1989 BUDGET
CITY OF ATLANTA, GEORGIA

ANDREW YOUNG, MAYOR

Compiled by
DEPARTMENT OF FINANCE

PATRICK C. GLISSON
COMMISSIONER OF FINANCE

FINANCE COMMITTEE
ATLANTA CITY COUNCIL

Myrtle Davis, Chairman
Barbara Asher
William Campbell
Thomas Cuffie
James Maddox
Robb Pitts
Dozier Smith

BUDGET COMMISSION

Andrew Young, Mayor, Chairman
Myrtle Davis Chairman of Finance Committee, Atlanta City Council
Thomas Cuffie, Member of Council
Victor Maslia, Member of Council
Patrick C. Glisson, Secretary

COVER: The new City Hall South opened in early 1989, adding approximately 400,000 square feet of space to the City Hall Complex. The original City Hall Tower, built in 1929 and visible in the background of the cover picture, is currently undergoing renovation and restoration.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Atlanta, Georgia

For the Fiscal Year Beginning

January 1, 1988

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Atlanta for its annual budget for the fiscal year beginning January 1, 1988.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CITY OF ATLANTA OFFICIALS

EXECUTIVE

Mayor ..... **Andrew Young**

LEGISLATIVE

City Council (Elected)

President of Council ..... **Marvin Arrington**

Members of Council

District 1 - Debby McCarty
District 2 - Bill Campbell
District 3 - Jabari Simama
District 4 - Thomas Cuffie
District 5 - Hosea Williams
District 6 - Mary Davis
District 7 - D. L.(Buddy) Fowlkes
District 8 - Victor Maslia
District 9 - Archie Byron
District 10 - Ira L. Jackson
District 11 - Jim Maddox
District 12 - Dozier Smith

Members of Council-At-Large

City Council-At-Large - Post 13 - Robert (Robb) Pitts

City Council-At-Large - Post 14 - Carolyn Long Banks

City Council-At-Large - Post 15 - Elaine McGruder

City Council-At-Large - Post 16 - Barbara Asher

City Council-At-Large - Post 17 - Myrtle Davis

City Council-At-Large - Post 18 - Morris Finley

ADMINISTRATIVE

(Appointed)

Chief Administrative Officer ..... Shirley Franklin
City Clerk ..... Larry Dingle
Chief Judge, Municipal Court ..... Clinton Deveaux
Chief Judge, Traffic Court ..... Joe Browne
Chief of Economic Development ..... Gary Holmes
Commissioner of Finance ..... Patrick C. Glisson
Commissioner of Community Development ..... Thomas Weyandt
City Attorney ..... Marva Jones Brooks
Commissioner of Public Works ..... Chester Funnye'
Commissioner of Water and Pollution Control ..... Carolyn Olsen
Commissioner of Parks, Recreation and Cultural Affairs ..... Betsy Baker
Commissioner of Public Safety ..... George Napper
Commissioner of Aviation ..... Calvin Carter
Commissioner of Administrative Services ..... Aaron Turpeau
Tax Assessors ..... William S. McGinnis
Webster Pope
Otis Thorpe

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CITY OF ATLANTA
1989 BUDGET

INTRODUCTION

The 1989 budget document is structured on a programmatic basis, presenting budgets for budget entities (organizations, capital projects, and grant projects) across fund lines. Traditional fund presentations are retained, but are at summary rather than detail level for expenditures and appropriations. Revenues are shown at detail level within funds.

The organization of this document is as follows:

Section 1: Departmental Operating Budgets
This section contains the operating budget for each organizational unit of city government. The operating budget is defined as the annual budget for the routine, ongoing activities and work program of an organizational unit, as opposed to budgets which may also be established for specific projects, and other activities of a non-recurring nature. This section contains financial data, integrated to show all funding sources for the operating budget, staffing, and programmatic data.

Section 2: Capital Project Budgets
This section contains the 1989 budgets for each funded capital project, and expenditures for the past two years for all projects funded in 1987 or 1988. Capital projects represent additions of or improvements to fixed assets of the city. These budgets are arranged by project and are integrated to show all funding sources.

Section 3: Grant and Non-Capital Projects Budgets
This section contains the 1989 budgets and expenditures for the past two years for all projects funded in 1987 or 1988 which are not capital in nature. (Capital projects funded in whole or in part from grant funds are shown in the Capital Projects Section.) Budgets for current year debt service requirements are shown in this section.

Section 4: Fund Budgets
This section contains the budgets and prior two years data for each fund and fund group. This section includes fund or fund group narratives, as well as detail revenue and summary expenditure and summary appropriations data for each fund.

