City of Norcross

65 Lawrenceville Street
Norcross, GA 30071

Meeting Agenda

Monday, December 28, 2020

6:30 PM

Teleconference

Link to join Webinar
https://zoom.us/j/98216039680

Special Called Meeting

Mayor Craig Newton
Mayor Pro Tem Josh Bare
Councilmember Andrew Hixson
Councilmember Elaine Puckett
Councilmember Matt Myers
Councilmember Bruce Gaynor

A. Call to Order by Craig Newton
PLEASE TURN OFF ALL CELL PHONES AND ELECTRONIC DEVICES

B. Roll Call (recorded)

C. Comments by Citizens

PH. Public Hearings

PH. 20-5981 **Annexation Fiscal Impact Analysis Review**

Visioning Session for future growth opportunities.

2019 Annexation Report Draft--.Final Draft 1.06.2019

E. Items for Discussion

F. Adjourn to Executive Session Legal Personnel, and Real Estate

G. Signed by ______________________________________ Mayor Craig Newton

H. Attest _______________________________ Monique Lang, City Clerk

City of Norcross

Legislation Details (With Details)

65 Lawrenceville Street
Norcross, GA 30071

770-448-2122

770-242-0824

File#:	20-5981	**Version:**	
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File Created:	12/23/2020	**In Control:**	Special Called Meeting
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Title:	Annexation Fiscal Impact Analysis Review		

Sponsors:

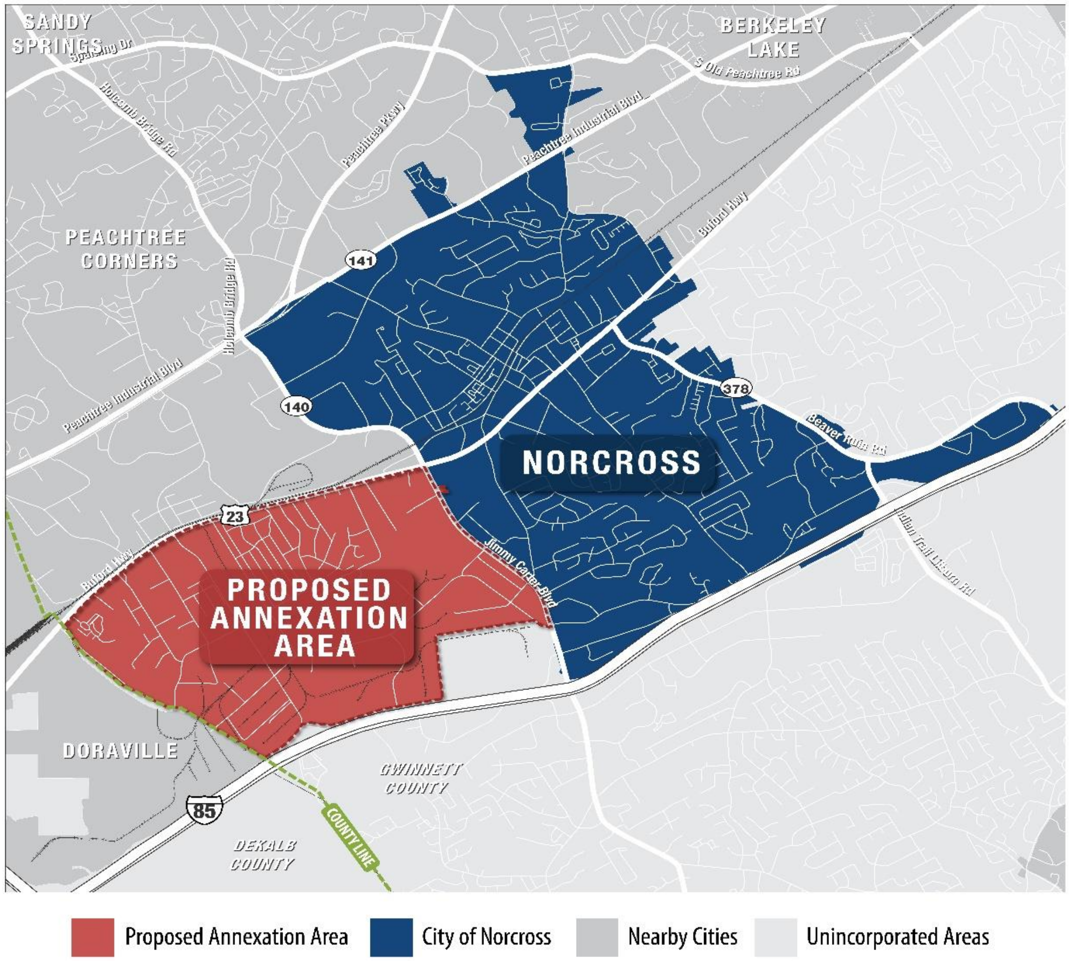
Code Sections:

Attachments:

1. 2019 Annexation Report Draft--.Final Draft 1.06.2019

Title
Annexation Fiscal Impact Analysis Review

Drafter
Tara Smith



CITY OF NORCROSS ANNEXATION STUDY

FISCAL IMPACT ANALYSIS

Updated January 6, 2020

City of Norcross Annexation Study

FISCAL IMPACT ANALYSIS

Executive Summary

Proposed Annexation

The City of Norcross has proposed the annexation of an adjacent 2.88-square-mile area of unincorporated Gwinnett County, referred to in this document as the Norcross Southwest District (NSD). *(See Figure 1 for the district boundaries.)* The annexation presents an opportunity to strengthen the future of both the existing City of Norcross and the Norcross Southwest District by:

- Providing excellent, responsive public services to enhance quality of life for residents and businesses of the NSD;
- Stewarding opportunities for economic growth and redevelopment that align with Norcross' vision and values of sustainability and equity;
- Increasing local control over future development and infrastructure decisions in an area with market potential for significant growth;
- Leveraging strategic access to Interstate 85 (I-85), an active railroad line, and a potential transit hub by connecting planned multimodal improvements within the existing city to the proposed annexation area; and
- Realizing one of few opportunities to expand the City of Norcross.

Fiscal Impact Analysis Document Overview

Good stewardship and sound financial practices are priorities for the City of Norcross, and it has a responsibility to its citizens to carefully consider the short-term and long-term fiscal impacts of the proposed annexation. The purpose of this document is to determine the effects of the proposed annexation on the City's finances by analyzing the projected costs and revenues associated with providing services and infrastructure to the NSD.

Figure 1. Norcross Southwest District Aerial Map

The NSD is bounded by Buford Highway to the north, Jimmy Carter Boulevard to the East, Interstate 85 (I-85) to the south, and the DeKalb County line to the west. It does not include properties owned by Gwinnett County, such as the police station or the Former OFS site at the intersection of I-85 and Jimmy Carter Boulevard.

The report includes two main sections:

1. **Norcross Southwest District Overview** *(page 10)*
   The overview section provides information about the NSD today, including demographics, existing land use, zoning, property values, mobility systems, and public safety. It also summarizes the proposed vision for the area, as defined by Gwinnett County. If the annexation is approved, the City of Norcross intends to adopt the County's current zoning and the Future Development Map from its *2040 Unified Plan,* validating this plan with the community and updating over time.

2. **Fiscal Impact Analysis** *(page 22)*
   This section provides an overview of the City of Norcross' finances today as a baseline, including its operating funds, revenue sources, and expenses. It then outlines the anticipated additional revenue sources and expenses associated with the proposed annexation, including General Fund expenses for staff, capital costs, and overhead, as well as capital improvement projects. The methodologies used to estimate these figures are included in this section. It addresses the anticipated net fiscal impacts over the first five years of operation, including a five-year transition plan.

The original version of this analysis was published in Fall 2018 to inform the City's decision to adopt a resolution announcing its intent to annex. The resolution passed on January 7, 2019 and a bill was then introduced during the Georgia General Assembly's 2019 legislative session that would allow the proposed annexation to be included as a referendum in the next election. The bill was carried over into the 2020 legislative session. This version of the assessment has been updated to reflect more recent data and additional information provided by Gwinnett County since the time of the original publication. If the state legislation is approved, voters in the NSD will cast their ballots in November 2020 to decide if they want to become part of the City of Norcross.

Key Findings

The analysis shows the annexation of the NSD would have a positive net fiscal impact for the City of Norcross and allow revenues generated by the area to be directly reinvested in services and infrastructure for the residents and businesses in that area. Anticipated expenses and revenues vary by year, accounting for upfront capital outlays, a phased increase in staffing, and capital improvement projects distributed across the initial five-year period. The projected net fiscal impact to the City's General Fund is positive for each of the first five years and the proposed transition plan will allow the City of Norcross to continue delivering high-quality, responsive services to both the existing city and the NSD within the limits of its projected resources.

The estimated financial impacts of the annexation to the City's General Fund for Years 1 and 5 are summarized in the table below and detailed in the Fiscal Impact Analysis section, which also provides the methodology used for the analysis. The estimate includes a 15 percent contingency to account for additional expenses that may be identified through further assessment.

Figure 2. Estimated Annual General Fund Net Fiscal Impact Summary

	Year 1	Year 5
Additional Expenses		
Staff Salaries and Benefits	$1,556,467	$2,841,182
Capital Outlays and Improvements*	$1,447,140	$917,387
Overhead	$1,427,704	$1,559,503
Capital Fund	$1,000,000	$1,000,000
Contingency (15%)	$664,697	$797,712
Total Additional Expenses	*$6,096,008*	*$7,115,784*
Additional Revenues		
General Property Taxes (**Real** and Personal)	$3,065,039	$3,173,731
Franchise Taxes	$1,000,000	$1,079,887
Other Revenue Sources	$3,220,935	$3,478,257
Total Additional Revenues	*$7,285,974*	*$7,731,875*
General Fund Net Fiscal Impact	**$1,189,966**	**$616,091**

**Does not include storm water projects, which are paid out of the Storm Water Fund*

The City has outlined a five-year transition plan to integrate the NSD into the City of Norcross:

Short-range (Year 1)	Mid-range (Years 2-3)	Long-range (Years 4-5)
• **Onboard staff to service the area** • **Conduct detailed needs assessments** • **Engage with the community** • **Implement critical infrastructure projects**	• Integrate NSD into the City's *2040 Comprehensive Plan*, economic development strategies, and other plans • Implement critical infrastructure projects	• Implement projects to address additional assessed needs

The detailed transition plan in the Fiscal Impact Analysis section outlines proposed activities for each of the first five years, including additional staff positions, planning, and project implementation. Although the City would begin receiving some revenue from the NSD—such as business licenses, permits, and other user fees—property tax revenues may not be fully realized by the City for the first 18 months. If needed, the City may apply for a Tax Anticipation Note, which is used by states or municipalities to finance current expenses before tax revenues are received, to cover costs during this period. If the annexation is approved, the Gwinnett County Service Delivery Strategy will be updated to reflect the inclusion of the NSD in the City of Norcross and will extend the current division of public services between the City and County to the annexed area.

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Introduction

Basis for Proposed Annexation

Part of the role of local government is to maintain steady growth, ensure that residents have access to jobs and opportunities, grow the city revenue, and provide excellent city services. As we plan for our future, the City of Norcross takes a long-term approach and considers evolving regional and national trends.

In order to adjust to these changes, the City of Norcross needs to prepare to support residents with various lifestyles, ages, and incomes. The City also needs to prepare for a new economy that benefits all residents. Norcross must be a sustainable city for generations to come in 5, 10, or 20 years from now.

To ensure Norcross continues to be a competitive and attractive place to live, work, and play, city staff began exploring the possibility of expanding the city's boundaries through the process of annexation in the summer of 2017. Annexation is a common legal method used by cities throughout Georgia by which an unincorporated part of a county becomes part of a city. This was necessary for the city to explore because:

1. The City needs to control development in the NSD area. The City of Norcross and the proposed annexed area share very similar characteristics including, but not limited to, demographics, commercial/residential ratio, and land-use patterns. As one of Gwinnett County's "Gateway" cities and one of metro Atlanta's major logistics hub, there is a need for uniformity and consistency in overall development of the area. Within a 2-mile radius, there are four different jurisdictions with four different sets of policies within the NSD area---Doraville, Gwinnett County, City of Peachtree Corners, and the City of Norcross.
2. Residents and businesses of the NSD area have a lack of local representation. Currently, they rely on one Gwinnett County Commissioner to address their community needs. On the other hand, the City of Norcross' residents and businesses are represented by five City Council members and one Mayor. By annexing this area, the City would be more responsive and able to deliver quicker and efficient services to the area.
3. As the City continues to provide services, enact policies, and development that improve quality of life issues for existing residents, these same efforts should be applied to proposed annexation area because of its close proximity to the City. What occurs in the area—both positive and negative--has a direct impact on the City of Norcross.
4. The NSD is self-sufficient. The revenue that is generated from the area will pay for the services and capital improvements that may be needed. As a result, this annexation will assist in balancing the tax base for the City of Norcross.

In 2012, the City successfully undertook a similar annexation effort when it annexed a large area south of the city along either side of Mitchell Road, an area with a comparable population size and infrastructure conditions, which required immediate repairs. In one instance, a bridge culvert in the annexed area had been neglected by the County and required relocation to service the area. The City took on the crucial $500,000 project as soon as the annexation was approved, 18 months before any tax revenue from the area was received. The City was able to secure a $300,000 Community Development Block Grant (CDBG) to help fund the project. Its financial standing allowed it to fund the project without debt or a Tax Anticipation Note.

Since that Mitchell Road Area annexation, Norcross has continued to make substantial investments in the area, including the beautiful new $2 million Pinnacle Park using SPLOST revenue, the city added needed street lights, and the City spent $78,414 on storm water pipe-relining in the Western Hills neighborhood.

By expanding the city boundaries through annexation, we have the opportunity to increase our capacity, resources, and land to prepare for the expected population growth and demands of the new economy. Through our recent comprehensive planning efforts, the community recognized that one area, just outside our current city boundaries, holds exceptional opportunity for annexation, redevelopment and growth. This potential annexation area, located between Buford Highway, the DeKalb County line, I-85 and Jimmy Carter Boulevard, is referred to as the Norcross Southwest District (NSD). It covers approximately 3 square miles and contains a strong mix of industrial and residential uses. With good access to I-85, an active railroad line, and the potential location of multi-modal transit hub this area was identified in the recently adopted Gwinnett County 2040 Unified Plan as a regional activity center, and one that will clearly influence the future growth and identity of the City of Norcross.

The primary benefit to the City's current residents is one of greater fiscal stability and control over the nature and character of development that will impact its future. The project growth in this proposed annexation area has the potential to either directly compete with or complement the existing development patterns of the city. Through annexation, Norcross residents can more directly have an influence in how this area develops, and better ensure that it is done in a compatible and favorable fashion. For the current residents and businesses of the NSD, the annexation holds the benefit of better local representation and more responsive local government services.

As the Mitchell Road Annexation emphasized, the City of Norcross is familiar with annexations of this magnitude and is prepared for the additional financial responsibility. It is an established, financially responsible city, and one of the oldest municipalities in Gwinnett County. With $80.6 million in assets and an annual operating budget of $13 million[2], it has a reputation for stewarding its resources well. The City makes meaningful investments and keeps a careful eye on its spending. It is proud to have operated debt-free for many years, all while providing a high level of service delivery for its residents and businesses.

