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CITY OFFICIALS

Kasim Reed
Mayor

Duriya M. Farooqui
Interim Chief Operating Officer

Candace L. Byrd
Chief of Staff

J. Anthony Beard
Chief Financial Officer

Cathy Hampton
City Attorney

MEMBERS OF CITY COUNCIL

Ceasar Mitchell
Council President

Carla Smith
District 1

Cleta Winslow
District 4

Howard Shook
District 7

C.T. Martin
District 10

Michael Julian Bond
Post 1, At-Large

Kwanza Hall
District 2

Natalyn Mosby Archibong
District 5

Yolanda Adrean
District 8

Keisha Bottoms
District 11

Aaron Watson
Post 2, At-Large

Ivory Lee Young, Jr.
District 3

Alex Wan
District 6

Felicia Moore
District 9

Joyce M. Sheperd
District 12

H. Lamar Willis
Post 3, At-Large

Rhonda Dauphin-Johnson
Municipal Clerk
### JUDICIAL OFFICERS

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<td>SOLICITOR</td>
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### BOARD OFFICERS

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<td>Interim Ethics Officer</td>
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<td>CITY INTERNAL AUDITOR</td>
<td>Leslie Ward</td>
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<td>FIRE &amp; RESCUE SERVICES</td>
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<td>HUMAN RESOURCES</td>
<td>Yvonne Yancy</td>
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<td>INFORMATION TECHNOLOGY</td>
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<td>PLANNING &amp; COMMUNITY DEVELOPMENT</td>
<td>James E. Shelby</td>
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CITY ORGANIZATIONAL STRUCTURE

Judicial Agencies

Court Operations
Public Defender
Solicitor

Atlanta Citizens Review Board
Ethics Office
Internal Auditor’s Office

Atlanta Workforce Development Authority
Atlanta Development Authority
Atlanta Beltline
Atlanta Housing Authority
MARTA

Chief Operating Officer
Aviation
Corrections
Fire & Rescue Services
Human Resources
Information Technology
Parks, Recreations & Cultural Affairs
Planning & Community Development
Police Services
Procurement
Public Works
Watershed Management

Chief of Staff

Chief Financial Officer
Finance

City Attorney
Law

Mayor

City Council
The City of Atlanta's Five Year Plan document is intended to provide information in such a manner that the lay reader can understand the operations of the City. The Reader’s Guide describes the structure of the FY2013 City of Atlanta Five Year Plan and outlines its contents. The FY2013 Five Year Plan has overview sections and detail on the overall financial data of the City of Atlanta. The entire document will be posted on the City’s website at www.atlantaga.gov after it is adopted by City Council.

- **The Preface** – provides an overview of the City officials, organizational structure, and purpose.

- **Introduction** - provides the Mayor’s and CFO’s transmittal letters, which presents the framework for the City operations and services for the next five years.

- **Five Year Revenue Overview and Projections** – It includes detailed information on the City’s economic outlook, which provides the basis for revenue projections and methodology as well as historical trends, account details of major revenue sources.

- **Five Year Expenditure Overview and Projections** - provides expense budget summaries for all operating funds and key performance plans for the next five years.

- **Five Year Projections** – provides a general fund comparison of revenues and departmental expenses that includes strategic initiatives. It also presents a graph of other operating funds with a brief description of issues and/or initiatives.

- **Fund Balances** - includes the audited and projected fund balances of the various operating funds.

- **Debt Service** - provides a summary for the City's general debt obligations, bond ratings and debt coverage ratios.

- **Appendix** – includes legislation and other essential information.
The City's introduction of a five year planning process allows the city to identify future revenue and expense trends and proactively identify ways to improve financial viability. A five-year plan is a critical forecasting tool for the City. The refinement of assumptions, historical trends and policy decisions will have a direct impact on the City’s ability to address volatile economic conditions.

Ordinance 09-0-1406 was adopted on September 21, 2009, and it codifies the requirement to complete a five-year stabilization plan that is updated annually. The Ordinance directs the City to consider and present specific financial issues that are critical to the City's financial future by October 15 of each year. It further requires that in subsequent years, the City Council will formally adopt a plan by the 3rd Monday in January.

The legislation was updated (11-O-1415) to allow the Chief Financial Officer to consider information from the prior year closeout and auditor’s recommendations.

The Mayor shall present to the governing body by February 15 of each year a five-year financial stabilization plan consisting of the following elements:

1. A five-year projection of general fund revenues broken down by major category; the projection shall identify the economic trends and assumptions upon which such projection is based.
2. A five-year projection of total general fund expenses on a departmental level; Such expense projection shall assume the continuation of department operations as they exist in the current general fund budget and shall take into account the following:
   i. The effect of inflation on general fund budgeted costs
   ii. A projection of pension costs as provided by the city's actuaries
   iii. Costs occurring in future years that the city is legally obligated to pay
3. A calculation of the surplus or deficit produced by the projected revenues and expenditures described in (1) and (2) above
4. A cost estimate of long-term initiatives of the city; such initiatives shall include, but are not limited to: long-term operating infrastructure and capital infrastructure needs and the elimination of deficit positions in funds that are subsidized or have historically been subsidized by the general fund. At any time the governing body of the city may, by resolution request specific long-term initiatives to be included in the five-year financial stabilization plan.
5. A comprehensive list of revenue initiatives the city may pursue during the five years covered by the financial stabilization plan, including an estimate of the revenues to be produced by such initiatives
6. A comprehensive list of cost saving initiatives the city may pursue during the five years covered by the financial stabilization plan, including an estimate of costs saved by such initiatives

The governing body shall adopt the financial stabilization plan by April 30 of each year. In no event shall the governing body adopt the budget for the upcoming fiscal year prior to consideration of the financial stabilization plan.
The Honorable Ceasar C. Mitchell, President
Members of City Council
Atlanta City Council
55 Trinity Ave. SE
Atlanta, GA 30303

Dear President Mitchell and Members of the Atlanta City Council:

I have the honor to transmit to you the Five-Year Plan of the City of Atlanta for Fiscal Years 2013 to 2017. I am pleased that this five-year spending plan continues my Administration’s commitment to investing in public safety and restoring fiscal stability to Atlanta. Over the past two years, we have hired more than 450 new police officers, opened all of the City’s recreation centers and increased the City’s reserves to $94 million.

The five-year plan includes increasing the police force to 2,000 in FY2013, which would represent the largest police force in the City’s history and confirm my commitment to Public Safety. The five-year plan also includes a commitment to Fiscal Stability by continuing to increase the general fund’s reserve balance, which should total more than $100 million by the end of FY2012. This is an important milestone for the City of Atlanta because it would allow us to move forward with funding the City’s Infrastructure projects. I believe it is essential that the City maintain an adequate level of reserves to mitigate current and future risks and to ensure stable tax rates. Investment in Economic Development will be essential in bringing business to Atlanta. Under the new leadership of Invest Atlanta, we will continue to generate more opportunities for the City of Atlanta. Over the next five years, I also will continue to invest in Youth Development as well as vital Customer Service & Excellence initiatives.

My Administration continues to look for opportunities to identify further savings and grow revenue. We will work with the various departments to ensure that we submit a balanced budget that builds a strong foundation for Atlanta’s future.

My Administration appreciates the open dialogue we have had with you, and we look forward to continuing to work together to move our City forward.

Sincerely,

Kasim Reed
Dear President Mitchell and Members of the Atlanta City Council:

Attached is the Five Year Financial Plan for the City of Atlanta. This fulfills the requirements set forth in City Ordinance 11-0-1415. More important, it lays out the City's financial trajectory and recommends key actions to continue on a path of financial stability.

The City has made significant progress in the past three years and our financial position is much improved. However, continued progress will not occur without fiscal discipline. Improving the City's financial position is a long-term strategy requiring proactive decisions and actions over multiple years.

I am pleased to report that the city is meeting its goals on stabilizing critical financial priorities. For example, the baseline financial plan shows we plan to increase the city's fund balance to more than $100 million by the close of fiscal year 2012. This increase will ensure the City can respond to unforeseen events. It also is a key measure that external bond rating agencies review and a factor in the City’s credit worthiness. In this manner, the City's progress on financial stability priorities can improve fiscal discipline while expanding our access to capital and reducing the corresponding financing costs.

