachtree Road just south of Oglethorpe University. The original master plan for the project included a retail center, three residential buildings, restaurants, and signature specialty shops. Currently, Town Brookhaven includes as commercial tenants Costco, Publix, Marshalls, and LA Fitness, among others. Although originally planned as condos, the completed residential buildings include apartments that are available for lease.

In 2008 the Development Authority of DeKalb County approved a ten-year graduated tax abatement for the project. The approved tax abatement requires the developer, through its subsidiary, to pay an increasing percentage of property taxes that would be owed on the project for each year over a ten-year period. In year eleven, the company will pay 100% of the taxes assessed on the property subject to the abatement. The increasing percentages payable by the developer are set forth in payment in lieu of taxes (PILOT) agreements also approved in connection with the abatement. The specific percentages payable by the developer are discussed in more detail below. The tax abatement structure approved for the developer is consistent with the then-existing policy of the Development Authority and with other development authorities in Georgia. In addition to the tax abatement, the land use and zoning designations required to support the original master plan for the project were approved by the DeKalb County Board of Commissioners.

Background of Tax Abatement Transactions

Property tax abatements are typically provided in Georgia using a bond-lease transaction. Under the transaction's structure, title to the property subject to the tax abatement is transferred to a development authority that is exempt from taxation. The property is then leased to a private company. Typical tax abatements last between five and 15 years, with ten years being most common. In many localities, the leasehold interest held by the private company is subject to taxation, often according to an increasing percentage formula. There is no statutory guidance on how such leasehold interest should be valued

for ad valorem tax purposes; however, the Georgia Supreme Court has held that each county may determine the fair market value of the lease on a “reasonable” basis. Typically, the terms of the lease and the methodology for valuation of the leasehold interest are negotiated up front with the county tax assessor, and a PILOT agreement is executed setting forth the valuation methodology and the amounts, including any increasing percentages, that the company will owe during the term of the tax abatement transaction.

The development authority issues bonds to acquire the property that is subject to the abatement, and the bonds are secured by the lease payments from the private company. While actual financing can be the purpose of the bonds, generally the sole purpose of the bond-lease transaction is the tax abatement. In such cases, the private company “buys” the bonds, and thus the company is both the obligor on the bonds through the lease payments and the holder of the bonds. In most bond-lease transactions for tax abatement purposes, the documentation provides that the payments under the lease can be paper transactions in lieu of an actual transfer of funds.

Town Brookhaven Tax Abatement Structure

In October 2008 the Development Authority approved the tax abatement for Town Brookhaven utilizing the bond-lease transaction described above.¹⁷ As required by Georgia law, the proposed bonds were validated in the Superior Court of DeKalb County pursuant to an Order and Final Judgment entered on December 29, 2008. Under the structure approved and validated, the Development Authority will issue draw-down bonds to acquire the project from the developer as the project is developed.¹⁸ The project is then leased from the Development Authority to the developer through a lease agreement. The payment of the bonds is secured by the payments made by the developer pursuant to the lease.

The Town Brookhaven structure provides that the developer Sembler Bell Brookhaven, LLC will purchase the bonds that are issued, making the developer both the

¹⁷ The bond-lease transaction approved for Town Brookhaven consists of five separate series of bonds. The five series were validated in the same validation proceeding in an aggregate principal amount not to exceed \$244,000,000. Typically, the aggregate amount of the bonds will reflect the total amount of expected construction and other development costs for a project.

¹⁸ For example, initial bonds would be issued to acquire the land, and as improvements are constructed, additional bonds are issued to acquire those improvements.

bondholder and the obligor on the bonds. The developer's structure is consistent with the typical bond-lease tax abatement transaction in that no true, or actual, financing is involved; the sole purpose of the bond issue is to provide the tax abatement by transferring ownership of the project to the Development Authority for the period of the tax abatement. The lease agreements include the option on the part of the developer to terminate the leases at any time, at which point the project's ownership would be transferred back to the company. The termination option is consistent with typical tax abatement bond-lease structures.

Town Brookhaven PILOT Agreements

In typical tax abatement bond-lease transactions, the payments to be made in lieu of taxes (often stated as percentages of taxes otherwise payable) are usually set forth in one or more PILOT agreements which are usually negotiated up-front among the Development Authority, the private developer, the county board of tax assessors and the county tax commissioner. A PILOT agreement can be a separate agreement or included as separate provisions in one of the other bond documents, such as the lease agreement. In the Town Brookhaven structure, the PILOT agreements¹⁹ are part of the lease agreement and require that the developer file, not later than March 1, 2009 and then April 1 of each year thereafter, with the Development Authority, the DeKalb County Board of Assessors and the DeKalb County Tax Commissioner pro-forma property tax returns containing detailed lists of the items of property comprising the project that is subject to the tax abatement and showing the cost and date of purchase of each item.

