

City of Atlanta

FY 2009 Budget Presentation

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Four Principles Behind Budget

1. Transparency
2. Reform
3. Efficiency
4. Public Safety

Transparency

- Open and Honest Government is the hallmark of this Administration
- Full Information
 - Proposed Budget is 662 pages
 - Unprecedented detail
 - Line item detail of expenditures
 - Includes 100% of spending information
- Information is clearly and simply presented
 - Direct about challenges
 - Direct about our choices
- Posted yesterday on City's website

Efficiency

- \$57 million in spending cuts
(almost 40% higher than in 2002)
 - Eliminates 1,404 positions in General Fund (788 General Fund positions abolished and 616 transferred)
 - General Fund Workforce of 4,772
 - Lower than 2002
 - Lowest per capita workforce this decade
 - 50% reduction in Mayor's office personnel
- Eliminates certain non-core services; reduce others
- Proposes two strategic outsourcing opportunities and one small reorganization

Reform

- Eliminate ineffective budget practices of past
 - No cash carry forward
 - All costs fully accounted for and allocated
 - No unfunded positions
 - No payables carried forward into next fiscal year (except \$2.4 million in budget presented to us by City Council)
- Proposing legislation to create system of effective reserves and mid-year budget decisions
- Combined effect of these practices is a truly conservative proposal for all FY09 spending
 - Combined with new ERP system, budget will fully control spending next year

Public Safety

- Budget recognizes public safety is City's top priority
- New Investments
 - New Public Safety Headquarters
 - E911 Call Center
 - New Radio System
- No cuts in sworn police positions
- Minimal cuts in Fire and Corrections will not change public safety service levels
- 4 month review of APD support functions will result in 50 sworn positions moved from administration to field operations by December 2008

Taxes for Public Safety

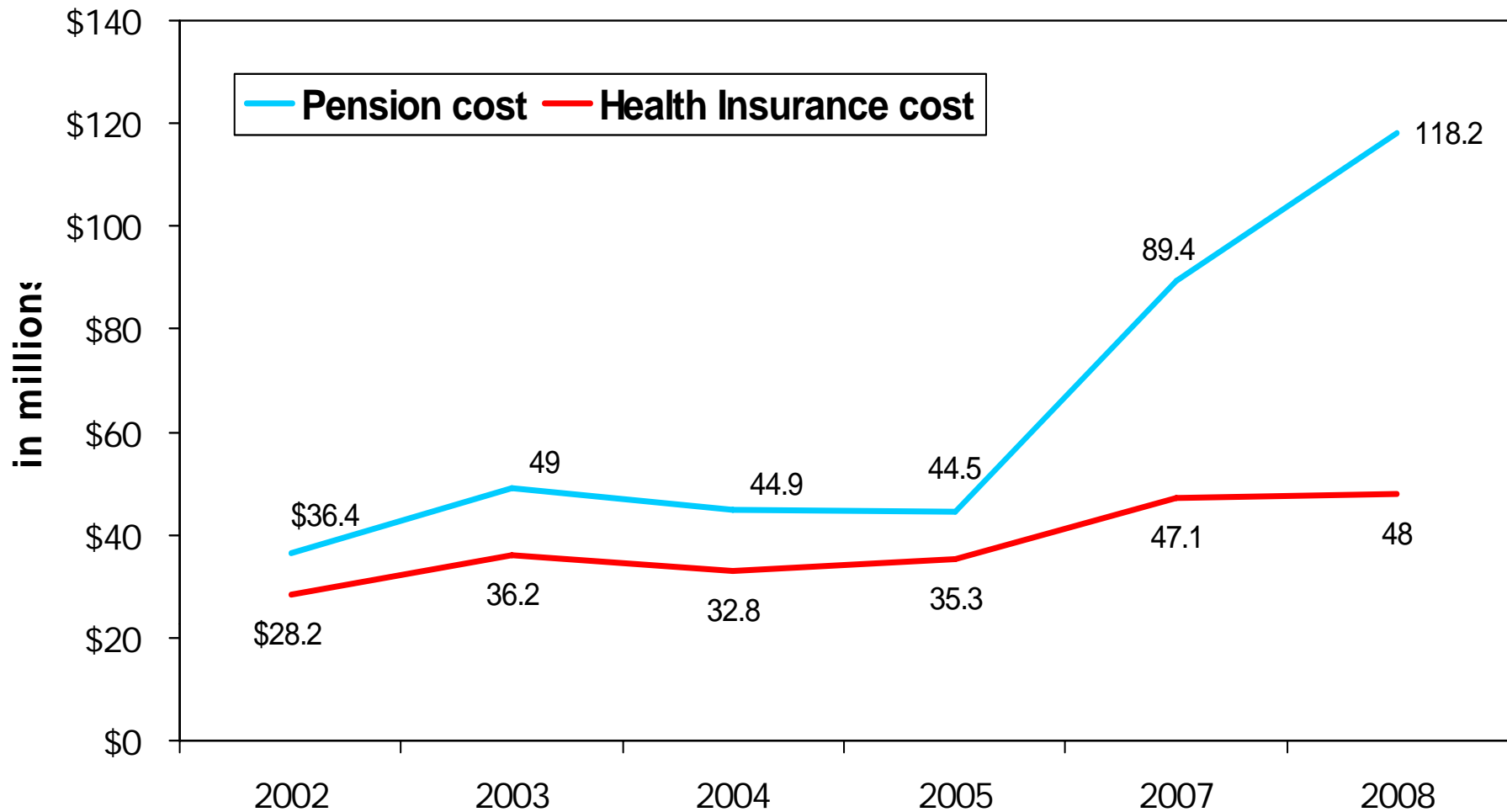
- \$140 million budget shortfall
 - almost twice the gap in 2002
- To bridge this gap through spending cuts alone would require dramatic reductions in public safety
 - Eliminate 205 sworn police positions
 - Close 6 fire stations and eliminate 90 sworn firefighter positions
- We refuse to turn back the clock on gains we have made in public safety
- This budget proposes a clear and direct trade-off: new property tax revenues to support our police and fire
 - \$40 million in new property tax revenues
 - Narrowly tailored to fund only police and fire services

