

# Revenue and Expenditure Analysis

of a

## Proposed City of Dunwoody

Prepared by

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## **Introduction**

This report provides a brief overview of the estimated revenues and expenditures a newly incorporated City of Dunwoody could anticipate receiving and spending to provide municipal services for a single fiscal year. The revenues are based upon actual revenues collected for the unincorporated area by DeKalb County in fiscal year (FY) 2006 as well as projections for franchise fees, the Homestead Option Sales Tax, and the Community Development Block Grant. Expenditure estimates are primarily based on the costs for services in the new North Fulton cities of Johns Creek, Milton, and Sandy Springs. There are a few cost estimates for services, discussed later in this report, that are developed using other criteria due to service specifications or data availability. Because the estimates given in this report are based on tax levies and service levels for a city not yet created, they cannot be viewed as certain, but rather they provide an information tool from which stakeholders in Dunwoody's incorporation can assess the desirability of such an act occurring.

As an overview, this report provides the final revenue and expenditure estimates and only briefly describes the methodology used to calculate those figures. If the reader would like to learn more about the methodologies and calculations, please see our companion Methodology Report. Finally, please note that this report and the analysis therein do not constitute a position either for or against the establishment of a City of Dunwoody by the Carl Vinson Institute of Government (CVIOG).

## **Summary of Revenue and Expenditure Estimates**

Table 1 summarizes the total estimated revenues and expenditures for the proposed City of Dunwoody. When total revenues and expenditures are estimated, there is surplus of nearly \$279,000 annually which could be used to offer higher levels of service. The summary of expenditures includes "start up" costs (interest on the tax expenditure note, contingency fund, purchasing facilities owned by DeKalb County) that we estimate as being eliminated 5 years after incorporation. These expenditures total over \$630,000 and can be applied to other service needs in the future.

This report utilizes a fiscally conservative methodology in two important ways.

First, revenues were calculated using data from FY 2006 while expenditure data are nearly all based on FY 2007 and FY 2008 budgets, meaning that anticipated revenue increases for FY 2007 are excluded from this analysis. For example,

DeKalb County's Special Tax District - Designated Services revenues increased 3.74% from FY 2005 to FY 2006 and the County budgeted an additional 10% in revenue for FY 2007 (over FY 2006).<sup>1</sup> If one assumes Dunwoody's revenues increased by the more modest growth of 3.74% that would equate to an additional \$702,000 in revenue available for the City of Dunwoody.

Second, CVIOG, in consultation with Citizens for Dunwoody, Inc., did not include any additional HOST revenue that could be forthcoming to Dunwoody under a 2007 amendment of the HOST law (i.e., HB 264). The decision to not include this revenue is due to the amount being dependent upon capital funding decisions by DeKalb County and therefore the revenue's potential variability. The HOST provision found in HB 264 will benefit Dunwoody in that additional HOST revenue will likely be forthcoming but the amounts are subject to change annually based on decisions made by the County.

<b>Table: 1 Summary Expenditure Estimates for a City of Dunwoody</b>	
<b>Total Annual Revenues</b>	<b>\$18,777,904</b>
<b>Per Capita Revenues</b>	<b>\$505.41</b>
City Council	\$113,000
City Manager	\$396,062
Finance	\$924,392
General Operations	\$3,770,759
Legal Department	\$329,928
City Clerk	\$267,509
Community Development	\$889,467
Facilities Maintenance	\$503,701
Municipal Court	\$448,820
Parks and Recreation	\$329,374
Police	\$2,782,008
Roads Maintenance	\$2,537,990
Storm Water	\$1,070,407
Tourism Board	\$425,317
Non-Departmental	\$300,000
Surplus for Fund Balance / Contingency Fund	\$482,839

<sup>1</sup> DeKalb County 2007 budget. Pg. 83.

<b>Total Operating</b>	<i>\$15,571,573</i>
<b>Annual Capital</b>	<i>\$2,927,542</i>
<b>Total Annual Expenditures</b>	<b>\$18,499,115</b>
<b>Per Capita Expenditures</b>	<b>\$497.90</b>
<i>Difference - Surplus</i>	<i>\$278,789</i>
<i>Per Capita Difference - Surplus</i>	<i>\$7.50</i>

## Revenues

The revenue estimates outlined below include all major revenue sources a City of Dunwoody would have collected had it been a city in 2006 and assessed taxes and fees at rates similar to DeKalb County in that same year. In calculating these estimates, our primary goals were to 1) be fair and accurate to the extent possible and 2) apply metrics used in prior research that were accepted by Dunwoody incorporation stakeholders. To accomplish the second goal, this report uses similar revenue estimation methodologies as those provided in Georgia State University’s 2007 report, “*The Fiscal Impact on DeKalb County with Possible Incorporation of Dunwoody, Georgia*” to the extent possible. We also hope that by applying similar revenue estimating methodologies, there will be improved consistency in revenue estimation over time. The method for determining how much revenue was assigned as coming from the Dunwoody area is described in Table 2.

