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THE  
CENTER  
FOR  
STATE  
AND  
LOCAL  
FINANCE

# Feasibility Study for the Proposed City of Eagles Landing



ANDREW YOUNG SCHOOL  
CENTER FOR STATE & LOCAL FINANCE

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## Executive Summary

The Center for State and Local Finance, Andrew Young School of Policy Studies, Georgia State University was contacted by the Eagles Landing Educational Research Committee to conduct a feasibility study for incorporating the proposed city of Eagles Landing. This study provides a detailed analysis of the expected revenue and expenditures for the proposed city using generally accepted methodologies that the CSLF has used for similar studies. The main purpose of the analysis is to estimate the ability of a city of Eagles Landing to meet its expenditures with available revenue sources. Based on this analysis, the proposed city of Eagles Landing should expect annual revenue of approximately \$7.5 million and annual expenditures of approximately \$5.5 million to \$6.0 million. *Based on these estimates and given the assumptions that are detailed in this report, we find that the proposed city of Eagles Landing is financially feasible.*

**Table Ex-1. Summary of Financial Analysis**

	TRADITIONAL CITY	TUCKER/PEACHTREE CORNERS
Revenues	\$7,458,907	\$7,458,907
Expenditures	\$5,453,320	\$6,033,669
Surplus (Deficit)	\$2,005,587	\$1,425,238

## Introduction

This study provides a detailed analysis of the expected revenue and expenses of the proposed city of Eagles Landing in Henry County, Georgia and uses generally accepted methodologies that the Center for State and Local Finance (CSLF) has used for similar studies. The main purpose of the analysis is to estimate the ability of the proposed city to meet its expenditures with available revenue sources. Based on this analysis, the proposed city of Eagles Landing should expect annual revenues of approximately \$7,458,907 and annual expenses of between \$5,453,320 and \$6,033,669. *Based on these estimates and given the assumptions that are detailed in this report, we find that the proposed city of Eagles Landing in Henry County, Georgia is feasible.*

The purpose of the study is to provide in as much detail as possible an estimate of the revenues and expenditures of the proposed city. The Eagles Landing Educational Research Committee provided a list of services that would be provided directly by the city. These include code enforcement, planning and zoning, police services, libraries, solid waste collection, and parks and recreation services. Other required services and activities are included in the analysis. The proposed city has a limited prescribed set of revenues that are analyzed in this report. Where there is discretion regarding an item or an important limitation regarding data or assumptions made to develop the estimate, those are noted in the text.

It is important to note that this document does not represent a preliminary city budget. Instead, it seeks to determine if the revenues that would likely accrue to the city are sufficient to cover the necessary

operating expenses of the proposed city. For most services, there is not a minimum required expenditure. Some communities spend more on public works but less on parks. Others may desire greater spending on police but less on libraries and senior centers. The level of service provision used here does not reflect the stated preferences of the proposed city’s residents. The expenditure estimates are based on the service levels and expenses of a group of comparison cities; the comparison cities were selected because they have similar demographics to the study area and thus are likely to exhibit similar preferences to those of the residents of the proposed city of Eagles Landing.

This report proceeds as follows. The first section provides a summary of economic and demographic characteristics of the proposed city of Eagles Landing and a group of existing, comparison cities with populations about the same as the proposed city. The second section provides detail regarding the revenue analysis, and the third section provides the expenditure analysis. A fourth section concludes.

## Economic and Demographic Characteristics

The proposed city of Eagles Landing analyzed in this report is comprised of land area in Henry County. The land area (11.9 square miles) is similar to that of Stockbridge and Conyers.<sup>1</sup> Based on data from the U.S. Census and other governmental agencies, the population of the proposed city of Eagles Landing is 18,227. This is on par with the nearby cities of Conyers, Fayetteville, Suwanee, Thomasville, and Tifton, and slightly smaller than Stockbridge.

The socioeconomic characteristics of the proposed city of Eagles Landing and these comparison cities are summarized in Table 1. In general, the population of the proposed city of Eagles Landing is younger than the comparison cities. The proposed city of Eagles Landing is, however, similar in this demographic to Stockbridge and Conyers. The proposed city of Eagles Landing’s per-capita income is \$60,231, which is 29 percent larger than the average of the comparison cities (\$46,796). Median home value in the proposed city of Eagles Landing is \$152,900, while the average median home value of the comparison cities is \$131,675.

**Table 1. Proposed City of Eagles Landing and Selected Comparison Cities Demographic and Economic Characteristics**

	EAGLES LANDING	STOCKBRIDGE	CONYERS	THOMASVILLE	FAYETTEVILLE
Population	18,227	27,328	15,577	18,612	16,500
Land Area (sq. miles)	11.9	13.31	11.66	14.95	10.89
% of Population 65 or older	9.7%	9.3%	10.2%	17.0%	17.1%
Median Income	\$60,231	\$54,283	\$37,293	\$31,679	\$63,931
Median House Value	\$152,900	\$119,700	\$97,300	\$125,200	\$184,500
# of Businesses	259	382	899	487	464

<sup>1</sup> The land area of the proposed city of Eagles Landing includes portions of the current city of Stockbridge. In our analysis of comparison cities, we use the city of Stockbridge as it currently exists.

In terms of size and population, the proposed city of Eagles Landing is most similar to the cities of Conyers, Thomasville, and Fayetteville. These comparisons are helpful for understanding the likely preferences of the residents of the proposed city of Eagles Landing and for developing reasonable estimates of the expected expenditures of the proposed city of Eagles Landing.