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Annual pension and health insurance costs have increased by \$102 million since 2002 and now represent nearly 26% of the City's annual General Fund budget.

Historical Pension and Health Care Costs



Note: 2006 was a half year. Numbers not included in order to better show trends.

Calculating the Budget Gap

• FY08 projected actual expenditures: (recurring spending)	\$625M
• Additional investment for FY09:	\$14 M
- Public Safety Headquarters	
- E911 Communications Center	
- Public Safety Radio Upgrade	
- Parks and Recreation Bonds	
- Election Costs	
- Other	
	<hr/>
	\$639 M
• Anticipated revenue (based on current code): - 96% anticipation rate	\$499 M
• Gap between costs and revenues:	\$140 M

Four Ways to Bridge a Budget Gap

- Spending Cuts
- Revenue Initiatives
- Revenue Anticipation Rate
- Property Taxes

Proposed FY09 Budget Utilizes All Four Methods

• Spending Cuts	\$57 M
• Revenue Initiatives	\$28 M
• 99% Anticipation Rate	\$15 M
• Property Tax Revenues	<u>\$40 M</u>
Total	\$140 M

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Spending Cuts

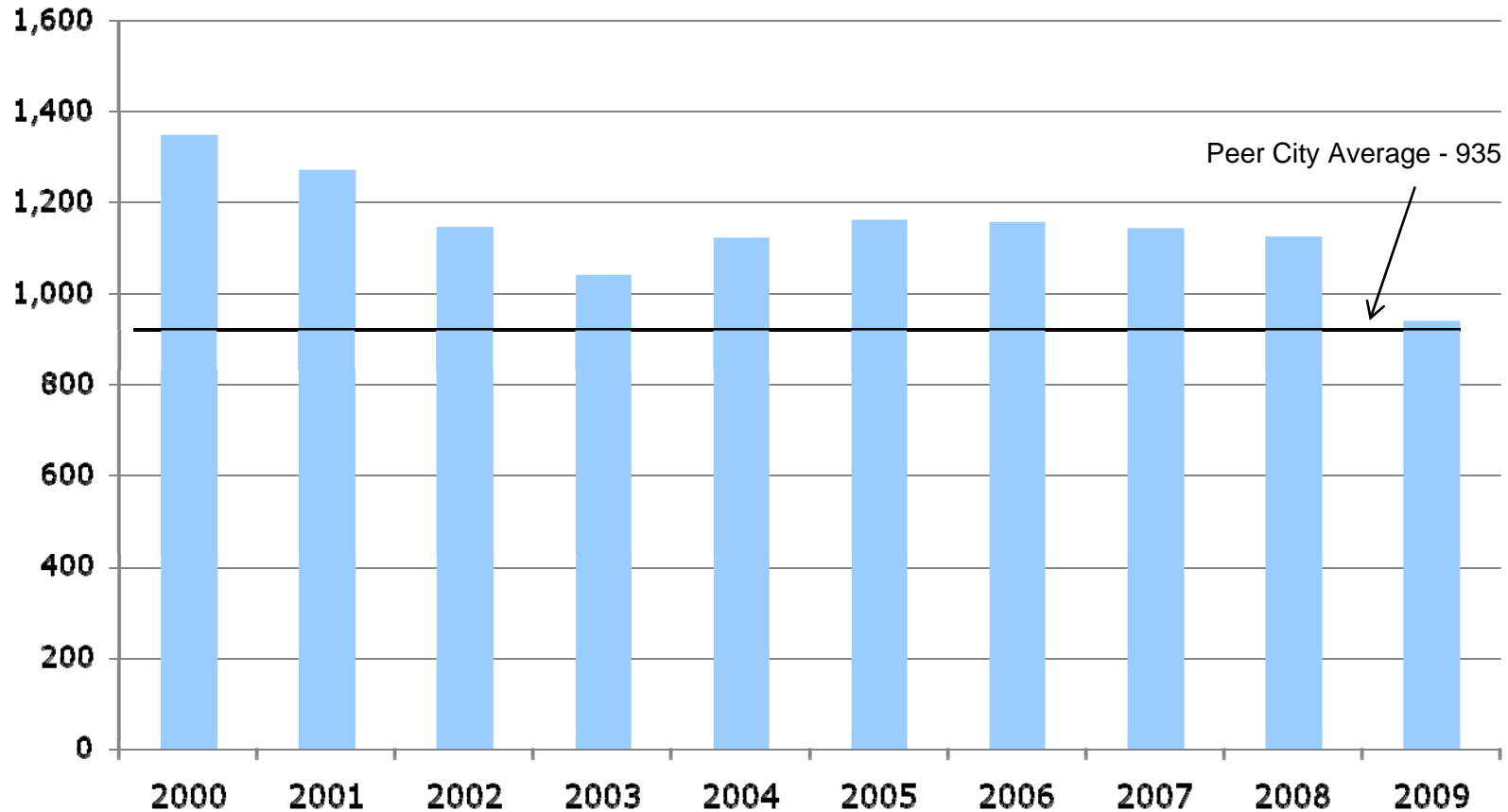
- Total Expenditure Reductions: \$57 million
- Spending Cuts in Context FY02 cuts:
 - \$40 million
- Almost 40% deeper cuts than in FY02

