DeKalb County Operations Task Force (OTF)

June 5, 2014
Manuel Maloof Auditorium
6 – 8 p.m.
Executive Order 2014-1

- Creates 17 member task force

- The Operations Task Force (OTF) has been sanctioned to undertake a comprehensive study and review of:
  - The impact that newly incorporated areas and annexations have on the stability of DeKalb County operations and its ability for service delivery, as well as the unintended fiscal consequences to the citizens of unincorporated DeKalb County;
  - Unfunded legacy pension, health care and other unintended expenses left to DeKalb County resulting from the creation of new cities and annexations;
  - Examine the laws and process relating to Homestead Option Sales Tax (HOST) to ensure equitable distribution of capital funding between unincorporated and incorporated portions of the County; and
  - The governance structure of DeKalb County including but not limited to the appropriate delineation of powers between the executive and legislative branches; transitional plans for temporary and permanent vacancies; and a comprehensive review of the County’ Organizational Act.
Municipalization and Annexation: Operational Impact and Service Delivery

- Municipalization
  - Review State and local laws
  - Explore alternatives to incorporation (e.g. special tax districts, townships, etc.)
  - Practicality of proposed cityhood measures and incorporations of all of DeKalb County
  - Fiscal impact and unintended consequences
    - HOST
    - Unfunded legacy pension and other post employment benefits liabilities.
- Service Delivery:
  - Mandated vs. non-mandated County Government vs. City services
  - Feasibility of providing non-mandated service to an increasing incorporation movement
  - County uncompensated service delivery to cities
  - Exploration of service delivery trends of similar counties that have experienced incorporation
County/Cities

- Georgia Constitution provides for 159 counties.
- It does not limit the number of cities.
- Nor does it provide for the structure of cities and counties government because of their being created through State acts which allows for variations.
County vs. City: Greatest differences

- Counties are constitutional subdivisions of the State

- Provides that there shall be no more than 159 counties

- The General Assembly may provide by laws for consolidation of two or more counties into one or the division of a county and the merger of portions into other counties

- Requires passage of a referendum by the residents of the county affected
Creation of New City

- Georgia Law requires that:
  - Minimum residential population of 200 persons
  - Reflect an average residential population of 200 persons per square mile
  - At the time of incorporation, at least 60 percent of the total number of lots and tracks must be used for residential, commercial, recreational, industrial, institutional or government purposes
  - Should be subdivided into lots and tracts such that at least 60 percent of the total residential acreage consists of lots and tracks of five acres or less in size
Incorporation: What is required?

- Cities require a new charter approved by the General Assembly to operate.
  - Legislation must be introduced the first year of the biennial session to be acted upon during the 2nd year. Recent bills have been general instead of local.
  - Feasibility study is required by proposed city.
  - Cities choose which services they will offer within their boundaries; only required to offer three services:
    - Historically choose: Zoning, Public Safety, as well as Parks and Recreation.
    - Cities may provide the services themselves, enter into an inter-governmental agreement (IGA) with County to obtain certain services, or cities may opt to privatize those services.
  - Requires a vote by the citizens/voters that live within the boundaries of the proposed new cities—not citizens of the entire county.
When a new city is formed, it takes over the responsibility for providing certain services—mostly three.

The County will no longer charge for or duplicate these services within the city.

There are some government functions which will be duplicated (e.g. support services, for example auditing, legal, Information Technology, accounting and management).

However, the county does have services that it must continue to deliver—and there is not economy of scale.
Service Delivery: Mandated vs. non-mandated

- Unlike cities, as legal subdivisions of the State, counties are required to provide numerous services, including but not limited to:

<table>
<thead>
<tr>
<th>Court System</th>
<th>Health and Human Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Probate Court</td>
<td>- Physical Health &amp; Disease Control</td>
</tr>
<tr>
<td>- State Court</td>
<td>- Mental Health/Substance Abuse</td>
</tr>
<tr>
<td>- Magistrate Court</td>
<td>- Environmental Health/Septic Tanks</td>
</tr>
<tr>
<td>- Juvenile Court</td>
<td>- Mental Retardation</td>
</tr>
<tr>
<td>- Superior Court Clerk</td>
<td>- Public</td>
</tr>
<tr>
<td>- Superior Court</td>
<td>- Public Assistance and Family Services</td>
</tr>
<tr>
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<td>- DFACS</td>
</tr>
</tbody>
</table>
Service Delivery: Mandated vs. non-mandated

