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THE
CENTER
FOR
STATE
AND
LOCAL
FINANCE

Fiscal Impact Study of Proposed Smyrna Annexations



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Executive Summary

The Center for State and Local Finance (CSLF), Andrew Young School of Policy Studies, Georgia State University was contacted by the City of Smyrna to develop a fiscal impact analysis for the annexation of four groups of parcels into the City of Smyrna. This study provides a detailed analysis of the expected revenues and expenditures for the proposed annexation areas using generally accepted methodologies that the CSLF has used for similar studies. The main purpose of the analysis is to estimate the impact on the city of Smyrna due the proposed annexation areas that will require increased expenditures on services while bringing in additional revenue from these new areas. Based on this analysis, the proposed annexation areas have annual revenues of approximately \$22.8 million and would require annual expenditures of approximately \$23.6 million. (See Table Ex-1.)

Based on the fiscal impact analysis that is detailed in this report, we find that adding the proposed annexation areas to the City of Smyrna would be fiscally sustainable for Smyrna at current revenue and expenditure levels, provided that Smyrna uses traditional municipal bond financing to pay for the expected additional public service infrastructure needed. The current expenditures estimate reflects paying all necessary capital costs upfront, rather than using more traditional bond financing, which extends the payment period over many years and would make the proposed annexation areas net-revenue-positive.

The revenues from the various sources depends on the tax rate or fee structure. For most taxes and fees, it is assumed that the rates will be the same as those that Smyrna is currently imposing. To produce the estimates of expenditures for the proposed annexation areas, we relied on the Cobb County Service Delivery Strategy to indicate the existing arrangements of the City of Smyrna, which the proposed annexation areas will follow upon entering the city. These include animal control, E-911, elections, fire and emergency, jail, library, municipal courts, parks and recreation, planning and development, police, right-of-way and street maintenance, sanitation and solid waste, senior services and water-related needs (storm water management, wastewater management, water distribution and water supply). Note that planning and development is a broad category that for this study includes zoning and code enforcement, among other services.

We relied heavily on the existing budgets of Smyrna for our calculations. In both the revenue and expenditure analysis, we have taken a conservative approach to the estimation, as detailed in the report. The analysis provides the best estimate given available data and information from Smyrna and Cobb County regarding the proposed annexation areas' expenditures and assumes no "shocks," such as unanticipated capital expenses or a major economic downturn.

Table Ex-1. Financial Analysis Summary of Annexation Areas

REVENUE CATEGORY	AMOUNT	EXPENDITURE CATEGORY	AMOUNT
Property Tax	\$14,562,818	Governance	\$120,772
Alcoholic Beverages	\$187,862	General Government	\$8,438,625
Insurance Premium	\$1,972,094	Community Services	\$1,165,979
Hotel/Motel Taxes	\$785,498	Public Works	\$3,420,888
Franchise Fees	\$1,854,705	Public Safety	\$10,471,009
Licenses and Permits	\$341,412		
Intergovernmental Revenues	\$1,361,857		
Planning and Development	\$39,018		
Municipal Court	\$1,152,101		
Public Safety: E-911	\$564,249		
Total Revenues	\$22,821,613	Total Expenditures	\$23,617,273
		Expenditures in Excess of	\$795,660
		Revenues	

Introduction

The Center for State and Local Finance (CSLF), Andrew Young School of Policy Studies, Georgia State University was contacted by the City of Smyrna to develop a fiscal impact analysis for the annexation of four groups of parcels into the City of Smyrna. This study provides a detailed analysis of the expected revenues and expenditures for the proposed annexation areas using generally accepted methodologies that the CSLF has used for similar studies. The main purpose of the analysis is to estimate the impact on the City of Smyrna due to the proposed annexation areas that will require increased expenditures on services while bringing in additional revenue from these new areas. Based on this analysis, the proposed annexation areas have annual revenues of approximately \$22.8 million (Table 3) and would require a first-year annual expenditure of approximately \$23.6 million (Table 5).

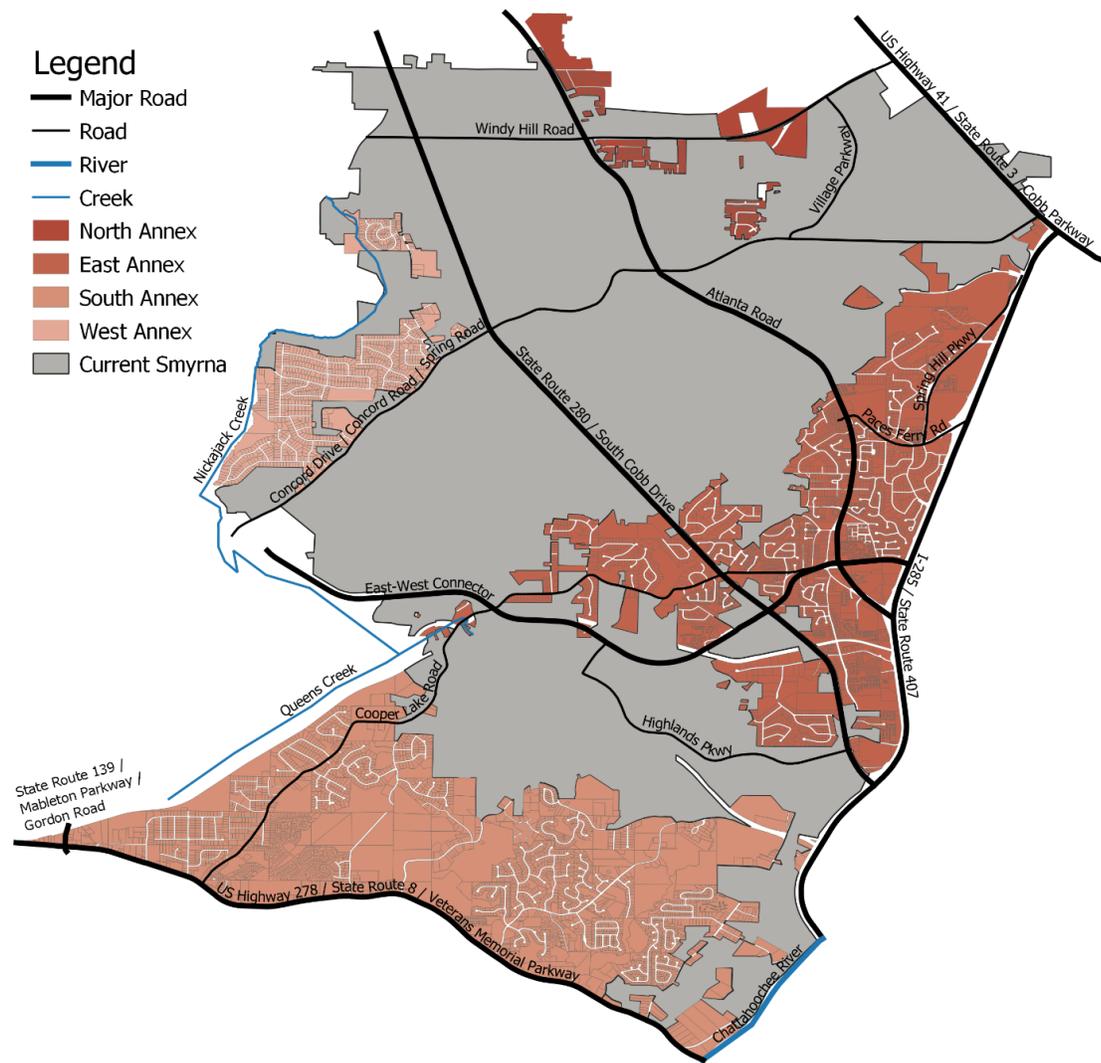
The purpose of the study is to provide, in as much detail as possible, an estimate of the revenues and expenditures of proposed annexation areas. However, it is not intended to be a budget. The Cobb County Service Delivery Strategy describes the existing service arrangements of the City of Smyrna, which the proposed annexation areas would also follow. These include: animal control, E-911, elections, fire and emergency, jail, library, municipal courts, parks and recreation, planning and development, police, right-of-way and street maintenance, sanitation and solid waste, senior services and water-related needs (storm water management, wastewater management, water distribution and water supply) . Note that planning and development is a broad category that for this study includes zoning and code enforcement, among other services. The proposed annexation areas have a limited, prescribed set of revenues that are analyzed in this report. Important limitations regarding the data or assumptions made to develop the estimate, or places where there is discretion regarding an item, are noted in the text.

The first section of this study contains a geographic description of each annexation area and some background information on the annexations. The second section discusses the study methodology. The third section provides a summary of economic and demographic characteristics for each of the proposed annexation areas. The fourth section provides a detailed revenue analysis. The fifth section provides the expenditure analysis. In the sixth section, we review areas of uncertainty in the analysis followed by the conclusion.

Geographic Description and Background of Proposed Annexation Areas

The City of Smyrna has in the past annexed parcels of land as well as new developments. For instance, in 2018, the city annexed roughly eight acres that included a new community of 19 single-family homes. The annexations analyzed in this report are much larger and of a different character. The areas to be annexed have been selected on a parcel-by-parcel fashion but can be grouped into four general areas for the sake of discussion and analysis. They are depicted in the simplified orientation map below (Figure 1) and through the subsequent descriptions. Combined, they total just under 9.8 square miles, which would represent a 62 percent increase to Smyrna's total area if all proposed areas are annexed.

Figure 1. City of Smyrna and Surrounding Geographies



NORTH AREA

The northern area of parcels under consideration for annexation are in and along the middle of Smyrna's northern edge. Composed of four clusters of properties between U.S. Highway 41/State Road 3 to the east, Atlanta Road to the west, and straddling Windy Hill Road. These are mostly unincorporated islands that are already receiving some city services—for instance, water and sewer. The northern area is the smallest of the four, comprising just over 290 total acres.

EAST AREA

The eastern area of parcels under consideration for annexation are in and along the middle of Smyrna's eastern edge. The eastern area is composed primarily of one large cluster stretching along the city's existing border from the intersection of Cobb Parkway and I-285 southwards along I-285, extending westwards to the city's current border and all the way down to the intersection of I-285 with State Route 280 (South Cobb Drive). The east annexation area also fills in the area between the existing city border and South Cobb Drive and crosses the East-West Connector to cover a bit more territory, also filling in the area to the city's current border in that area—in total, a roughly triangular shape of 2,400 acres or about 3.8 square miles.