[2] *City of Norcross FY2019-2020 Approved Budget*

About this Study

The purpose of this study is provide local citizens, business owners, and decision makers some basic information on the many benefits and anticipated costs associated with the proposed NSD annexation. The study was prepared by city staff with the assistance of a consultant team from Jacobs. It should be noted that the study relies upon available public information, and that a detailed infrastructure analysis of the area was not undertaken by the city. The methodology used in this study is outlined in the Fiscal Impact Analysis chapter in the report. The scope of the study includes overview of existing conditions found in the area, the community vision and plans for the area, and fiscal impact of proposed NSD annexation

Norcross Southwest District Overview

This section provides an overview of the Norcross Southwest District (NSD) today and the plans for its future, as described in the *Gwinnett County 2040 Unified Plan*. It covers existing land use, zoning, demographic and employment statistics, as well as the established vision for the area's future growth. The data cited in this section is from readily available sources, such as the U.S. Census Bureau, Esri population estimates, the *Gwinnett County 2040 Unified Plan,* and Gwinnett County tax records.

Location

The proposed annexation area (the Norcross Southwest District) is located immediately southwest of the existing City of Norcross, bounded by Buford Highway to the north, Jimmy Carter Boulevard to the east, Interstate 85 (I-85) to the south, and the DeKalb County line to the west. It does not include properties owned by Gwinnett County, such as the police station or the Former OFS site at the intersection of I-85 and Jimmy Carter Boulevard. The district is approximately 2.88 square miles (1,843 acres) of land.

According to the vision established by Gwinnett County's *2040 Unified Plan*, this area will play a major role in the County's growth, becoming an "International Gateway" and a new regional activity center.[3] Portions of the district along Jimmy Carter Boulevard are part of the Gateway85 Community Improvement District (CID), a key partner in improving infrastructure, promoting redevelopment, and supporting local businesses.

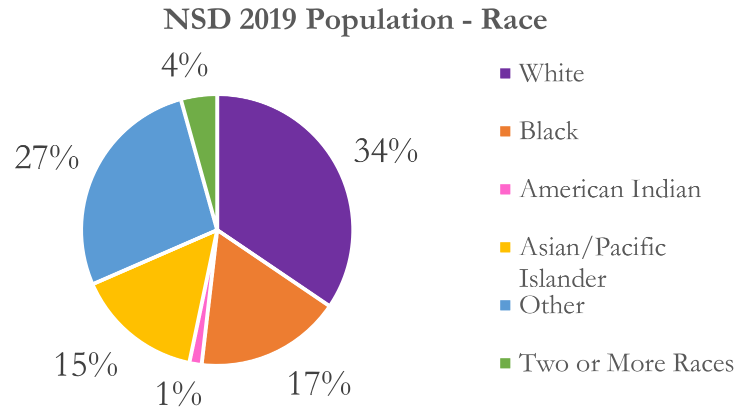
Figure 3. Norcross Southwest District Aerial Map

[3] *Gwinnett County 2040 Unified Plan*. Gwinnett County. February 2019.

Norcross Southwest District Today

Growth and Population

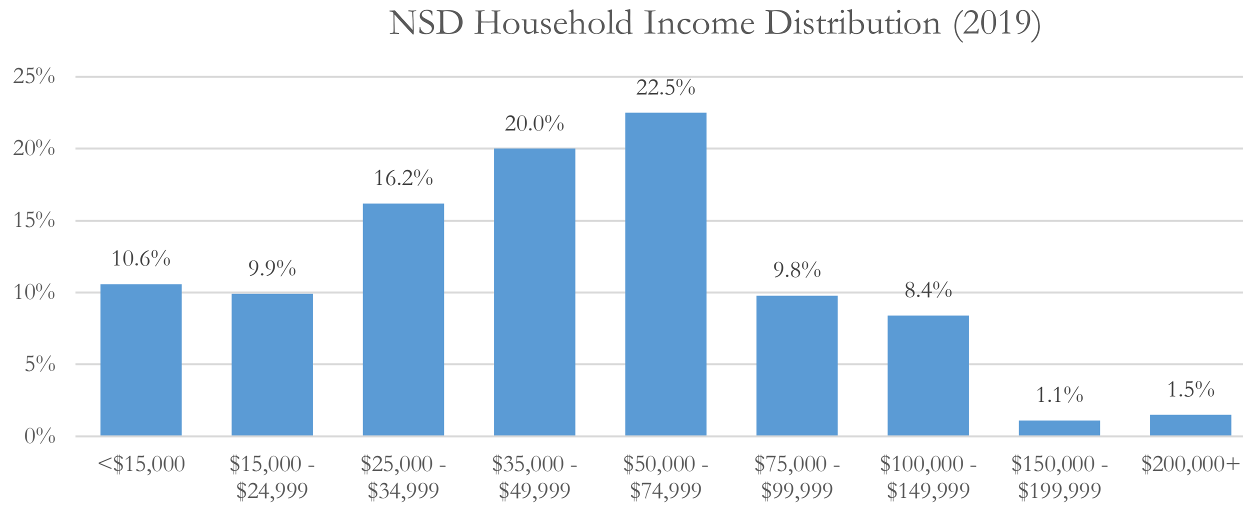
There are an estimated 6,976 residents[4] and 7,861employees[5] currently working within the study area. Although growth is expected to slow down based on Gwinnett County's projections[6], this area is expected to grow by twenty percent (20%) bringing an additional 1,232 residents and 1,379 additional employees by 2030.



Like the City of Norcross, the Norcross Southwest District (NSD) is diverse and is a predominately minority area. The Esri Diversity Index captures the racial and ethnic diversity of an area in a single number (0 to 100) to provide a high-level, intuitive metric of the comparable level of diversity in an area. The NSD scores high on this index, coming in at 90.1 out of 100, slightly below the City of Norcross, which has a diversity index of 90.4.[7] An estimated 34 percent of residents are white, 17 percent are black, 15 percent are Asian/Pacific Islander, 4 percent are two or more races, 1 percent are American Indian, and 27 percent identify as another race.[8] A majority of residents within the district are Hispanic (55.3%).[9]

As of 2019, the estimated median household income for the NSD was $43,675 and the average household income was $55,393. Incomes in this area are lower than in the City of Norcross, which has an estimated median household income of $50,493 and average household income of $74,879. The chart below shows the estimated household income distribution across income brackets for the NSD.[10]

4 Esri ArcGIS Online 2019 Estimates.
5 U.S. Census on the Map - Home Destination Analysis. 2017 ACS 5-year Estimates.
6 Gwinnett County 2040 Unified Plan
7 Esri Business Analyst Online Community Profile - 2019 Estimates.
8 Esri ArcGIS Online 2019 Estimates.
9 Esri ArcGIS Online 2019 Estimates.
10 Esri Business Analyst Online Community Profile - 2019 Estimates.

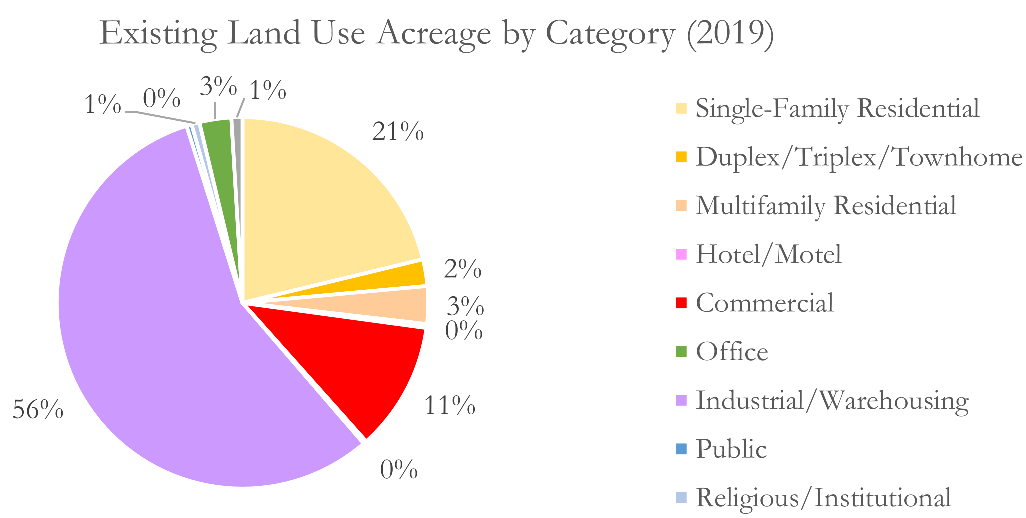


Existing Land Use

Much of the area contains aging commercial, industrial, and residential properties. According to a recent existing land use survey, which maps out what was built on the land at the time, warehouses account for twenty-six percent (26%) of the study area acreage. There are approximately 51 warehouse parcels sitting on 462.85 acres. Residential single-family units account for the second largest land-use (17%) with 1113 parcels on 298.4 acres. The third largest land-use is manufacturing/processing (12.3%) utilizing 218.9 acres and 34 parcels.[11]

The chart below shows the percentage of the total acreage for all parcels within the NSD aggregated into broader land use categories and corresponds with the map of existing land uses in

Figure 4.[11]

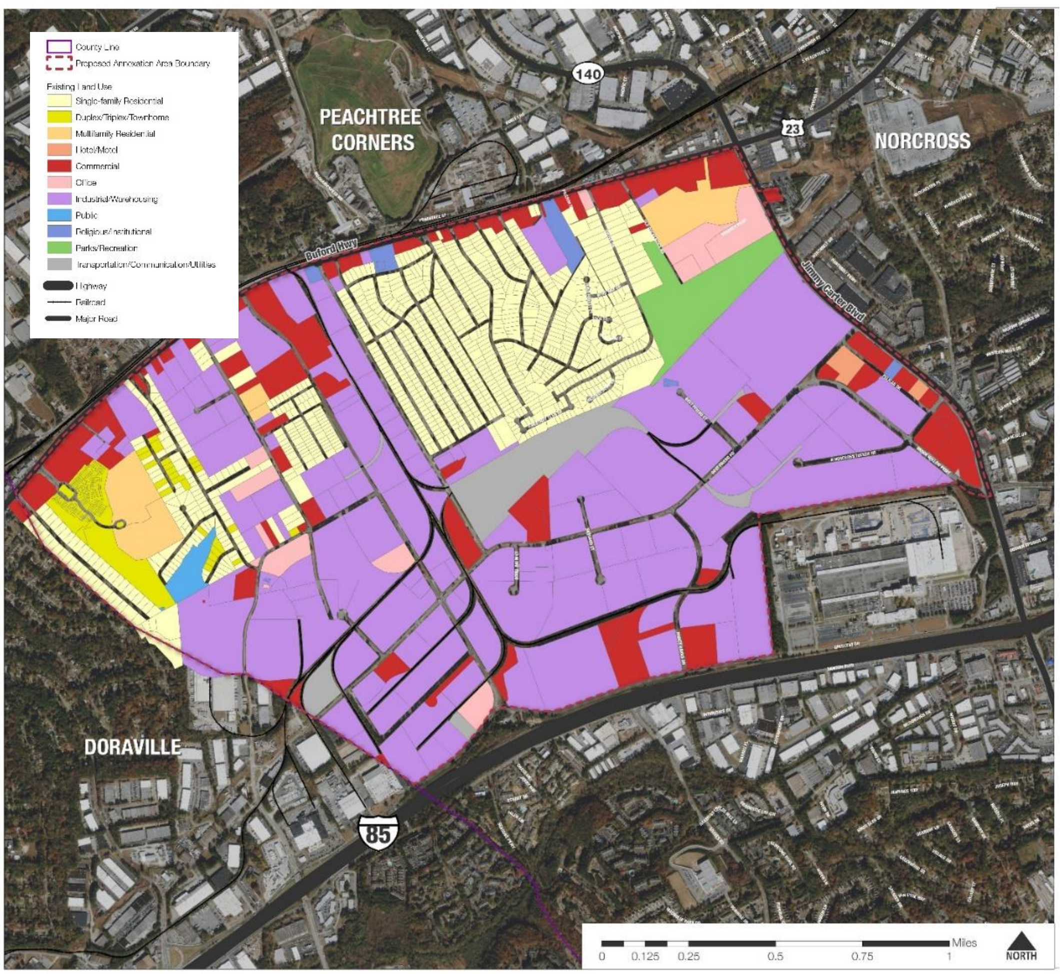


[11] 2019 Gwinnett County Parcel Data.

Table 1. NSD Existing Land Use by Category

Land Use Category	Acres	Percent
Single-Family Residential	333.2	21%
Duplex/Triplex/Townhome	36.4	2%
Multifamily Residential	51.4	3%
Hotel/Motel	5.3	0%
Commercial	176.4	11%
Office	4.3	0%
Industrial/Warehousing	886.0	56%
Public	7.1	0%
Religious/Institutional	10.8	1%
Parks/Recreation	43.6	3%
TCU	15.0	1%
Total	**1,569.6**	100%

Figure 4. Existing Land Uses - Norcross Southwest District

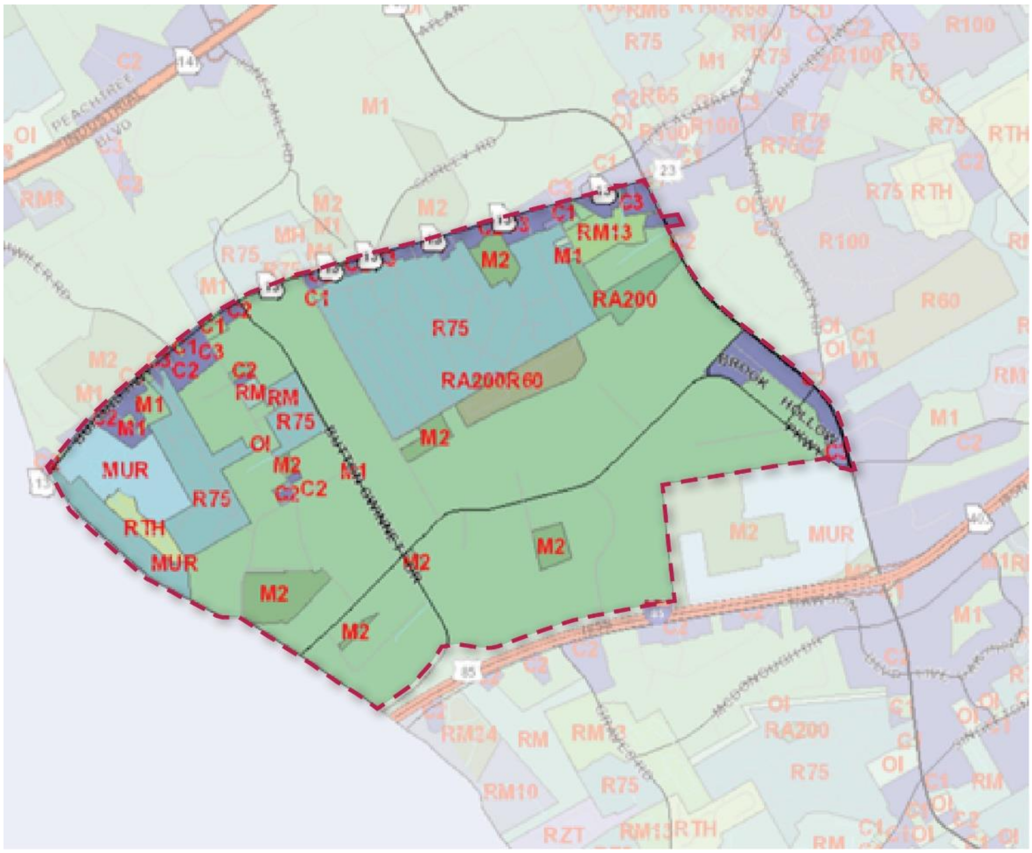


Source: Gwinnett County Tax Assessor Parcel Data (2019)

Zoning

While existing land use show what is built on the ground today, zoning reflects what can be built within the current land use regulations. Sixty-six percent (66%) of the land area is zoned for industrial use (M1, M2), followed by residential (RM, RM13, R60, R75, RA200 - 23%), and commercial (C1, C2, C3 - 6%). While the County is moving towards more mixed-used zoning, currently, only three percent (3%) of the land area is zoned for such (MUR).

