



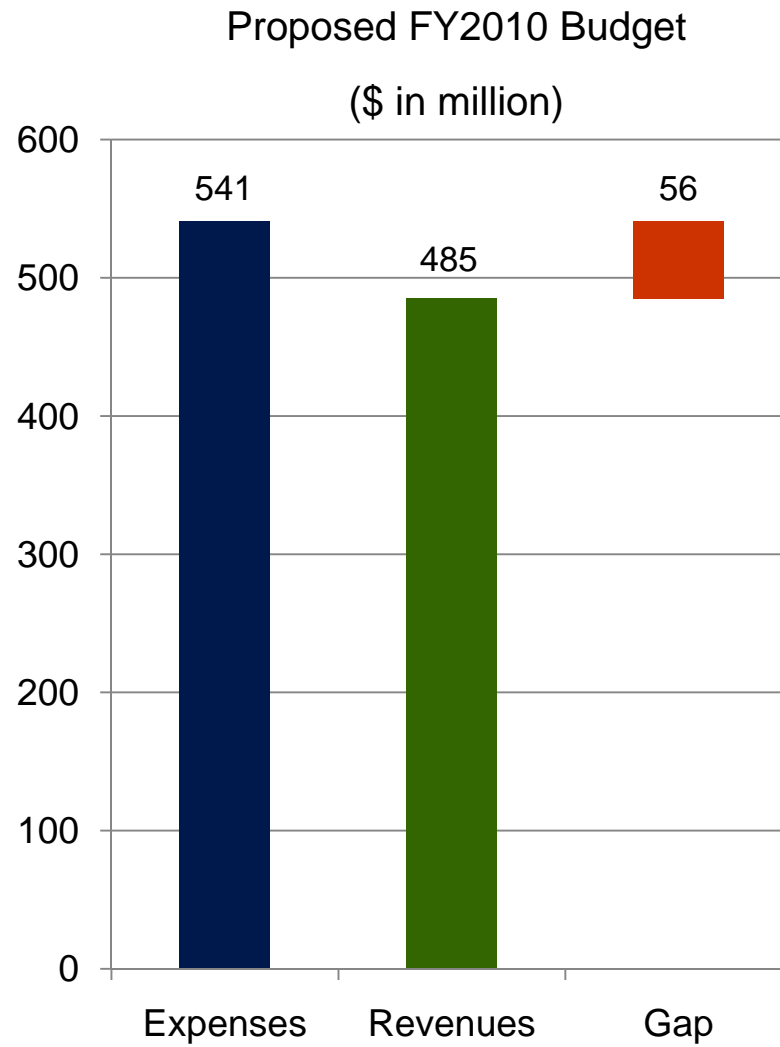
City of Atlanta Overview and Proposed Budget Summary

June, 2009

We are proposing a Budget of \$541M

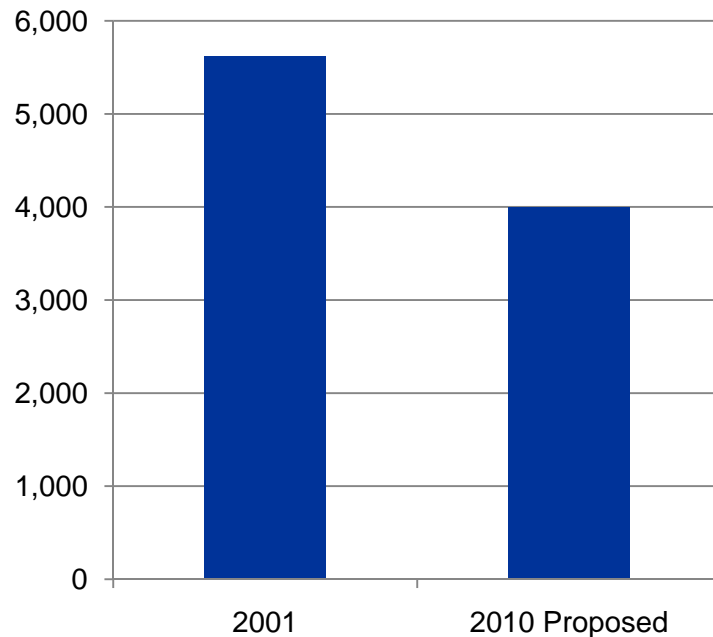
- Provides a Basis for Putting the City on a Financial Recovery Plan
- Attempts to Minimize the Impact on Taxpayers
- This Proposed Budget includes the following:
 - Ends Furloughs to increase public safety and service at a cost of \$18.3M
 - 3 Mill Increase to Bridge the Gap of \$56M
 - Reduces Headcount from FY09 Adopted Budget (4,686 to 3,991 Funded Positions)
 - Continues \$10.1M in Non-Personnel Cuts from FY09
 - Reamortizes Defined Benefit Pension Plans
 - Reorganizes the Jail
 - Ends 1% Voluntary Pension Contribution
 - Funds a Restricted Reserve of \$27M

Despite relentless cost reduction, the City's gap is \$56 million

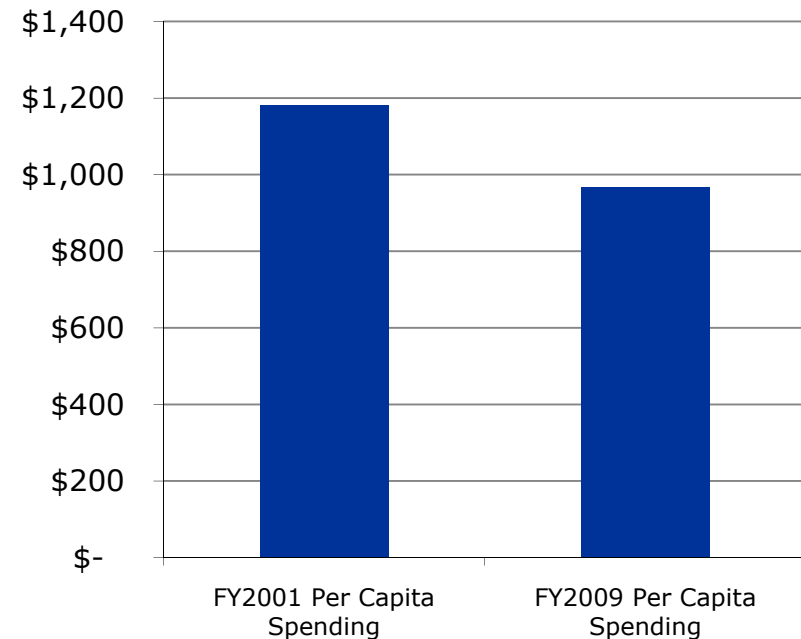


The absolute number of employees in the General Fund has declined from 5,617 in 2001 to 3991 proposed for 2010 (a 29% decline)

