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**FINAL REPORT  
OF THE  
SENATE STUDY COMMITTEE ON THE INCORPORATION OF THE  
CITY OF DEKALB IN DEKALB COUNTY  
2012**

**The Honorable Gloria Butler, Chair**  
**State Senator, District 55**

**The Honorable Jason Carter**  
**State Senator, District 42**

**The Honorable Gail Davenport**  
**State Senator, District 44**

**The Honorable Steve Henson**  
**State Senator, District 41**

**The Honorable Emanuel Jones**  
**State Senator, District 10**

**The Honorable Fran Millar**  
**State Senator, District 40**

**The Honorable Ronald Ramsey, Sr.**  
**State Senator, District 43**

**Prepared by the Senate Research Office**  
**2013**

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## INTRODUCTION

The Senate Study Committee on the Incorporation of the City of DeKalb in DeKalb County ("Committee") was appointed by the Lieutenant Governor, serving as the President of the Senate, pursuant to Senate Resolution 5 during the 2012 Legislative Session.

The Committee was composed of seven members of the Senate, all of whom represented a portion of DeKalb County. The Senators serving on the Committee were: Senator Gloria Butler, serving as Chair; Senator Jason Carter; Senator Gail Davenport; Senator Steven Henson; Senator Emanuel Jones; Senator Fran Millar; and Senator Ronald Ramsey, Sr.

Additional legislative staff assigned to the Committee were: Ms. Lauren Randall, Legislative Assistant to Senator Gloria Butler; Ms. Shawna Mercer of the Senate Press Office; Ms. Jill Fike of the Senate Research Office; and Ms. Emily Fisher of the Senate Research Office.

The Committee met on four occasions. The first meeting, which served as an organizational meeting, was held on October 17, 2012 at the State Capitol in Atlanta. The Senators who attended the first meeting were Senators Butler, Carter, Davenport, and Henson. The second meeting, during which Committee members heard testimony from DeKalb County executive officials, was held on November 8, 2012 at the Manuel Maloof Building in Decatur. Senators in attendance at the second meeting were Senators Butler, Davenport, Henson, and Ramsey, Sr. The third meeting, during which Committee members heard testimony from the Carl Vinson Institute of Government, was held on November 29, 2012 at the State Capitol in Atlanta. The final meeting, during which Committee members heard testimony from the Association of County Commissioners of Georgia, was held on December 13, 2012 at the State Capitol in Atlanta. At each meeting, the Committee heard testimony from citizens regarding their approval or disapproval of a possible incorporation of the City of DeKalb in DeKalb County.

## BACKGROUND

In the past decade, a number of cities have incorporated in DeKalb County, including Dunwoody, Chamblee, and Brookhaven. The drop in property values in DeKalb County in the last five years<sup>1</sup>, combined with the loss of revenue from the most recent incorporation of the City of Brookhaven, has left the County with fewer resources, but still with a requirement to provide services to its citizens. During the 2012 Legislative Session, Georgia State Representative Billy Mitchell introduced House Bill 1090, which would have provided for the incorporation of the City of DeKalb. At Senator Butler's request, this study committee was created to explore the issues associated with such an incorporation.

According to information provided by the Carl Vinson Institute of Government, incorporation involves the General Assembly approving a new city charter that outlines certain powers (e.g.; to provide municipal-type services such as fire, police, water, etc.), as well as the boundaries and governance structure of a municipal corporation. Prior to 1972, the power to provide municipal-type services was restricted to cities; now, counties generally share in this ability, but only in the unincorporated area, unless there is an agreement with the city.

Alternatively, annexation is the extension of an existing city into the unincorporated area of the county. Georgia has restrictive rules for annexation. Locally implemented annexations require

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<sup>1</sup> [http://www.co.dekalb.ga.us/pdf/2013\\_executive\\_budget\\_recommendation.pdf](http://www.co.dekalb.ga.us/pdf/2013_executive_budget_recommendation.pdf)

that property to be added to the city be contiguous. There are five methods for annexation, including by a local act of the General Assembly, and counties must be compensated for facilities should they be no longer usable for service delivery by the county.

### COMMITTEE FINDINGS

A number of topics repeatedly arose during the Committee's meetings related to incorporation in general, as well as the implications of the incorporation of the City of DeKalb.