Figure 5. Gwinnett County Zoning Map



Gwinnett County Zoning Districts

M1
M2
C1
C2
C3
RM
RM13
R60
R75
RA200
OI
MUR

Source: Gwinnett County GIS Data Browser (2019)

Real Estate Property Values

The total taxable value is worth approximately $304,147,132 including commercial, industrial, and residential properties:

Commercial and Industrial

Commercial and industrial properties account for sixty-three percent (63%) of the taxable value at $195,532,671.[12] Annexation of the total Southwest District would improve the real property tax digest by increasing the commercial and industrial base from 20% to 35%.

[12] 2019 Gwinnett County Parcel Data.

Table 2. Tax Assessed Value of Commercial Properties in the Norcross Southwest District (2018)[13]

Commercial/Industrial Properties	Average Building Value	Average Taxable Value	Average City of Norcross Annual Property Tax	Number of Parcels
M1-Light Industrial	$2,550,453	$1,020,453	$6,885	161
M2-Heavy Industrial	$1,116,272	$446,509	$3,013	11
C1-NBHD	$548,708	$219,483	$1,481	12
C2-General Business	$684,641	$273,856	$1,848	79
C3-Highway Business District	$690,983	$276,393	$1,865	6
OI-Office Industrial	$135,850	$54,340	$366	2
MUR-Overlay District				8
			Total	**279**

Residential

The taxable value for all residential parcels including apartment buildings is $108,614,461. There are two residential neighborhoods; Liberty Heights and the Global Forum. Over the years, Liberty Heights has been faced with many challenges such as neglect, lack of code enforcement, and absentee landlords. Global Forum, on the other hand, is a newer residential development that consists of townhomes with an average property value of $282,876 and two apartment complexes.

Table 3. Tax Assessed Value of Residential Properties in the Norcross Southwest District (2018)

Residential Properties	Average Home Value	Average Taxable Value	Average City of Norcross Property Tax	Number of Parcels
Apartments/Multi-Family	$13,837,300	$5,534,920	$37,355	4
R75-Single Family Residential	$117,973	$47,189	$318	1003
R60-Single Family Residential	$193,394	$77,358	$522	106
R100-Single Family Residential	$187,125	$74,850	$505	4
Townhomes	$287,876	$115,150	$777	182
			Total	**1,299**

Public and Institutional Facilities

There are several Gwinnett County facilities, religious organizations, and utility parcels that within the district accounting for 80.45 acres of land.[14] These public and institutional uses are not assessed for property taxes and would not generate any property tax revenue for the City. These uses include:

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13 2019 Gwinnett County Parcel Data.

14 2019 Gwinnett County Parcel Data.

- ***Gwinnett County Facilities:*** Gwinnett County will maintain control of Best Friend Park and 7.11 acres of vacant land.
- ***Utilities:*** 15.63 acres are dedicated to electric, gas, and vacant utility parcels.
- ***Rail:*** A railroad right-of-way sits on 2 parcels (.01 acres).
- ***Religious and Institutional:*** There is a cemetery located on Best Friend Road and four religious organizations within the Southwest District.

Mobility

The district is bordered by a freeway (I-85), principal arterial road (Jimmy Carter Boulevard), major arterial road (Buford Highway). These roads are state routes and are planned, constructed, and maintained by the Georgia Department of Transportation.

There are a total of sixty-three (63) streets within the Norcross Southwest District, including several minor arterial roads (Best Friend Road, Brook Hollow Parkway, Button Gwinnett Drive, and Crescent Drive) and local roads. Arterial roads are maintained by Gwinnett County within both the unincorporated and incorporated parts of the county. Planning, construction, and maintenance of these roads would continue to be the responsibility of Gwinnett County following the potential annexation. If the district is annexed, the City of Norcross would become responsible for the planning, construction, and maintenance of local roads.

Preliminary Road Assessment

Of the local streets that would become the responsibility of the City of Norcross if the annexation were approved, two (2) (Crescent Drive and Regency Parkway) were assessed as high priority roads that need attention within the next 1 to 3 years at an estimated cost of $375,120.[15] The majority of the roads will not need improvements for three to five years. *(See Capital Improvement and Infrastructure section for more information.)*

The district is served by several Gwinnett County Transit bus lines, including:

- Route 10A: Sugarloaf Mills to Gwinnett Place to Doraville MARTA Station
- Route 10B: Sugarloaf Mills to Gwinnett Place to Doraville MARTA Station
- Route 20: Norcross to Indian Trail-Lilburn Road/Singleton Road/Graves Road Corridors to Doraville MARTA Station
- Route 35: Peachtree Corners to Norcross to Doraville MARTA Station

As in other incorporated areas within the county, Gwinnett County Transit would continue to provide local transit service within the district if the annexation were approved. There are no Georgia Regional Transportation Authority Xpress commuter service park and ride lots within the district.

There are no existing bicycle facilities or multi-use pathways within the district.[16]

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[15] City of Norcross Public Works Department Preliminary Assessment. March 2018.

[16] Regional Bikeway Inventory 2019. Atlanta Regional Commission. 2019.

Public Safety

The Norcross Southwest District is currently being serviced by the Gwinnett County West Police Precinct, which covers this district as well as Peachtree Corners, Norcross, western Lilburn, and unincorporated Gwinnett County north of Tucker. It employs 89 sworn officers to patrol the entire precinct, including 22 officers assigned to the proposed annexation area[17]. If the annexation were approved, the area would fall under the jurisdiction of the Norcross Police Department.

Several types of data offer insight into public safety in this area, including the crime rate, calls for service.

Crime Rate

Crime rate describes the number of actual crimes reported to law enforcement agencies per 100,000 total population. The information for the Norcross Southwest District was obtained from comparable data provided by the Gwinnett Police Department's crime analysis system and information provided for the City of Norcross is based upon the FBI's Uniform Crime Reporting Program. Because most of this area is commercial and industrial, crime rates within this district are relatively low compared to areas of a comparable size with higher percentages of residential neighborhoods.

Non-violent, property crimes make up the majority (87%) of all crimes in the district, with larceny as the most frequently reported crime in the area. Violent crimes make up the remaining 13 percent of the crime in the area. This breakdown is consistent with the City of Norcross property crime rates.

Table 4. FBI UCR Part I Crime Data Summary – Norcross Southwest District (2015-2017)

	Actual Values			Crime Rate Per 100,000 Persons		
Description	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Property Crime						
Arson	0	2	0	0	0	0
Burglary : Attempted, Forced, Non-Forced	20	30	28	319.19	472.50	448.43
Larceny - Theft	88	118	103	1,404.46	1,858.50	1,649.58
Motor Vehicle Theft	22	22	33	351.11	346.50	528.51
Total Property Crime	**130**	**172**	**164**	**2 074.77**	**2,677.50**	**2 626.52**
Violent Crime						
Aggravated Assault	8	13	7	127.68	204.75	112.11
Murder and Non-Negligent Manslaughter	0	0	0	0	0	0
Rape	1	3	3	15.96	47.25	48.05
Robbery	10	12	13	159.60	189.00	208.20
Total Violent Crime	**19**	**28**	**23**	**303.23**	**441.00**	**368.35**
Total Property + Violent Crime	**149**	**200**	**187**	**2,378**	**3,150**	**2,995**

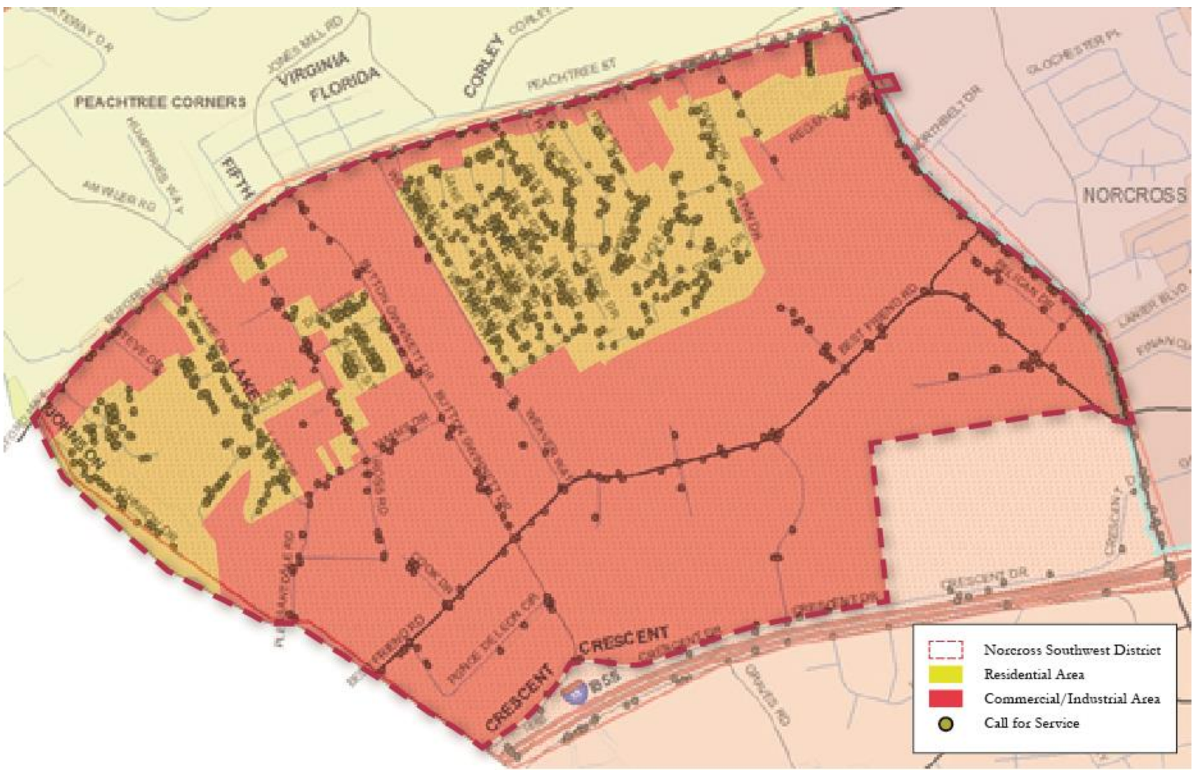
Source: Gwinnett County Police Crime Information System

[17] Impact & Implications: Proposed Annexation by City of Norcross Report. Gwinnett County. March 13, 2019.

Calls for Service

Calls for service are another metric used to assess public safety. Not all calls for service reflect actual crime. According to the Gwinnett County Police Department, the majority of the calls are concentrated in the residential areas. Gwinnett County Police Department responded to 9,620 calls in the unincorporated proposed area for the same time period, equal to 160 calls per 100 residents.[18] The Gwinnett Police Department's total includes a number of officer-initiated calls, including traffic stops and more than 2,800 area checks. These area checks are generally officer-initiated calls used to proactively deter crime and maintain high visibility in an area, either in response to a single event where officers are proactively looking for a suspect shortly after an incident, or requested by a resident or business.

Figure 6. Gwinnett County Police Department Calls for Service - Norcross Southwest District (2017)



Source: Gwinnett County Police Department – *Modified by the City of Norcross to show residential and commercial/industrial areas*

Future Vision

There have already been long-term visions for this area established by several plans, including the *2040 Unified Plan*, the Gateway 85 Community Improvement District's (CID) *Jimmy Carter Livable Centers Initiative Plan*, and the Gwinnett County *Connect Gwinnett Transit Plan*. The *2040 Unified Plan* is the primary plan for this area and is used as a guide in making future rezoning and capital

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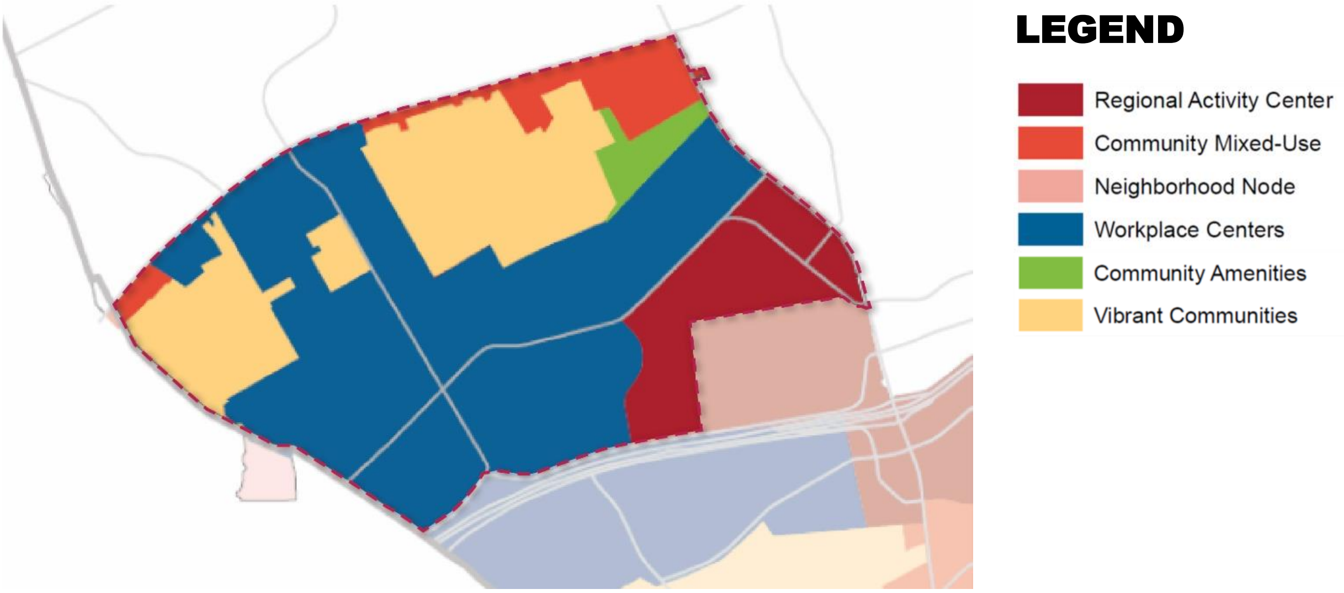
[18] *Impact & Implications: Proposed Annexation by City of Norcross Report.* Gwinnett County. March 13, 2019.

investment decisions. It was well vetted with the public and adopted in February 2019. The City of Norcross intends to uphold and help foster the vision established by the community through this plan. In the near term, there will be no substantial change in the vision for future development reflected in *2040 Unified Plan*, nor any substantial increase in the burden on the County to provide infrastructure and services beyond what it has already planned for this area. Some of the key elements of previous plans include:

- Encourage a regional activity center, an area of focused reinvestment and redevelopment for the County
- Construct a multi-modal transit hub near the intersection of I-85 and Jimmy Carter Boulevard, including heavy rail transit
- Redevelop the OFS site and surrounding properties as higher density, mixed use development (OFS site is not included in the proposed annexation area)
- Retain and enhance existing residential neighborhoods
- Continue to encourage employment-oriented uses like office, industrial, and logistics uses
- Continue to support the community's cultural diversity
- Improve walkability with better pedestrian/bicycle facilities and aesthetics, especially along major corridors
- Enhance safety
- Increase and enhance public spaces
- Improve traffic flow

Figure 8 shows the portion of the 2040 Future Development Map included in the *2040 Unified Plan* that is applicable to the proposed annexation area. The Future Development Map illustrates the type of development. As shown in Figure 8, the southeastern portion of the NSD, which surrounds the OFS site, is designated as a Regional Activity Center (red), the highest level of mixed-use development outlined in the plan. Most of the area is designated as Workplace Centers (blue), which focuses on office, commercial, and light industrial uses. The existing neighborhoods are shown as Vibrant Communities (yellow) and Buford Highway is lined with Community Mixed-Use (orange). For more detailed information on the vision for each character area type, see the *Gwinnett County 2040 Unified Plan.* The plan also proposes high-capacity transit line running through the NSD, as shown in Figure 7.