The amounts that are payable under the developer PILOT agreements are calculated as percentages of normal taxes that would have been owed based on the value of the items of property described in the returns. The applicable percentages of normal taxes used to calculate the developer's payments under the PILOT agreement are set forth in the following schedule:

¹⁹ Since the bond structure technically consisted of five separate series of bonds, there are five separate, but substantially identical, PILOT agreements – one for each series of bonds.

<u>Tax Year</u>	<u>Payment Percentages</u>
1	5.0%
2	14.5%
3	24.0%
4	33.5%
5	43.0%
6	52.5%
7	62.0%
8	71.5%
9	81.0%
10	90.5%
11 and thereafter	100.0%

Under the PILOT agreements, at the time that tax bills are sent to property owners in the county, the Tax Commissioner will send to the developer a bill or invoice for the payments due. If the developer fails to make the payments required under the PILOT agreements, the Tax Commissioner can assess penalties and interest in amounts that would be assessed if the payments to be made under the PILOT agreements were ad valorem taxes.

Since the project was not located in a city at the time the PILOT agreements were executed and no city is party to them, it seems likely that no new municipality would be bound to them. Thus, should a city be created that includes the Town Brookhaven development, there would likely need to be some determination of whether the new city wanted to enter into a PILOT agreement with the developer.

Appendix C

Miscellaneous Revenues

The following table provides greater detail for the revenue sources which individually total less than \$10,000.

Revenue Source	Methodology	Study Area Estimate	Data Source
Utility Taxes	Ratio of assessed value of utility property in study area to unincorporated area	1,313	DeKalb Revenue Report by Fund year through December 2010(Unincorporated)
Heavy Equipment Taxes	Ratio of assessed value of industrial property in study area to DeKalb unincorporated area	3	DeKalb Revenue Report by Fund year through December 2010 (Unincorporated)
Fingerprinting Fees	Ratio of population in study area to DeKalb unincorporated area	1,486	DeKalb Revenue Report by Fund year through December 2010 (unincorporated)
Copying Fees	Ratio of population in study area to entire County	6,386	DeKalb Revenue Report by Fund year through December 2010 (general fund)
Motor Vehicles – Penalties	Ratio of penalties paid for property taxes to property taxes paid in study area times total motor vehicles taxes	1,510	DeKalb Tax Commissioner
Qualifying Fees	3% of gross annual salary/elected official	3,045	Pursuant to O.C.G.A. § 21-2-131
Investment Income	Ratio of Population in study area to unincorporated area	0	DeKalb Revenue Report by Fund year through December 2010 (unincorporated)
Total Miscellaneous	\$13,743		

Utility Taxes

Property owned by public utilities is assessed by the state and a local millage rate is applied to that assessment. The ratio of the assessed value of utility-owned property in the study area to the unincorporated area was applied against the assessed value for utility owned property in the unincorporated area.

Heavy Equipment Taxes

Taxes are assessed on certain heavy equipment typically used in industrial environments. An assumption was made that the assessed value of industrial property serves as a proxy for the presence of such equipment. The ratio of assessed value of industrial property to the assessed value of industrial property in the unincorporated area was applied to the revenue generated from heavy equipment taxes in the unincorporated area.

Fingerprinting Fees

This figure represents revenue derived from fees charged for making fingerprint sets for license applicants to those requesting them for professional license applications or other reasons. The ratio of population of the study area to the unincorporated area was used to determine this amount.

Copying Fees

Governments are allowed to charge small fees per page for copies of documents. It was assumed that a proportionate amount of requests would be made of a city comprised of the study area. Here, the available data for copying fees represented fees collected on a county-wide basis, so the ratio of population of the study area to the entire county population was used.

Motor Vehicles – Penalties

This figure was obtained by applying the ratio of penalties paid for real property taxes to real property taxes paid in the study area times the anticipated amount of motor vehicle

taxes. An assumption was made that the ratio of taxpayers that incurred penalties for failure to timely pay real property taxes would be the same for motor vehicle taxes.

Qualifying Fees

State law, O.C.G.A. § 21-2-131 provides that municipalities collect qualifying fees for those seeking elected office at a rate of 3% of gross annual salary for the elected office being sought. C4ND asked for an assumption to be made that this figure be calculated for one mayor and six council members. Thus, this figure was obtained by averaging the salaries of the elected officials in Dunwoody and John's Creek (each of which have six council members and one mayor) and then multiplying that averaged amount by three percent.