However, we continue to face a challenging economic environment. The baseline financial plan shows declining property tax revenues in the 2013 fiscal year and slow revenue growth thereafter. While the City has taken groundbreaking steps to address the issue of pension costs, we must still address healthcare and OPEB costs in an equally aggressive manner. Despite citywide cost reductions over the past three years, there continues to be a structural imbalance between the City's baseline revenues and costs. Initial projections show a deficit in each of the next five years.

To stabilize its finances, the City should continue to keep its expenses tightly managed while moving rapidly on new revenue opportunities. These include renegotiating the local option sales tax. There is ample data that show that Atlanta is not getting its fair share of sales tax based on the City's significant retail base and population growth in the last 10 years. This will require renegotiating the City's percentage share on a more equitable basis with Fulton County to reflect the City's strong retail presence.

Replacing the City's vehicle fleet and repairing its core infrastructure, including streets, bridges, sidewalks, and traffic signals, are critically important initiatives. The City has not had adequate funds to do significant infrastructure repairs in recent years; instead, the departments have been limited to
reactive maintenance. Without action over time, repair will no longer be possible, which will impair City services and the use of these important assets.

The residents of Atlanta alone should not have to pay for the City's entire infrastructure needs. U.S. Census studies have shown that Atlanta's population surges 62% in the daytime due to commuters. The City residents must fund core services to a commuter population. These individuals benefit from Atlanta's infrastructure without fully paying for it. This is a critical element to understand as it adds to the City's structural financial challenges. Some form of tax restructuring or increased state or federal assistance is necessary to deal with this imbalance.

Financial stabilization will require fiscal discipline. A well-aligned portfolio of revenue growth and expense reduction initiatives should be pursued to make the City structurally sound. My summary recommendations are to:

1. Continue to thoroughly plan for City costs and revenues to avoid surprises.
2. Continue to question every dollar of expense as to its benefit.
3. Accumulate restricted reserves to build a strong general fund and correct other fund deficit positions.
4. Take action on new revenue opportunities.
5. Pursue revenue expansion at the state and federal level.
6. Invest in the City's employees.
7. Continue to leverage technology and automation, higher value work, and improve service delivery.

As is common with long-term planning efforts, the resulting forecast should be viewed as directional in nature. We received input from external and City subject matter experts to develop the financial projections included. This plan is a snapshot in time based on the information available during the development of the report. Please keep in mind it is a living document and subject to change.

The City should continue to have a comprehensive multi-year, financial planning process each year. It promotes a focus on the long-term health of the City, allowing the City to better predict financial challenges and persevere through the unexpected.

Sincerely,

J. Anthony Beard
Chief Financial Officer
ECONOMIC OUTLOOK

REVENUE FORECAST SUMMARY
In this section, a projection of overall revenues for each of the next five fiscal years, as well as a detailed projection of property and sales tax collections is discussed. The City collaborated with Dr. Jeffrey M. Humphreys, Director, Selig Center for Economic Growth, Terry College of Business, University of Georgia to develop the economic outlook.

**ECONOMIC OUTLOOK**

The Terry College’s 2012 forecast calls for Georgia’s inflation-adjusted GDP to increase by 1.5 percent – annual average basis, which represents an improvement over the 1.0 percent increase estimated for 2011. The annual percentage gain in the state’s GDP for 2012 will fall short of the 1.9 percent gain estimated for the nation’s GDP, however. The state’s nominal personal income will grow by 3.0 percent in 2012, which is below the 4.2 percent gain estimated for 2011. Although nonfarm employment will rise by 0.5 percent, the small upturn is still noteworthy because it will be the first annual gain since 2007. In contrast, the nation posted positive job growth in both 2010 and 2011 and will see the number of jobs rise by 1.0 percent in 2012, a rate double that expected for Georgia.

The state’s unemployment rate for the year as a whole will average 10.1 percent, or about 0.2 percent lower than the 10.3 percent rate estimated for 2011. Job growth will be slightly better balanced in 2012 than either in 2010-11, but it will be quite weak. In 2012, job growth will occur in professional and business services, leisure and hospitality, education and health services, manufacturing, trade, and transportation/distribution. By mid-year, the information industry will be hiring for the first time in a decade. Heavy job losses will continue in construction, financial activities, and government, however.

The overall pace of job creation will not accelerate too much until construction and financial activities employment begin to recover in 2013. And, that's when Georgia's economy will pace the national economy in terms of job growth. Government employment, however, will decline for several additional years, and will be the strongest remaining headwind.

The main reason why Georgia's economy will underperform the nations' is the state's recent heavy dependence on real estate development and homebuilding as well as closely allied industries such as building materials manufacturing. Prior to the housing bust, Georgia – like many other Sunbelt states – had become very dependent on a the in-migration of new residents and new businesses to beget yet another round of new development that was based in part on servicing the previous round of new development. Not enough of Georgia's economic growth was based on innovation, educating its own people, courting emerging high-tech industries, and promoting the growth of in-state capital markets. The financial crisis and the bursting of the housing bubble caused the inflows of people and businesses to end very abruptly. The sudden drought of new construction and the dearth of new residents precipitated a large and extremely painful restructuring of Georgia’s economy. The restructuring process has been extremely drawn out, due to the weakness of the national and global economies. Deleveraging takes a long time.

As of mid-2011, two out of every five of Georgia's construction jobs are gone. Much of the manufacturing base geared to new construction is also gone. The financial crisis and the real estate bust also did more damage to Georgia's financial activities sector than to the nation’s financial sector. For example, by mid-2011, statewide employment in financial
activities was 17 percent below its cyclical peak level compared to a drop of only 9 percent for the U.S. The outsized job losses in financial activities reflect overexposure to construction, land development, and commercial real estate loans which caused Georgia to lead the nation in the number of failed banks. Georgia still has an elevated number of troubled institutions, which means more bank failures lie ahead. Job losses in financial activities therefore will persist throughout 2012.

Georgia also suffered from restructuring in areas unrelated to the bursting of the property bubble. For example, the state’s information industry – which is heavily concentrated in Atlanta – began restructuring and losing jobs back in 2001 when the technology bubble burst. Now, one-third of Georgia’s information jobs are gone.

As of mid-2011, it appears that this massive private-sector restructuring process has nearly run its course. Georgia’s economy therefore will face diminishing structural headwind in 2012. Plus, over-prices property type assets have been re-priced. As the direct and indirect effects of private-sector restructuring and the real estate bubble fade, Georgia’s economic performance will begin to more closely match that of the nation. In 2011, the rates of growth of GA and US GDP converged dramatically – by 110 basis points. Although Georgia’s economy will underperform the U.S. economy again in 2012, the differential in the rates GDP growth will shrink to only 40 basis points, or 0.4 percent. And, full convergence in the rates of US and Georgia GDP growth is expected in 2013.

The last remaining large imbalance – “bubble” – is hard to miss – its government spending. So, even as the restructuring in Georgia’s private sector nears completion, much restructuring lies ahead for the public sector. At the thirty-thousand foot level, Georgia appears better positioned in this regard than are the vast majority of states. For example, in Georgia, per capital state and local government tax burdens are lower than they were 20 years ago, and are also low relative to other states. Also, compared to other states, Georgia is not overly dependent on federal spending. In normal times (1985-2005), Georgia received about $1 in federal spending for each $1 Georgia paid in federal taxes. Georgia ranks 32nd among the states in terms of federal spending received per dollar of tax paid. So, Georgia’s competitiveness probably will not suffer from the federal budget cuts that are looming. Withdrawal from federal spending should be no more painful for Georgia than for most other states. So, unlike the bursting of both the housing and technology bubbles, the bursting of the government bubble should not hit Georgia harder than the nation as a whole. Still, the devil will be in the details. For example, areas of Georgia that are heavily dependent on federal government employment, transfer payments, or contracts will be more exposed to the restructuring of the federal government sector. Federal spending cuts skewed towards domestic military bases could hit Georgia very hard.

With respect to state government spending, it appears that the government restructuring process is already fairly advanced. It is less advanced with respect to local government spending. And, it has only just begun with respect to federal government spending. Hence, areas of the state with high proportions of federal workers will be vulnerable to the bursting of the federal government bubble. Over the next decade there will be substantial cuts in both federal spending and federal jobs, and the pattern of those cuts, which has yet to be decided, will be a significant determinate of regional economic performance.