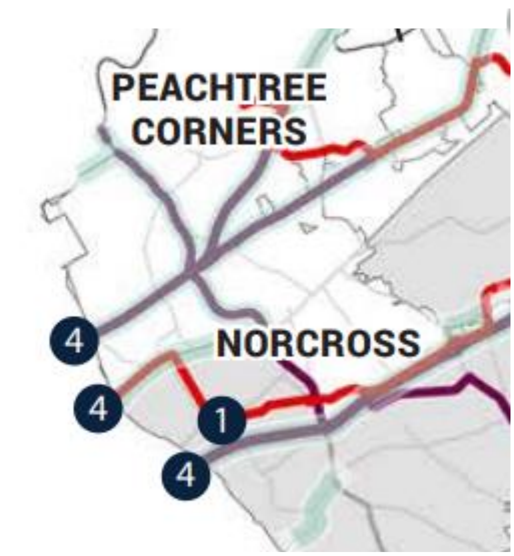
Figure 8. Gwinnett County Future Development Map (2019)



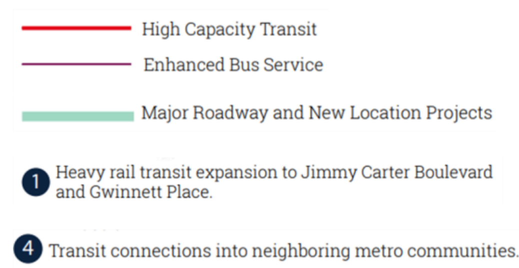
Source: *Gwinnett County 2040 Unified Plan*

The redevelopment of the OFS site, including the establishment of a major transportation hub there, is intended to be the major catalyst for the redevelopment of the surrounding community. The area designed as Regional Activity Center on the Future Development Map is anticipated to be the primary focus of redevelopment interest in the immediate future, and the core of that area (the OFS site) is not part of the proposed annexation. Future development within the activity center will be more urbanized and designed to be transit-oriented, similar to what can be found throughout the metro Atlanta area near existing MARTA stations. Referred to as Transit Oriented Development, the regional activity center around the OFS site will likely be pedestrian friendly, and those sites that are in easy walking distance from the site will experience the most redevelopment interest. Thus, development pressure is likely to radiate from the OFS site more readily impacting the surrounding industrial areas, before impacting the well-established residential areas along Buford Highway.

Figure 7. Gwinnett County 2040 Unified Plan Planned Mobility Enhancements Map



Source: *Gwinnett County 2040 Unified Plan*



The *2040 Unified Plan* also includes a 5-year short-term work program of planned projects throughout

Gwinnett County, including those within the NSD.[19] Estimated project costs and detailed descriptions for individual projects are not included in the report; they are aggregated by category for projects countywide. Within the NSD and along the adjacent major roads, these include:

Level 1: Short-Range Projects (within 6 years)

- GCint_057: US23/SR 13/Buford Highway at SR 140/Jimmy Carter Boulevard Intersection and ATMS/ITS
- S-16: SR 140/Jimmy Carter Boulevard sidewalks from Brook Hollow Parkway to Crescent Drive
- S-20: Jimmy Carter Boulevard sidewalks from North Norcross Tucker Road to Best Friend Road

Level 2: Mid-Range Projects

- GCint_205: US 23/SR 13/Buford Highway at Jones Mill Road Intersection and Corridor ATMS/ITS
- GCint_085: Crescent Drive at Nancy Hanks Drive Intersection and Corridor ATMS/ITS
- GVCID_004a: Jimmy Carter Boulevard at I-85 Bridge Improvement (Tier 2 PE – Tier 3 ROW/Construction)

Level 3: Long-Range Projects

- GCpmt_011: Jones Mill Road at Norfolk Southern Railroad Intersection and Corridor ATMS/ITS
- GCint_333: Pleasantdale Road at Mimms Drive Intersection and Corridor ATMS/ITS
- CTvhb_002: US 23/SR 13/Buford Highway at Norfolk Southern Railroad – eliminate at-grade rail crossing near Button Gwinnett Drive
- CTpnd_005a: US 23/SR 13/Buford Highway capacity improvements from County line to Jimmy Carter Boulevard
- CTvhb_008: Amwiler Road at Norfolk Southern Railroad – improve safety of at-grade rail crossing
- CTvhb_012: Best Friend Road at Norfolk Southern Railroad – improve safety of at-grade rail crossing
- GVCID_004a: Jimmy Carter Boulevard at I-85 Bridge Improvement (Tier 2 PE – Tier 3 ROW/Construction)

Conclusion

It is difficult to precisely predict the impact that this vision for the NSD area will have on the long-term demand for public services. As the area will gradually become more urbanized, the demands

[19] *Gwinnett County 2040 Unified Plan – Appendix E – Report of Accomplishments and Short-Term Work Program*. Gwinnett County. February 2019.

on services will gradually rise, along with the anticipated revenue to pay for it, as described in the next section. To accommodate this growth, the County has considered this more urbanized development pattern in making its plans and laying out its capital improvement program in the *2040 Unified Plan* and the *Connect Gwinnett Transit Plan*. If the annexation is approved, the City of Norcross will be an additional resource and partner in its development and planning for this growing area.

Though the annexation will bring the area under the City's jurisdiction, the City intends to maintain the existing County's zoning and long-range plans for the area. The relevant zoning categories for annexed parcels would be adopted as part of the city ordinances, and the City will work closely with the County to ensure both parties are planning to provide adequate services as the area redevelops.

Fiscal Impact Analysis

Study Methodology and General Fund Overview

Good stewardship and sound financial practices are priorities for the City of Norcross, and it has a responsibility to its citizens to carefully consider the short-term and long-term fiscal impacts of the proposed annexation. This chapter summarizes the estimated annual fiscal impact to the City of Norcross to provide municipal services and infrastructure to the Norcross Southwest District. It includes:

1. A brief status of the City's current finances as a baseline understanding;
2. A summary of methodologies used for the Fiscal Impact Analysis; and
3. An overview of the anticipated fiscal impacts of the proposed annexation.

City of Norcross Financial Overview

The City of Norcross is an established, financially responsible city, one of the oldest in Gwinnett County. With $80.6 million in assets[20] and an annual operating budget of $13 million[21], it has a reputation for stewarding its resources well. The City makes meaningful investments and keeps a careful eye on its spending. It is proud to have operated debt-free for many years, all while providing a high level of service delivery for its residents and businesses. While evaluating its creditworthiness in 2018, the City ranked "Very Strong" in the 2nd Highest Tier.

The City operates various funds for specific activities with an overall budget of $35 million for FY2019-2020. Over the past three (3) years, the City's operating revenue have increased by 15.5%, or 5.2% annually. During this same time-period, expenses have grown by approximately 6%. However, in 2019, City Council approved a 1.00 millage rate increase that will assist the City in keeping costs down while still providing excellent service.

[20] City of Norcross 2018 Audit
[21] City of Norcross 2019-2020 Operating Budget, Capital Improvement, Enterprise and Special Revenue Funds Budget August 5, 2019

Funds

The City's General Fund is the general operating fund for the City. This fund accounts for all financial resources except those required to be accounted for in another fund. Most financial transactions are reported in this fund and will be explored further.

In addition to the General Fund, the City operates several funds, each dedicated to a particular purpose, including:

Table 5: City of Norcross Funds

Fund	*FY 2019-2020 Budget*
General Fund	$13,258,742
Enterprise Funds	
Storm Water Fund	$1,038,000
Electric Fund	$14,132,885
Solid Waste Fund	$2,915,982
Capital Projects Fund	
2017 SPLOST	$2,350,188
Special Revenue Fund	
Federal Seized Drug Fund	$75,000
Technology Fund	$106,000
Hotel/Motel Fund	$1,130,054
Component Unit	
Downtown Development Authority	$224,490
TOTAL	**$35,231,341**

Source: FY2019-2020 Approved Budget

1. ***Enterprise Fund:*** The Enterprise Fund is used to report any activity for which the City charges a fee to external users for goods or services. The City of Norcross Enterprise Fund consists of fees from Solid Waste, Norcross Power, and Storm Water Utilities. For FY2019, the combined funds have a budget of $18,086,867

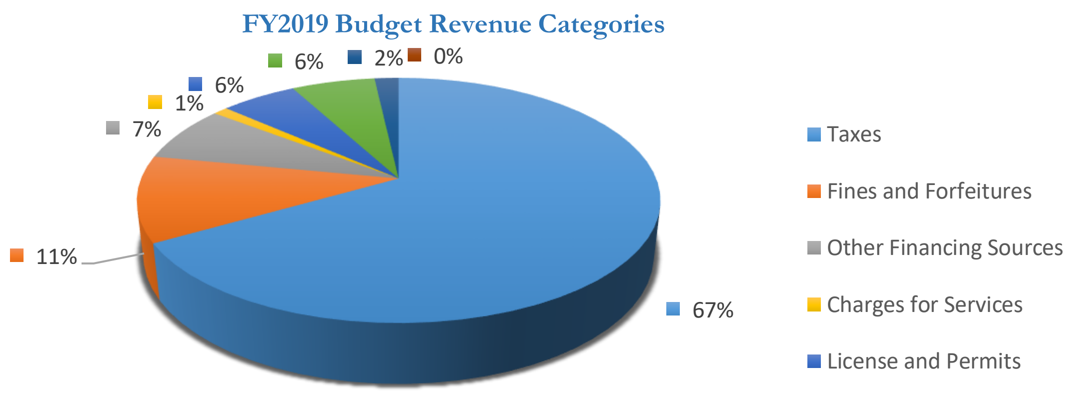
2. ***Capital Projects Fund***: This fund account is for financial resources to be used for the acquisition or construction of major capital facilities. The SPLOST Fund is currently the City's only Capital Project Fund with a budget of $2,350,188. If the proposed annexation is approved, the City plans to establish an additional capital projects fund.

3. ***Special Revenue Fund***: This fund account is for the proceeds of specific revenue sources that are restricted legally to expenditure for specific purpose. The Hotel/Motel, Federal Seized Drug Fund and Technology Fund all consist of the City's Special Revenue Fund. For FY2019-2020, the combined funds have a budget of $1,311,054.

4. ***Component Unit***: This is a legally separate entity for which the governing board and/or management of City of Norcross is financially accountable. The Downtown Development Authority is the City's only Component Unit with a FY2019-2020 budget of $224,490.

General Fund Revenues

Figure 9: FY2019 General Fund Revenue Categories



Source: FY2019 Approved budget

The City's primary revenue source is taxes and is budgeted at $8,845,255 or sixty-seven percent (67%) of the FY2019-2020 General Fund revenues. The City's millage rate is currently 6.749 as of December 2019. Other revenue sources include fines and forfeitures, charges for services, licenses and permits, intergovernmental revenues, investment income, and miscellaneous revenue.

1. ***Taxes:*** The City of Norcross' main revenue source is collected through Taxes. There are four primary categories for tax revenues: General Property Taxes, Excise Taxes, Business Taxes, and Penalties and Interest on Delinquent Taxes.
2. ***Fines and Forfeitures:*** Revenue from these sources includes traffic and parking fines, fines from violations of municipal ordinances, forfeitures of money posted to guarantee appearance in court, and court fees and costs. For FY2019-2020 Fines and Forfeitures account for $1,503,000, or eleven percent (11%) of revenue budget.
3. ***Charges for Services:*** Revenue from services for which user fees may be charged include, but are not limited to, garbage collection, recreation, and facility rentals. This category makeups up one percent (1%) of the budget at $144,000.
4. ***Licenses and Permits:*** The City of Norcross has three categories for the collection of revenues from licenses and permits: *Business Licenses*, which are revenues collected from businesses for the issuance of various licenses and permits by the City; *Non-Business Licenses & Permits*, which are revenues from all non-business licenses and permits levied according to the benefits presumably conferred by the license or permit such as rezoning, filming permits, and rezoning; and *Regulatory Fees*, which are revenues assessed by the City on businesses and

occupations for which the City customarily performs investigations or inspections. Licenses and Permits are budgeted at $741,000, or six percent (6%) of the FY2019-2020 budget.

5. ***Intergovernmental Revenues***: Intergovernmental Revenues are revenues from other governmental entities or non-profits in the form of operating grants, entitlements, shared revenues, or payments in lieu of taxes. This revenue is budgeted at six percent (6%), $831,914 of the FY2019-2020 budget.

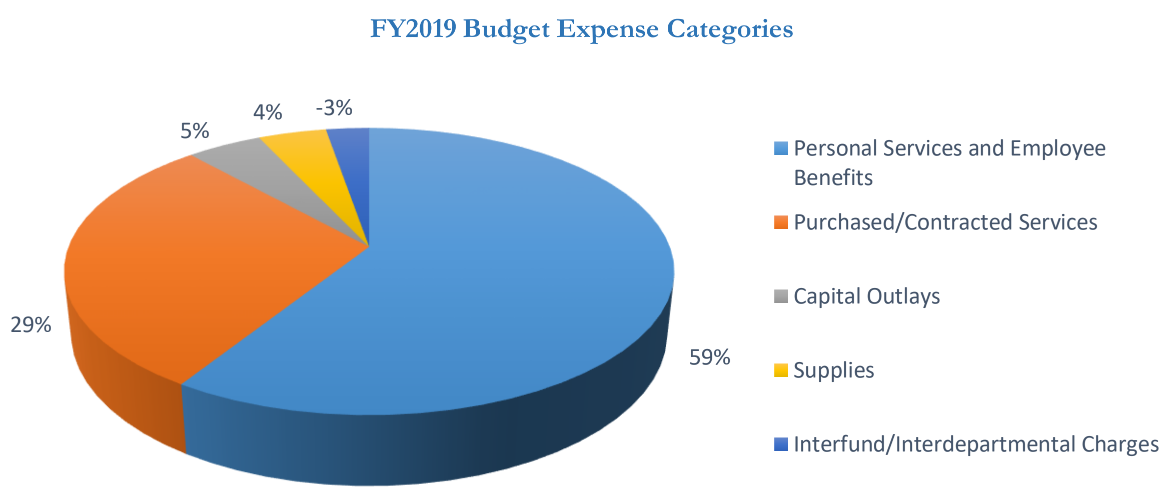
6. ***Investment Income***: Investment income includes monies derived from the investment of City assets.

7. ***Other Financing Sources***: Other Financing Sources include any revenues collected by the City that are not included in other funds already described and has an allocation of $977,510, or seven percent (7%) of the FY2019-2020 budget.

8. ***Miscellaneous Revenue***: Miscellaneous revenues are revenues received that are not otherwise classified. This revenue source accounts for two percent (2%) or $234,063 of the FY2019-2020 budget.

General Fund Expenses

Figure 10: FY2019 General Fund Expense Categories



Source: FY2019 Approved Budget

General Fund costs to the City generally take one of three forms:

1. ***Personal Services and Employee Benefits (Staff Salaries and Benefits):*** The City currently employs the equivalent of 130 full-time employees (FTEs) to provide services for

the community. Employee salaries and benefits makeup fifty-nine percent (59%) of the General Fund expenses.

2. ***Capital Outlays:*** Capital outlays, or capital expenditures, are money spent to acquire, maintain, repair, or upgrade capital assets such as machinery, land, infrastructure, facilities, or other business necessities that are not expended during normal use. These expenses account for five (5%) of the City's expenses.

