

City of Decatur Annexation Master Plan

A Report to the
Decatur City Commission

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I. Background

The issue of annexation for the City of Decatur is not new. From the turn of the 20th century through the late-1930's, the City annexed adjacent areas expanding the city limits from a small area directly surrounding the existing Square to the boundaries that exist today. In 1950, annexation of several areas predominantly to the north and east was proposed but never approved. The topic of annexation surfaced in 2008 but discussion was deferred in early 2009 to allow for the completion of the 2010 census so that data sets could be updated and the effect of the incorporation of the City of Dunwoody on DeKalb County tax rates could be determined.

In 2012, discussions began in earnest about possible annexation. The conversations started in part due to direction from the 2010 Strategic Plan which included "Goal 9 EXPAND AND DIVERSIFY THE CITY'S REVENUE BASE." This goal includes "Task 9B: Explore annexation options in partnership with the City Schools of Decatur that expand the property tax base and enhance school operations." In addition, at their 2012 Annual Planning Retreat, the City Commission included as one of their activities to consider annexing the area along North Decatur Road from Clairemont Avenue to Church Street, including Suburban Plaza, to determine the level of support and to incorporate feedback from stakeholders as well as the legislative delegation.

A lengthy process included: posting maps, a property tax calculator spreadsheet and a "Questions and Answers" document to the City's website; mailing notification letters to every property owner and resident in the draft annexation areas; a public meeting where over 50 interested persons asked questions and/or made comments; acceptance of petitions both for and against annexation; and, attendance at neighborhood meetings, meetings with concerned parties and responses to numerous telephone calls and emails. The City Commission ultimately adopted Resolutions R-12-18 and R-12-19 requesting that the Georgia General Assembly support local legislation for a limited annexation effort. A sponsor for the legislation was never secured and annexation efforts did not proceed.

Towards the end of the 2013 Georgia General Assembly session, multiple bills were abruptly introduced to create new cities, including three bills that would have municipalized all of the northern part of DeKalb County. It became clear that for the areas adjacent to the City of Decatur the annexation question was no longer "Would you prefer to be in the City of Decatur or

remain in DeKalb County.” It was now “Would you prefer to be in the City of Decatur or be part of a new city?” This became particularly apparent in early 2014 when maps of the proposed City of Briarcliff showed proposed city limits that would directly abut Decatur’s existing city limits. Despite significant activity during the Georgia General Assembly’s 2014 legislative session, no bill for a new city was passed.

In July 2014, an annexation project steering committee was formed jointly by the City of Decatur (City) and City Schools of Decatur (CSD). In August, 2014 consultants were hired and the committee began working to develop an Annexation Master Plan (AMP) that could be considered for presentation during the 2015 legislative session of the Georgia General Assembly.

The City designated four possible annexation areas (Appendix A) and accepted petitions either in support or in opposition to annexation. A total of 228 responses from 1,327 parcels were received. The table below shows a tally of the responses:

	Support	Oppose	No Indication
Area A	21	73	234
Area B	86	26	785
Area C	0	1	28
Area D	8	13	52

From mid-August through mid-November 2014, research and technical information was gathered; information was posted to the City’s website; property owners and residents were notified; and, neighborhood and stakeholder meetings were held; CSD analyzed future student enrollment trends to determine the impact that growth would have on operating and capital needs; and, in November, 2014 the City Commission held a public hearing and the City Commission and Board of Education held a joint work session.

In late August 2014, Representative Amy Carter (R-Valdosta), Chair of the Georgia House Governmental Affairs Committee, issued direction to the Briarcliff, Lakeside and Tucker cityhood proponents to come to a mutual agreement on city boundary lines by November 15, 2014 or if no agreement was reached by that date, Rep. Carter would appoint a five-member panel to produce a boundary map no later than December 31, 2014. A mutually agreed upon boundary map was not submitted by the cityhood proponents and the work of the five-member panel is now underway.

II. Why Annexation?

The City of Decatur and City Schools of Decatur have worked together to review and analyze the implications of projected student enrollment growth as well as the opportunities and challenges presented by potential annexation.

Consideration of annexation is based on six objectives:

- Expansion and stabilization of the property tax base;
- Municipalization of northern DeKalb County;
- Potential for location of additional school facilities;
- Influence and control of development at key gateways;
- Response to interest from nearby residents and property owners; and,
- Consolidation of partial parcels.

