

Executive Summary

BACKGROUND

Over the past decade-plus, The Landings Association's Board of Directors has investigated the possibility of incorporating Skidaway Island at least four times. The Landings Association is the property owners' association for The Landings on Skidaway Island. The Landings includes 4,188 homes (as of August 2017), and has 90%+ of the population of Skidaway Island.

In 2014, the Association's Board adopted a Strategic Plan that included the study of incorporation as a focus area for the immediate future.

In 2016, the Association commissioned the Andrew Young School Center for State and Local Finance at Georgia State University to conduct an Incorporation Feasibility Study. This Study was completed in November 2016. It included two sets of data estimates, drawing from local cities and those of a similar size in Georgia, with the finding that incorporating Skidaway Island would be financially feasible.

It is very important to note that should Skidaway Island become incorporated as a City, there would be no operational changes to the on-island gated communities -- The Landings, South Harbor, and Modena -- or to other entities, such as The Marshes, The State Park, and The Skidaway Institute. Gated communities would not be open to the public. No staff would become city employees. The homeowners' associations would continue to conduct their day-to-day business. Rather, the governmental functions now performed by Chatham County would be performed by on-island elected representatives and a limited number of City of Skidaway Island employees.

Following review of the Incorporation Feasibility Study, The Landings Association met with State Representative Jesse Petrea and State Senator Ben Watson to seek their support to continue the study of the potential incorporation of Skidaway Island. The Association also met with its on-island neighbors, including South Harbor, Modena, and The Marshes, to make sure all would be heavily involved in the review and study process.

On February 27, 2017, The Landings Association hosted two island-wide Incorporation Town Hall Meetings. These meetings were open to all residents of Skidaway Island, and such residents were notified in advance. More than 700 residents attended the two meetings to hear highlights from the Skidaway Island Feasibility Study as well as to ask questions. There was overwhelming support to continue the study of incorporating Skidaway Island as a city.

On March 20, 2017, State Representative Jesse Petrea introduced HB 618 in the House, and State Senator Ben Watson introduced SB 298 in the Senate to incorporate Skidaway Island. This enabling legislation was the first step in allowing Skidaway Island to begin the process of formally evaluating incorporation as a city. It included a Draft City Charter for the City of Skidaway Island. Should the island as a whole decide to move forward, this legislation, if passed by the State House and State Senate, will be the mechanism to allow such a vote in November 2018.

In early spring of 2017, five committees were formed -- Tax/Finance, Governance/Administration, Police/Court, Public Works/Engineering, and Planning/Zoning -- to study the possibility of incorporation. The committees were composed of 38 total members, drawn from a group of 80 island-wide volunteers. These members had backgrounds in their particular study areas, and also conducted extensive interviews and research with local and regional officials to create their reports.

The committees were given the charge of determining if a City of Skidaway Island could provide the same or better service levels now provided by Chatham County (Special Services District) for the same or fewer tax dollars that are collected from Skidaway Island by the County (SSD).

The five committees began by reviewing the revenue and expense assumptions from the previously noted Incorporation Feasibility Study. This Study was revised by The Andrew Young School Center for State and Local Finance on July 17, 2017 to include additional details and requirements to ensure a City of Skidaway Island would be eligible for a portion of the Local Option Sales Tax (LOST) revenues.

STUDY COMMITTEE FINDINGS

The review of the five Incorporation Study Committees is now complete.

The Committees all affirmed that a new City of Skidaway Island could provide the same or better services for fewer tax dollars.

The findings show an annual net revenues of \$2,030,037. In addition, there is a budgeted operational contingency of \$920,400. One-time startup costs would be \$970,500. The Study Committees used conservative revenue estimates and higher expenditure estimates when gathering quotes, to cover unforeseen contingencies. Excess revenues would be transferred to reserves for infrastructure requirements, storm cleanup, etc.

Of note, this report utilizes a millage rate of 4.13 mills for Skidaway Island, which was the millage rate for the Unincorporated Chatham County Special Services District (SSD) when the Study Committee Work began. Since that time, Chatham County has raised the SSD rate to 4.99 mills. Therefore, residents of Skidaway Island would realize a 17% decrease in property taxes for the SSD if the City of Skidaway Island is formed.

Also of note, residents in the SSD pay an annual fee for yard debris removal of \$43 (although a one-time increase to \$174 was added for 2017 to cover the cost associated with Hurricane Matthew). The annual \$43 fee would be eliminated if Skidaway Island became its own city, but the service would still be provided within the context of the City of Skidaway Island as part of the annual property taxes.