General Fund positions have dropped by 29%



General Fund spending per capita has fallen by 20%

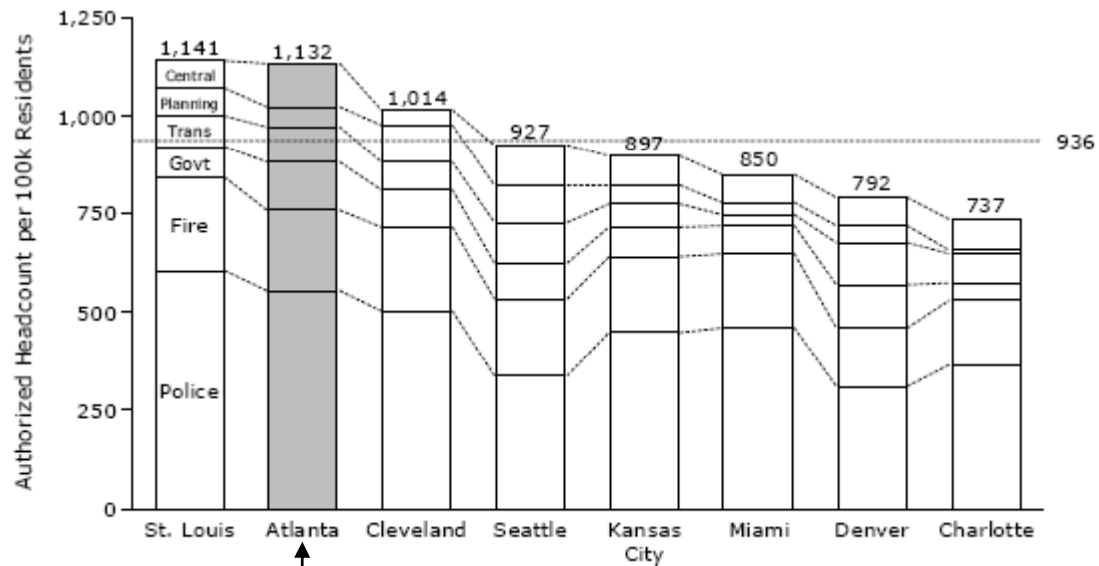


- These declines have occurred over a period in which the City has grown by nearly 25%¹
- These numbers include the 330 additional police officers positions that were purposely added during this period.

¹Source: US Census Bureau

Data from 2001 showed above average City headcount per 100k residents

Figure 6-23: 2001 Authorized Personnel per 100K Residents (Adjusted Common Services)

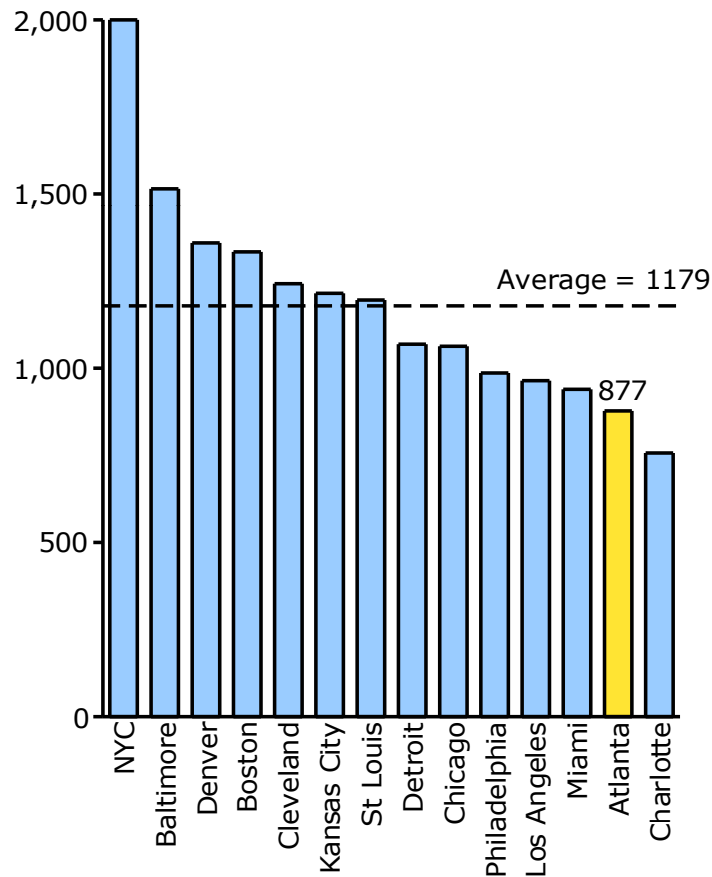


Source: 2001 City Budgets, Atlanta DPHR Vacant & Filled Position Report (11/16/01), U.S. Census Bureau, City budget analyst and other employee interviews