- **Mandated Services**
  - Tax Commissioner
  - Property Tax Appraisal
  - Sheriff
  - Elections and Voter Registration
  - Emergency/disaster management
Service Delivery: Mandated vs. non-mandated

- Cities and counties are **authorized**, but not required to provide the following services:
  - Police
  - Fire Protection
  - Senior Services
  - Trash Pick-up
  - Water and Sanitation
  - Library
  - Public Transportation (MARTA)
  - Public Hospital (Grady)
  - Airport
  - Public Housing
  - Parks and Recreation

- All citizens pay for court services, EMS, libraries, sheriff, Grady and other countywide services.
DeKalb’s Cities

- DeKalb County has nine cities:
  - Decatur 1823
  - Stone Mountain 1839
  - Lithonia 1856
  - Doraville 1871
  - Clarkston 1882
  - Chamblee 1908
  - Avondale Estates 1924
  - Pine Lake 1937
  - Dunwoody 2008
  - Brookhaven 2012
Pine Lake was the last created city prior to the creation of Dunwoody

In 1937!
Financial Impact

- **Cityhood**
  - Dunwoody 2008
    - $16 million
  - Brookhaven 2012
    - $19 million

- **Annexation**
  - Chamblee $256,000
  - Avondale $12,000
  - Doraville $266,000
  - Decatur $4,000
2014 Proposed Incorporation Legislation

- **Senate Bills**
  - SB 277 by Senator Ron Ramsey creating the City of DeKalb
  - SB 278 by Senator Ron Ramsey creating the City of Stonecrest
  - SB 275 by Senator Jason Carter creating City of LaVista Hills
  - SB 270 by Senator Fran Millar creating the City of Lakeside

- **House Bills**
  - HB 677 by Rep. Billy Mitchell creates the City of DeKalb
  - HB 665 by Rep. Mary Margaret Oliver creates city of Briarcliff
  - HB 687 by Rep. Pam Stephenson vehicle to create city

- **Other Measures**
  - HB 692 by Rep. Pam Stephenson to prevent annexation of property located within 3 miles of another city
  - HB 22 by Rep. Mary Margaret Oliver to establish procedures and standards for incorporation of new municipalities
Briarcliff
City of Lakeside
Tucker
Stonecrest
Existing Municipalities
Existing and Proposed Municipalities
Incorporation Votes: 2005-2012

<table>
<thead>
<tr>
<th>City</th>
<th>Referendum date</th>
<th>Yes</th>
<th>No</th>
<th>City Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandy Springs</td>
<td>6/21/2005</td>
<td>93.7%</td>
<td>6.3%</td>
<td>2005</td>
</tr>
<tr>
<td>Johns Creek</td>
<td>7/18/2006</td>
<td>88.1%</td>
<td>11.9%</td>
<td>2006</td>
</tr>
<tr>
<td>Milton</td>
<td>7/18/2006</td>
<td>85.6%</td>
<td>14.4%</td>
<td>2006</td>
</tr>
<tr>
<td>Chattahoochee Hills</td>
<td>6/19/2007</td>
<td>83.6%</td>
<td>16.4%</td>
<td>2007</td>
</tr>
<tr>
<td>South Fulton</td>
<td>6/19/2007</td>
<td>15.3%</td>
<td>84.7%</td>
<td></td>
</tr>
<tr>
<td>Dunwoody</td>
<td>11/4/2008</td>
<td>81.2%</td>
<td>18.8%</td>
<td>2008</td>
</tr>
<tr>
<td>Peachtree Corners</td>
<td>11/8/2011</td>
<td>57.0%</td>
<td>43.0%</td>
<td>2012</td>
</tr>
<tr>
<td>Brookhaven</td>
<td>7/31/2012</td>
<td>54.75%</td>
<td>45.3%</td>
<td>2012</td>
</tr>
</tbody>
</table>
Annexation

- Annexation allows cities to incorporate contiguous property from unincorporated DeKalb into its boundaries.
  - In most cases, cities annex commercial property for the additional tax revenue.
  - The assumption is that more residential properties can be costly because of services that must be provided.
  - County tax and fee revenues (other than property taxes) generated from annexed areas shift from the county to the city.
  - County school tax revenues shift to city school system if property is annexed into a city with its own system.
Annexation Process

- Georgia law provides for:
  - Passage of bill by General Assembly for contiguous property.
  - Local Petition:
    - 100% petition: all of the adjacent landowners meeting minimum requirement may seek to permission to have their property included in a city.
    - 60% petition of property owners and 605 of voters adjacent to a city may seek permission to have their property included in the city.

