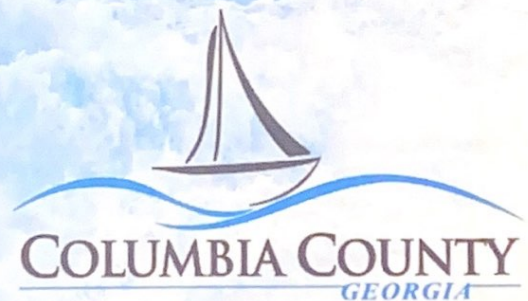


# ***Fiscal Feasibility of a Proposed Columbia City***



Center for  
SOUTH GEORGIA  
REGIONAL IMPACT  
VALDOSTA STATE UNIVERSITY

## Table of Contents

Executive Summary.....	2
Introduction.....	4
Study Area .....	5
Process .....	7
Projected Budget .....	8
Constituent Impacts.....	16
Conclusion: Financial Feasibility Assessment for Study Area .....	18
Attachments .....	19
Appendix A. ....	19
Appendix B. ....	47



purpose of the analysis is to estimate the ability of a proposed municipality to meet financial obligations with available revenues.

- \* Interviews were conducted with individuals at related institutions and governments, in addition, state and local statutes were consulted.

Columbia County's Annual Comprehensive Financial Report (FY2023) was thoroughly reviewed for this report and several points are worth highlighting. Both long-term and short-term indicators underscore Columbia County's financial feasibility. The government's total revenues were \$280,095,553, which was an increase from FY22's revenues (\$248,407,550). Consequently, the government's net position increased to \$82,738,776 in FY2023. Similarly, the long-term balance sheet also attests to the financial health of Columbia County. The government's total assets (current and capital assets) were valued at \$1,118,803,223 in FY23, which was up from the FY22 figure of \$1,056,923,486. The county's Total Liabilities decreased in FY23 to \$175,313,198 (FY22 liabilities were \$196,718,803).

*Based on these estimates and given the assumptions that are detailed in this report, we have concluded that a proposed Columbia City would be financially feasible.*

Columbia County	Fiscal Year 2022	Fiscal Year 2023
Total Revenues	\$248,407,550	\$280,095,553
Total Expenditures	\$191,804,722	\$197,356,777
Surplus (Deficit)	\$56,602,828	\$82,738,776

TABLE 1. Summary of  
ESTIMATED REVENUES AND EXPENDITURES

## Introduction

The Center for South Georgia Regional Impact (CSGRI), at Valdosta State University responded to a request for proposal (RFP) and was selected to develop an analysis of the fiscal feasibility of the proposed Columbia City. The analysis's purpose is to estimate the study area's ability to meet its expenditures with available revenue sources. This report provides estimates of revenues and expenditures that a potential Columbia City, if incorporated, could expect in providing certain municipal services for a single fiscal year. We also spoke with individuals at related institutions and governments and researched current legislation at the state and local level.

Information from the Columbia County Tax Assessor's Office, Department of Community Affairs (DCA) Report of Local Government Finances, the 2023 Annual Comprehensive Financial Report for Columbia County, and the April 2023 DCA Uniform Chart of Accounts (**ATTACHMENT A**) were used as the primary sources to identify potential revenue streams.

**Figure 1** provides a geographic overview of the composition of study area land use by land use category. The study area land use is predominantly residential by surface area, with concentrated pockets of industrial and commercial area, and areas owned by religious groups (with many of those larger areas containing schools or healthcare facilities used by those organizations).

The methodology is research driven and fact based using publicly available and government collected data. While it is our hope that this report assists with the public consideration of the proposed Columbia City, Valdosta State University has no opinion for or against the proposed consolidation issue.