HIGHLIGHTS BY STUDY COMMITTEE

Tax/Finance

The Local Option Sales Tax (LOST) is a 1% tax that offsets the property tax millage rate. To be eligible for LOST funds, the City must provide at least three of the following six services -- water, sewer, garbage, police, fire, library. Water, sewer, and garbage services are already provided on Skidaway Island by private companies. Therefore, to be eligible for LOST funds, the City would provide police, fire, and library services.

This report includes the collection of Southside Fire Department Subscription Fees during tax collection, that then would be distributed to Southside Fire, as part of residents' annual fire subscription fees. There would be no increase in such fees. The collection of fire subscription fees would occur at tax time rather than being billed separately by Southside.

For the library, the City could provide \$50,000 a year to The Village Library to cover operating expenses, rather than creating a new library. The Village Library would continue to operate as it currently does with volunteers and a volunteer Board. Or, the City could create a small, supplemental library.

Current tax exemptions would be maintained (homestead, senior citizen, disabled, and Stephens-Day).

As a City, Skidaway Island also would be eligible for FEMA reimbursement for debris removal following a storm. That would extend to gated communities if there are health and safety issues from voluminous debris, such as following Hurricane Matthew in 2016.

Governance/City Administration

Per the Draft City Charter, Skidaway Island would be broken into four districts (with one city council member per district) and a mayor elected at large island wide, for a total City Council of five members. A City Manager would be appointed by the City Council to manage administration and operations, along with department heads and independent contractors.

Administration would also include a Finance Director, City Clerk, and Customer Service Representative/Court Clerk.

For the purposes of this report, the Study Committee assumed rental space in The Village to house city services, though other, lower-cost options are being reviewed and may be preferable.

Public Works

The City of Skidaway Island's Public Works would have no employees, but would expect the City Manager to contract out services. (As noted previously, there would be no change to The Landings Association, which would maintain its Public Works Department and employees for projects inside the gates.)

Items included in the City of Skidaway's Public Works budget on or along what would become city streets (McWhorter Drive, Green Island Road, OSCA Road, and State Park Road) include Grass Cutting, Road Striping, Reserve for Asphalt Overlay, Road Signage Replacement Reserve, Road Signage Replacement Due to Accidents, Traffic Light Power, Trash Collection, and Road Maintenance (Street Sweeping, Pot Hole Repair, Blade Grass from Roadway, Drainage Maintenance, and Tree Canopy Maintenance). Diamond Causeway would remain a State road.

The level of service for such items would be increased over what is currently provided by the County, including more frequent grass mowing and litter removal.

Committee members expressed concern that Chatham County may not repave McWhorter Drive before Skidaway becomes a city. If that occurs, the cost to repave McWhorter is estimated to be \$800,362, and would be covered by a portion of the annual surplus of revenues over expenses.

Police/Court

There remains much uncertainty in this area, with Chatham County and the City of Savannah currently planning to demerge the two police departments. Should that occur, the City of Skidaway Island most likely could contract with the Chatham County Police Department. However, because of the uncertainty, this report provides details on standing up Skidaway Island's own police department.

Under the envisioned structure, there would be two police patrols on island 24 hours/day, a much higher police presence than currently exists. To achieve this would require a total of 13 employees -- 1 Chief, 1 Sergeant, 1 Detective/Training Officer, 1 Clerical Position, and 9 Patrol Officers. There would be four police vehicles.

For municipal court services to hear such cases as City ordinances and traffic violations, the Committee determined that the Court would need the following personnel to operate and meet its statutory obligations -- a judge, city attorney, public defender, and a court clerk. Except for the court clerk, all positions would be part-time or contracted. The court clerk would be a shared position with the Governance/City Administration function, that also includes a Customer Service Representative function.

Planning/Zoning

One Building Inspector would be hired for inspections, reviews, permitting, zoning, and other items required to support this function. Outside firms, such as engineering firms, would be engaged as needed. The City of Skidaway Island would initially adopt State and County ordinances as required, and then create ordinances specific to Skidaway Island as needed.

One potential item uncovered by the Planning/Zoning Study Committee is the potential short-term loss of an up to 25% flood insurance discount that some owners have. (Some owners have no discount, some have 10%, and some have 25%.) You can read complete details in the Planning/Zoning section. This item is now under review for potential options to prevent even the short-term loss of this discount.

REVIEW

A four-member Review Committee was established to review the five Incorporation Study Committees. The Review Committee members met with the Study Committee Chairs on October 4, 2017 to share findings and feedback, and to ensure clarity of communications.

NEXT STEPS

Two Focus Groups were held (October 30 and 31) to hear from residents such as those who were not selected to the Study Committees, to determine if any adjustments need to be made to the reports or presentations.