SOUTH AREA

The southern area of parcels under consideration for annexation lies along the full length of Smyrna's southern edge. From the current border, the area extends down to U.S. Highway 278/State Route 8 (Veterans Memorial Parkway) to just past its intersection with State Route 139 (Mableton Parkway), filling in through to Queens Creek to the west. In all, it represents an area of just under 3,000 acres or about 4.7 square miles, making it the largest of the four areas to be annexed.

WEST AREA

The western area of parcels under consideration for annexation are in and along the top third of Smyrna's western edge. A small area, this group of parcels fills in from the current city boundaries near Concord Drive out to Nickajack Creek, covering just under 600 acres.

Several reasons exist as to why the city of Smyrna is examining these annexation options. First, unincorporated areas in Cobb County near Smyrna have expressed interest in the formation of new cities over the last several years. In 2017, residents in the eastern portion of the county

formed a group to explore the creation of a new city, including paying for a feasibility study.¹ The proposed location of the City of East Cobb would be to the north and east of Smyrna.

Residents in the southern portion of the county, including the community of Mableton, have also shown interest in becoming a city. An exploratory study group has been formed and has created a website which has maps showing the boundaries of a potential new city. Based on these maps, a new City of South Cobb would share borders with the current City of Smyrna and would include some of the areas of annexation in the southern and eastern areas analyzed in this report.²

Second, the unincorporated areas around Smyrna also have an interest in potentially joining the City of Smyrna. These areas currently share a border with the City of Smyrna. This proximity could potentially benefit these citizens in better response times for public safety providers and other city services. In addition, should other areas in Cobb County incorporate, service delivery and costs may change for those that remain in the unincorporated areas. For the reasons discussed above, the City of Smyrna has decided to undertake this fiscal impact analysis of the proposed areas of annexation.³

Study Methodology

This section reviews the methods used to provide the fiscal impact analysis. Fiscal impact analysis (FIA) provides estimates of the additional service costs and revenues resulting from the proposed annexation areas. The FIA compares the revenues generated by annexation of the new areas to the costs of public services required to serve the new areas (at current levels of service) resulting in the annual net fiscal impact to a city. Revenues and costs are estimated using several sources and methods, including the city budget for major departments, Cobb County data, census data and case studies.

Note the FIA presented here is not a budget forecasting tool, as there are many other factors—internal and external to the city—that affect a city’s budgetary calculations. Rather, it is a decision-support tool for identifying large impacts and the departments most likely to be affected

¹ Our feasibility study is available here: <https://cslf.gsu.edu/download/feasibility-study-for-the-proposed-city-of-east-cobb/?wpdmdl=6495321&refresh=5e2f45999696c1580156313>

² Referred to as the [South Cobb Alliance](#), the most recent [news coverage](#) available indicates the organization is raising funds for a feasibility study.

³ There are three primary methods of annexation in Georgia. All three require the consent of a majority of the persons living in an area to be annexed into a city. For more details see Appendix C.

by annexation. In this analysis, the impacts to the general fund, the city's primary operating fund, are the main focus.

The costs of providing any given city service for a given area and population can generally be broken up into two parts: a fixed component and a variable component. As the name implies, the fixed cost component *does not* change as the demand for services fluctuates. An example of a fixed cost would be expenses associated with a city fire station or a police station. In contrast, the variable cost component *does* change as the demand for services fluctuates. For cities, one of the largest variable cost components is personnel. As a demand for city services goes up, the amount of personnel needed to meet that demand usually rises too.

The size and population of the various proposed areas of annexation differ, with the northern area being relatively small, and the other areas being larger. Some of these larger areas would increase the land area and population of the city substantially. Thus, depending on the areas analyzed, we would expect that both variable and fixed costs could change. To determine the primary cost drivers of both fixed and variable costs, we conducted interviews with the various city department heads. The methods devised from these interviews are discussed in detail in the expenditure sections with additional supporting material available in the appendices.

The revenue estimates rely primarily on data from Smyrna, Cobb County and the U.S. Census. The sources of revenue collected currently by the City of Smyrna would be available to be collected in any newly annexed area. We estimated these revenue collections based on the relevant characteristics associated with each annexation area. Note that both our estimates of revenues and expenditures will have some degree of uncertainty associated with them. We discuss these potential areas of uncertainty and suggest ranges for the affected estimates in Appendix A.

Economic and Demographic Characteristics

The proposed annexation areas analyzed in this report are comprised of land area in Cobb County. Based on data from the U.S. Census and other governmental agencies, the population of the proposed annexation areas would be 36,099. The socioeconomic characteristics of the proposed annexation areas and Smyrna are summarized in Table 1. In general, the population of the proposed annexation areas has a larger share of its population age 65 and older (9.7 percent) than Smyrna as a whole (8.5 percent). The areas' per capita income is \$43,144, which is greater than that of Smyrna (\$38,779). The median house value in the areas is \$289,331, while the median house value in Smyrna is \$225,200. These comparisons are helpful for understanding the expected demand for services of the citizens of the areas to be incorporated and for developing

reasonable estimates of the ability of these citizens to support reasonable expenditures by the City of Smyrna upon their inclusion.

Table 1. Demographic, Geographic, and Socioeconomic Characteristics for Smyrna and the Proposed Annexation Areas

	SMYRNA	NORTH	EAST	SOUTH	WEST	ALL ANNEXES
Population	56,685	1,724	19,388	9,595	5,392	36,099
Land area (sq. miles)	15.35	0.39	3.21	4.30	0.78	8.68
Road length (miles)	281.0	5.8	83.3	51.2	13.6	153.9
Percentage of population 65 or older	8.4%	7.0%	9.5%	10.4%	11.1%	9.7%
Number of households	24,399	762	8,771	3,552	2,035	15,121
Per capita income	\$38,779	\$34,309	\$38,388	\$57,224	\$29,921	\$43,144
Median house value	\$225,200	\$136,462	\$338,017	\$272,877	\$197,066	\$289,331
Number of businesses (2012)	6,575	11	145	113	6	275

Sources: U.S. Census Sources: U.S. Census Bureau, Census Quickfacts (2016-17); CSLF calculations based on annexation area property and demographic estimates

Revenue Analysis

This section presents the revenue estimates for the proposed annexation areas and a discussion of how each revenue estimate was developed. The estimated total for each revenue source is presented in Table 3 at the end of this section (additional estimate details can be found in Appendix A). The revenue from the various sources depends on the tax rate or fee structure. For most taxes and fees, we assumed the rates will be the same as those that Smyrna is currently imposing. For property taxes, we assume a millage rate of 8.99 mills, the current property tax rate of Smyrna. Smyrna has used the same millage rate since 2007. The amounts discussed below are all listed in Table 3 including current revenue collections from the City of Smyrna. Estimates of the amounts collected in each annex area can be found in the revenue Appendix A.

PROPERTY TAXES

To estimate the total property tax revenue, we analyzed the revenue for individual components of the property tax base as it existed in the most recent year of available data. For real property taxes, we used the property tax base data for the proposed annexation areas provided by the Cobb County Tax Commissioner's Office. For the other components, we estimated their amounts based on current Smyrna values. In all cases, we assumed a millage rate of 8.99 mills. We

assumed a collection rate of 95 percent, which is a reasonable rate given the high value of residential property in the digest; 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 early 2019 for the proposed annexation areas was provided by the Cobb Tax Commissioner's Office. These data generally include the taxable values for residential, commercial, industrial and agricultural properties. Note that some parcels lacked a property type indication and that no parcels were marked as utility or conservation. To allocate these unidentified parcels, we relied on the shares of certain zoning codes identified by the City of Smyrna's zoning codes and their propensity within Cobb County zoning codes. (For a detailed discussion of how unidentified parcels were allocated, see Appendix A.) There are no exempt parcels estimated here either, as the City of Smyrna does not include exempt property in their digest estimates. Due to data limitations, data for personal property and automobiles were not included and the revenue from these sources had to be estimated separately. The Revenue Appendix contains tables showing parcel counts and the assessed values by major property class as well as the net taxable value. The estimated real property tax revenue from a levy of 8.99 mills and a 95 percent collection rate is \$11,997,041 (Table 2).

Table 2. Estimated Real Property Tax Revenue by Annexation Area

	NORTH	EAST	SOUTH	WEST	TOTAL
Total Revenue	\$194,586	\$8,444,832	\$2,728,250	\$629,374	\$11,997,041

Personal Property Taxes

The property tax records obtained from Cobb County did not contain detailed information on personal property. Using the property tax consolidation sheet for Smyrna, we calculated the share of commercial personal property compared to commercial real property for Smyrna and applied that share to the estimated value of the proposed annexation areas' commercial real property (see Appendix A for more). We then multiplied that commercial personal property value estimate by the 95 percent collection rate and the 8.99 millage rate (see Table 3).

Heavy Equipment Property Taxes

The proposed annexation areas have a solid commercial and industrial base. Smyrna's current heavy equipment tax covers only 10 items, so the new territory could meaningfully increase the total. Note that the tax is applied to heavy duty motor vehicle equipment used for construction or industrial uses. Based on these dynamics, we estimate heavy equipment property taxes as the

ratio of heavy equipment instances in Smyrna compared to its count of industrial properties, multiplied by the number of industrial parcels in the annexation areas.

Motor Vehicles Property Taxes (TAVT)

Beginning in 2013, the state of Georgia changed how motor vehicles are taxed, from a one-time sales tax combined with an annual ad valorem tax to a one-time title ad-valorem tax. Under the new system, when a motor vehicle is sold, the buyer pays a Title Ad Valorem Tax (TAVT) Fee upon registration. This fee is then distributed to the state, counties, cities, and school districts, using a complex formula, which we review in the appendix.