### Study Area

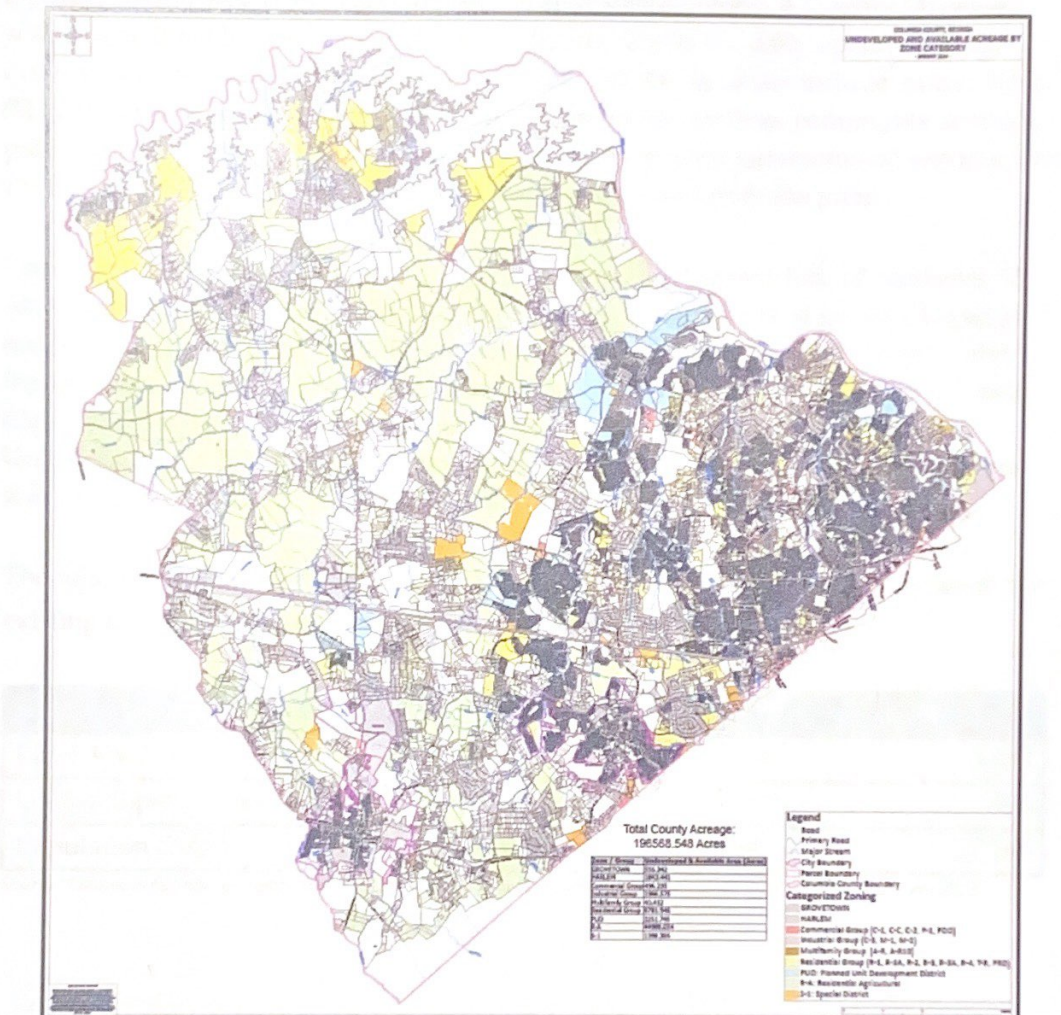


Figure 1: Study Area Land Use Distribution Map

The County, established in 1790 and named in honor of Christopher Columbus, is in the Central Savannah River Area of Georgia approximately 135 miles east of Atlanta and five miles northwest of Augusta/Richmond County. The 290 square mile county is bounded on the north by Thurmond Lake and the Savannah River (separating the County from Lincoln County, Georgia, and McCormick and Edgefield Counties, South Carolina), on the south and east by Augusta/Richmond County, and on the west by McDuffie County.

A five-member Board of Commissioners governs the County. The Board is comprised of one chairman, elected county wide, and four commissioners, each elected from a separate commission district serving four-year staggered terms. A County Manager, who is appointed by and responsible to the Board, directs the daily operation of the County. Services provided to the approximately 163,000 residents include: public safety (Sheriff's Office, detention center, E911, fire), emergency services, community services, public works, planning and development, and other general governmental services. The County also provides water, sewer, and storm water services to the public.

Since 2000, the County has grown 3.8% annually to an estimated 163,500 residents. No other county in the region is currently experiencing this intensity of growth. Rapid job creation, a high standard of living, and recreational amenities have led to the County's frequent recognition in nationwide surveys like NerdWallet, CNN Money, and Family Circle. Most recently, Martinez was recognized as the #21 Best Place to Live in the United States for 2021 by Money Magazine! This is quite remarkable given that Evans was recognized last year as the #1 Best Place to Live. Columbia County is thriving!

The following table provides additional context for the study area's relative scale to the existing Cities in Columbia County as it exists today.

