



The City of Dalton, Georgia

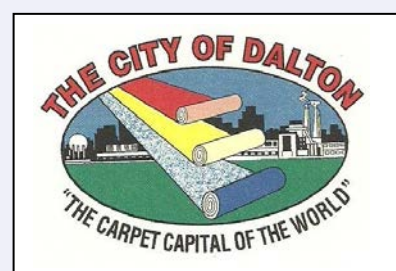
Review of Operations

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Executive Summary

In June 2017, the City of Dalton engaged PFM Group Consulting LLC (PFM) to provide a high-level review of the operations of the City in order to identify opportunities for increased efficiency and effectiveness potentially leading to budgetary savings and service improvements. The review included analysis of the overall structure of City government, considered the City's relationship with key related entities, and utilized benchmarking research that included cities similar in size to Dalton.

The PFM team met with City officials, department heads, and leadership of related entities, conducted analysis to assess current operations and performance, and reviewed best practices in other cities. PFM considered opportunities the City may have for increased efficiency and effectiveness and explored the City's relationship to key entities to identify opportunities to increase the City's capacity around community and economic development.

The analysis presents some of the challenges facing Dalton and offers a series of recommendations to address those challenges while providing residents with high-quality services and enhanced quality of life. The PFM team recognizes that some recommendations are already in the process of being implemented, some can be easily implemented, while others may require more time and effort to put into place. All recommendations are intended to drive the debate and discussion about the City's priorities and how the City moves forward to ensure long-term sustainable growth.

Management Structure

There is a need for strong leadership and coordination across City government. An effective City Administrator supports the vision of elected officials and takes politics out of the day-to-day operations of City government. Although the position of City Administrator is currently vacant, the City is in the process of filling the position. Once in place, the City Administrator can provide day-to-day leadership of City government, work closely with and coordinate the activities of the various departments toward common goals, oversee the City's budget, supervise employees, and create synergy to implement the goals of the Mayor and City Council.

The City should consolidate certain functions under the City Administrator. The City should add the positions of Performance Analyst, Chief Information Officer, and Planner to report directly to the City Administrator. The City Administrator should be responsible for overseeing the City's budgeting process, communications, facility maintenance, and asset management. The City should shift the IT division from the City Clerk's Office to report directly to the City Administrator and become a department responsible for maintaining the City's equipment and networks, as well as software purchases, installations, and updates for all City Departments.

The roles of the City Administrator, the Mayor, Council, and various advisory boards and commissions should be clearly articulated. The City should re-evaluate the functions of each board and commission, identify areas of overlap and opportunities for consolidation, and consider a reduction in the number of boards and commissions.

Over time, the City should transition to a budgeting for outcomes (BFO) process overseen by the City Administrator. Recognized as a Government Finance Officers Association (GFOA) best practice, BFO can potentially lead to improvements in service delivery and reduction in costs by incorporating outcomes in the budget process. BFO can also facilitate collaboration, flexibility, and innovation among government departments.

Constituent Services

Nearly half of Dalton residents speak a language other than English at home and more than 25 percent speak English “less than very well.” It is critical that the City recognize the barriers facing many residents. All materials, publications, and the City’s website should be available in Spanish. Bilingual support should be provided to residents as needed.

The City’s website can increase the convenience and speed at which residents obtain information and services, and online services can reduce costs and the amount of paperwork required to do everything from requesting services to paying fees. Dalton’s website provides information about the various departments, permits, licenses and various forms. Businesses can make occupational tax, hotel-motel tax, and mixed drink tax payments online. Traffic fines can be paid to the Municipal Court online. Residents can also access the Parks and Recreation Departments’ catalog of programs and can register for a sport or rent space at the Recreation Center online. Residents can initiate a police report online. The City should expand the online services available to residents. For example, residents should be able to make nonemergency requests for services, pay property tax (link to County), pay utility bills (link to Dalton Utilities), and submit permit, zoning, and business applications online.

The City needs a clear and consistent process for reporting non-emergency service requests. The current process is challenging for residents and makes quality assurance and follow-up burdensome and difficult for City departments. Currently to request City services, residents must contact the responsible City department or division. This process may be difficult for residents to navigate and for the City to ensure timely and adequate resolution. The City should move toward implement a single phone number that residents can call for information or to request non-emergency services.

City should deploy a customer relationship management (CRM) system to manage service requests. The system would allow the City to manage and analyze requests and interactions with the goal of improving service delivery and resident relations. Analysis of the data should be used to identify trends in the types of geographic area of requests and response times allowing City Departments to make data-informed decisions for staffing and resource deployment. Data from the system should be shared across departments, encouraging collaboration and innovative solutions.

City government and services should be easily accessible to all residents, online or in person. The City should consider options to increase accessibility, including relocation of office space and Municipal Court.

Operations

Increasingly, governments are required to do more with less; efficiency and the ability to increase the quality of services while reducing costs have become critical goals of local government. Operational efficiency ensures that resources are spent where they are needed the most and can make the greatest impact. The City of Dalton has an opportunity to create meaningful and sustainable efficiency gains.

The new City Administrator should focus on identifying and scaling up the use of efficient practices currently in place and piloting innovative new practices leading to increased efficiencies. In addition to current citywide financial services, the City should consolidate purchasing and procurement under the Finance Department and centralize all cashier functions into the Finance Department including the collection of Court fines and fees.

The City's Performance Analyst, reporting directly to the City Administrator, should lead the City's efforts to adopt and use performance metrics and analytical tools to inform service delivery and productivity. With support from the Performance Analyst, each department should develop an Annual Performance Plan that aligns the activities and deliverables of the department with the goals of the Mayor and Council, highlights specific performance targets, and outlines the resources needed to meet the targets. The Annual Performance Plan should be the foundation for departmental and employee performance evaluations.

The City should consider new revenue-generating opportunities. A sanitation fee would allow the City to recoup at least a portion of the cost of refuse and recycling pickup services. The City should consider implementation of a stormwater fee. Membership and program participation fees for recreational offerings provided by the Parks and Recreation Department should be considered, implementation could include a fee schedule providing discounts for residents or families with limited income. The City should consider the potential of privatizing the golf course or imposing a fee structure that charges non-City residents slightly higher fees.

The City should adopt an administrative fee structure to offset the indirect costs associated with leased employees and services provided to Dalton Utility and the Building Authority and other services provided to other local entities.

The City should consider cost-savings opportunities. The City should evaluate the cost savings associated with contracting out various services, such as garbage and recycling collection, or shared services among departments. For example, the City should consider outsourcing concessions at the Parks and Recreation Department.

The City should work with the County and local hospitals to establish a regional Community Paramedics Initiative to reduce the number of 911 calls made by frequent utilizers, allowing EMS to be instrumental in the shift from emergency care to regular and consistent preventative care.

The City should employ a vacancy control process where all vacant positions are regularly reviewed to determine if the position is necessary and if duties can be shifted for increased efficiency. The City should restructure the Parks and Recreation Department to reduce the number of part-time employees. Instead, a targeted Summer Youth Employment Program could provide work opportunities to high school students and young adults who might otherwise struggle to find summer jobs.

Budget

The City should implement a budget document consistent with GFOA best practices and provide additional details on revenues and expenditures. The budget document should identify the services the City offers, the funding required to provide those services, and the reasoning behind key budgetary decisions. The budget should be easy to understand, accessible to all residents, and made available in Spanish.

The City Administrator should establish specific policies for the development of the capital improvement budget. Led by the City Administrator, Finance Director, and Planner, the capital budgeting process should include a template for department heads to record the justification of needs. The plan should be shared with the public and updated as needed.

The City should adopt a multi-year financial planning process. Multi-year financial plans provide insight into future financial capacity and develop strategies for long-term sustainability.

Dalton Municipal Airport

The City should explore opportunities to privatizing the terminal operations capitalizing on the potential for a reduction in cost by transferring the operation to a third party that can more efficiently handle the operation costs based on economies of scale and lower labor costs. The City may elect to retain overall management of the airport including airfield services.

City should continue to capitalize on the airport's potential as an economic development tool.

Dalton Utilities

The City should contract for an independent appraisal of Dalton Utilities which would identify the value of the asset. The appraisal could help inform the City of the appropriate level of annual transfer payment. Many municipalities utilize a franchise fee structure – a franchise fee would give equity in the system to the City – an ownership return on their investment.

Economic and Community Development

Economic development and community development are inherently linked. Both strive to improve a city's capacity to increase economic diversity and opportunities for residents. Community development focuses on strategies that improve conditions in neighborhoods and often targets low-income individuals and families by addressing a range of issues that include employment, health, housing, and safety.

The Dalton-Whitfield Community Development Corporation (DWCDC) is the agency tasked with the City's community development efforts. The City supports community development through their CDBG funding. The Planner on the staff of the City Administrator should be charged with overseeing implementation of the community development and economic development plans, managing CDBG and HOME funds, and coordinating various development agencies.

The City should leverage existing efforts at planning around economic development and create an integrated plan for community development that includes a process for resident participation. The City should consider utilizing a portion of the General Fund Balance to support community development investments.

[Housing Authority of the City of Dalton](#)

The Housing Authority of the City of Dalton (HACD) seeks to provide secure, affordable, quality housing and resources to encourage and sustain independent living. HACD currently owns and operates 584 rental apartment units for residents earning up to 80 percent of the area median income (AMI). Since 2005, HACD has not received any operating or capital improvement funding from the U.S. Department of Housing and Urban Development (HUD). Without the federal funding and oversight, HACD has limited resources to effectively operate low-income housing.

The City has a limited relationship with HACD and does not provide ongoing funding to the Authority. The Mayor appoints the board members a member of Council serves on the Board but the City otherwise provides limited oversight. The City should appoint board members with expertise in areas such as accounting/financing, legal, social services, education, real estate development, and construction

The City should define their affordable housing goals and role. The City should work with HACD to explore the possibility of using local dollars for a pilot subsidy program.

HACD should engage a real estate consultant to complete an operating pro forma for its properties and provide recommendations on rent levels for the properties. HACD should engage an asset management consultant to develop an asset management plan for the Authority, including key metrics to track progress. HACD should explore the potential to sell its portfolio to a private owner with commitment to maintain affordability; a private developer may have the ability to access financing resources that HACD does not have and may bring needed expertise in the areas of development, property management, and asset management.

[Working with Partners](#)

The City of Dalton has the opportunity to work with partners to improve the quality of life for its residents. The City should engage partners to support youth success. The City should lead a joint youth planning process with Dalton Public Schools so that the activities of the City and City-supported agencies are aligned to support educational success. The City should initiate a Summer Youth Employment Program and recruit public and private sector partners to employ youth.

The Mayor and City Administrator should meet regularly with representatives from the local colleges and health care systems. These organizations are deeply rooted in the community and contribute to the community's wellbeing and economic stability; they have a vested interest in improvements in educational outcomes, neighborhood sustainability, and improved quality of life.

City should seek opportunities to partner with churches, neighborhood associations, and others to expand opportunities to connect with residents, especially the Hispanic population. The City should host activities that promote social integration and civic participation, leadership, and encourage cultural diversity.

Introduction

In June 2017, the City of Dalton engaged PFM Group Consulting LLC (PFM) to provide a high-level review of the operations of the City in order to identify opportunities for increased efficiency and effectiveness potentially leading to budgetary savings and service improvements. The review included analysis of the overall structure of City government, considered the City's relationship with key related entities, and utilized benchmarking research that included cities similar in size to Dalton.

The PFM team met with City officials, department heads, and leadership of related entities, conducted analysis to assess current operations and performance, and reviewed best practices in other cities. Based on our research, PFM considered opportunities the City may have for increased efficiency and effectiveness. PFM also explored the City's relationship to key entities such as the Downtown Dalton Development Authority and the Housing Authority of the City of Dalton to identify opportunities to increase the City's capacity around community and economic development.

The analysis presents some of the challenges facing Dalton and offers a series of potential actions to address those challenges while providing residents with high-quality services and enhanced quality of life. The PFM team recognizes that some recommendations are currently being implemented, some can be easily implemented, while others may require more time and effort to put into place. All recommendations are intended to drive the debate and discussion about the City's priorities and how the City moves forward to ensure long-term sustainable growth. Throughout the report, references are made to how other cities – those identified for the benchmarking process – perform certain functions that are the subject of recommendations. A detailed discussion of the benchmark analysis can be found in the Appendix.

The PFM team included representatives from:

- **The PFM Group.** The PFM Group of companies (PFM) is a national leader in providing independent financial advice as well as investment advisory, management, and consulting services to local, state, and regional governments and non-profit clients. PFM helps clients meet financial challenges with a broad array of products, backed by unquestioned professionalism and outstanding service. Managing Director David Eichenhal and Senior Managing Consultants Debra Vaughan and Kathy Posey represented PFM on the team.
- **Enterprise Community Partners.** For more than 30 years, Enterprise has introduced solutions through public-private partnerships with financial institutions, governments, community organizations and other partners that share the vision that one day, every person will have an affordable home in a vibrant community. Director Erika Ruiz and Senior Program Director Sara Haas represented Enterprise Community Partners on the team.

Overview

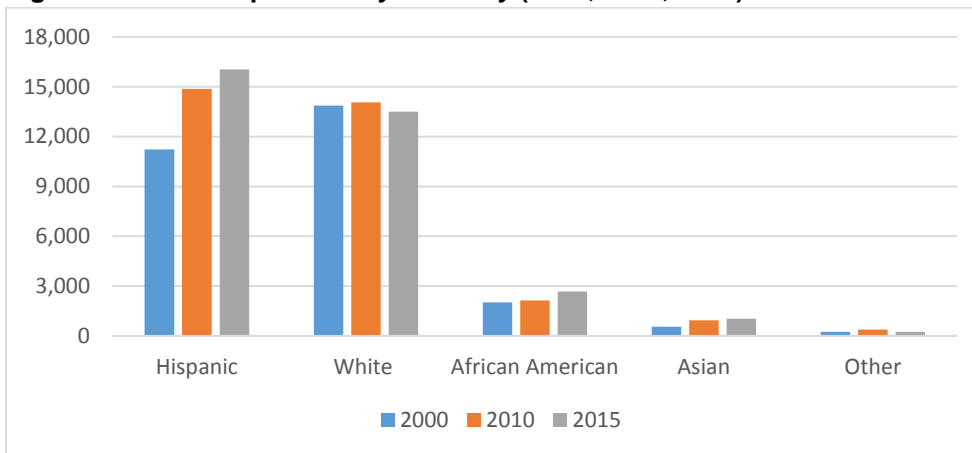
The City of Dalton is located in northwest Georgia, about 30 miles from Chattanooga, Tennessee and 90 miles from Atlanta. In the 1950s, with the advancement in machinery and technology, Dalton became a leader in the manufacturing industry with a multi-billion dollar carpet industry. Known as “the carpet capital of the world,” it is estimated that 90 percent of the world’s carpet and floor coverings are made within a 25-mile radius of Dalton. As the county seat, the City of Dalton accounts for about 32.6 percent of Whitfield County’s residents.

Between 2000 and 2010, the population of Dalton increased from 27,912 to 32,373, an increase of 16 percent. According to the American Community Survey (ACS), by 2015 Dalton’s population grew to 33,496, a 3.5 percent increase since 2010.

According to the U.S. Census, in 2000, 49.7 percent of Dalton residents were White and 40.2 percent of residents were Hispanic. In 2015, 40.3 percent of residents were White and 47.9 percent of residents were Hispanic. Between 2000 and 2015, the percentage of African American residents increased slightly from 7.2 to 8.0 percent and the percentage of Asian residents increased from 2.0 to 3.1 percent of the population during the same time period.

As Figure 1 illustrates, since 2000, the number of White residents in Dalton has declined slightly, the number of African American residents has increased slightly, and the number of Hispanic residents has grown by more than 40 percent.

Figure 1: Dalton Population by Ethnicity (2000, 2010, 2015)



The changing demographics of Dalton has significant implications. Increased diversity provides opportunities to tap into international trade markets, develop local entrepreneurship, and celebrate the changing culture of the City.

But changing demographics also presents certain challenges. In 2015, 47.5 percent of Dalton’s residents reported speaking a language other than English at home; 25.8 percent reported speaking English “less than very well.”