However, the shape and position of the areas proposed for annexation—that is, intermixed and beside existing Smyrna—make the traditional formula-based method unlikely to estimate accurately; we instead estimated the proposed annexation areas’ likely TAVT revenue as follows. The total TAVT receipts for Smyrna in 2018 were divided by the count of privately-owned vehicles within the city, reflecting the “car orientation” of the area. This figure was multiplied by the number of cars estimated to be in each proposed annexation area, derived by gathering the count of cars in each census tract with part of an annexation area in it, shared by the percentage of land area the annexation “piece” represented of the entire tract.

Intangible Personal Property Taxes

Revenue from intangible personal property taxes 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. Currently, there is no state millage rate; Smyrna’s millage is 8.99. We estimated intangible personal property taxes by first multiplying Cobb’s 2018 receipts for this category by the current total millage (county and school district) divided by the proposed millage. We then multiplied the resulting value by the annexation areas’ share of all of Cobb’s real estate sales and by the proposed millage divided by the new total millage (county, school district and annexation areas).

Real Estate Transfer

Revenue from real estate transfer taxes 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. Currently, there is no state millage rate; Smyrna’s millage is 8.99. We estimated real estate transfer fees by first multiplying Cobb’s 2018 receipts for this category by the current total millage (county and school district) divided by the proposed millage. We then multiplied the resulting value by the annexation areas’ share of all of Cobb’s real estate sales and by the proposed millage divided by the new total millage (county, school district and annexation areas).

SELECTIVE SALES AND USE TAXES

Selective sales and use taxes are imposed on activities that place a burden on county or city operations to benefit a private enterprise. This burden may come from the use of government property, such as utility easements used by certain private utility providers, or by increasing the demand for certain services, such as roads or policing. By taxing these activities, the local government can recoup part of the activities' costs, preventing them from burdening residents.

Alcoholic Beverages Excise Tax

The revenue available from alcoholic beverage sales relies on the number of businesses currently selling alcohol, including liquor/package stores, bars and full-service restaurants. We found the count of these establishments within Smyrna and the average revenue from this category for the past five years in Smyrna and divided the latter by the former to estimate the average "per-establishment" revenue amount. We then multiplied that figure by the count of alcohol-serving establishments within the annexation areas. Note this method was used due to a lack of detailed information on firms selling alcohol or employment in alcohol-serving positions in the annexation areas. (See Appendix A for more revenue detail.)

Insurance Premium

Insurance premium tax revenue collected in the county is required by law to be allocated on a per capita basis. Thus, we found the average current per-capita revenue amount for Smyrna and multiplied that value by the population of the proposed annexation areas.

Hotel/Motel Taxes

Smyrna currently receives revenue from hotel/motel taxes; therefore, areas annexed into the city will also be subject to these taxes. Per state law, 62.5 percent of Smyrna's hotel/motel tax receipts must be delivered to the Cobb-Marietta Coliseum and Exhibit Hall Authority, while the remainder may be used for the city's general fund. We estimated this amount via two proxies, number of employees and number of establishments, and averaged the resulting amount to form a more balanced estimate. The hotel/motel tax is estimated to generate an additional \$785,498 in revenue available to the general fund beyond its current levels. (See the Revenue Appendix Table A10 for more detail.)

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 generally do not collect franchise fees. The fee is some percentage of the receipts for specified services collected by the utility within the municipality. Municipalities collect franchise fees from cable operators, natural gas

providers, electricity companies and telephone companies. We estimated the revenue that the annexation areas might expect for each type of franchise fee per person based on per-capita franchise fee revenues for each type of fee from Smyrna, adjusted for differences in population and related qualities. For example, areas with a higher percentage of commercial parcels feature more business activity, which requires more electricity. This in turn increases the utility company's total receipts, the franchise fees received as a percentage of those receipts and the per capita franchise fee amount. The following provides some details of the estimating procedures for each franchise fee.

Electricity

We inspected Smyrna's electric franchise revenues as reported by the Carl Vinson Institute of Government's Tax and Expenditure Data Center. Previous research has shown a positive relationship between the percentage of an area's parcels zoned as commercial and the per-capita electricity franchise fee. We estimated the annexation areas' electricity franchise fee revenue as Smyrna's total per-capita fee amount (an average of \$42.82 from FY 2014-18), adjusted for the difference between the city's and each annexation area's share of commercial parcels, multiplied by population.

Cable

We collected data on Smyrna's cable franchise revenues reported by the Carl Vinson Institute of Government's Tax and Expenditure Data Center. We used a straight per-capita calculation of Smyrna's current fees (average of \$8.38), multiplied by the population of the annexation area, to estimate revenues from this fee.

Natural Gas

Smyrna's natural gas franchise revenues were collected from the Carl Vinson Institute of Government's Tax and Expenditure Data Center. Previous research showed a negative relationship between the percentage of each city's parcels zoned as commercial and the per-capita natural gas franchise fee. We estimated the annexation areas' natural gas franchise fee revenue as Smyrna's total per-capita fee amount (average of \$7.02), adjusted for the difference between the city's and each annexation area's share of commercial parcels, multiplied by population.

Telephone

Franchise fee revenue for telephone services depends on both population and employment. Per-capita telephone franchise fees have a negative relationship with population and a positive relationship with employment. We estimated the annexation area's revenues from this fee as the

per-capita revenue amount of Smyrna (average of \$8.79), adjusted for the difference between Smyrna's and the annexation area's unemployment rate, multiplied by the population.

LICENSES AND PERMITS

Alcoholic Beverage Permits and General Business Licenses

There are several categories of business licenses, which we combined into two categories: general business licenses (also called the occupational tax certificate) and privilege licenses for the sale of alcoholic beverages. Alcoholic beverage licenses include licenses for the package sales of alcohol, the pouring sales of alcohol by the drink and the manufacturing of alcohol. Cobb County provided business license revenue information for businesses mostly within Smyrna. We used Google Maps to identify additional alcohol-selling establishments in the proposed annexation areas. We found Smyrna's current alcoholic beverage permit revenue per each alcohol-serving establishment in the city, then multiplied that figure by the number of such establishments in the proposed annexation area. See the Revenue Appendix for more detail.

For business license revenue, we relied on the commercial and industrial parcel counts as a proxy for firms. We have data on business licenses issued to firms in Smyrna, but we do not have any data for firms in the annex areas. We relied on the average business license collected per firm in Smyrna as well as the average number of firms per parcel of commercial or industrial property in Smyrna to allocate business license revenue to the annex areas, based on the total annex areas' commercial and industrial parcel count. This amount is apportioned to each annex area by the share of the count of commercial and industrial parcels. See the Revenue Appendix for more detail.

Building Permits

Building permit revenue comes from the issuance of permits, plan review fees and inspection fees associated with construction and renovations, including installation of plumbing, electrical and HVAC systems. We estimated it as the total building permit revenue of Smyrna (on average, \$743,524 per year from FY 2014-18, or about \$21.10 per relevant parcel), scaled by the ratio of the proposed annexation areas' residential plus commercial parcels divided by the city's total of the same categories.

INTERGOVERNMENTAL REVENUES

Municipalities often receive revenue from other levels of government. Three of the most relevant are described below.

Cobb County Millage Rate and City Services Agreement (Cobb Six Cities MOU)

In Cobb County, all residents pay a millage rate of 8.46 to the county general fund. Rather than roll this millage rate back for those that live in the cities within Cobb County, the county provides funds to offset the cost of city service provision. This arrangement is contained in an intergovernmental agreement dated July 9, 2014, between Cobb County and the existing six cities of Acworth, Austell, Kennesaw, Marietta, Powder Springs and Smyrna. The amount of funds available annually is set in the agreement, starting at \$4.55 million in 2014 and increasing slowly to \$5.45 million by 2023. The amount available in 2019 was \$5.05 million. The cities are allocated a share of these funds based on the taxable real property in each city's digest as a share of the six cities' total digest value. We estimate the share Smyrna would receive after adding the proposed annexation areas based on its new taxable real property digest relative to its current digest and those of the other five cities. Note that the digest value would rise to represent 42 percent of the six-city total, an increase of ten percentage points, and would reduce the amount received by the remaining five cities accordingly. See the Revenue Appendix for more detail.

State Local Maintenance and Improvement Grant (LMIG)

As of 2010, Georgia's Department of Transportation provides all municipalities in the state with grants to improve road quality in their areas, funded by state motor fuel tax collections. The stated intent of this grant is to allow local governments more flexibility and speed in maintaining and improving their roads, and grant funds are restricted to road-related activities. Allocation is based on an area's road miles and population, regardless of whether the municipality or county manages the roads in question. The amount of the grant is determined by formula: one-third of the local population divided by the state's population, plus two-thirds of the local mileage divided by the total state mileage, multiplied by the total grant amount available state-wide for the granting year. The increase of mileage and population within Smyrna therefore results in an increased grant amount.

Federal Community Development Block Grant (CBDG)

Smyrna is a HUD-recognized Entitlement Community, receiving Community Development Block Grant funds directly from the federal government. The precise formula used to determine the amount of funds an Entitlement Community receives in any given year is complex, relying upon factors internal to the community, such as population, housing overcrowding, and poverty. External factors are also important, such as the total pool of funds authorized for HUD to distribute as well as the population, housing overcrowding, and poverty figures of other Entitlement Communities nationwide. Therefore, as a rough estimate, we averaged the per-capita amount Smyrna received over the last five years and multiplied that figure by the

annexation areas' population to approximate the potential increase to Smyrna's CDBG grant amount that the annexation might support if conditions remain steady.

CHARGES FOR SERVICES

In addition to the above revenue sources, municipalities also charge fees for certain services they provide.

Planning and Development

Smyrna handles planning and development activities, such as managing zoning needs. The revenue from such activities also includes building permits, plan review, inspections, sign permits, zoning applications, variance applications and certificates of occupancy. We divided the total amount of Smyrna's revenue for these activities by its count of residential, commercial and industrial parcels, then multiplied that number by the count of each such parcel within the proposed annexation areas.

Municipal Court

Revenue from the operation of a municipal court is largely from traffic fines. Smyrna offers police services and maintains its own municipal courts. Therefore, the proposed annexation areas will join this system. To estimate potential revenue from the new jurisdiction of the court, we found the per-capita court fees for Smyrna, then multiplied by the annexation areas' population.