Appendix
This section contains general statistical and financial data about the City of Atlanta, as well as a glossary of terms found in this document or used in the budget process.

Several technical notes are important to facilitate the use of this document. These are:

1. The city's budget is a cash budget. Revenue anticipations are based upon prior year's actual cash receipts and an estimation of current year cash receipts. Budgets are set to cover projected cash expenditures.

2. Some totals may not add exactly due to rounding.

3. Position counts shown as part of departmental budgets are for authorized permanent positions, full time unless otherwise noted. The change from the past year represents a comparison with the previous year's adopted budget staffing level.

4. The notation "NA" in Workload Measure Sections indicates that the appropriate prior year statistics are not available. This can mean that the measure was not relevant to the prior period or that statistics were not kept in the prior period.

5. A "Non-Departmental" category exists to account for expenses or appropriations which are not allocated to departmental budgets. Due to the unique nature of items funded in this category in the General Fund, the Non-Departmental category of the General Fund Budget is included in the Departmental Operating Budgets section. Non-Departmental categories appearing in other funds consist primarily of items reimbursed to General Fund, reserves, and debt service.

1989 BUDGET OVERVIEW

Background to 1989 Budget

In conjunction with the implementation in January of 1987 of the Financial Information and Control System (FICS) and in consideration of several desired improvements in budget presentation, a new presentation format for the city budget has been developed. This new format presents budgets on organizational and activity basis, consolidating funding sources and presenting financial and programmatic information in one place for each organizational unit. This represents an important change from the old budget format, which was based on the city's financial fund structure, and it is hoped that this new presentation will clarify the budget policy and management issues associated with each city department and agency.

Over the past five years, through constant and systematic reevaluation of operations in virtually all departments, the city has eliminated 63 positions from the General Fund, 20 from Water and Sewer funds, 12 from Aviation funds, and 20 from the Internal Service Fund. Additionally, the transfer of the zoo to Zoo Atlanta and the privatization of the golf courses have eliminated another 85 positions from the General Fund payroll.

It should be noted that the 1989 budget benefits from the cumulative effect of position reductions which have been effected over the past years. Conservatively, these reductions have reduced ongoing General Fund requirements by about $4 million annually.

In August of 1988, a Resolution was adopted by the City Council and approved by the Mayor which stated the intent of council that the the 1989 budget be based upon the rates of property taxation in effect at that time. This resolution provided very basic policy direction to the 1989 budget development process.

The process of developing the 1989 budget began faced with several major challenges. The manner in which certain program changes, notably the employee salary increase and the additional police positions, were implemented in the 1988 budget left $5.1 million in annual costs not funded in 1988 but requiring funding in 1989. The 1989 budget had to absorb this $5.1 million simply to carry over 1988 service levels to 1989. The second major challenge was an increase of more than $11 million in the cost of the city's group hospitalization program. This unprecedented increase resulted in both a significant increase in the city's contribution--over $8 million--and significant increases in employee shares required under the 75%/25% city/employee split. The result of the increase in employee share was that beginning January 1, 1989, city employees saw their take home pay drop. This situation in turn led to a need for increases in employee compensation, which will be discussed under program changes.

Other significant challenges presented in the 1989 budget included funding the occupancy of the new city hall annex, which adds approximately 400,000 square feet to the city hall complex, and requires over $1 million in new utility and staff costs, and funding for the opening of Underground Atlanta, which requires further city funding for debt underwriting and maintenance of public areas.

1989 General Fund Base Budget

Two significant accounting changes took place in 1988 which impact the General Fund basic budget. Medical insurance costs formerly paid from General Fund and reimbursed by various other funds, and therefore appearing as expenses in both funds, have been allocated directly to those funds, thereby reducing the expenditures and revenues of the General Fund. Additionally, the cost of the city contribution on retirees insurance costs, borne in 1988 by the General Fund, has been distributed to the various appropriate funds. This measure reduces General Fund requirements by nearly $1.5 million.

Overall, including the above items, the 1989 General Fund base budget represents an increase of $9,098,640, or 3.1% over the 1988 budget. This base budget of $299,277,782 is the funding required to maintain service levels and employee compensation at 1988 levels in 1989.