#### Franchise Fees

Perhaps the most immediate and apparent impact of incorporation of the City of DeKalb would be the ability of the City of DeKalb to receive franchise fees. Franchise fees are fees paid by utilities for their use of the public right-of-way. The following chart illustrates the types of franchise fees charged in Georgia, who collects each franchise fee, and to whom the specific franchise fee is billed.

Type of Franchise Fee	Who Collects	Billed To
Cable	Both cities and counties	Billed to customer
Natural gas	Only cities	Depending on provider, may be billed to the entire rate base or directly to customer
Land-line telecom	Only cities	Billed to customer
Electricity	Only cities	One-half billed to customer, other half paid by rate base

While one reason for incorporation of the City of DeKalb would be to recoup revenue the County has lost in the past few years, it is important to note that the franchise fees would go to the City of DeKalb, not the County. Both Committee members and constituents asked about how much revenue would be recouped if the City of DeKalb were incorporated. The only new form of money would come from franchise fees, and the revenue flowing to the City would depend on the tax structure of the County and City governments.

A number of Carl Vinson studies have estimated the amount of franchise fees that would flow to newly-incorporated cities that could potentially flow to the City of DeKalb, if it were to incorporate. A 2011 study on the Revenue and Expenditure Estimates for a Proposed City of Brookhaven offered the following potential franchise fee revenue to be recouped by Brookhaven.

Revenue Source	Data Source	Amount
Franchise Fees – Cable	Ratio of population in study area to DeKalb unincorporated area	\$503,090
Franchise Fees – Electric	Estimate from Georgia Power for the 30319 zip code applied per capita	\$2,406,721
Franchise Fees – Natural Gas	Adjusted estimate from Atlanta Gas Light	\$248,483
Franchise Fees – Phone	Average of per capita revenue from 2010 revenues received by Johns Creek and Dunwoody	\$149,040

Similarly, a 2008 Carl Vinson study on the Revenue and Expenditure Analysis of a Proposed City of Dunwoody estimated approximately the same amount for Dunwoody as Brookhaven.

Revenue Source	Data Source	Amount
Franchise Fees – Cable	Ratio of population in study area to DeKalb unincorporated area	\$303,192
Franchise Fees – Other	Estimates from the relevant electric, natural gas, and telecommunications utilities	\$2,540,329

Presenters generally agreed that the primary benefit of the incorporation of the City of DeKalb is franchise fees.

#### Revenue Loss Due to New Cities Incorporating

Many of the Committee members were concerned with the amount of revenue DeKalb County has lost, or will continue to lose in the future, due to the incorporation and annexation of cities. Revenues other than property taxes shift with annexation to the newly-created city; those taxes and fees previously collected by the county would then be due to the city. Property taxes are not affected by annexation, but property taxes due to the county school system would be affected.

Additionally, the creation of Brookhaven alone found that the revenue attributed to the new city would equal a loss to the county, as the county would lose all business license revenue, hotel and motel taxes, along with other revenue sources.

A chart of the 2012 County, School, State and City millage rates is included in the appendix.

#### Considerations and Implications of Incorporation

The Carl Vinson Institute typically looks at a number of issues, including fiscal and legal viability, to consider when incorporating. Some of these issues include:

- Historical and cultural identity.
- Economies of scale in governmental operations.
- The creation of rational service delivery areas.
- The capture of agglomeration economies (where business becomes more efficient because of co-location).
- Efficient local and regional economic development planning.
- Zoning for an identified community and business interests.
- Inclusionary and exclusionary residential development or the tendency for some communities to sue zoning rules to include or exclude households with different levels of economic resources.
- Choices in government or the ability of citizens to “vote with their feet.”
- Tax equity and service delivery equity.
- Appropriate or just allocation of revenues to services.

A number of public comments were made regarding the issues and implications of incorporation. One public comment revealed that the current city boundaries in DeKalb County would be “locked in” were the City of DeKalb to incorporate the remaining currently-unincorporated areas of the County. Similarly, once this type of incorporation takes place, cities would not be able to annex new property without the other entity, such as the City of DeKalb, deannexing.

Committee members and constituents wondered about the structure of the county and city government should incorporation happen. One of the Committee members voiced a vision of a close alignment between the two forms of government of DeKalb, but that a division of services

would be apparent. One suggestion offered one weak form and one strong form of government as a possibility. Another consideration of incorporation is the employment of workers; elected officials cannot represent constituents in two separate forms of government.