	Columbia County	Harlem	Grovetown
Land Area (Acres)	196,568	4,209	3,433
Undeveloped (Acres)	63,323	1,843	556
Population (2022)	162,419	3,682	17,148

Source: Columbia County GIS Department; US Census Bureau- Population Estimates July1, 2022; Census Reporter- 2022



## Process

The Georgia House of Representatives Governmental Affairs Committee requires legislation proposing incorporation to have a corresponding feasibility study conducted before said legislation may be considered.

The summaries and conclusions reached in this report demonstrate the financial feasibility of Columbia County. These findings are based on careful reviews of the county's 2023 Annual Comprehensive Report, the 2022 Report of Local Government Finance (RLGF), U.S. Census data, meetings with local officials, reviews of previous consolidation documents, and discussions with various state officials. Following this review, Columbia County's current provision of numerous existing services coupled with its overall sound financial status indicates that moving forward with the consolidation in question will provide the community and citizens with opportunities that outweigh the costs and concerns that may be present.

To codify such a change, Columbia County's path forward will likely differ in notable ways from past efforts to consolidate. Indeed, Columbia County's situation is distinct from past efforts seen in the cases of Macon-Bibb, Augusta-Richmond, Athens, and DeKalb. In some ways, the current situation resembles Echols County's consolidated city-county government proposal several years ago. However, there are two communities, Harlem and Grovetown, in present Columbia County, interested in remaining independent of the consolidation effort. Consequently, while there is no Georgia constitutional prohibition against it, there have not been preceding attempts to establish what is currently under consideration.

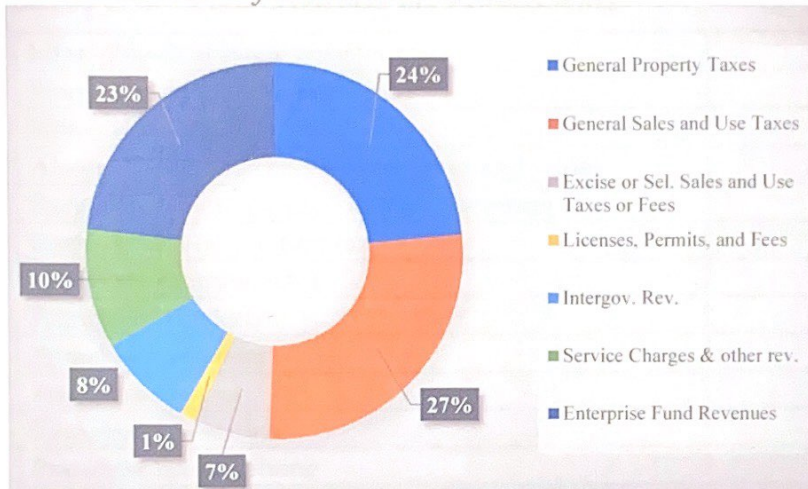
- ✕ After discussing this situation with numerous state officials, the most appropriate course of action would include facilitating public awareness campaigns, soliciting constituent feedback, citizen referendum, reviewing service agreements, etc. Upon satisfactory review of these sources, county leaders would then work with local delegates along with representatives of the Senate and Local Governmental Operations and Government Affairs committees, to draft special legislation that would authorize this consolidation. If this legislation is passed and signed by the governor, the consolidation plans would then become official. At this point, existing service contracts would become binding, and the new government would have up to six months to ratify other private contracts.

## Revenues

### Revenues:

After reviewing Columbia County's 2022 Report of Local Government Finance (RLGF), the county's total revenue amounted to \$240,889,439. The figure below provides an illustration of the distribution of the 2022 revenue.

2022 Columbia County Revenue Breakdown



The tables below present the revenues generated from various sources. General property taxes, General sales and use taxes, and Enterprise fund revenues are the leading revenue sources.

### Section A: General property taxes:

Real property taxes	\$35,114,145
Real property taxes, timber taxes	\$19,590
Real property taxes, other	\$7,821,488
Personal property taxes, motor vehicle taxes	\$377,549
Personal property taxes, title ad valorem tax (TAVT)	\$10,785,691
Personal property taxes, mobile home taxes	\$59,088
Personal property taxes, intangibles	\$1,966,150
Personal Property taxes, railroad equipment tax	\$13,891
Penalties and interest on delinquent taxes	\$632,763
<b>Total:</b>	<b>\$56,790,354</b>



*Section B: General sales and use taxes:*

Local Option Sales Taxes (LOST)	\$28,531,303
Special Purpose Local Option Sales Tax (SPLOST)	\$32,983,922
Special Purpose Local Option Sales Tax (TSPLOST)	\$3,588,853
Regional	
<i>Total:</i>	<i>\$65,104,078</i>