## Revenue Analysis

This section presents the revenue estimates for the proposed city of Eagles Landing. Table 3 contains the revenue estimates by source. The section also contains a discussion of how each of the revenue estimates was developed.

The revenue from the various sources depends on the tax rate or fee structure. For some of the revenue sources included in this analysis, the proposed city of Eagles Landing will have no say as to what the rates are. For other taxes and fees, we assumed the rates will be the same as those that Henry County is currently imposing. To the extent that the proposed city of Eagles Landing might adopt different tax rates or fee structures, the revenues will differ from the revenue estimated herein.

### PROPERTY TAXES

For the property tax, we assume a millage rate of 0.02 mills. This is the current property tax rate that Henry County rolls back to the incorporated areas of the county for the services that are proposed to be offered by the proposed city of Eagles Landing.<sup>2</sup>

To estimate property tax revenue, we estimated the revenue for individual components of the property tax base. For real property taxes, we used the property tax base data for the proposed city of Eagles Landing provided by the Henry County Tax Commissioner's office. For the other components, we allocated a portion of the property tax base for the unincorporated area and for the city of Stockbridge to the proposed city of Eagles Landing. In all cases, we assumed a millage rate of 0.02 mills. We assumed a collection rate of 95 percent, which is a typical collection rate; a large percentage of the delinquent property tax liability that is not collected in the first year will be collected in subsequent years.

#### *Real Property Tax Revenue*

The real property tax base for 2016 for the proposed city of Eagles Landing was provided by the Henry County Tax Commissioner's office. We provided a digital map of the proposed city of Eagles Landing to the Henry County Tax Commissioner, who returned consolidated real property tax base data. These data include the taxable values for residential, commercial, industrial, agricultural, and conservation properties. Because of limitations with the Commissioner's property tax information program, data for personal property, automobiles, and utility property were not included in the data provided. The revenue

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<sup>2</sup> Eagles Landing intends to provide police services in a similar manner as the city of Stockbridge does — by paying Henry County directly. Stockbridge does not receive the property tax rollback offered by Henry County to cities that provide their own police departments, so we do not include that rollback rate here.

from these sources had to be estimated separately. Table 2 presents the assessed values for the categories of real property and the value of exemptions for the proposed city of Eagles Landing. The net values were multiplied by the 0.02 millage rate and the 95 percent collection rate to generate the estimate of the real property tax revenues.

**Table 2. Proposed City of Eagles Landing Real Property Assessed Value**

RESIDENTIAL	COMMERCIAL	INDUSTRIAL	AGRICULTURE AND CONSERVATION	M&O EXEMPTIONS	NET TAXABLE
\$1,054,867,182	\$540,305,817	\$128,812,400	\$1,542,200	\$312,099,920	\$413,924,280

### **Utility Property Taxes**

The property tax records obtained from Henry County did not contain information on utility property. We first estimated the utility tax base for the proposed city of Eagles Landing. We did this by first calculating the ratio of assessed value of utility property to the assessed value of commercial and industrial property for the unincorporated area, using the consolidation sheet from the Georgia Department of Revenue (DOR). We then multiplied this ratio by the assessed value of commercial and industrial property in the proposed city of Eagles Landing to estimate the utility tax base. We multiplied this by the proposed millage rate of 0.02 mills for the proposed city of Eagles Landing and a collection rate of 95 percent. A similar revenue estimate is obtained if we used the ratio of utility property to the assessed value of commercial and industrial property for the city of Stockbridge.

### **Personal Property Taxes**

The property tax records obtained from Henry County did not contain information on personal property. As reported on the property tax consolidation sheet for the unincorporated area, most (99.5 percent) of the personal property tax base for the unincorporated area is in the commercial and industrial property categories. Using the consolidation sheet for the unincorporated area and for the city of Stockbridge, we calculated the share of personal property of the total property for the commercial and industrial categories. We used the average of these two ratios and the value of commercial real property and industrial real property for the proposed city of Eagles Landing to estimate the personal property tax base for the proposed city of Eagles Landing. We multiplied this base by the proposed millage rate (0.02 mills) for the proposed city of Eagles Landing and the assumed collection rate (95 percent).

### **Motor Vehicles Property Taxes**

The property tax records obtained from Henry County did not contain information on motor vehicle property. We added the assessed value of motor vehicles for the unincorporated area and the city of Stockbridge from the DOR consolidation sheets. From the U.S. Census Bureau, we found the number of motor vehicles located in the unincorporated area and the city of Stockbridge that are in the proposed city of Eagles Landing. We calculated motor vehicles in the proposed city of Stockbridge as a share of the total motor vehicles in the unincorporated area and the city of Stockbridge. We then multiplied the total assessed value of motor vehicles in the unincorporated area and the city of Stockbridge by that

percentage to arrive at the estimated tax base for motor vehicles. We multiplied the base by the proposed millage rate (0.02 mills) for the proposed city of Eagles Landing and the assumed collection rate (95 percent).

Beginning in 2013, the state of Georgia changed how motor vehicles are taxed. When a motor vehicle is sold, the buyer pays a Title Ad Valorem Tax Fee when the vehicle is registered. The revenue from this fee is allocated to local jurisdictions that were in existence on January 1, 2013. Thus, the proposed city of Eagles Landing should not expect any revenue from this new fee. Furthermore, under this law, new vehicles will not become part of the property tax base, and when a used motor vehicle is sold it will cease to be part of the property tax base. Thus, over time, the value of the motor vehicle property tax base will decline.