Public Safety: E-911

Because Smyrna has its own police force, it must manage E-911 emergency call services and is entitled to certain charges to pay for this activity. We estimated its revenue as Smyrna's per-capita amount, multiplied by the population of the annexation areas.

REVENUE SOURCES NOT APPLICABLE TO THE ANNEXATION AREAS

There are additional potential revenue sources that we assume are not applicable to the proposed annexation areas or that would generate no revenue.

Financial Institutions Tax

Cobb County and Smyrna both reported no revenue from the financial institutions tax in 2017 or 2018, meaning the proposed annexation areas' share would be \$0.

Investment Income

Investment income represents income on reserves and non-cash asset balances. We assume that there will be no increase in such revenue compared to Smyrna's existing figures in the first year after annexation.

License and Permit Penalty and Interest

The newly annexed areas are unlikely to have any revenues from permit-related penalties or interest, as any such funds would be on prior years' county-issued licenses and therefore go to the county.

Mobile Home Property Taxes

Per financial information from the Carl Vinson Institute of Government's Tax and Expenditure Data Center, Smyrna does not receive revenue from taxes on mobile homes.

Parks and Recreation

Cities generate revenues from fees for organized activities and recreation facilities. The annexation areas contain several public parks and facilities, meaning that each area's inclusion could impact culture and recreation service charge revenues. The affected facilities include the Windy Hill Community Center and its attached Library in the North area; Lions Park, Thompson Park and Community Center and Nickajack Park in the South area; and Rhyne Park, Oakdale Park and the Lewis A. Ray Library in the East area. The West area contains no public facilities that could be added to Smyrna's Parks Administration department. State law does not require annexed areas to purchase and manage (or enter into an intergovernmental agreement about management of) public facilities that will be within the municipality post-annexation except in cases where the facility becomes unusable by residents of the unincorporated portions of the county post-annexation (O.C.G.A §36-36-7).

Per discussion with members of the Department of Community Affairs, these facilities are not projected to become less usable by residents of unincorporated Cobb by their inclusion in Smyrna, and so no increase to revenues related to these facilities is included in the calculations in this report. If the City of Smyrna subsequently decides to acquire one or more of these facilities, its revenue would increase accordingly. It is also possible that revenues may decline slightly, as some facilities charge city residents a lower rate than non-residents. Residents of currently unincorporated areas paying the higher amount may become eligible for the lower rate if their area is annexed into Smyrna.

Qualifying Fees

Qualifying fees are imposed on each person qualifying to run for an elected office. Smyrna current has seven councilmembers, or one per roughly 8,000 residents. The City of Smyrna's charter calls for seven wards, each with a councilmember. Baring a modification of the charter, annexed areas would simply be included in one of the existing seven wards, perhaps with some redrawing of ward boundaries to accommodate the changing population distribution to keep

them roughly equal. As there will likely be no new councilmembers, there will be no increase in qualifying fee receipts.

Select Charges for Services

Smyrna currently receives revenue from charges for certain services which are unlikely to increase due to annexation. These services include library card fees for out-of-city residents, jail detention and correction, and jail telephone commissions.

Special Purpose Local Option Sales Tax (SPLOST)

The proposed annexation areas will be eligible for a portion of Cobb County's SPLOST revenue. Due to the cities increased land area and population requiring additional infrastructure, the city may be eligible for more SPLOST revenue. However, such revenue is allocated on a project basis (not by formula) upon application, and its use is restricted to capital projects. Thus, SPLOST revenues are not included in this analysis of revenues used for operations for the proposed annexation areas.

Storm Water Fees

Currently, Smyrna imposes a storm water utility fee to cover the cost of handling storm water. The proposed annexation areas will be subject to this system; however, all revenue from such fees is earmarked for this activity, as it is an enterprise fund, and so does not impact the overall operating revenue picture.

REVENUE SUMMARY

Table 3 below contains the estimates for all of the revenue items discussed above for which we developed revenue estimates, totaling \$22,821,613. The revenues received from the same sources for the City of Smyrna are also included for comparison. The estimated revenue from the four annex areas represent 54 percent of Smyrna's 2018 revenue shown in the table. Table 4 shows the total revenue estimates by annexation area.

Table 3. Revenue Estimates

REVENUE CATEGORY	FY 2018 SMYRNA REVENUE	PROPOSED ANNEXATION AREAS REVENUE
Property Taxes		
Real & Personal Property		
Real Property Tax	\$20,504,000	\$11,997,041
Personal Property Tax	\$2,574,267	\$1,339,945
Heavy Equipment Tax	\$342	\$220
Motor Vehicles (TAVT)	\$1,600,000	\$929,867
Intangible Personal Property	\$300,000	\$204,928
Real Estate Transfer	\$70,000	\$90,817
Selective Sales & Use Taxes		
Alcoholic Beverages	\$895,000	\$187,862
Insurance Premium	\$3,350,000	\$1,972,094
Hotel/Motel Taxes	\$1,576,600	\$785,498
Franchise Fees		
Electricity	\$2,280,283	\$853,025
Cable	\$509,507	\$367,074
Natural Gas	\$395,088	\$302,500
Telephone	\$522,471	\$332,105
Licenses & Permits		
Alcoholic Beverage Licenses	\$400,000	\$111,977
General Business Licenses	\$1,400,000	\$88,224
Building Permits	\$626,200	\$141,211
Intergovernmental Revenues		
Cobb County MOU	\$1,500,000	\$797,665
State LMIG	\$385,375	\$393,548
Federal CDBG	\$424,940	\$170,644
Charges for Services		
Planning and Development	\$90,000	\$39,018
Municipal Court	\$1,490,700	\$1,152,101
Public Safety: E-911	\$1,605,100	\$564,249
Total Revenue	\$42,499,873	\$22,821,613

Table 4. Total Revenues by Annexation Area

	NORTH ANNEX	EAST ANNEX	SOUTH ANNEX	WEST ANNEX
Total Revenue	\$655,722	\$15,320,683	\$5,217,853	\$1,627,355

Expenditure Analysis

Municipal expenditures reflect not only the cost of service provision but also the level of service that is desired by the municipal taxpayers. Higher levels of expenditures may not necessarily reflect an ineffective government but are more likely to represent a higher quality or increased level of service provision, such as more parks and recreation activities or stricter building code enforcement. In this analysis, it is assumed that service provision in the annex areas will be at the same level as current services in Smyrna.

To produce the expenditure estimates for the proposed annexations of the City of Smyrna, we relied heavily on the city's adopted budgets and comprehensive annual financial reports (CAFR) as well as the demographics and infrastructure of the geographically defined annexation areas. In our estimates of revenues, we often had the underlying data that would be used to calculate revenue—for instance, the assessed values of parcels in the annex areas for property tax. To estimate expenditures, such data generally does not exist. One proxy is per-capita spending amounts. To control for potential outliers in annual per-capita spending, we use the annual average per capita spending amount over the FY 2015-18.

Many of the following estimates stem from per-capita spending, but from discussions with Smyrna officials, economies of scale may be present that result in actual expenditures coming in below the per-capita estimates. Our presentation of per-capita estimates should therefore be treated as a high-end estimate of the potential expenditure impact of annexing these four geographies.

This section describes the current and potential expenditures in the following areas: governance, general government, community services, public works and public safety. Table 5 shows these estimates as well as the amounts spent by the Smyrna in 2018. (Details of the estimates for each area can be found in Appendix B.)

GOVERNANCE

The governance of the city includes the position of mayor and members of the city council. Smyrna has a seven-member city council, with each member serving an average of 8,100 persons. Data from the 2018 Department of Community Affairs Municipal Wage and Salary survey for elected officials show that compensation is \$18,900 for each council member and \$25,200 for the mayor. The City of Smyrna's charter limits the number of councilmembers to seven, so only ancillary governance expenses will increase. To find the amount of such expenses for each annexation area, we took the average governance expenditure FY2015-18, removed the salary amounts, then divided the remainder by the city's population to find the per-capita

ancillary governance expense. We then multiplied this figure by the population of each annexation area.

GENERAL GOVERNMENT

For the purposes of this analysis, general government includes general administration and the departments of city administration, finance, courts, building and plant, human resources and information technology. The administration includes positions such as the City Administrator, City Attorney, City Clerk and Special Projects Coordinator. The average cost method was deemed to be appropriate for estimating additional costs for most of the functions listed below. To create these estimates, we derive a FY 2015-18 average per-capita expenditure from the average administration expenditures and apply the figure to the population estimates for each of the four annexes.

In our discussions with the City Administrator as well as the Finance Department, additional expenditures would also be required for utility meter reading and billing by the Finance Department. It was estimated that two additional staff members would be needed to read meters as well as an office support position due to a full annexation.⁴ These additional costs are reflected in Table 5. (See Appendix B Table B4 for more details.)

COMMUNITY SERVICES

Several departments are included under the budgetary expenditure category of Community Services. These include Parks and Recreation, Library, Museum, and Keep Smyrna Beautiful (Environmental Services) and Community Development. Parks and Recreation oversees 36 recreation sites on 321 acres. This department includes expenditures relating to parks, including administration, maintenance and programs. The Library and Museum departments maintain the public library and the Smyrna History Museum, respectively. The Keep Smyrna Beautiful (Environmental Services) department manages the adopt-a-mile programs and beautification projects around the city. Finally, the Community Development department manages zoning, code enforcement and building permitting.

Table 5 shows the average expenditures for city's community services from FY 2015-18 as well as the additional cost to community services for the inclusion of the four proposed annexes. To

⁴ In discussions with the various department heads, it was determined that for most positions, City of Smyrna benefits would cost an additional 50 percent of the estimated base salary. We use that assumption throughout the remainder of the report.

create these estimates, we derive a FY 2015-18 average per-capita expenditure from the average community services expenditures and apply the figure to the population estimates for each of the four annexation areas. (See Appendix table B5 for details.) We did not expand expenditures for parks, the library or the museum.⁵

In our discussions with the Community Development director, additional expenditures would be required for code enforcement and building inspections. It was estimated that two additional code enforcement officers would be needed as well as an additional building inspector. Each of these positions would also require a city vehicle. These additional costs are reflected in Table 5. (See appendix Table B6 for more details.)