Today's reality is that the City and CSD have to work together to develop a plan that will serve and enhance all the public needs in the community. CSD will continue to face substantial enrollment and financial pressures in the next five years and beyond. Those pressures are unlikely to be adequately addressed within the existing city boundaries condition so annexation must be explored. The option of annexation will not exist in the future – once the areas adjacent to the existing city limits are part of another city annexation will no longer be an option. It is likely that in the next three – five years, the Decatur will be surrounded by other cities.

III. Where?

The AMP proposes enlarging the existing City limits primarily to the north, while some areas adjacent to the existing southeastern City limits are also included. A copy of the map is included as Appendix A. The City committed to working with the City of Avondale Estates so that the two cities would not include overlapping areas in their respective proposals.

1. Area A

Area A includes properties to the west of the CSX rail line and north of the existing city limits extending along Clairemont Avenue to North Decatur Road and along North Decatur Road east to the existing city limits. This area has residential properties and commercial properties including Emory Commons Shopping Center, Emory Promenade and North Decatur Center.

2. Area B

Area B includes properties north of the existing city limits extending east along North Decatur Road from the existing city limits to Scott Boulevard (which becomes Lawrenceville Highway) and then south at Jordan Lane from DeKalb Industrial Way to East Ponce DeLeon Avenue. This area includes substantial residential neighborhoods, Suburban Plaza, North Decatur Square, Patel Plaza, various automotive dealerships and DeKalb Medical Center.

3. Area C

Area C includes properties along Derrydown Way and the United Methodist Children's Home. The United Methodist Children's Home is a large tract of land with strategic importance to the City. In addition to being a cooperative community partner, the location and expanse of the property is especially important to the City as future uses will have long term implications.

4. Area D

Area D is located to the southeast of the existing City limits including Midway Road east to Conway Road and then north on Conway to Columbia Drive. This area is entirely residential and is included in order to resolve issues of partial parcels and to create more logical city limits.

5. Other Areas

The City received petitions from areas outside the original draft map boundaries showing both support and opposition to annexation. At this time an analysis of the other areas is not included in this report.

IV. City Service Delivery.

An estimated financial cost/benefit analysis based on real estate values and projected revenues and expenditures for the City of Decatur is provided in Attachment B. Revenues vary by source according to the estimated number and type of parcels. Expenditures have three components. One results in no change in expenditures regardless of what occurs, for example, the Governmental Control (City Commission) budget. The second represents variable costs which change depending on the number of parcels, the length of street frontage, or work output. The third are stable costs that the City would incur but only change slightly from existing costs

and are not cumulative. Estimated expenditures are based on providing the City's current service delivery standard to the annexed areas. The estimated fiscal impact for adding the proposed areas indicate that revenues would exceed expenditures.

The largest potential cost relates to fire services. Currently the City of Decatur has a Class 2 ISO rating for fire services. At the last review, we were able to retain a Class 2 rating. A large part of Area B exceeds the 1.5-mile radius standard for location of a fire station necessary to maintain the Class 2 rating. In addition, there are service delivery demands that will require additional staffing and equipment. Even with service enhancements as a result of annexation, there is no guarantee that the City would be able to retain a Class 2 rating at the next assessment.

V. City Schools of Decatur.

City Schools of Decatur gathered information to review and analyze the implications related to student population growth and facility needs associated with growth with or without annexation. Major findings indicate that:

- Using a slow growth model¹ (one-year cohort), the total school population will increase from 4,336 students in 2015 to 7,274 students in 2020. Of the 7,274 students that are estimated to be enrolled in 2020:
 - 6,141 students (84.4%) will come from internal growth within the City;
 - 386 students (5.3%) will come from new development within the City; and,
 - 747 students² (10.2%) will come from all of the annexed areas combined.
- Using a high growth model (three -year cohort) the school population will increase from 4,336 students in 2015 to 8,145 students in 2020. Of the 8,145 students that are estimated to be enrolled in 2020:
 - 7,012 students (86%) will come from internal growth within the City;
 - 386 students (4.7%) will come from new development within the City; and,
 - 747 students (9.2%) will come from all of the annexed areas combined.

Based on the school system's analysis, even without annexation the school population will increase from 4,336 students to somewhere between 6,527 students to 7,398 students.

Annexation is not a substantial driver of school enrollment increases.

¹ High growth student enrollment models were used for estimating the student enrollment from new developments within the City of Decatur and student enrollment from the proposed annexation areas.

² 432 students would be expected from the annexed areas in 2016 growing to 747 by 2020.

City Schools of Decatur has also published financial information estimating what the impact of student growth would be on the CSD budget either with or without annexation.