In addition to language barriers, many residents of Dalton have relatively low levels of educational attainment. In 2015, 4,398 (21.7 percent) residents over the age of 25 years reported less than a ninth grade education, up from 17.8 percent in 2010; by comparison, in 2015, 5.4 percent of Georgia residents reported less than a ninth grade education. In 2015, 16.4 percent of Dalton residents reported some high school but not earning a high school diploma or equivalent, compared to 9.2 percent in Georgia. Of Dalton residents 25 years and older, 61.9 percent earned at least a high school diploma, compared to 85.4 percent in Georgia. While 82.7 percent of Dalton's White residents earned at least a high school diploma, only 33.2 percent of Hispanic residents reported earning at least a high school diploma. Overall 18.1 percent of Dalton residents earned at least a Bachelor's degree, compared to 28.8 percent in Georgia.

Educational attainment impacts earnings. According to 2015 ACS, the median income for Dalton residents with less than a high school diploma was \$22,159, with 24.7 percent living below the poverty level (males at \$24,157 and females at \$19,884). The median income for Georgia residents with less than a high school diploma was \$19,611 in 2015 (males at \$22,017 and females at \$15,281). The median income for high school graduates in Dalton was \$22,136 (males at \$22,263 and females at \$21,838) and \$26,350 statewide (males at \$30,939 and females at \$21,551) in 2015. Residents with a Bachelor's degree reported median earnings of \$37,591 in Dalton, (males at \$56,506 and females at \$31,587) compared to \$49,989 statewide (males at \$61,217 and females at \$41,043). The median income for Dalton residents with a graduate or professional degree was \$55,763 (males at \$120,609 and females at \$45,284), compared to \$61,370 (males at \$79,303 and females \$52,829) in Georgia.

The Great Recession and the housing market crash had an effect on Dalton's economy, specifically through its impact on the carpet and floor covering industry. Between 2010 and 2015, median household income in Dalton declined from \$38,798 to \$35,074.

In 2015, of Dalton's 13,345 housing units, 11,404 were occupied and 1,941 were vacant. The homeowner vacancy rate was 3.2 percent and the renter vacancy rate was 16.1 percent. Of occupied units, the majority (54 percent) were renter-occupied. Five years earlier, the majority (51 percent) of occupied housing units were owner-occupied.

None of Dalton's housing units were units built in 2014 or later and only 25 were built in 2010 or after. The majority of housing stock was built between 2009 and 2000 (18.1 percent), 1999 and 1990 (15.8 percent), 1989 and 1980 (15.5 percent), 1979 and 1970 (17.8 percent), and 1969 and 1960 (15.6 percent).

The median value of occupied housing units in Dalton has declined since 2010, from \$145,200 to \$122,500 in 2015, according to ACS. Figure 2 presents the distribution of owner-occupied housing units by value for 2010 and 2015. Decreasing home values tend to have a negative wealth effect, can have a negative impact on economic growth, and cause a pause in new home construction.

Figure 2: Distribution of Owner-Occupied Housing Units by Value (2010, 2015)

| | 2010 | | 2015 | |
|------------------------|--------|---------|--------|---------|
| | Number | Percent | Number | Percent |
| Less than \$50,000 | 211 | 3.6% | 533 | 10.2% |
| \$50,000 to \$99,999 | 972 | 16.7% | 1,321 | 25.2% |
| \$100,000 to \$149,999 | 1,891 | 32.5% | 1,516 | 28.9% |
| \$150,000 to \$199,999 | 1,122 | 19.3% | 610 | 11.6% |
| \$200,000 to \$299,999 | 858 | 14.7% | 581 | 11.1% |
| \$300,000 to \$499,999 | 527 | 9.1% | 475 | 9.1% |
| \$500,000 to \$999,999 | 215 | 3.7% | 196 | 3.7% |
| \$1,000,000 or higher | 22 | 0.4% | 14 | 0.3% |
| Total Units | 5,818 | | 5,246 | |

Factors such as educational attainment, household income and purchasing power, and home values have an impact on the City’s fiscal health. Property taxes comprised 24 percent of the City of Dalton’s total revenue for FY2016. Between FY2015 and FY2016, revenues from property taxes decreased \$168,000 due to a 2 percent decrease in the taxable digest and a 0.005 mill decrease in the millage rate. The City’s largest revenue source for government activities was Other Taxes (31 percent), which includes sales tax, insurance premium tax, hotel-motel tax, title ad-valorem tax, franchise tax, and alcohol beverage tax, followed by property tax. Between FY2015 and FY2016, revenue from Other Taxes decreased \$508,000 (4 percent) primarily due to a reduction in sales tax collections.

Between 2004 and 2014, total primary jobs located in Dalton, as opposed to Dalton resident employment, decreased from 37,259 to 34,477. As of 2014, one-third of all jobs were in manufacturing; although the number of manufacturing jobs declined from 13,969 in 2004 to 11,553 in 2014. The numbers of retail trade and wholesale trade jobs increased during that time, retail trade from 3,238 to 4,879 and wholesale trade from 1,711 to 2,124. Other significant changes during the ten-year period include a decrease in employment in the professional, scientific, and technical services sector from 5,133 to 2,214 and an increase in the educational services sector from 569 to 1,686. The majority of workers in Dalton are non-Hispanic (82.4 percent). Slightly more than one-third of workers (35.6 percent) have a Bachelor’s degree or higher.

Of the 34,477 workers employed in the City of Dalton, 4,627 (13.4 percent) also live in Dalton. The majority, 29,850 (86.6 percent) of workers employed in Dalton live outside the city limits; of those, 31.9 percent earn more than \$3,333 per month.

Additional data analysis and benchmarking research can be found in Appendix A.

Management Structure

The City of Dalton operates under a Council-Administrator form of government. The Mayor is elected for a four year term, along with four Council members who are elected at-large and representing each ward in the City. The Council serves as the legislative and policymaking body of the City. The Council has the ability to enact laws, determine policies, adopt the annual budget, and annex property into the city limits. The Mayor and Council provide oversight or liaise to the City's multiple boards, authorities, and commissions. The Mayor and Council are authorized to appoint a City Administrator.

The City is in the process of filling the currently vacant City Administrator position. The powers and duties of the City Administrator as defined by the City Charter can be found in Appendix B.

According to the City's organizational chart (Appendix C), the City Administrator has direct oversight over the following City departments:

- Administration
- Airport
- City Clerk
- Finance
- Fire
- Human Resources
- Municipal Court
- Parks and Recreation
- Police
- Public Works

In the absence of the City Administrator, those departments receive oversight, supervision, and guidance from the Mayor, City Council, and associated boards, commissions, and authorities. Such dispersed supervision may result in a lack of coordination across departments.

The Police Chief and Fire Chief are appointed by and report to the Public Safety Commission, which is authorized to develop internal policies, hire police and fire officers, and approve promotions. The Recreation Commission provides oversight to the management and operations of the Parks and Recreation Department.

The Finance Department reports to the Finance Committee, which is made up of the City Council. The Public Works Committee provides general supervision to the Public Works Department. The Public Works Committee approves changes to staffing, refers resident requests to the Department, and recommends policy changes. The Public Works Committee meets monthly with representatives from Public Works and the Police's Department's Code Enforcement officers. The Airport Authority currently provides oversight to and general management of the Municipal Airport and landing field.

In addition to providing oversight to the City's departments, many of the City's boards and commissions are charged with various activities and functions of City government. The City's 28

boards and commissions act independently. As a result, departmental accountability, policies, and processes vary.

Recommendations

Strong Executive Leadership

There is a need for strong leadership and coordination across City government. An effective City Administrator will support the vision of elected officials and take politics out of the day-to-day operations of City government. The City should hire a full-time City Administrator to provide day-to-day leadership of City government. The City Administrator should work closely with and coordinate the activities of the various departments toward common goals, maintain the City's budget, supervise employees, and create synergy to implement the goals of the Mayor and City Council.

The roles of the City Administrator, the Mayor, Council, and various advisory boards and commissions should be clearly articulated. The City Administrator should be responsible for the hiring and firing of City employees and should oversee staff and day-to-day operations. The City Administrator should manage the City's budget, provide budget reports, and alert the Mayor and City Council of any budgetary issues. The City Administrator should be prepared to interact with the public, representing the City in public meetings and serving on boards and committees as needed.

The cities of Gainesville, Rome, Danville, and Salisbury have a Council-Manager/Administrator form of government. Each have a City Manager who reports to the City's elected officials and is responsible for oversight of the City's departments.

Dalton's City Administrator should have staff needed to provide day-to-day oversight of City government. New staff should include the Performance Analyst, Chief Information Officer, and Planner.

The Performance Analyst should provide performance measurement, efficiency analysis, and benchmarking to improve the effectiveness of service delivery to the City's residents; work closely with City departments to evaluate, assess, analyze, and review performance, policies, and operations of City departments, vendors, and contractors; support the development of a more outcomes-based budget; and collect and analyze input/output data and report performance results to the public.

The Chief Information Officer should be responsible for communications for all City departments, including the website and social media; provide the City with the ability to oversee and maintain communication, eliminate duplication, and ensure consistency, continuity, and accuracy of messaging. Currently, City departments are independently responsible for communications. According to their job descriptions, the Deputy City Clerk and HR Assistant maintain the City's website. Departments are responsible for updates to their respective sites; for example, the Marketing/HR Specialist (Parks and Recreation) is tasked with providing website and social media updates. Dalton's Police Department retains a Public Relations Specialist.

A Planner (Community and Economic Development) should be responsible for program planning, implementation, and evaluation and monitoring the operational direction of the City's community and economic development efforts in accordance with the objectives and goals of the Mayor and City Council; organize, direct, and integrate the City's community and economic development programs and services; manage the City's CDBG program, currently managed by the Finance Department, work closely with the Housing Authority of the City of Dalton (HACD); and work closely with Code Enforcement, the Downtown Dalton Development Authority, the Joint Development Authority, the Regional Development Commission, the Tax Allocation District (TAD) Policy Commission, the Urban Area Planning Commission, the Land Bank Authority, the Greater Dalton Metropolitan Planning Organization, and the Planning and Zoning Commission.

Functional Consolidation

There is little coordination, and often duplication, of various functions among City departments. Independently, departments assume responsibilities for communications, purchasing and procurement, IT, facility maintenance, and asset management.

The City should consider consolidating certain functions under the City Administrator. The City Administrator should be responsible for the City's budgeting process, communications, facility maintenance, and asset management. The City should shift the IT division from the City Clerk's Office to report directly to the City Administrator and become a department responsible for maintaining the City's equipment and networks, as well as software purchases, installations, and updates for all City departments.

Danville's IT Department provides application support, GIS, and technical services to the City's departments. In Florence, the City's Utility provides IT support to the City. The IT Department maintains the City's website and maintains the City's computer technology and networking, trains employees, creates reports, and purchases computer equipment for all City departments. Rome's IT Department provides internal support services to all City departments. The three-member department reports directly to the City's Assistant City Manager. The Department provides network support 24 hours per day, seven days a week and staffs the Technology Help Desk during normal business working hours. Salisbury's IT Services provides strategic direction, leadership, and support of the City's IT needs.

Many responsibilities of the City Clerk's office can shift to the City Administrator allowing the City Clerk to focus on responsibilities associated with the administration, record-keeping, and support for City Council and the coordination of all the City's general and special elections.

In Danville, Florence, and Gainesville, the City Clerk reports directly to the Council. In Salisbury, the City Clerk reports to the City Manager. The Clerk's Office responsibilities are focused on supporting the Council.

Streamline Oversight

The City of Dalton has at least 28 boards, commissions, authorities, and committees that provide oversight to the various departments and their functions. Although Council members, as City liaisons, may feel connected and better informed as a result of their affiliation with the boards, the number of boards and commissions can be excessive. Department heads receive direction from the Mayor, City Council, and associated boards, commissions, and authorities.

The City should re-evaluate the functions of each board and commission, identify areas of overlap, and opportunities for consolidation. The City should reduce the number of boards and commissions¹ and clarify their roles and responsibilities.

Budgeting for Outcomes

The City should implement an outcomes-based budgeting process and the City Administrator should oversee the transition. Budgeting for Outcomes (BFO), a Government Finance Officers Association (GFOA) best practice, can potentially lead to improvements in service delivery and reductions in costs by incorporating outcomes in the budgetary process. BFO allows the government to set clear priorities and regularly monitor progress toward meeting their goals. Because the BFO process places the focus on outcomes rather than the department, it often facilitates collaboration, flexibility, and innovation. Figure 3 outlines the distinctions between budget models.

Figure 3: Budget Models

| Old Budget Model | Budgeting for Outcomes |
|--|---------------------------------|
| Energy spent at the margin: incremental cuts | Examine the entire budget |
| Inertia maintains current spending | Prioritization forces decisions |
| Dollars spent are most important | Value-add is most important |
| Fund departments and fund costs | Purchase results |
| Debate increases and reductions | Debate performance improvements |

The City should phase in the BFO approach. The City can begin by creating a targeted pool of funding that would go through BFO or limit BFO to specific funds initially. This dedicated funding represents the money available to “purchase” desired results or outcomes. Working with the Mayor and City Council, the City Administrator develops a set of goals or priorities (result areas). For each result area, the City forms result teams that create Requests for Offers (RFO) for each result area. The RFO includes outcome measures, a map of strategies, and purchasing rubric. City departments submit proposals for how they would use funds to achieve specified results. Funding is awarded based on the proposals.

¹ The City has the power “to create, alter, or abolish departments, boards, offices, commissions and agencies of the city, and to confer upon such agencies the necessary and appropriate authority for carrying out all the powers conferred upon or delegated to the same.” Dalton Code, Section 4-8.

Constituent Services

Knowledge of and access to the various services and opportunities offered by the City is key to effective and efficient governance.

Dalton's departmental offices are located in or within about a one-mile radius of City Hall. The Clerk's office and Cashier, the Finance and HR Departments, and the Administration Department are located in City Hall. Dalton Public Schools' central administration occupies about half of the space in City Hall (part of the second floor and all of the third floor).

Because of space limitations, the Municipal Court is held in a facility located at 214 W. King Street and the Municipal Court office is about a mile away at 535 Elm Street, in a building shared with the Public Works Department. The main administrative office for the Parks and Recreation Department is located at 904 Civic Drive. The Police Services Center is located at 301 Jones Street, and the Fire Department is located at 404 School Street.

The City of Dalton maintains a website that provides information about the various departments. Residents can access information about permits and licenses and download forms from the City's website. Through the MUNIS self-service system, businesses can make occupational tax, hotel-motel tax, and mixed drink tax payments online. Traffic fines can be paid to the Municipal Court online. Residents can also access the Parks and Recreation Departments' catalog of programs and register for a sport or rent space at the Recreation Center online. Residents can initiate a police report online. The website's employment page lists current open positions and provides a pdf job application that can be completed and emailed to the HR Director.

In order to request City services, residents must contact the responsible City department or division. For example, to report a pot hole, the resident calls the Public Works Department; the office assistant writes a (hardcopy) ticket and delivers the work order to the appropriate division supervisor. To register a fire code violation complaint, the resident calls the Fire Department. This process for requesting service may be difficult for residents to navigate and for the City to ensure timely and adequate resolution.

Recommendations

Bilingual Publications

With nearly half of Dalton's residents speaking a language other than English at home and more than 25 percent speaking English "less than very well," it is critical that the City recognize the barriers that exist for many of their residents. Public materials, print, and other services should be made available in Spanish and the City should ensure bilingual support to residents that need it. The City's website should be available in both Spanish and English.

Website Enhancement

The Internet has changed the ways that the public interacts with government. The City's website increases the convenience and speed at which residents obtain information and services. Providing

online services can reduce costs and the amount of paperwork needed. The City's website should provide information and allow for convenience and access to City services.

The City should significantly increase the number of services and payments that are available online. Residents should be able to make nonemergency requests for services, pay property tax (link to County), pay utility bills (link to Dalton Utilities), and submit permit, zoning, and business applications online. The City of Dalton currently offers residents the option to pay traffic fines, register for athletic programs, rent parks facilities, or make a police report online. Businesses can make occupational, hotel-motel, mixed drink tax payments online. Of the ten open positions advertised on the City's website, only three allow for applications to be completed and submitted online. For the other seven, residents must email completed applications to the HR Department.

Rome allows job candidates to complete and submit job applications online; applications can also be printed and mailed to the City's HR Department. Residents can pay their water bill, property tax bill, Municipal Court fines and tickets on the City's website. Residents of the City of Gainesville can pay their water bills, property taxes, traffic citations and court fines. Residents can pay rental fees for airport hangars and industrial park sites. Residents can also pay for permits and zoning and development fees.