Investment Income

Normally local governments are able to derive some revenue from interest obtained on investments of funds typically made for limited periods of time. As there was no revenue from such investments in the 2010 actual revenue data from DeKalb County, we did not estimate a figure.

Appendix D

2010 Unincorporated County Revenue Figures and Data Sources

Revenue Source	Unincorporated County Revenue Figure	Data Source
Occupation Taxes	9,121,175	DeKalb Revenue Report by Fund year through December 2010
Beverage Excise Taxes	4,008,514	DeKalb Revenue Report by Fund year through December 2010
Personal Property Taxes	3,480,395	DeKalb Revenue Report by Fund year through December 2010
Hotel/Motel Tax/ Hotel/Motel Tax (restricted)	4,266,646	DeKalb 2011 Budget Book
Business License - Police	1,744,315	DeKalb Revenue Report by Fund year through December 2010
Business License - Beverages	1,284,012	DeKalb Revenue Report by Fund year through December 2010
Bank Shares Tax	525,019	DeKalb Revenue Report by Fund year through December 2010
Intangible	406,328	DeKalb Revenue Report by Fund year through December 2010
Development Fund	3,724,164	DeKalb 2011 Budget Book Revenue from Permit Fees
Zoning and Variance Fees and Permits	72,612	DeKalb Revenue Report by Fund year through December 2010
Insurance Premiums	25,767,747	DeKalb Revenue Report by Fund year through December 2010
Fines & Forfeitures	22,444,722	DeKalb Revenue Report by Fund year through December 2010

Storm Water Fund	16,657,859	DeKalb 2011 Budget Book
Motor Vehicles	3,969,106	DeKalb Revenue Report by Fund year through December 2010
Law Enforcement - Confiscated Monies Fund	2,757,821	DeKalb 2011 Budget Book
Parking and Rental	323,819	DeKalb Revenue Report by Fund year through December 2010
Sale of Printed Material- Police	312,907	DeKalb Revenue Report by Fund year through December 2010
Franchise Fees - Cable	5,756,180	DeKalb Revenue Report by Fund year through December 2010

Appendix E

Hotels in the Study Area

- 1 Hilton Garden Inn Atlanta Perimeter Center
1501 Lake Hearn Drive, Atlanta, GA 30319
- 2 Wingate by Wyndham
2920 Clairmont Road, Atlanta, GA 30329
- 3 Microtel Inn and Suites Atlanta/Buckhead Area
1840 Corporate Boulevard, Atlanta, GA 30329
- 4 Red Roof Inn
1960 N. Druid Hills Road, Atlanta, GA 30329
- 5 Hampton Inn Druid Hills
1975 North Druid Hills Road, Atlanta, GA 30329
- 6 Doubletree Hotel Atlanta North Druid Hills Emory Area
2061 North Druid Hills Road, Atlanta, GA 30329
- 7 Residence Inn Atlanta Buckhead/Lenox Park
2220 Lake Boulevard, Atlanta, GA 30319
- 8 Extended Stay Deluxe Atlanta - Lenox
3967 Peachtree Road, Atlanta, GA 30319
- 9 Holiday Inn Full Services
4386 Chamblee Dunwoody Road, Atlanta, GA 30341

Appendix F

HOST Calculations and County Certification Letter

Example from 48-8-104

Calculated using
Example data

0.150

\$100 million	\$ 100,000,000.00	\$ 154,329,606.97
---------------	-------------------	-------------------

exemptions have been applied

homestead factor using

$$[(1-0.150)(\$50$$

Next, calculate the 15

accordance with paragraph (c) of this subsection as follows:

(E) omniscipitated county millage rate

county millage rate for

Difference:

(calculated above)

millage:
(1) Times not homestead

unicipality "Y"

amount payable to

Georgia Department of

LOCAL GOVERNMENT SERV

44

Scenario 2

Example from 48-8-104

(2) For illustration purposes, a hypothetical example of the calculation of the equalization amount is provided below.									
Example	Calculated using Example data	DeKalb/Study Area Calculation							
First, calculate the homestead factor in accordance with division (c)(2)(B)(i) of this Code section as follows: (A) Capital factor certified by county as required by subsection (d) of this Code section (B) Net amount of sales and use tax collected in the special district pursuant to this article for the previous calendar year (C) Taxes levied for county purposes on only that portion of the county tax digest that represents net assessments on qualified homestead property after all other homestead exemptions have been applied (D) Calculation of homestead factor using figures above = million/(\$100 million)] Next, calculate the 15.0 mills equalization amount in accordance with paragraph (1) of this subsection as follows: (E) Unincorporated county millage rate (F) Minus the incorporated Difference: county millage rate for qualified municipality "y" Difference: (G) Times homestead factor (calculated above) (H) Equals the equalization millage: (I) Times net homestead digest for qualified municipality "y" (J) Equals the equalization amount payable to municipality "y"	0.150	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
	\$50 million	\$	50,000,000.00	0.150	0.150	0.150	0.150	0.150	0.150
	\$100 million	\$	100,000,000.00						
		\$	154,329,606.97						