- Without annexation, CSD estimates that expenses would exceed revenues in FY 2016, FY 2017 and FY 2018, necessitating the cumulative use of approximately \$7,980,000 of fund balance. This reduces the fund balance from \$11,430,000 in FY 2015 to \$3,450,000 in FY 2018. Revenues begin to exceed expenses in FY 2019 based on increasing the millage from 20.5 mills to 21.5 mills and by the end of FY 2020 the fund balance is estimated to be \$3,763,000.
- With annexation, CSD estimates that expenses exceed revenues only in FY 2016, necessitating the use of approximately \$4,688,000 of fund balance. This reduces the fund balance from \$11,430,000 in FY 2015 to \$6,744,000 in FY 2016. Revenues begin to exceed expenses in FY 2017 and by the end of FY 2020 the fund balance is estimated to be \$18,357,000.

The financial impact analysis shows that without annexation for the period from FY 2016 – FY 2020, the CSD revenues will be less than expenses by \$7,669,000 even with a millage rate increase. The financial impact analysis shows that with annexation for the period from FY 2016 – FY 2020, the CSD revenues will exceed expenses by \$6,926,000 without a millage rate increase. This represents a net differential in income over the period of \$14,595,000 with annexation. Annexation is a net financial gain for City Schools of Decatur.

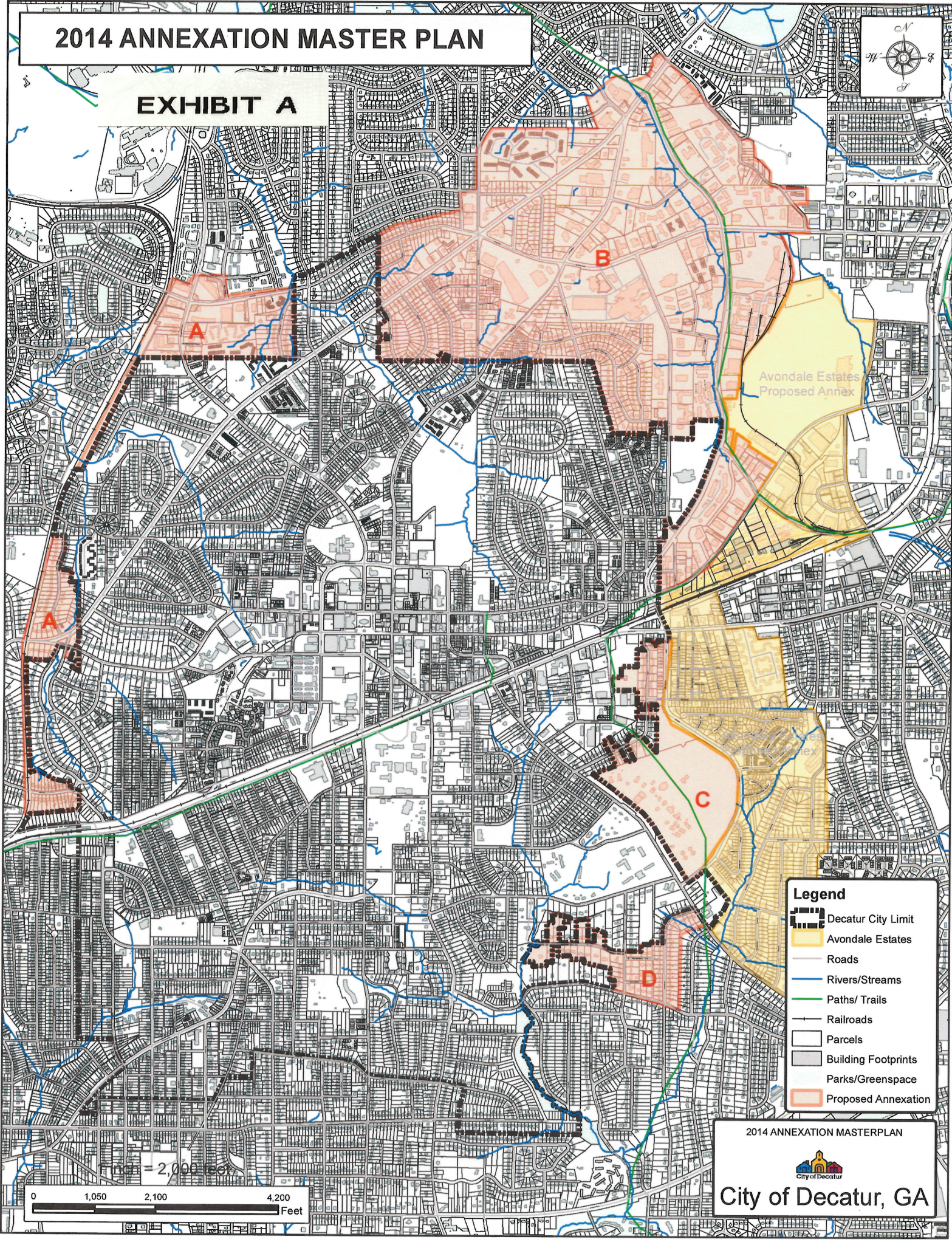
Lastly, City Schools of Decatur has indicated that the increase in student enrollment will likely require at least one new building. Because there is not available land in the existing city limits, annexation provides possible locations for new school facilities.