PUBLIC WORKS

Smyrna's Public Works Department provides roads, sanitation and water management. Expenditures support all aspects of those services, including maintenance shops, fleet maintenance, road engineering and recycling.

Table 5 shows the total average expenditures for city's public works from FY 2015-18 as well as the additional cost to Public Works for the inclusion of the four proposed annexes. To create the underlying estimates for sanitation and recycling, we relied on recent department spending as well as discussions with the Director of the Department of Public Works. For sanitation and recycling, our estimates suggest a 64 percent increase in residential customers. The primary driver of costs for both sanitation and recycling is the number of residential customers; therefore, staff levels in terms of FTE would need to increase by two employees at a cost of \$111,024 in salaries and benefits. Three additional trucks for recycling and sanitation would also be needed at a cost of \$555,000. (See Appendix Tables B7-B9 for details.)

We estimate the annexation areas will increase Smyrna's road miles by 58 percent using 2018 road-length measures. Given that increase and assuming the roads are in the same condition on average as those in the current city, it is estimated that FTE employment in highways and streets division of public works would need to increase by four positions with a total cost including benefits of \$241,325. Per our discussions with the Department of Public Works, an additional six new trucks and a trailer would be needed to service this area at a cost of \$439,000. (See the

⁵ In our analysis and discussions with the Department of Community Development, it was noted that Rhyne Park located in the eastern annex area at 4145 King Springs Rd SE and Nickajack Park in the southern annex area at 5500 Nickajack Park Rd will both continue to be Cobb County parks should either area be annexed.

appendix Table B9 for a breakdown of the expenses by truck type and annex area.) If all four areas were to be annexed, an additional public works facility may also need to be built; it is estimated that the new facility would cost \$2 million, land and building included.

PUBLIC SAFETY

Smyrna provides police, fire, E-911 and emergency management services to its residents. Police services include crime prevention, emergency response, administration and jails. Fire services include administration, fire prevention, response and training. E-911, the enhanced 911 service, is a centralized emergency response communication channel; the enhanced function of this 911 service provides emergency responders with the geographic location of mobile phone users.

Public safety is one of the largest expenditure areas for the City of Smyrna. Table 5 shows the average total expenditures for city's public safety from FY 2015-18. (See Table B10 for the estimated total from each of the annexation areas.) Providing police and fire service to the newly annexed areas will require additional public safety expenditures in terms of personnel and equipment and vehicles. To estimate these additional costs, we consulted with both Smyrna police and fire department chiefs.

To estimate the additional cost to the City of Smyrna fire department due to the annexation of the four areas, we provided the fire department with estimates for the four areas for population and land area as well as current land use. Using this data and their own internal metrics, the fire department estimated that if all four areas were annexed, the department would need additional staff and equipment to provide adequate service. In total, the department would need 22 new personnel at a total cost of \$1.44 million (including salary and benefits), and five new service vehicles at a cost of \$1.7 million. Note that if the southern area is annexed, a new fire station will be needed at an estimated cost of \$4 million, due to the additional land area, population and distance from the nearest existing fire station in the city of Smyrna. (See Table B11 for the cost for personnel, vehicles and the fire station as well as details of the new personnel needed as well as the types of vehicles.)

The Smyrna Police Department was provided the same information as the Fire Department for the four annexed areas. Using this data and call data provided by Cobb County as well as other metrics, the Police Department estimated that 23 additional personnel and 23 new vehicles and related equipment would be needed in total to provide adequate service, should all four areas be annexed. The cost of the additional personnel would be \$1.3 million for the first year with salaries and benefits. The new police vehicles and related equipment are estimated to cost \$1.3 million.

(Details of the new personnel needed as well as the types of vehicles and their estimated costs are in appendix Table B11, as well as the estimated total costs per annexation area.)

The E-911 services are included in the estimates for police, although most of the funding is derived from service fees, not general fund revenues. We did not expand expenditures for jail operations. It should be noted, however, that such an increase in population from the potential annexations may in the future require additional resources for jail operations.

EXPENDITURE SUMMARY

Tables 5 and 6 below provide summaries of the total expenditures discussed above, including the average expenditures for Smyrna in recent years and the estimates for the proposed annexation areas. Note that the estimated total expenditures for the four annexed areas amount to 60 percent of the FY 2015-18 expenditures.

Table 5. Summary of Expenditures

DEPARTMENT	SMYRNA EXPENDITURES FY 2015-18 AVERAGE	TOTAL ANNEXATIONS BEST ESTIMATE
Governance	\$341,905	\$120,772
General Government	\$13,562,980	\$8,438,625
Community Services	\$4,200,865	\$1,165,979
Public Works	\$6,789,256	\$3,420,888
Public Safety	\$14,295,470	\$10,471,009
Total	\$39,190,477	\$23,617,273

Table 6. Summary of Annexation Expenditure Estimates

	NORTH	EAST	SOUTH	WEST
Total	\$474,718	\$9,421,403	\$10,119,853	\$3,188,798

Areas of Uncertainty

Both revenue and expenditure estimates are subject to a degree of uncertainty due to data constraints, assumptions made in the estimation processes or changes in conditions. We next discuss both revenues and expenditure estimates and their areas of uncertainty.

REVENUES

For the revenue estimates, two areas of concern that add uncertainty to our estimates are changes in conditions and data limitations. The largest source of revenue for the annexation areas is property tax. Property tax revenue is a function of the assessed value of the property. Assessed values tend to be fairly stable, but they are determined by market forces that are subject to change. The City of Smyrna has experienced rising property values over the last several years. However, as the Great Recession showed, it is possible for property values to go down.

Zoning can also affect property values. This analysis was done using existing zoning and land uses and does not contemplate changes in zoning, which would change development patterns in the annexation areas. If the annexed areas were rezoned from low-density residential uses to high-density residential use, property tax revenue would likely increase. (Note expenditures would also likely increase.)

A second large area of revenue for the annexation areas is business license and revenue related to alcohol sales and licenses. The available data to estimate these amounts was limited for the annexation areas. Our estimates rely on the assumption that these areas will be similar to Smyrna in firm composition and revenue generated per firm. While this is a reasonable assumption given the proximity of the annexation areas, it is possible that they differ from Smyrna in some fundamental ways. Thus, these estimates should also be treated cautiously.

EXPENDITURES

As was discussed earlier, the two general methods of estimating additional service costs for the annexation areas are the average cost method and the case study method. Our discussions with the various department heads guided us on the best method to use for this study. For many departments, the average cost method was deemed appropriate. However, for three of the larger departments—Police, Fire and Public Works—the case study approach was used.

Table 7 shows the different average cost components for the annexed areas and compares them to the City of Smyrna average costs. The average cost estimates for Smyrna include both fixed costs and variable costs. For the annexed areas, it is possible to separate out variable costs from fixed costs; they are listed separately in the table. The total average costs in the annexed areas differ from the current total average costs in Smyrna. (Note that the variable costs in the annexed areas are considerably less than the total average cost in Smyrna.)

Table 7. Smyrna vs. Annexation Area Per Capita Costs

	SMYRNA TOTAL AVERAGE COSTS	ANNEXATION AREA VARIABLE COSTS	ANNEXATION AREA TOTAL AVERAGE COSTS
Police	\$136	\$88	\$88
Fire	\$94	\$70	\$180
Public Works	\$123	\$37	\$93

For the Fire Department, the total average cost is \$180 per person in the annexation areas compared to \$94 in Smyrna. In the annexation areas, the \$4 million new fire station is the fixed cost, which comes to \$110 per capita average cost. For Public Works, the total average cost in the annexation areas is \$93 per capita compared to \$123 for Smyrna. In the annexation areas, the \$2 million new public works facility is the fixed cost, which comes to \$55 per capita average cost. No fixed costs for facilities were given by the Police Department.

Note that for standard fiscal impact analyses, it is assumed that for a large investment like a new fire station and new vehicles, Smyrna would pay for those in a single year. However, the more likely scenario is that the city would issue debt to cover these large expenses and pay for them over their useful lives. For instance, in 1997 Smyrna issued a series of revenue bonds in the amount of \$8.3 million in order to pay for the cost of constructing a new fire station and purchasing the necessary fire equipment. While the structuring of bond offerings vary and can be quite complex, it is possible to get an idea of roughly the annual cost of bond financing for Smyrna given its current general revenue bond portfolio and its annual payments. At the beginning of FY 2020, the Smyrna General Fund had approximately \$50.7 million in outstanding revenue bond debt with payments due that year of \$4.3 million, about 8 percent of the total.

If both the new fire station and the new public works annex were to be financed in a similar manner as described above, the city would incur an annual expense of roughly \$500,000 to pay off the bonds (roughly 8 percent of the total \$6 million bond amount). This would change the first-year expenditure amount to roughly \$18 million, as the full \$6 million in fixed costs would be financed over the lifetime of the bonds. Thus, the annual cost of providing public services would decline considerably should a large portion of the fixed costs be paid through bond issuance.

Piecemeal annexation in the four regions would also change expenditures. Our FIA relies on grouping the potential annexation areas into regions in order for the revenues and the expenditures to be reasonably estimated and comparable. However, it is possible that parcels in the various regions are annexed into Smyrna piecemeal over many years. If the annexation areas are small, Smyrna may be able absorb them without substantial additional expenditures. Eventually, these small annexations would become large enough to require additional

expenditures. This FIA uses the four designated regions to illustrate when that point may occur. However, examining smaller levels of annexations and other combinations of annexations are too numerous to quantify; thus, this analysis does not consider them.

Conclusion

This FIA examines how annexing four large areas contiguous with the current city of Smyrna would affect city revenues and expenditures. These four areas are:

- The northern annexation area along the middle of Smyrna’s northern edge, comprising just over 290 total acres, is the smallest. Estimated revenues are approximately \$656,000 while expenditures are \$475,000.
- The eastern annexation area is along the middle of Smyrna’s eastern edge, a roughly triangular shape of 2,400 acres or about 3.8 square miles. Estimated revenues are approximately \$15.3 million while expenditures are \$9.4 million.
- The southern annexation area lies along the full length of Smyrna’s southern edge with an area of just under 3,000 acres or about 4.7 square miles, making it the largest of the four areas. Estimated revenues are approximately \$5.2 million while expenditures are \$10.1 million.
- The western annexation area is in and along the top third of Smyrna’s western edge, covering just under 600 acres. Estimated revenues are approximately \$1.6 million while expenditures are \$3.2 million.