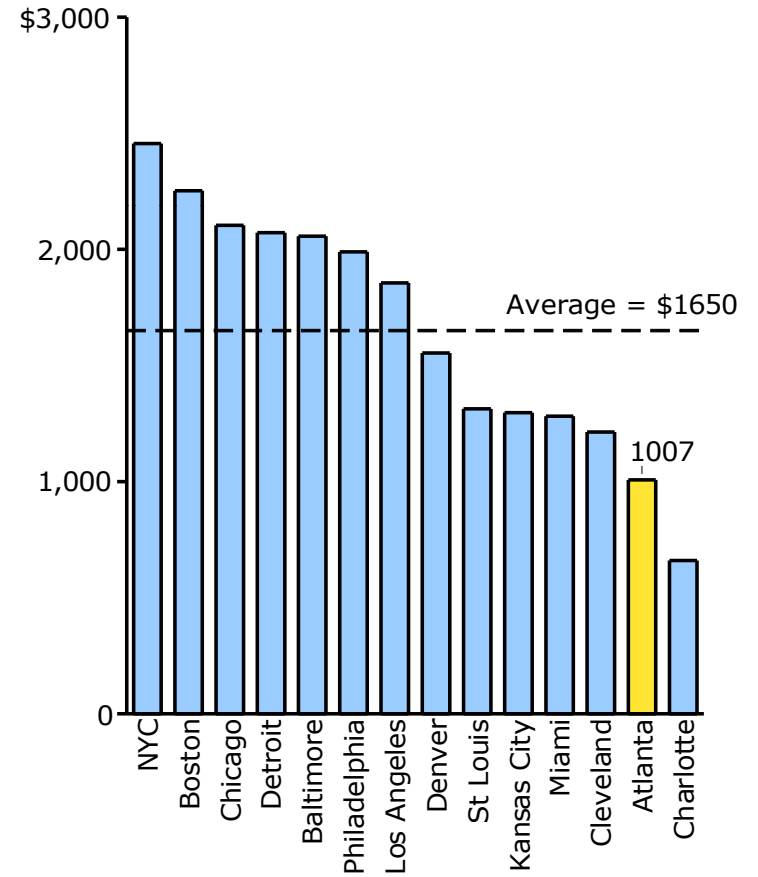
Source: Bain analysis, respective cities FY2001 budgets, US Census Bureau

Our workforce and our spending per capita is now well below our peer city average