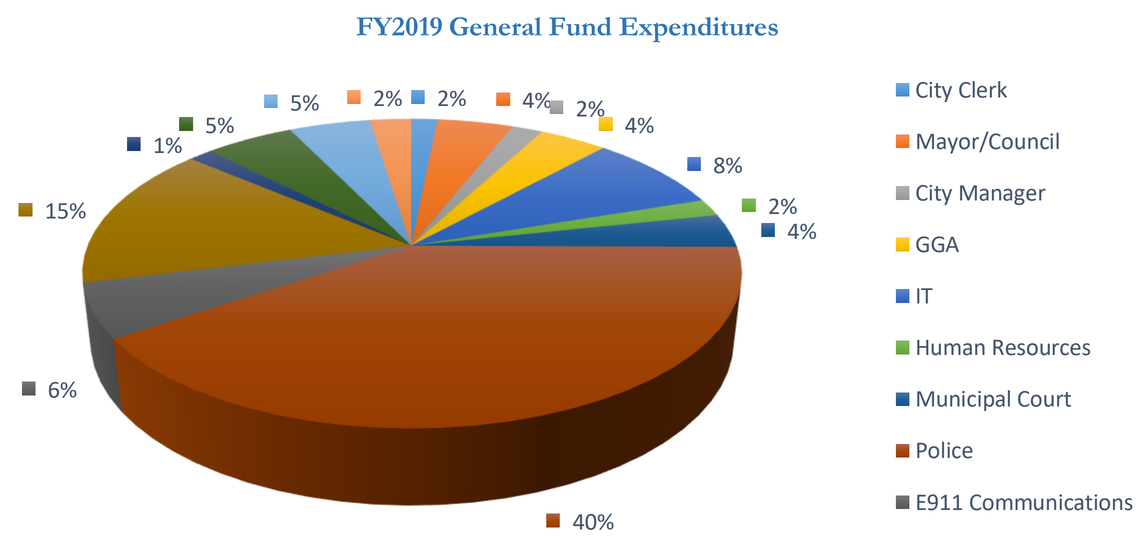
3. ***Overhead:*** Other overhead costs include purchased or contracted services, supplies, and interfund/interdepartmental expenses, and facilities. These costs are included in department budgets and are clearly associated with specific City activities, department functions, or projects. Overhead expenses are thirty percent (30%) of expenses. Of this, purchased/contracted services makeup twenty-nine percent (29%) of overhead expenses for FY 2019.

Some public services, such as public schools and interstates, are provided by other entities like Gwinnett County or the Georgia Department of Transportation and are not costs incurred by the City of Norcross. The *Gwinnett County Service Delivery Strategy – 2019 Extension* outlines the division of service responsibilities between the City of Norcross and Gwinnett County.

General Fund

The General Fund is the City's primary operating fund that is authorized by City Council to incur obligations and to make expenditures of the City's resources. This section provides a summary of the City's FY 2019-2020 General Fund expenditures and revenues. The General Fund has total expenditures and revenues of $13,258,742.

Figure 11: FY2019 General Fund Expenditures



Source: FY2019 Approved Budget

The primary services provided through the General Fund are:

- General Government Administration
- Police Department
- Public Works
- Municipal Court Services
- Mayor/Council
- City Manager
- City Clerk
- Information Technology
- Community Development & Planning
- Economic Development
- Human Resources
- E911 Communications
- Cultural Arts
- Parks & Recreation

The two largest departments in terms of expenditures are the Police Department and Public Works:

Police Department

The largest department in terms of expenditures is the Police Department, with a budget of $5,351,670 or forty percent (40%) of the annual budget. The Police Department has approximately fifty-two (52) employees with forty-four (44) worn positions. The City of Norcross Police Department will have the greatest impact on the General Fund once annexation has occurred. An estimated twenty-two (22) additional positions may be needed over a five-year period, including capital overlay and overhead expenses. The initial first year impact from the Police Department will result in a sixteen percent (16%) increase to the General Fund with a total expense of $2,056,948.

Police Department Position Titles	Current Number of Positions
Chief of Police	1
Captain	2
Lieutenant	3
Detective	4
Criminal Analyst/Admin Support	1
Crime Scene Investigator	1
Admin Fiscal Coordinator	1
Executive Assistant	1
Master Patrol Officer	1
Part Time Police Officer	2
Police Officers	22
Sergeants	8
Records Clerk	2
Code Enforcement Officers	3
TOTAL EMPLOYEES	**52**

Public Works

The second largest department is Public Works, with an annual budget of $1,994,959 to maintain city streets and other public infrastructure and accounts for fifteen percent (15%) of the General Fund. After annexation, this department will require an additional six (6) employees over a five-year period and would be responsible for infrastructure capital improvements. The impact that the annexation will have on the General Fund for the Public Works Department for the first year is 9%.

Table 6: Public Works 2019 Approved Positions

Public Works Position Titles	Number of Positions	Division
Public Works Director/Assistant City Manager	1	Public Works
Public Works Superintendent	1	Public Works
Equipment Operator	1	Public Works
Maintenance Equipment Tech	4	Public Works
PT Light Equipment Operator	2	Public Works
Light Equipment Operator	1	Public Works
Master Craft Worker	1	Public Works
Storm Water		
Light Equipment Operator	1	Storm Water
Storm Water Superintendent	1	Storm Water
Maintenance and Equipment Tech	1	Storm Water
Storm Water Equipment Operator	1	Storm Water
Norcross Power		
Electric Supervisor	1	Electric
Electric Superintendent	1	Electric
Electric Apprentice Lineman	1	Electric
Journeyman Lineman	3	Electric
Meter Tech/Locator	1	Electric
Groundman	**2**	Electric
Executive Assistant	**1**	Electric
Receptionist	**1**	Electric
TOTAL EMPLOYEES	**26**	

Source: City of Norcross Human Resources Approved 2019 Positions

Fiscal Impact Analysis Methodology

Fiscal impact analysis (FIA) estimates the costs and revenue impacts (positive and negative) resulting from annexation, new development, or changes in land use. This FIA compares the anticipated revenues generated by the proposed annexation of the Norcross Southwest District (NSD) to the costs of public services required to serve the new area at current levels of service to estimate the annual net fiscal impact to the City of Norcross. Revenues and costs are estimated using the City budget for major departments, and a case study assessment of relationship between each city service on that department's budget.

FIA is not a budget forecasting tool as there are many economic externalities that affect a city's costs and revenues. It is a decision support tool most useful for identifying a number of extraordinary impacts, and the departments likely to be the most affected by annexation.

In this analysis, the impacts to the General Fund are estimated to create a baseline and to demonstrate whether the annexation will have a positive or negative impact for the first year. Of the

Enterprise Funds in which user fees (utility rates) are set at the cost of providing the service, for this study, only storm water fees were evaluated due to readily available data. Electric revenues, however, were **not** evaluated because the NSD is in the Georgia Power territory and will not generate any new customers. Only franchise fees will be collected for electric service.

The City used a combination of three different methods to estimate projected costs:

Modified Average Cost Method

Many of the City's service costs vary according to the overall size and level of activity in the City, comprised of both City of Norcross residents (who live in housing units) and people who work in the City's commercial and industrial establishments but do not live in Norcross (commuting employees). A factor referred to as "Peak Persons Served" (PPS) is used to be applied to cost and revenue items that vary with growth.

PPS Formula is:

Peak Persons Served = Population + ½ Commuting Employees

PPS is calculated as the City's current population of 16,845 plus one half of the commuting employees. The total commuting employees are discounted by 50 percent as they are generally only present during working hours and generally not for seven days a week. There are an estimated 7,820 people who currently commute to Norcross for work and half of this number is 3,910. Total PPS for the City of Norcross is currently estimated at 20,755.

Using this same formula, Peak Persons Served for the proposed annex area is 10,907 (6,976 (Proposed Annexed Area population) + 3,931 (½ of Proposed Annexed Area Commuting Employees)).

Using multipliers or factors such as PPS, per capita, per housing unit, per acre, etc. are often referred to as the "average cost" method. The average cost method is commonly used as it is the simplest approach and uses generally available data. A common criticism of the average cost method is that it implies that each additional unit of growth has the same impact as the previous unit of growth, or in other words that the marginal cost of city services is equivalent to the average cost. The average cost method can therefore overestimate the cost of city services, especially for small projects with a short development period.

Per Capita Method

These are items that are either minor revenues or expenses. In addition, services for which a fee is charged. They are treated as "cost recovery" items that are fiscally neutral, as the City is setting the fee for the service at the cost of providing the service. These types of services are not "profit centers" or revenue generators for general purposes.

Case Study Calculations

Certain cost or revenue items are estimated using "case study" approaches, which is a term used to describe customized calculations as opposed to the average cost method. This includes methods such as interviews of department heads, standard mathematical equations and formulas, and available historical and current data. For example, property tax is based on estimated assessed values multiplied by the assessment ratios and applicable tax rates.

For interviews, we followed the philosophy that those within an organization and managing programs are in the best position to estimate future demand. Furthermore, the goal is to create realistic cost estimates for providing services in the study.

Items Not Estimated

Some cost and revenue items are not estimated. Unusual, one-time occurrences, minor revenue that may not have a significant impact on the budget, or items that do not have a direct nexus to new growth and development.

Table 6. Cost Estimation Methodology

	Modified Average Cost Method	Per Capita Method	Case Study Calculations	Items Not Estimated	Other
Property Taxes			■		
Staff Per 1,000		■			
Estimated Staff Increase		■			
Salary and Benefits Expenses			■		
Capital Outlays			■		
Overhead Expenses			■		■
General Fund Revenue	■	■	■	■	
Road Assessment			■		
Storm water Revenue			■		

Anticipated General Fund Impacts

General Fund Expenditures

This section presents a baseline analysis for the major General Fund departments that provide direct services to the public: Police, Public Works, General Government Administration, Municipal Court Services, E911 Communications, and Community Development and Planning. Expenses include salaries and benefits, capital outlays, and overhead. This information was calculated using various case studies (ex: available city documents, department head interviews) and per capita methods.

Salaries & Benefits

Table 7: Existing and Per Capita Employees

Department	Number of Existing Employees	Current Staff Per 1,000 Residents
City Clerk	2	.12
Mayor/City Council	6	.36
City Manager	2	.12
General Government Administration	8	.5
Information Technologies	2	.12
Human Resources	2	.12
Municipal Court	4	.24
Police Department	52	3.09
E911 Communication	9	.53
Public Works	26	1.5
Cultural Arts Administration	5	.30
Parks Administration	5	.30
Community Development	6	.36
Economic Development	1	.06
TOTAL POSITIONS	**130**	**7.72**

The largest expenditures in the General Fund are salaries and benefits for employees at $8,174,218 or sixty-one percent (61%) of the total budget (see Table 9). As of December 2019, the City currently has 130 approved employee positions, including Mayor and Council, servicing a population of 16,845. Overall, the City has approximately 7.72 employees per 1,000 residents.

Using the per capita method of existing employees per 1,000 residents to establish a current level of service ratio, it is estimated that approximately 54.8 additional staff would be needed to service the proposed annexed area (see Table 8). While this number will change over time, it provides a general idea of the number of staff that may be needed in order to maintain the current level of service due to increase service demands.

Table 8. Estimated Staffing Increases

Department	Staff Per 1,000 Residents Annexation Area	Case Study Year 1 Staffing	Case Study Year 5 Staffing
City Clerk	.83	0	0
Mayor/City Council	2.5	0	0
City Manager	.83	0	0
General Government Administration	3.49	2	2
Information Technologies	.83	0	1
Human Resources	.83	0	0
Municipal Court	1.67	1	1
Police Department	22.56	12	22
E911 Communication	3.70	1	2
Public Works	10.46	6	6
Cultural Arts Administration	2.09	0	0
Parks Administration	2.09	0	1
Community Development	2.5	1	2
Economic Development	.42	1	2
TOTAL NEW POSITIONS	**54.8**	**24**	**39**

To ensure that these numbers were appropriate, and to an extent, to offset some costs associated with providing the staff per 1,000 residents for the first year, the case study methodology was used to determine the appropriate number of staff needed during the first year of annexation. This method required interviews with City of Norcross department heads to discuss the types of costs their department would incur to provide the same levels of service in the annexation area as they currently do for the existing Norcross residents and businesses. From these interviews, we were able to determine the increases ,if any, over a 5 year period (see page 49)that would be needed to serve the study area if it were part of the City beginning FY2021.

Based on these interviews and calculations, the estimated appropriate staff needed to support the potential annexation would be twenty-four (24) new full-time equivalent (FTE) positions for the first year and a minimum of thirty-nine (39) by year five (5). After the first year, department heads would evaluate department needs to determine further staffing needs. The addition of twenty (24) new FTE positions in departments that will have an immediate and direct impact on services after annexation is estimated to increase the salary and benefit expenses by seventeen percent (17%) in the first year.

Impacts to the Police Department's new police officer positions were initially calculated using the per capita method based on the 2.2 officers per 1,000 residents. In order to keep costs down, we interviewed Chief Grogan to learn the appropriate number of employees that would be acceptable for the first year. He indicated that based on the annexation area, crime data, and other factors, eight (8) police officers, one (1) code enforcement officer, one (1) detective, and two (2) patrol officers would suffice, for a total of twelve (12) full-time employees for the first year.

In order to retain the same level of service and to reach the estimated thirty-nine (39) staff needs, a 5 year plan describing the anticipated capital improvements, planning and staffing needs will be discussed on page 46.

Table 9. Estimated Staff Salary and Benefit Expenses

		Additional Salary and Benefit Expenses Year 1		Additional Salary and Benefit Expenses Year 5
Department	**2019 Salary Expenditures**	**Salary Expenditures After Annexation (24 Positions)**	**Salary Expenditure Percent Increase**	**Salary Expenditures After Annexation (39 Positions)**
City Clerk	$163,305	$0	0%	$0
Mayor/Council	$97,785	$0	0%	$0
City Manager	$170,976	$0	0%	$0
General Government	$379,728	$98,992	26%	$111,417
Information Technology	$114,462	$0	0%	$63,296
Human Resources	$174,058	$0	0%	$0
Municipal Courts	$288,878	$51,781	18%	$58,279
Police Department	$4,670,446	$900,311	19%	$1,762,474
E911 Communication	$573,563	$59,320	10%	$129,536
Public Works	$595,035	$305,669	51%	$344,033
Cultural Arts	$88,449	$0	0%	$0
Parks & Recreation	$343,091	$0	0%	$53,589
Community Development	$396,907	$56,962	14%	$131,221
Economic Development	$117,535	$83,432	70%	$187,337
FISCAL IMPACT	**$8,174,218**	**$1,556,467**	**19%**	**$2,841,182**

Source: City of Norcross Salary and Benefit Schedule

To calculate salaries and benefits, the case study method was used. Official city documents with approved positions, salary schedules, and standard benefits were examined. Each salary per position includes position base salaries, a three percent (3%) merit increase, Federal Insurance Contributions Act (FICA) deductions, family group insurance, and retirement expenses.

Capital Outlays

Table 10: Estimated Public Works and Police Department Capital Expenses

Police Department	Capital Expenses	Year 1 (2021) Annual Cost
8 Police Officers 1 Code Enforcement 2 Traffic Patrol 1 Detective	12 Vehicles and Equipment Purchase	$ 660,000
	Police Uniforms/Safety Equipment/Training*	$130,656
	Cameras at Key Intersections	$ 150,000
	Subtotal Capital Costs	**$ 940,656**
Public Works	**Capital Expenses**	**Year 1 (2021) Annual Cost**
3 Maintenance Workers		
3 Heavy Equipment Operator	6 Vehicle Lease	$32,400
	6 Uniforms and Vehicle Equipment*	$73,584
Repair/Maintenance	Crescent Dr. and Ridgeway Pkwy	$400,000
Sign Replacement		$500
	Subtotal Capital Costs	**$506,484**
	TOTAL CAPITAL COSTS	**$1,447,140**

*Note: *Typically treated as an overhead expense, however, since the cost is part of an overall capital program, it will be treated as a capital expense*

Currently, the General Fund is the main funding source for significant capital outlays for items such as repairs and maintenance, fleet, and equipment. Although there are additional capital expenditures, those appropriated to the General Fund will be for the Police and Public Works departments. Both departments will incur additional capital costs for items such as equipment, vehicles, and uniforms. The estimated costs for these capital outlays were calculated using the case study method.