DeKalb County



Department of Finance
1300 Commerce Drive, 6th Floor
Decatur, Georgia 30030

July 15, 2011

Mr. Douglas J. MacGinnitie, Commissioner
Georgia Department of Revenue
1800 Century Center Blvd NE
Atlanta, GA 30345-3205

Dear Mr. MacGinnitie:

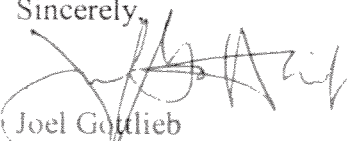
In accordance with O. C. G. A. 48-8-104 (d) (2), I am certifying the following information:

- A. The adopted Capital Factor for 2011 is 20 percent, .200.
- B. There are no payments due under the Intergovernmental Agreements in accordance with the recent court ruling invalidating the agreements. The agreement with the City of Atlanta was terminate^d due to noncompliance with reporting requirements.
- C. The County millages in cities are contained in the attached.
- D. The net homestead digests for the cities as of July 11, 2011 is contained in the attached.
- E. The total net homestead digest for DeKalb County as of July 11, 2011 is contained in the attached.
- F. The unincorporated millage rate is 21.21 mills.

Pursuant to O.C.G.A. 48-8-104 (e), the "taxes levied for county purposes on only that portion of the county tax digest that represents net assessments on qualified homestead property after all other homestead exemptions have been applied" is \$171,247,937.

If you require any additional information, please contact me at 404-371-2741.

Sincerely,


Joel Gottlieb
Chief Financial Officer

Cc: W. Burrell Ellis, Jr., CEO
Claudia Lawson, Tax Commissioner



CLAUDIA G. LAWSON

Tax Commissioner
DeKalb County, GA

Office of the Tax Commissioner

Robert Goodman, Assistant Tax Commissioner

July 15, 2011

Mr. Joel Gottlieb
Chief Financial Officer
DeKalb County Government
1300 Commerce Drive
Decatur, GA 30030

RE: Requested Digest Information

Dear Mr. Gottlieb:

The information below is being provided at your request and in accordance with O.C.G.A. § 48-8-104(d)(2).

The net M&O homestead digest for each municipality:

Avondale	\$112,234,342
Chamblee	\$175,305,225
Clarkston	\$15,077,984
Doraville	\$55,350,912
Dunwoody	\$1,295,637,054
Lithonia	\$1,588,720
Atlanta	\$647,131,063
Pine Lake	\$9,307,592
Stone Mountain	\$16,414,640
Decatur	\$578,368,506

The net Total M&O homestead digest § 48-8-104(d)(2)(E): \$9,051,268,724

The net Bond homestead digest for each municipality:

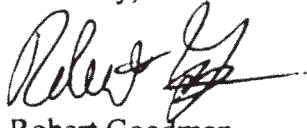
Avondale	\$122,314,342
Chamblee	\$194,285,225
Clarkston	\$19,878,384
Doraville	\$66,990,912
Dunwoody	\$1,386,827,054
Lithonia	\$2,856,128
Atlanta	\$714,248,679
Pine Lake	\$11,617,592
Stone Mountain	\$26,187,560
Decatur	\$626,210,706

The net Total Bond homestead digest § 48-8-104(d)(2)(E): \$10,379,360,334

The values above have been reduced by the appropriate exemption amounts including the "freeze" exemption. The Homestead Option Sales Tax (HOST) factor has not been applied since it is not an exemption but a tax credit to homesteaded properties. As of this date, municipality qualification has not been determined therefore all municipalities are provided at your request. Additionally, you requested the "taxes levied for county purposes on only that portion of the county tax digest that represents net assessments on qualified homestead property after all other homestead exemptions have been applied" which is \$171,247,937.

If you need additional information to complete the certification as required by O.C.G.A. § 48-8-104, please don't hesitate to contact me at (404) 298-3020.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Goodman", with a stylized flourish at the end.