2009 general fund employees per 100k residents



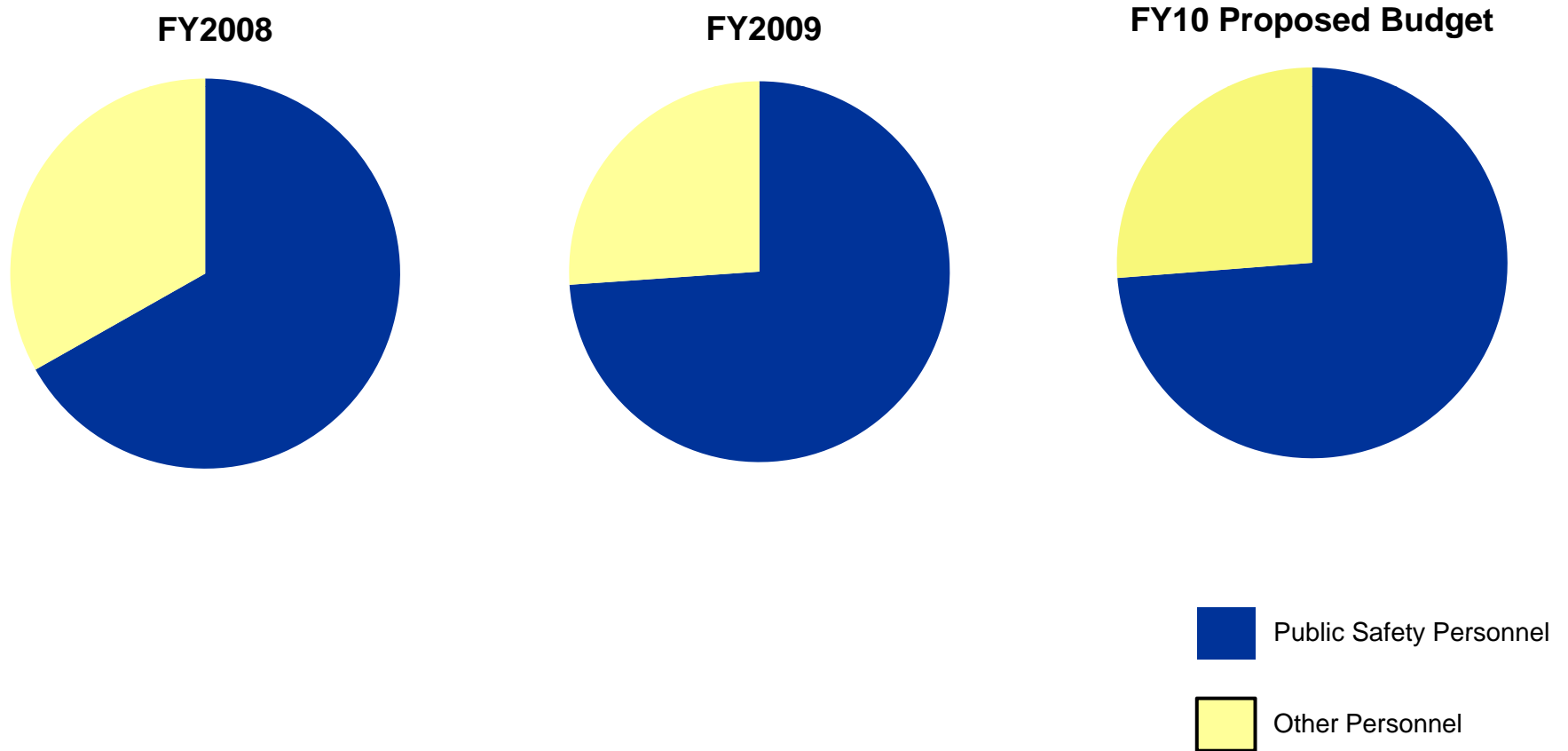
2009 general fund spend per resident



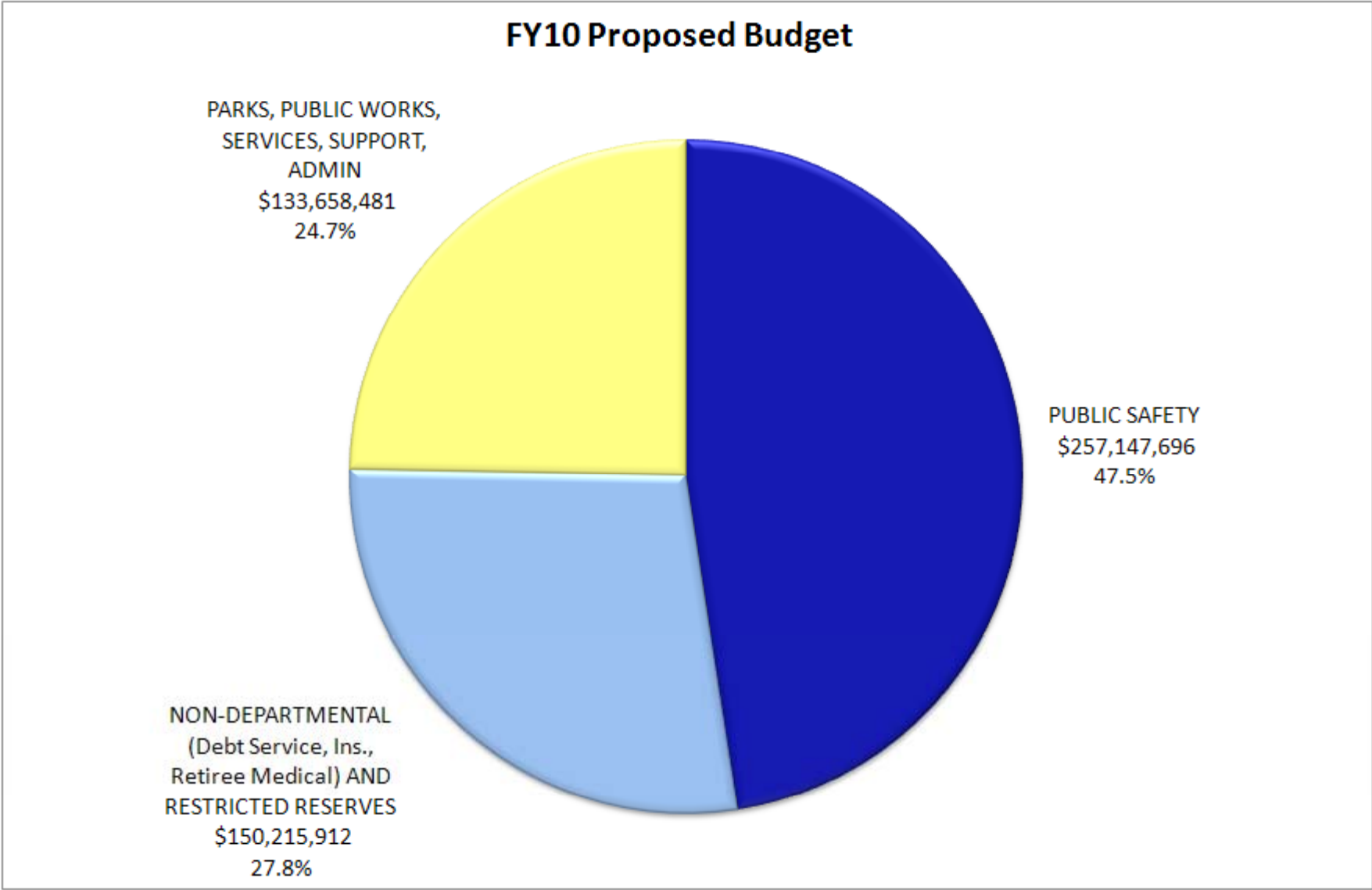
Source: Bain analysis, respective cities FY2009 budgets, US Census Bureau, Office of the CFO

The scope for reductions outside of public safety is extremely limited

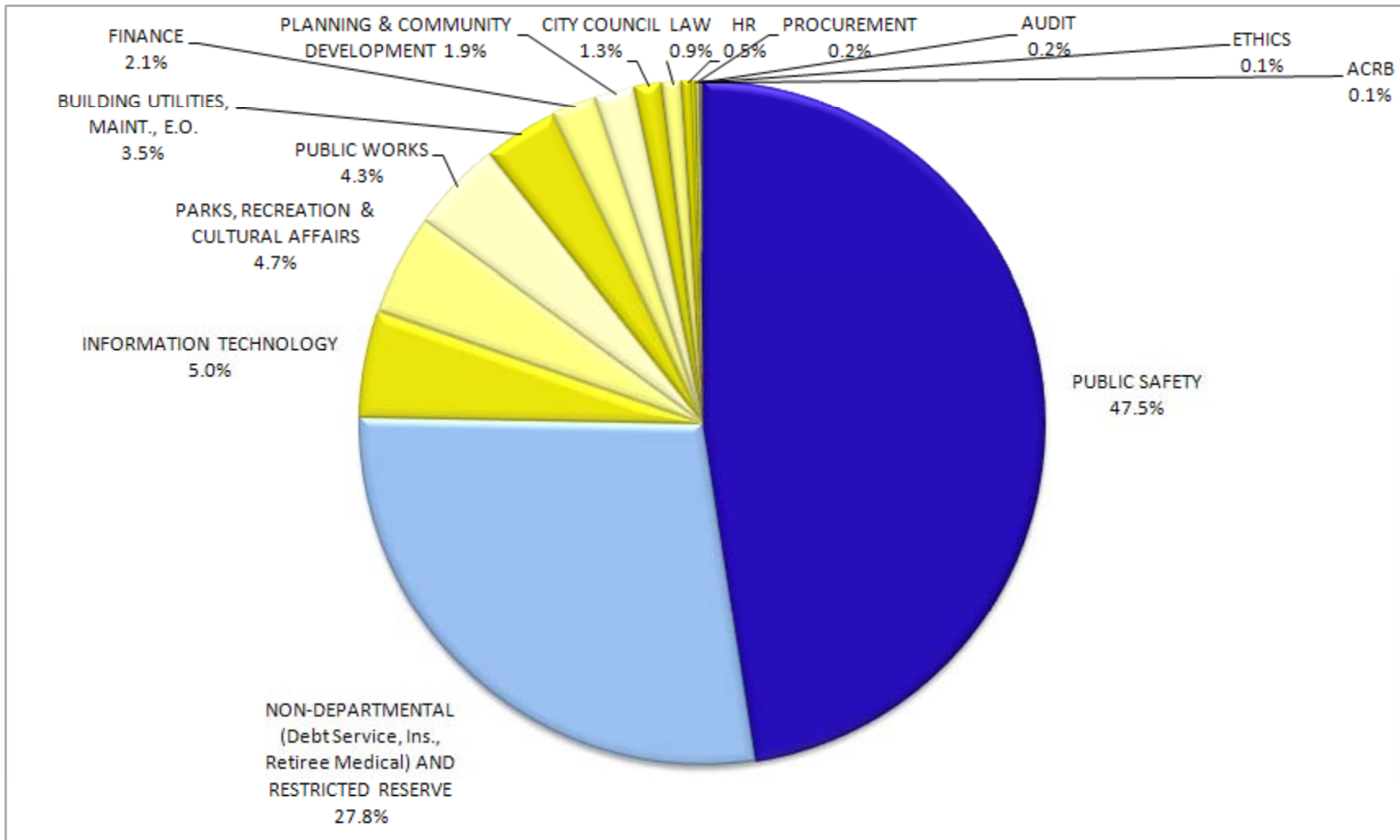
Public Safety now accounts for approximately 74% of all City personnel in the General Fund