General Fund Program Changes

Despite the overall constraints imposed by the tax rate increase restriction, funding was available within existing revenues to fund program changes. The overriding concern in consideration of program changes was employee compensation, especially in light of the health insurance costs. The 1989 budget funded a "one-step" across-the-board increase for all employees effective January 1, 1989. This increase will cover the hospitalization increase for many employees, and all employees eligible for an annual increment receive a net increase in take home pay no later than their increment date. For the forty percent (40%) of employees who are on step eight (8) of their respective salary range, the budget funded the addition of a ninth step to the salary schedule, effective March 1, 1989. This will have the effect of insuring that all employees will receive a second "step" during 1989. Each step represents an increase of approximately four percent (4%). More important, however, the ninth step will address a problem identified in a recent study by the Bureau of Personnel and Human Resources, which found that while the city's salary schedule is quite competitive at entry levels, and in fact leads the region in most classifications, city employees reach maximum salary sooner and at a lower amount than in most similar and comparable organizations.

Beyond the compensation issues, a number of program changes were included in the budget, although none were significant in terms of dollar amount. Several represent new initiatives and/or efforts to follow through on studies of operations and issues either recently concluded or currently underway. These include:

1. Implementation of a major staffing, classification, compensation, and operational review of the Bureau of Recreation. This study by the Bureaus of Program and Performance Evaluation and Personnel and Human Resources recommends a number of changes in staffing and classifications in the Recreation Bureau, at an estimated cost of $275,000.

2. A task force from various court agencies, police, corrections, and support agencies has been studying the jail overcrowding issue and seeking to identify solutions, and $55,000 was included in the budget to implement the recommendations of the task force.

3. An operational audit of the City (Traffic) Court has recently begun. This study will look at workload, staffing, automation, physical facilities, and other operational issues. Funding in the amount of $200,000 was included in the budget to address the recommendations of this study when completed during 1989.

4. The work of the Council City Utilities Committee and various city departments on solid waste management has generated considerable interest in recycling as an alternative to waste disposal. Funding in the amount of $185,000 was included in the budget in a reserve status to fund a pilot recycling project in 1989.

Other additions to departmental budgets include: increases to Civil Service Board compensation and support to implement the new labor code ($101,000); increased pay for recreation program referees and umpires ($31,940); additional funding for Camp Best Friends, which is expected to be more than matched by increased private sector funds ($50,000); funding to assist Park Pride become self-sufficient ($15,000); and funding for increased personnel recruitment and retention programs in the Department of Public Safety ($129,580). Additionally, $100,000 was set aside to fund micro-computers in small departments and agencies which lack the resources within their own budgets to purchase such equipment. These funds will be allocated based on a competitive process so as to allocate the equipment to the most deserving applications.

New positions were approved in the following areas: in the Action Center, one City Services Coordinator to convert a temporary position to permanent status; in Parks Maintenance, three Gardener positions to staff the relocated greenhouses and maintain the higher levels of seasonal plantings which have been established over the past two years; in Sanitary Services, one position to maintain recently installed methane gas ventilation systems at landfills; in Highways and Streets, one Construction Inspector to respond to increased private development inspection requirements; and in Public Works an Engineer to provide a professional position dedicated to development of a capital program for storm drainage.

Other items funded as program changes include: the city's portion of the funding for the effort to attract the Olympic Games ($125,000); city participation in the Chamber of Commerce Forward Atlanta campaign ($150,000); a reserve fund to provide funding for some change to the city's current policy regarding liability and waiver of governmental immunity ($100,000); funding for a design competition for Peachtree Street, a recommendation of the Central Area Study II (CAS II), in the amount of $125,000; funding for Dream Jamboree ($30,000); and funding for a City Hall souvenir and momento shop ($40,000). Additionally, pending final adoption of a policy by council, $237,600 was set aside in the budget to allow for implementation of whatever policy changes are made regarding council assistants and staff.

Taxes and Revenue

As previously noted, the proposed 1989 General Fund budget is constructed on revenue estimates based upon the same level of millage for general government as in 1988, 11.99 mills. The budget included no new revenue sources or rate changes not previously adopted.

In 1988, the city employed a consultant to review all user fees. Several service fee changes were recommended by the consultant and are currently pending before council. These proposals would provide revenues beyond those included in the budget, although these increases are not significant in terms of impact on General Fund revenues. In addition to these specific fee recommendations, the consultant highlighted the fact that the General Fund was not receiving reimbursement from the Water and Sewer system for the cost of landfilling sludge from waste water treatment and raw water treatment. Billing the Water and Sewer system for this service for 1988 and anticipating this revenue for 1989 have added $4.4 million in net revenues to General Fund for 1989.

Funds available for the 1989 budget are also favorably impacted by accounting and cash management changes which resulted in additional interest earnings previously credited to other funds being available for the General Fund, in the amount of roughly $800,000.