Robert Goodman
Assistant Tax Commissioner

Estimated Homesteaded Taxes

M&O Digest (Revised)

As Requested

7/13/2011

	<u>Gross Digest</u>	<u>Less Exemptions</u>	<u>Net Digest</u>	<u>Millage Rate</u>	<u>Total Taxes Before HOSI</u>	<u>HOSI factor</u>	<u>Total Taxes After HOSI</u>
Avondale	125,456,712	13,222,370	112,234,342	0.01337	1,500,573.15	0.54	810,309.50
Chamblee	202,607,103	27,301,878	175,305,225	0.01337	2,343,830.86	0.54	1,265,668.66
Clarkston	20,996,648	5,918,664	15,077,984	0.01472	221,947.92	0.54	119,851.88
Doraville	70,341,400	14,990,488	55,350,912	0.01326	733,953.08	0.54	396,334.67
Dunwoody	1,426,670,173	131,033,119	1,295,637,054	0.01301	16,856,238.07	0.54	9,102,368.56
Lithonia	3,322,320	1,733,600	1,588,720	0.01499	23,814.91	0.54	12,860.05
Atlanta	739,537,331	92,406,268	647,131,063	0.01031	6,671,921.26	0.54	3,602,837.48
Pine Lake	11,881,120	2,573,528	9,307,592	0.01527	142,126.93	0.54	76,748.54
Stone Mountain	27,809,760	11,395,120	16,414,640	0.01356	222,582.52	0.54	120,194.56
Decatur	640,536,688	62,168,182	578,368,506	0.01074	6,211,677.75	0.54	3,354,305.99
Unincorporated	7,462,207,885	1,317,355,199	6,144,852,686	0.01940	119,210,142.11	0.54	64,373,476.74
Total	10,731,367,140	1,680,098,416	9,051,268,724		164,138,808.58		83,234,966.64

Estimated Homesteaded Taxes

Bond Digest

As Requested

7/13/2011

	<u>Gross Digest</u>	<u>Less Exemptions</u>	<u>Net Digest</u>	<u>Millage Rate</u>	<u>Total Taxes Before HOSI</u>	<u>HOSI factor</u>	<u>Total Taxes After HOSI</u>
Avondale	125,456,712	3,142,370	122,314,342	0.00087	106,413.48	0	106,413.48
Chamblee	202,607,103	8,321,878	194,285,225	0.00087	169,028.15	0	169,028.15
Clarkston	20,996,648	11,182,64	19,878,384	0.00087	17,294.19	0	17,294.19
Doraville	70,341,400	3,350,488	66,990,912	0.00087	58,282.09	0	58,282.09
Dunwoody	1,426,670,173	39,843,119	1,386,827,054	0.00181	2,510,156.97	0	2,510,156.97
Lithonia	3,322,320	466,192	2,856,128	0.00087	2,484.83	0	2,484.83
Atlanta	739,537,331	25,288,652	714,248,679	0.00087	621,396.35	0	621,396.35
Pine Lake	11,881,120	263,528	11,617,592	0.00087	10,107.31	0	10,107.31
Stone Mountain	27,809,760	1,622,200	26,187,560	0.00087	22,783.18	0	22,783.18
Decatur	640,536,688	14,325,982	626,210,706	0.00087	544,803.31	0	544,803.31
Unincorporated	7,462,207,885	254,264,133	7,207,943,752	0.00181	13,046,378.19	0	13,046,378.19
Total	10,731,367,140	352,006,806	10,379,360,334		17,109,128.05		17,109,128.05

M&O Homesteaded Taxes before HOSI

Bond Homesteaded Taxes before HOSI

Total Homesteaded Taxes before HOSI

Appendix G

CDBG Data Tables

Data Source Georgia Department of Community Affairs CDBG Awards

Population figures reflect U.S. Census Bureau Annual Estimates

2005							
City		Pop		Total		Per capita	Inflation Adjustment
Kennesaw		30303		6869		0.226677	
Milton		x		x		0	
Newnan		31587		0		0	
Dalton		31841		46925		1.473729	
Hinesville		29651		24036		0.81063	
East Point		42194		87607		2.07629	
Gainesville		31953		0		0	
P'tree City		33871		0		0	
Rome		35890		277568		7.733853	
Dunwoody		x		x		0	
Smyrna		47499		275483		5.799764	
Valdosta		48230		3250		0.067385	
Marietta		62705		208131		3.319209	
Alpharetta		49353		0		0	
Warner Robins		57665		464983		8.063522	
Johns Creek		x		x		0	
Roswell		85921		271079		3.15498	
Macon		93696		2132208		22.75666	
Sandy Springs		x		x		0	
					Average	3.698847	3.98