Seventy Five percent of the FY10 proposed total budget is expense for public safety, non-departmental, and restricted reserve

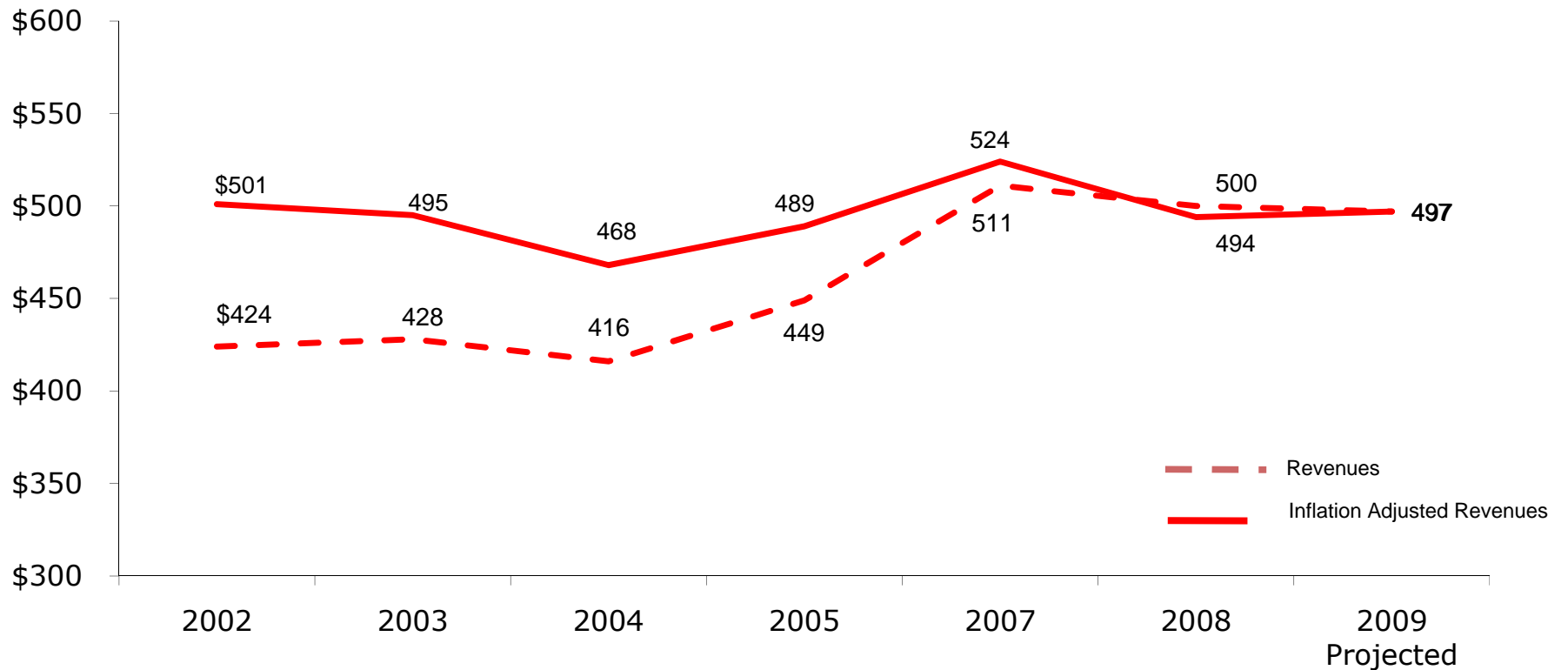


The City can not solve a \$56 million dollar budget gap by only cuts to non-public safety departments



Since 2002, the City's real revenues are slightly negative even though its population has grown by 25%

General Fund Actual Revenue compared to Inflation Adjusted Revenue
(FY2002-FY2009)