In Florence, residents can pay taxes, renew their business license, and pay parking tickets online. They can download various forms and applications. The City of Florence also offers a One Stop Shop for businesses that provides valuable information businesses need to develop or expand, offering one point of contact. Applications and forms can be downloaded, completed, and returned to the City for processing. The City of Danville's website accepts personal property taxes, real estate taxes, and utility payments online. Salisbury offers options for online payments. The Development Services Department provides permit, zoning, and business applications online.

Non-Emergency Hotline

The City does not have a clear or consistent process for reporting non-emergency service requests. Residents contact the City Clerk's office or appropriate department or division. Departmental responses vary.

The City should implement a non-emergency number for all requests for information or non-emergency services to City government. Staff handling these calls should be both English- and Spanish-speaking. Residents should also be able to request a variety of services online. The Police Department accepts reports online; a similar format can be adapted for other non-emergency requests for services.

Danville residents can report non-emergency problems online (from their smart phone, tablet, or computer). Residents complete a short form indicating the issues and have the option to download a photo. Requests are routed to City staff to answer questions or address the issues. Residents receive an email confirmation (or text) acknowledging the service request and can check the status

of the issue online. Residents are notified once the work is complete or issue resolved. The app also provides a map that shows existing problems that have been reported in real-time.

Customer Relationship Management

The City lacks an efficient and effective method to collect, log, and respond to residents' requests. As a result, the City is unable to identify trends or analyze performance in order to make improvements. The City should deploy a customer relationship management (CRM) system to manage service requests. The CRM system would allow the City to manage and analyze requests and interactions with the goal of improving service delivery and resident relations. The CRM system captures all interactions made by phone, walk-ins, online, etc. and allows the City to monitor workflow and track performance.

Analysis of CRM system data should be used to identify trends based on types and location of requests and response times allowing City departments to make data-informed decisions for staffing and resource deployment. Through the CRM system, information should be shared across departments, encouraging collaboration and innovative solutions.

Physical Space

City government and services should be easily accessible to all residents, whether online or in-person. Although department offices are within a one-mile radius of City Hall, navigating various locations can pose a barrier to residents. The City should consider options to increase accessibility and service provision.

Sitting at the open window at the City Clerk's Office side of City Hall, the Cashier/Administrative Assistant functions as the "receptionist," assisting walk-ins and answering the phone. In addition to accepting payments and data entry duties, the Cashier/Administrative Assistant directs residents to the appropriate departments. The City Clerk's Office (left side) and Finance Department (right side) have service windows. Finance Department staff cover "receptionist" duties and accept payments when the Cashier is out.

The City Clerk's Office accepts payments and the Municipal Court accepts payments. The Finance Department reconciles the accounts. Although the Clerk's Office and Finance Department are co-located in City Hall, the Municipal Court is located blocks away in the building with the Public Works Department. Municipal Court is held in an older church building. Court Clerks are required to set-up and break-down all courtroom equipment before and after court; clerks are allowed two hours overtime per pay period for these tasks. This can be confusing for residents and inefficient for the City.

Operations

Increasingly, governments are required to do more with less; efficiency and the ability to increase the quality of services while reducing costs have become critical goals of local government. Operational efficiency ensures that resources are spent where they are needed the most and can make the greatest impact. The City of Dalton has an opportunity to create meaningful and sustainable efficiency gains.

In order to identify opportunities to improve the efficiency and effectiveness of government, the PFM team considered the various duties and functions of City departments and staff.

Fire

The Fire Chief reports to the Public Safety Commission and oversees a staff of 92 full-time employees: Deputy Fire Chief, three Battalion Chiefs, three Captains, 15 Lieutenants, Fire Safety Coordinator, Training Coordinator, Code Enforcement Officer, 21 Engineers, 41 Firefighters, Office Manager, and Staff Assistant. The Fire Department is divided into two divisions: Fire Suppression and Administrative Support. Three recruit positions are currently vacant.

The Fire Department operates five fire stations throughout the City. The Department is an ISO Class Two emergency provider. The Department has an automatic aid agreement with the Whitfield County Fire Department to provide supportive services in areas where response areas are adjacent to one another; in July 2017, Whitfield's Fire Department's ISO rating improved from a Class Five to Class Three.

The Department provides monthly reports to the Public Safety Commission. The report includes requests for staff promotions or commendations; a statistical report that includes data on types of incidents and estimated loss, types of medical emergency calls, response time analysis, and safety inspection report; and a financial report that documents the Department's expenditures for the month.

The majority of Fire Department calls are medical emergency calls. In 2015, 58.6 percent (1,654) of the Department's 2,894 calls were for emergency medical services; the Department responded to 66 structure fires, 35 vehicle fires, and 57 other fire calls. The Department's average response time was 5:03. In 2016, the Department responded to 3,392 calls with an average response time of 4:59. As of July 31, 2017, the Department has responded to 1,801 calls. The 2017 year-to-date response time is 4:56.

Hamilton EMS provides EMS services in Dalton. During the month of June 2017, the Fire Department arrived on the scene prior to Hamilton EMS for 77 percent of the medical calls.

Police

The Police Chief reports to the Public Safety Commission and oversees a staff of 89 sworn officers and 14 civilians. The Department is organized into four divisions: Patrol, Criminal Investigations, Support Services, and Administration.

The Patrol Division Commander oversees Division Operations, the Municipal Code Enforcement/Court Liaison, three School Resource Officers, Special Operations Sergeant, three Traffic Enforcement Officers, two Park Police, three Safety Code Enforcement Officers, and three shift units (one Lieutenant, two Sergeants, and 14 Police Officers in each shift unit). The Commander is supported by a Secretary and four Volunteer Program Chaplains.

The Criminal Investigations Commander oversees Division Operations, five General Case Investigators, a Sergeant and three Investigators in the Drug Unit, a Polygraph Investigator, and two Safe Streets Task Force Investigators. The Commander is supported by a Secretary.

The Support Services Commander oversees Division Operations, Recruitment/Community Involvement Officer, and Training Officer. The MIS/GIS Technician provides maintenance and troubleshoots computer hardware, software, and other office equipment; provides technical assistance and training to system users; and develops, maintains, and queries the GIS databases to aid in the crime analysis function. The Property and Evidence (P&E) Supervisor, with the support of an Officer, is responsible for processing and maintaining property. The P&E Supervisor also oversees fleet maintenance, building maintenance, and maintaining records. The Division also has a full-time Custodian and Secretary.

The Administration Commander oversees the Planning and Research, Intelligence Analyst, Accreditation Manager, Purchasing Agent, and Public Relations Specialist. The Department currently has four sworn officer vacancies.

The Dalton Police Department has exclusive law enforcement jurisdiction inside the corporate city limits and responds to calls for police services and provides support to fire and EMS to assist with scene safety. Their jurisdiction includes 4.2 miles of I-75 and two interstate exchanges.

Officers spend about 45 percent of time responding to citizen-generated calls and about 15 percent of time conducting preliminary investigations or following up calls. Officers spend about 20 percent of their time on preventive measures and focused deterrence. About 10 percent of time is spent on emergency events. Officers spend a small percentage (5 percent) of time on enforcement (traffic enforcement and making arrests).

Public Works

The Public Works Department includes a staff of 70 full-time and up to 13 part-time employees (71 FTEs). The Department is organized into six divisions: Traffic Systems, Street Maintenance, Stormwater, Sanitation, Landscaping, and Vehicle Maintenance. The Director of Public Works reports to the City Administrator, supervises four Division Managers, and oversees the operations of the Department's six divisions. The Director prepares and submits the Department's annual

budget, makes recommendations for capital improvement projects, equipment upgrades, and staffing. The Director is supported by an Assistant Public Works Director, Office Manager, Receptionist, and Safety Coordinator.

The Office Manager handles all administrative duties, including payroll and timekeeping, maintains personnel records, assists employees with personnel and insurance matters, processes purchase orders for all divisions, processes invoices, and maintains vendor records. The Office Manager records departmental fuel consumption and prepares interdepartmental billing on a monthly basis.

The Traffic Systems Division Foreman reports to the Project Manager, a position that is currently vacant. The Traffic Systems Division is responsible for the maintenance and repair of traffic signals², signs, and street striping. Six staff, including the Foreman, make up the Traffic Systems Division.

The Operations Manager oversees the Building/Grounds Specialist and the four major Divisions of the Department: Street Maintenance Division (staff of 12), Stormwater Division³ (staff of four), Landscaping Division (staff of 10 including Community Service Coordinator and West Hill Cemetery Sexton), and the Sanitation Division, which includes Garbage (staff of seven), Debris (two crews of six staff each), and Recycling (staff of four equipment operators including two mowing/leafers).

The Fleet Manager reports to the Assistant Director and oversees a staff of seven in the Vehicle Maintenance Division. The Fleet Manager is supported by an Administrative Assistant.

The Department outsources for lawn service and mowing at the Cemetery, various City buildings and grounds maintenance, and hazardous tree removals as needed. Current vacancies in the Department include the Project Manager/Engineer, Asphalt Worker, Single Axle Truck Driver, Landscape Technician, and part-time landscape worker.

The Department of Public Works provides weekly curbside refuse and recycling pick-up to City residents. The Department is responsible for street repair, maintenance, and striping; sign installation and maintenance; and storm drain maintenance. The Department maintains 88 traffic signals, including 26 signals on the state highway system. The Department of Public Works conducts traffic studies and provides engineering services. The Department is responsible for mowing and landscaping downtown, around City Hall and the Public Works Building, at several small park areas and green space, and in the City's right-of-ways. The Department also assists with special events, holiday decorating, and special projects at the request of the Mayor or Council.

Parks and Recreation

The Parks and Recreation Department is responsible for maintaining 734 acres of land, 13 parks, 26 athletic fields, 18 tennis courts, and nine playgrounds. The Department operates the John Davis Recreation Center, Mack Gaston Community Center, Nob North Golf Course, and co-funds the

² Includes 26 signals located on the State Highway System.

³ Stormwater Division was created in January 2015 when the City acquired the responsibility of stormwater maintenance from Dalton Utilities.

Dalton/Whitfield Senior Center. The Department hosts multiple sports tournaments and offers a range of recreational activities including youth athletics programs, summer camps, exercise and wellness programming. The Department employs 57 FTEs - 28 full-time and up to 217 part-time and seasonal employees.

The Director reports to the City Administrator and is responsible for the overall administration of all programs, operations, and facilities. The Director oversees administrative support staff and the following divisions: Golf, Senior Center, Parks, Recreation, and Grounds Superintendent.

The Parks and Recreation Department's administrative staff include the Office Manager, Office Assistant, Accounts Payable Clerk, and Marketing/HR Specialist. The Administration Office processes invoices for the Recreation Center, Senior Center, Golf Course, and other departmental divisions and collects and deposits revenue from concessions. The Marketing/HR Specialist provides marketing, advertising, and publicity for the Department, updates the website and social media accounts, manages and processes departmental payroll.

The Dalton/Whitfield Senior Center is staffed by four full-time employees and up to 13 part-time employees. Part-time employees include a custodian, cooks, program assistant, bus driver, and front desk support staff. Costs of operating and maintaining the Senior Center are shared between the City and County.

The Department employs seven full-time and up to 22 part-time and seasonal employees at the Nob North Golf Course. In addition to the Golf Pro and Golf Pro Assistant, the Grounds Superintendent, Groundsman, two Equipment Operators, and Mechanic are based at the Golf Course.

The Parks and Recreation Department maintains its own custodial, grounds, and landscaping crew. The Department generates revenue through its facility rental program and concessions. The Department contracts programming and coaching as well as utilizes volunteers for coaching youth sports.

City Clerk's Office

Located on the ground floor of City Hall, the City Clerk's Office is staffed by a full-time City Clerk, a full-time Deputy City Clerk, a full-time Cashier/Administrative Assistant, and part-time clerical support. The Office, often referred to as the "catch-all" office, is responsible for supporting the needs of City Council, staffing Pension Board and Public Safety Commission meetings, and managing City records. The City Clerk's Office also oversees the administration and processing of alcohol beverage licenses, occupational tax certificates, and all other licenses and permits, oversees the processing of code violations and all alcohol beverage hearings, oversees issuance and maintenance of all cemetery deeds, and coordinates online auctions for all City departments.

The City Clerk is responsible for administration, record-keeping, and support for City Council, Pension Board, and Public Safety Commission meetings, and serves as the City's qualifying officer working with the County to coordinate all aspects of the City's general and special elections.

The Deputy City Clerk reports to the City Clerk and is responsible for supporting the City Clerk and assisting City Council members. In addition, the Deputy City Clerk maintains and updates the City's website, specifically maintains the City's RFP and bids pages, City news and calendar of events, uploads permit applications, etc.; performs annual immigration reporting to the State, orders supplies for the department; updates various databases for boards, committees, annexations, and alcohol violations; and handles miscellaneous requests from City Council members.

The Cashier/Administrative Assistant reports directly to the City Clerk and is responsible for account collections and various clerical duties. The Cashier/Administrative Assistant assists walk-ins and answers phone calls to City Hall. Currently, the individual in this position is bilingual and serves as the translator for Spanish-speaking residents.

Beginning in 2014, the City created an IT division reporting to the City Clerk's office. The IT division provides connectivity to over 15 City locations and over 300 users. The IT division is staffed by a full-time IT Manager and full-time IT Support Assistant; both employees were transferred from the Police Department. The IT Manager reports directly to the City Clerk and is responsible for maintaining the City's networks (LAN and WAN) including City Hall, Municipal Court, and the Fire, Police, Recreation, and Public Works Departments; installing and troubleshooting hardware and software; and establishing IT policies. The IT Support Assistant maintains the City's operating systems, performs systems maintenance tasks, and assists users with training and troubleshooting.

Finance

The Finance Department is staffed by five full-time employees and is accountable for the financial activity of the City and the Dalton Building Authority. The Finance Department prepares the City's annual operating and capital improvement budgets. The Department provides assistance, direction, and support to the other City departments.

The Finance Department prepares all invoices for City departments; in FY2016, the Department processed approximately 15,000 invoices. The Department is responsible for purchase order processing and procedures (10,198 purchase orders processed in FY2016); individual departments are responsible for purchasing and reviewing, awarding, and record-keeping for bid projects. The Finance Department records revenue transactions for the Airport, Municipal Court, Parks and Recreation and Public Works Departments, the landfill, and the golf course. The Finance Department provides oversight for the payroll function and back up for payroll processing and administration. The Department sent over 14,000 payroll notices in FY2016. The Finance Department also reconciles accounts receivable and various associated reports processed by the Cashier/Administrative Assistant in the City Clerk's Office.

The Chief Financial Officer (CFO) provides oversight of the Finance Department, develops the City's budget documents, coordinates the annual audit process, develops and implements various City policies and procedures, and is responsible for cash management, debt administration, and preparation of financial reports.

The Accounting Specialist reports to the CFO and is responsible for all bank reconciliations; unearned revenue accounts; hotel-motel, mixed drinks, beer/wine/liquor general billing; and worker's compensation claims; and serves as back-up for the payroll clerk and HR payroll administrators. The Accounting Specialist is responsible for the citywide accounting and timekeeping software administration and maintains updates and assists other departments as needed. As the Community Development Block Grant (CDBG) program administrator, the Accounting Specialist is responsible for the application process, sub-recipient agreements and program monitoring, preparing and submitting required reports, and attending HUD training.

The Senior Accountant reports to the CFO and is responsible for maintaining the general ledger, accounts payable and accounts receivable accounting systems; reconciling various accounts and funds (insurance, Municipal Court, inventory, pension investment funds, and taxes receivable); preparing sales and fuel tax reports, Municipal Court, and inter-fund reports and transfers; and providing financial data as needed. The Senior Accountant also provides backup support for Accounts Payable and Cashier.

The Accounting Technician reports to the Senior Accountant and is responsible for vendor management and compliance of the City's 1,300 active vendors; 1099 preparation; credit card accounts; capital asset sales and purchase reconciliations; assists in the preparation of bids and RFPs, and provides backup for Accounts Payable and Cashier. Accounts Payable reports to the Senior Accountant and is responsible for accounts payable processing, compliance, and serves as back up for Cashier.