### ***Mobile Home Property Taxes***

The property tax records obtained from Henry County did not contain information on mobile home property. We took the assessed value of the mobile home property tax base from the consolidation sheets for the unincorporated area and the city of Stockbridge and divided each by the number of mobile homes in each area as reported by the U.S. Census Bureau. This yields a value per mobile home for each area. We took the number of mobile homes for the proposed city of Eagles Landing as reported by the Census and allocated them to the unincorporated area and city of Stockbridge based on the share of the population of the proposed city of Eagles Landing in each area. We then multiplied the number of apportioned mobile homes by the value per mobile home in each area and added them to get the mobile home tax base for the proposed city of Eagles Landing. We multiplied this amount by the proposed millage rate (0.02 mills) for the proposed city of Eagles Landing and the assumed collection rate (95 percent).

### ***Heavy Equipment Taxes***

The property tax records obtained from Henry County did not contain information on heavy equipment property. We obtained the assessed value of heavy equipment for the unincorporated area and the city of Stockbridge from the DOR consolidation sheets. We divided the assessed value of heavy equipment by the assessed value of industrial property for each jurisdiction. We assumed that half of the assessed value of industrial property for the proposed city of Eagles Landing is located in the current unincorporated area and half in the city of Stockbridge. We multiplied the assessed value of industrial property by the assessed value of heavy equipment per dollar of assessed value of industrial property for each section of the proposed city of Eagles Landing to arrive at the estimate of the assessed value of heavy equipment in the proposed city of Eagles Landing. We multiplied the base by the proposed millage rate (0.02 mills) for the proposed city of Eagles Landing and the assumed collection rate (95 percent).

### ***Intangible Property Taxes***

There are two intangible property taxes. A tax is levied on the value of real estate when it is transferred and a tax is levied on the value of real estate mortgages. Revenue from these taxes on a property is

divided among all taxing jurisdictions according to the proportion that the millage rate levied by the jurisdiction bears to the total millage rate levied on that property. To estimate the intangible tax revenue for the proposed city of Eagles Landing, we took the revenue from these two taxes as reported by the Henry County government and the millage rates in the various jurisdictions as reported by the DOR, and calculated the total revenue from all local governments. We allocated a percent of this total revenue to the proposed city of Eagles Landing. The first step in this allocation was based on the assessed value of residential property in the proposed city of Eagles Landing as a share of the assessed value of residential property in the county. This gives the total revenue collected from properties within the proposed city of Eagles Landing. The second step in this allocation is to determine the percentage of this total revenue allocated to the proposed city of Eagles Landing. This percentage is equal to the millage rate for the proposed city of Eagles Landing to the total millage imposed on properties in the proposed city of Eagles Landing. We multiplied the estimated total intangible tax revenue in the proposed city of Eagles Landing by this percentage to determine the intangible tax revenue.

## **FRANCHISE FEES**

Municipalities are allowed to impose fees on utilities for the use of the municipality's right-of-way and related costs. Other than for cable, county governments do not collect franchise fees. The fee is some percentage of the receipts for specified services collected by the utility within the municipality. Franchise fees are collected from cable operators, natural gas providers, electricity companies, and telephone companies. We estimated the revenue that the city of Eagles Landing might expect for each of these franchise fees.

### ***Electricity***

Franchise fee revenues for electricity depends on the jurisdiction's composition of residential, commercial and industrial. To estimate the revenue from the electricity franchise fee, we used data from 15 cities to estimate a regression equation in which we regressed revenue per capita against assessed value of commercial property per capita and assessed value of industrial property per capita. Using this resulting equation and the population, the assessed value of commercial property per capita, and assessed value of industrial property per capita for the proposed city of Eagles Landing, we estimated the revenue from the franchise fee on electricity. Our per capita amount is slightly smaller than the average per capita electric franchise fee revenue for the 15 cities.

### ***Cable***

For cable franchise revenue, we started with the revenues for nine areas and calculated revenue per capita. There are differences across the areas. We used the average of the per capita amounts and multiplied that by the population of the proposed city of Eagles Landing.

### ***Telephone***

Franchise fee revenue for telephone services depends on both population and employment. Because the value of commercial and industrial property per capita for the proposed city of Eagles Landing is about



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equal to commercial and industrial property per capita for Macon, we used revenue per capita for Macon to estimate the revenue for the proposed city of Eagles Landing.

### **Natural Gas**

For natural gas, we started with franchise fee revenue for 15 cities and calculated revenue per capita. We dropped one city because the revenue per capita was much higher than other cities. We used the average of the 14 other values of revenue per capita times the population of the proposed city of Eagles Landing to generate the estimate the revenue for the proposed city of Eagles Landing.

### **QUALIFYING FEES**

Qualifying fees are imposed on each person qualifying to run for an elected office. The rate is 3 percent of the position's salary. It is proposed that there will be a mayor and four city council members. We assume salaries of \$18,000 for the mayor and \$12,000 for each council position. We assume that there will be four people qualifying for each position.

### **LIFE, PROPERTY AND CASUALTY INSURANCE**

Insurance premium tax revenue collected in the county is required by law to be allocated on a per capita basis. We calculated revenue per capita from this tax for each of the four cities in Henry County. There was little difference across the cities. We multiplied this per capita amount by the population of the proposed city of Eagles Landing that is in each area to estimate the revenue from this tax.

### **ALCOHOLIC BEVERAGE TAX**

We took the reported alcoholic beverage tax for Stockbridge and Henry County and allocated a percentage of each to the proposed city of Eagles Landing. We based the allocation on sales data from bars and liquor stores.<sup>3</sup> Using these data, we calculated the percentage of the reported sales in the city of Stockbridge that occurred in the proposed city of Eagles Landing. We multiplied reported alcoholic beverage tax revenue reported by the city of Stockbridge by this percentage. We repeated this calculation for the unincorporated area.