*Section C: Excise or selective sales and use taxes or fees:*

Intangible-Real estate transfer tax	\$738,497
Franchise taxes-Cable television	\$1,556,923
Hotel/Motel Tax (HMT)	\$1,726,427
Alcoholic beverage excise taxes (beer and wine)	\$1,938,878
Excise tax on energy used in manufacturing	\$114,129
Business and occupation tax	\$1,141,568
Insurance premiums tax	\$8,395,707
Franchise tax-electric	\$0
Franchise tax-water	\$0
Franchise tax-gas	\$0
Franchise tax-sewage	\$0
Franchise tax-telephone	\$0
<i>Total</i>	<i>\$15,612,130</i>

*Section D: Licenses, Permits, and Fees:*

Alcoholic beverage license fees	\$519,173
Regulatory building permits/inspection fees	\$2,289,959
Regulatory fees-other	\$421,035
<i>Total</i>	<i>\$3,230,167</i>

*Part 2: Intergovernmental Revenues*

Intergovernmental Revenue-State	\$17,203,602
Local maintenance improvement grants	\$1,678,316
Crime and corrections grants	\$126,457
Other intergovernmental revenue (state)	\$15,398,829
Intergovernmental Revenue-Local	\$6,000
Other intergovernmental revenue (local)	\$6,000
Intergovernmental Revenue-Federal	\$2,543,248
Payment in lieu of taxes	\$90,590
Other intergovernmental revenue	\$24,452,658
Total	\$19,752,850

*Part 3: Service Charges and Other Services*

Section A Service Charges	\$23,018,098
General Government-Court fees and charges	\$1,721,216
General Government-Planning/development fees	\$70,625
General Government-other	\$77,271
Public safety-Fire protection services	\$15,043,397
Public safety-Jail detention & correction services	\$375,281
Public safety-E-911 fees	\$3,540,237
Special assessments	\$2,190,071
Section B Other Revenues	\$1,685,912
Animal control and shelter fees	\$113,678
Culture and recreation charges	\$1,512,454
Other charges for services	\$160,176
Fines and forfeitures-court fees	\$1,492,543
Forfeitures-confiscations	\$61,516
Public safety-speeding violation fees	\$474,440
Interest revenues	\$1,343,225
Contributions and donations from private sources	\$247,163
Rents and royalties	\$2,314,148
Telephone commissions-jail	\$266,714
Proceeds of capital asset disposition	\$27,877
All additional revenue	\$213,341
Unrealized gain/loss on investments	(\$6,541,362)
Total	\$3,230,167



Enterprise Fund Revenues:

Sanitation fees-solid waste recycling fees	\$101,881
Water charges	\$22,938,091
Sewerage charges	\$16,782,406
Storm water utility charges	\$5,898,730
Transit charges	\$24,655
Telecommunications charges	\$1,421,764
Other utility/enterprise fund charges	\$8,528,322
<b>Total</b>	<b>\$55,695,849</b>

Staffing in Progress

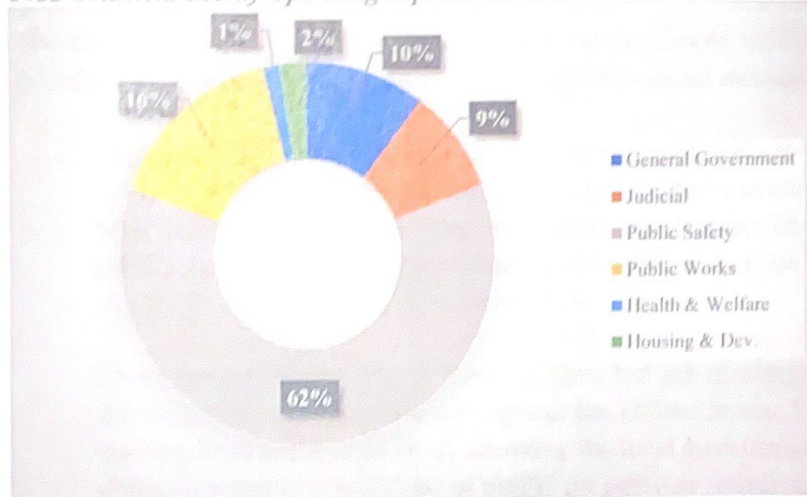
Colleges & universities are preparing expenditures are presented in the following table. The following is a summary of the current to which existing expenditures are expected to be added. The following is a summary of the current to which existing expenditures are expected to be added.