Human Resources

The Human Resource (HR) Department is staffed by three full-time employees. The HR Director is responsible for oversight of the Department; staffing and recruiting; new employee orientation; personnel policies and procedures; benefit administration; and compliance. In 2016, the Department was involved in the hiring of 33 full-time and 182 part-time employees. The HR Director presents an annual HR report to the Mayor and Council; the report includes information on employee benefits and employment data such as number of FTEs, turnover by department, retirements, open positions and the number of applications processed.

The HR Assistant reports to the HR Director and is responsible for posting job announcements and managing the application process; entering payroll changes into the system; new employee orientation; administering employee benefit programs; and maintaining employee files. The HR Assistant supports special projects such as employee service awards and recognition, coordinates holiday gift orders by department, maintains and updates the website for all departments except Municipal Court, and organizes employee participation in the Healthcare Classic and Silverbell Sprint runs.

The Payroll Administrator reports to the HR Director and is responsible for data entry into the payroll system; each department is responsible for edits and approval of employee time submitted to the Payroll Administrator. The HR Department processes payroll for leased employees; the

Downtown Dalton Development Authority, Convention and Visitors' Bureau, and the Dalton Whitfield Community Development Corporation submit paper time sheets to the Payroll Administrator to enter into the system.

Municipal Court

The Municipal Court Judge, City Solicitor, Prosecuting Attorney, and Public Defender are independent contractors to the City appointed by the Mayor and City Council. The City also contracts with a Court Interpreter as needed and for private probation supervision. In 2016, Dalton's Municipal Court heard 7,872 cases, up from 6,747 in 2015. Of the 2016 cases, the majority, 84.8 percent (6,672) were traffic (not DUI). In 2016, the Court heard 324 misdemeanor cases, 240 drug cases, 233 serious traffic (including DUI) cases, 224 ordinance (including code enforcement violations, and 179 cases were transferred to another Court.

The Clerk of Court works under the supervision of the City Administrator and the Municipal Court Judge. The Clerk of Court is responsible for non-judicial functions such as records management, budget management, employee supervision and training, and overall operations of the Court.

The Chief Deputy Clerk reports to the Clerk of Court, serves as the assistant department head, and is responsible for assisting the Clerk in the management and daily operations of the Court. The Deputy Court Clerk performs the clerical tasks in support of court operations, including coordinating the flow of court proceedings, collecting payments, scheduling and maintaining court calendars, and maintaining court records.

The Administrative Pay Window Clerk accepts receipts and secures bond/fine money, performs clerical duties (answering the phone, typing, filing, etc.), enters data, assists in issuing bench warrants, witness subpoenas, and other court orders as needed.

Shared Services and Leased Employees

The City provides payroll and administrative support for employees leased by the Northwest Georgia Trade and Convention Center (15 full-time and up to 64 part-time employees), the Dalton-Whitfield Convention and Visitors Bureau (five full-time and eight part-time employees), the Downtown Dalton Development Authority, the Dalton Whitfield Community Development Corporation (four full-time and one part-time employees), and the Dalton-Whitfield Solid Waste Management Authority (38 full-time and three part-time employees).

Recommendations

Efficiency Focus

The new City Administrator should focus on identifying and scaling up the use of efficient practices currently in place and piloting innovative new practices leading to increased efficiencies. For increased efficiency, for example, the City should consolidate purchasing and procurement under the Finance Department.

The Danville Purchasing Division, in the Finance Department, is the core of the City's centralized purchasing operations. The Division procures all equipment, supplies, and construction services, negotiates professional services contracts, expedites orders, monitors vendor performance, disposes of surplus property through GovDeals, and management departmental credit cards for small City purchases. In Gainesville, all City purchases and bid opportunities are managed by the Finance Department. The City of Rome has a centralized purchasing system; the Purchasing Department is responsible for all City purchases and manages the City's vendors. The Salisbury Finance Department oversees the City's Purchasing Division, which provides a centralized source of procedures, information and support related to the purchase and lease of supplies, materials, equipment, and contractual services for the City. The Purchasing Division also manages and maintains a system of fixed asset identification, reporting, and accountability.

The City should centralize all cashier functions into the Finance Department, including the collection of Court fines and fees. The Finance Department currently records all transactions from the airport, Municipal Court, Departments of Parks and Recreation and Public Works, the landfill, and golf course; in addition, the City Clerk, Senior Center, and Police Departments also collect revenue. The centralization of cashier functions could increase efficiency.

Danville's Finance Department serves as the City's centralized collection service, including the collection of utility payments. Gainesville's Finance Department is responsible for billing, collection, and administration of the City's occupational tax, City tax, and airport hangar rentals. In Salisbury, the Finance Department is responsible for collecting all utility and other revenue.

The Performance Analyst, with the direction of the City Administrator, should lead the City's efforts to adopt and use performance metrics and analytical tools to inform service delivery and productivity. Each department should develop an Annual Performance Plan that aligns the activities and deliverables of the department with the goals of the Mayor and Council. The Plan should highlight specific performance targets and outline the support and resources needed to meet the targets. The Annual Performance Plan should be the foundation for departmental and employee performance evaluations. The annual evaluation process should be institutionalized and implemented with consistency in all departments. Support and training may be necessary.

The City should consider options for service sharing among City departments and with the County. For example, the City and the County should explore the possibility of sharing mowing contracts.

Revenue-Generating Opportunities

The City should consider imposing a sanitation fee to recoup at least a portion of the cost of refuse and recycling pickup services.

Residents of Danville are required to purchase their garbage can and pay \$16.50 per monthly for weekly curbside service. For an additional fee of \$260 per year, refuse set-out service is provided to residents who are physically challenged and unable to set their cans out. Bi-monthly curbside recycling is available to residents for \$3.75 per collection (\$97.50 annual fee); application for recycling pickup are available online. Residents of Florence pay \$16.00 per monthly for weekly

curbside service, including recycling. Gainesville residents are charged \$32.10 on their monthly water bill. The fee covers bi-weekly garbage removal and weekly recycling service.

Refuse collection rates vary by can size in Rome; residents choose from a city-issued 65 gallon roll-out cart for \$9.40 per month and a 95 cart for \$14.45 per month. Residents are charged monthly on their utility bill. In Salisbury, residents are billed \$7.00 per month on their utility bill for weekly garbage and bi-weekly recycling pickup. Each residence is issued one cart at no charge. A \$60.00 replacement fee is charged for carts that are lost, stolen, or damaged. Salisbury outsources its recycling services.

The City should impose a stormwater fee. The City of Gainesville passed an ordinance that allows for the collection of stormwater fees. Beginning in January 2017, the monthly stormwater fee of \$1.00 per 1000 square feet of impervious surface is charged to help to offset the estimated cost (\$2.73 per month) of the stormwater maintenance program. Residents in Salisbury pay a \$5.00 monthly stormwater fee; the fee is based on the assumption that each residential unit has 2,500 square feet of impervious surface, one equivalent residential unit (ERU). Business pay according to a tiered-based system ranging from \$12.00 per month to \$360.00 per month based on estimated ERU.

The City should consider charging membership and program participation fees for the various recreational offerings provided by the Parks and Recreation Department. The City can implement a sliding fee scale based on income or charge non-City residents a slightly higher fee.

The majority of programs offered by Danville's Parks and Recreation Department are fee-based. There is a \$2.00 drop-in charge to access the Community Center's gym and workout facilities. Florence charges a range of fees for Parks and Recreation activities; for example, the annual fee for the senior low-impact exercise class is \$15.00 and aerobics costs \$20.00 per month to attend. The City of Gainesville offers a range of programs; non-City residents are charged a higher fee to participate than residents. Salisbury Parks and Recreation Department offers businesses an opportunity to advertise at the Community Park (\$600) and at the greenway (\$1,000 to \$5,000).

The City should consider opportunities associated with the Nob North Golf Course. With FY2016 net income of \$22,000, the City should consider the potential of privatizing the course. The City should consider a fee structure that charges non-City residents slightly higher fees.

The City should charge administrative fees to offset the indirect costs associated with leased employees and services provided to Dalton Utilities and the Dalton Building Authority. The City provides HR, payroll, and administrative support for employees leased by the Northwest Georgia Trade and Convention Center, Dalton-Whitfield Convention and Visitors Bureau, Downtown Dalton Development Authority, the Dalton Whitfield Community Development Corporation, and the Dalton-Whitfield Solid Waste Management Authority. The Finance Department provides accounting and audit responsibilities for OPEB, pensions, and workers' compensation. The City should be reimbursed for the expenses associated with these services.

Cost-Savings Opportunities

The City should evaluate the cost savings associated with contracting out various services, such as garbage and recycling collection. The City should consider outsourcing concessions at the Parks and Recreation Department. This would eliminate two full-time positions and up to 30 part-time positions along with the administrative costs associated with them.

The City should work with Whitfield County and local hospitals to establish a regional Community Paramedics Initiative to reduce the number of 911 calls made by frequent utilizers. Frequent reliance on EMS for non-emergency care is costly and pulls resources that may be needed for emergencies. A Community Paramedics Initiative would allow EMS workers to be instrumental in the shift from emergency care to regular and consistent preventative care. Through home visits and community-based prevention strategies, EMS teams are helping patients manage their health and reduce the frequency of 911 calls.

Staffing

The City should employ a vacancy control process where all vacant positions are regularly reviewed to determine if the position is necessary and if duties can be shifted for increased efficiency.

The City should restructure the Parks and Recreation Department to reduce the number of part-time employees. Instead, the Department should develop a more targeted Summer Youth Employment Program. The Program would provide work opportunities to high school students and young adults who might otherwise struggle to find summer jobs. In addition to receiving a paycheck, youth gain valuable employment experiences, develop skills and networks, and engage in constructive activities.

Budget

Under the direction of the Finance Committee, the Finance Department prepares the City's annual budgets (operating and capital improvement). The Finance Department provides individual departments with a spreadsheet that contains estimates for payroll and benefits, pension, and fuel costs. Departments provide the Finance Department with their projected budget and the Finance Department prepares the budget worksheet. Finance Committee members meet with each department to review their budgets (operating and capital improvement) and prioritize requests. After a required public hearing and two public notices, City Council adopts the budget. The City does not submit a multi-year budget.

Budgetary control is at the department level. Department Directors have the discretion of budget transfers within their respective budgets, provided the change does not increase the overall budget and personnel services allocated for their department.

In FY2016, the City reported General Fund revenue of \$22.8 million, the majority (80.5 percent) from property and other taxes. Budgeted FY2017 revenues show a modest decrease of approximately \$152,000 when compared to FY2016 actuals.

Figure 4: FY2016 General Fund Revenues

| Taxes | Charges for Services | License & Permits | Misc./Other | Total Intergovt | Fines & Forfeitures | Investment Earning |
|--------------|----------------------|-------------------|-------------|-----------------|---------------------|--------------------|
| \$17,521,013 | \$1,409,091 | \$969,673 | \$798,272 | \$575,921 | \$410,826 | \$90,200 |
| 80.5% | 6.5% | 4.5% | 3.7% | 2.6% | 1.9% | 0.4% |

In FY2016, the City reported General Fund current expenditures of \$29.7 million with additional capital outlay expenditures of \$183,436 (Culture and Recreation), \$95,492 (Public Safety), \$63,871 (Public Works), and \$20,443 (General Government). Budgeted FY2017 expenditures show an increase as compared to FY2016 actuals of just over \$1.46 million. The main factor in this increase is a \$1.1 million increase in the Public Safety budget.

Figure 5: FY2016 General Fund Expenditures

| Public Safety | Public Works | Culture & Recreation | General Govt | Judicial | Health & Welfare | Housing & Development |
|---------------|--------------|----------------------|--------------|-----------|------------------|-----------------------|
| \$15,642,953 | \$7,067,857 | \$3,432,556 | \$2,433,545 | \$433,736 | \$402,475 | \$311,750 |
| 52.6% | 23.8% | 11.5% | 8.2% | 1.5% | 1.4% | 1.0% |

In FY2016, expenditures exceeded revenues by \$9.3 million. After the Dalton Utilities transfer in (\$10.2 million) and the transfers out, there was a budgeted decrease in the Fund Balance of \$1.5 million due to departmental capital requests. In FY2016, the actual net change in the Fund Balance

was substantially lower - a loss of almost \$570,000. FY2016 was the first full year of the Special Purpose Local Option Sales Tax (SPLOST) collections since the passage of the 2015 SPLOST.

For the last several years the City has used the transfer fee from Dalton Utilities to balance the budget. Prior to that time, the transfer fee funded capital expenditures.

Recommendations

Budget Presentation

The City's budget document should identify the services the City offers, the funding required to provide those services, and the reasoning behind key budgetary decisions. Since the budget document represents the City's priorities and communicates the strategies used to meet its goals, it should be easy to understand and accessible to all residents. The budget document should be made available in Spanish.

The City should implement a budget document consistent with GFOA Best Practices and provide additional details on revenues and expenditures and articulate citywide and departmental goals and measurement for performance. The benefits are increased transparency, improved accountability and highlights spending inefficiencies.

GFOA recommends using a standard format for all departments that includes a description of the services or department's functions and responsibilities; challenges, issues, and opportunities (with an emphasis on solutions); a discussion of revenue generated by the department and potential recovery rates; an analysis of major categories of expenditures and note significant changes; and performance measures that link with the goals of the department and City and include input, output, and metrics and their relationship to achieving the desired goals.⁴

The budget document should contain a departmental section that highlights accomplishments and emphasizes programs or services and how departmental objectives will be met. In addition to transparency, these details will provide a greater understanding of the purpose of funded programs or services and the associated costs.

The Performance Analyst should be tasked with supporting the transition to an outcomes-based budget. Currently, four of the City's departments (Police, Municipal Court, Finance, and IT) have a strategic plan; the Fire Department is in the process of developing their strategic plan. Strategic plans articulate departmental goals and objectives and include outcome and performance-based metrics.

Multi-Year Financial Planning

The City of Dalton develops an annual budget but does not currently develop a multi-year budget and capital improvement plan. Recognized by the GFOA as a Best Practice, a multi-year financial plan provides "*a comprehensive and systematic management tool designed to help organizations*

⁴GFOA Best Practice: Performance Management: Using Performance Measurement for Decision Making (2002, 2007). Government Finance Officers Association.

*assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission and achieve consensus on strategies and objectives for achieving that mission.”*⁵ Multi-year financial plans provide insight into future financial capacity in order to develop strategies for long-term sustainability.

The City Administrator should lead the City's efforts in the development of a multi-year financial plan. The plan should include an analysis of the City's overall financial environment, a forecast of revenue and expenditures, the City's debt position and affordability analysis, and strategies for maintaining a healthy fiscal position. The plan should also include key indicators of financial health that can be monitored. The plan should be shared with the public and updated as needed.

The City Administrator should establish specific policies for the development of the capital improvement budget. According to the GFOA, *“effective policies can also help a government to assure the sustainability of its infrastructure by establishing a process for addressing maintenance, replacement, and proper fixed asset accounting over the full life of capital assets.”* Led by the City Administrator, Finance Director, and Planner, the capital budgeting process should include a template for department heads to record the justification of needs.

⁵ Recommended Budget Practice on the Establishment of Strategic Plans (2005). Government Finance Officers Association.

Dalton Municipal Airport

The Dalton Municipal Airport is a city-owned, public-use airport located six miles southeast of the City. The airport is staffed by a full-time Manager, a full-time Lineman, and three part-time Linemen. The airport offers fuel, aircraft ground handling, aircraft parking, hangars and hangar leasing or sales, and a passenger terminal and lounge. Five large hangars have a 30-year land lease; 46 small hangars are available for day to day use. The airport maintains an instrument landing system (ILS) that enables aircraft to land if the pilots are unable to establish visual contact with the runway. The airport contracts its mowing and grounds maintenance.

The airport is viewed by the City and the various economic development agencies as a valuable asset to attract new industry; when executives come to town, many times the airport is the first thing (and the last thing) they see. The airport strives to make a good impression. The lounge provides pilots a place to stay during the executives' meetings. The airport also provides courtesy cars to the pilots for their use while in the local area. The Pilot's Association provides planes the use of a ground power unit; when they are on the ground waiting, they save on fuel usage.

In FY2016, airport expenditures exceeded revenues by \$348,000 with the depreciation expense of \$390,000 included. However, before depreciation, the airport generated cash flow of about \$42,000. Their current net position is \$6.7 million with \$100,000 unrestricted; the remainder is a net investment in capital assets. In FY2016, there was a transfer in from the City of \$35,000 for acquisition of capital assets. In FY2015, results were similar with cash flow before depreciation of almost \$31,000.