Department heads were asked to provide the standard cost associated with the above items. The Police Department typically spends $55,000 to purchase new police vehicles and an additional $10,888 in training, uniforms, and safety equipment for new officers. Public Works, on the other hands, enters into lease agreements for their vehicles at $450 per month or $5,400 annually per vehicle. Based on a road assessment, it was determined that two streets were going to be in need of repaving or resurfacing between one and three years at a cost of $400,000.

The funding strategy for Year 1 capital outlay expenses may take the form of the city issuing an Tax Anticipated Note (TAN) in 2020 to cover the costs which is discussed further in the Five Year Plan on page 53.

Other capital improvement costs will be paid for using other funds and are outlined in the Capital Improvement Plan & Infrastructure section beginning on page 40.

Overhead Expenses

Overhead costs (purchased/contract services, supplies, and interfund/interdepartmental) that make up each department's budget can be clearly associated with specific City activities, department functions, or projects. These costs are commonly used in incremental decision making, where department heads need to know the direct cost of a service or product in order to ensure that a one-time transaction can be made. Unlike salaries and capital outlays, these costs can vary considerably and depends on each department's annual goals and budget constraints.

Table 11: Total Estimated Overhead

Department	FY2019 Budget Overhead Expense	Additional Overhead Expenses After Annexation
City Clerk	$6,835	$2,051
Mayor/Council	$581,123	$174,337
City Manager	$0	$0
GGA	$0	$0
IT	$863,065	$258,920
Human Resources	$42,352	$12,706
Municipal Court	$179,124	$53,737
Police	$719,936	$215,981
E911 Communications	$92,278	$27,683
Public Works	$1,269,065	$380,720
Cultural Arts	$66,965	$20,090
Parks Administration	$320,593	$96,178
Community Development	$429,849	$128,955
Economic Development	$187,819	$56,346
TOTAL OVERHEAD	**$4,759,004**	**$1,427,704**

City expenditures for other overhead costs in FY 2019-2020 for all departments was $4,759,004 or thirty percent (30%) of the total budget. To determine an estimate for additional department overhead costs after annexation, existing budget trends from 2016-2019 were examined and a modified average was used. On average, the City spent approximately thirty-three percent (33%) of its budget on overhead costs between 2016-2019.

With the addition of thirty-nine (39) new employees, that would contribute to a thirty-two (32%) increase in overhead expenses. The estimated overhead cost for the proposed annexed area is estimated at $1,427,701 for Year 1.

Total Operating Costs After Annexation

The annual fixed expenditures from the General Fund resulting from the annexation of the Norcross Southwest District area for twenty-four (24) additional staff and capital outlays are estimated at $3,003,607 million.

Variable expenses (overhead costs) are estimated at $1,427,704; however, these expenditures can change due to internal and external factors and are determined at the discretion of the City Manager and department heads. Contingencies set-aside can be used to cover any unexpected overhead and other costs. Combined these two expenditures cost $4,431,311, an increase of thirty-three percent (33%) to the General Fund expenditures.

Table 12. Total Estimated Additional General Fund Expenses

Description	Method	General Fund Fixed (Salary & Capital Outlay) Expenditures	Method	General Fund Variable (Overhead) Expenditures
Expenditures				
Police	Case Study	$1,840,967	Case Study	$215,981
Public Works	Case Study	$812,153	Case Study	$380,720
GGA	Case Study	$98,992	Case Study	$0
E911 Communications	Case Study	$59,320	Case Study	$27,683
Municipal Court	Case Study	$51,781	Case Study	$53,737
Community Development & Planning	Case Study	$56,962	Case Study	$128,955
City Clerk	Case Study	($0)	Case Study	$2,051
Mayor/Council	Case Study	($0)	Case Study	$174,337
City Manager	Case Study	($0)	Case Study	$0
Information Technology	Case Study	($0)	Case Study	$258,920
Human Resources	Case Study	($0)	Case Study	$12,706
Cultural Arts	Case Study	($0)	Case Study	$20,090
Parks & Recreation	Case Study	($0)	Case Study	$96,178
Economic Development	Case Study	$83,432	Case Study	$56,346
SUBTOTAL		**$3,003,607**		**$1,427,704**

General Fund Revenues

This section summarizes the underlying estimates and assumptions used in estimating the General Revenue Fund impacts of potential development of the full study area. The largest revenue item to the General Fund is general property taxes. Property tax revenues from potential annexation are estimated using case studies. Other revenues are estimated using multipliers that relate the revenue to growth of the City, as shown below.

Property Taxes

Estimates show that after annexation, the City's general property tax revenue will increase by fifty-three percent (53%). Property tax is calculated by multiplying the County's 2018 assessed property value and is then multiplied by the City's general mill levy of 6.749 dollars per $1,000 of assessed value. Estimated real estate property tax from residential parcels are estimated to generate $733,039 in additional revenue to the City, while commercial property tax revenue is estimated at $1,319,650. Combined, this is an additional $2,052,689 million per year in revenue for the City's General Fund.

According to Gwinnet County[22] the NSD area also has an assessed value of $150 million in personal property taxes. This is generally business inventory, equipment, and any "movable" property that is not attached to a building. Based on the County's data, this would generate an additional $1,012,350.

[22] Impact and Implications: Proposed Annexation By City of Norcross

Other Revenue Sources

Revenue that were determined by case studies where those that consists user fees, available and/or historic data, fixed formulas, and interviews with department heads.

There are several revenue line items that were not estimated due to various factors such as items that have no direct impact to the general fund as a result of the annexation (ex: Depot Lease Revenue), or no way to fully determine the impact the annexation will have on a specific line item. As such, there are additional revenue that will be captured in the General Fund that are not presented in this analysis.

The total anticipated additional revenue for the General Fund in Year 1 is just over $7.2 million. The table below shows the estimate broken down by revenue source.

Table 13: Estimated General Fund Revenue

General Fund Revenues	FY2019 Budget Amount	Method	Cost Per Person	New Revenue (Year 1)
General Property Taxes (Real and Personal)	$5,786,655	Case Study		$3,065,039
Court-Municipal	$1,500,000	PPS	$89.05	$971,238
Franchise Taxes	$1,200,000	Case Study		$1,000,000
E911 Gwinnett Reimbursement	$752,744	PPS	$44.68	$487,396
Insurance Premium Tax	$1,080,000	PPS	$64.33	$699,291
Transfer From Electric Fund	$538,840	Not Estimated		
Building Permits	$600,000	Average		$400,000
Motor Vehicle Ad Valorem	$220,000	Housing Units		$ 129,729
Business & Occupation License	$330,000	Case Study		$250,000
Intergovernmental Revenue--Gwinnett	$210,677	PPS	$12.51	$136,411
Alcohol Beverage Distributor	$150,000	Not Estimated		
Court Citation Processing	$3,000	Case Study		$5,000
Alcoholic Beverage License	$126,000	Case Study		$10,000
Depot Lease Revenue	$79,063	Not Estimated		
Liquor By the Drink Excise Tax	$80,000	N/A		
Culture Art Revenue	$95,000	Not Estimated		
Other (Miscellaneous Revenue)	$22,000	PPS	$1.31	$12,489
CID Gwinnett Reimbursement	$54,170	PPS	$ 3.22	$30,699
Intangible Recording Tax	$46,000	PPS	$2.73	$29,784
Special Police Services	$30,000	PPS	$1.78	$16,970
Financial Institution Tax	$21,000	Case Study	$9333/bank	$9,333
Real Estate Transfer	$25,000	Case Study		$10,000
Penalty & Interest—General Property	$25,000	PPS	$1.48	$14,110
Gas South Alliance Program	$15,000	PPS	$.89	$8,485
Reimbursement for Damaged Property	$18,000	Not Estimated		
Norcross Soccer Revenue	$17,000	Not Estimated		
Pouring Permit	$10,000	N/A		
Convenience Fees	$1,000	Not Estimated		
Code Enforcement Regulatory	$5,000	Not Estimated		
Interest Revenues	$100,000	Not Estimated		
Intergovernmental Revenue—GW Energy Excise	$7,000	Not Estimated		
Bad Check Fees	$1,000	Not Estimated		
Penalty & Interest—License and Permits	$1,600	Not Estimated		
Property Sale	$438,670	Not Estimated		
FY 2019-2020 General Fund Revenue Total	**$13,258,742**		**Total New Revenue (Year 1)**	**$7,285,974**

Annual General Fund Net Fiscal Impact

The annual municipal service costs are combined with the annual general fund operating revenues to calculate the annual net fiscal impact (annual revenues minus annual costs) to the General Fund.

The net fiscal impact to the General Fund of the NSD is estimated at a positive $1,189,966 after annexation for fixed and variable expenditures. This annexation appears to be self-sufficient in that the revenue that the area generates will pay for its own services and capital needs.

Table 14. Estimated Annual General Fund Net Fiscal Impact

Description	Method	General Fund Revenue and Expenses
GENERAL FUND REVENUE		
General Property Taxes	Case Study	$3,065,039
Other General Fund Revenue	Various	$4,220,935
Total General Fund Revenue		**$7,285,974**
GENERAL FUND FIXED EXPENDITURES		
Police	Case Study	($1,840,967)
Public Works	Case Study	($812,153)
GGA	Case Study	($98,992)
E911 Communications	Case Study	($59,320)
Municipal Court	Case Study	($51,781)
Community Development & Planning	Case Study	($56,962)
City Clerk	Case Study	($0)
Mayor/Council	Case Study	($0)
City Manager	Case Study	($0)
Information Technology	Case Study	($0)
Human Resources	Case Study	($0)
Cultural Arts	Case Study	($0)
Parks & Recreation	Case Study	($0)
Economic Development	Case Study	($83,432)
Total General Fund Fixed Expenditures		**($3,003,607)**
GENERAL FUND VARIABLE EXPENDITURES		
Police	Case Study	$215,981
Public Works	Case Study	$380,720
GGA	Case Study	$0
E911 Communications	Case Study	$27,683
Municipal Court	Case Study	$53,737
Community Development Planning	Case Study	$128,955
City Clerk	Case Study	$2,051
Mayor/Council	Case Study	$174,337
City Manager	Case Study	$0
Information Technology	Case Study	$258,920
Human Resources	Case Study	$12,706
Cultural Arts	Case Study	$20,090
Parks & Recreation	Case Study	$96,178
Economic Development	Case Study	$56,346
Total General Fund Variable Expenditures		**($1,427,704)**
Contingency (15%)		($664,697)
Capital Fund		($1,000,000)
Total Revenue and Expenditures		$1,189,966
GENERAL FUND FISCAL IMPACT		**+$1,189,966**

Capital Improvement Plan (CIP) and Infrastructure

The CIP is a multi-year plan that outlines capital and infrastructure projects, anticipated needs, and future costs to the community. It addresses both repair and replacement of existing infrastructure and purchase of capital equipment as well as the renovation of existing facilities to accommodate future growth and/or improve services to the NSD area.

The classification of a project as a capital improvement is based on the project's cost and frequency of funding. A capital improvement is relatively costly and funded infrequently. Capital improvement projects will typically meet at least one of the following criteria:

- The cost to purchase is high (generally $2,000 or more),
- The purchase does not recur annually,
- The useful life is long (generally 3 years or more),
- The purchased item will become part of the City's fixed assets inventory.

This section outlines the capital costs associated with the anticipated infrastructure and staff costs. Because capital improvements are generally funded separately from the General Fund, revenue sources for these capital costs are also included at the end.

Capital Costs

Road and Repair Maintenance Costs

Based on the *Gwinnett County Service Delivery Strategy* agreement, the City of Norcross would be responsible for repairs and maintenance of local streets, while Gwinnett County would be responsible for the main roads (Pleasantdale, Button Gwinnett, Brook Hollow, and Best Friend Road). This division of responsibility is the same within the existing City of Norcross. Based on an assessment conducted by the City of Norcross Public Works staff in March 2018, the majority of the streets will need some level of improvement within the next five years.

Using the standard Public Works cost estimate formula to calculate road repair costs, two streets—Crescent Drive and Regency Parkway—were considered high-priority streets that would need repairs within the first 3 years at an estimated cost of $375,120. An additional twenty-seven (27) streets were medium-priority and would need repair and maintenance work within

Table 15: Estimated Road Repair Costs

Rating 3 (High Priority Roads)		
1-3 Years	**Length & Width**	**Cost**
Crescent Dr.	8,243 x 23	316,044.86
Regency Pkwy.	1,363 x 26	59,075.15
	TOTAL COST	**$375,120**
Rating 2 (Medium Priority)		
3-5 Years	**Length & Width**	**Cost**
Hillside Dr.	3,013 x 45	226,020.20
N. Norcross Tucker Rd.	764 x 36	45,849.45
Piemont Ct.	1,055 x 31	54,519.24
Poplar St.	1,064 x 23	40,794.82
Sage St.	1,550 x 26	67,180.10
S. Woodland Dr.	630 x 34	35,707.14
Steve Dr.	796 x 40	53,077.28
Withrow St.	329 x 20	10,968.86
Elrod St.	254 x 20	8,468.36
Ross Rd.	1025 x 25	42,716.00
Old Rockbridge Rd.	1811 x 26	78,492.00
Susan Lane	3322 x 27	149,519.90
Rufus Pl.	3322 x 27	149,519.90
Pelican Dr.	1661 x 28	77,528.84
Park Rd.	2074 x 20	69,147.16
Jane Rd.	2836 x 27	127,645.52
Gwinn Dr.	3811 x 23	146,117.55
East Lake Dr.	442 x 39	78,735.70
Chestnut Glen Dr.	1289 x 23	49,421.55
Bruce St.	1377 x 27	61,977.39
Lake Dr.	3556 x 28	165,979.86
Morgan Rd.	1279 x 21	44,773.95
Mimms Dr.	1105 x 29	53,419.02
Sportime Way	1105 x 26	47,892.00
Oak Rd.	1624 x 26	70,387.00
Pine Rd.	2957 x 34	167,596.00
Ash St.	1773 x 20	59,111.00
	Total Cost	**$2,182,565**

3-5 years, costing an estimated additional $2,182,565. Total road repair and maintenance costs are estimated at $2,557,685 with an additional $2,500 cost to replace signs. These costs would be spread out over five years at an annual cost of $512,037.

Table 16: 5 Year Road Repair and Maintenance Estimated Costs

Streets and Road	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024
Repaving and stripping	$ 400,000	$ 511,537	$ 511,537	$ 511,537	$ 511,537
Sign Replacement	$ 500	$ 500	$ 500	$500	$500
Subtotal Capital Costs	**$ 400,500**	**$ 512,037**	**$ 512,037**	**512,037**	**512,037**

Storm Water Repair and Maintenance Costs

Gwinnett County has indicated that since 2012 the County has invested approximately $3 million in 37 storm water infrastructure projects in the area to improve existing conditions without any push for redevelopment. The County also estimates that an additional $3 million would be needed as the infrastructure will reach the end of its useful life over the next year or two[23].

The City of Norcross Public Works Department conducted a preliminary assessment to determine the condition of the storm water. Staff found most of the storm water issues are maintenance related and not necessarily replacements. According to Donnie Maxwell, Storm Water Superintendent:

> *"The drains look to be in good shape. There is maintenance that needs to be done. Cleaning and some cement work in Manholes. The curbs and gutters in residential areas need to be swept and cleaned. Would recommend to contract out a street sweeper for curbs and gutters."*

The City estimates storm water maintenance and repair related costs would be approximately $2,739,000 over the next five years, an annual cost of $553,200. This estimate also includes one vehicle lease for an additional storm water employee.