Demographically these annex areas are similar to the City of Smyrna and in total would increase population by roughly 65 percent (or 36,099 residents) and land area by 57 percent (or 8.68 square miles).

The differences in estimated revenues and expenditures in the annexation areas are primarily due to the distribution of property and service requirements in the annexation areas. Revenues are driven by estimated property tax collections, while expenditures are dominated by three areas—general government, public safety and public works. This dynamic is illustrated when comparing the eastern and southern annexation areas. The eastern annexation area has the highest amount of estimated property tax and due to its proximity to existing Smyrna fire service, does not require a new fire station. The southern annexation area has a lower amount of estimated property tax and would require substantial expenditures in public safety, including a new fire station.

Several reasons exist as to why the City of Smyrna is examining these annexation options. First, areas in the county near Smyrna have expressed interest in city formation over the last several years, potentially limiting Smyrna’s ability to expand in later years. Second, citizens in the unincorporated areas around Smyrna have expressed interest in potentially becoming part of Smyrna, as potential new city formation

in the county could affect service delivery and costs in the remaining unincorporated parts of Cobb County.

Table 7. Total Estimated Revenues and Expenditures from Annexation Areas

	ESTIMATE
Revenues	\$22,821,613
Expenditures	\$23,617,273

As Table 7 shows expected revenues are very close to expected expenditures for these four annex areas. The city can anticipate roughly \$0.8 million more in expenditures than the areas would provide in revenue. However, as was discussed in the section on uncertainty, the expenditure estimates include the funding of all fixed costs for a new fire station and public works facility out of the first year of revenue. While this is an appropriate assumption for the FIA, it is unlikely that Smyrna would choose this course of action. If traditional methods of bond financing are used by Smyrna to pay for the construction of this needed new infrastructure, the expenditure amount in the first year would decrease substantially. Thus, this FIA finds that adding the four proposed annexation areas to the City of Smyrna would be fiscally sustainable for Smyrna at current revenue and expenditure levels, provided that Smyrna use traditional municipal bond financing to pay for the expected additional public service infrastructure needed.

Appendix A. Revenues

This appendix contains all proposed revenue sources broken out by annex area. It also contains additional information on some sources of revenue discussed in the main report, as applicable.

General note: The Smyrna revenue figures presented in Table 3 above, are primarily drawn from the Fiscal Year 2018 adopted budget. Where unavailable, they were instead taken from the Vinson Center TED database and/or the Department of Revenue's Tax Digest website.

PROPERTY TAXES

Real Property Tax Revenue

To classify property in the annexed areas we primary rely on the simple Cobb County zoning system in which property is classified as residential, industrial or commercial. However, in some instances the Cobb County zoning code is blank for a parcel. In that case, we rely on the Smyrna zoning and building codes to classify the parcel. Note that the Smyrna building and zoning codes can overlap with the Cobb County simple zoning codes. For instance, some parcels in the annexed area are zoned R-20 under the Smyrna system. However, some of these R-20 parcels are considered commercial property and some are residential property under the Cobb system. To apportion the parcels that are not identified under the Cobb system, we use the shares of known parcels for the same Smyrna zoning code. For instance, for the R-20 Smyrna zoning code, 99 percent of the assed value of the parcels is residential while 1 percent are commercial. Thus, we allocate the value of the parcels with an R-20 designation that does not have a Cobb County zoning designation by the same shares, 99 percent of the value to residential, 1 percent to commercial. We use the same method to allocate parcel counts for unidentified parcels.

Table A1. Parcel Counts by Type, Smyrna and Proposed Annexation Areas

	SMYRNA 2018	NORTH	EAST	SOUTH	WEST	ALL AREAS
Residential	17,961	242	4218	2,990	879	8,329
Commercial	1,222	35	157	146	6	344
Industrial	35	42	17	12	0	71
Other	5	0	0	7	0	7
Total	19,223	319	4,392	3,155	885	8,751

Table A2. Real Property Taxable Value for the Proposed Annexation Areas

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	TOTAL
North	\$17,514,573	\$1,474,392	\$3,794,935	\$0	\$22,783,900
East	\$611,499,163	\$368,536,964	\$8,762,220	\$0	\$988,798,346
South	\$285,662,727	\$30,508,777	\$3,103,664	\$173,288	\$319,448,456
West	\$64,665,488	\$9,027,344	\$0	\$0	\$73,692,832
Total	\$979,341,951	\$409,547,477	\$15,660,819	\$173,288	\$1,404,723,535

Table A3. Personal Property Taxes

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$4,549	\$1,209,345	\$96,355	\$29,696

These figures are based on the relationship between commercial personal property (\$286,347,879) and commercial real property (\$743,420,618) in Smyrna according to its 2018 Digest as provided by the Georgia Department of Revenue. This share of 38.5% was multiplied by the commercial real property value of each annexation area to estimate the amount of commercial personal property it might contain, yielding the above table.

Table A4. Heavy Equipment Property Taxes

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$115	\$70	\$35	\$0

Heavy equipment property taxes apply to heavy-duty motor vehicle equipment weighing 5,000 pounds or more, and is primarily designed and used for construction, industrial, maritime, or mining uses, provided that such motor vehicles are not required to be registered and have a license plate.

Table A5. Motor Vehicles Property Taxes (TAVT)

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$56,427	\$524,650	\$264,168	\$84,622

Effective July 1, 2019, the method for allocating TAVT is as follows: first, 35 percent of total funds are remitted to the state revenue commissioner and the remaining 65 percent go to local governments. One percent of those local funds are retained by the county's tag agent to offset administration expenses. Next, the funds are distributed to match any local water and sewerage authority and/or Transportation Special Purpose Local Sales Tax receipts from the old ad-valorem system they received in 2012. Then, the remaining funds are divided among the county government, any municipality governing the area in which the owner resides, and the relevant school district. For sales registered to owners in unincorporated areas of the county, the county

governing authority receives 51 percent and the county's school district 49 percent of the local government funds. In incorporated areas, the county governing authority receives 28 percent, the municipal government receives 23 percent, and the remaining 49 percent goes to the relevant school district (either the county's or the municipal independent school district, whichever serves the owner's registration address). This method would be used should Smyrna annex any of the areas under consideration.

Table A6. Intangible Personal Property Taxes

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$5,025	\$131,355	\$55,270	\$13,279

The intangible recording tax is collected based on the value of any long-term note secured by real estate, typically a mortgage. The tax for recording the note is at the rate of \$1.50 for each \$500.00 or fractional part of the face amount of the note. The maximum amount of recording tax on any single note is \$25,000.

Table A7. Real Estate Transfer

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$2,227	\$58,212	\$24,493	\$5,885

The real estate transfer tax is an excise tax on transactions involving the sale of real property where the title to the property is transferred from the seller to the buyer. The real estate transfer tax is based upon the property's sale price at the rate of \$1 for the first \$1,000 or fractional part of \$1,000 and at the rate of 10 cents for each additional \$100 or fractional part of \$100.

SELECTIVE SALES AND USE TAXES

Table A8. Alcoholic Beverages

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$0	\$131,503	\$46,965	\$9,393

Note about method: Due to a lack of data on alcohol-serving employment in the relevant areas, we instead estimated the total number of alcohol-serving establishments in both the current City of Smyrna and each of the annexation areas by performing Google Maps searches for relevant terms and verifying their location relative to each area's boundaries. We then divided the total revenue Smyrna had reported for this category by the number of alcohol-serving establishments we found, then multiplied that figure by the number of establishments found using the same method in each annexation area to find the amount of revenue they might produce. While we have data on business licenses issued to firms in Smyrna that serve alcohol, we do not have any data for such firms in the annex areas. Our total number of firms generated from the Google

maps search, 85, is similar to the business license data count, 63. The Google Maps method is preferred, as estimating the number of establishments in both current Smyrna and the proposed annexation areas using the same methodology, it is likely that any error or undercounting would be present in all counts, minimizing the expected error.

Table A9. Insurance Premium

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$94,208	\$1,059,156	\$524,170	\$294,561

Table A10. Hotel/Motel Taxes

	NORTH	EAST	SOUTH	WEST
High Estimate (Employees)	\$0	\$1,274,004	\$81,900	\$0
Low Estimate (Establishments)	\$0	\$172,073	\$43,018	\$0
Final Estimate (Average of High and Low)	\$0	\$723,039	\$62,459	\$0

Note about method: Cities within Cobb County have a different hotel/motel tax revenue calculation than most, due to the presence of the Cobb Galleria Centre, a convention center. Per state law [O.C.G.A. § 48-13-51, (a)(5.1)], Cobb and its municipalities may levy hotel/motel taxes at 8 percent but must expend at least 62.5 percent of receipts on promoting tourism generally and on funding the shared tourism venue (in this case, the Galleria Centre). The city may deliver the remaining 37.5 percent of receipts to the General Fund for other uses.

The hotel/motel tax amounts reported here were calculated by averaging a “high” and “low” estimate. In the former, we found the amount of revenue collected currently per employee in hotels, motels and inns in Smyrna and multiplied that figure by the number of such employees in the proposed annexation areas. However, since such employee counts are unreliable in this case, we also calculated what the General Fund-directed hotel/motel tax revenue would be a second way: by dividing Smyrna’s current receipts by the number of lodging establishments, per Google Maps search, and multiplying that figure by the number of establishments in the annexation areas to produce the low estimate. We then averaged the two results to find the estimate, shared down by the requirement described previously.