Despite continuing job losses in construction, information (through mid-year) financial activities, and government, Georgia’s nominal personal income will expand by 3.0 percent in 2012. That’s slower growth than estimated for 2011, but higher growth than was realized for 2010. Personal income growth will exceed the rate of inflation (measured by the change in the deflator for personal consumption expenditures) by only 1.2 percent in 2012, however. Consumers
therefore should have just enough income to sustain economic growth, but not enough to significantly accelerate the rate of state GDP growth. Should consumers choose to save more – boost the savings rate – and spend less of their current income then the economy will lapse into recession.

Many of the positive forces underlying the forecast for the continuing recoveries of both the Georgia and U.S. economies are the same. Spending for equipment and software will continue to increase at a relatively rapid rate. The global economy will continue to expand at a moderate pace, boosting prospects for Georgia logistics-centered economy and especially Georgia’s deepwater ports. The dollar will be weak enough to boost prospects for the state’s export-oriented businesses. Housing activity will be on the increase – albeit from a very depressed base. Home price depreciation will no longer be a headwind. Oil prices will be flat or will trend slightly higher, but will remain volatile. But, even if a recession is avoided, there will be some very powerful negative forces. Government spending and employment will decline sharply. Heavy job losses are still expected in construction, but the nastiest declines have already taken place. Still tight credit standards plus lingering uncertainty in the financial markets will restrain growth in business spending as well as sales of consumer items typically bought on credit. The tumult in the European financial markets will continue, which creates uncertainty and diminishes confidence. Domestically, credit will become more widely available to credit-worthy borrowers, however. Uncertainty regarding the costs of health care reform will continue to weigh on job growth in the healthcare sector.

Sources of Strength

For decades, Georgia has depended on a growth model that was based on high levels of in-migration. That growth model stopped working during the Great Recession and has been very slow to restart in the recession’s wake. The Terry College expects population growth will still be a driver of the state’s GDP, but it will not be as powerful as it has been in the past. A combination of cuts in federal entitlement programs for retirees, smaller private sector pensions, and still weak housing markets will cause significantly larger proportions of retirees to retire where they already live rather than to relocate to “sun-belt” states. Experienced workers who are homeowners also will be less mobile than they were in recent decades. In contrast, young people will be more mobile than ever before. That’s partially because young adults will be less likely to become homeowners. So, their costs of picking up and moving to take advantage of opportunities elsewhere will be quite low.

In 2012, Georgia’s population will grow at a pace that barely exceeds the national average – 1.2 percent for Georgia versus 0.9 percent for the U.S. So, the differential in the annual rates of the state’s and the nation's population growth will be only 0.3 percent rather than 0.9 percent or more. The differential will not widen too much until Georgia begins to generate jobs at a pace that is significantly above the national average. Jobs will attract young adults who as indicated above will be more mobile than they were prior to the housing bust.

Many of the large relocation and expansion projects announced by the Georgia Department of Economic Development will provide a tailwind to Georgia’s economic growth. Also, the state has yet to feel the full economic impact of some project announced in prior years.

Due to cost, logistics, and tax advantages, Georgia remains very competitive when it comes to landing many types of major economic development projects, but this advantage will not bear too much fruit in 2012. That’s because too few businesses have enough confidence in the economic situation to pull the trigger on expansion or relocation plans. Plus, housing markets are so weak that businesses are concerned about the costs involved in relocating their incumbent employees. Growth therefore will depend primarily on the expansion of existing industries or new
business formation rather than corporate relocations.

Georgia will continue to gain economically from the last round of base closing and realignments. The net gain to the state will be approximately 4,300 military and civilian jobs. In addition to these direct jobs, there is the induced impact – also known as the multiplier effect – that will add another 2,000 to 4,000 jobs to the off-base economies of the communities that host Georgia’s bases. Fort Benning, which is located in Columbus, emerged as the largest winner from the announced base realignments, with a proposed gain of 11,403 civilian and military jobs at the base itself.

As the economy recovers and expands, Georgia’s deepwater ports will continue to outperform their peers by tapping directly into the growth that is taking place overseas, by diversifying the services that call on Georgia’s ports, and by taking market shares from other U.S. ports. The Port of Savannah is the nation’s fastest growing container port and already moves over 8 percent of US cargo and 18 percent of east coast cargo. Georgia’s ports not only have fully recovered from the “Great Recession”, the incoming data bodes well for their expansion in 2012. While containerized cargo shipments will be the main force contributing to the growth of Georgia’s ports, our deepwater ports are well positioned to succeed in attracting increased cargo volume whether autos, break bulk, dry bulk, or liquid bulk.

Ports operations help to preserve and expand Georgia’s manufacturing base and foster growth of the state’s massive logistics, distribution, warehousing, and agricultural industries. It should be emphasized, however, that a failure to deepen the Port of Savannah to 48-feet will jeopardize many of Georgia’s port-dependent and port-related jobs. Once the Panama Canal’s expansion is complete, the utilization of super post-Panamax vessels will increase dramatically, forcing shippers to move their largest and most economic-impact rich operations to ports that can accommodate the larger ships.

The bottom line is that the Savannah Harbor has the shallowest depth of any major port in the US. That was not a major problem so long as the constraints at the Savannah Harbor were similar to those at the Panama Canal. But, the Panama Canal Expansion Project is a game changer. It will be fully operational in 2012. Deepening the harbor therefore is not just about generating larger economic impacts in the future, it’s also a matter of ensuring that the economic benefits that we already enjoy do not decline.

Prospects for Service Producing Industries in 2012

Service producing industries have led the upturn in Georgia’s economy that began in mid-2009. Although overall service-related business activity will expand in 2012, some service business categories such as information will languish, and still others such as financial activities and government will continue to decline. In general, services businesses that either lower costs or provide necessities, such as health services, will do better that provide luxuries or are easily deferred. After all, the population of persons with multiple chronic health conditions that require medical care continues to grow rapidly regardless of the ups and downs of the business cycle or the uncertainties created by healthcare reforms.

Some businesses categories, such as educational services, will benefit from strong secular trends that will be reinforced by the cyclical recovery of Georgia’s economy. Recent and continuing increases in spending for new equipment and software will underpin higher demand for computer services for businesses. Because higher than normal proportions of people and organizations will continue to repair rather than replace durable goods during the recovery, repair services are expected remain busy during the coming year. The economic recovery will bring relief to many consulting firms, but disappointing revenue collections by state and local governments will limit the gains for firms with many public-sector clients.
In general, budgetary problems will lessen demand for business services that are purchased by government, but those very same financial pressures will create opportunities for agile companies that are able to take advantage of outsourcing, or privatization, of activities that are traditionally performed by governments. Also, a significant reduction in both the range and the quantity of services provided by state and local governments should create new opportunities for service businesses that move into abandoned niches by providing roughly similar services. Self-reliance born out of economic necessity could continue to hurt demand for personal services that people can do for themselves, such as lawn and garden services, laundry and dry cleaning, house cleaning, and window cleaning.

**Prospects for Goods Producing Industries in 2012**

Since peaking in mid-1999, Georgia has lost 282 thousand jobs in goods producing industries, which includes manufacturing, construction, natural resources, and mining. This amounts to the loss of nearly four out of every ten goods-producing jobs. The state will lose 1,100 good producing jobs in 2012: Manufacturing employment will rise by 1.5 percent, or 5,200 jobs, but construction employment will decrease by 6,200 percent, or 5,200 jobs. Mining and logging will lose about 200 jobs.

In 2012, the job losses in construction will stem primarily from the recession in nonresidential construction rather than single-family homebuilding, which will begin to recover from a near free-fall in activity levels. Georgia’s prolonged and severe housing bust has run its course. Looking forward, the number of single-family home permits authorized for new construction should increase by 3 percent in 2012. Homebuilding therefore will contribute to Georgia’s economic growth. That’s a very positive development, but it should be emphasized that the increases in new home permits in 2012 pale in comparison to the plunge in activity that occurred building permits peaked in 2005.

Existing home values should stabilize in early 2012, but not all of the destructive macroeconomic effects of the housing recession will cease immediately. Recent home price depreciation will continue to weigh heavily on the psyche of the consumer and on their ability to spend. Consequently, the upturn in the state’s housing market will not be a very powerful driver of Georgia’s economic recovery, but at least housing will not push the economy backward.

Conditions in the nonresidential construction industry will worsen through mid-2012. Activity in virtually all nonresidential construction subsectors will have contracted dramatically as the pipeline of projects in development emptied out and as the number of new projects declined. Despite federal stimulus money for infrastructure, in many jurisdictions, spending for publically-funded structures will decrease in 2012. Despite low interest rates, the political climate will discourage many state and local governments from taking on additional debt to fund construction projects. The bottom line is that nonresidential construction will remain in recession through mid-2012. Only in 2013, will Georgia’s overall construction industry begin to make contributions to the growth of the state’s GDP.