2006							
City		Pop		Total		Per capita	Inflation Adjustment
Kennesaw		31027		17130		0.5521	
Milton		x		x		0	
Newnan		26820		0		0	
Dalton		32403		312600		9.647255	
Hinesville		30094		342066		11.36658	
East Point		42994		87607		2.037656	
Gainesville		33018		0		0	
P'tree City		34248		0		0	
Rome		36082		484014		13.41428	
Dunwoody		x		x		0	
Smyrna		48706		275483		5.656038	
Valdosta		48691		3250		0.066747	
Marietta		64071		208131		3.248443	
Alpharetta		49663		0		0	
Warner Robins		58604		6442585		109.9342	
Johns Creek		x		x		0	
Roswell		86533		271079		3.132666	
Macon		93746		2132208		22.74452	
Sandy Springs		85209		0		0	
					Average	11.36253	11.93

2007							
City		Pop		Total		Per capita	Inflation Adjustment
Kennesaw		31600		73772		2.334557	
Milton		15204		0		0	
Newnan		28737		0		0	
Dalton		33018		401573		12.16224	
Hinesville		30010		313911		10.46021	
East Point		43312		293788		6.783062	
Gainesville		34136		0		0	
P'tree City		34343		0		0	
Rome		35810		0		0	
Dunwoody		x		x		0	
Smyrna		49476		129188		2.611125	
Valdosta		48607		3250		0.066863	
Marietta		65217		245285		3.761059	
Alpharetta		49435		175000		3.540002	
Warner Robins		59729		662162		11.08611	
Johns Creek		59469		0		0	
Roswell		87156		295933		3.39544	
Macon		93133		1571540		16.87415	
Sandy Springs		83032		0		0	
					Average	4.059712	4.13

2008							
City		Pop		Total		Per capita	Inflation adjustment
Kennesaw		32689		134556		4.116247	
Milton		15319		0		0	
Newnan		30455		0		0	
Dalton		33432		273200		8.171811	
Hinesville		29752		941144		31.63297	
East Point		43416		0		0	
Gainesville		35476		893716		25.19213	
P'tree City		34658		0		0	
Rome		35943		0		0	
Dunwoody		x		x		0	
Smyrna		50100		325723		6.501457	
Valdosta		51598		0		0	
Marietta		66068		162685		2.462387	
Alpharetta		49838		0		0	
Warner Robins		60903		612724		10.06065	
Johns Creek		59522		0		0	
Roswell		87566		619813		7.078238	
Macon		92562		0		0	
Sandy Springs		82832		0		0	
					Average	5.289772	5.21

2009							
City		Pop		Total		Per capita	Inflation Adjustment
Kennesaw		33043		126967		3.842478	
Milton		16206		0		0	
Newnan		31587		0		0	
Dalton		33604		560721		16.68614	
Hinesville		30704		552306		17.98808	
East Point		43441		0		0	
Gainesville		35750		207692		5.809566	
P'tree City		34784		0		0	
Rome		36031		3900		0.10824	
Dunwoody		x		0		0	
Smyrna		50712		670401		13.21977	
Valdosta		52169		0		0	
Marietta		66953		172303		2.573492	
Alpharetta		51569		0		0	
Warner Robins		62026		532237		8.580869	
Johns Creek		61794		0		0	
Roswell		87719		1312718		14.96504	
Macon		92582		0		0	
Sandy Springs		85625		0		0	
					Average	4.654093	4.71

29.96	Total Inflation Adjusted to 2010 Values
5.99	5 year average
49188	Study area pop
294,636	Total

Appendix H



Department of Recreation, Parks and Cultural Affairs

Brookhaven Scope Questions

1. The age and square footage of the recreation centers in Briarwood Park and Lynwood Park?

Briarwood Recreation Center

History

The center was built in 1964. It is unknown if the property was either purchased or donated. The origin of its name is unknown.

Building Features - less than 10,000 square feet to include:

- | | |
|-------------------------------------|-------------------------------------|
| • Gymnasium 5205 sq. ft. | Multi-purpose room 1200 sq. ft. |
| • classroom 525 sq. ft.(estimate) | office 90 sq. ft. (est.) |
| • mechanical room 60 sq. ft. (est.) | hallway 32 sq. ft. (est.) |
| • snack area 464 sq. ft (est.) | kitchen 70 sq. ft. (est.) |
| • x-room 44 sq. ft. (est.) | restrooms each @ 296 sq. ft. (est.) |

Lynwood Recreation Center

History

- Lynwood Recreation Center originated from the Lynwood Park School.
- The school was built in the early 40's for the African-American community students in grades 1-12
- When integration took place in the mid-60's the school closed.
- The county purchased the land for \$1.00 and redeveloped the recreation center in the early 70's.