Annexation of unincorporated islands – cites can unilaterally annex islands – such present service delivery issues

Referendum before the citizens
Annexation

- In 2004:
  - By act of the GENERAL ASSEMBLY repealed O.C.G.A. 36-36-70 which set forth requirements that municipalities seeking annexation obtain approval from the governing authority in certain counties for annexation of areas furnished services or included in comprehensive zoning plan. Also, granted property owners the right to file action for injunction; and
    - HB 1321 provided for the removal of DeKalb County from the process to approve cities’ requests to annex unincorporated property.
    - HB 1321 also removed the property owner’s rights to contest the annexation of their property from unincorporated DeKalb into the boundaries of a city.
2014 Master Annexation Plan
2014 Master Annexation Plan
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2014 Master Annexation Plan
HOST

- In 1997, the General Assembly adopted the Homestead Option Sales Tax (HOST) and voters of DeKalb County approved the collection of a one percent tax for funding capital outlay projects and services.

- The permanent one-cent sales tax provides for property tax relief by substituting the sales tax for the County portion of the property tax.

- Up to 80% of HOST revenue are given as a credit to homeowners as property tax relief.

- 20% of the revenue HOST is distributed among the County and cities to be used for capital improvements.

- Only DeKalb and Rockdale counties have an HOST.
HOST Inequities

- In 2008, an amendment was made to Senate Bill 82, which created the city of Dunwoody, which changed the HOST distribution formula creating a disproportionate share of the HOST distribution to cities.

- Currently, 75% of capital funding goes to municipalities representing 20% of the people.

- Of the $20 million distributed for capital improvements in 2013, unincorporated DeKalb only received $6 million.

- Dunwoody and Brookhaven, with much smaller populations, each received over $5 million per city.
### DISTRIBUTION OF HOST in 2013

- Sales Taxes Collected (2012): $108,259,815.00
- 80% for Homestead Tax Relief: $86,607,852.00
- 20% for Capital: $21,651,963.00
- Payments to Cities for Equalization (A): $11,391,603.58
- Payments to Cities Prorata of Remainder (B): $4,248,826.95
- Capital for County: $6,011,532.47

<table>
<thead>
<tr>
<th>Payments to:</th>
<th>(A)</th>
<th>(B)</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avondale Estates</td>
<td>105,768.85</td>
<td>128,184.30</td>
<td>1.1%</td>
<td>233,953.15</td>
</tr>
<tr>
<td>Brookhaven</td>
<td>3,685,622.87</td>
<td>1,462,274.48</td>
<td>23.8%</td>
<td>5,147,897.35</td>
</tr>
<tr>
<td>Chamblee</td>
<td>487,340.83</td>
<td>209,912.13</td>
<td>3.2%</td>
<td>697,252.96</td>
</tr>
<tr>
<td>Clarkston</td>
<td>14,236.32</td>
<td>12,919.99</td>
<td>0.1%</td>
<td>27,156.31</td>
</tr>
<tr>
<td>Decatur</td>
<td>2,939,622.83</td>
<td>790,056.09</td>
<td>17.2%</td>
<td>3,729,678.92</td>
</tr>
<tr>
<td>Doraville</td>
<td>110,790.70</td>
<td>45,319.79</td>
<td>0.7%</td>
<td>156,110.49</td>
</tr>
<tr>
<td>Dunwoody</td>
<td>4,015,664.25</td>
<td>1,579,714.67</td>
<td>25.8%</td>
<td>5,595,378.92</td>
</tr>
<tr>
<td>Lithonia</td>
<td>1,288.41</td>
<td>1,330.13</td>
<td>0.0%</td>
<td>2,618.54</td>
</tr>
<tr>
<td>Pine Lake</td>
<td>4,796.94</td>
<td>5,672.61</td>
<td>0.0%</td>
<td>10,469.55</td>
</tr>
<tr>
<td>Stone Mountain</td>
<td>26,471.58</td>
<td>13,442.76</td>
<td>0.2%</td>
<td>39,914.34</td>
</tr>
</tbody>
</table>

Total: $11,391,603.58 + $4,248,826.95 = $15,640,430.53
1886, General Assembly created DeKalb County Government.

Designated the Board of Commissioners of Roads and Revenue with power to control property and levy taxes.

Five members were elected by the county grand jury.
History of DeKalb County

- In 1902, the General Assembly created a five-member board elected by voters from five road districts. Act repealed in 1904.