In Georgia, industrial production will advance by about 3 percent in 2012, and manufacturing employment will rise by 1.5 percent. Production of durable goods will advance more quickly than production of nondurable goods. And, production of business inputs and capital goods will grow faster than production of consumer goods. Due to lean staffing levels, job growth also will occur in a significant number of manufacturing sub-sectors. The best prospects for increases in production include computer and electronic products, transportation equipment, and industrial machinery. In contrast, decreases in production are expected for textiles, apparel,
printing, cement, and structural/architectural metals.

Because the recession in homebuilding is over, production and hiring in many lumber and wood products industry will advance in 2012. The year-over-year percentage gains in logging and wood products production could be large, but only because activity was extremely depressed in 2009-11. Gains in remodeling activity also will support growth in demand for lumber and wood products. Demand for pallets and crates will improve slowly along with the gain in overall economic activity. Wood pellet manufacturing, bio-fuels, and cogeneration are emerging sources of demand for timber and wood fiber. Diminishing activity in nonresidential construction – especially government construction projects – will subtract from demand for growth of lumber and wood products in 2012. Indeed, the areas of nonresidential construction that will see the most growth are not wood-intensive (e.g., utilities).

In addition to higher domestic demand, positive international developments should support Georgia’s lumber and wood products industry in 2012. The much depreciated value of the dollar will boost exports of U.S. lumber and wood products and limit imports.

In 2012, moderate support for growth in paper and pulp manufacturing will come from the expansion of GDP as well as the weak value of the US dollar, which will restrict pulp and paper imports into the US market and will stimulate exports. New paper mills in China as well as other developing countries will be a major force powering the recovery of global pulp markets, but will create more competition for US paper mills.

In 2012, equipment producers will benefit from cyclical increases in demand, but businesses’ spending for capital equipment will growth more slowly in 2012 than in 2011. The slower rate of growth reflects partial satisfaction of replacement needs deferred during the Great Recession as well as slow growth of markets for final products.

Although tight credit will limit many small businesses’ ability to purchase more manufacturing equipment, many medium and large companies will have the means to expand their orders for manufacturing equipment due to good internal cash flows and pristine corporate balance sheets. Low short- and long-term interest rates bode well for manufacturing equipment sales, but low confidence will limit the positive impact of low rates on actual sales of manufacturing equipment. The low value of the U.S. dollar and economic growth among our trading partners will help to boost exports of manufacturing equipment. The likely bottoming of nonresidential construction in 2012 implies that sales of construction machinery will trend lower in 2012. And, the expected upswing in residential construction will be too small to generate new orders given the abundance of existing equipment and machinery.

The new $1.2 billion KIA assembly plant will employ about 3,000 workers, and the multiplier effects associated with those jobs will be unusually large. A simulation based on the most conservative estimate of jobs numbers shows that each job at the Kia plant supports 4.5 jobs outside the plant. Thus, far, major suppliers have announced jobs at sites in Georgia that are well above the estimates promised at the time of the initial announcement. The new VW plant in Chattanooga also is supporting the growth of Georgia’s automobile parts manufacturing industry. Of course, the jobs at the Kia plant will only replace about half of the jobs that were lost at the Ford and GM plants combined.

Nationally, the forecast calls for unit sales of both new and used cars to consumers to rise in 2012, but the biggest gains will be for models that generate the lowest profit margins. Still, automakers’ bottom lines will continue to improve in 2012. Automakers should note that both businesses and consumers will increase their purchases of new vehicles in 2012, but governments will not.
Higher auto sales will help manufactures of original equipment. Also, despite the success of the “Cash for Clunkers” program, manufacturers of replacement parts should enjoy much stronger markets in 2012. While it is true that makers of replacement parts have lost some sales because vehicles were scrapped, the Terry College expects that there will be more demand for replacement parts for the growing number of older cars still on the road. It is likely that some needed automobile maintenance and tire purchases were deferred and will go forward as the economy improves in 2012. Tire manufacturers also will benefit from an expected increase in the number of miles driven, which declined during the recession, as well as consumers increased acceptance of high-performance and other specialty tires.

Accounting for about one fourth of Georgia's manufacturing gross state product, food product manufacturing is the state's largest manufacturing industry. The demand for food products will grow at a moderate pace in 2012. This industry therefore will expand its presence in Georgia, both in terms of output and employment.

Georgia's printing industry is in decline and the rate of decline will accelerate in 2012. Georgia’s printing industry faces more competition from digital media and from printers located abroad. Even sustained economy recovery will not lessen these two challenges too much. Cyclical increases in commercial and political print advertising will be the most powerful tailwinds for Georgia's printing industry in 2012. Depressed levels of office-based employment and limited new business formation will continue to curb demand for printed materials, however. Slumping revenue collections by state and local government will cause public schools, colleges, and libraries to decrease their outlays for printed materials, despite higher enrollments. On top of all these developments the more widespread use of electronic publishing will ensure that the industry's revenues will grow more slowly than GDP. High quality machines suitable for small printing jobs will reduce organizations’ economic incentive to outsource small runs. Productivity gains stemming from new technologies will lead to job losses in the state’s printing industry. The printing industry also is characterized by overcapacity which will cause margin compression. Total profits for many printers therefore will rise more slowly than total revenues.

In 2012, demand for many chemical products will increase in the typical cyclical fashion. The main opportunities for chemical manufacturing will be: the growth of the industrial sector of the economy; higher sales for consumer use; and stable use in construction. The prospects are good for medicines, pharmaceuticals, and agricultural chemicals.

Georgia's apparel industry suffered some major setbacks in 2006-11, and it will continue to contract as open world trade and cheaper foreign labor give a tremendous price advantage to many imported items. The still weak economy will ensure that the industry's sales and profit margins remain under severe pressure. The bottom line is that Georgia’s apparel and textile manufacturing sector will decline at a decelerating rate in 2012.

Although the housing recession is over, Georgia’s carpet and textile industry will be coping with the extremely depressed levels of housing activity. Also, spending will continue to decline for non-residential construction, but automobile sales and spending on home renovations will be rising. The long-term outlook for this industry is better than that for the apparel sector, but the industry's prospects are by no means sanguine. By investing heavily in plant and equipment, Georgia’s textile and carpet manufacturers have become world-class competitors, but state-of-the-art facilities increasingly will be built overseas. Eventually, many foreign manufacturers will be on a more equal footing with those operating in Georgia. Productivity gains also will help Georgia’s textile and carpet manufacturers survive, but as the plants become much less labor intensive, total employment in this industry will decline.
Prospects for Atlanta in 2012

On an annual average basis, the 28-county Atlanta MSA will add 9,000 jobs, a year-over-year increase of 0.4 percent. Atlanta therefore will account for about half percent of the state’s net job growth. The area’s high concentration of service producing industries, distribution companies, institutions of higher education, health care providers, and life sciences companies will keep the job machine in forward gear. Also, several of the projects recently announced by the Georgia Department of Economic Development were in the 28-county metropolitan areas. Major improvements at Hartsfield-Jackson International Airport bode well for Atlanta’s future growth, especially the completion of the new international terminal.

One plus for Atlanta is that it is not overly dependent on federal jobs. Only 3.7 percent of the Atlanta’s area’s nonfarm earnings come from federal employment versus 6.9 percent for the state as a whole. State and local government accounts for only 9.1 percent of earnings in metro Atlanta versus 11.4 percent for the state. So, public restructuring will be somewhat less problematic for Atlanta’s growth than for growth elsewhere in Georgia or for the nation as a whole.

Factors that will restrain Atlanta’s overall growth include the ongoing recession in nonresidential construction, festering problems in the banking sector, and the effects of the massive restructuring of homebuilding and allied industries. Atlanta was especially hard hit by the collapse of the housing bubble, and its adverse effects will linger for many years. Atlanta may be less adversely affected than other parts of Georgia by the lower pace of retiree migration because so many of the retirees who move to Atlanta do so to be closer to their children rather than because of natural amenities such as lakes, mountains, or the ocean. And, moving closer to family members may make even more sense in an era of greater self-reliance and less dependency on federal entitlement programs or pensions.
REVENUE FORECAST SUMMARY

FORECAST METHODOLOGY
The City's Department of Finance continues a solid partnership with the Selig Center for Economic Growth at the University of Georgia. The City began its partnership with the Selig Center at the peak of the Great Recession. This four-year partnership has enabled City management to gain important independent economic analyses as part of our multi-year revenue forecasting. Key metrics include Atlanta Unemployment rate, Manufacturing Shipments, Georgia Housing Starts for Single Family and Multifamily, Atlanta Personal Income, Wages and Salary, U.S. Consumer Price Index (% Annualized), Georgia Disposable Income, and Georgia State Product by Sector.