Spending Cuts

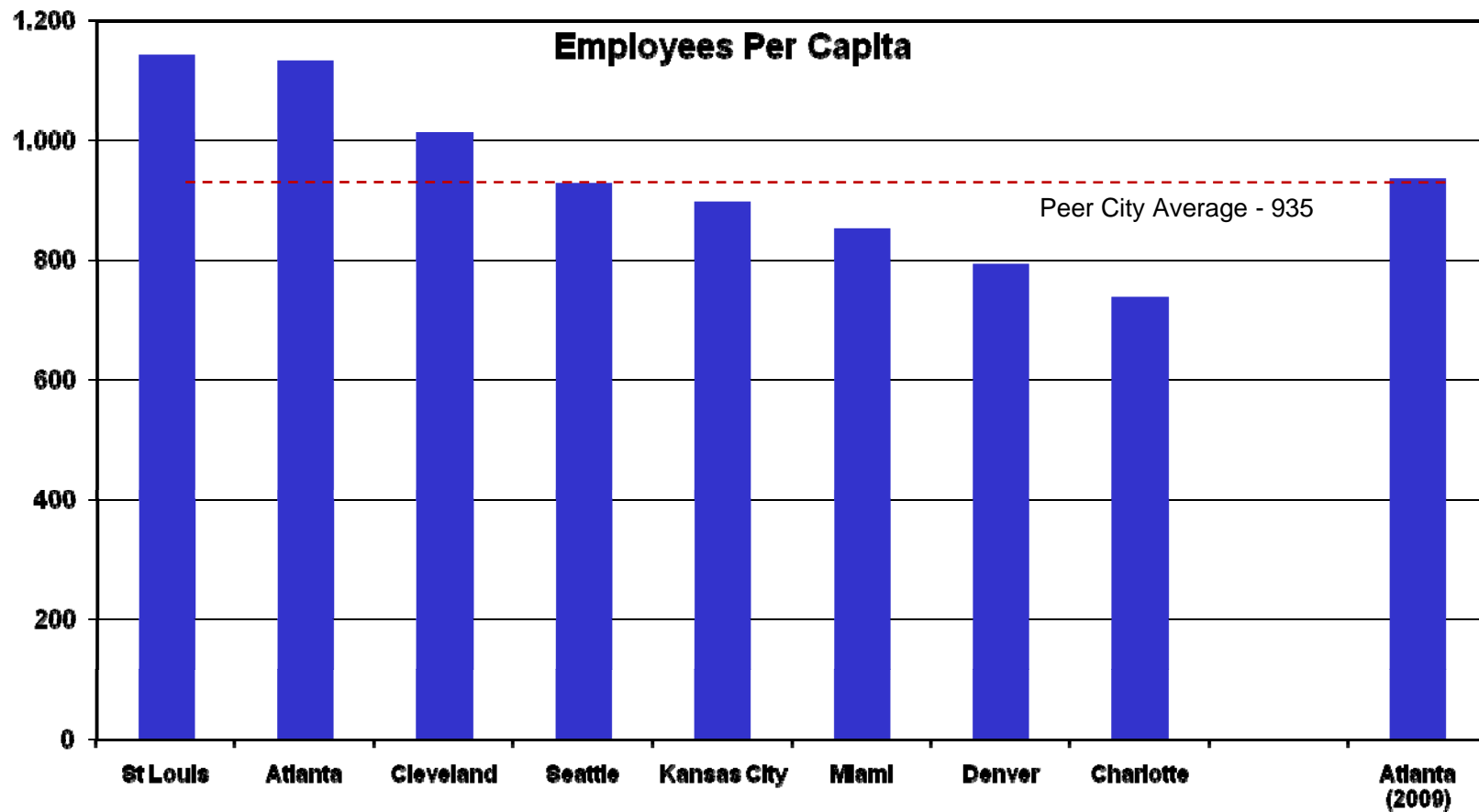
- Downsizing Initiative:
 - 788 General Fund positions abolished and 616 transferred
 - ▶ 21.4% reduction
 - ▶ 788 positions eliminated
 - 441 filled positions
 - 347 vacant positions (funded)
 - ▶ 616 positions transferred from General Fund to other funds (383 positions to SWS, 161 positions in E911)
- Public Safety vs. Non-public safety:
 - Public Safety positions reduced just 7.6% (mostly APD civilian)
 - Non-public safety departments reduced 34.2%
- Downsizing in Context
 - General Fund workforce is now lower than in 2002
- Every single position is fully funded

On a per capita basis, our workforce is at lowest level this decade and equal to our peer city average

Employees per 100,000 Residents



COA per capita workforce compared to peer cities



Spending by Departments

	FY07 (actual)	FY08 (projected actual)	FY09 (budget)	% Change (FY08 v. FY09)	Abolished Positions
Law	7,178,029	8,372,278	7,900,034	-5.6	(15)
Human Resources	4,930,453	4,650,329	3,550,876	-23.6	(10)
Procurement	2,390,496	1,559,274	1,129,909	-27.5	(10)
Finance	15,751,046	14,433,367	11,308,619	-21.6	(38)
Information Technology	20,583,714	17,621,093	25,312,270	+43.6	(33)
Mayor's Office	n/a	6,245,612	4,313,464	-30.9	(21)
Asset Management	n/a	11,213,489	14,386,537	+28.3	(8)
Judicial Agencies	24,406,918	16,236,402	10,202,162	-37.2	(63)