Likewise, we use population estimates for Dunwoody of 37,154 and 620,131 for the County’s entire unincorporated area which are the same as those used in the Georgia State University’s report.

<b>Table 2: Dunwoody Revenue Estimates FY 2006</b>		
<b>Revenue Source</b>	<b>Data Source</b>	<b>Amount</b>
Real Property Taxes	Tax Commission	3,309,014
Property Taxes – Penalties	Tax Commissioner	245,560
Personal Property Taxes	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	416,826
Personal Property Taxes-Penalties	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	27,106
Motor Vehicles	Ratio of population in Dunwoody to DeKalb unincorporated area	205,941
Motor Vehicles – Penalties	Percent of penalties paid for property taxes to property taxes paid in Dunwoody times total motor vehicles penalties	15,283
Utility / Heavy Equipment Taxes	Ratios of assessed value of utility or industrial property in Dunwoody to DeKalb unincorporated area, respectively	69
Intangible	Ratio of assessed value of residential & commercial property in Dunwoody to entire unincorporated area	188,386
Beverage Tax Excise Taxes	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	730,618
Hotel/Motel Tax	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	772,515

Insurance Premiums	Ratio of population in Dunwoody to DeKalb unincorporated area	1,600,814
Bank Shares Tax	Ratio of population in Dunwoody to DeKalb unincorporated area	36,622
Franchise Fees - Cable	Ratio of population in Dunwoody to DeKalb unincorporated area	303,192
Franchise Fees – Other	Estimates from the relevant electric, natural gas, and telecommunications utilities <sup>1</sup>	2,540,329
Homestead Option Sales Tax	2006 value of HOST homestead exemption given to qualified Dunwoody homeowners	1,394,888
Business License-Beverages	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	225,738
Business License – General	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	2,261,675
Business License – Police	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	138,988
Community Development Fees and Permits	Ratio of assessed value of residential & commercial property in Dunwoody to entire unincorporated area	20,094
Charges for Services: Recreation, Public Works, and Finger Printing	Ratio of population in Dunwoody to DeKalb unincorporated area	13,924
Charges Brook Run Skate Park <sup>2</sup>	Fees and admissions for City of Asheville Skate Park	22,000
Copying Fees – General Fund	Ratio of population in Dunwoody to entire County	9,958
Sale of Printed Material-Police	Ratio of population in Dunwoody to DeKalb unincorporated area	18,550
State Homestead Tax Credit	2.04 mills x 8,000 x 9,916 homesteads	161,829
State Grant-Community Development Block Grant	Average revenue from 20 Georgia Cities population range between 21,000- 57,000 for 5 years	188,371
Fines & Forfeitures	Ratio of population in Dunwoody to DeKalb unincorporated area	954,061
Miscellaneous	Ratio of population in Dunwoody to DeKalb unincorporated area	10,196
Investment Income	Ratio of population in Dunwoody to DeKalb unincorporated area	5,013
Law Enforcement - Confiscated Monies Fund	Ratio of population in Dunwoody to DeKalb unincorporated area	68,456
Hotel/Motel Tax Fund (restricted)	Ratio of assessed value of commercial property in Dunwoody to DeKalb unincorporated area	425,317
Development Fund	Ratio of assessed value of residential & commercial property in Dunwoody to entire unincorporated area	1,295,106
Storm Water Fund	Ratio of population in Dunwoody to DeKalb unincorporated area	1,171,464
<b>Total Revenue Estimate -</b>		<b>\$18,777,904</b>
<b>Per Capita Revenue</b>		<b>\$505.41</b>

1. ATT provided range of \$50,000 - \$200,000 for annual franchise fee payments. In order to provide one figure, this report uses the median value of \$125,000.