### **BUSINESS LICENSES**

There are two major categories of business licenses: general business licenses (sometimes called the occupation tax) and licenses for selling liquor. We estimate the combined revenue for the two categories. We first estimated the revenue from businesses located in that part of the proposed city of Eagles Landing that is in the unincorporated area of Henry County. Henry County provided a list of addresses for holders of general business licenses and liquor licenses, along with the fee charged. We were able to geo-code most of the addresses. Using the addresses we could geo-code, we calculated the business license revenue collected from businesses located in that part of the proposed city of Eagles Landing that is in

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<sup>3</sup> Data in this report on firm sales and location were generated from the National Establishment Time-Series database, a proprietary data source created from Dun and Bradstreet archival firm data.

the current unincorporated area. We assumed that the proposed city of Eagles Landing would collect this same amount of revenue.

We then had to estimate business license revenue from that part of the proposed city of Eagles Landing that is in the current city of Stockbridge. We took the business license revenue as reported by the city of Stockbridge and allocated a part of it to the proposed city of Eagles Landing, based on the share of firm sales in Stockbridge that is in the proposed city of Eagles Landing. We then added the estimated revenue for the unincorporated area and the revenue estimate for the incorporated area of the proposed city of Eagles Landing

### **BANK SHARE TAX**

Bank share tax is imposed on banks based on the gross receipts of banks, including savings and loan offices. We allocated a share of the unincorporated revenue, as reported by the Henry County and the city of Stockbridge, from this tax to the proposed city of Eagles Landing based on the relative employment in the banking industry in each part of the proposed city of Eagles Landing.

### **BUILDING, DEVELOPMENT AND ZONING FEES**

Building, development and zoning fee revenue comes from registration, permits, and inspection fees associated with construction and renovations, including installation of plumbing, electrical, and HVAC systems. The revenue also includes sign permits, zoning variance permits and certificates of occupancy. To estimate the revenue from these fees, we collected revenue reported by several comparable cities in Georgia. We calculated revenue per capita for each city and used the average of these amounts to estimate the revenue for the proposed city of Eagles Landing.

### **HOUSING CODE AND ORDINANCE VIOLATIONS**

The proposed city of Eagles Landing will generate some revenue from housing code and ordinance violations. We were unable to identify a way to estimate such revenue, but we believe it will be small. We somewhat arbitrarily assumed a revenue of \$40,000.

### **LOCAL OPTION SALES TAX**

We assume that the proposed city of Eagles Landing will provide a sufficient number of public services to qualify for local option sales tax (LOST) revenue

The allocation of LOST revenue in Henry County is the result of a negotiation between the county and the cities, which required intervention by the courts. It is our understanding that the allocation percentages are not based on any formula. Thus, the share of LOST revenue that the city of Eagles Landing will receive, if it is eligible, will depend on its negotiation with the other jurisdictions and Henry County. We cannot predict the outcome of those negotiations.

To provide some indication of the LOST revenue that the proposed city of Eagles Landing might receive, we studied the current allocations to the various jurisdictions. The current allocations can be predicted by a formula that provides each jurisdiction with a fixed percentage of the aggregate LOST revenue plus a

per capita amount (where the population used for the Henry County government is the population of unincorporated Henry County). We inserted the population and commercial and industrial property per capita for proposed city of Eagles Landings into this formula to estimate the LOST revenue that the proposed city of Eagles Landing might expect.

### **HOTEL/MOTEL TAXES**

We assume that the proposed city of Eagles Landing will impose a hotel-motel tax. At least 40 percent of the hotel/motel tax revenue must be earmarked for promotion purposes; the other 60 percent could be used to fund the general operations of the city. To estimate hotel/motel tax revenue for the proposed city of Eagles Landing, we started with the hotel/motel tax revenue as reported by the city of Stockbridge and Henry County. We used data on reported hotel/motel sales revenue by geographic area to calculate the share of hotel/motel sales revenue in the city of Stockbridge that is in the proposed city of Eagles Landing. We multiplied hotel/motel tax revenue for Stockbridge by this percentage to estimate the hotel/motel tax revenue for the proposed city of Eagles Landing. We repeated this calculation using hotel/motel tax revenue for Henry County to estimate the share of this revenue for the proposed city of Eagles Landing. The estimated total hotel/motel tax revenue is the sum of these two calculations.

### **MUNICIPAL COURT**

Revenue from the operation of a municipal court is largely from traffic fines. The volume of traffic tickets written will depend on the number of police officers employed by the proposed city of Eagles Landing and the allocation of their time to traffic law enforcement. Given the assumed level of police, which is similar to what the city of Stockbridge had two years ago, we assume that the revenue associated with the municipal court will equal the 2015 revenue for Stockbridge. This estimated revenue is a bit smaller than that reported by comparable local cities. However, those cities have much larger police expenditures.

### **REVENUE SOURCES THAT ARE NOT APPLICABLE TO EAGLES LANDING**

There are several potential revenue sources that we assume are not applicable to the proposed city of Eagles Landing.

#### ***Investment Income***

Investment income represents income on reserves and non-cash asset balances. We assume that there will be no such revenue in the first year of operation.

#### ***Storm Water Fees***

We assume that the proposed city of Eagles Landing will not be responsible for handling storm water and thus will not impose this fee. Because this would be an enterprise fund, if the proposed city of Eagles Landing was to be responsible for storm water, this revenue would be earmarked for this activity.