Building Features - 15,000 square ft. The building consist of a game room 38'x 28 ½', art/weight room 28'x 24',

2. The annual revenue collected from the reservation fees for picnic shelters in Blackwood Park and Murphey Candler Park?

The department only charges a fee to rent a picnic shelter at Blackburn and its estimated annual revenue is around 1,500 dollars annually.

3. The total annual revenue generated by the pools in Briarwood, Lynwood, and Murphey Candler Parks?

Briarwood pool = pool closed due environmental issues

Lynwood Pool = \$800 dollars annually

Murphey Candler = 31,000 annually

4. The total annual revenue generated by the tennis courts in Ashford, Blackburn, Briarwood, Lynwood, Murphey Candler, and Skyland Parks?

The Department only charges a fee at Blackburn tennis center and it brings in an estimated \$16,600 dollars annually.

5. The annual costs for operating these parks, pools and recreation centers?

- It costs the County approximately \$113,000 annually to operate the Lynwood and Briarwood Recreation Centers.
- Annual costs to the County to operate Murphey Candler, Lynwood and Briarwood pools:

Murphy Candler:

- o \$25,000 for personnel
- o \$9,000 chemical cost
- o \$3,000 supplies

Briarwood and Lynwood are the same due to volume of people attending:

- o 16,000 for personnel
- o 5,500 chemical cost
- o 3,000 supplies

Annual costs for operating Ashford, Blackburn, Briarwood, Lynwood, Murphey Candler, and Skyland Parks:

- o \$331,040 per year

Appendix I

Capital Data Tables

Data Source Georgia Department of Community Affairs Capital Expenditures for Roads and Drainage

Population figures reflect U.S. Census Bureau Annual Estimates

2007

City	Population	Total Capital Expenditure Roads and Drainage	Per Capita	Inflation Adjustment
Albany	75,335	2723749	\$36.16	
Alpharetta	43,424	4410245	\$101.56	
Dalton	33,045	2029728	\$61.42	
East Point	42,204	-		
Gainesville	33,340	3046066	\$91.36	
Hinesville	29,554	925428	\$31.31	
Johns Creek		-		
Kennesaw	30,936	253717	\$8.20	
Macon	93,665	15834	\$0.17	
Marietta	63,152	2539413	\$40.21	
Newnan	27,097	2021645	\$74.61	
Peachtree City	34,947	2088139	\$59.75	
Rome	36,142	1374409	\$38.03	
Roswell	87,802	5137685	\$58.51	
Sandy Springs		n/a		
Smyrna	48,632	0	\$32.65	
Valdosta	45,529	6918913	\$151.97	
Warner Robins	58,672	861674	\$14.69	
		Average	\$57.19	\$58.18

2008

City	Population	Total Capital Expenditure Roads and Drainage	Per Capita	Inflation Adjustment
Albany	75,831	0	0.00	
Alpharetta	49,903	9024719	180.85	
Dalton	33,648	2506663	74.50	
East Point	n/a	0		
Gainesville	35,668	1448710	40.62	
Hinesville	30,152	3140207	104.15	
Johns Creek	59,431	644308	10.84	
Kennesaw	31,628	1374613	43.46	
Macon	92,775	21789	0.23	
Marietta	67,562	9499310	140.60	
Newnan	30,474	4173037	136.94	
Peachtree City	34,788	2804081	80.60	
Rome	36,041	1359458	37.72	
Roswell	87,657	4576188	52.21	
Sandy Springs	82,674	980605	11.86	
Smyrna	49,854	4476810	89.80	
Valdosta	48,547	2140753	44.10	
Warner Robins	61,336	698120	11.38	
		Average	62.34	61.44

2009

City	Population	Total Capital Expenditure Roads and Drainage	Per Capita	Inflation Adjustment
Albany	75,616	-	-	
Alpharetta	51,569	5,853,011	113.50	
Dalton	33,604	33,094	0.98	
Dunwoody	46,267	34,414	0.74	
Gainesville	35,750	754,364	21.10	
Hinesville	30,704	3,129,069	101.91	
Johns Creek	61,794	1,354,189	21.91	
Kennesaw	33,043	1,487,746	45.02	
Macon	92,582	11,733	0.13	
Marietta	66,953	12,416,732	185.45	
Newnan	31,587	2,713,253	85.90	
Peachtree City	34,784	907,495	26.09	
Rome	36,031	1,715,716	47.62	
Roswell	87,719	7,679,000	87.54	
Sandy Springs	85,625	6,830,530	79.77	
Smyrna	50,712	5,433,151	107.14	
Valdosta	52,169	2,846,670	54.57	
Warner Robins	62,026	3,763,862	60.68	
		Average	57.78	58.49