CITY CHARTER REQUIREMENT
The responsibility for revenue anticipations and specified appropriations is fixed by law by the Budget Commission. The Budget Commission may not anticipate in any year an amount in excess of 99% of the normal revenues of the City actually collected during the previous year with the following exceptions for tax rate or fee increases plus any accumulated cash surplus carried forward from the previous year.

REVENUE ANTICIPATIONS
The FY2012 forecast is $543 million, and the FY2013 General Fund Revenue Anticipation is $526MM. The FY2013 General Fund Revenue Antications are consistent with the City Charter requirements. The FY2013 General Fund Revenue Antications incorporate a review and analysis of state and local economic metrics and reports.

The City’s property tax base represents one-third of General Fund revenues. Property tax revenue continues to be budgeted conservatively as the reassessment effects of Senate Bill 346 and the overall weakness in both the residential and commercial sectors of the tax digest. More discussion on Property Tax revenues is provided later in this narrative. Sales tax revenue represents 18% of General Fund revenues and is the most susceptible revenue source to shifts in the economy.

The FY2010 Property tax revenue reflects an increase in the millage rate from 7.12 mills in FY2009 to 10.24 mills in FY2010. The subsequent property tax revenue decline in FY2011 and FY2012 reflects decreases in the residential tax base, negative reassessments and successful tax appeals. The FY2013 millage rate is held constant at 10.24 mills and assumes a 96% collection rate. The actual tax collection rate has been constant at 97%.

The revenue metric that truly captures the dramatic shifts in the City’s property tax base is the dollar value of one mill. The dollar value of one mill in FY2010 was $20.5 million and declined to $16.8 million in FY2012 based on an estimated $173 million in FY2012 property tax revenues.

The Local Option Sales Tax (LOST) is based on a previous negotiated percentage of 42.87% per the last U.S. Census (2000). LOST revenue has consistently been lower than the Municipal Option Sales Tax (MOST), which is based on point of sales and use transactions. The next LOST negotiation must begin no later than July 1, 2012 and the negotiated percentage will be effective January 1, 2013.

The FY2013 Revenue Anticipations continues to exercise fiscal discipline and a conservative approach in the City’s revenue forecasting. The local option sales tax factors in a six-month increase due to a new tax certificate from the 2012 negotiations. The City will monitor the FY2013 anticipations and provide timely monthly revenue report updates to ensure management response as dictated by economic conditions.
## Major Revenue Summaries

### General Fund

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Audited FY 2010</th>
<th>Audited FY 2011</th>
<th>Forecast FY 2012</th>
<th>Budget FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Year Property Tax</td>
<td>$209,507,639</td>
<td>$189,845,959</td>
<td>$173,000,000</td>
<td>$162,000,000</td>
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<tr>
<td>Prior Year Property Tax</td>
<td>1,914,084</td>
<td>(3,535,869)</td>
<td>1,801,858</td>
<td>-</td>
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<tr>
<td>Public Utility Tax</td>
<td>6,871,694</td>
<td>6,732,361</td>
<td>6,120,000</td>
<td>6,500,000</td>
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<td>Intangible Recording Tax</td>
<td>3,129,736</td>
<td>3,127,567</td>
<td>3,373,766</td>
<td>3,400,000</td>
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<tr>
<td>Real Estate Transfer Tax</td>
<td>794,919</td>
<td>924,899</td>
<td>1,200,000</td>
<td>1,500,000</td>
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<tr>
<td>Penalties and Interest</td>
<td>1,416,424</td>
<td>971,973</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Sub-Total Taxes</strong></td>
<td>223,634,496</td>
<td>198,066,888</td>
<td>185,495,624</td>
<td>173,400,000</td>
</tr>
<tr>
<td><strong>Other Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>92,954,728</td>
<td>93,912,214</td>
<td>100,580,000</td>
<td>107,000,000</td>
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<td>Public Utility Franchise tax</td>
<td>54,311,741</td>
<td>72,420,079</td>
<td>63,400,000</td>
<td>63,400,000</td>
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<tr>
<td>Insurance Premium Tax</td>
<td>23,079,134</td>
<td>22,408,403</td>
<td>19,699,905</td>
<td>19,700,000</td>
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<tr>
<td>Wholesale Alcohol Tax</td>
<td>9,321,197</td>
<td>10,302,308</td>
<td>10,000,000</td>
<td>10,617,806</td>
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<tr>
<td>Hotel/Motel Tax</td>
<td>11,042,738</td>
<td>12,260,561</td>
<td>12,000,000</td>
<td>11,650,000</td>
</tr>
<tr>
<td>Alcohol Tax-By-The Drink</td>
<td>4,844,004</td>
<td>5,133,878</td>
<td>5,676,600</td>
<td>5,482,194</td>
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<tr>
<td>Motor Vehicle Tax</td>
<td>7,736,991</td>
<td>8,153,908</td>
<td>8,000,000</td>
<td>8,000,000</td>
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<tr>
<td>Other taxes</td>
<td>270,321</td>
<td>396,230</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub-Total Other Taxes</strong></td>
<td>203,560,854</td>
<td>224,987,581</td>
<td>219,356,505</td>
<td>225,850,000</td>
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<tr>
<td><strong>Licenses and Permits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Business Licenses</td>
<td>34,141,843</td>
<td>38,968,264</td>
<td>38,825,950</td>
<td>37,000,000</td>
</tr>
<tr>
<td>Building Permits</td>
<td>6,805,595</td>
<td>4,331,325</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Alcohol Licenses</td>
<td>6,349,359</td>
<td>7,574,382</td>
<td>7,500,000</td>
<td>7,437,647</td>
</tr>
<tr>
<td>Other Licenses and Permits</td>
<td>11,495,927</td>
<td>12,918,400</td>
<td>9,774,900</td>
<td>10,862,353</td>
</tr>
<tr>
<td><strong>Sub-Total Licenses and Permits</strong></td>
<td>58,792,724</td>
<td>63,792,371</td>
<td>56,100,850</td>
<td>55,300,000</td>
</tr>
<tr>
<td><strong>Charges for Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>29,866,221</td>
<td>32,154,304</td>
<td>31,002,721</td>
<td>32,096,737</td>
</tr>
<tr>
<td>Other Charges for Services</td>
<td>4,408,764</td>
<td>4,931,321</td>
<td>4,200,000</td>
<td>4,385,293</td>
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<tr>
<td><strong>Sub-Total Charges for Services</strong></td>
<td>34,274,985</td>
<td>37,085,625</td>
<td>35,202,721</td>
<td>36,482,030</td>
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<tr>
<td><strong>Fines and Forfeitures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,726,183</td>
<td>20,236,671</td>
<td>20,700,000</td>
<td>22,300,000</td>
</tr>
<tr>
<td><strong>Miscellaneous Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and Building Rentals</td>
<td>2,794,787</td>
<td>2,457,954</td>
<td>4,707,511</td>
<td>4,700,000</td>
</tr>
<tr>
<td>INS Inmate Lease</td>
<td>4,497,915</td>
<td>3,702,294</td>
<td>3,911,076</td>
<td>4,000,000</td>
</tr>
<tr>
<td>US Marshall Lease</td>
<td>-</td>
<td>115,380</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recoveries</td>
<td>1,817,599</td>
<td>1,131,575</td>
<td>1,000,000</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Other Miscellaneous Revenue</td>
<td>7,041,776</td>
<td>377,437</td>
<td>614,275</td>
<td>164,707</td>
</tr>
<tr>
<td><strong>Sub-Total Miscellaneous Revenue</strong></td>
<td>16,152,077</td>
<td>7,784,640</td>
<td>10,232,862</td>
<td>10,264,707</td>
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<tr>
<td><strong>Other Financing Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>1,881,705</td>
<td>2,378,951</td>
<td>2,000,000</td>
<td>2,250,000</td>
</tr>
<tr>
<td>Operating Transfers</td>
<td>1,187,209</td>
<td>4,712,783</td>
<td>800,000</td>
<td>-</td>
</tr>
<tr>
<td>City Hall East Proceeds</td>
<td>-</td>
<td>-</td>
<td>13,733,114</td>
<td>-</td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>284,786</td>
<td>31,098</td>
<td>334,237</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Sub-Total Other Financing Sources</strong></td>
<td>3,353,700</td>
<td>7,122,832</td>
<td>16,867,351</td>
<td>2,450,000</td>
</tr>
</tbody>
</table>

**GRAND TOTAL** | $552,495,019 | $559,076,608 | $543,955,914 | $526,046,737
Insurance Premium Tax
The insurance premium tax is levied to every insurance company, domestic, or foreign operating within the State of Georgia. Each insurance company is assessed a tax at the rate of 2.25% on the gross direct premiums. The premium tax is remitted to the Georgia Department of Insurance. The City’s share is based on the population of the City relative to all incorporated cities and the State population.