### **REVENUE SUMMARY**

Table 3 contains the estimates for all the revenue items discussed above for which we developed revenue estimates. Based on the estimates, the estimated revenue for the city of Eagles Landing is \$7,458,274.

**Table 3. Revenue Estimates**

REVENUE CATEGORY	EAGLES LANDING REVENUE	REVENUE CATEGORY	EAGLES LANDING REVENUE
Property Tax			
Real Property	\$7,865	Qualifying Fees	\$7,920
Utilities	\$303	Life, Property and Casualty Insurance	\$1,015,311
Personal Property	\$2,256	Alcoholic Beverage Tax	\$511,100
Motor Vehicles	\$378	Business Licenses	\$399,469
Mobile Homes	\$14	Bank Share Tax	\$55,316
Heavy Equipment	\$1	Building, Development and Zoning Fees	\$283,430
Intangible Property	\$194	Fines	\$40,000
Franchise Fees		LOST	\$2,567,677
Electricity	\$886,379	Hotel/Motel Tax	\$226,578
Cable	\$182,270	Municipal Court	\$1,059,330
Telephone	\$75,780	Total	\$7,458,274
Natural Gas	\$136,703		

## Expenditure Analysis

To produce the estimates of expenditures for the proposed city of Eagles Landing, we relied on the budgets of six other cities in Georgia with similar populations and demographic characteristics. These include Stockbridge in Henry County, Conyers in Rockdale County, Fayetteville in Fayette County, Suwanee in Gwinnett County, Tifton in Tift County, and Thomasville in Thomas County. While the population of the proposed city of Eagles Landing of 18,227 is similar to the populations of these other cities, these cities have more established municipal governments and offer a larger array of government services, such as public works, and storm water management services. Due this level of service provision, estimates generated from this group are referred to as traditional city estimates. Because the number and complexity of the services provided is another factor that determines cost of services, our analysis also includes the expenses of Peachtree Corners and Tucker. These cities are relatively new and offer fewer services, many of which are offered through a private contracting arrangement. Although the city of Peachtree Corners has a population of approximately 41,000 and Tucker has a population of approximately 35,000, we use these cities as counter-estimates for expenses incurred by a city with relatively few services, many of which are provided through contractual arrangements with management firms or the county in which they reside.

Municipal expenditures reflect not only the cost of service provision but also the level of service that is desired by municipal taxpayers. Higher levels of expenditures may not necessarily reflect an ineffective government but may likely represent a higher quality or increased level of service provision, such as larger parks and recreation activities or more police. Therefore, it is important to understand that including several comparison cities in the analysis captures a fairly wide array of preferences for services. The choice of how much to spend on a particular service must be left to the citizens of the proposed city.

The purpose of this analysis is to show that the proposed city will have sufficient revenues to provide services at a typical level under reasonable assumptions concerning expenditures levels.

## **CITY ADMINISTRATION**

### ***Governance***

The governance of the city includes the position of mayor and members of the city council. Council sizes of the comparison cities ranged from four members in Thomasville and Tifton to five members in Stockbridge, Suwanee, Fayetteville, and Conyers. Each council member in Stockbridge serves an average of about 4,500 persons, while each council member in Conyers serves on average about 2,600. Based on the map of possible council districts for the proposed municipality provided to us by Eagles Landing Educational Research Committee, we provide an estimate based on four council districts. With an estimated population of 18,227, each proposed council district in Eagles Landing would serve on average 4,557 persons.

Data from the 2015 and 2016 Department of Community Affairs (DCA) Municipal Wage and Salary Survey (MWSS) for elected officials show that compensation for council members in our comparison cities ranged between \$15,360 in Thomasville and \$2,400 in Conyers. Compensation for the position of mayor ranged between \$17,820 in Thomasville and \$3,300 in Conyers.

### ***General Administration***

The administration of a municipality requires services related to human resources, information and technology (IT), risk management, payroll, purchasing, and general administration. Large municipalities may have departments dedicated to each of these operations and this separation is reflected in their budget documents. For municipalities with smaller populations or for municipalities with a smaller scope of operations, such strict divisions of these responsibilities may not be feasible. For the purposes of this analysis, city administration is defined to include the expenses associated with the offices of the elected officials, city manager, city clerk, and personnel administration; central administration support services; risk management; and IT services. Where possible we also provide estimates of the finance office and legal expenses because these are often separately stated in the budget documents.

The presentation of these expenses varies substantially by city. For instance, of our comparison cities, only Suwanee reports expenses explicitly for a human resource department, and no finance office is separately stated in the budget document for Tifton. Lastly, the Conyers budget document only reports the total cost of general administration in such a fashion that we are unable to separate finance office and legal expenses. More frequently, cities do not separately report the required expenses in their budget documents but group them under one category of general administration. Therefore, our final analysis provides only an estimate for the total cost of administrative expenses, inclusive of finance and legal, instead of separate estimates for each administrative function.

Total administrative expenses from our comparison cities ranged from a low of \$0.8 million in Tifton in 2015 to a high of \$3.2 million in Stockbridge in 2016. Expenses for Peachtree Corners equaled \$3.2 million

in 2015 and \$2.3 million in Tucker for 2016. Using the examples from our comparison cities, excluding the outliers of Tifton and Stockbridge, we estimate that the general administrative expenses for Eagles Landing would equal \$2.0 million as shown in Table 4, labeled Traditional City. Based on the examples of Peachtree Corners and Tucker, we estimate a cost of administration equal to \$2.7 million. It is important to note that although Peachtree Corners and Tucker are more populous municipalities, we choose not to pro-rate our administrative estimate to reflect the smaller population in Eagles Landing. We did this to provide a conservative estimate of the cost of administration and to reflect the fact that there is a minimum level of administration that must occur regardless of the size of the population.