Spending by Departments

	FY07 (actual)	FY08 (projected actual)	FY09 (budget)	% Change (FY08 v. FY09)	Abolished Positions
Planning	15,880,232	18,392,942	14,183,082	-22.9	(50)
Parks	29,495,437	35,846,029	30,320,239	-15.4	(32)
Public Works	59,050,740	31,293,346	25,657,704	-18.0	(215)

Spending by Departments

	FY07 (actual)	FY08 (projected actual)	FY09 (budget)	% Change (FY08 v. FY09)	Abolished Positions
Police	174,019,000	191,895,207	177,991,235	-7.2	(127)
Fire	78,418,059	89,386,043	78,511,398	-12.2	(94)
Corrections	42,932,036	39,700,674	38,517,875	-3.0	(68)
MSO	-	-	3,173,344		
Citizens Review Board	-	-	311,940		

Spending by Departments

	FY07 (actual)	FY08 (projected actual)	FY09 (budget)	% Change (FY08 v. FY09)	Abolished Positions
City Council	5,878,462	10,034,916	12,106,038	+20.6	0
Ethics	296,178	242,363	398,015	+64.2	0
Audit	878,088	1,124,893	1,061,107	-5.6	(2)
Non- Departmental	136,544,225	126,261,078	123,575,642	-2.1	0

Operational Impacts

- General reduction in support department staffing
- Eliminate planner attendance at NPU meetings
- Reorganize building inspector office
- Reduce courtrooms in Municipal Court from 9 to 7
- Consolidate Solicitor's Office with Department of Law
- Temporarily close 11 rec centers for renovations (already planned)
- Permanently close 2 rec centers
- Equipment replacement limited to GMA funding capacity
- Take home vehicle policy