FY 2013 Forecast:
This tax primary driver is per capita based and factors the City 2010 census population relative to the State 2010 census population. The tax decline is attributable to a lower per capita index. The insurance premium tax is less susceptible to shifts in the economy than other corporate income derived taxes.

Wholesale Alcohol Tax
Alcohol taxes are levied on wholesale distributors at the rate of .22 cents per liter. A 3% tax-by-the-drink is also assessed on patrons of eating and drinking alcohol establishments within the City limits. The alcohol taxes category has remained relatively stable through the current recession.

FY 2013 Forecast:
The forecast is flat though this revenue category has exhibited resilience through the current recession.

Hotel/Motel Tax
The hotel/motel tax has been increased to a rate of 8% on the rent for occupancy of a guestroom in a hotel in the City. The tax is shared between the City, Atlanta Conventions Visitors Bureau, Georgia World Congress, and the Georgia Dome. The City’s new allocated share of the hotel/motel tax is 24.99%, with the remaining 75.01% distributed by the City to the aforementioned entities. This tax is collected on the 20th day of every month by the City.

FY 2013 Forecast:
Hotel/motel revenue is forecasted at the 8% rate.

Public Utility Franchise
This category includes franchisee fee assessments for electric, gas, cable and telecommunication companies. Georgia Power remits an annual payment in January of each year; the fee is based on 5% of gross receipts for this company. Georgia Power accounts for two-thirds of all franchise payments. The telecommunication companies remit payments on a quarterly basis at the rate of 3% of gross receipts.

FY 2013 Forecast:
The outlook for telecommunication companies is stable and based on local recurring gross receipts.

LICENSES AND PERMITS

General Business License
The general business tax also known as the occupational tax is levied on all entities conducting business in the City. The business tax is computed on two separate criteria 1) Estimated Gross Revenue and 2) Number of Employees. The estimated gross revenue amount filed in the prior year is adjusted by the Actual Gross amount when filing for the next year’s business tax. The business tax is closely tied to corporate income and employment levels.

FY 2013 Forecast:
The forecast is predicated on no appreciable improvement in corporate income and no significant changes in employment levels.

Other Licenses/Permits
This category is primarily comprised of Alcohol related licenses and the Departments of Planning, Police, Fire, and Public Works regulatory permits.
**FY 2013 Forecast:**
The forecast reflects a modest improvement in the consumer spending at eating and drinking establishments.

**CHARGES FOR SERVICES**

**Indirect Cost Recovery**
The City allocates a portion of general services costs such as purchasing, accounting, budgeting, personnel administration, and certain other indirect costs based on allocation methodology determined by an independent cost allocation plan.

**FY 2013 Forecast:**
The forecast is predicated on the City's cost allocation plan.

**FINES & FORFEITURES**

Fines and forfeitures are comprised primarily of traffic fines and forfeitures. Fines and forfeitures are administered through the City Municipal Court and the Park Atlanta contract guarantee.

**FY 2013 Forecast:**
The forecast is predicted on a continuation of strong enforcement of traffic violations through increased Police ticketing issuance.

**OTHER FINANCING SOURCES**

**Interest Earnings**
This is based on the City’s interest earnings from the General Fund’s equity share in the Cash Pool.

**Operating Transfers**
No operating transfers are anticipated for FY2013.

**FY 2013 Forecast:**
The forecast reflects agreed upon allocation for the General Fund.

**OVERALL FISCAL YEAR FORECAST**
The Fiscal Year 2013 General Fund revenue forecast (anticipation) is based on continued property tax digest decline and assumes a higher sales tax allocation for six-months of FY 13. Similar to local governments throughout the United States, the City’s revenue base continues to be challenged by a substantial source of revenue predicated on consumer confidence, employment levels, and the overall economy. The overall General Fund revenue forecast mirrors the economic paradigm in other Atlanta metropolitan governments and large U.S. cities.
## Revenues by Major Category

<table>
<thead>
<tr>
<th>Revenues by Major Category</th>
<th>FY 12 Revised Projections (Includes CHE)</th>
<th>FY2013 Projected</th>
<th>FY 2014 Projected</th>
<th>FY2015 Projected</th>
<th>FY2016 Projected</th>
<th>FY2017 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Property Tax Revenues</td>
<td>$173,000,000</td>
<td>$162,000,000</td>
<td>$160,000,000</td>
<td>$161,600,000</td>
<td>$163,216,000</td>
<td>$164,848,160</td>
</tr>
<tr>
<td>Local Option Sales Tax</td>
<td>$100,580,000</td>
<td>$107,000,000</td>
<td>$117,000,000</td>
<td>$118,755,000</td>
<td>$120,536,325</td>
<td>$121,139,007</td>
</tr>
<tr>
<td>Hotel/Motel Tax</td>
<td>$12,000,000</td>
<td>$11,650,000</td>
<td>$11,766,500</td>
<td>$11,884,165</td>
<td>$12,003,007</td>
<td>$12,123,037</td>
</tr>
<tr>
<td>Public Utility Franchise</td>
<td>$63,400,000</td>
<td>$63,400,000</td>
<td>$64,351,000</td>
<td>$64,994,510</td>
<td>$65,319,483</td>
<td>$65,646,080</td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>$32,056,867</td>
<td>$32,096,737</td>
<td>$31,949,430</td>
<td>$31,806,703</td>
<td>$31,623,818</td>
<td>$31,623,818</td>
</tr>
<tr>
<td>General Business License</td>
<td>$38,825,000</td>
<td>$37,000,000</td>
<td>$37,555,000</td>
<td>$38,118,325</td>
<td>$38,690,100</td>
<td>$38,883,550</td>
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<tr>
<td>Insurance Premium</td>
<td>$19,699,905</td>
<td>$19,700,000</td>
<td>$19,995,500</td>
<td>$20,295,433</td>
<td>$20,295,433</td>
<td>$20,599,864</td>
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<tr>
<td>Other License/Permits</td>
<td>$18,300,000</td>
<td>$18,300,000</td>
<td>$18,391,500</td>
<td>$18,483,458</td>
<td>$18,575,875</td>
<td>$18,668,754</td>
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<tr>
<td>Building Permits</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>Alcohol</td>
<td>$15,676,600</td>
<td>$16,100,000</td>
<td>$16,180,500</td>
<td>$16,261,403</td>
<td>$16,342,710</td>
<td>$16,424,423</td>
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<tr>
<td>Fines/Forfeitures</td>
<td>$20,700,000</td>
<td>$22,300,000</td>
<td>$22,746,000</td>
<td>$23,200,920</td>
<td>$23,664,938</td>
<td>$24,138,237</td>
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<tr>
<td>Intangible Recording Taxes</td>
<td>$3,400,000</td>
<td>$3,400,000</td>
<td>$3,434,000</td>
<td>$3,468,340</td>
<td>$3,503,023</td>
<td>$3,538,054</td>
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<tr>
<td>Land and Building Rentals</td>
<td>$8,618,587</td>
<td>$8,700,000</td>
<td>$8,787,000</td>
<td>$8,874,870</td>
<td>$8,963,619</td>
<td>$9,053,255</td>
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<tr>
<td>Real Estate Transfer</td>
<td>$1,000,000</td>
<td>$1,500,000</td>
<td>$1,650,000</td>
<td>$1,815,000</td>
<td>$1,996,500</td>
<td>$2,196,150</td>
</tr>
<tr>
<td>Remaining Revenues</td>
<td>$36,698,955</td>
<td>$22,900,000</td>
<td>$23,129,000</td>
<td>$23,360,290</td>
<td>$23,593,893</td>
<td>$23,829,832</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$543,955,914</strong></td>
<td><strong>$526,046,737</strong></td>
<td><strong>$536,935,430</strong></td>
<td><strong>$542,918,416</strong></td>
<td><strong>$548,324,722</strong></td>
<td><strong>$552,712,220</strong></td>
</tr>
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</table>