### **Finance**

Finance services include expenditures for the services associated with budgeting, financial administration, and central accounting, including debt management and typically business licenses. Expenses for this service ranged from \$1.6 million in Stockbridge in 2015 to \$0.4 million in Fayetteville in 2015. Peachtree Corners budgeted \$0.3 million in 2016 for this service, which is provided through a contractual agreement with a management firm. This expense could not be broken out separately for Tifton, Tucker, or Conyers.

### **Legal**

Municipal legal services are typically provided on a contractual basis. Legal expenses include expenses for legal advice on zoning and land use issues, development of city codes, contract negotiation, and assistance with litigation against the city. Expenses for this service ranged from approximately \$250,000 in Stockbridge in 2016 to about \$25,000 in Suwanee in 2016. Tucker budgeted \$150,000 for this expense in 2016, and Peachtree Corners budgeted \$225,000 for 2016.

**Table 4. Administration Estimate**

DEPARTMENTS	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Total Administration – includes governance, general administration, finance, and legal	\$1,982,592	\$2,687,567

### **COMPREHENSIVE PLANNING AND ZONING/CODE ENFORCEMENT/BUILDING INSPECTION AND PERMITTING**

The proposed city of Eagles Landing will be responsible for developing a comprehensive strategic plan and for enforcing all zoning decisions and city ordinances. In addition, it will be involved with issuing building permits. The responsibilities of these services typically fall to code enforcement officers and building inspectors.

Using data from the DCA 2016 MWSS, we find that most of the cities of equivalent size to the proposed city of Eagles Landing and which responded to the 2016 survey reported having one code enforcement

officer.<sup>4</sup> Peachtree Corners reported having three code enforcement officers.<sup>5</sup> Most cities with similar populations to the proposed city of Eagles Landing reported paying between \$35,000 and \$50,000 per code enforcement officer, though this service may be provided via a contractual agreement with a management firm or another local government.

To construct the estimate for code enforcement services, we used expenditure data from the municipalities of Stockbridge, Thomasville, Tifton, and Suwanee. Each city reported having one code enforcement officer. On average, these cities budgeted \$180,000 for this service, which corresponded to a per capita expense of \$9.20. Using the proposed population estimate of 18,227, we compute an annual expense for Eagles Landing for this service equal to \$167,281. As a point of comparison, Peachtree Corners budgeted \$420,743 for this service in 2016.

Planning and zoning services are typically provided by planning directors, zoning administrators, and planners. Due to the presentation of the budget data of our comparison cities, the cost of building inspection and permitting is included with planning and zoning services. Using data from the DCA 2016 MWSS, we find that several of our comparison cities employ a planning director. Salaries for a planning director of Class C cities range from \$65,604 to \$93,913 and average salaries for planners in Class C cities range from \$43,360 to \$60,902 in 2016. Several of the comparison cities employ a building inspector director. Average salaries for a building inspector director for Class C cities range from \$55,535 to \$77,637. Each of our comparison cities employ between one and three building inspectors. Average salaries range from \$39,014 to \$55,643 for Class C cities.

To estimate the cost of planning and zoning, code enforcement, and building inspection and permitting services for the proposed city of Eagles Landing shown in Table 5, we used the per capita expenses of Thomasville, Suwanee, Fayetteville, and Conyers. Based on an average per capita expense for these cities, we estimate a total annual cost of \$695,758.

Alternatively, Peachtree Corners budgeted \$626,802 for this service in 2015 and \$532,800 in 2016. After adjusting for the larger population of Peachtree Corners, we provide an alternative estimate for these services based on the per capita expenses experienced by Peachtree Corners.<sup>6</sup>

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<sup>4</sup> Note, 31 cities in Georgia with populations ranging between 10,000 and 25,000 responded to the survey.

<sup>5</sup> Based on information from the city websites.

<sup>6</sup> The budget for the city of Tucker does not currently break this expense out separately.

**Table 5. Code Enforcement and Comprehensive Planning and Zoning Estimate\***

DEPARTMENTS	TRADITIONAL CITY	PEACHTREE CORNERS
Code Enforcement	\$167,281	\$420,743
Planning and Zoning/Building Inspection and Permitting	\$695,758	\$276,000
Total	\$863,039	\$696,744

\*Totals may not add due to rounding.

## MUNICIPAL COURT SERVICES

The proposed city of Eagles Landing will need to establish a procedure for processing municipal code violations. Municipal courts typically process municipal code violations, such as traffic and local ordinance violations. It is assumed that the proposed city of Eagles Landing will continue to receive policing services from Henry County, but through a contractual agreement that is discussed in greater detail in a later section. However, any traffic violations cited in the proposed city of Eagles Landing, will be handled in the Eagles Landing court system.