Five Town Hall Meetings will be held to present the findings to all of Skidaway Island and receive feedback:

- Monday, November 27 - 7 p.m. at St. Peter's Episcopal Church
- Monday, December 4 - 10 a.m. at Plantation's Ballroom
- Monday, December 4 - 4 p.m. at Plantation's Ballroom
- Monday, December 4 - 7 p.m. at Plantation's Ballroom
- Tuesday, December 5 - 10:30 a.m. at The Marshes of Skidaway

Leadership from island-wide organizations, including The Landings, South Harbor, Modena, and The Marshes, will consider feedback received and then make the final determination in December 2017 on whether to recommend proceeding with holding a vote to create the new City of Skidaway Island.

TIMELINE IF THE DECISION IS MADE TO MOVE TO A VOTE

- January 2018 - Work with State Representative Jesse Petrea and State Senator Ben Watson to finalize language in the Draft City Charter.
- January - March 2018 - Work with State Representative Jesse Petrea and State Senator Ben Watson to pass legislation in the State House and State Senate allowing the incorporation vote by the registered voters of Skidaway Island.
- November 6, 2018 (General Election) - Vote on whether to Incorporate Skidaway Island as a City. If more than half of the votes cast by registered Skidaway Island voters are "Yes", Skidaway Island will become a city.

IF SKIDAWAY ISLAND VOTES TO BECOME A CITY

- March 19, 2019 - First election of Mayor and Council Members (nonpartisan)
- City services phase in over a two-year period starting July 1, 2019. The City of Skidaway Island can begin assuming responsibility for governmental services during this time period, on a case-by-case basis, by providing notice to Chatham County.

REVENUES DETAILED

The Incorporation Feasibility Study conducted by the Andrew Young School Center for State and Local Finance at Georgia State University used 2015 tax digest numbers. The Tax/Finance Study Committee worked with the Chatham County Tax Assessor's Office to include 2016 tax digest information. As well, where the Incorporation Feasibility Study used some estimates based on similar sized cities, the Tax/Finance Study Committee used Skidaway Island-specific numbers when possible.

Revenue estimates are shown on pages 8 and 9.

	<u>Andrew Young Study - Chatham Co Estimate</u>	<u>Estimates from Study Committees</u>
Revenues		
Property Tax:		
Real Property	\$2,759,077	\$2,907,925
Utilities	\$34,724	\$0
Personal Property	\$144,869	\$28,400
Motor Vehicles	\$58,007	\$0
Mobile Homes	\$181	\$181
Intangible Recording	\$16,524	\$16,524
Franchise Fees:		
Electricity	\$305,400	\$305,400
Cable	\$83,985	\$83,985
Natural Gas	\$45,810	\$45,810
Telephone	\$30,540	\$30,540
Fire Protection	\$2,008,024	\$2,008,024
Life/Property/Casualty Insurance	\$374,749	\$450,000
Mixed Drink Tax	\$114,525	\$80,000
Business Licenses	\$42,654	\$42,654
Municipal Court	\$20,000	\$10,000
Bank Share Tax	\$7,505	\$7,505
Building/Development/Zoning Fees	\$22,367	\$100,000
LOST	\$2,360,888	\$2,360,888
Total	\$8,429,829	\$8,477,836

	<u>Andrew Young Study - Chatham Co Average</u>	<u>Andrew Young Study - DCA Average</u>	<u>Estimates from Study Committees</u>
Expenses			
Governance/City Administration	\$1,024,337	\$1,543,699	\$1,168,625
Planning and Zoning	\$115,184	\$104,551	\$145,000
Police	\$1,958,611	\$1,695,976	\$1,058,000
Municipal Court	\$86,674	\$131,344	\$100,000
Public Works	\$756,378	\$654,899	\$997,750
Library	\$50,000	\$50,000	\$50,000
Fire Protection	\$2,008,024	\$2,008,024	\$2,008,024
Contingency	\$999,868	\$1,031,415	\$920,400
Total	\$6,999,076	\$7,219,908	\$6,447,799

	<u>Andrew Young Study - Chatham Co Average</u>	<u>Andrew Young Study - DCA Average</u>	<u>Estimates from Study Committees</u>
Revenues	\$8,429,829	\$8,429,829	\$8,477,836
Expenditures	\$6,999,076	\$7,219,908	\$6,447,799
Surplus/(Deficit)	\$1,430,753	\$1,209,921	\$2,030,037

One-time Start Up Costs	\$970,500
First Year Surplus/(Deficit)	\$1,059,537

City of Skidaway Island Org Chart