Table A11. Franchise Fees

	NORTH	EAST	SOUTH	WEST
Electricity	\$82,881	\$487,435	\$254,686	\$28,023
Cable	\$10,625	\$192,340	\$92,981	\$71,129
Natural Gas	\$14,451	\$162,464	\$80,402	\$45,183

Telephone	\$15,626	\$232,548	\$67,744	\$16,188
Total Revenue by Annex	\$123,583	\$1,074,787	\$495,813	\$160,522

LICENSES AND PERMITS

Table A12. Alcoholic Beverage Licenses and General Business Licenses

	NORTH	EAST	SOUTH	WEST
Alcoholic Beverage Licenses	\$0	\$78,384	\$27,994	\$5,599
General Business Licenses	\$96,532	\$217,994	\$197,957	\$7,518
Total Revenue by Annexation Area	\$96,532	\$296,378	\$225,951	\$13,117

Note about method: Due to a lack of data on alcohol-serving employment in the relevant areas, we instead estimated the total number of alcohol-serving establishments in both the current City of Smyrna and each of the annexation areas by performing Google Maps searches for relevant terms and verifying their location relative to each area's boundaries. We then divided the total revenue Smyrna had reported for this category by the number of alcohol-serving establishments we found, then multiplied that figure by the number of establishments found using the same method in each annexation area to find the amount of revenue they might produce. While we have data on business licenses issued to firms in Smyrna that serve alcohol, we do not have any data for such firms in the annex areas. Our total number of firms generated from the Google maps search, 85, is similar to the business license data count, 63. The Google Maps method is preferred, as estimating the number of establishments in both current Smyrna and the proposed annexation areas using the same methodology, it is likely that any error or undercounting would be present in all counts, minimizing the expected error.

For business license revenue we rely on the commercial and industrial parcel counts as a proxy for firms. We have data on business licenses issued to firms in Smyrna, but we do not have any data for firms in the annex areas. Our total number of firms generated using the business license data count, is 2,046 which does not include alcohol licenses. Using the amount of business license revenue collected in Smyrna for 2019, yields an average of \$770 per firm. Smyrna has 1,257 commercial parcels and 35 industrial parcels. Thus, on average each parcel of commercial or industrial land contains 1.63 firms. Using the number of firms per total of commercial and industrial parcels in the annex area of 415 multiplied by 1.63 and the average firm business license collections of \$770 from Smyrna yields a total collection of \$520,001, in the annexation areas. This amount is apportioned to each annex area by its share of the count of commercial and industrial parcels.

Table A13. Building Permits

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$5,317	\$63,633	\$54,497	\$17,765

INTERGOVERNMENTAL REVENUES**Table A14. Cobb County Millage Rate and City Services Agreement (Cobb Six Cities MOU)**

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$11,910	\$577,402	\$168,935	\$39,418

Note about method: These amounts are calculated based on the increase in taxable digest each annexation area would represent. The total amount Cobb will distribute is set in the MOU. It is noted that the MOU has no provisions that would deal with a change in digest value due to a large annexation. However, Smyrna's gain would come at the expense of other cities in the MOU, thus it is possible that a negotiated solution is necessary to avoid litigation. This may result in changes to the MOU and Smyrna's share.

Table A15. State Local Maintenance and Improvement Grant (LMIG)

	NORTH	EAST	SOUTH	WEST
Estimated Road Miles by Annexation Area	5.8	83.3	51.2	13.6
Total Revenue by Annexation Area	\$16,994	\$212,123	\$116,614	\$47,816

Road miles were calculated by using the U.S. Census-provided TIGER/line shapefile of all Cobb County roads, with the relevant portions identified using the Clip geoprocessing tool and shapefiles of the annexation areas. The resulting clipped roadway pieces were then measured using the length calculation function of geoprocessing software. The annexation areas' roads would represent a 54.8 percent increase in total road miles by length (that is, not including width) beyond Smyrna's current roadways.

Table A16. Federal Community Development Block Grant (CBDG)

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$8,152	\$91,648	\$45,356	\$25,488

CHARGES FOR SERVICES**Table A17. Planning and Development**

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$1,593	\$17,548	\$15,000	\$4,876

Table A18. Municipal Court

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$55,036	\$618,760	\$306,221	\$172,083

Table A19. Public Safety: E-911

	NORTH	EAST	SOUTH	WEST
Total Revenue by Annexation Area	\$26,954	\$303,042	\$149,974	\$84,279

Table A20. Revenue Summary

REVENUE CATEGORY	NORTH	EAST	SOUTH	WEST	TOTAL	SMYRNA FY2018
Property Taxes						
Real & Personal Property						
<i>Real Property Tax</i>	\$194,586	\$8,444,832	\$2,728,250	\$629,374	\$11,997,041	\$20,504,000
<i>Personal Property Tax</i>	\$4,549	\$1,209,345	\$96,355	\$29,696	\$1,339,945	\$2,574,267
<i>Heavy Equipment Tax</i>	\$115	\$70	\$35	\$0	\$220	\$342
Motor Vehicles (TAVT)	\$56,427	\$524,650	\$264,168	\$84,622	\$929,867	\$1,600,000
Intangible Personal Property	\$5,025	\$131,355	\$55,270	\$13,279	\$204,928	\$300,000
Real Estate Transfer	\$2,227	\$58,212	\$24,493	\$5,885	\$90,817	\$70,000
Selective Sales & Use Taxes						
Alcoholic Beverages	\$0	\$131,503	\$46,965	\$9,393	\$187,862	\$895,000
Insurance Premium	\$94,208	\$1,059,156	\$524,170	\$294,561	\$1,972,094	\$3,350,000
Hotel/Motel Taxes	\$0	\$723,039	\$62,459	\$0	\$785,498	\$1,576,600
Franchise Fees						
<i>Electricity</i>	\$82,881	\$487,435	\$254,686	\$28,023	\$853,025	\$2,280,283
<i>Cable</i>	\$10,625	\$192,340	\$92,981	\$71,129	\$367,074	\$509,507
<i>Natural Gas</i>	\$14,451	\$162,464	\$80,402	\$45,183	\$302,500	\$395,088
<i>Telephone</i>	\$15,626	\$232,548	\$67,744	\$16,188	\$332,105	\$522,471
Licenses & Permits						
Alcoholic Beverage Permits	\$0	\$78,384	\$27,994	\$5,599	\$111,977	\$400,000
General Business Licenses	\$49,047	\$1,195	\$35,284	\$2,698	\$88,224	\$1,400,000
Building Permits	\$5,317	\$63,633	\$54,497	\$17,765	\$141,211	\$626,200
Intergovernmental Revenues						
Cobb County MOU	\$11,910	\$577,402	\$168,935	\$39,418	\$797,665	\$1,500,000
State LMIG	\$16,994	\$212,123	\$116,614	\$47,816	\$393,548	\$385,375
Federal CDBG	\$8,152	\$91,648	\$45,356	\$25,488	\$170,644	\$424,940
Charges for Services						
Planning and Development	\$1,593	\$17,548	\$15,000	\$4,876	\$39,018	\$90,000
Municipal Court	\$55,036	\$618,760	\$306,221	\$172,083	\$1,152,101	\$1,490,700
Public Safety: E-911	\$26,954	\$303,042	\$149,974	\$84,279	\$564,249	\$1,605,100
Total Revenue	\$655,722	\$15,320,683	\$5,217,853	\$1,627,355	\$22,821,613	\$42,499,873

Appendix B. Expenditures

The following appendix provides more details about each of the major expenditure areas: governance, general government, community services, public works and public safety. The expenditure estimates for each annexation area are presented alongside an average of Smyrna's current expenditures; itemizations are included when relevant. Note that due to economies of scale, if all four areas are annexed the total expenditure may be less than the sum of each individual area.

GOVERNANCE

For calculation purposes, we estimate no additional council members, but additional ancillary expenses using a per capita expense figure and the population of each proposed annexation area.

Table B1. Governance – Smyrna and Annexation Estimate

DEPARTMENT	SMYRNA FY 2015-18 AVERAGE	NORTH	EAST	SOUTH	WEST	TOTAL
Governance	\$341,905	\$5,769	\$64,863	\$32,100	\$18,039	\$120,772

GENERAL GOVERNMENT

The first two tables below present Smyrna's current expenditures and the estimates for the four annexations. The following table lists personnel and equipment expenditures for meter reading, showing Smyrna's current expenditures and the annexation estimates.

Table B2. Current General Government Expenditures

DEPARTMENT	FY 2015-18 AVERAGE
Administration Manager	\$694,399
Finance	\$510,770
Court	\$357,741
Building and Plant	\$10,757,328
Human Resources	\$371,063
Information Technology	\$871,680
General Government Total	\$13,562,980

Table B3. Annexation Estimate - General Government

ANNEXATION AREA	BEST ESTIMATE
North	\$327,689
East	\$4,429,697
South	\$2,278,770
West	\$1,402,470
Annexation Subtotal	\$8,438,625
Including current expenditures	\$22,001,605

Table B4. Meter Reading Personnel and Equipment

POSITION/EQUIPMENT	FTE COST	ALL AREAS	NORTH	EAST	SOUTH	WEST
Meter reading technicians	\$52,500*	2	0	1	1	1
Office staff	\$52,500	1	0	1	1	0
Vehicles (F-150)	\$30,000	1	0	1	1	1
Total personnel		\$157,500	\$0	\$105,000	\$105,000	\$52,500
Total vehicles		\$30,000	\$0	\$30,000	\$30,000	\$30,000
Total costs		\$187,500	\$0	\$135,000	\$135,000	\$82,500

It was estimated that two additional staff members would be needed to read meters as well as an office support person due to a full annexation based on interviews with City Administrator, Tammi Sadler-Jones, as well as the Finance Director Kristin Robinson. The first-year salaries for these new staff would be \$52,500 each, benefits included. Two additional city vehicles would also be needed, at \$30,000 each. Table B4 expenditures are included in the estimates of Table B3. Note due to economies of scale, if all four areas are annexed the total expenditures are less than the sum of each individual area.