Table 17: 5 Year Storm Water Cost Estimates

Storm Water	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024
Storm Water Maintenance and Repair	$ 547,800	$ 547,800	$ 547,800	$ 547,800	$ 547,800
Vehicle Lease (1 truck@$450 per month)	$ 5,400	$ 5,400	$ 5,400	$ 5,400	$ 5,400
Subtotal Capital Costs	**$ 553,200**	**$ 553,200**	**$ 553,200**	**$ 553,200**	**$ 553,200**

Other Capital Costs

In addition to infrastructure costs, the annexation will require additional staff to service the area. This includes police and public works staff whom all will need vehicles, equipment, training and uniforms.

[23] Impact and Implications: Proposed Annexation By City of Norcross

The police department will add twelve (12) additional staff during the first year and will add a total of twenty-two (22) over a five year period. The Police Department will also deploy new cameras at key intersections with annual cost of $150,000.

Table 18. 5 Year Police and Public Works Departments Estimated Capital Costs

Police/Code Enforcement	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
*3% annual increase	12 Police Personnel Added	No Personnel Added	6 Police Personnel Added	No Personnel Added	4 Police Personnel Added
Vehicles and Equipment Purchase	$660,000	$0	$339,900	$0	$233,398
Police Uniforms/Safety Equipment/TRNG*	$130,656	$0	$65,328	$0	$43,552
Cameras at key intersections (2 yr. span)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Subtotal Capital Costs	**$940,656**	**$150,000**	**$ 555,228**	**$150,000**	**$426,950**
Public Works					
	6 Public Works Personnel Added	No Personnel Added	No Personnel Added	No Personnel Added	No Personnel Added
Vehicle Lease	$ 32,400	$ 32,400	$ 32,400	$ 32,400	$32,400
Uniforms and Vehicle Equipment*	$ 73,584	$ 0	$ 0	$0	$0
Subtotal Capital Costs	**$105,984**	**$ 32,400**	**$ 32,400**	**$ 32,400**	**$32,400**

**typically treated as an overhead expense, however, since it part of an overall capital program, will be treated as capital expense*

Total Capital Costs

Based on assessments, case studies, and other data gathering, the total estimated capital costs for annexing the NSD area are as follows:

Table 19. 5 Year Capital Costs Summary

5 Year Capital Improvement Expenses					
Police/Code Enforcement	**Year 1 2021**	**Year 2 2022**	**Year 3 2023**	**Year 4 2024**	**Year 5 2025**
*3% annual increase	12 Police Personnel Added	No Personnel Added	6 Police Personnel Added	No Personnel Added	4 Police Personnel Added
Vehicles and Equipment Purchase	$660,000	$0	$339,900	$0	$233,398
Police Uniforms/Safety Equipment/TRNG	$130,656	$0	$65,328	$0	$43,552
Cameras at key intersections (2 yr. span)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Subtotal Capital Costs	**$940,656**	**$150,000**	**$ 555,228**	**$150,000**	**$426,950**
Public Works					
	6 Public Works Personnel Added	No Personnel Added	No Personnel Added	No Personnel Added	No Personnel Added
Vehicle Lease	$ 32,400	$ 32,400	$ 32,400	$ 32,400	$32,400
Uniforms and Vehicle Equipment	$ 73,584	$ 0	$ 0	$0	$0
Subtotal Capital Costs	**$105,984**	**$ 32,400**	**$ 32,400**	**$ 32,400**	**$32,400**
Streets and Road					
Repaving and stripping	$ 400,000	$ 511,537	$ 511,537	$ 511,537	$ 511,537
Sign Replacement	$ 500	$ 500	$ 500	$ 500	$ 500
Subtotal Capital Costs	**$ 400,500**	**$ 512,037**	**$ 512,037**	**$ 512,037**	**$ 512,037**
Stormwater					
Storm water	$ 547,800	$ 547,800	$ 547,800	$ 547,800	$ 547,800
Vehicle Lease (1 truck@$450 per month)	$ 5,400	$ 5,400	$ 5,400	$ 5,400	$ 5,400
Subtotal Capital Costs	**$ 553,200**	**$ 553,200**	**$ 553,200**	**$ 553,200**	**$ 553,200**
Grand Total Capital & Infrastructure Expenses	**$2,000,340**	**$1,247,637**	**$1,652,865**	**$1,247,637**	**$1,524,587**

Revenue Sources for Capital Improvements & Infrastructure

Table 20: Capital Improvement Revenue Sources

Standard Revenue Sources for Capital Projects	Project Type	Projected Revenue
Enterprise Fund		
Storm Water Fund	Storm water projects	$547,800
Grants		
Local Maintenance and Improvement Grant	Various infrastructure projects including, but not limited to replacing storm drain pipe or culverts, preliminary engineering, grading, drainage, base and paving existing or new roads	$118,000
CDBG Grant	Various infrastructure and community revitalization projects	$300,000
General Fund		
Police	Vehicles and equipment	Additional Capital Fund
Public Works	Vehicles, equipment, repairs, maintenance,	Additional Capital Fund
Capital Projects Fund		
SPLOST	Building of parks, schools, roads, and other public facilities and repair to roads, bridges, and streets	$5.6 million*
Additional Capital Fund	Approved capital projects	$1,000,000

*Note: * Requires approval from voters*

Funds for capital improvement projects are provided through a variety of sources: The City operates under a project-length budget for each capital project fund in use by the City. The budgets for capital projects do not lapse at the end of the fiscal year, but remain in effect until project completion or re-appropriation by the Mayor and Council.

Over the past several years, funding for capital projects has been largely done with the Special Local Option Sales Tax (SPLOST). Grants provide another source of funding for the Transportation capital projects. Funds from the General Fund operating budget are used sparingly for capital projects. Finally, should the annexation pass, the City will establish an additional Capital Fund for approved capital projects.

Enterprise Fund

Storm Water Fees

Currently, Norcross residents and businesses pay $1.85 per 100 square feet of impervious area in storm water fees. Storm water fees were estimated using this current rate. It is at the City's discretion as to increase this fee in future. Using the case study method of reviewing Gwinnett County property taxes in the proposed annexed area, storm water fees are estimated to generate $547,820 annually from commercial, industrial, and residential users.

Grants

Local Maintenance and Improvement Grant (LMIG)

Annual LMIG allocation is based on the total centerline road miles for each local road system and the total population of each county or city as compared with total statewide centerline road miles and total statewide population. Since 2013, the City of Norcross has used this funding source for street resurfacing. On average, the City has been awarded approximately $118,000 per year.

Community Development Block Grant Program (CDBG)

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. In 2017, the City received funding for the Everglades Trail culvert replacement in the sum of $300k, and each years, has been awarded grants for transportation-related projects.

General Funds

Public Works and Police Department

The Public Works and Police Departments allocate a significant portion of their departmental expenses towards various infrastructure projects and capital needs.

SPLOST Fund

SPLOST

Capital projects have been funded with the Special Local Option Sales Tax (SPLOST) in recent years. Special-purpose local-option sales tax (SPLOST) is a financing method for funding capital outlay projects in the state of Georgia. It is an optional 1% sales tax levied by any county for the purpose of funding the building of parks, schools, roads, and other public facilities. While funds cannot be used for most maintenance, SPLOST law explicitly allows the expenditure of funds for repair of roads, streets and bridges.

The City's 2017-2023 SPLOST has been allocated for existing City of Norcross projects. The City's approved SPLOST plan, which anticipated $15.2 million in SPLOST dollars, included $4.6 million for parks projects, $6 million for transportation projects, and $4.6 million for parking projects[24].

If the annexation is approved by the next renewal period, the City's SPLOST dollars would increase due to the increased population and road miles. Using the standard SPLOST formula, it is estimated that an additional $5.6 million would be available to the City.

Capital Project Fund

Capital Fund

Revenue from the NSD area is expected to exceed expenses to service the area. The City will set-aside a percentage of undecided revenue line items to establish an additional Capital Fund to support capital projects in the proposed annexation area.

[24] Norcross seeks SPLOST funds for parking project. AJC. August 2016.

Conclusion

Based off information provided by Gwinnet County, the City's staff assessments, and an examination of the City's funds, the City concludes that it is confident and fully capable of addressing the required infrastructure and capital needs in the proposed annexation area.

Five Year Transition Plan

Table 21: Five Year Transition Timeline

Transition Tasks	Year 1	Year 2	Year 3	Year 4	Year 5
Resident and Business Service Transition					
New Staff Deployment					
Building and Code Inspections					
Land-use policy and adoption					
Assessments and Data Collection					
Community and Economic Development					
Neighborhood and Housing					
Infrastructure and Transportation					
Tax Allocation Note (if necessary)					
2040 Comprehensive Plan Amendment					
Staffing Evaluation					
City Resource Evaluation					
Planning					
Community and Economic Development					
Neighborhood and Housing					
Infrastructure and Transportation					
Zoning and Development Standards					
Staff Deployment					
Planning Implementation					
Community and Economic Development					
Neighborhood and Housing					
Infrastructure and Transportation					
City Resources					
City Evaluation					

It will take several years after the annexation before the area begins to stabilize, so the short-term plan (Years 1-3) will be deploying the appropriate staff to start providing services which will be top priority. The City will also conduct a series of assessments to gather data and information to begin the planning process of fully integrating the area into the City of Norcross.

Mid-range plans (Years 2-3) include plans to include the area into the City's *2040 Comprehensive Plan and Unified Development Ordinance (UDO)*, economic development strategies, and other city plans. Also during this period and based on initial community assessments, the City will begin to plan for long-term capital projects such as parks, trails, and other community projects.

Long-term plans (Year 4 and beyond) will focus on implementing assessment needs and ensuring that the area is fully integrated into the City of Norcross.

Plan of Services

If the proposed area is annexed, some services will be provided by the City while others are still provided by the County, and some are provided by both. Gwinnett County and its cities have outlined who is responsible for providing service within cities in their Service Delivery Strategy. The table below summarizes how local government services would be provided in this area if it became a part of the City of Norcross.

Table 22: Plan of Services (POS)

Service	City of Norcross	Gwinnett County	Change
Police	■		
Fire		■	
911	■	■	Additional 911 Services
Schools		■	
Libraries		■	
Roads	■	■	The City will take over maintenance and operations of local streets
Transit		■	
Parks and Recreation	■	■	The County will continue to operate County facilities. The City will operate city facilities
Property Taxes	■	■	County taxes will decrease by 1.96 mills after annexation
Water		■	
Electricity			Georgia Power services this area
Sewer		■	
Storm water	■		
Municipal Courts	■		
Solid Waste Collection	■		
Recycling	■		
Chemical/Biohazardous Disposal		■	
Emergency Management Services		■	
Graffiti Removal	■		
Economic Development	■		
Zoning	■		
Code Enforcement	■		
Animal Welfare and Enforcement		■	
Business License	■		
Alcohol License	■		

Estimated Five Year General Fund Budget

Table 23: Estimated Five Year General Fund Budget Summary

	Year 1 (2021) Budget	Year 2 (2022) Budget	Year 3 (2023) Budget	Year 4 (2024) Budget	Year 5 (2025) Budget
Estimated Revenue					
General Property Taxes	$3,065,039	$3,091,858	$3,118,912	$3,146,202	$3,173,731
Franchise Tax	$1,000,000	$1,019,400	$1,039,176	$1,059,336	$1,079,887
Other Revenue	$3,220,935	$3,283,421	$3,347,129	$3,412,063	$3,478,257
Total Revenue	**$7,285,974**	**$7,394,679**	**$7,505,217**	**$7,617,601**	**$7,731,875**
Estimated Expenses					
Salary and Benefits Expenses	$1,556,467	$1,796,060	$2,395,124	$2,466,979	$2,841,182
Capital Outlays and Improvements*	$1,447,140	$694,437	$1,099,665	$694,437	$917,387
Overhead	$1,427,704	$1,441,981	$1,514,080	$1,514,080	$1,559,503
Contingency 15%	$664,697	$589,872	$751,330	$701,324	$797,712
Capital Fund	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total Expenses	**$6,096,008**	**$5,552,350**	**$6,760,199**	**$6,376,820**	**$7,115,784**
Total Revenue and Expenses	**$1,189,966**	**$1,842,329**	**$745,018**	**$1,240,781**	**$616,091**

*Does not include Storm Water projects. These projects are paid out of the Storm Water Fund

Analyzing historical and current budget data and trends, as well as accounting for inflation, and other metrics, an estimated budget for the proposed annexation has been created. . Over a five-year period, the revenue is expected to grow by at least by $445,901.

1. **General Property Taxes**: On average, the City's taxable values for property taxes (real and personal) have increase by 8.75% since 2015.[25] Property taxes were calculated using the average 8.5% increase to estimated taxable values and then, multiplied by the City's millage rate of 6.749.
2. ***Franchise Tax:*** Residents and businesses of the NSD are all serviced by Georgia Power. First year franchise taxes are expected to be approximately $1,000,000. However, the NSD is currently undergoing new residential development which will increase the number of townhomes in the area. Therefore, the franchise tax fee is estimated to increase by two percent (2%) each year,
3. ***Other Revenue:*** From 2016-2019, the City's average revenue increase has been 15.5% or 5.2% per budget year. Adjusting for the City's variance (audited revenue versus budgeted revenue) and collection rates during the first year due to residents and businesses transitioning services from the County to the City, the annexed area's revenue increase is conservatively estimated at 1.94% per year
4. ***Salary and Benefits***: Staff salaries and benefits were estimated using a standard three percent (3%) increase adjustment. Merit increases are based on performance and budget constraints, so not all employees will receive this raise, however, the City will most likely incur addition insurance and retirement expenses over the years for all employees. Salary and benefit expenses are expected to increase by $1,284,715
5. ***Capital Outlays:*** Capital outlays were calculated using projected capital expenses as described in the Capital Improvement and Infrastructure section. These projects were based

[25] 2019 Tax Digest and 5 Year History of Levy

on case studies and assessments from the Public Works and Police departments and are fixed costs. Capital outlay and improvement expenses that will impact the General Fund are estimated to cost $4.8 million over a five-year period.

6. ***Overhead:*** Overhead was calculated under the assumption that as the number of staff increases, overhead will follow. Using the modified average method, overhead will incrementally increase by approximately nine percent (9%) over the five-year period as more staff is added.
7. ***Contingency:*** The City will maintain a fifteen percent (15%) contingency expense to over unknown and unexpected expenses.
8. ***Capital Fund:*** The City will establish a Capital Fund that will maintain $1,000,000 in order to fund and/or offset the cost of approved capital projects. The revenue will come from a percentage of undecided revenue line items.

Five Year Staffing Plan

Table 24: Five Year Staff Salary Estimate

	Estimated Year 1 (2021) Staffing	Estimated Year 2 (2022) Staffing	Estimated Year 3 (2023) Staffing	Estimated Year 4 (2024) Staffing	Estimated Year 5 (2025) Staffing
Police Department	$900,311	$927,320	$1,377,896	$1,419,233	$1,762,474
Public Works	$305,669	$314,839	$324,284	$334,013	$344,033
GGA	$98,992	$101,962	$105,021	$108,172	$111,417
E911 Communications	$59,320	$61,100	$122,100	$125,763	$129,536
Municipal Court	$51,781	$53,334	$54,934	$56,582	$58,279
Community Development and Planning	$56,962	$58,671	$123,688	$127,399	$131,221
City Clerk	$0	$0	$0	$0	$0
Mayor/Council	$0	$0	$0	$0	$0
City Manager	$0	$0	$0	$0	$0
Information Technology	$0	$57,922	$59,662	$61,452	$63,296
Human Resources	$0	$0	$0	$0	$0
Cultural Arts	$0	$0	$0	$0	$0
Parks and Recreation	$0	$49,042	$50,513	$52,028	$53,589
Economic Development	$83,432	$171,870	$177,026	$182,337	$187,337
Estimated Cost	**$1,556,467**	**$1,796,060**	**$2,395,124**	**$2,466,979**	**$2,841,182**

Five Year Staffing Plan	Year 1	Year 2	Year 3	Year 4	Year 5
Patrol Officer	8	8	10	10	12
Code Enforcement	1	1	2	2	3
Detective	1	1	2	2	3
Traffic Patrol	2	2	4	4	4
Maintenance Worker	3	3	3	3	3
Heavy Equipment Officer	3	3	3	3	3
Court Records Clerk	1	1	1	1	1
Customer Service Specialist	2	2	2	2	2
Permit Technician	1	1	1	1	1
Planner	0	0	1	1	1
Economic Development Coordinator	1	2	2	2	2
IT Technician	0	1	1	1	1
E911 Communications Officer	1	1	2	2	2
Parks Administrator	0	1	1	1	1
TOTAL	24	27	34	34	39

As stated previously, salary and benefits account for a significant portion of General Fund expenditures. Positions that will be added after annexation are those that are direct-service providers and field positions. After annexation and by Year 5, salary and benefit expenditures are expected to increase to $2,841,182 a thirty-five percent (35%) increase from FY2019 salary and benefit expenditures.