Personnel Expenditures	Amount
Salaries and Wages	
Benefits and Pensions	
Travel and Other	
Other	

## Expenditures

After reviewing Columbia County's 2022 Report of Local Government Finance (RLGF), the following expenditures are noted:

2022 Columbia County Operating Expenditure Breakdown



### Staffing & Personnel:

Columbia County's 2022 personnel expenditures are presented in the table below. Something to consider is the extent to which staffing needs may change (or increase) in a newly consolidated community with possibly more responsibilities or broader coverage areas.

Personnel Expenditures	Amount
Employee benefits	\$12,589,674
Salaries and wages for current operations	\$63,571,501
Salaries and wages for construction	\$1,605,912
Total:	\$77,767,087



### Concluding thoughts:

The overall financial health of Columbia County is strong. The 2022 total operating expenditures was just over \$143 million while total revenues totaled more than \$240 million. Meanwhile, total net capital assets were valued at over \$363 million in 2022.

The consolidation initiative would likely provide the county with additional possibilities to serve their constituents. Such options could include:

1. **Franchise Fees:** Franchise fees in Georgia typically refer to fees paid by companies or utilities for the right to operate within a municipality's or county's jurisdiction. These fees are often associated with utilities like electric, gas, water, cable television, or telecommunications companies that use public rights-of-way or infrastructure to provide their services.

These fees are not specific to Georgia alone but are common across many municipalities and counties throughout the United States. They are regulated and imposed at the local level, allowing the local government (city or county) to charge companies for the use of public property or resources to conduct their business operations.

The specifics of franchise fees in Georgia can vary based on local ordinances and agreements negotiated between the local government and the utility companies. Some key points include:

- a) **Franchise Agreements:** These agreements specify the terms, conditions, and fees that utility companies must pay for using public rights-of-way or other facilities within the municipality or county.
- b) **Revenue Generation:** Franchise fees often generate revenue for the local government, which can be used for various purposes such as infrastructure improvements, public services, or general funding needs.
- c) **Regulations and Compliance:** Utility companies operating within a specific jurisdiction in Georgia must comply with the terms outlined in the franchise agreements, including payment of the stipulated fees and adherence to any other regulatory requirements.
- d) **Local Variations:** The specific fees and regulations can differ from one city or county to another in Georgia, as they are determined by local ordinances and negotiated agreements.

The franchise fees collected by municipalities or counties are generally meant to compensate for the use of public property or resources by these utility companies and are an important source of revenue for local governments.

For the scope of this analysis, we examine franchise fees associated with Georgia Power. As per the effective March 2023 Municipal Franchise Fee Schedule, the current rate for the county franchise fee stands at 1.1839% of usage cost, applied prior to other fees and taxes. This rate is subject to change based on the terms within the franchise agreement between the proposed incorporated county and Georgia Power. Presently, Georgia Power's municipal franchise fee rate is 3.0647% of usage cost.

This signifies that residents in Columbia County would experience a slight increase in their monthly power bills due to incorporation. The average Georgia Power consumer pays \$155.67 monthly for electricity. With the updated franchise fee, this would translate to an additional \$1.91 per month (\$22.92 per year) for the average resident.

However, it's important to note that franchise fees collected are paid by the utility company to the municipality for using public property or resources. These funds can be allocated by the municipality for various purposes such as infrastructure enhancements, public services, or general funding necessities. Thus, the rise in franchise fees could be balanced out by the advantages of incorporation.

Additionally, the newly incorporated municipality could use the franchise fees received to alleviate the tax burden on its residents. It's essential to acknowledge that franchise fees are distributed based on population. As the sixth largest city in Georgia, the incorporated county stands to receive a substantial amount in franchise fees, estimated to be approximately \$8.4 million annually. Though the precise amount is presently unknown due to the formula for redistribution not being readily available, approximations based on comparable cities in Georgia—such as Augusta-Richmond, Columbus-Muscogee, Macon-Bibb, and Savannah—show an average franchise fee per capita of \$56.18. Thus, the \$22.92 increase in the average resident's power bill would be offset by the \$56.18 received in franchise fees.



This expected revenue could help reduce the current millage rate (presently at 4.895) by 0.808 mills to 4.087. The table below approximates the net difference between the reduction in the millage rate and the increase in franchise fees. Overall, any rise in franchise fees could potentially be offset by the benefits brought about by incorporation.