177.8	Total Inflation Adjusted to 2010 Values
59.27	3 year average
49188	Study area population
\$2,915,373	Total

Supplemental Proposed City of Brookhaven Property Tax Analysis

January 2012



Supplemental Proposed City of Brookhaven Property Tax Analysis

At the request of State Representative Mike Jacobs, this supplemental analysis was undertaken to determine the potential property tax revenue that would be derived under two hypothetical municipal millage rate scenarios. Utilizing the same data used to prepare the primary report, *Revenue and Expenditure Estimates for a Proposed City of Brookhaven*, the amount of property tax revenue that would be generated by a hypothetical municipal millage rate of 3.35 mills and 3.221 mills with a homestead exemption of \$20,000 was calculated. Because residential homestead property owners in DeKalb County enjoy the benefit of a property tax rollback on county taxes by virtue of the operation of the Homestead Option Sales Tax, identical millage rates imposed by the county and cities within the county have a different impact in the dollar amount due the applicable government from residential homestead property owners.

The primary study estimated expenditures at \$25,083,242 and revenues of \$28,528,983 based on the 2011 preliminary tax digest and current county special district millage rate of 6.39 mills. This revenue estimate is based upon an estimation of \$9,927,881 in property tax revenue and \$43,207 in property tax penalties currently being collected in the DeKalb County special district. The estimated revenues other than the property tax related revenues are \$18,557,895, meaning that for estimated revenues to match estimated expenditures, \$6,525,347 would need to be generated by property taxes. As demonstrated in the table below, the millage rate necessary to generate that amount of property tax revenue is 3.221. A municipal millage rate of 3.35 mills would generate \$6,786,928, which exceeds estimated expenditures in the primary study by \$261,348.

Table 1: Revenue Generated by Hypothetical City Millage Rates and DeKalb Special District Millage Rate		
City Millage Rate of 3.221 mills with \$20,000 homestead exemption	City Millage Rate of 3.35 mills with \$20,000 homestead exemption	DeKalb County Millage Rate of 6.39 mills with existing homestead exemptions and HOST factor of 47.3%
\$6,525,580	\$6,786,928	\$9,927,881

Supplemental Proposed City of Brookhaven Airport Area Revenue Analysis

March 2012



Supplemental Proposed City of Brookhaven Airport Area Revenue Analysis

This supplemental analysis was undertaken at the request of State Representative Mike Jacobs to determine the estimated potential tax and fee revenue value that could be derived from a small portion of the area originally included in the study area in the primary report, *Revenue and Expenditure Estimates for a Proposed City of Brookhaven*. Utilizing the same data and methodology used to prepare the primary report, the estimated amount of revenue that would be generated by the so called “airport area” was calculated.¹

It should be noted that much of this area is part of Peachtree DeKalb Airport and thus being public property, would not generate tax revenue to a municipal corporation. Because there is very little resident population in the airport area, the revenue estimate methodologies provided in the report that are most heavily dependent on commercial property were utilized. Including property taxes, removal of the airport area would reduce the overall revenue estimate by approximately \$126,000. For determining the property tax portion of this estimate, a property tax millage rate of 3.35 mills and the 2011 property tax digest values, which were lower than 2010 values, were used.

The following table demonstrates the changes in the ratios of residential, commercial, and industrial areas of the study area to the unincorporated area of DeKalb County with the Airport Area removed.

Ratio Comparisons Primary Report Study Area With and Without Airport Area		
	Original Study Area (including Airport Area)	Study Area without Airport Area
Residential AV	14.67%	14.66%
Commercial AV	12.41%	12.10%
Industrial AV	1.40%	1.31%

A previous supplemental analysis, *Supplemental Proposed City of Brookhaven Property Tax Analysis*, indicated that a municipal millage rate of 3.35 mills in the study area would generate an overall revenue estimate which exceeds estimated expenditures in the primary study by \$261,348. Subtracting the estimated revenue loss resulting from removal of the airport area from this figure, results in an anticipated surplus of \$135,348, before taking into consideration any possible reduction in expenditures that might result from removal of the airport area.

¹ The airport area is a triangle shaped zone included in the primary study area. The western boundary of the airport area is the eastern half of Clairmont Road between Buford Highway and the limits of the existing City of Chamblee, and the eastern boundary runs between Buford Highway’s intersection with Clairmont Road along the western side of Buford Highway north to its intersection with the city limits of Chamblee.