Of the comparison cities, Danville and Gainesville have municipally-owned airports. In Danville, the City owns the airport but contracts out the fixed-based operations. In Gainesville, the airport is owned and operated by the City, specifically the Public Works Department.

Recommendations

The City should consider privatization through the Airport Privatization Program. The program was established as a pilot program in 1997. The program allows private companies to own, manage, lease, and develop public airports as a way to encourage private investment and development. Upon reauthorization in 2012, the number of participating airports expanded from five to ten; three airports have been selected for the program; seven slots for participation in the program are available. Applications for the program must be submitted and approved by the FAA.

The City should explore opportunities to privatizing the terminal operations. The City may still elect to retain overall management of the airport including airfield services. Some of the potential benefits could be enhanced service quality and a tighter control of the budget through more predictable costs. There would also be the potential for cost reduction by transferring operations to a third party that can more efficiently handle the operational costs due to economies of scale and lower labor costs such as employee compensation and benefits. This could enhance the profitability of the terminal which may include shifting the financial risk/reward to a private entity.

The City should capitalize on the airport's potential as an economic development tool. Dalton's website provides a link to the airport (under Helpful Links), but the site is "Under Construction."

The City of Danville provides information about their regional airport. Their airport's website includes a link to Danville's Economic Development Office under Business Development Information. Danville's airport website also advertises development opportunities in the City's Enterprise Zone.

Dalton Utilities

Dalton Utilities provides electricity, natural gas, water, waste water, and IT to customers in Dalton, Whitfield County and portions of Murray, Gordon, Catoosa, and Floyd counties (approximately 73,000 customers). Customers are billed so that operating revenues and investment earnings shall be sufficient to meet operating and maintenance expenses and certain reserve requirements. The City reports the activity of Dalton Utilities in the Water, Light and Sinking Fund (WLSF) Commission which is the City's only major enterprise fund.

The WLSF Commission (Dalton Utilities) is the largest department within the City and is currently debt free. The WLSF Commission is about to embark on a bond issuance for capital expenditures. Their five-year plan shows a current need of almost \$57 million with deferred needs (2008 – 2016) of \$174 million for a total of \$231 million. During this bond issuance process, there will be discussion with the City about the amount of the annual transfer fee from the WLSF to the City and how it is to be calculated. This will be a part of the Bond Indenture that will be in place for as long as the bonds are outstanding.

About 70 percent of the revenues reported by Dalton Utilities are generated by textile industries located in the City. As a municipal utility, Dalton Utilities is able to offer competitive rates and serves as a tool for economic development.

Currently, the City receives five percent of top-line revenues as a "transfer in" under local ordinance. For FY2016, this transfer was \$10,214,000 from \$205,218,000 operating revenues. For at least the last 10 years, this transfer fee has been used to balance the City's budget and currently accounts for approximately 33 percent of the operating budget. Prior to this time, the transfer was used to fund capital expenditures. In FY2016, Dalton Utilities had operating income of \$35.6 million after depreciation of \$27.9 million. Unrestricted assets were \$29.9 million. After the annual transfer fee of \$10.2 million to the City's General Fund, approximately \$26.0 million was added to the WLSF's net position.

The WLSF Commission participates in the ownership of electric generation and transmission facilities with Georgia Power Company, Oglethorpe Power Corporation and Municipal Electric Authority of Georgia. They have a small ownership (about 1.7 percent) of two nuclear plants and two coal-fired plants. In addition, the WLSF Commission is a joint owner of two new nuclear plants under construction at Plant Vogtle. The Contractor on the new Plant Vogtle project, Westinghouse, has filed for bankruptcy and their parent company, Toshiba, is expected to honor the \$3.68 billion financial guarantee of project costs. The impact on construction and the costs is unknown at this time. Toshiba reached an agreement to pay \$3.7 billion to Southern Company (parent to Georgia Power) and the other owners of Plant Vogtle (including Dalton Utilities). Georgia Power stated on July 28, 2017, that its Southern Nuclear division has taken over construction.

The uncertainty associated with the nuclear plant project has an impact on the fiscal outlook of the City. In Spring 2017, Moody's affirmed the credit ratings of both the City of Dalton (Aa2) and Dalton Utilities (A2) but changed the outlooks to Negative. According to the Moody's Rating Reports, "the

negative rating outlook reflects the increased risks to the City and Dalton Utilities of substantially higher construction costs at Plant Vogtle, due to the Westinghouse bankruptcy. An additional credit pressure on the City is the reliance on the annual transfer fee from Dalton Utilities. This dependence by the City could place pressure on retail rates as Dalton Utilities sets policy to manage the higher costs related to the construction of Plant Vogtle”.

Recommendations

The City should contract for an independent appraisal of Dalton Utilities. The appraisal would identify the value of the asset for potential monetization. The appraisal could help inform the appropriate level of annual transfer payment. Many municipalities utilize a franchise fee structure. A franchise fee would give equity in the system to the City – an ownership return on their involvement.

The City should reconsider its reliance on the transfer fee. The City should determine if reinstating the prior practice of using this fee to fund capital expenditures, or using a portion of the fee, would be prudent. If the City chooses to redirect the revenue, it will need to find funds elsewhere or reduce expenditures to balance the General Fund budget.

In Danville, Virginia, for FY2016, the General Fund received approximately \$14.8 million from the Water, Wastewater, Gas and Electric Enterprise funds which equates to about 9.8 percent of top line revenues. However, not all of the transfer fee is used for operations. Approximately \$8.2 million is transferred out to enhance the economic base of the City and County and supports CIP projects, economic development grants, transportation, and the Regional Industrial Facility Authority.

In Rome, Georgia, for FY2016, approximately \$1.7 million was transferred to the General Fund from the Water & Sewer System and Solid Waste Commission Funds on top line revenues of \$27.2 million or about 6.2 percent (6.5 percent from the Water & Sewer System and 3.8 percent from the Solid Waste Commission). The City's General Fund transferred out approximately \$9.2 million to various funds (Planning Commission, Capital, Transit, Fire, Community Development, Golf and Solid Waste Management).

Economic and Community Development

The City relies on agencies such as the Dalton-Whitfield County Joint Development Authority (JDA), Downtown Dalton Development Authority (DDDA), and Greater Dalton Chamber of Commerce (Chamber) to develop and implement their economic development strategies.

In May 2017, the Chamber and partners initiated efforts to develop the Greater Dalton Community and Economic Development Strategy. As part of the planning process, residents were provided the opportunity to participate in an online survey and key stakeholders were interviewed. Based on the feedback, a Community Assessment was created and will be used to develop a five-year blueprint for action.

Economic development and community development are inherently linked. Both strive to improve a city's capacity to increase economic diversity and opportunities for residents. Community development focuses on strategies that improve conditions in neighborhoods and often targets low-income individuals and families by addressing a range of issues that include employment, health, housing, and safety.

The Dalton-Whitfield Community Development Corporation (DWCDC) is the agency tasked with the City's community development efforts. The City is represented on the DWCDC's nine-member board. The DWCDC, staffed by an Executive Director, three full-time Housing Counselors, and a part-time Assistant, provides homeowner education, down payment assistance, volunteer income tax assistance, and emergency housing repairs to County residents.

In addition, the City supports community development through their CDBG funding. In FY2016, the City reported allocations of about \$245,000. Of their FY2016 allocation, 46 percent was spent on housing and development, 38 percent was spent on general government, and 16 percent was spent on health and welfare. In recent years, funding priorities include City projects such as road improvements, greenspace development, and code enforcement; there has been a shift away from funding community-based organizations. The Housing Authority of the City of Dalton (HACD) has not received CDBG funding since the 2015-2016 program year.

The City's 2014-2018 Consolidated Plan⁶ identifies the following goals: provide housing counseling and intake assessment for residents in the low- to moderate-income areas; enrich community services and provide limited economic development by funding local non-profits; provide transitional housing to serve victims and children of domestic violence and homeless persons; provide code enforcement officers in low-income areas; provide ADA Compliance at public parks and playground equipment; and provide rehabilitation on low to moderate rental property/public housing units for low-income persons, elderly, and/or disabled.

⁶http://www.cityofdalton-ga.gov/vertical/sites/%7BF9696428-603E-47FF-A264-7C8BED683943%7D/uploads/Con_Plan_FINAL_5-13-14.pdf

In addition, the City's Community HOME Investment Program, with funding from HUD, provides assistance to low-income families for home improvements, although few residents take advantage of this opportunity.

Recommendations

The Planner proposed for the staff of the City Administrator should be charged with overseeing implementation of the community development and economic development plans, managing CDBG and HOME funds and coordinating various development agencies.

The City of Danville's Department of Community Development is responsible for coordinating and administering community improvement projects throughout the City. The Department oversees the City's Housing and Development Division (CDBG and HOME funding), Inspections Division (permits and building code inspections), the Planning and Zoning Division and engages with the City's Planning Commission. The City of Salisbury's Community Planning Services Department is focused on neighborhood revitalization of the City's more economically distressed communities and oversees the City's CDBG and HOME programs.

In Florence, the Department of Planning and Community Development recommends policies to guide the growth and redevelopment of the City. The Director serves as the advisor to the Planning Commission. The Gainesville Community Development Department serves as the liaison between the City and its residents. The Department includes the Code Enforcement Division, Housing Division, Inspection Services Division, Planning Division, and Special Projects Division. Rome's Community Development Department is responsible for the City's CDBG and HOME programs through support for the development of public facilities, public infrastructure, and housing.

The City should leverage existing efforts at planning around economic development and create an integrated plan for community development that includes a process for resident participation. In particular, targeted outreach in the community is necessary to engage and respond to the needs of the Hispanic community.

Dalton should develop a comprehensive blight reduction plan. Danville's City Council approved the City Manager's request for funding for blight reduction. Gainesville's Community Development Department is currently conducting a citywide housing survey to identify areas with concentrations of housing stock that require remediation. Results of the survey will provide rationale for funding priorities and serve as a foundation for seeking additional funding. The City of Salisbury utilizes HOME funds toward efforts to eliminate neighborhood blight.

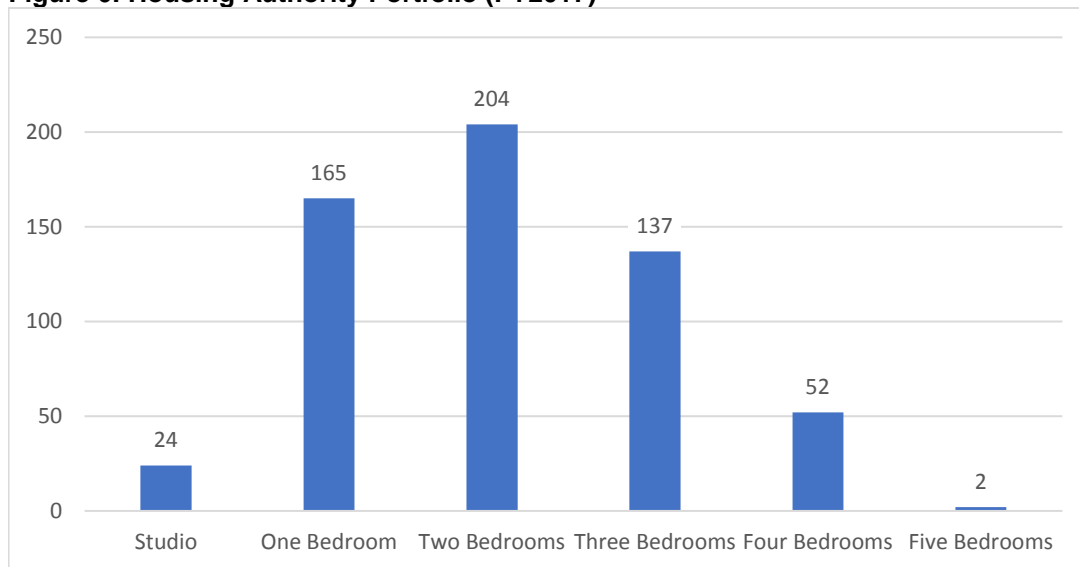
The City should consider utilizing a portion of the General Fund balance to support community development.

Housing Authority of the City of Dalton

The Housing Authority of the City of Dalton (HACD), established in 1949 under the Housing Authority Law in Georgia OCGA 8-3-1, et seq., seeks to provide secure, affordable, quality housing and resources to encourage and sustain independent living. HACD currently owns and operates 584 rental apartment units⁷ for residents earning up to 80 percent of the area median income (AMI). Since 2005, HACD has not received any operating or capital improvement funding from the U.S. Department of Housing and Urban Development (HUD); this is a result of a settlement between HUD and HACD de-obligating them from operating the housing authority pursuant to federal regulation.

HACD uses a cross self-subsidization model where rent levels fall into four categories: Category One includes special hardship cases and families must be able to afford at least the minimum rent set per unit; Category Two includes families with minimum income; Category Three includes families with incomes greater than Category Two but less than Category Four. Category Four includes families with top incomes. Premium units are offered at a fixed rate at Category Four prices only. Category Four rents subsidize Category One and Two levels. Rents range from \$150-\$375 for hardship rents depending on unit size. The other rent rates are from \$200-\$749.

Figure 6: Housing Authority Portfolio (FY2017)



The Housing Authority's commitment to provide affordable housing to residents at various incomes below the 80 percent AMI levels, particularly extremely low-income levels, has a detrimental impact on the quality and sustainability of the housing stock itself. HACD currently faces an \$18 million backlog of capital needs, with no clear financing source or strategy for beginning the process of

⁷ HACD originally had 614 units of public housing when they took full control of the public housing units in 2005.

rehabilitating the units. The housing stock, built between 1951 and 1983, has not received substantial rehabilitation. Over the years, minimal improvements to some units have been made with past awards of CDBG funds from the City, which financed the improvements of a small percentage of the overall portfolio. With the current model of providing very low unsubsidized rents, the HACD units are likely to continue to fall into further disrepair, with an increasing number of units becoming uninhabitable. As of June 30, 2016, 468 units were leased (80 percent occupancy rate), and in total, HACD only had 482 total units available for lease with a goal of having 500 units available or leased in 2017.

The HACD Board of Directors can be a resource to Authority staff. The Board provides oversight and guidance to establish and implement strategies directed at redeveloping properties and accessing community resources for the benefit of the resident population. The Board composition of Dalton's Housing Authority is lacking in expertise in real estate development and management. Particularly, since HACD receives almost no financial support from outside entities, it is critical to have Board members with expertise in areas such as accounting/financing, legal, social services, education, real estate development, and construction.

The City of Dalton has a limited relationship with the HACD. The City does not provide ongoing funding to the Authority. The Mayor appoints HACD Board members and a member of the Council serves on the Board; the City does not provide any defined oversight. The current relationship between the City and HACD limits the opportunities to address affordable housing needs for Dalton residents. In most communities, housing authorities are independent entities but are financially supported with federal dollars from HUD as well as subjected to federal regulation. Without the federal funding and oversight, HACD has limited resources to operate low-income housing. To ensure that housing is safe, the City has the obligation to provide oversight and/or enforcement of local regulations related to blight, housing quality, health, and safety. HACD can be a key partner in addressing affordable housing needs in the community; support and oversight from the City can have a profound impact on availability of housing opportunities for low-income individuals and families.

Recommendations

Assess Housing Need

The City should define its overall housing goals and the role it should play in meeting those goals. The City should assess, quantify, and qualify current affordable housing needs and supply (including subsidized and privately held units) to determine where gaps in supply exist. The analysis should identify affordable housing options for various AMI levels offered in Dalton. In addition to targeting options for low-income residents, the analysis should quantify the need to restore and/or build housing units appropriate to meet the needs of middle-income residents in Dalton.

Based on their findings, the City should launch an affordable housing planning process that includes City leadership, HACD, the Joint Development Authority, and the County to determine where affordable housing falls in the priorities of each agency and how their resources can support strategies to reduce the housing need gaps. Resources such as the City Tax Allocation District and

the bonding authority of the Joint Development Authority should be assessed as potential sources. The City should consider the use of CDBG funds for financial support and the role of City agencies in incentivizing affordable housing development.

Formalize the Relationship

The nature of the relationship between HACD and the City should be formalized and the City should clarify their role, including oversight and funding for operations and addressing property condition. Typically, Mayor-appointed members to the board of directors have been effective in ensuring that the board appointments are vetted and processed per the identified terms and conditions established. A Mayor-appointed board also gives the City administration an active role in helping provide strong leadership to the Authority. Although HACD board members are appointed by the Mayor, oversight beyond this is unclear.