2. Data from DeKalb Parks and Recreation Department was not received by the time this report was written.

The primary bases used for estimating Dunwoody’s portion of DeKalb County revenues are given in Table 3. As the unincorporated area of DeKalb County develops, Dunwoody’s proportion of commercial property relative to the entire unincorporated area has decreased. In 2004, the Dunwoody area contained 21.71% of the unincorporated area’s real commercial property, now it contains 16.31%. This change has likely occurred because the land area in Dunwoody is already developed while other parts of the County still have undeveloped land. However, Dunwoody’s proportion of residential property increased slightly from 2004 to 2006 from 11.31% to 11.55%. This change may be due to residential properties in the Dunwoody area increasing in value relatively more than in other parts of unincorporated DeKalb County or redevelopment occurring in Dunwoody that has increased the density of housing (e.g., condominiums replacing single-family homes on large lots).

<b>Table 3: Relevant Percentages for Dunwoody to DeKalb County, 2006<sup>1</sup></b>	
Dunwoody Pct of Assessed Value (AV) to Unincorporated DeKalb (real property only)	11.85%
Dunwoody Pct of Real Commercial (AV) to Unincorporated DeKalb Real Commercial Property	16.31%
Dunwoody Pct of Real Residential Property (AV) to Unincorporated DeKalb Real Residential Property	11.55%
Dunwoody Population Pct of Unincorporated DeKalb	5.99%
Dunwoody Population Pct of Countywide	5.23%

Source: Property tax data-DeKalb County Tax Commissioner and GA Dept of Revenue Consolidated Tax Digest. Population-Georgia State University. 2007. “*The Fiscal Impact on DeKalb County with Possible Incorporation of Dunwoody, Georgia*”.

## **Operating Expenditures**

### **Methodology Summary**

The municipal services included in this report focus on those currently provided by DeKalb County within the Unincorporated Special Tax District plus storm water and tourism. See the Methodology Report for the list of services that CVIOG assumes DeKalb County government will continue providing to residents and businesses located within a City of Dunwoody.

## Operating Cost Estimates for Services

To estimate the expenditures of an incorporated Dunwoody, CVIOG used the three recently incorporated cities in North Fulton County as a guide. More specifically, we created average per capita costs based on those cities' annual departmental operating budgets for the following services:

- City Manager
- Finance Department
- Legal Services
- General Operations (includes: Human Resources, Information Technology, Public Information and Call Center, City Operations/Program Management, and some Non-departmental)
- City Clerk
- Facilities Maintenance
- Municipal Court
- Public Works – Road Maintenance
- Non-Departmental

The budgets used are: Sandy Springs FY 2007 and FY 2008; Johns Creek FY 2007 (annualized for 12 months) and FY 2008, and Milton FY 2008. For more explanation about the selection of the budgets and one-time expenditures that were excluded, please see the Methodology Report.

Because the cost estimates rely on North Fulton cities' FY 2007 and FY 2008 budget data and Dunwoody revenue estimates are based on FY 2006 DeKalb County collections, CVIOG's analysis applies a very fiscally conservative measure for viability. In other words, this comparison of revenues to expenditures does not account for the additional revenues Dunwoody would receive if this report relied on revenue data for FY 2007.

## Population estimates for the new North Fulton Cities

Sandy Springs: 86,698  
Johns Creek: 72,988  
Milton: 19,861

For explanation on how the above population figures were determined, please read the Methodology Report.

## Remaining Municipal Services



The remaining municipal services are calculated with data from sources other than the new North Fulton cities:

Police	City Council
Parks and Recreation	Community Services
Storm Water	Tourism Board

Please read the companion report for information about the methodologies and data used to calculate the expenditures for these services.

### **Operating Expenditure Estimates- North Fulton Cities Per Capita Methodology**

#### City Manager’s Office

For all three of the new cities, the City Manager is paid directly by the city and is therefore considered a city employee.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	657,409	9.01
Johns Creek - FY 08	839,000	11.50
Milton - FY 08	365,784	18.00
Sandy Springs - FY 07	625,744	7.20
Sandy Springs - FY 08	659,777	7.59
Average Per Capita Expenditure		<b>\$10.66</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$396,062</b>

The City of Dunwoody might also want to consider hiring an individual dedicated to contract management. This person could assist the City Manager in ensuring the city received the services from its contractors at the level specified in the contracts. This person could also develop metrics to include in contracts with service providers and even act as an assistant city manager. The cost of such a position would likely approximate \$100,000 - \$125,000 for salary and benefits.