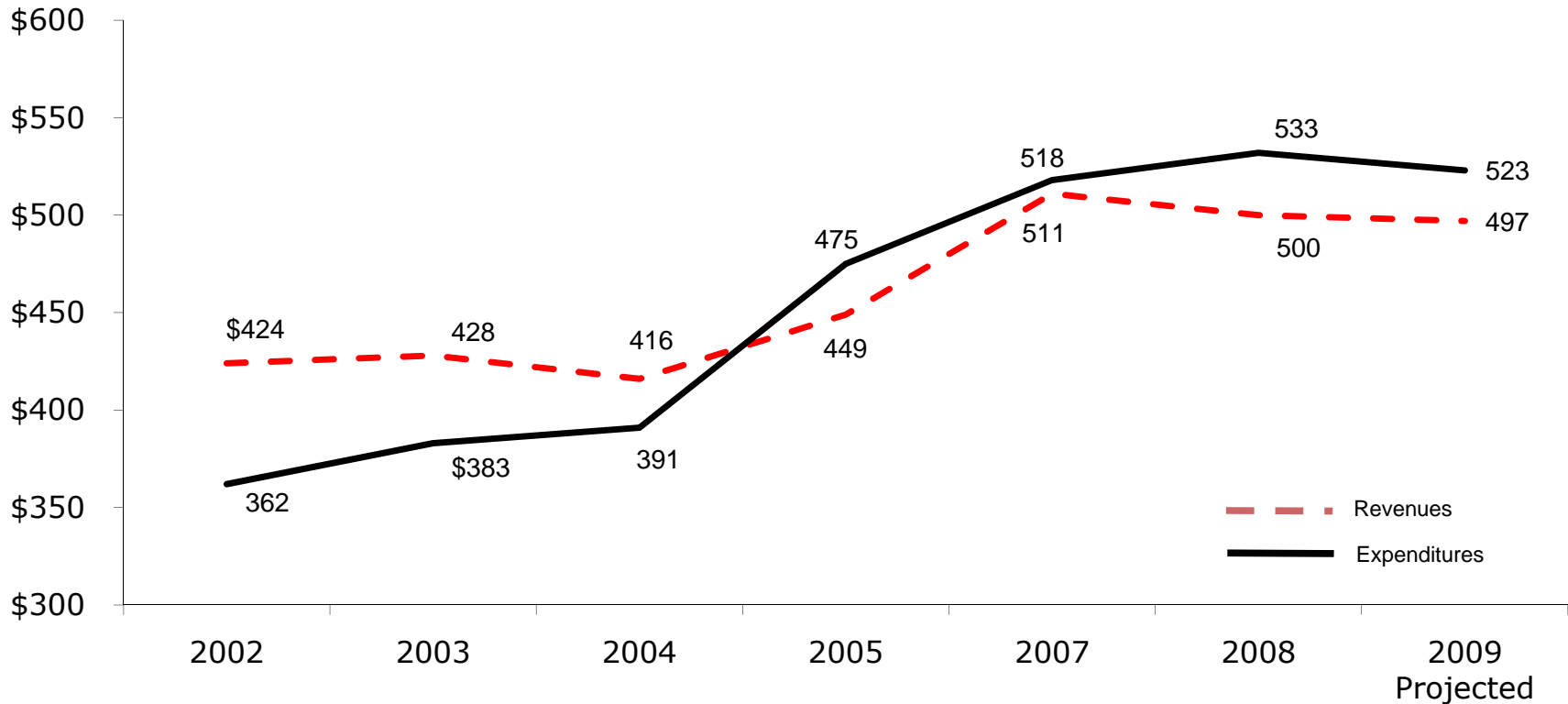


Note: 2006 was a half year. 2006 numbers not included in order to highlight trends.

Source: United States Department of Labor - Bureau of Labor Statistics, Consumer Price Index (CPI) Inflation Calculator as of 4/24/2009

The City has a structural gap between its revenues and operating expenses

General Fund Revenue and Operating Expenses
(FY2002-FY2009)



Note: 2006 was a half year. 2006 numbers not included in order to highlight trends.

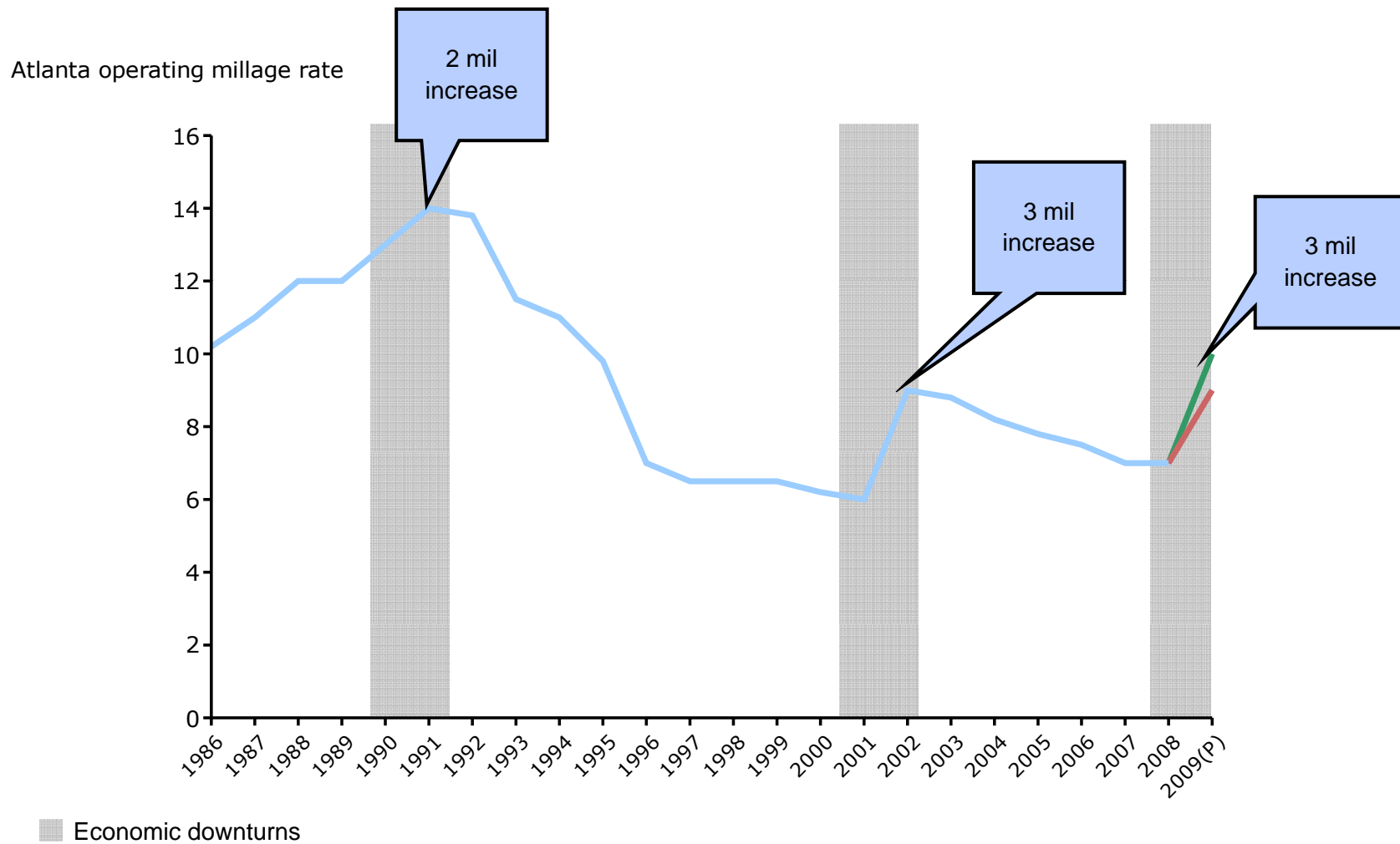
One cause of this structural gap is flat revenue performance