The City Planner should coordinate with HACD and other agencies that are dedicated to housing and community development. The Planner should facilitate monthly meetings with the partners to discuss activities, joint efforts, and impact.

Sustainability and Capacity Building

The ability to efficiently and effectively lease units, limit turnover, maintain units, and other activities related to increasing occupancy and ensuring rental collection is essential, especially since HACD does not receive a federal subsidy. HACD has a full-time staff of eight to manage the operations of 584 units. Considering the limited operating budget, additional staff is likely not feasible.

HACD should conduct an assessment of the current organizational structure and staffing to identify personnel needs for optimal operations of the Authority. Contracting with a third party for certain duties may be beneficial to HACD for cost savings, but without an assessment of right-sizing staff and opportunities for contracting, no recommendations can be made. The assessment can also inform staffing needs related to the development and implementation of a redevelopment plan, since current ownership and financing structures would require capacities that do not exist within the Authority.

HACD should engage a real estate consultant to complete an operating pro forma for the properties and provide recommendations on rent levels for the properties. The current rent structure offers a tiered rental structure with base, middle, and ceiling rent levels offered to ensure that no resident pays more than 30 percent of their income on rent. HACD has a mission of providing housing to individuals and families at no more than 80 percent AMI, but the current rent structure, with higher income units subsidizing lower income units, is complicated, unsustainable, and ineffective in providing sufficient net operating income to address deferred maintenance.

HACD should revisit communications with HUD regarding obtaining project-based subsidy from the multifamily office of HUD or the Georgia Department of Community Affairs (DCA) that also administers some vouchers statewide or obtaining other vouchers that can be project-based or utilized by residents. HACD should have conversations with the City to explore the possibility of using local dollars for a pilot subsidy program.

Currently the staff functions of HACD include activities related to property management. Considering the significant capital backlog the properties have, HACD should develop capacity in the areas of housing development finance to learn about programs such as the low-income housing tax credit program, HOME, CDBG, and other resources for financing the redevelopment of low income housing. Organizations dedicated to training and consulting for public housing operations include: National Leased Housing Association, National Association of Residential Property Managers, Institute of Real Estate Management, National Multifamily Housing Council, Neighborworks America, National Development Council, National Center for Housing Management, National Housing Conference, National Association of Housing and Redevelopment Officials, and Georgia Association of Housing Redevelopment Agencies.

Asset Management

HACD does not appear to have an asset management plan in place for their properties. While they are internally managing the property portfolio, they do not have processes in place for analyzing property condition, cash flow, occupancy, and other financial metrics on an ongoing basis. HACD should engage an asset management consultant to develop an asset management plan for the Authority, including key metrics to track progress. A property management consultant should be engaged to review existing policies and procedures, including unit maintenance and turns.

HACD currently holds \$1.8 million in investments, and \$1.7 million in cash on the books. HACD should evaluate use of the funds for the physical improvement of the properties. HACD completed a capital needs assessment which indicated an unmet capital needs of \$18 million. In addition, 102 units are unoccupied, with 25 in need of demolition. No capital improvement budget was provided to the PFM team, and there does not seem to be a plan to begin to address these significant unmet needs.

HACD should explore the potential to sell its portfolio to a private owner with commitment to maintain affordability. A private developer may have the ability to access financing resources that HACD does not have and will bring needed expertise to development, property management, and asset management.

Because HACD does not possess sufficient real estate development capacity nor funds to operate and sustain their portfolio, HACD should pursue opportunities to engage with other public and private sector partners. With the City and County, HACD should engage with the HUD Regional Office to discuss re-engaging with HUD as a housing authority, including the potential to receive project-based rental assistance or other preservation-focused programs. HACD should also engage with the DCA Office of Housing Finance to discuss the availability of resources to improve the properties. Given the lack of development experience of the HACD staff and board, however, partnership with a private developer will almost certainly be required. HACD should work with the public sector to identify potential private development partners.

Working with Partners

Cities across the country work with partners to address their most complex issues. Collaborations between city governments, non-profit agencies, and businesses leverage their various assets and resources for collective impact, improving the quality of services and increasing cost effectiveness.

Effective partnerships engage a variety of stakeholders that bring diverse perspectives to the table. Partnerships are most effective when they establish a common agenda that partners commit to and hold each other accountable for achieving; agree upon indicators that can be used to monitor progress and measure success; define roles and responsibilities of the partnership as well as individual partners (to support strategic collaboration); and maintain regular and continuous communication. Potential partners include government and government-supported agencies, non-profit entities, community and faith-based organizations, and businesses.

Recommendations

The City should engage partners to support youth success. The City should lead a joint youth planning process with Dalton Public Schools so that the activities of the City and City-supported departments, such as the Parks and Recreation Department and the Dalton-Whitfield Regional Library, are aligned to support educational success.

The City should initiate a Summer Youth Employment Program and recruit public and private sector partners to employ youth.

The Mayor and City Administrator should meet regularly with representatives from Dalton State College, Northwest Georgia Technical College, and Hamilton Health Care Systems. These organizations are deeply rooted in the community and contribute to the community's wellbeing and economic stability. Economic and financial assets, human resources, and physical meeting space are among the various resources that they can potentially contribute. As major employers and/or institutions of higher education, they have a vested interest in improvements in educational outcomes, neighborhood sustainability, and improved quality of life.

The City should seek opportunities to partner with churches, neighborhood associations, and others to expand opportunities to connect with residents, especially the Hispanic population. Building off of the model of the Police Department's Citizens Police Academy, the City should host activities that promote social integration and civic participation, leadership, and encourage cultural diversity. Dalton State College has a Department of Hispanic/Latino Outreach that may provide support and insight to City's efforts.

Appendix A: Benchmarking Results

The PFM team selected five similar-sized cities in the southeast for benchmarking research. The PFM team considered population, demographics, educational attainment, median household income, and city budgets to identify comparison cities.

The selected cities include:

- Gainesville, GA
- Rome, GA
- Florence, AL
- Danville, VA
- Salisbury, NC

Through outreach to the cities and a review of publicly available documents, the PFM team collected a variety of comparative data sets representing demographic and economic indicators, financial metrics, and city workforce information. Although the cities are similar in size and share many characteristics, difference exist that have an impact on the comparability of the data. For example, Rome’s Fire Department, Department of Parks and Recreation, and the Redevelopment Authority serves the residents of the City and Floyd County. Danville, Florence, and Salisbury are responsible for their public school systems. Despite the influence of variations in the cities’ priorities and unique situations, benchmarking provides an appropriate framework for considering the various indicators.

Figure A-1: Comparison Cities (2015)

| City | Population | City Size (sq mi) | Population Per sq mi | Median Household Income | Poverty Rate |
|-----------------|------------|-------------------|----------------------|-------------------------|--------------|
| Dalton, GA | 33,496 | 20.5 | 1,630.8 | \$ 35,074 | 23.8% |
| Danville, VA | 42,450 | 42.9 | 988.8 | \$ 32,315 | 23.7% |
| Florence, AL | 39,855 | 26.0 | 1,532.9 | \$ 35,731 | 24.6% |
| Gainesville, GA | 37,115 | 31.9 | 1,162.4 | \$ 40,706 | 28.3% |
| Rome, GA | 36,278 | 30.9 | 1,173.7 | \$ 34,874 | 28.1% |
| Salisbury, NC | 33,653 | 22.1 | 1,520.0 | \$ 36,701 | 23.3% |

Demographic and Economic Indicators

The first set of benchmarking results include demographic and economic indicators. Demographic and economic data provide insight into the underlying economic health of the cities and may explain variations in revenue and spending metrics.

Although Dalton reported the lowest number of residents in 2015, the City had the second highest increase since 2010. Figure A-2 provides ACS population data for Dalton and the five comparison cities and indicates the percentage change between 2010 and 2015.

Figure A-2: Population Trend (2010 – 2015)

| City | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Change 2010-2015 |
|-----------------|--------|--------|--------|--------|--------|--------|------------------|
| Dalton, GA | 32,373 | 32,756 | 33,049 | 33,217 | 33,336 | 33,496 | 3.5% |
| Danville, VA | 43,787 | 43,433 | 43,185 | 42,996 | 42,704 | 42,450 | -3.1% |
| Florence, AL | 38,821 | 39,085 | 39,288 | 39,530 | 39,738 | 39,855 | 2.7% |
| Gainesville, GA | 32,881 | 33,511 | 33,969 | 34,429 | 34,938 | 37,115 | 12.9% |
| Rome, GA | 36,257 | 36,239 | 36,277 | 36,211 | 36,099 | 36,278 | 0.1% |
| Salisbury, NC | 33,018 | 33,325 | 33,548 | 33,543 | 33,524 | 33,653 | 1.9% |

Demographics vary among the comparison cities. Median age ranged from 30.6 to 41.8 years; the median age in Dalton was relatively low (32 years). The percentage of White residents varied from 37.7 percent to 74.8 percent; Dalton (40.3 percent) ranked among the lowest of the comparison cities.

Among the comparison cities, there was a wide range in the percentage of residents who are Hispanic; Dalton had the highest percentage (47.9 percent) followed by Gainesville (41.3 percent). In Dalton, the number of Hispanic residents increased from 14,865 in 2010 to 16,050 in 2015, a 7.9 percent increase (compared to overall population increase of 3.5 percent). Dalton and Gainesville reported relatively lower rates of residents 18 years and older who were U.S. citizens and could vote (see Figure A-3).

Figure A-3: Population Demographics (2015)

| City | Median Age | Percent White | Percent African American | Percent Hispanic | Population 18yrs and Over | Citizens 18yrs and Over | Percent 18yrs and Over that are Citizens |
|-----------------|------------|---------------|--------------------------|------------------|---------------------------|-------------------------|--|
| Dalton, GA | 32.0 | 40.3% | 8.0% | 47.9% | 23,466 | 17,104 | 72.9% |
| Danville, VA | 41.8 | 45.1% | 48.4% | 3.3% | 33,223 | 32,563 | 98.0% |
| Florence, AL | 37.1 | 74.8% | 19.1% | 2.8% | 32,212 | 31,673 | 98.3% |
| Gainesville, GA | 30.6 | 37.7% | 15.7% | 41.3% | 26,554 | 19,455 | 73.3% |
| Rome, GA | 34.5 | 52.4% | 27.3% | 16.5% | 27,367 | 24,367 | 89.0% |
| Salisbury, NC | 38.2 | 49.3% | 37.6% | 9.0% | 26,596 | 25,863 | 97.2% |

Figure A-4: Hispanic Population Trend (2010 – 2015)

| City | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------|-------|-------|-------|-------|-------|-------|
| Dalton, GA | 45.9% | 43.6% | 44.5% | 46.1% | 46.3% | 47.9% |
| Danville, VA | 2.6% | 2.8% | 2.9% | 3.0% | 3.1% | 3.3% |
| Florence, AL | 2.4% | 2.1% | 2.6% | 2.6% | 2.6% | 2.8% |
| Gainesville, GA | 47.5% | 45.8% | 45.4% | 42.1% | 40.5% | 41.3% |
| Rome, GA | 16.1% | 15.3% | 16.5% | 16.3% | 16.0% | 16.5% |
| Salisbury, NC | 8.9% | 9.3% | 8.2% | 9.1% | 8.2% | 9.0% |

Educational attainment influences residents' income potential. Furthermore, individuals with higher educational attainment tend to be healthier and live longer, are more likely to be civically engaged, and typically experience lower rates of crime.

Among comparison cities, Dalton has the lowest percentage of residents with a high school diploma or equivalent. In 2015, Danville (17.9 percent) had the lowest percentage of residents with a Bachelor's degree or higher, followed by Dalton (18.1 percent). In Dalton, the percentage of residents with a Bachelor's degree or higher has declined since 2010 (Figure A-6).

Figure A-5: Percent High School Graduate or Higher

| City | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------|-------|-------|-------|-------|-------|-------|
| Dalton, GA | 63.0% | 65.9% | 62.6% | 64.8% | 63.7% | 61.9% |
| Danville, VA | 75.8% | 76.6% | 77.2% | 77.9% | 78.8% | 78.7% |
| Florence, AL | 84.2% | 83.7% | 83.0% | 84.1% | 84.5% | 84.4% |
| Gainesville, GA | 66.4% | 69.2% | 67.7% | 69.8% | 72.5% | 71.2% |
| Rome, GA | 70.8% | 72.1% | 72.5% | 72.2% | 72.6% | 74.4% |
| Salisbury, NC | 80.4% | 80.2% | 79.9% | 80.4% | 81.8% | 82.4% |

Figure A-6: Percent Bachelor's Degree or Higher

| City | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------|-------|-------|-------|-------|-------|-------|
| Dalton, GA | 20.5% | 20.4% | 18.7% | 18.0% | 18.4% | 18.1% |
| Danville, VA | 16.2% | 16.9% | 16.4% | 17.2% | 17.2% | 17.9% |
| Florence, AL | 26.0% | 25.7% | 25.9% | 26.5% | 26.7% | 27.1% |
| Gainesville, GA | 20.4% | 21.8% | 21.1% | 21.9% | 23.7% | 22.5% |
| Rome, GA | 23.1% | 22.4% | 22.0% | 21.1% | 20.9% | 20.9% |
| Salisbury, NC | 25.1% | 24.0% | 22.6% | 22.7% | 23.5% | 22.8% |

In 2010, Dalton reported the highest median household income of the comparison cities. However, between 2010 and 2015, the median household income in Dalton declined by nearly 10 percent, dropping below the average.

Figure A-7: Median Household Income (2010 – 2015)

| City | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Change 2010-2015 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|
| Dalton, GA | \$ 38,798 | \$ 38,231 | \$ 35,991 | \$ 35,538 | \$ 35,530 | \$ 35,074 | -9.6% |
| Danville, VA | \$ 29,936 | \$ 31,011 | \$ 30,505 | \$ 30,786 | \$ 32,173 | \$ 32,315 | 7.9% |
| Florence, AL | \$ 33,001 | \$ 32,122 | \$ 34,113 | \$ 36,337 | \$ 35,632 | \$ 35,731 | 8.3% |
| Gainesville, GA | \$ 37,866 | \$ 38,205 | \$ 40,159 | \$ 37,212 | \$ 39,791 | \$ 40,706 | 7.5% |
| Rome, GA | \$ 34,339 | \$ 33,719 | \$ 33,715 | \$ 32,572 | \$ 33,787 | \$ 34,874 | 1.6% |
| Salisbury, NC | \$ 35,871 | \$ 35,845 | \$ 35,843 | \$ 34,959 | \$ 34,230 | \$ 36,701 | 2.3% |

Owner-occupied median home values in Dalton were among the highest of the comparison cities in 2010. Between 2010 and 2015, Dalton and Gainesville experienced significant declines, 15.6 percent and 21.9 percent respectively.

Figure A-8: Owner-occupied Median Home Values (2010 - 2015)

| City | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Change 2010-2015 |
|-----------------|------------|------------|------------|------------|------------|------------|------------------|
| Dalton, GA | \$ 145,200 | \$ 141,000 | \$ 129,900 | \$ 125,300 | \$ 125,300 | \$ 122,500 | -15.6% |
| Danville, VA | \$ 89,100 | \$ 88,900 | \$ 89,500 | \$ 87,800 | \$ 88,300 | \$ 88,600 | -0.6% |
| Florence, AL | \$ 104,200 | \$ 108,500 | \$ 114,200 | \$ 117,800 | \$ 119,200 | \$ 125,300 | 20.2% |
| Gainesville, GA | \$ 178,200 | \$ 174,000 | \$ 169,700 | \$ 164,500 | \$ 150,700 | \$ 139,200 | -21.9% |
| Rome, GA | \$ 124,100 | \$ 127,300 | \$ 119,800 | \$ 118,800 | \$ 122,900 | \$ 123,200 | -0.7% |
| Salisbury, NC | \$ 126,700 | \$ 126,100 | \$ 121,800 | \$ 121,600 | \$ 120,900 | \$ 121,600 | -4.0% |

Fiscal Indicators

In FY2016, Dalton reported the lowest total General Fund revenue. The City of Dalton reported General Fund revenues of \$21.8 million (before the more than \$10 million transfer from Dalton Utilities) or \$650 per resident. With the additional funds from the transfer, the City’s total revenue per capita is \$961. It is important to note that revenue totals for Danville, Florence, and Salisbury include funding for their public education systems, limiting comparability.