The average annual budgeted amount for the municipal court for our comparison cities, all of which have their own police forces, is about \$500,000. This cost reflects the workload stemming from the processing of traffic and criminal violations. However, these cases provide additional revenue in the form of fines and fees that can be used to offset this expense. The exception to this traditional model is the city of Stockbridge, which has a contractual arrangement with the Henry County police. Under this arrangement, county police issue violations which are processed by the city of Stockbridge. This analysis assumes the proposed city of Eagles Landing will emulate Stockbridge's model regarding policing and municipal court.<sup>7</sup>

**Table 6. Municipal Court Estimate**

DEPARTMENT	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Municipal Court	\$551,698	\$551,698

## PARKS AND RECREATION

Based on conversations with the sponsors of Eagles Landing incorporation effort, the municipality will provide park and recreational services. In past feasibility studies, it was assumed that the new municipality would take charge of the operation and maintenance of the county park and recreation facilities within its boundaries, but at present the proposed area contains only a small pocket park. Annual

<sup>7</sup> Eagles Landing and Henry County may reach a different agreement than that of the city of Stockbridge with regard to traffic tickets. Thus, it is possible that initially only municipal ordinance violations, such as nuisance violations and permit violations, will be addressed explicitly by Eagles Landing. Tucker and Peachtree Corners offer useful examples for this service. Neither city provides a police force; therefore, they only process a limited number of non-traffic related municipal code violations. Both communities have arranged to provide this service through intergovernmental agreements with other governments within their respective counties. For example, Tucker contracts with the city of Clarkston and Peachtree Corners contracts with Gwinnett County. The rate at which this service is provided is subject to negotiation but using the Tucker-Clarkston arrangement as a guide, we estimate the cost for the municipal court would be \$25,000 per year. However, such an agreement may jeopardize Eagles Landing's ability to receive LOST revenue; thus, we do not include that option in the analysis above.



maintenance expenses for this area are minimal based on conversations with the Eagles Landing Educational Research Committee. In our research, we could find no reference to a definition of a park in the Georgia law and no minimum spending levels by which this requirement is met.

Because our analysis cannot rely on the park and recreation expenses associated with existing facilities, we present the expenses for park and recreation services from our comparison cities. Peachtree Corners does not provide park and recreation services. Tucker offered no such service in 2016 but included \$100,000 for this service in its 2017 budget.

The facilities of our comparison cities include mainly passive facilities such as playground areas, picnic pavilions, landscaped garden areas, walking and jogging trails, outdoor stages and classroom areas, outdoor basketball courts, tennis courts, and a skate park. The budgets for these parks and any recreational programs range from \$56,000 for Stockbridge in 2015 to \$1.6 million in Thomasville, which includes the expenses associated with the operation and maintenance of the Country Oaks Municipal Golf Course. Suwanee reports expenditures of about \$180,000. Tifton does not separately break out expenses for their park and recreation services. Fayetteville parks are handled through Fayette County. Because the expenses associated with the Conyers park system are dominated by the Georgia International Horse Park, they are not used as a viable comparison in this analysis. To provide an estimate of park and recreation services based on the experience of the comparison cities, we used the expenses of Stockbridge and Suwanee over the 2015-16 period. On average, over this period these cities budgeted \$141,239 for their park and recreation services.

To supplement the expenditure information from our comparison cities, we provide information on the average types and expenses of park facilities in cities with populations under 20,000 using data from the National Recreation and Park Association (NRPA) 2017 Performance Review. This report states that cities with less than 20,000 persons have on average one park for every 1,331 residents and 10.5 acres of parkland per 1,000 residents. The most common outdoor facilities are playgrounds, basketball courts, tennis courts, ball fields, swimming pools, and dog parks. In addition, many communities also support recreation centers, gyms and community centers.

The same report found that park and recreation departments serving communities of fewer than 20,000 people spent \$91.27 per person and spent \$8,073 per acre in operations and facilities maintenance. In addition, park and recreation departments for these size municipalities had on average a five-year capital budget equal to \$649,500. If the proposed city spent at the level experienced by municipalities included in the NRPA report, it would have expenditures equal to \$1.7 million.

**Table 7. Parks and Recreation Estimate**

DEPARTMENT	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Parks and Recreation	\$141,239	\$100,000

## POLICE SERVICES

Based on the experience of the comparison cities, we estimate the cost of a traditional police force for a city the size of the proposed area of Eagles Landing to be \$4.6 to \$5.1 million. We assume the proposed city of Eagles Landing will instead provide police services via a contract agreement with Henry County, similar to the arrangement used by the city of Stockbridge, wherein Henry County dedicates officers to the new city. In 2015 and 2016, the city of Stockbridge contracted with Henry County for policing services at a cost of \$755,000. Using this figure and prorating it to reflect the smaller population of Eagles Landing, we estimate the proposed city of Eagles Landing will incur an expense of \$503,564 for a similar level of policing services.

**Table 8. Police Services Estimate**

DEPARTMENT	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Police Services	\$503,564	\$503,564

## LIBRARY

Eagles Landing will fund a library through its general fund. To estimate the expected cost of this service, we relied on the expenditures of 23 county governments with similarly sized populations to Eagles Landing. As expected, there is wide variation in library expenditures.<sup>8</sup> Both Burke and Dawson counties spent almost \$400,000 annually for the past several years on their library system, but on average counties of this size spent \$123,111 on library services. We prorate this amount to account for the smaller population of Eagles Landing relative to this group of counties and estimate a library expense equal to \$114,746.

**Table 9. Library Estimate**

DEPARTMENT	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Library	\$114,746	\$114,746

## MUNICIPAL ELECTIONS

Eagles Landing will also incur expenses associated with conducting municipal elections. It is common for the cities to contract with the county to conduct municipal elections. All the cities located in Henry County rely on the county to provide this service as detailed in the service delivery agreement between Henry County and cities. In addition, Tucker and Peachtree Corners also contract with their respective counties to provide this service. The rate at which these services will be provided to the municipalities is subject to negotiation between the county and the proposed city. For example, the 2017 budget for Stockbridge includes \$16,000 for this expense, while the McDonough budget includes \$11,000. For our estimate of the cost of municipal elections, we use the Stockbridge expense. The actual cost will need to

<sup>8</sup> The counties include: Ben Hill, Berrien, Brooks, Burke, Cook, Crisp, Dawson, Elbert, Fannin, Greene, Jefferson, Lamar, Meriwether, Mitchell, Pierce, Pike, Putnam, Rabun, Telfair, Union, Washington, and Worth. All are classified as Class D counties by the Georgia Department of Community Affairs.

be negotiated between the city and the county and will depend on various factors, including the size of the election.