1-15
## Remaining Revenues Details

<table>
<thead>
<tr>
<th>Remaining Revenues by Major Category</th>
<th>FY 12 Revised Projections (Includes CHE)</th>
<th>FY 2013 Projected</th>
<th>FY 2014 Projected</th>
<th>FY 2015 Projected</th>
<th>FY 2016 Projected</th>
<th>FY 2017 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year Property Taxes (Including Penalties and Interest)</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Utility Current Year</td>
<td>6,500,000</td>
<td>6,500,000</td>
<td>6,500,000</td>
<td>6,300,000</td>
<td>6,300,000</td>
<td>6,300,000</td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,200,000</td>
<td>8,200,000</td>
<td>8,200,000</td>
</tr>
<tr>
<td>Other Charges for Services</td>
<td>4,300,000</td>
<td>4,385,293</td>
<td>4,600,000</td>
<td>4,600,000</td>
<td>4,600,000</td>
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<tr>
<td>Non Recurring Revenue</td>
<td>211,720</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Recoveries</td>
<td>1,000,000</td>
<td>1,400,000</td>
<td>1,000,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
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<tr>
<td>Other Miscellaneous Revenue</td>
<td></td>
<td>164,707</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
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<tr>
<td>Interest Earnings</td>
<td>1,954,121</td>
<td>2,250,000</td>
<td>2,529,000</td>
<td>2,560,290</td>
<td>2,793,893</td>
<td>3,029,832</td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>13,733,114</td>
<td>200,000</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Total</td>
<td>36,698,955</td>
<td>22,900,000</td>
<td>23,129,000</td>
<td>23,360,290</td>
<td>23,593,893</td>
<td>23,829,832</td>
</tr>
</tbody>
</table>
EXPENDITURE TRENDS AND FORECAST

As mandated in 09-O-1406, FY2013 expenditures in the five-year plan becomes the current services budget, which then serves as the baseline for the subsequent years. Thus, spending projections for FY2013 through FY2017 are simply a continuation of the current FY2012 budget; meaning all years have the same number of employees, the same salary levels, the same level of services, with a few specific exceptions.

The baseline includes the following assumptions:

• FY2013 general fund includes partial funding for 75 additional firefighters that are currently funded under the federal SAFER grant. The grant is scheduled to end in May of 2013 and totals $733K, and for FY2014 – FY2017, the annual increase is $4.4MM.

• FY2014 general fund includes 50 police officers that are currently funded under the federal COPS grant totaling $3.1MM.

• Citywide, the health rate increased by 5% (from $7,339 to $7,706 per position).

• Citywide, the pension rates were adjusted for all Defined Benefit plans to account for the Annual Required Contribution (ARC):
  - Defined Benefit (General) 24.33%
  - Defined Benefit (Police) 34.60%
  - Defined Benefit (Fire) 48.29%

  The pension rates will be revisited during FY2013 budget development after receiving more up-to-date information from the actuaries.

• Citywide, the workers’ compensation requirement increased by approximately $200K from FY2012 to FY2013.

• Citywide, utilities (electricity and natural gas) decrease by approximately .15% or $60K from FY2012 to FY2013.

• Water and Sewer General Fund budget decreased by $3.3MM in FY2013, which is a revised estimate provided by the Department of Watershed. The decrease is due to the adjusted rates for Parks & Recreation and Corrections (Grady). In addition, there are no Water and Sewer rate increases included in the five year plan.

• The US Energy Information Administration (EIA) expects regular-grade motor gasoline retail prices to average $3.55 per gallon in 2012, compared with $3.53 cents per gallon last year, and then average $3.59 per gallon in 2013. This is a slight increase of 1.2%. Currently, there is not a fuel increase included in the five year plan. There will be more information forthcoming regarding utilization, which also impacts the fuel and maintenance rates included in the FY2013 budget.

• Adopted Personnel Paper actions through January 3rd are included in the FY2013 budget. If there was an accompanying funding paper, then positions were funded at the midpoint level. However, if funding was not addressed, then newly created positions were included, but with zero funding.
The chart below is a depiction of the **baseline budget**, which includes the assumptions previously listed. It does **not** include new initiatives as identified by the Mayor’s priorities. Nor does it include additional items that will need funding such as infrastructure and other critical line items. In addition, there are no provisions for new staff or enhancements to high priority areas. These items are not forecasted in the baseline expense projections but many of the future needs have been identified in the Fund and Departmental Projections section.

**General Fund Baseline Expenditure Projection**

The FY2013 baseline budget includes fully funding 100 police officers that were partially funded in FY2012, centralization of human resources positions into the Department of Human Resources (net zero impact), and moving the Building Permitting function to an Enterprise fund. The general fund had previously subsidized the E911 fund since its revenues did not meet its expenses. However, this plan assumes that a rate of at least $2.25 will be passed by the State General Assembly, which will fully support its operations. If an additional rate increase is passed, then the additional revenues will be utilized to address the E911 fund deficit. Therefore, the general fund subsidy will not be required and has been excluded from the FY2013 general fund budget plan.

The increase from FY2013 to FY2014 includes funding for 50 police officers that were previously funded by the COPS grant as well as 75 firefighters that were previously funded by the SAFER grant, and were both previously considered in the FY2010 and FY2011 five year plans.
79.55% of the general fund costs are attributable to Public Safety and Non-Departmental, which includes debt service and other required obligations that must be funded irrespective of the number of staff employed. All other activities of the City government such as public works, parks, code enforcement, planning, technology, and the support departments are funded with the remaining 20.45%.

Sixty percent of the budget is comprised of Personnel expenses, of which Police Services is 45% and Fire & Rescue services is 20% of the total. In addition to salaries, a large portion of the personnel expenses is the Defined Benefit pension plan and other benefits paid by the City on behalf of the
employees. During the FY2012 budget adoption process, the City of Atlanta overhauled its Defined Benefit pension plan for general, sworn police and firefighter employees and addressed the growing pension crisis that had impacted the City's fiscal stability. The City voted unanimously to approve comprehensive changes which will address the $1.5B unfunded liability and reduce its ARC contribution by approximately $25MM as compared to what it would have been without reform.

The City's budgeting policy regarding health insurance is to budget an amount per employee. A conservative amount is budgeted in the five year plan, which increases it by 5% from FY2012 to FY2013. The City has issued a request for proposal that may impact the City's cost per employee. The Human Resources department will provide additional guidance once the contract has been awarded.

The City has Non-Departmental expenses that fund activities that are not attributable to a specific department. During FY2012 budget development, many of the departmental expenses were moved to the department to which it applies. For example, Water & Sewer costs were transferred from non-departmental to the applicable departments. The FY2013 budget and five year forecast for Non-Departmental expenses includes the payments for debt service, payments for health benefits such as worker's compensation and retiree health benefits, and intergovernmental agreement payments. Non-Departmental expenses also include the City's mandatory budgeted reserves. The City is required by city code to budget a 5% restricted reserve each year for emergencies. To utilize the reserves, the City Council must take legislative action to appropriate the funds. At the end of the fiscal year, the amount of the unspent reserves will increase fund balance on the City's balance sheet.
Although the five year plan requires five-year projections for the general fund only, fund-wide projections have been included for the following operating funds:

**GENERAL FUND**
- Judicial – Municipal Court Operations
- Judicial – Public Defender
- Judicial – Solicitor
- Board Officers - Atlanta Citizens Review Board Director
- Board Officers – Ethics Officer
- Board Officers – Internal Auditor
- City Council
- Executive Offices
- Corrections
- Finance
- Fire & Rescue
- Human Resources
- Information Technology
- Law
- Parks, Recreation & Cultural Affairs
- Planning and Community Development
- Police Services
- Procurement
- Public Works
- Non-Departmental