#### Finance Office

All three North Fulton cities have their own finance director (title is Treasurer in Milton) but staff supporting the finance director are CH2MHill-OMI employees.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	1,398,000	19.15
Johns Creek - FY 08	1,577,200	21.61
Milton - FY 08	751,832	38.00
Sandy Springs - FY 07	1,965,345	22.67
Sandy Springs - FY 08	1,989,710	22.95
Average Per Capita Expenditure		<b>\$24.88</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$924,392</b>

### General Operations

See the Methodology Summary above for a list of services included under General Operations.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	6,672,404	91.42
Johns Creek - FY 08	6,050,120	82.89
Milton - FY 08	2,148,212	108.00
Sandy Springs - FY 07	9,749,801	112.46
Sandy Springs - FY 08	9,770,647	112.70
Average Per Capita Expenditure		<b>\$101.49</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$3,770,759</b>

### Legal Services

All three of the North Fulton cities contract with private laws firms for legal services. Dunwoody could also choose this method of service provision or apply the estimated expenditures to hire its own in-house legal counsel. The city attorney could also serve as the city's solicitor on those days the city holds municipal court.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	724,800	9.93
Johns Creek - FY 08	569,000	7.80
Milton - FY 08	180,000	9.00
Sandy Springs - FY 07	766,000	8.84
Sandy Springs - FY 08	766,000	8.84
Average Per Capita Expenditure		<b>\$8.88</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$329,928</b>

### City Clerk

Under Georgia law, the City Clerk must be a municipal employee. However, all expenditures and staff that support the work of the City Clerk can be contracted out to private companies. This blend of direct municipal and CH2MHill-OMI contract expenditures is seen in all three of the new cities.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	224,280	3.07
Johns Creek - FY 08	449,000	6.15
Milton - FY 08	448,558	22.59
Sandy Springs - FY 07	182,313	2.10
Sandy Springs - FY 08	179,904	2.08
Average Per Capita Expenditure		<b>\$7.20</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$267,509</b>

### Facilities<sup>2</sup>

Due to data availability, this service only focuses on the facilities and buildings costs for Sandy Springs.<sup>3</sup> To estimate building maintenance costs, we subtracted the building

<sup>2</sup> Currently, DeKalb County utilizes facilities located at Brook Run Park for staff and maintenance. Dunwoody might be able to do so as well, in lieu of leasing commercial property. Total available space from office buildings, maintenance, and theatre exceeds 32,000 square feet. These buildings are older than those used by the new North Fulton cities so the above facility maintenance costs cannot be applied to them nor are the actual facility maintenance costs known. Therefore, space from Brook Run is not used for this report. Because the Spruill Art Center facility is managed by a non-profit organization and the Donaldson Chesnut Farm is closed, no facility maintenance costs are budgeted for these buildings.

<sup>3</sup> Milton's facility management costs are incorporated into its Public Works budget. CVIORG could not verify the lease costs for Johns Creek's general government and police and municipal court buildings and

lease expenditures from the fiscal years 2007 and 2008 budgets and then calculated a per capita cost estimate.

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thus segregate building lease expenditures for a general building maintenance budget.

<b>City and Fiscal Year Budget</b>	<b>Total Dept. Budget</b>	<b>Dept. Budget- Less Lease Cost</b>	<b>Per Capita</b>
Sandy Springs - FY 07	1,003,452	406,718	4.69
Sandy Springs - FY 08	1,343,472	395,272	4.56
Average Per Capita Expenditure			<b>\$4.63</b>
<b>Dunwoody Expenditure Estimate</b>			<b>\$172,023</b>

We then averaged the three cities' leased building space (square footage) for non-public safety services to determine the building space needs for Dunwoody. The square footage was multiplied by the cost per square foot paid by Sandy Springs for FY 2007.

<b>City</b>	<b>Sq. Ft Leased Space: Non-public safety</b>	<b>Sq. Ft Space Per Capita</b>
Johns Creek	36,000	0.49
Milton	23,000	1.16
Sandy Springs	62,000	0.72
Average Per Capita Leased Space		0.79
Dunwoody Lease Space – Square Feet		29,352
Cost per square foot FY 2007		\$11.30
<b>Dunwoody Expenditure Estimate – Lease Space</b>		<b>\$331,678</b>

Both general facilities maintenance and lease space are combined for total facilities cost estimate.