**Table 10. Municipal Elections Estimate**

DEPARTMENT	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Municipal Elections	\$16,000	\$16,000

## TOURISM

For this analysis, we assume the proposed city of Eagles Landing will spend \$90,631 for marketing and promotion services. This amount represents 40 percent of the estimated hotel/motel tax revenues.

**Table 11. Tourism and Marketing Estimate**

DEPARTMENT	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Tourism and Marketing	\$90,631	\$90,631

## OTHER EXPENSES

### *Facility Leasing*

To account for office space and equipment, we use information on office space from the cities of Tucker and Peachtree Corners. Based on our conversations with these newly formed cities, we estimate that the proposed city of Eagles Landing will need about 20,000 square feet of office space to begin operations. The estimated expense for facility leasing is shown in Table 12 and is based on a survey of current leasing rates in the Eagles Landing area.

### *Startup Expenses*

To account for the general startup expenses of furniture and office equipment, software, and computers, we assume an amount of \$100,000 initially. The overall startup costs will vary if the city leases equipment instead of purchasing equipment and on the number of employees initially hired.

### *Budget Reserves*

To account for unforeseen expenses and deviations from the forecasted budget, we have included a contingency amount equal to two months of expenses, excluding any one-time expenses such as startup expenses. This amount is shown in Table 12.

**Table 12. Other Estimated Expense**

EXPENSE	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Facility Leasing	\$338,000	\$338,000
Startup Expenses	\$100,000	\$100,000
Budget Reserves	\$751,813	\$834,720

## SUMMARY OF MUNICIPAL EXPENSES

Table 13 provides a summary of all the estimated expenditures associated with the proposed city of Eagles Landing.

**Table 13. Summary of All Expense Estimates\***

EXPENSE	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
General Administration	\$1,982,592	\$2,687,567
Planning & Zoning, Code Enforcement, Building Inspection and Permitting	\$863,039	\$696,744
Municipal Court	\$551,698	\$551,698
Parks and Recreation	\$141,239	\$100,000
Police Services	\$503,564	\$503,564
Library	\$114,746	\$114,746
Municipal Elections	\$16,000	\$16,000
Tourism and Marketing	\$90,631	\$90,631
Facility Leasing	\$338,000	\$338,000
Startup Expenses	\$100,000	\$100,000
Budget Reserves	\$751,813	\$834,720
<b>Total – All Expenses*</b>	<b>\$5,453,320</b>	<b>\$6,033,669</b>

\*Totals may not add due to rounding.

As a final frame of reference for these estimates, we compared the budgets of the surrounding cities. To produce a more relevant comparison, we only included the expenses that would be offered by the proposed city of Eagles Landing, which are in the broad categories of planning and zoning, parks and recreation, and code enforcement. The adjusted budgets of Hampton and Locust Grove were just under \$2 million. The adjusted budgets of Stockbridge and McDonough were about \$6 million and \$5 million, respectively. The latest adjusted budget for Peachtree Corners was about \$9 million and Tucker's latest budget was just under \$4 million. Although, the adjusted budgets of Locust Grove and Hampton are smaller, these cities serve a population roughly two-thirds less than that of the proposed city of Eagles Landing. Lastly, while the current budget of Tucker is smaller than the estimated budget shown in Table 10, this is only the second year of operations for this city. Between 2016 and 2017, the budgeted expenses have increased 58 percent. In addition, the budgeted expenses for Peachtree Corners have increased almost 30 percent since 2014.

## ENTERPRISE FUND - SOLID WASTE COLLECTION

We assume the proposed city of Eagles Landing will provide residential solid waste collection through a contractual agreement with a private waste management company. A similar arrangement exists in Stockbridge. Stockbridge residents were billed \$144 in 2016 for this service. The fee was included on the homeowners' property tax bill and was remitted along with the property tax payments. Because this expense is completely offset by the revenues collected for this service, it will have no impact on the budget and is not included in the analysis.

### CONTINUED PROVISION OF OTHER SERVICES

Upon incorporation, the property owners of the study area will remain liable to the county for the county property tax. It is assumed that all other services currently provided by the county to the residents of the study area and not provided by the city, such as fire protection, special police services, 911 and emergency services, animal control, coroner services, and public works, will continue to be provided to the residents of this area through an intergovernmental agreement with Henry County and funded through the residents' county property tax payments. The millage rate at which these services will be provided will be negotiated by representatives of the new municipality and Henry County. It is assumed that the county will continue to offer these services within the municipal borders at the current millage rates, but, because these rates are subject to negotiation, they may change upon incorporation. The estimates provided in the tables above only include those services provided directly by the municipal government.

## Conclusion

Total estimated revenues and total estimated expenses for the proposed city of Eagles Landing are shown in Table 14. The proposed city would anticipate a revenue surplus between \$1.4 million and \$2.0 million under the assumptions made in this report given the data available and the list of city services that Eagles Landing anticipates undertaking.

**Table 14. Total Estimated Revenues and Expenses**

	TRADITIONAL CITY	PEACHTREE CORNERS/TUCKER
Revenues	\$7,458,907	\$7,458,907
Expenditures	\$5,453,320	\$6,033,669
Surplus (Deficit)	\$2,005,587	\$1,425,238

## About the Center for State and Local Finance

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