VI. Recommendations.

Based on the City Commission's objectives, the current reality and the cost/benefit analysis, it is recommended that the City Commission consider adopting a resolution asking the General Assembly to pass legislation in the 2015 annexing the areas included in the AMP.

2014 ANNEXATION MASTER PLAN

EXHIBIT A



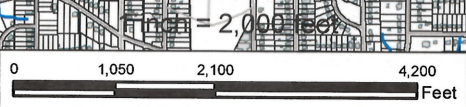
Legend

- Decatur City Limit
- Avondale Estates
- Roads
- Rivers/Streams
- Paths/ Trails
- Railroads
- Parcels
- Building Footprints
- Parks/Greenspace
- Proposed Annexation

2014 ANNEXATION MASTERPLAN



City of Decatur, GA



Attachment B

City of Decatur		Year 1	Year 2	Year 3	Year 4	Year 5
Revenue Estimates	Real Property Taxes	3,046,400	3,137,792	3,231,926	3,328,884	3,428,750
	Business/Personal Prop.					
	Intangibles/Prop. Transfer	59,000	60,770	62,593	64,471	66,405
	Electric Franchise	170,000	170,000	170,000	170,000	170,000
	Natural Gas Franchise	26,600	26,600	26,600	26,600	26,600
	Video Service	17,000	17,000	17,000	17,000	17,000
	Cable Franchise	45,600	45,600	45,600	45,600	45,600
	Telephone Franchise	17,100	17,100	17,100	17,100	17,100
	Sales & Excise Taxes	91,000	91,000	91,000	91,000	91,000
	Occupational Taxes	250,000	250,000	250,000	250,000	250,000
	Alcoholic Beverage Licenses & Permits	44,000	44,000	44,000	44,000	44,000
	Construction Permits	59,500	62,475	65,599	72,159	74,323
	Fines	171,000	171,000	171,000	171,000	171,000
	Recreation Svc. Fees	50,000	50,000	50,000	50,000	50,000
	Hotel/Motel Taxes	150,000	150,000	150,000	150,000	150,000
	Total - General Fund	4,197,200	4,293,337	4,392,418	4,497,813	4,601,778
	E-911 Fees	95,000	95,000	95,000	95,000	95,000
	Sanitation Fees	280,450	280,450	280,450	280,450	280,450
	Storm Water Fees	42,750	42,750	42,750	42,750	42,750
	CYS Fees	157,000	157,000	157,000	157,000	157,000
Total - Operating	4,615,400	4,711,537	4,810,618	4,916,013	5,019,978	
Expenditure Estimates	Governmental Control	0	0	0	0	0
	General Government	10,000	0	0	0	0
	Community & Econ. Devl.	342,000	317,000	326,510	336,305	346,394
	Admin Services	177,000	157,000	161,710	166,561	171,558
	Streetlights	40,500	40,500	40,500	40,500	40,500
	Police	317,200	317,200	326,716	336,517	346,613
	Fire	1,667,000	1,667,000	1,717,010	1,768,520	1,821,576
	E-911	84,000	84,000	86,520	89,116	91,789
	Public Works	239,150	246,325	253,714	261,326	269,165
	Design, Environment & Construction	232,140	239,104	246,277	253,666	261,276
	Sanitation	243,640	234,340	241,370	248,611	256,070
	Active Living	0	0	0	0	0
	Children/Youth Svcs.	232,070	232,070	239,032	246,203	253,589
	Capital Eqp. Leases	327,000	327,000	327,000	327,000	327,000
	Total	3,911,700	3,861,539	3,966,360	4,074,326	4,185,530
		703,700	849,998	844,258	841,687	834,448
	Debt Service Revenues	386,000	397,580	409,507	421,793	434,446
	Fire Stn. Construction	400,000	400,000	400,000	400,000	400,000