- Revenues since 2002 have been flat and negative when adjusted for inflation
 - Negative growth in revenues (-0.7%) in inflation adjusted dollars
 - City has grown over 25% since 2002
 - City not realizing any corresponding real revenue growth overall
 - Property tax growth has been flat and negative when adjusted for inflation
 - Negative growth in property tax revenues (-14%)
 - 2002 Property Taxes of \$140M equate to \$166M in inflation adjusted dollars
 - 2009 Property Taxes of \$142M expected
 - Real property tax revenue has decreased by \$22M over this timeframe
 - Practice of rolling back millage has dropped the rate from 14.04 in 1991 to 7.12 in 2008 (a \$140M annual revenue impact)
 - Expansion of homestead exemption
 - Re-assessment caps to come
 - Short-term economic conditions have deteriorated since 2007
 - Sales tax revenues down 10% due to declining retail sales
 - Real estate and construction related revenues down by 61%
 - Tourism revenues down by 24%

With a proposed 3 Mill increase, the total property tax millage will still be lower than 10 of the last 17 years

Calendar Year	City General Fund	City Parks	City Bonds	School General Fund	School Bonds	Fulton County	State	Total	Atlanta/DeKalb Library
2009 / FY2010 Proposed	10.12	0.50	1.18	21.64	0.05	10.53	0.25	44.275	0.826
2008	7.12	0.50	1.18	21.64	0.054	10.531	0.25	41.275	0.826
2007	7.09	0.50	1.33	22.64	0.05	10.531	0.25	42.391	0.96
2006	7.53	0.50	1.41	22.64	0.054	11.72	0.25	44.104	0.991
2005	7.64	0.50	1.43	20.42	0.10	11.895	0.25	42.235	2.05
2004	8.25	0.50	1.27	20.87	0.11	11.897	0.25	43.147	1.05
2003	8.71	0.50	1.3	21.46	0.11	12.572	0.25	44.902	1.14
2002	9.02	0.50	1.34	21.67	0.11	13.06	0.25	45.95	1.3
2001	6.19	0.44	0.74	21.94	0.12	13.59	0.25	43.27	1.47
2000	6.28	0.48	1.27	23.84	0.96	13.94	0.25	47.02	1.86
1999	6.57	0.50	1.32	24.93	1.0	13.94	0.25	48.51	1.96
1998	6.57	0.50	1.32	25.43	1.0	13.94	0.25	49.01	2.06
1997	6.57	0.50	1.32	25.43	1.0	13.94	0.25	49.01	2.06
1996	6.90	0.50	0.99	26.95	1.31	14.26	0.25	51.16	1.87
1995	9.66	0.50	0.99	23.19	1.31	14.26	0.25	50.16	1.9
1994	10.99	0.50	0.25	23.44	1.29	14.26	0.25	50.98	1.98
1993	11.49	0.50	0.21	23.66	1.11	14.76	0.25	51.98	2.03
Notes:	Fulton County tax rate includes county general fund, county bonds, and hospital.								
	Atlanta/DeKalb residents millage supports library service provided by Fulton County.								