Total Cost Facilities: **\$503,701**

#### Municipal Court

For all three cities, the Court Clerk is paid directly by each city and is therefore considered a city employee. The cities also directly hire part-time justices and solicitors; however, support services are paid from the cities' respective CH2MHill-OMI contracts.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	402,181	5.51
Johns Creek - FY 08	593,000	8.12
Milton - FY 08	448,565	22.59

Sandy Springs - FY 07	847,112	9.77
Sandy Springs - FY 08	1,250,514	14.42
Average Per Capita Expenditure		<b>\$12.08</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$448,820</b>

Public Works – Road Maintenance<sup>4</sup>

The Public Works departmental expenditures for the new North Fulton cities include storm water maintenance services. Because the specific cost allocation for public works is considered proprietary by CH2MHill-OMI, CVIOG cannot remove actual storm water expenditures from the new cities’ public works budgets. However, CVIOG separately accounts for storm water using DeKalb County FY 2006 expenditures (see page 15). To avoid double-counting storm water expenditures, we deduct Dekalb County’s per capita storm water maintenance expenditure (FY 2006) from the new cities’ average Public Works budgets.

<b>City and Fiscal Year Budget</b>	<b>Dept. Budget</b>	<b>Per Capita</b>
Johns Creek - FY 07	7,378,968	101.10
Johns Creek - FY 08	6,639,500	90.97
Milton - FY 08	1,753,254	88.28
Sandy Springs - FY 07	8,947,788	103.21
Sandy Springs - FY 08	8,846,920	102.04
Average Per Capita Expenditure		\$97.12
DeKalb County storm water FY 2006		-\$28.81
<b>Net Per Capita Estimate</b>		<b>\$68.31</b>
<b>Dunwoody Expenditure Estimate</b>		<b>\$2,537,990</b>

Non-Departmental Costs from new North Fulton Cities

Unlike more established cities whose cash flows have long since been stabilized through fund balances, the new cities faced immediate expenditures yet had to wait months before receiving property tax revenues. In order to “pay the bills on time,” the cities issued tax

<sup>4</sup> For comparison, we also calculated services costs using a cost per center lane mile methodology. Data came from Johns Creek and Sandy Springs FYS 2007 and 2008 budgets and the Department of Transportation. With this methodology, the estimated cost to Dunwoody equaled \$2,622,481, a 3% difference to the estimate using per capita costs. Therefore, CVIOG considers the per capita estimate to be reasonable.

anticipation notes (TAN) and Dunwoody should anticipate having to acquire a TAN as well. Milton's FY 2008 interest expenditure for its TAN is \$150,000 and we estimate a similar interest cost for Dunwoody.

Other than initial start-up equipment (computers, general office furniture, etc.) which CH2MHill-OMI leased on behalf of the new cities, the new North Fulton cities have made policy decisions to purchase their own equipment in order to save money on sales taxes. However, much of the equipment the new cities have budgeted for include items for public safety which this report addresses separately. Therefore, CVIOG examined the remaining non-public safety items the new cities budgeted for purchase in FYS 2007 and 2008 and based on those items, estimates \$150,000 annually for non-police equipment.

Non-Departmental	
TAN Interest	150,000
General Equipment	<u>150,000</u>
Total Non-Departmental	<b>\$300,000</b>

## Non-North Fulton Cost Estimate Methodologies

### Police

This report assumes Dunwoody would manage its own police department rather than rely on intergovernmental agreements with an existing city. CVIOG based its estimates on budgetary data and information supplied by representatives from Sandy Springs (for salaries) and Milton (for equipment and salaries). Since both of these cities established their own police departments within the last two years, the costs provided below should be both accurate and competitive. To estimate on-going administrative costs, we used the ratio of operating and maintenance costs to personnel (salaries and benefits) for the City of Alpharetta for FY 2007. CVIOG assumes Dunwoody will purchase the North Precinct from DeKalb County and the cost for this building is shown under Capital on page 16.

### **Number of Officers and Personnel Costs**

For this analysis, Citizens for Dunwoody, Inc. requested that CVIOG calculate the number of officers needed to staff a police department assuming four patrols. To satisfy this criterion, the Shift Relief Factor model was used because it centers on the officers needed to fully staff one patrol rather than on the number of calls received. The model starts with the number of days a patrol will function (i.e., 365) and then subtracts the number of days an officer is unable to staff that patrol based on hours worked, vacation, sick leave, training, etc.