Figure A-9: General Fund Revenues (FY2016)

| City | Total Revenue | Total Revenue per Capita |
|-------------|---------------|--------------------------|
| Dalton | \$21,774,996 | \$ 650 |
| Danville | \$84,454,065 | \$ 1,989 |
| Florence | \$56,475,073 | \$ 1,417 |
| Gainesville | \$26,520,699 | \$ 715 |
| Rome | \$28,818,830 | \$ 794 |
| Salisbury | \$34,172,499 | \$ 1,015 |

Figure A-10: General Fund Revenues by Type (FY2016)

| City | Taxes | License & Permits | Charges for Services | Fines & Forfeitures | Total Intergovtal | Investment Earning | MISC/Other |
|-----------------|--------------|-------------------|----------------------|---------------------|-------------------|--------------------|-------------|
| Dalton, GA | \$17,521,013 | \$969,673 | \$1,409,091 | \$410,826 | \$575,921 | \$90,200 | \$798,272 |
| Danville, VA | \$53,488,320 | \$292,979 | \$3,643,700 | \$448,600 | \$18,999,342 | \$1,247,227 | \$6,333,897 |
| Florence, AL | \$47,344,458 | \$3,681,736 | \$1,995,790 | \$1,369,622 | \$1,601,673 | \$56,015 | \$23,873 |
| Gainesville, GA | \$21,410,290 | \$1,020,055 | \$2,238,122 | \$1,462,999 | \$314,990 | \$34,636 | \$39,607 |
| Rome, GA | \$23,697,685 | \$1,946,583 | \$466,230 | \$1,219,412 | \$342,464 | \$406,552 | \$739,904 |
| Salisbury, NC | \$18,742,491 | - | \$3,499,427 | - | \$11,298,583 | - | \$631,998 |

The largest revenue source for all cities is taxes. In addition to property taxes, revenues from Other Taxes include sales tax, insurance premium tax, hotel-motel tax, title ad valorem tax, franchise tax, alcohol beverage tax, utilities franchise tax (Rome and Salisbury), prepared meals tax, motor fuel tax (Rome), and occupational tax.

Because Danville, Florence, and Salisbury provide funding for their public education systems, these cities report a higher contribution of General Fund revenue from intergovernmental sources.

Figure A-11: General Fund Revenues as a Percentage of Total General Fund Revenues (FY2016)

| City | Taxes | Licenses and Permits | Charges for Services | Fines and Forfeitures | Total Intergovtal | Investment earnings | Misc./Other |
|-----------------|-------|----------------------|----------------------|-----------------------|-------------------|---------------------|-------------|
| Dalton, GA | 80.5% | 4.5% | 6.5% | 1.9% | 2.6% | 0.4% | 3.7% |
| Danville, VA | 63.3% | 0.3% | 4.3% | 0.5% | 22.5% | 1.5% | 7.5% |
| Florence, AL | 84.4% | 6.6% | 3.6% | 2.4% | 2.9% | 0.1% | 0.0% |
| Gainesville, GA | 80.7% | 3.8% | 8.4% | 5.5% | 1.2% | 0.1% | 0.1% |
| Rome, GA | 82.2% | 6.8% | 1.6% | 4.2% | 1.2% | 1.4% | 2.6% |
| Salisbury, NC | 54.8% | - | 10.2% | - | 33.1% | - | 1.8% |

All comparison cities, except Dalton, saw an increase in revenues from property tax between FY2015 and FY2016. Dalton's decreased revenue was due in part to a decline in the taxable digest as well as a slight decrease in the millage rate of .005 mills. Figures A-12 and A-13 show the taxable assessed values and millage rates for the comparison cities in FY2016 and FY2010. Dalton had the lowest rate per \$1000 in FY2016 and is the only city reporting a decline in the rate since FY2010.

Figure A-12: Taxable Assessed Values and Total Millage Rates (FY2016)

| City | Taxable Assessed Value FY2016 | Total Millage Rate | Assessed per | Adjusted Millage Rate/1000 ⁽²⁾ |
|-------------------------|-------------------------------|--------------------|--------------|---|
| Dalton, GA | \$3,371,690,917 | 2.51 | \$1,000 | 2.51 |
| Danville, VA | \$2,710,763,341 | 0.73 | \$100 | 7.30 |
| Florence, AL | \$374,954,700 | 49.00 | \$1,000 | n/a ⁽³⁾ |
| Gainesville, GA | \$3,922,442,737 | 2.98 | \$1,000 | 2.98 |
| Rome, GA ⁽¹⁾ | \$1,053,828,111 | 27.54 | \$1,000 | 11.01 |
| Salisbury, NC | \$2,810,580,215 | 0.66 | \$100 | 6.60 |

⁽¹⁾Assessed at 40 percent value

⁽²⁾Based on assessed value at 100% of market value to conform to Dalton's calculation

⁽³⁾Not able to calculate assessed value due to having different assessments for different types of property and unable to obtain breakdown

Figure A-13: Taxable Assessed Values and Total Millage Rates (FY2010)

| City | Taxable Assessed Value FY2010 | Total Millage Rate | Assessed per | Adjusted Millage Rate/1000 ⁽²⁾ |
|-------------------------|-------------------------------|--------------------|--------------|---|
| Dalton, GA | \$3,355,611,710 | 2.88 | \$1,000 | 2.88 |
| Danville, VA | \$2,686,875,502 | 0.73 | \$100 | 7.30 |
| Florence, AL | \$314,356,400 | 49.00 | \$1,000 | n/a ⁽³⁾ |
| Gainesville, GA | \$3,719,820,242 | 2.66 | \$1,000 | 2.66 |
| Rome, GA ⁽¹⁾ | \$1,078,630,642 | 26.15 | \$1,000 | 10.46 |
| Salisbury, NC | \$2,902,150,012 | 0.59.00 | \$100 | 5.90 |

⁽¹⁾Assessed at 40 percent value

⁽²⁾Based on assessed value at 100% of market value to conform to Dalton's calculation

⁽³⁾Not able to calculate assessed value due to having multiple assessments for different types of property and unable to obtain breakdown.

In FY2016, the City of Dalton reported General Fund current expenditures of \$29.7 million or \$887 per resident, slightly less than the per capita average of \$960. In this analysis (Figure 16), education expenditures of Danville (\$16,033,378) Florence (\$8,475,332), and Salisbury (\$38,107) are not included.

Figure A-14: General Fund Expenditures (FY2016)

| City | Expenditures | Expenditures per capita |
|-----------------|--------------|-------------------------|
| Dalton, GA | \$29,724,872 | \$ 887 |
| Danville, VA | \$73,940,055 | \$ 1,742 |
| Florence, AL | \$37,512,446 | \$ 941 |
| Gainesville, GA | \$26,063,759 | \$ 702 |
| Rome, GA | \$20,383,301 | \$ 562 |
| Salisbury, NC | \$31,043,422 | \$ 922 |

In Dalton, public safety expenditures made up the majority of spending, just over half (52.6 percent) in Dalton. Of cities with Housing and Community Development expenditures, Dalton reported the lowest percentage of spending (1.0 percent).

Figure A-15: General Fund Expenditures by Type (FY2016)

| City | General Govt | Judicial | Public Safety | Public Works | Health & Welfare | Culture & Recreation | Housing & Community Development | Other* |
|-----------------|--------------|-------------|---------------|--------------|------------------|----------------------|---------------------------------|--------------|
| Dalton, GA | \$2,433,545 | \$433,736 | \$15,642,953 | \$7,067,857 | \$402,475 | \$3,432,556 | \$311,750 | - |
| Danville, VA | \$8,226,128 | \$6,484,207 | \$26,980,813 | \$4,261,326 | \$9,075,251 | \$4,898,583 | \$2,019,270 | \$11,994,477 |
| Florence, AL | \$5,367,179 | - | \$18,507,916 | \$5,023,135 | - | \$7,265,375 | - | \$1,348,841 |
| Gainesville, GA | \$3,344,029 | \$470,043 | \$15,958,887 | \$4,994,225 | \$15,750 | \$400,000 | \$880,825 | - |
| Rome, GA | \$6,494,650 | - | \$7,243,435 | \$5,389,963 | \$418,662 | \$511,658 | \$324,933 | - |
| Salisbury, NC | \$5,754,615 | - | \$12,601,305 | \$5,859,363 | - | \$2,474,162 | \$2,934,490 | \$1,419,487 |

*Includes Debt Service and Other

Figure A-16: General Fund Expenditures as a Percentage of Total General Fund Expenditures (FY2016)

| City | General Govt | Judicial | Public Safety | Public Works | Health & Welfare | Culture & Recreation | Housing & Community Development | Other |
|-----------------|--------------|----------|---------------|--------------|------------------|----------------------|---------------------------------|-------|
| Dalton, GA | 8.2% | 1.5% | 52.6% | 23.8% | 1.4% | 11.5% | 1.0% | - |
| Danville, VA | 11.1% | 8.8% | 36.5% | 5.8% | 12.3% | 6.6% | 2.7% | 16.2% |
| Florence, AL | 14.3% | - | 49.3% | 13.4% | - | 19.4% | - | 3.6% |
| Gainesville, GA | 12.8% | 1.8% | 61.2% | 19.2% | 0.1% | 1.5% | 3.4% | - |
| Rome, GA | 31.9% | - | 35.5% | 26.4% | 2.1% | 2.5% | 1.6% | - |
| Salisbury, NC | 18.5% | - | 40.6% | 18.9% | - | 8.0% | 9.5% | 4.6% |

The City of Dalton established the Employee's Pension Plan to provide retirement benefits to the City's eligible employees. The Pension Plan is a defined single employer retirement system

Figure A-17: City Pension Plans and Funded Status (FY 2016)

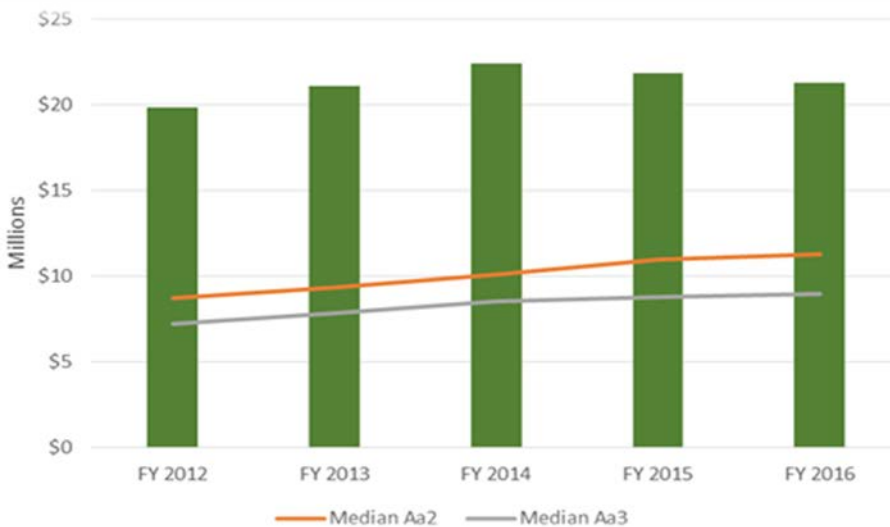
| City | Pension Plan | Actuarially Determined Contribution | Funded Status | Last Valuation Date |
|-----------------|--|-------------------------------------|---------------|---------------------|
| Dalton, GA | Employees' Pension Plan | \$6,657,107 | 71.0% | 1/1/2016 |
| Danville, VA | DERS | \$2,937,843 | 114.0% | 7/1/2015 |
| | VRS - Constitutional Officers | \$597,078 | 89.0% | 6/30/2014 |
| | VRS - Schools - Nonprofessional Employees | \$157,146 | 97.0% | 6/30/2014 |
| | VRS - Teacher Retirement Plan | \$4,439,145 | 70.7% | 6/30/2014 |
| Florence, AL | CFAERP | \$4,276,605 | 71.6% | 9/30/2015 |
| | Florence-Lauderdale Public Library | \$35,978 | 85.9% | 9/30/2013 |
| Gainesville, GA | Pension Plan A | \$3,736,793 | 63.2% | 7/1/2016 |
| | Pension Plan B (GMEBS) | \$324,651 | 67.8% | 1/1/2016 |
| Rome, GA | City of Rome Retirement Plan | \$2,918,508 | 70.3% | 7/1/2016 |
| Salisbury, NC | LEERS | \$1,269,570 | 98.1% | 12/31/2015 |
| | Law Enforcement Special Separation Allowance | \$198,148 | 20.5% | 12/31/2015 |

Figure A-18: City Pension Plans and Funded Status (FY2010)

| City | Pension Plan | Actuarially Determined Contribution | Funded Status | Last Valuation Date |
|-----------------|--|-------------------------------------|---------------|---------------------|
| Dalton | Employees' Pension Plan | \$3,866,060 | 61.7% | 1/1/2010 |
| Danville, VA | DERS | \$5,094,804 | 89.8% | 6/30/2010 |
| | VRS - Constitutional Officers | \$566,966 | 97.8% | 6/30/2009 |
| | VRS - Schools - Nonprofessional Employees | \$203,790 | 97.8% | 6/30/2009 |
| | VRS - Teacher Retirement Plan | \$4,190,176 | 97.8% | 6/30/2009 |
| Florence, AL | CFAERP | \$4,020,393 | 84.1% | 10/1/2009 |
| | Florence-Lauderdale Public Library | \$46,919 | 56.7% | 9/30/2009 |
| Gainesville, GA | Pension Plan A | \$2,800,859 | 60.6% | 7/1/2009 |
| | Pension Plan B (GMEBS) | \$467,907 | 71.6% | 1/1/2010 |
| Rome, GA | City of Rome Retirement Plan | \$2,750,000 | 85.8% | 7/1/2010 |
| Salisbury, NC | LEERS | \$921,923 | N/A | N/A |
| | Law Enforcement Special Separation Allowance | \$111,143 | 46.3% | 12/31/2009 |

Dalton's General Fund balance declined from a high of almost \$22.4 million in FY2014; the General Fund balance decreased about \$550,000 in each of the last two years in order to balance the budget. Figure A-19 depicts the City's General Fund balance for the last five fiscal years as compared to the median General Fund balance for both Aa2 and Aa3 rated cities with populations between 20,000 and 60,000.

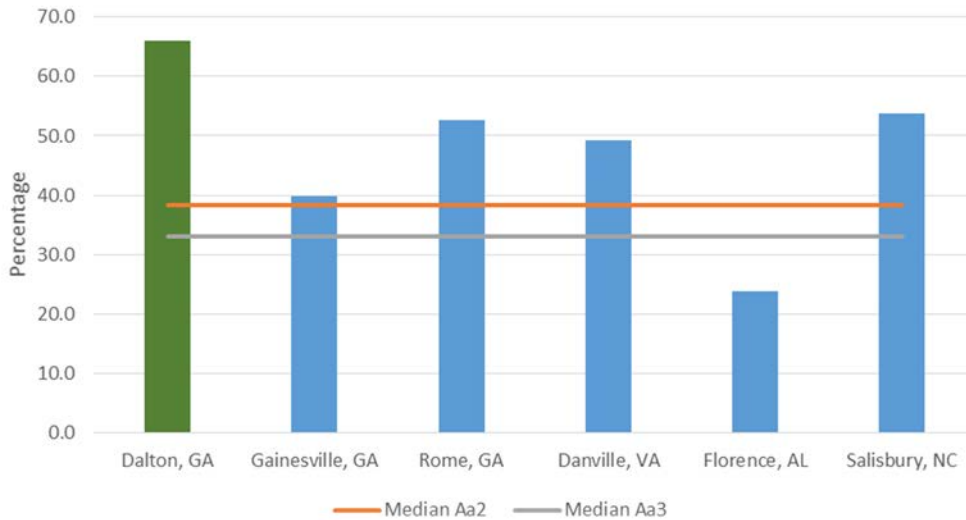
Figure A-19: Dalton's General Fund Balance (FY2012 – FY2016)



A comparison of Dalton's FY2016 Fund Balance as a percentage of revenues shows that the City's General Fund balance of \$21.26 million is 66 percent of annual General Fund revenues of \$32.20 million. The General Fund balance shows the net financial resources available in the short term. Governments that keep adequate reserves are better positioned to deal with funding issues in bad times. Putting money into reserves is a more fiscally prudent action than spending surplus funds on new or expanded programs. Rating agencies prefer large reserves so that there is some assurance that debt service payments can be made. However, if a government consistently maintains large reserves, it may raise concerns from taxpayers that the government is taxing too much and keeping the proceeds.