Some Committee members and constituents asked about the role of DeKalb County if neighborhoods were to continue incorporating, such as Brookhaven. Jim Grubiak from the Association County Commissioners of Georgia stated that the county would not change as a functioning subdivision of the state. There are a number of mandated services that counties must continue to provide to its constituents as a subdivision of the state, as well as discretionary services, which are provided from an economy of scale standpoint. A list of mandatory and discretionary county services is provided in the appendix.

#### Service Contracts and Special Services Tax Districts

Each county, and city within a county, must adopt a service delivery strategy to help local governments identify overlap or gaps in service provision. A comprehensive chart summarizing the DeKalb County Service Delivery Strategy in the cities for the 2010 year is included in the appendix.

Special services tax districts (SSTD) are provided differently in cities as compared to unincorporated DeKalb County. Cities are allowed to completely opt out of these services, including: parks and recreation; roads, transit, and drainage; and police services. DeKalb County cities not participating in the SSTD are:

- Atlanta, which has its own fire and police services;
- Decatur, which contributes to the SSTD, but also provides its own three services to city residents;
- Dunwoody, which contributes nothing to the SSTD; and
- Brookhaven, which contributes nothing to the SSTD.

All citizens pay for court services, EMS, libraries, sheriffs, countywide components of county services, and Grady indigent care.

Cities are required to provide emergency management and basic services to all citizens. With regard to public safety services, DeKalb County pays for helicopters, fire services (although not in Decatur, which provides its own fire services), SWAT, the gang unit, K9, homeland security, special operations, and intelligence. The County does not bill a city when a city uses one of these services on an emergency/on-call basis. There is no approval process to bill the cities for these services, and there is no "cut-off" of services once the fund for these services runs out. Some cities have bonus funds that pay for these services, but Brookhaven and Dunwoody opted out from paying the county. A number of constituents suggested that DeKalb County provide these services only on a paid basis. Because there is a mutual aid agreement between the County and the cities receiving emergency services from the County, the County must provide those services. Additionally, another layer of bureaucracy would be added without creating more than a nominal return to the County if a billing and reimbursement schedule were created.


#### DeKalb County Demographics

As part of the presentation given by Carl Vinson, demographical maps were provided to the Committee. These maps are included in the appendix.

**COMMITTEE RECOMMENDATIONS**

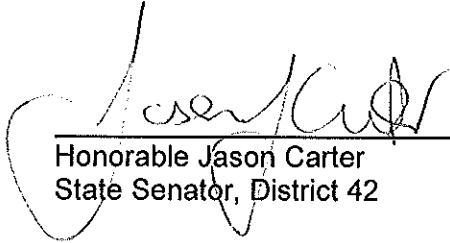
The Committee has no recommendations at this time.

Respectfully Submitted,  
Members of the 2012 Senate Study Committee on the Incorporation of the City of DeKalb in  
DeKalb County



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Honorable Gloria Butler, Chair  
State Senator, District 55



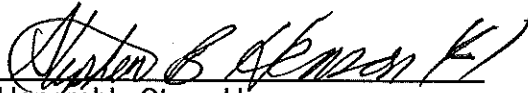
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Honorable Jason Carter  
State Senator, District 42



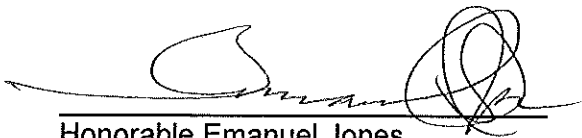
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Honorable Gail Davenport  
State Senator, District 44



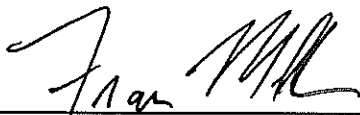
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Honorable Steve Henson  
State Senator, District 41



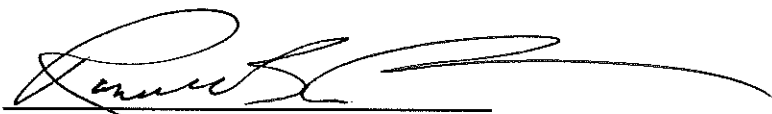
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Honorable Emanuel Jones  
State Senator, District 10



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Honorable Fran Millar  
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State Senator, District 43