*Model Assumes: officers work 5 8-hour shifts per week, 10 vacation days, 12 days sick leave, 9 holidays, and 10 days of training which results in a work-shift ratio of 1.66.<sup>5</sup> Changes in these assumptions, such as more vacation leave will alter the work-shift ratio and the number of officers needed per patrol.*

1.66 officers per shift x 3 shifts per patrol = 4.98 or 5 officers per patrol  
 4 patrols times 5 officers per patrol = 20 patrol officers

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<sup>5</sup> Mike Swanson. 1995. *Staff and Operations Study Toccoa Police Department*. Carl Vinson Institute of Government.



Based on the officer hiring criteria of the new North Fulton cities, this study assumes patrol officers are already trained and have more than one year of experience. Of the 20 patrol officers calculated, this report assumes approximately one-third will be senior officers (i.e., several years experience).

The report assumes that the Police Department will need an additional 8 officers for non-patrol functions.

- 1 Police Chief
- 1 Lieutenant – Operations
- 3 Sergeants – Shift Supervisors
- 2 Detectives
- 1 Community Outreach Officer

<b>Position</b>	<b>Number Officers</b>	<b>Ave. Position Salary</b>	<b>Total Salary</b>
Patrol Officer	14	\$40,000	560,000
Senior Patrol Officer	6	\$48,000	288,000
Sergeants	3	\$61,100	183,300
Detectives	2	\$54,300	108,600
Community Outreach	1	\$54,300	54,300
Lieutenant	1	\$68,700	68,700
Police Chief <sup>1</sup>	1	\$105,000	105,000
<b>Total</b>	<b>28</b>		<b>1,367,900</b>
<b>Benefits 30% of salaries</b>			<b>410,370</b>
<b>Salary and Benefits</b>			<b>\$1,778,270</b>

1. ICMA salary survey data 2007 South Atlantic Region – Weighted Maximum

### **Overtime and Holiday Pay**

In order to compensate officers for working on holidays and some inevitable overtime, this estimate includes an additional allocation for salaries and benefits. In FY 2008, the City of Sandy Springs ratio of regular salaries to overtime salaries for its Police Department equals 8.69%. As employees earn additional wages, employers must also contribute more for benefits such as Social Security and retirement. Therefore, this estimate includes an additional 8% allocation to both total salaries and benefits.

$$\$1,778,270 \text{ regular salaries and benefits} \times 8.0\% = \mathbf{\$142,261}$$

### **One-Time Officer Costs**

In its initial year, Dunwoody will need to make a significant investment in recruitment, uniforms, and officer equipment to properly outfit the above officers.

27 Recruitment (excludes Chief)	\$18,968
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28 Uniform, weapon, vest @ \$3,050	\$85,400
28 Radios @ \$3,800	\$106,400
28 Technology @ \$3,000	\$84,000
<b>Total One-Time Officer Costs</b>	<b>\$294,768</b>

### Ongoing Officer Costs

Like all police departments, Dunwoody should anticipate turnover of officers and therefore will incur a portion of the above costs annually when hiring new officers. This report assumes a 10 percent annual turnover which is lower than the national average but considering the estimated salaries and being a new department, we believe the turnover rate is reasonable. Therefore, Dunwoody will need to retain 10 percent of the above recruitment and uniform costs in its ongoing budget. In addition, we assume the radios and the office technology (e.g., computers) have a four-year life span. Therefore, one-fourth of these costs are included in the on-going budget.

Recruitment	\$1,897
Uniform, weapon, vest @ \$3,050	\$8,540
Radios @ \$3,800	\$26,660
Technology @ \$3,000	\$21,000
<b>Total On-going Officer Costs</b>	<b>\$58,097</b>

### Ongoing Administrative

Like any office, the Police Department will incur administrative expenses such as professional development, utilities, supplies, vehicle maintenance, etc. To estimate this cost, we used the ratio of general operating (less equipment, uniforms, building rent) to salaries for the City of Alpharetta's FY 2007 Public Safety budget. That ratio equaled 18%.

Dunwoody Administrative: \$1,778,270 (regular personnel) x .18 = \$320,089

### Vehicles

Approximately 85 percent of Atlanta metropolitan police departments have a vehicle take home policy,<sup>6</sup> requiring Dunwoody to follow a similar practice in order to be a competitive employer. Vehicles can typically be driven for 5 years. Following the practice of the new North Fulton cities, we assume a 5-year lease purchase agreement.