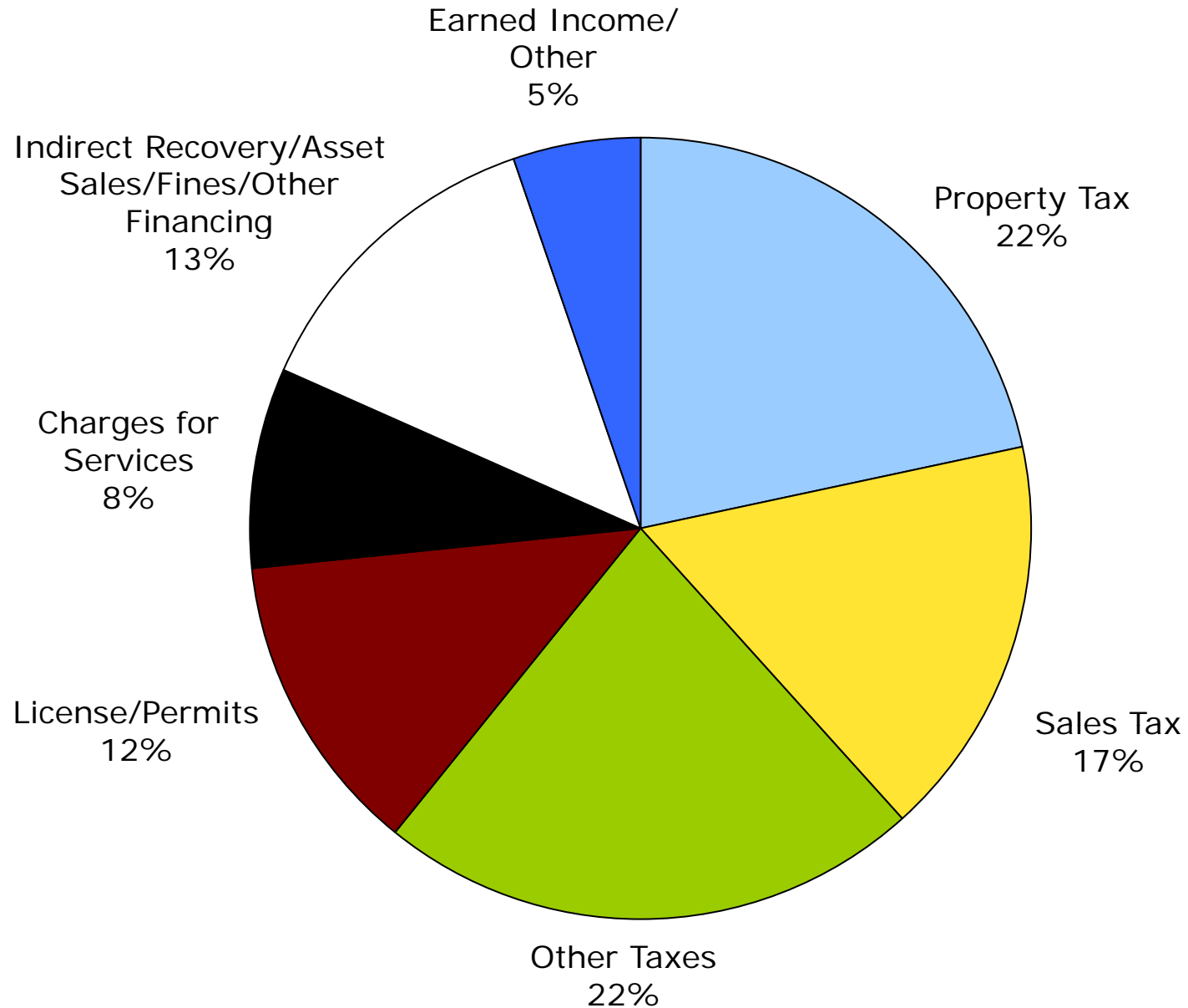
Operational Impacts

- No COLA or other pay increases
- Health insurance changes
 - Reduce City contribution from 77% to 70%
 - Make Medicare primary coverage at age 65
- Shift to bi-weekly collection of recyclables and yard trimmings in Solid Waste
- Two outsourcing initiatives
 - Parking enforcement
 - Inmate security at Grady Hospital
- Proposed reorganization of APD support structure
 - 4 month process to begin shortly
 - Goal is to transfer 50 sworn administrative positions to field positions

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Components of Revenue



Revenue Initiatives

- \$28 million total
- \$16 million in new revenue initiatives
 - \$4.6 million for leasing 200 additional jail beds
 - \$2.6 million from increasing fines for municipal code violations and traffic offenses by 20%
 - \$2.3 million in new plan review fees
- Most changes require legislative authorization; legislation to be submitted on May 5 with budget
- \$12 million in expected revenues from commercial property tax base increases

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Revenue Anticipation Rate

- Propose to increase anticipation rate from 96% to 99%
- Adds \$15 million in revenues
- Based in part on recommendations of Internal Auditor
- Only prepared to increase anticipation rate if combined with certain budget reforms
 - Fully allocated costs
 - ERP (at full implementation ERP provides monthly financial reporting to control actual costs vs. budget)
- New budget legislation