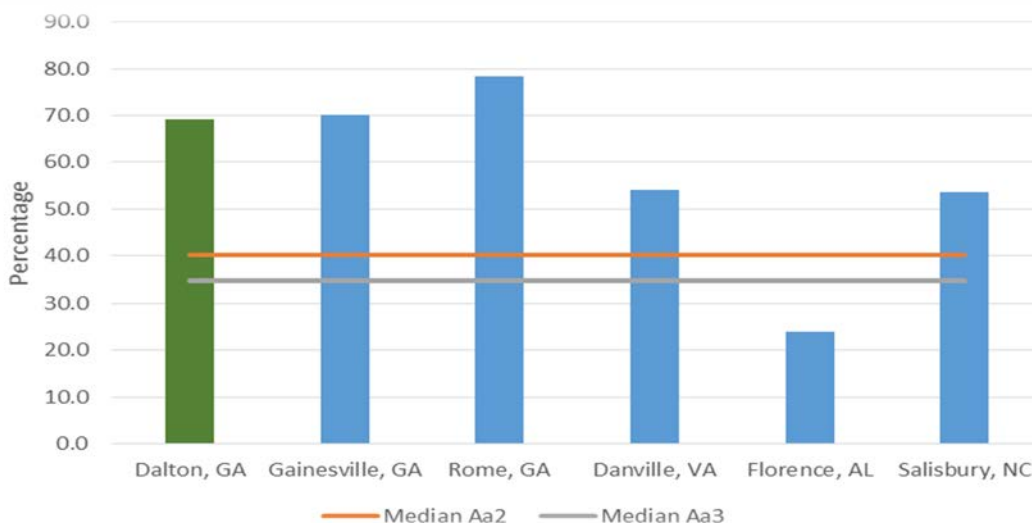
The GFOA best practice on unreserved General Fund balances recommends that general purpose governments maintain no less than two months of regular General Fund operating revenues or regular general fund operating expenditures. Dalton's General Fund balance at 66 percent of revenues (\$21.2 million) is well above the comparable cities and substantially higher than the median for Aa2 and Aa3 cities (see Figure A-20).

Figure A-20: General Fund Balance as a Percentage of General Fund Revenues (FY2016)



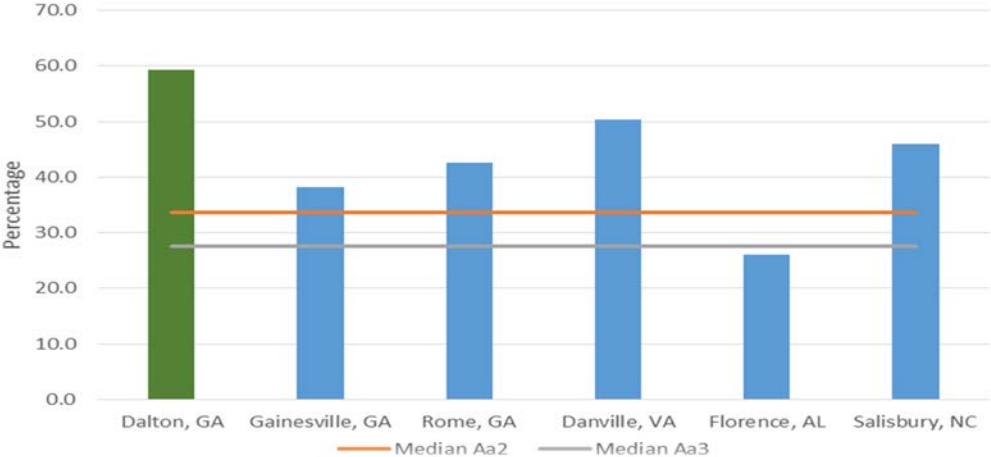
When looking at the Operating Funds balance as a percentage of Operating Revenues, Dalton is in line with the comparison cities, while still well above the medians for the Aa2 or Aa3 cities. This percentage determines the assets that, net of liabilities, will be accessible to satisfy obligations over the short-term. Analysis of Operating Funds usually focuses on whether revenues are available for general governmental operations. The Operating Funds balance generally begins with the General Funds balance and subtracts certain items, such as receivables that Moody’s determines are uncollectible and adds any potentially accessible money that should be counted as available fund balance.

Figure A-21: Operating Funds Balance as a Percentage of Operating Revenues (FY2016)



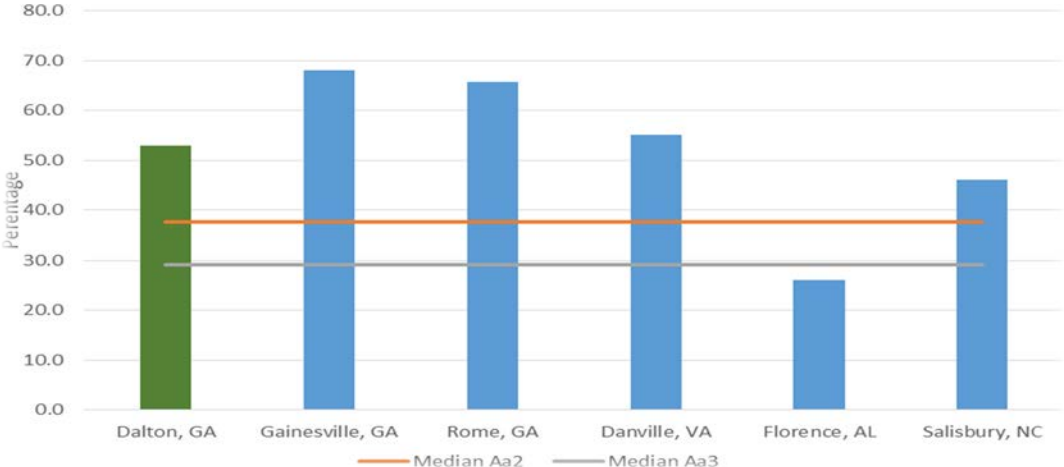
A comparison of the City's Net Cash as a percentage of revenues for both General Fund and Operating Fund indicated that the Net Cash percentage is relatively larger than the comparison cities and much higher than the Aa2 and Aa3 medians (Figure 22). These measures show the liquid resources that are available to meet financial obligations. A Fund balance that is made up mostly of cash provides greater financial flexibility. Cash is measured as cash and liquid investments, such as certificates of deposit and U.S. Treasury notes.

Figure A-22: Net Cash as a Percentage of General Fund (FY2016)



In terms of the Operating Fund, which includes all available money used to fund core governmental services (and includes the Debt Service and the Capital Projects Funds), the Operating Net Cash as a percentage of operating revenues is lower than three of the comparable cities but still well above the Aa2 and Aa3 medians (Figure A-23).

Figure A-23: Operating Net Cash as a Percentage of Operating Revenue (FY2016)



Moody's Analytics MFRA (Municipal Financial Ratio Analysis) is a comprehensive database of standardized and comparable financial data and operating credit statistics for public finance issuers rated by Moody's Investors Service. In Spring 2017, Moody's Investors Service affirmed the credit rating for Dalton at Aa2; however, the outlook was changed to negative due to the increased risks to the City and Dalton Utilities related to the increasing costs at Plant Vogtle and the Westinghouse bankruptcy, as well as the City's reliance on the annual transfer fee.

Figure A-24: Moody's Ratings (2016)

| City | Rating | Outlook |
|-----------------|--------|------------|
| Dalton, GA | Aa2 | Negative |
| Danville, VA | Aa3 | No Outlook |
| Florence, AL | Aa3 | No Outlook |
| Gainesville, GA | Aa2 | Stable |
| Rome, GA | Aa2 | No Outlook |
| Salisbury, NC | A3 | Stable |

City Workforce Information

Based on 2015 population, Dalton reported 20.4 FTEs per 1,000 residents; Danville reported 20.7 FTEs per 1,000 residents. Gainesville and Rome reported slightly less, 18.6 and 18.4 respectively. Salisbury reported 12.4 FTEs per 1,000 residents. Comparable data from Florence was unavailable. Again, it is important to recognize the limitations of city-to-city comparisons due to differences in function. In addition, total FTEs include utilities funds, water and sewer, and solid waste management for all cities except Danville.

Figure A-25: Full-Time Equivalent Employees by Department (FY2016)

| City | Total FTE* | General Government Admin | Judicial | Public Safety | Public Works | Health and Welfare | Parks and Recreation | Community and Economic Development |
|-----------------|------------|--------------------------|----------|---------------|--------------|--------------------|----------------------|------------------------------------|
| Dalton, GA | 686 | 19 | 5 | 190 | 71 | - | 57 | 2 |
| Danville, VA | 880 | 101 | 116 | 393 | 101 | 99 | 53 | 17 |
| Florence, AL | - | - | - | - | - | - | - | - |
| Gainesville, GA | 692 | 51 | 10 | 221 | 61 | 32 | 43 | 17 |
| Rome, GA | 668 | 30 | 16 | 286 | 71 | 13 | 40 | 5 |
| Salisbury, NC | 416 | 80 | - | 154 | 44 | - | 28 | 10 |

Public safety accounted for 52.6 percent of General Fund expenditures in Dalton for FY2016. The City of Dalton reported 96 FTE in the Police Department; of these, 81 were sworn officers. At 2.9 FTEs per 1,000, residents, the City is at the average of the comparison cities.

Figure A-26: Police Department FTEs (FY2016)

| City | Police FTE | Number of Sworn Officers | FTE per 1,000 Residents |
|-----------------|------------|--------------------------|-------------------------|
| Dalton, GA | 96 | 81 | 2.9 |
| Danville, VA | 131 | 131 | 3.1 |
| Florence, AL | 126 | - | 3.2 |
| Gainesville, GA | 114 | - | 3.1 |
| Rome, GA | 116 | 96 | 3.2 |
| Salisbury, NC | 77 | 70 | 2.3 |

In 2015, the City of Dalton reported the lowest violent crime rate of the comparison cities, 2.9 violent crimes per 1,000 residents, compared to the average of 5.1 crimes. The property crime rate in Dalton was lower than the average.

Figure A-27: Crime Rates (2015)

| City | Violent Crimes 2015 (UCR) | Violent Crimes per 1,000 Residents | Property Crimes 2015 (UCR) | Property Crimes per 1,000 Residents | Number of Patrol Units |
|-----------------|---------------------------|------------------------------------|----------------------------|-------------------------------------|------------------------|
| Dalton, GA | 96 | 2.9 | 1,155 | 34 | 65 |
| Danville, VA | 257 | 6.1 | 1,741 | 41 | 56 |
| Florence, AL | 169 | 4.2 | 1,518 | 38 | - |
| Gainesville, GA | 150 | 4.0 | 712 | 19 | 124 |
| Rome, GA | 210 | 5.8 | 1,775 | 49 | 80 |
| Salisbury, NC | 251 | 7.5 | 1,530 | 45 | 90 |

The Fire Department is a critical component of the public safety division of city government. The Fire Department serves as the first provider and response to medical and fire emergency calls. The City of Danville provides Emergency Medical Services (EMS) in-house; the other comparison cities outsource for EMS. Rome's Fire Department' coverage includes Floyd County. The City of Dalton, Fire Department reported slightly more FTEs per 1,000 residents than other benchmark cities.

Figure A-28: Fire Department FTEs (FY2016)

| City | FIRE FTE | Number of Firefighters and Officers | Total FTE per 1,000 Residents |
|-----------------|----------|-------------------------------------|-------------------------------|
| Dalton, GA | 94 | 91 | 2.8 |
| Danville, VA | 124 | 111 | 2.9 |
| Gainesville, GA | 103 | 101 | 2.8 |
| Florence, AL | - | - | - |
| Rome, GA* | 164 | 158 | 1.7 |
| Salisbury, NC | 77 | 75 | 2.3 |

* Includes Floyd County

The Dalton Fire Department is an ISO Class Two emergency provider. The Department provides coverage for the City (20 square miles). With approximately 0.25 fire stations per mile, Dalton reported the second highest number of fire stations per square mile after Salisbury.

Figure A-29: Fire Department Coverage (FY2016)

| City | Number of Fire Stations | ISO Classification | Coverage in Sq. Miles | Fire Stations per Sq. Mile | Number of calls |
|-----------------|-------------------------|--------------------|-----------------------|----------------------------|-----------------|
| Dalton, GA | 5 | 2 | 20 | 0.25 | 3,590 |
| Danville, VA | 7 | 2 | 44 | 0.16 | 8,216 |
| Gainesville, GA | 4 | 1 | 36 | 0.11 | 7,817 |
| Florence, AL | 5 | 3 | 26 | 0.19 | 5,627 |
| Rome, GA* | 10 | 2 | 514* | 0.02 | 6,579 |
| Salisbury, NC | 5 | 2 | 18 | 0.28 | 5,719 |

* Includes Floyd County

Figure A-30: City Infrastructure (FY2016)

| City | Miles of Street | Miles per 1,000 Residents |
|-----------------|-----------------|---------------------------|
| Dalton, GA | 180 | 5.4 |
| Danville, VA | 316 | 7.4 |
| Florence, AL | - | - |
| Gainesville, GA | 141 | 3.9 |
| Rome, GA | 268 | 7.2 |
| Salisbury, NC | 342 | 10.2 |

Nearly one-quarter of the Dalton's General Fund expenditures were allocated to Public Works in FY2016. The Public Works Department is responsible for the maintenance and repair of the City's infrastructure and facilities, refuse collection, and other various duties.

The City of Dalton maintains 13 parks and oversees 734 acres, including a recreation center, community center, golf course, and the senior center which is shared with the County. The Department employs 57 FTEs (1.7 per 1,000 residents), the largest number of the comparison cities. Of the three comparison cities with a golf course, Florence operates their course through their General Fund; Gainesville and Rome use enterprise funds to account for their golf courses.

Figure A-31: Parks and Recreation Departments (FY2016)

| City | Parks and Recreation FTE | Acreage of Land | Number of Parks | FTE per 1,000 Residents |
|-----------------|--------------------------|-----------------|-----------------|-------------------------|
| Dalton, GA | 57 | 734 | 13 | 1.7 |
| Danville, VA | 53 | 800 | 30 | 1.2 |
| Florence, AL | - | - | 6 | - |
| Gainesville, GA | 39 | 454 | 11 | 1.1 |
| Rome, GA | 40 | - | 5 | 1.1 |
| Salisbury, NC | 37 | 508 | 28 | 1.1 |

Appendix B: Powers and Duties of the City Administrator

The powers and duties of the City Administrator as defined by the City Charter include:

- *To act as budget officer for the City*
 - *Set the budgetary calendar*
 - *Prescribe the form for presentation for budgetary requests*
 - *Receive budget requests*
 - *Prepare and propose a balanced budget for the City*
- *To administer personnel policies and procedures and the pay classification plan*
- *To serve ex-officio as a nonvoting member of all boards, commissions, authorities, or agencies of the City under the direct authority of the Mayor and Council, except for the Northwest Georgia Trade and Convention Center Authority on which he/she serves as a full and voting member*
- *To appoint or terminate all personnel at the level of department head, and such others as determined by the Mayor and Council*
- *To direct the use of and administer a purchasing system and to implement procedures and methods for handling of funds*
- *To attend meetings of the Mayor and Council and its committees and to assist all of the standing or special committees and to make available to them such information as needed*
- *To advise and assist the Mayor and Council in the performance of their duties*
- *To review and advise the mayor and Council regarding the activities of various departments, bureaus, boards, commissions, authorities of the City under the direct authority of the Mayor and Council*
- *To provide liaison, coordination, and communication between and among city departments, bureaus, boards, commissions, authorities, and other agencies of the City and various agencies of the federal, state, and local governments and other public and private agencies concerning the affairs of the City*
- *To provide participation in federal and state grant-in-aid programs as directed by the mayor and Council*
- *To conduct research and make information available to the Mayor and various departments, bureaus, boards, commissions, authorities, and other agencies of the City*
- *To perform all other duties as may be lawfully delegated to him/her*

Appendix C: City of Dalton Organization Chart

City of Dalton, Georgia
Organizational Chart
December 31, 2016