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<sup>6</sup> Interview with Christopher Lagerbloom, Acting City Manager for City of Milton. October 30, 2007.

28 vehicles at \$35,000<sup>7</sup> per vehicle = \$980,000

Annual cost with interest rate of 4.5% = \$204,820

### **Office Equipment**

Dunwoody will also need to purchase office equipment. Again we assume a 5-year lease purchase agreement with 4.5% interest

Total cost for office equipment \$200,000

Annual lease purchase cost = \$41,800

### **Crime Unit Investigations and Special Forces**

Like other small communities across Georgia (e.g., Milton), Dunwoody can utilize the expertise and resources of the state's crime lab and crime scene investigators when necessary. In addition, we assume that Dunwoody will participate in inter-local agreements with neighboring jurisdictions for use of Special Forces, such as a SWAT Team or Anti-Terrorism Unit. Due to their limited and unpredictable use, no costs are specifically budgeted for Special Forces.

### **Contingency Budget**

After the first year, the Police Department may want to apply some of the first-time officer costs (i.e., from uniforms, radios, technology) to a data management system. This report includes \$200,000 for data management or other contingency needs as an on-going expenditure after year one. This contingency budget could also be used to repay a neighboring jurisdiction if a situation occurred in Dunwoody that required Special Forces such as Aerial Support, Bomb Squad, SWAT, or Anti-Terrorism Unit.

### **Jail**

Because prisoner housing agreements between a county's sheriff and cities within that county differ substantially across counties, CVIOG looked at jail costs for cities in DeKalb County. This was done under the belief that the DeKalb County Sheriff would likely develop a prisoner holding agreement with Dunwoody that resembles the other DeKalb County cities that do not operate their own jail.

Decatur does not have a jail to house prisoners and therefore relies on the County's jail facilities. To reimburse the Sheriff for prisoner costs, the City gives the Sheriff ten

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<sup>7</sup> Cost for vehicle taken City of Milton's FY 2008 budget. Two new police vehicles budgeted at \$69,487.

percent of its fines. In 2006, this expenditure equaled just \$50,895 or \$2.81 per capita. We assume that Dunwoody would accept a similar arrangement with the Sheriff, assessing a surcharge of ten percent to pay for jail expenses and thus be revenue neutral.

**Total Estimated Police Department Expenditures**

<b>Line-Item</b>	<b>Year One</b>	<b>Ongoing</b>
Regular Salaries and Benefits	\$1,778,270	\$1,778,270
Overtime Salaries & Benefits	\$142,261	\$142,261
Recruitment	\$18,968	\$1,897
Uniforms	\$85,400	\$8,540
Radios and Technology	\$190,400	\$47,660
Administrative	\$320,089	\$320,089
Vehicles	\$204,820	\$204,820
Office Equipment	\$41,800	\$41,800
Contingency	0	\$200,000
<b>Estimated Dept. Budget</b>	<b>\$2,782,008</b>	<b>\$2,745,337</b>

### City Council

The costs below reflect the expenditures allowed under SB 82.

Mayor salary	16,000
Council members total salary 6 members @ \$12,000	72,000
Payroll taxes, workman's compensation, and bond insurance	2,000
Expenses for Mayor and Council	23,000
<b>Total Expenditure</b>	<b>\$113,000</b>

### Community Development

Community Development services (e.g., building inspections) are generally budgeted on a fee-for service basis and therefore should be revenue neutral. In other words, higher levels of services would also result in higher fees and revenues. Though actual services levels are unknown, CVIOG decided it was most appropriate to estimate community development costs using DeKalb County's Development Fund and Police Code Enforcement budgets because this report relies on DeKalb County revenue estimates as well. DeKalb County's Development Fund includes expenditures for planning, zoning, and inspections while the Police Department provides code enforcement services.

<b>DeKalb FY 2007</b>	<b>Budget</b>	<b>Unincorporate d Population</b>	<b>Per Capita</b>
Development Fund	12,998,426	620,131	20.96
Police – Code Enforcement	1,846,654	620,131	2.98
Total Per Capita Expenditure			23.94
<b>Dunwoody Expenditure Estimate</b>			<b>\$889,467</b>

Source: DeKalb County 2007 budget, pgs. 316 and 236

### Parks and Recreation

This report assumes Dunwoody will purchase the following parks and recreation properties from DeKalb County:

Brook Run Park, Dunwoody Park (nature center and athletic fields), Windwood Hollow Park, Donaldson Chesnut Farm, and the Spruill Art Center<sup>8</sup>