Revenue Anticipation Rate

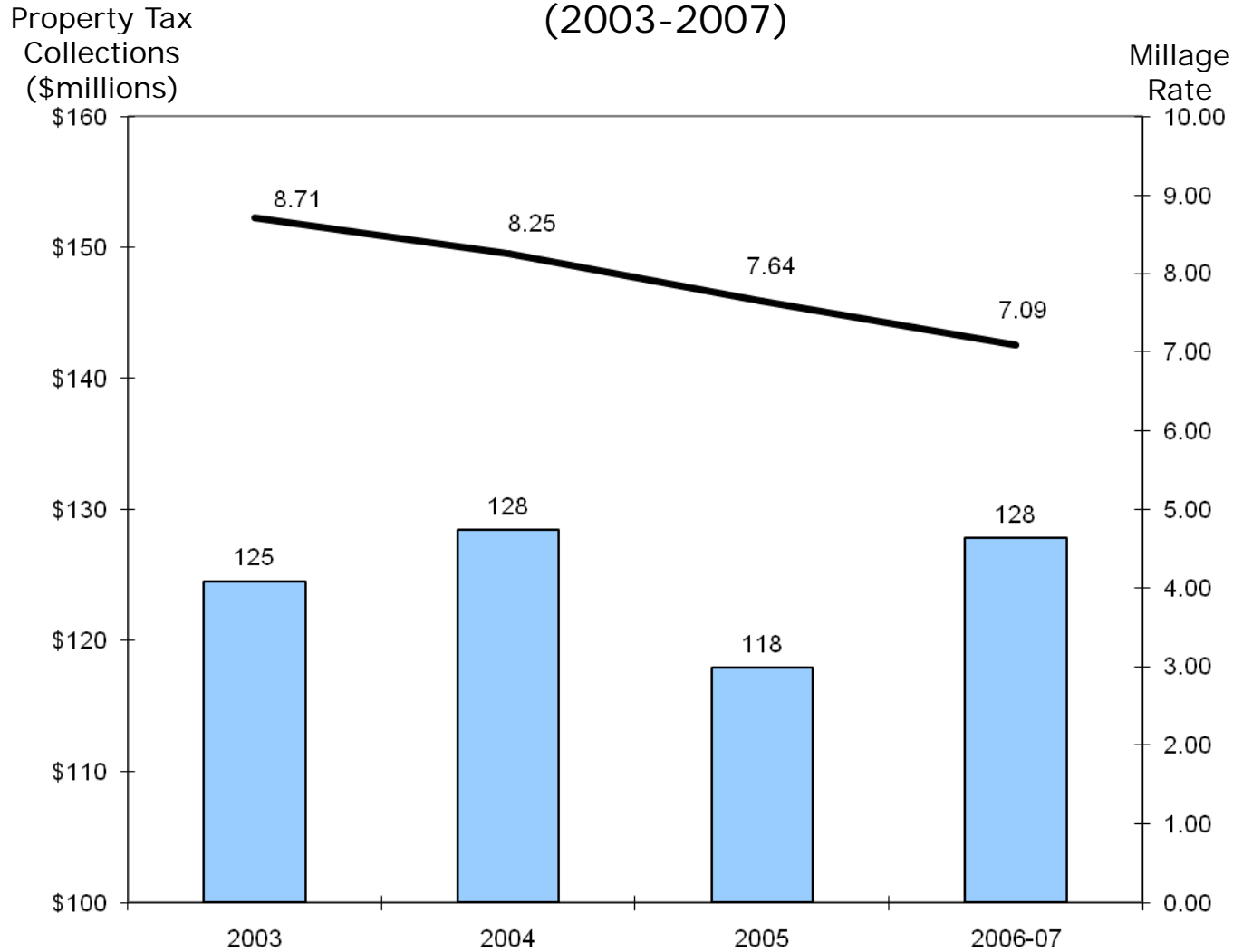
- Proposed Budget Reform Legislation
- Abolish practice of cash carryforward
- True operational reserve of 5%
 - Maintained in segregated account
 - Spending of reserves pursuant to proposal from Mayor and approval of City Council
- Mid-year budget process to accommodate prior fiscal year surplus/deficit
 - Limitation on spending of surplus funds:
 - Capital expenditures
 - Long-term Reserves
 - Property tax rebates

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We have consistently rolled back the millage rate since 2003

General Fund Property Tax Levy and Collections (2003-2007)



Source: Department of Finance

Reassessment Rollbacks

2004	.23 mills/\$4.1M
2005	.16 mills/\$2.9M
2006	.11 mills/\$2.2M
2007	.44 mills/\$8.1M

Additional Rollbacks

2004	.23 mills/\$4.1M
2005	.45 mills/\$7.1M

Cumulative Impact of Additional Rollbacks is \$46.4 million (i.e., foregone revenue)

Property Tax Revenue

- Budget gap of \$140 million
- Covered three methods to “solve” the gap so far
 - Spending cuts: \$57 million
 - Revenue initiatives: \$28 million
 - 99% Anticipation rate: \$15 million
- Maximized prudent spending cuts
 - 34% reduction in non-public safety staffing
 - 7% reduction in public safety staffing
- Revenue initiatives are extensive
- Cannot go higher than 99% anticipation rate
- After exhausting all other options, a gap of \$40 million remains

Property Tax Revenue

- Budget proposes to undo the rollbacks to produce \$40 million in new property tax revenues
- Not possible to calculate the exact millage rate until Fulton County finalizes the tax digest
- Based on 2008 tax digest, we believe millage rate would be at or below the 2002 rate of 9.02 mills
- Preliminary information from Fulton County Assessor's Office indicates it could be lower than that level
- Our budget proposal is structured so that any tax increase is clearly dedicated solely for public safety

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