Proprietary Funds

The city operates the Hartsfield Atlanta International Airport, the Water and Sewer system, and the Cyclorama as proprietary enterprises. Additionally, an internal service fund is maintained to account for various services provided centrally to operating departments and charged back through user fees.

The operating budget for the Hartsfield Atlanta International Airport for 1989 is $116.5 million, Virtually half of the 1989 budget is for debt service on outstanding revenue bonds issued for past airport expansion and improvement projects, and approximately twenty percent (20%) is budgeted in a "reserve" status. The major impacts on the expenditure budget are the compensation and health insurance cost increases for all city employees, a fifteen percent (15%) increase in the cost of the People Mover maintenance contract, and the implementation of a snow and ice removal program. Additionally, ten (10) positions are being added in various operations of the Departments of Aviation and Public Safety to increase effectiveness of services and programs.

The Water and Sewer operating budget is impacted by the salary increase for city employees and increased benefit costs. The Water and Sewer Revenue Fund 1989 budget of $102.1 million, however, is 7.5% less than the 1988 budget due to significant one-time revenues received from DeKalb County for back sewer charges in 1988.

The budget of the Parks and Recreation Facilities Fund, which finances the operations of the Cyclorama, has a 1989 budget of $852,367, an increase of 14.5% over the 1988 budget. The increase is the result of higher costs for personnel and other operating items. It is anticipated that a General Fund subsidy will again be required.

The Internal Service Fund 1989 budget is 9.6% higher than the 1988 budget. This increase is the result of higher personnel costs in all agencies in the fund, the addition of a new mainframe computer, and an increased reserve for appropriations, which resulted from an increase in fund working capital created by a higher ratio of revenue recoveries to expenses in 1988.

Capital Improvement Projects and Needs

Many important capital issues face the city. The 1989 updated Capital Improvements Program (CIP) included recommendations for general obligation bond referenda in either 1989 or 1990, and also in 1992 to deal with basic general government needs. Many critical issues are included in the CIP, such as solid waste disposal facilities, and long-term funding for storm sewer improvements. The failure of the 1988 bond referendum and the constitutional amendment on increasing the annual bond authorization have put the city in a position of deferring many important general government capital issues, and the constraints placed upon 1989 budget exacerbate that problem. The primary general government capital projects underway in 1989 will be the renovation of the City Hall tower and the beginning of construction of the Municipal Court building. It is also anticipated that a city hall complex parking deck will begin in 1989.

In proprietary funds, the airport will see the completion of four additional gates on the International Concourse, will begin construction of the expansion of the domestic concourses, and will continue to plan the Atrium project, commuter runways, and a second airport. The Water and Sewer system will begin construction of the R.M. Clayton Pollution Control Plant administration building and sludge thickener facility, and will complete various improvements to water treatment facilities.

Federal Issues

While the city has been directly affected by many federal cutbacks, the greater impact is in an indirect manner, as the city experiences the "fallout" of federal cutbacks in service areas in which the city is not the service provider, but is either expected to provide replacement services or is forced to deal with displacements of people or economic activity. It is obvious that pressure to replace federal funding with local money will mount from civic and advocacy groups, non-profit organizations, and citizens-at-large. Atlanta's most immediate direct losses have been in the area of infrastructure construction, urban development, public service employment, the arts, and recreation.

The federal government continues to place additional financial burdens on local governments concurrent with cutbacks in federal financial support of local governments. In 1986, we saw the inclusion of local governments under the Fair Labor Standards Act (FLSA) and the inclusion of new employees under Medicare. Prospects for the future include the possibility of all municipal employees coming under medicare, and perhaps ultimately, being required to come fully under the Social Security system. Clearly, the "new Federalism" represents the passing to local government of additional financial requirements without any sharing of the federal revenue generating capabilities.

The city continues to be quite concerned with recent and potential developments in changing federal tax and fiscal policy. Recent changes in tax laws and requirements have caused much confusion and uncertainty in the municipal bond market, and it appears that tax "reform" and restructuring is likely to continue to evolve for some time. Of particular concern is how these actions will impact the city's ability to finance airport and water and sewer projects, and proceed on major innovative economic development proposals.

Other Issues and Summation

Beyond the 1989 budget and the items addressed therein, there are several major project issues, which either have little or no direct budget impact at this point, but which represent investments the community, and city government, must make for the future. In each of these instances, policy decisions and financial commitments must be made in 1989. These items include the Domed Stadium, efforts to attract the 1996 Olympics to Atlanta, solid waste issues, storm sewers, combined sewers, and Auburn Avenue revitalization. Many of these decisions made in 1989 will affect future Atlanta budgets into the twenty-first century.

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