Total acreage for parks and facilities	157
DeKalb County Maintenance Costs per Acre Annually FY 2007	\$1,582
Parks Maintenance	<b>\$248,374</b>

Skate Park at Brook Run FY 2008 budget **\$81,000**  
Cost estimate based on comparable skate park in Asheville, NC

Total Parks Budget: **\$329,374**

### Storm Water

CVIOG calculated the per capita storm water expenditure for all unincorporated DeKalb County residents using the storm water fund's total expenditures and dividing it by the unincorporated area's population. We then multiplied that per capita cost by the population of Dunwoody. Data are for 2006.<sup>9</sup>

$$\$17,864,716 / 620,131 = \$28.81$$

$$\$28.81 \times 37,154 = \mathbf{\$1,070,407 \text{ annual storm water expenditure estimate}}$$

### Tourism Board

The revenues estimated from DeKalb County's Hotel/Motel Tax Fund must be dedicated to promoting tourism. Under SB 82, the Dunwoody Tourism Board would be a non-profit organization.

Estimate of contract: **\$425,317**

## **Surplus for Fund Balance / Contingency Fund**

As a new jurisdiction, Dunwoody will need to set aside revenues for cash management within its general fund. This fund balance is also critically important as a reserve during times of fiscal stress. Standard practice is to keep a fund balance equaling 16% (2

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<sup>8</sup> Assumes DeKalb County will continue to operate the library

<sup>9</sup> DeKalb County FY 2007 Operating Budget pg. 431

months) of total operating expenditures. Once this fund balance has been reached, the set asides would no longer be necessary and this revenue can be spent on other services or capital. Following a policy similar to Milton, we assume this reserve will be built up over 5 years.

Total estimated operating expenditures:  $\$15,088,734 \times 16\% / 5 \text{ years} = \$482,839$   
**surplus dedicated to contingency fund**

## Capital Expenditures

### Purchasing Parkland and North Police Precinct

This report assumes Dunwoody will purchase the following properties from DeKalb County:

Brook Run Park	Dunwoody Park (nature center and athletic fields)
Windwood Hollow Park	Spruill Art Center
Donaldson Chesnut Farm	North Precinct Police Station.

SB 83 as passed by the House Governmental Affairs Committee in the 2007 dictates the amount of money Dunwoody would have to pay DeKalb County in order to purchase cultural properties. That amount is \$100 per acre. The parks and cultural facilities' total acreage equals 157, resulting in a total cost to Dunwoody of \$15,700. We assume Dunwoody will acquire a loan to purchase the parks and facilities at 5% interest to be repaid over 5 years. This cost estimate does not include DeKalb County's unspent bond proceeds (if any) dedicated to Brook Run which would be remitted to Dunwoody upon that city's acquisition of the park.

The total annual payment to purchase the parks equals: **\$3,555.**

Based on correspondence with Citizens for Dunwoody, Inc., rather than applying the \$5,000 purchase price for the North Precinct as stated in SB 83, this report uses an estimate of \$800,000 for the precinct. We assume a 25-year bond with 5% interest.

Total annual payment to purchase the North Precinct: **\$40,000**

### Ongoing Capital Budget



To estimate the costs for road construction/capital projects, we used average annual spending of existing cities. To learn what existing municipalities annually spend on road construction, we examined 20 cities across Georgia with populations between 21,000 and 57,000 (2005 population) for the years 2001 – 2005.<sup>10</sup> The average per capita highway/road capital spending over the five years for these 20 cities equaled \$37.25. For Dunwoody, that equates to an annual cost of **\$1,383,987**.

Citizens for Dunwoody asked that this report include an additional **\$1,500,000** dedicated to an Other Capital Spending category because for several of the last five years DeKalb County has awarded a similar amount for capital projects located within the central Dunwoody business community area (PCID) from HOST capital funds. This amount exceeds the \$1.4 million CVIOG estimates a City of Dunwoody will receive in HOST funds (using FY 2006 data).

Total Capital

Parks / Cultural Facilities	3,555
North Precinct	40,000
Roads-general	1,383,987
Other Capital Spending	1,500,000
<b>Total</b>	<b>\$2,927,542</b>

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<sup>10</sup> Costs were adjusted for inflation (CPI) to 2006 dollars, Bureau of Labor Statistics, South Urban. Data on annual spending and population come from the Georgia Department of Community Affairs.