COMMUNITY SERVICES

Table B5. Community Services – Smyrna and Annexation Estimate

DEPARTMENT	SMYRNA FY 2015-18 AVERAGE	NORTH	EAST	SOUTH	WEST	TOTAL
Community Services	\$4,220,865	\$30,441	\$565,162	\$365,227	\$205,149	\$5,201,843

Table B6. Community Development – Smyrna and Annexation Estimate

POSITION/EQUIPMENT	FTE COST	ALL AREAS	NORTH	EAST	SOUTH	WEST
Code enforcement officers	\$52,500	2	0	1	1	1
Building Inspector	\$52,500	1	0	1	1	0
Vehicles (F-150)	\$30,000	3	0	2	2	1
Total personnel		\$157,500	\$0	\$105,000	\$105,000	\$52,500
Total vehicles		\$90,000	\$0	\$60,000	\$60,000	\$30,000
Total costs		\$247,500	\$0	\$165,000	\$165,000	\$82,500

It was estimated that two additional code enforcement officers would be needed as well as an additional building inspector due to a full annexation based on interviews with Community Development director, Russell Martin. The first-year salaries for these new staff would be \$52,500 each, benefits included. Three additional city vehicles would also be needed, at \$30,000 each. Table B6 expenditures are included in the estimates of Table B5. Note due to economies of scale, if all four areas are annexed the total expenditures are less than the sum of each individual area.

PUBLIC WORKS

The first table below presents Smyrna's current expenditures and the estimates for the four annexations. The following tables list the personnel and truck estimates from discussions with Department Director Frank Martin and his team. The cost of trucks and equipment are considerably higher than the cost of additional personnel. If all four areas were to be annexed, an additional public works facility would be needed at an estimated cost of \$2 million, for both land and building. This amount is reflected in the total below, but not in any individual annex estimate. Note that due to economies of scale, if all four areas are annexed the total expenditures are less than the sum of each individual area.

Table B7. Public Works – Smyrna and Annexation Estimate

DEPARTMENT	SMYRNA FY 2015-18 AVERAGE	NORTH	EAST	SOUTH	WEST	TOTAL
Public Works	\$6,789,256	\$0	\$1,346,349	\$1,346,349	\$728,190	\$10,210,144

Table B8. Public Works Personnel

PUBLIC WORKS DIVISION	POSITION	FTE					
		COST	SMYRNA	NORTH	SOUTH	EAST	WEST
Highway & St.	Heavy equipment operator	\$66,221	1	0	1	1	0
Highway & St.	Equipment operator	\$57,654	1	0	1	1	1
Highway & St.	Office assistant	\$55,512	1	0	1	1	1
Maint. & Shop	Mechanic	\$61,938	1	0	1	1	0
Sanitation	Truck driver	\$59,796	1	0	1	1	1
Sanitation	Crew worker	\$51,228	1	0	1	1	1
Total personnel cost			\$352,349	\$0	\$352,349	\$352,349	\$224,190

Table B9. Public Works Equipment

PUBLIC WORKS EQUIPMENT	TRUCK COST	NORTH	SOUTH	EAST	WEST
Sanitation truck, 30 yard	\$230,000	0	1	1	1
Recycling truck, 20 yard	\$175,000	0	1	1	1
Knuckle boom truck	\$150,000	0	1	1	0
F-750 sand spreader	\$105,000	0	1	1	0
F-450 dump truck	\$60,000	0	1	1	0
F-450 4-door dump truck	\$62,000	0	1	1	1
F-150 4x4 pick-up truck	\$35,000	0	1	1	0
F-150 2WD pick-up truck	\$30,000	0	1	1	1
Backhoe 410G	\$140,000	0	1	1	0
Equipment Trailer	\$7,000	0	1	1	1
Total equipment costs	\$994,000	\$0	\$994,000	\$994,000	\$504,000

PUBLIC SAFETY**Table B10. Public Safety – Smyrna and Annexation Estimate**

DEPARTMENT	SMYRNA					
	FY 2015-18 AVERAGE	NORTH	EAST	SOUTH	WEST	TOTAL
Public Safety	\$14,295,470	\$110,819	\$3,180,332	\$6,262,407	\$917,450	\$24,766,479

Fire Safety

Fire Department Chief Roy Acree and his team estimated that for all the annexed areas, 22 new firefighters and related positions would be needed. The first-year cost to fill each position was estimated at \$50,182, which includes salary and an estimated amount for city benefits. These positions are listed below:

- 18 in the Response Division
- 2 in the Office of Fire Prevention
- 1 in the Training Division
- 1 in the Admin Division

In addition to the new personnel, five new fire vehicles would be needed. These new vehicles are listed below as well as the per vehicle cost:

- 1 Pumper truck – \$800,000
- 1 Rescue truck – \$150,000
- 3 Staff vehicles – \$40,000 each

Finally, due to the size of the southern area and its distance of over 5 miles from an existing Smyrna fire station, a new station would need to be built to properly service this area. The cost of this new station would be \$4 million including the building and property. The Fire Department used their expertise to allocate the spending on equipment and personnel across the various areas of annexation, which is shown below:

- Annexation of the Northern Area:
 - No significant need for new personnel or vehicles
- Annexation of the Western Area:
 - Slight realignment to existing response zones
 - The addition of 1 rescue vehicle (\$150,000)
 - 6 new personnel in the Response Division at \$50,182 each
- Annexation of the Eastern Area:
 - Additional pumper truck needed (\$800,000) to Station 4
 - 12 new personnel in the Response Division at \$50,182 each
 - 2 new personnel in Fire Prevention, 1 in Training, and 1 in Administration, all at \$50,182 each
- Annexation of the Southern Area:
 - Addition of Station 6 due to road mile distances exceeding 5 miles (\$4 million).
 - *Note: In this scenario, the additional rescue vehicle would go to the southern area, the additional pumper would also go to this southern area along with the additional 12 people (pumper) and 6 people (rescue) and the 4 new personnel in Fire Prevention/Training/Administration; all new personnel at \$50,182 each

Note due to economies of scale, if all four areas are annexed the total expenditures are less than the sum of each individual area.

Table B11. Fire Safety

	NORTH		EAST		SOUTH		WEST	
	TOTAL COST	COUNT	TOTAL COST	COUNT	TOTAL COST	COUNT	TOTAL COST	COUNT
New personnel	\$0	0	\$916,364	14	\$1,178,182	18	\$392,727	6
Pumper truck	\$0	0	\$800,000	1	\$800,000	1	\$0	0
Rescue truck	\$0	0	\$0	0	\$150,000	1	\$150,000	1
Staff vehicles	\$0		\$40,000	1	\$80,000	2	\$0	0
New fire station	\$0	0	\$0	0	\$4,000,000	1	\$0	0
All vehicles & equipment	\$0		\$840,000		\$1,030,000		\$150,000	
All personnel	\$0		\$916,364		\$1,178,182		\$392,727	
Station	\$0		\$0		\$4,000,000		\$0	
Total*	\$0		\$1,542,545		\$5,933,273		\$451,091	

*After discussions with Smyrna officials, the estimated totals are lower than a summation of operating and capital costs for each annex area due to potential economies of scale.

Police

Police Department Chief David Lee and his team estimated that for all the annexed areas 23 new officers would be needed. Each officer would also need their own patrol vehicle. The cost of each vehicle would be approximately \$52,800, which includes all emergency equipment, computer, electronic citation books, etc. Three of the 23 new officers would be detectives. Detective vehicles are less expensive at \$35,000 each.

The salaries for 23 new officers would be approximately \$40,000 each. Chief Lee specified that the three detective positions would be filled from current staff with the new officers filling those vacated slots. Uniforms and personal assigned equipment are approximately \$4,000 per each new officer. The additional officers would require three additional support staff at \$30,000 per position and eight new dispatchers at \$34,000 per position. Call volume is the primary driver of the required new personnel. The existing Cobb County precinct zones for which the call volume was taken do not match up perfectly with the proposed areas of annexation. However, in these areas, a good proxy for call volume is population. Thus, to allocate these costs to the four annex areas, population is used. The table below itemizes the costs discussed above and list totals for personnel and equipment. Note due to economies of scale, if all four areas are annexed the total expenditures are less than the sum of each individual area.

Table B12. Police Vehicles and Personnel

	NORTH		EAST		SOUTH		WEST	
	TOTAL COST	COUNT	TOTAL COST	COUNT	TOTAL COST	COUNT	TOTAL COST	COUNT
Patrol vehicles	\$52,800	1	\$580,800	11	\$264,000	5	\$158,400	3
Detective vehicles	\$0	0	\$70,000	2	\$35,000	1	\$0	0
New officers	\$60,000	1	\$780,000	13	\$360,000	6	\$180,000	3
New equipment	\$4,000	1	\$52,000	13	\$24,000	6	\$12,000	3
Support staff	\$0	0	\$90,000	2	\$45,000	1	\$0	0
Dispatchers	\$0	0	\$255,000	5	\$102,000	2	\$51,000	1
All vehicles & equipment	\$56,800		\$702,800		\$323,000		\$170,400	
All personnel	\$60,000		\$1,125,000		\$507,000		\$231,000	
Total*	\$96,800		\$1,452,800		\$661,000		\$324,400	

* After discussions with Smyrna officials, the estimated totals are lower than a summation of operating and capital costs for each annex area due to potential economies of scale.

Appendix C: Annexation Law in Georgia

There are three primary methods of annexation in Georgia. All three require the consent of a majority of the persons living in an area to be annexed into a city.

The 100 percent method: Property owners of all the land in an area may seek to have their property annexed into an adjacent city by signing a petition.

The 60 percent method: Petitioners owning at least 60 percent of the property in the area to be annexed, and at least 60 percent of the voters in an area, may seek to have their property annexed into an adjacent city.

The Resolution and Referendum method: An election may be held in the area proposed for annexation to determine if the area should be annexed. This method requires that an agreement between all the local governments providing services in that area be reached and that a majority of voters in the area to be annexed vote in favor of the annexation.

Note, two more obscure methods exist: 1) annexations by the General Assembly through local legislation; and 2) the annexation of unincorporated islands totally surrounded by a city.

For a thorough discussion of the annexation laws in Georgia, see the Georgia Municipal Association report, Growing Cities Growing Georgia, available at:

www.gacities.com/GMASite/media/PDF/publications/annexation.pdf

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Additionally, the Center has had extensive experience in property taxation and education finance. More specifically, our team has done research on the effect that senior homestead exemptions have had on seniors' migration patterns and on the finances of school districts, and on how school issues effect home values generally. Our recent research has also examined the economic impacts of various school and educational issues like early education and start-up charter schools.

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