Recessions have historically required millage increases of a similar magnitude

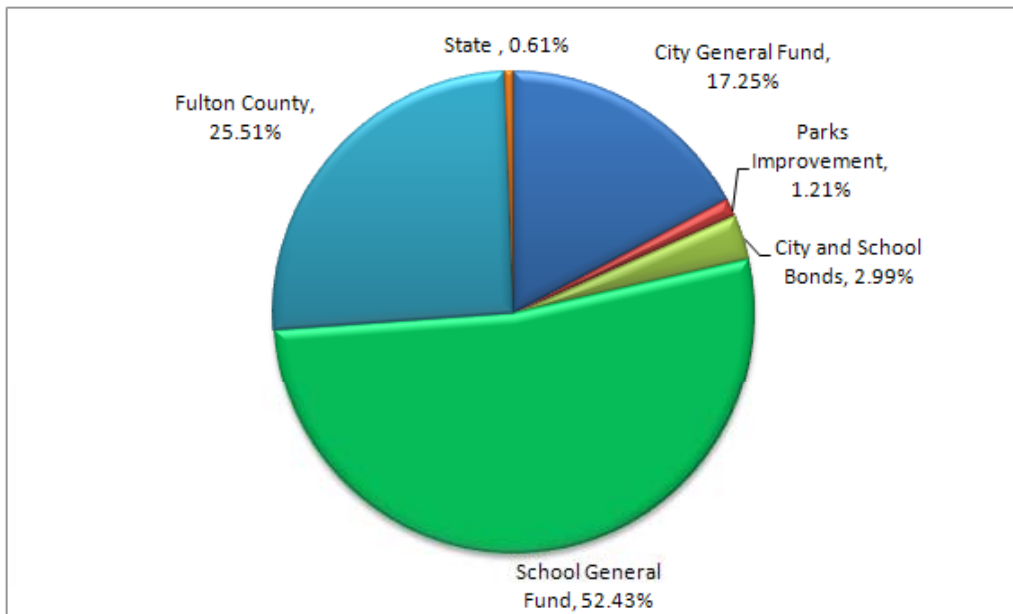


Source: Office of the COO, Bureau of Labor Statistics

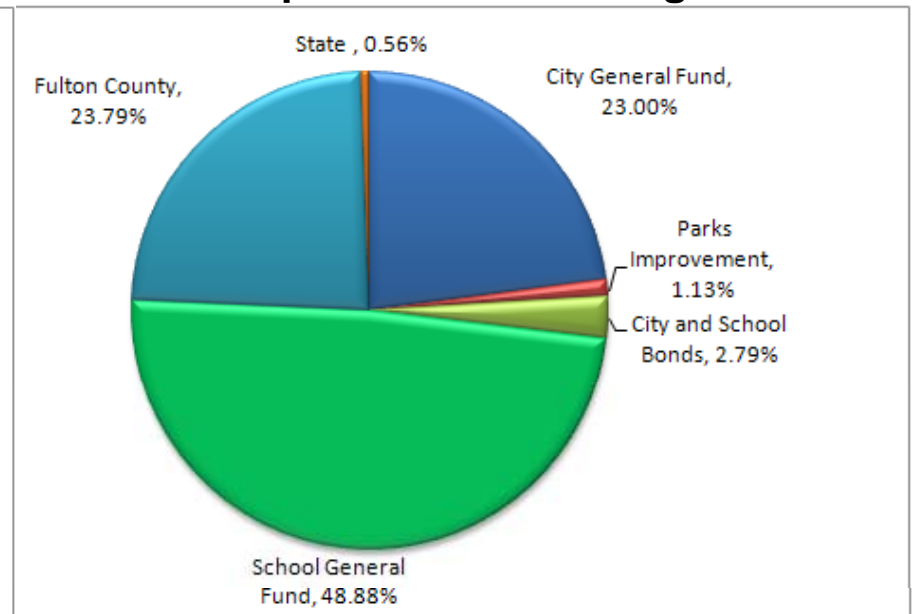
The City of Atlanta General Fund currently receives only 17.25 cents of each dollar of property taxes

Where does each Dollar of Property Taxes Go?

2008 Calendar Year



2009 / Proposed FY2010 Budget



Note: A Millage increase for the City General Fund does not impact the underlying tax rates and total collections of other components, such as the School General Fund.

Estimated Impact on Property Tax Bills

\$1,000 Tax Bill			
	Before Millage Increase	After Millage Increase	
City	\$ 173	\$ 245	
Schools	\$ 524	\$ 524	
Fulton County	\$ 255	\$ 255	
All Other	\$ 48	\$ 48	
Total	\$ 1,000	\$ 1,072	7.2%
\$5,000 Tax Bill			
	Before Millage Increase	After Millage Increase	
City	\$ 863	\$ 1,225	
Schools	\$ 2,622	\$ 2,622	
Fulton County	\$ 1,276	\$ 1,276	
All Other	\$ 241	\$ 241	
Total	\$ 5,000	\$ 5,362	7.2%
\$10,000 Tax Bill			
	Before Millage Increase	After Millage Increase	
City	\$ 1,725	\$ 2,450	
Schools	\$ 5,243	\$ 5,243	
Fulton County	\$ 2,551	\$ 2,551	
All Other	\$ 481	\$ 481	
Total	\$ 10,000	\$ 10,725	7.2%

A 3 Mill adjustment has a small monthly impact

3 Mill Increase	Increases in Taxes		
	Fair Market Value	Annual Impact	Monthly Impact
\$ 100,000	81	\$ 6.75	\$ 0.22
\$ 200,000	201	\$ 16.75	\$ 0.55
\$ 300,000	321	\$ 26.75	\$ 0.88
\$ 400,000	441	\$ 36.75	\$ 1.21
\$ 500,000	562	\$ 46.80	\$ 1.54
\$ 600,000	681	\$ 56.78	\$ 1.87
\$ 700,000	801	\$ 66.77	\$ 2.20
\$ 800,000	921	\$ 76.75	\$ 2.52
\$ 900,000	1,041	\$ 86.75	\$ 2.85
\$ 1,000,000	1,161	\$ 96.75	\$ 3.18
\$ 1,100,000	1,281	\$ 106.75	\$ 3.51
\$ 1,200,000	1,401	\$ 116.75	\$ 3.84

Notes:

Fulton County tax digest is not yet certified; the tax digest is normally certified by the State of Georgia by June of each year.

Dollar Value of 1 Mill for 2008 and 2009 is based on property tax forecast.

Summary

- The Proposed Budget provides the basis for putting the City on a Financial Recovery Plan
- The Revenues of the City have been seriously impacted by the economy which will continue in FY2010
- The City has significantly improved its expense performance over the last 8 years
- This Budget continues with the headcount and expense reductions began in 2008
- Over the Past 7 Years the City Government has rolled back millage rates using reserves to cover increasing expenses
- The \$56 Million Gap cannot be absorbed without impacting Public Safety
- The 3 mill increase in property taxes is critical to balance the budget and to:
 - Reinvest in Public Safety (equivalent of 175 police officers).
 - Ensure Atlanta maintains its position as the economic and business center for the Southeast.
 - Attract Tourism.
 - Attract new residents and businesses and be a City where people want to live and work.