In order to make the annexation transition as efficient as possible, a total of thirty-nine (39) new staff will be incrementally added to the City payroll over a five-year period. The vast majority of new staff will be members of the Police Department accounting for fifty-six percent (56%) of new hires with the department's salary and benefits budget increasing to $1,762,474 by Year 5. New officers will be added in Years 1, 3, and 5.

Year 1 Plan

If the annexation proposal is approved by the General Assembly in Spring 2020, voters in the NSD area will be able to vote in November as to whether or not they would like to become part of the City of Norcross. If passed, the annexation would become effective January 1st, 2021 and all city services would be expanded to the annexed area.

Resident and Business Service Transition

Residents and businesses would have to begin transferring services from the County to the City. City staff will send out letters and/or hold community meetings for all affected residents and businesses making them aware that they are now a part of the City of Norcross and information on how to transition their services. These services includes:

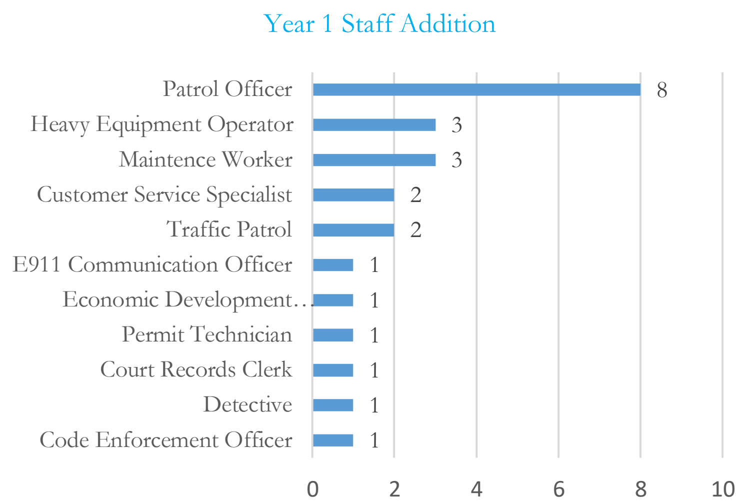
- Voting and elections
- City taxes
- Business licenses
- Building inspections and permits

- Solid waste and recycling collection
- Alcohol licenses
- E911

Residents and businesses will have a six-month grace-period to transfer all services to the City.

New Staff Deployment

Table 25: Year 1 Staff Addition



In order to accommodate the influx of residents and businesses, during the 2020 budget planning season, staff and human resources will begin the process of preparing to hire the additional staff to begin work promptly on January 1, 2021. Table 25 outlines the anticipated positions that will be deployed before or shortly after January 1st, 2021 to carry out the City's functions to the NSD area, as well as prepare for increased volumes of service needs. Many residents and businesses will most likely arrive at City Hall to conduct business, so front-line employees will need to be prepared.

While some of General Government Administration's (GGA) services are automated, there will be a need for at least two (2) Customer Service Specialist to assist existing staff in handling an increase in in-person customers to process new business license, garbage service, tax transfers, and other business. Like GGA, the City's Community Development and Planning Department is expected an influx of new activity due to the number of businesses in the affected area. Therefore, a Permit Technician will be needed to assist with increased volumes of permit activities. Also, Municipal Courts and E911 Communication will gain an additional Court Records Clerk and Communication Officer. Based off of Gwinnett County's crime and public safety data, court activity and 911 calls are expected to increase because of citations, fines, and other law enforcement-related activities.

The Police Department will deploy an additional eight (8) Patrol Officers, two (2) Traffic Patrol Officers, one (1) Detective, and one (1) Code Enforcement into the field to begin servicing the area. Code Enforcement will begin the process of assessing the area to identify problem areas that need clean-up and begin a strategy plan to assist in improving the quality of life for residents and businesses in the area. Six (6) Public Works employees consisting of three (3) Heavy Equipment Operators and three (3) Maintenance Workers will be responsible for further assessing, repairing, and providing maintenance on the area's infrastructure. There are approximately three hundred (300) businesses in the annexed area. As a result, the Economic Development will need an additional Economic Development Coordinator to spearhead and focus on business retention and expansion (BRE) services.

Building and Code Inspections

The City will extend its commercial and residential building code services to the annexation areas immediately upon approval of annexation. All structures built, under construction, or for which plans have been completed prior to January 1, 2021 of the first year following approval of the annexation will be considered 'legally non-conforming' and allowed to continue without review under applicable city building codes, unless and until a major alteration is made, and then only to the extent required by the alteration.

Land use regulation and policy adoption

Between approval of the annexation referendum and the effective date of the annexation, the City Council will need to update its Zoning Map and Future Development Map to reflect the County's vision for the annexed area and adopt those zoning regulations that apply. For at least one year, following the effective date of the annexation the city will maintain these land use regulations and policies, but will be evaluating what changes might need to be made over the course of the year as part of an assessment of the area. Rezoning requests can be accepted during this Year 1 transition period, but approved rezonings cannot be for more intensive uses.

Assessments and Data Gathering

Community and Economic Development Assessment

For planning-related services, it is anticipated that the first year following the approval of annexation will be spent collecting information on existing land uses, development patterns, and economic development needs. Community and Economic Development departments will hold a series of community meetings to learn the needs and vision of the residents and businesses that have been affected by the annexation. The goal is to begin the process of integrating their vision, community goals, and expectations of the City into the City's short-, mid-and long-term plans.

Public input will be gathered, land uses will be inventoried, and property information will be collected in the process to develop planning documents and to determine future land use, building site requirements, and economic development needs.

Neighborhood and Housing Program Establishment and Area Assessment

While this position was not included in the City's staffing needs, however, the City will need a Housing Manager or Coordinator position to oversee housing and neighborhood needs. The NSD's Liberty Heights neighborhood is in need of neighborhood stabilization, homeowners, renters and other housing programs, as well as some revitalization efforts. This position could be a contract position through the LiveNorcross initiative that plans to become a nonprofit to carry out the work of the Georgia Initiative for Community Housing committee from the past three years.

During the first year, LiveNorcross can begin the process of formalizing their organization and also prepare to evaluate the annexed area neighborhoods to take inventory of existing residential structures, landlord concerns, the type of housing and rehab programs that are needed in the area and other assessments.

Road Repairs and Maintenance and Infrastructure Assessments

Upon annexation, there will be no change in the maintenance of State roads. Gwinnett County will maintain some of the main arterial roads, but for the interior County maintained roads that will be transferred to the City, the City will coordinate with the Gwinnett County to ensure the timely transfer of road maintenance responsibilities to the City.

Public Works will begin the process of repairing and maintaining city roads. Special attention will be made to the roads identified in the capital improvement road assessment. Also, the department will further assess the infrastructure and transportation needs of the area.

Funding Year 1

Although the City would be receiving some revenue from business licenses, permits, and other user fees, property taxes may not be fully realized by the City for the first eighteen (18) months. During the 2012 Mitchell Road annexation, the City was able to carry out its functions without borrowing a Tax Anticipation Note (TAN) which are issued by states, counties, or municipalities to finance current operations before tax revenues are received. However, the City may issue a TAN in 2020 to carry the City through this period if needed. If the annexation is approved in November 2020, funds from the Enterprise Fund would be used to cover capital expenses in preparation for the annexation. Once property and other taxes are recovered, money that was “borrowed” from Enterprise Fund would be returned.

Also, the City’s priority will be to set-aside at least fifteen percent (15%) of contingency funds to provide for more fact-finding assessments so that the City will have a better understanding of the area and its needs and to prepare for any unforeseen events.

Year 2 Plan

2040 Comprehensive Plan Amendment

The City’s *2040 Comprehensive Plan* is designed to provide long-term planning goals and objectives of what the City of Norcross should become in the future, including guidance on how to make decisions on public and private land development. As a result of the annexation, the *2040 Comprehensive Plan* would have to be amended to incorporate the annexed area into the City’s development and land-use policies.

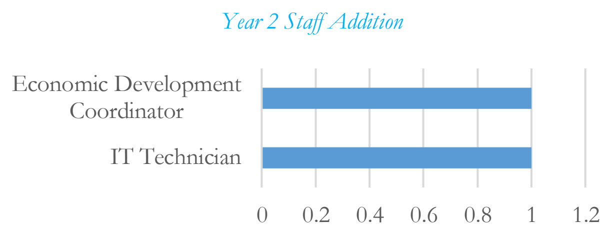
Infrastructure Road Repair and Maintenance

The City will continue to implement existing road repair and maintenance projects of repaving and resurfacing streets as outlined above. Based off of the more detailed assessments from Year 1, Public Works will begin the planning phase of infrastructure and transportation projects. The Capital Improvement Plan will be updated to add any new projects from the area and identify funding sources to implement the projects.

Staffing Evaluations

Department heads will also evaluate their staffing needs based on the increased volume of work that resulted from the annexation. Currently, only two other positions will be added during this time-period. The Economic Development Department will add an additional Economic Development Coordinator to handle Special Projects including research and policy work to make sure that the area has the appropriate policies, projects, and resources to meet business and resident needs. Also, Information Technology will add a Technician to assist in servicing the increased police and other technology devices, equipment, and to troubleshoot issues.

Table 26: Year 2 Staff Addition



Planning

Community and Economic Development Planning

Once the Community and Economic Development departments have gathered data and information from public input meetings and researching the area needs during Year 1, the departments will begin the planning process of establishing the areas stated vision, goals, and objectives for future growth. This will include adding projects, identifying funding sources, and establishing timeline for implementation.

Neighborhood and Housing Program Planning

Based on the first year's assessment of the annexed area's neighborhood, LiveNorcross can begin the planning process to formalize a comprehensive neighborhood program that will address both the annexed area and existing City of Norcross

Annexation Evaluation on City Business and Resources

As the annexation process begins to stabilize, in Year 2, the City will evaluate how the annexation has impacted city resources and to ensure that the City is operating as effective and efficiently as possible. The City will conduct an internal analysis to identify areas of strengths, weaknesses, and opportunities, and possible threats. This will allow the City to take corrective actions, if needed, and plan to deploy further resources as necessary.

Year 3 Plan

Zoning and Development Standards

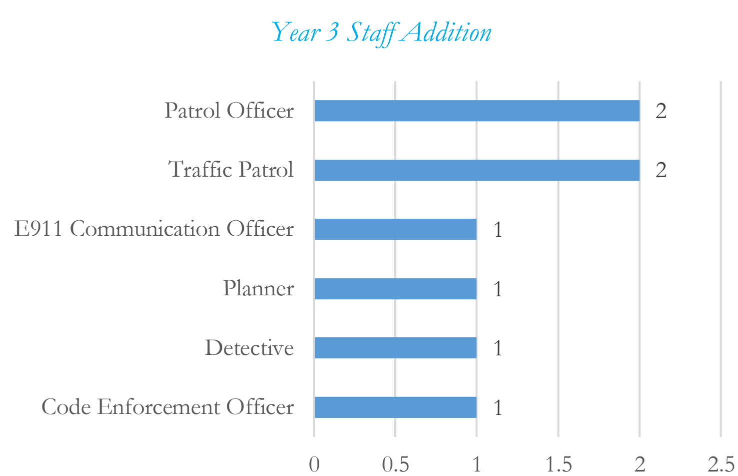
As part of the annexation process, property annexed into the City would now fall under the City's Unified Development Ordinance (UDO) and must be classified accordingly to change from the current County Zoning classification to the City's zoning districts. The City will inventory all existing uses, regulations and development within the annexation area to ensure a smooth transition from the County's policies to the City's.

During the third year, zoning and development standards will be developed. Most, if not all, of the proposed annexation area will likely fit into the already established zoning districts. However, any new standards developed will take into consideration the unique attributes of the newly incorporated area. Some of the annexed areas may warrant the development of new zoning districts with standards that recognize the existing style and pattern of development, while also promoting efficient and high quality growth.

Staff Deployment

During this time period, additional staff will be added. All of the positions, with the exception of a Planner, are law-enforcement related. The Police Department will add two (2) more Patrol Officers, two (2) Traffic Patrol Officers, another Detective, and Code Enforcement Officer. As the City prepares to implement the community's vision, redevelopment, and revitalization efforts, another city Planner will be needed in the Community Development and Planning Department.

Table 27: Year 3 Staff Addition



Planning Implementation

Community and Economic Development Project Implementation

The Community and Economic Development departments will begin the implementation phase of approved community and economic development projects for the proposed annexed area. This will last through Year 5.

Infrastructure and Transportation Project Implementation

The Public Works Department will begin the implementation phase of approved infrastructure and transportation projects for the annexed area. This will last through Year 5.

Neighborhood and Housing Implementation

LiveNorcross will begin the implementation phase of approved neighborhood and housing projects for the annexed area. This will last through Year 5.

Year 4 Plan

Ongoing Implementation

Years 4 will focus on implementing Infrastructure, Transportation, Community and Economic Development, LiveNorcross, and City Hall plans and projects. During Year 4, no additional staff is planned to be added.

Year 5 Plan

Ongoing Implementation

Years 5 will also focus on implementing Infrastructure, Transportation, Community and Economic Development, LiveNorcross, and City Hall plans and projects.

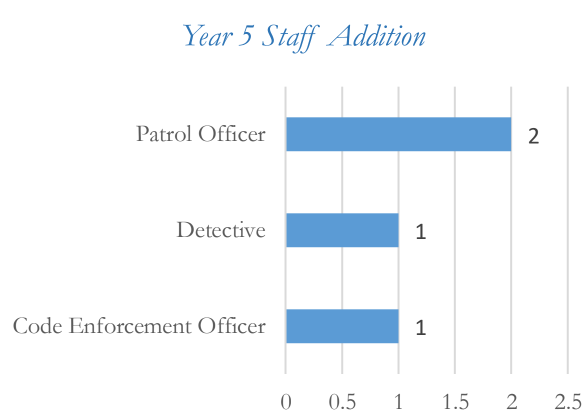
City Evaluation

During Year 5, the city will take an overall evaluation to see how the annexation has impacted city services, resources, and funds. If necessary, the City make a plan of corrective actions to rectify any weaknesses.

Staff Deployment

In Year 5, the Police Department will deploy its final additional staff as a result of the annexation. Two (2) more Patrol Officers, one (1) Detective, and one (1) Code Enforcement Officer will be added. This will bring a total of 22 law-enforcement personnel to the force since Year 1.

Table 28: Year 5 Staff Addition



Disclaimer

Figures provided are estimates only and information obtained is from sources believed to be reliable. The City of Norcross makes no claims to the completeness of this annexation data. The data in this report was collected through voluntary efforts and not all data requested from third-parties have been received.