2. **Millage Rate Reduction:** If Columbia County opted to implement or collect franchise fees, this additional revenue could then be used to justify a reduction in local millage rates. Lowering the property tax burden for constituents would be politically popular and financially justified if offset by added franchise fees.
3. **Hotel/Motel Tax (HMT):** According to DCA records, the current HMT for Columbia County is 5% and brought in around \$1.7 million in 2022 HMTs. Increasing this tax to 7-8% could bring in substantially more money to the community, especially given the 79% increase in short-term rentals in 2022. Such a move could generate considerably more revenue without adversely affecting Columbia constituents.
4. **Grants:** Possibilities exist to bring in added funding through grants. The 2022 RLGF showed that the county secured just over \$1.6 million in Local Maintenance Improvement and \$126,000 in Crime and Corrections grants, but several possibilities exist for added grant programs pending successful consolidation.
5. **Code Enforcement and Miscellaneous Items:** Expanded code enforcement is another way to create funds to add to the operating budget each year. This may, or may not, be a politically feasible tool to use for a newly formed governmental entity. Additional tax options not utilized in Columbia County include:
  - a. Alt Apportioned Vehicles (AAVT)
  - b. Local Option Sales Tax-Homestead (HOST)
  - c. Alcoholic Beverage Excise Taxes (mixed drinks, e.g.)
  - d. Financial Institutions Tax
  - e. General Business Licenses
  - f. Non-business licenses and permits
  - g. Penalties and interest on delinquent taxes
  - h. Consumer fireworks excise tax (5%)
  - i. Divorcing parents, child support, and substance abuse treatment fees
  - j. Cemetery and bad check fees

## Constituent Impact

Although there are various positive developments that would likely result from a Columbia County consolidation, there are various constituent impacts that warrant consideration. These include:

1. **Address and US postal impacts:** the authors of this report have reached out to various U.S. Post Office officials to ascertain the probability of existing residents keeping their mailing addresses. Based on our current understanding, Columbia County residents should be able to keep their addresses under a new Columbia County governmental structure.
2. **City of Grovetown:** following a discussion with Grovetown's city administrator, Elaine Mathews, concerns were raised regarding to what extent county-wide incorporation would stifle county-wide growth. Also, what happens to Appling and/or Evans' identities vis-à-vis mailing addresses in the wake of a new governmental structure? Financial questions were also raised. How will IGAs work in this new arrangement? How will sales tax be redistributed? Finally, how will franchise fee information be clearly conveyed to constituents?
3. **City of Harlem: after discussions with Harlem's mayor, Roxanne Whittaker, in January 2024, several items were raised.** Specifically, the official questioned whether unincorporated areas could be annexed into Harlem or Grovetown. Representation questions were raised as well. These included: what will be the role of the sheriff; and what will be the organizational structure of the new government? Lastly, questions were raised of how a landlocked Harlem would continue to grow.
4. **Additional Considerations for Harlem and Grovetown: Assuming** the intergovernmental agreements (IGAs) between Columbia County and Harlem and Grovetown remain unchanged, the impact on the communities will be minimal. However, two key considerations are:



- a. **Property Taxes:** As the 2023 CAFR underscores, Columbia County has often reduced millage rates. Pending a successful consolidation, an added millage rate reduction is likely. As county residents subject to the county millage rate, the property tax rate for Harlem and Grovetown residents could potentially be reduced. A detailed explanation of the conditions for this reduction is discussed below.
- b. **Annexation:** The county incorporation would prevent future expansion of Harlem and Grovetown. To this end, Harlem and Grovetown would need to consider additional growth strategies within their current boundaries. According to the Columbia County Geographic Information Systems (GIS) Department, there are currently 1,843.441 acres of undeveloped and buildable land in Harlem and 556.342 acres of developable land in Grovetown.

# UNIFORM CHART OF ACCOUNTS

## Conclusion

The report provides a feasibility analysis for the potential City of Columbia. The report focuses on the revenue and expenditures of the potential consolidated city and offers evidence based on currently available data on the fiscal viability of this new city. The report does not address other criteria that are also important to the new city including social, political, and governance issues. Valdosta State University and the Center for South Georgia Regional Impact do not provide any normative judgment on whether the City of Columbia should incorporate; however, we state our findings regarding the financial viability of the new city.

It is important to note the limitations of these types of studies. They cannot predict every possible variable that may occur in the future with a potential impact on the costs of government. Additionally, the study is not intended to be a model budget for a new city.

Based on our analysis, we find existing revenues of \$248 million exceed likely expenditures for the services identified to be provided, projected at \$191 million, and therefore have concluded that the City of Columbia is likely fiscally feasible.