- In 1906, the General Assembly created a sole commissioner form of government.

- In 1912, the 1906 act was repealed, and the General Assembly created a board of elected from five districts by the grand jury.

- In 1918, the voters of DeKalb elected a five-member board.

- In 1956, the General Assembly enacted the chairman and board form of government.
Further Changes in DeKalb

- In 1954, The DeKalb Local Government Commission (Commission):
  - Recommended:
    - A Chief Executive officer of the county be established.
    - Recommended an independent post auditing of county accounts, and
    - A Department of Finance.
1906-1956, DeKalb structure consisted of:

- Elected, part time, multi-member county commission.
- Four (4) members were elected by districts and two of a county-wide basis.
- A full time chairman of the commission was elected on a county-wide basis.
1956 Charter Revision

- Provided for 4 things:
  - Broadest possible range of municipal powers.
  - Substituted as the governing an elected multi-member commission.
  - Retained “the strong executive” tradition by making the chairman a full time elected voting member of the commission.
  - Added full time professional, appointed county manager to the chairman’s staff as his Executive Assistant.
Historical Overview

- 1976 DeKalb County Citizen’s Committee for Efficient Government studies changes in structure of the administrative branch of government.

- 1977 Task Force Study: Structuring for Leadership in DeKalb County Government (also referred to as “Goals for DeKalb”.)


- 2006 Senate DeKalb County Government Study Committee.
Strain on Government

- In 1976-77, ordinances proposed by the Commission under the “home rule” powers diminish the power of the chairman as set forth by the 1956 charter.

- It increased the power of a majority of the commission with regard to employment and discharge of non-merit employees.
Guhl v. Williams

- Suit resulted, and the supreme court upheld the powers of the majority of the commission by a “home rule ordinance”.

- Guhl v. Williams: the court ruled that the effect of the ordinances was not a change in the form of government as the word is used in the Constitutional proscription of the Home Rule Amendment.
Governance

- 1977 Task Force Study: Structuring for Leadership in DeKalb County Government (also referred to as “Goals for DeKalb”)
  - Recommended the Chief Executive Officer form of government.
  - Expressed a need for this form of government as a result of citizens holding the Chairman of the commission responsible for the failures of the County.
  - Citizens viewed the Chairman as in charge of the decision making in the county but further expressed concerns that the Commission had reduced the Chairman to merely another commissioner.
1977 Task Force Study: Structuring the Leadership in DeKalb County Government (also referred to as “Goals for DeKalb”.)

- Recommended that the Chief Executive Officer form of government.

- They expressed a need for this form of government as a result of citizens holding the Chairman of the commission responsible for the failures of the County.

- While citizens viewed the chairman as in charge of the decision making in the county. Further expressed concerns that the Commission had reduced the Chairman to merely another commissioner.
Both 1977 studies identified the same problem with DeKalb County Government and issued the same recommendation:

- Lines of authority were poorly defined.
- The Chairman had no real authority by virtue of his being chairman.
  
  o They expressed a need for this form of government as a result of citizens holding the Chairman of the commission responsible for the failures of the County.
  
  o While citizens viewed the chairman as in charge of the decision making in the county. Further expressed concerns that the Commission had reduced the Chairman to merely another commissioner.
  
  o Recommended Chief Executive Officer form of government.
1979 Task Force

- 1979 DeKalb County Government Reorganization Commission
  - 29-member task force that studied the current form of government
  - Recommended a full-time CEO (serving no more than two full four year terms) and a part-time, nine member board of commissioners.
  - Recommended the BOC have the power to override the veto of the CEO by a two-thirds majority vote.
  - Recommended that the CEO have exclusive administrative control of county government and have the right to appoint and remove the executive assistant.
  - Recommended the CEO also appoint and remove the two administrators who oversee line and support functions.
  - Both of these administrator would report to the executive assistant.
  - The CEO would submit a budget no later than October 15th annually.
Senate Bill 52

- 2006 Senate DeKalb County Government Study Committee recommended:
  - Legislation enabling the BOC set its own agenda;
  - Legislation that provides for BOC preside over its own meetings; and
  - Legislation to balance control between the CEO and the BOC on budgeting, spending, contracting and bidding.
Additional Recommendations

- Create a study committee to consider effects of franchise fees on counties and cities;
- Requiring fiscal studies for existing cities prior to expanding through annexation;
- Requiring a feasibility studies prior to incorporation of new cities;
- Consider necessary changes to allow communities to choose alternative forms of local government such as towns and villages.
Where are we Today?