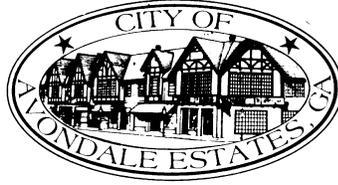


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Each year in May, the City is responsible for updating the Special Assessments included by DeKalb County on property tax bills. During this process, staff discovered that some local businesses were being charged incorrectly, and that others were receiving sanitation services at a far higher level than residents who were being charged the same fee. For example, all businesses in Avondale Estates that take advantage of the City’s sanitation services enjoy five-day-per-week collection, while residential garbage is collected only twice per week. Therefore, staff recommends changing the fee structure to better reflect the level of service received by different entities, which is directly related to the proportion of City resources they consume.

Additionally, staff recommends generating a small amount of additional revenue during 2019 in order to provide local businesses with standardized collection bins. This would allow for more efficient collection and allow the City to collect data on the number of bins required at different businesses. Analysis of this data would allow the BOMC to consider changing the basis for charging businesses in 2020 to a per-bin basis, which would be a better representation of the amount of City resources needed to service each business. Currently, businesses are separated into “light”, “normal”, and “heavy” classifications, which are somewhat arbitrary and do not indicate the proper amount for businesses that are not listed; for example, neither breweries nor distilleries appear on the list. A per-bin schedule would also allow the City to synchronize the list of businesses paying sanitation fees with the list of those paying occupational tax; this would increase the accuracy of both lists, allow for more flexibility in charging, prorating, and refunding fees as businesses open and close, and provide better data on the appropriateness of both fee structures.

Below are four options for consideration. For reference, also included is what the 2019 billing would be if no changes were made to fees, but just corrections of 2018 billing errors and updates of existing businesses. \$842,523 was billed in 2018, and \$836,382 of that was collected. Relevant language from the current ordinance is included at the end of this document.

Current rates with 2019 updates: \$6,238 less billed than in 2018.

	Amount	Number	Total
SN1 (residential)	\$521	1465	\$763,265
SN2 (normal commercial)	\$625	20	\$12,500
SN3 (light commercial)	\$521	95	\$49,495
SN8 (heavy commercial)	\$735	<u>14</u>	<u>\$11,025</u>
TOTAL		1594	\$836,285

Option 1 (**Recommended**): Normal commercial is 2.5 times the residential fee, on the grounds that collection occurs 5 times/week as opposed to 2. This is the ratio recommended by the Public Works Director. Light commercial is 2 times residential, and heavy commercial is 3 times residential. This would bill just under \$5,000 more than in 2018, which would be enough to buy about 100 bins for businesses.

	Amount	Number	Total
SN1 (residential)	\$485	1465	\$710,525
SN2 (normal commercial)	\$1212.50	20	\$24,250
SN3 (light commercial)	\$970	95	\$92,150
SN8 (heavy commercial)	\$1455	<u>14</u>	<u>\$20,370</u>
TOTAL		1594	\$847,295

Option 2 (**Smaller shift**): Normal commercial is 2 times the residential fee, light commercial is 1.5 times residential, and heavy commercial is 2.5 times residential, shifting less of the burden from residential to commercial properties. Provides about the same amount of additional revenue for bin purchases.

	Amount	Number	Total
SN1 (residential)	\$504	1465	\$738,360
SN2 (normal commercial)	\$1008	20	\$20,160
SN3 (light commercial)	\$756	95	\$71,820
SN8 (heavy commercial)	\$1260	<u>14</u>	<u>\$17,640</u>
TOTAL		1594	\$847,980

Option 3 (**Low Tax**): Same ratios as in Option 1, but lowers the rates to total the average expenditures for the past five years plus the average annual increase (4.9%) in expenditures for the Sanitation Department. This would not advance the BOMC's stated 2018 goal of improving the department's cash flow position. Additionally, staff believes expenses to be understated in previous years because they did not include such administrative costs as a portion of executive salaries, payroll costs, and some operational costs the department would incur if it were functioning as a stand-alone business.

	Amount	Number	Total
SN1 (residential)	\$450	1465	\$659,250
SN2 (normal commercial)	\$1125	20	\$22,500
SN3 (light commercial)	\$900	95	\$85,500
SN8 (heavy commercial)	\$1350	<u>14</u>	<u>\$18,900</u>
TOTAL		1594	\$786,150

Option 4 (**Wider ratio for commercial**): Normal commercial is 2.5 times the residential fee, light commercial is 1.5 times residential, and heavy commercial is 3.5 times residential, placing a heavier burden on heavy commercial entities and a lighter burden on light commercial. This would bill just under \$4,000 more than in 2018, which would be enough to buy about 80 bins for businesses.

	Amount	Number	Total
SN1 (residential)	\$496	1465	\$726,640
SN2 (normal commercial)	\$1240	20	\$24,800
SN3 (light commercial)	\$744	95	\$70,680
SN8 (heavy commercial)	\$1736	<u>14</u>	<u>\$24,304</u>
TOTAL		1594	\$846,424

Sec. 9-82. - Sanitation fee rate.

- (a) The annual sanitation fee rate shall be determined by the character and use of each parcel or lot. Every property use in the city shall be assigned to one (1) of the following four (4) categories for sanitation fee purposes:
- (1) *Residential* means any place where persons reside, including but not limited to houses, apartments, condominiums.
 - (2) *Heavy-usage business unit* includes, without limitation, restaurants, service stations, banks, drug stores, grocery/convenience stores, veterinary hospitals, kennels, pet groomers, nurseries, post offices, shipping companies, chemical supply companies, furniture upholstery shops, television/radio repair shops, laundromats, the Avondale Swim and Tennis Club, the Avondale Community Club, and other similar volume users.
 - (3) *Normal-usage business unit* includes, without limitation, dry cleaners, printing shops, import/export companies, vehicle repair and clean-up shops, bakeries, counter/cabinet shops, electricians, plumbers, tree surgeons, florists, furniture and/or clothing stores, other retail shops, and other similar volume users.
 - (4) *Light-usage business unit* includes, without limitation, barber shops, beauty shops/hair salons, driving schools, business/religious/fraternal organizations, mail order firms, drapery workrooms, seamstresses, tailors, shoe repair shops, photography studios, insurance agencies, offices for accountants, advertising and public relations firms, architects, artists, attorneys, consultants, industrial development, realtors, administrative offices for contractors and engineers who do not generate construction-related debris, and other similar volume users. Whenever a business unit is unoccupied on January 1st of the tax year, the light-usage commercial rate will be assessed for that year.
- (b) The sanitation fee shall be assessed on a per-unit basis. For residential property uses, a separate fee shall be imposed for each housing unit. For commercial property uses, a separate fee shall be imposed on each business unit.
- (c) The amount of the annual per-unit sanitation fee shall be set by properly adopted resolution of the Board of Mayor and Commissioners and may be amended at the discretion of the Board of Mayor and Commissioners.

(Ord. No. 13-02, § 3, 6-24-2013)