**ENTERPRISE AND OTHER FUNDS**
- Aviation Revenue Fund
- Building Permits Fund
- Civic Center Fund
- Emergency 911 Fund
- Fleet Services Fund
- Group Insurance Fund
- Parks Facilities (Cyclorama) Fund
- Solid Waste Fund
- Underground Atlanta Fund
- Water & Wastewater Fund

This section also includes strategic initiatives, and have been identified separately in the graphs to which the initiative applies.
CITY OF ATLANTA
General Fund - Five Year Plan
Fiscal Years 2013-2017

Summary
The General Fund is the City’s primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund. The City’s property tax base represents one-third of General Fund revenues. Property tax revenue continues to be budgeted conservatively as the reassessment effects of Senate Bill 346 and the overall weakness in both the residential and commercial sectors of the tax digest. The Fiscal Year 2013 General Fund revenue forecast (anticipation) is based on continued property tax digest decline and assumes a higher sales tax allocation for six-months of FY 13. Similar to local governments throughout the United States, the City’s revenue base continues to be challenged by a substantial source of revenue predicated on consumer confidence, employment levels, and the overall economy. The overall General Fund revenue forecast mirrors the economic paradigm in other Atlanta metropolitan governments and large U.S. cities. The initiatives include $1.6MM for 41 officers & uniforms/equipment, $1.1MM Invest Atlanta, and $950K for Office of Sustainability.
CITY OF ATLANTA
Municipal Court- Five Year Plan
Fiscal Years 2013-2017

Summary
Municipal Court five year plan is structured around the following:
Enhance access and promote user friendly court operations by revamping the court’s website
Additional funding is required for the following plans:
Increasing the number of judicial officers, which allows the court to expand business hours to service our stakeholders in an efficient manner; Upgrading security cameras and scanning devices to ensure the safety of everyone who enters the court; Replacing the existing Interactive Voice Response system with a reliable and user friendly telephone system
CITY OF ATLANTA
Public Defender- Five Year Plan
Fiscal Years 2013-2017

Summary
The Office of the Public Defender plans to: Expand services at the courthouse to include informational awareness sessions for families of the accused; Build upon established partnerships with local firms to provide litigation training to young lawyers; Expand existing programs to include local law schools; Additional funding is required for the following plans: Expand Public defender services to include 24/7 assistance at the Pretrial Detention Center; Enhance technology that allows for 24/7 access to a public defender through use of laptops, I-Pads or related portable information systems, coupled with enhanced website links to attorney assistance.
CITY OF ATLANTA
Solicitor - Five Year Plan
Fiscal Years 2013-2017

Summary

Solicitor's Office has put together a plan to come under budget for FY'12
The Office of the Solicitor plans to: Alignment with the Judicial Reform Committee mandate to reduce felony charges to misdemeanor charges. Additional funding is required for the following plans: Increase to court schedules and expansion of accountability courts; Possible return of Jury Trials in DUI court; PTIT administration and enhancements; Technology needs and upgrades for interfacing with the Court's case management system (Courtview)
CITY OF ATLANTA
Atlanta Citizen Review Board - Five Year Plan
Fiscal Years 2013-2017

Summary
Over the next five years, Atlanta Citizen Review Board plans to embark on a national search to hire a new Executive Director. The department plans to implement a Community Outreach Plan to increase public awareness about the oversight function of the ACRB and relocate to more suitable office space which will be more accessible to public and provide adequate meeting and storage space.
Summary

The Ethics Department is an independent city agency that works to ensure honesty, integrity, accountability, and trust in city government through enforcing the city's ethical standards.

Over the next five years, the department will continue to be responsible for bringing the City into compliance with the Code of Ethics and for instilling a culture of ethics within city government. It will educate and advise city officials, employees, board members, and citizens about conflicts of interest and gift rules; investigate ethics complaints and bring enforcement actions for violations of the Ethics Code; and administer the financial disclosure program.
CITY OF ATLANTA
Internal Auditor - Five Year Plan
Fiscal Years 2013-2017

Summary:
The City Auditor’s Office has three priorities for the next five years:
(1) Continue to expand audit coverage of information systems and use of technology in our audit work. This initiative includes broadening the Continuous Auditing project to cover additional risks and controls in the Oracle ERP system, working with management staff to use the Governance, Risk and Compliance (GRC) application if acquired, and exploring the acquisition of an electronic audit workpaper system. (2) Work with the Audit Committee to strengthen the committee’s operating procedures and to establish an appropriate level of staffing and resources to provide adequate audit coverage of the City’s operations. (3) Expand the use of contracting for specialized audits such as franchise fee revenue, dependent eligibility: for health care benefits, construction contracts, and system security vulnerabilities.
CITY OF ATLANTA
City Council - Five Year Plan
Fiscal Years 2013-2017

Summary:
The FY 2012 surplus is due to savings from vacant Regular and Permanent Part-Time positions. City Council is in the process of implementing the new Electronic Legislative Management System (ELMS). This system will increase the efficiency of the City's decision-making processes and provide maximum integrity of the record while fostering transparency through each public phase of the legislative process.
Summary

FY 2012 surplus due to savings from vacant positions and underspend in Professional/Consultant Services. The Executive Offices' Office of Enterprise Assets Management (OEAM) accounts for 74% of the Executive Offices budget. This makes OEAM a major driver in most Executive Offices related expenses. The Intergovernmental grant that funds the major operations for the Office of Sustainability is set to expire at the end of 2012. The Office of Sustainability operates within the Office of the Chief Operating Officer utilizing grant funds. For the Office of Sustainability to maintain operations, the COO's Office will move all personnel and operating expense to the general fund. Additional drivers for the Executive Offices are to continue forging partnerships locally and nationally in order to push Atlanta as one of the premier tourist and event destinations (Atlanta Streetcar Project and 2013 Final Four Basketball Championship), continue required facility repairs to meet ADA agreement requirements and improve and expand the ATLStat program to enhance project analysis and outcomes.
Summary
Based on the amount that was budgeted for water and actual usage, the Water estimates from DWM, projects a 2million decrease. Over the next 5 Years the Department of Corrections plans to continue to provide a safe, secure, humane and efficient managed operation; Improve community relationships with the focus on enhancing the City of Atlanta’s “quality of life”; and Serve as a integral resource supporting law enforcement initiatives thus creating opportunities to enhance public safety; Create an environment that encourages effective communication, rewards innovation and responsible risk-taking; Develop departmental processes that will encourage the highest level of ethics, professionalism and accountability for all personnel; Ensure sound fiscal and fiduciary responsibility through consistent management of human, capital and plant resources.
CITY OF ATLANTA
Department of Finance - Five Year Plan
Fiscal Years 2013-2017

Summary

The Department of Finance plans to streamline the budget process with the purchase of Hyperion Software. This software will allow the creation of ad-hoc reports and incorporate various revenue and expense scenarios. The Department also plans to acquire new false alarm billing software which will increase revenue from $1 million to $2 million dollars. The department will focus on getting vendors paid within 10 business days and increasing the City of Atlanta's reserve to $108 million dollars.
CITY OF ATLANTA
Fire and Rescue - Five Year Plan
Fiscal Years 2013-2017

Summary:

FY'13 includes 2 months of SAFER employees, increase in Sworn pension expense, increase in health expense and a decrease in water/sewer expense; FY'14 thru FY'17 includes full year expense of SAFER employees.

The Atlanta Fire and Rescue Department will continue making improvements in fire suppression and emergency response by maintaining and improving existing programs in both areas; those areas will include enhanced supervision, enhanced training programs, fleet and equipment replacement, station restoration or replacement and seeking external funding sources for additional program development; in addition, the department will maintain efforts to increase civilian staffing members required for administrative service improvements.
CITY OF ATLANTA
Human Resources - Five Year Plan
Fiscal Years 2013-2017

Summary:
Increase from FY12 to FY13 and beyond includes the reorganization of the Department of Human Resources. The Department of Human Resources will effectively execute the consolidation of the department to establish a more efficient HR organizational structure and streamline key processes including the standardization of employment practices and policy interpretation. Department will also seek to maximize existing technologies including Oracle and NeoGov and ensure that all HR data is clean and accurate in Oracle, the system of record for all HR information. The implementation of overarching Talent Management strategies for the City and improvement of manager and organizational capability, will build a “culture of performance” throughout the City. DHR anticipates personnel changes to increase efficiency and productivity.
**Summary:**
The Department of Information Technology plans the following to enhance the services provided to the City of Atlanta constituents and employees by: Moving to Oracle release 12 ERP Upgrade - we must move to industry standards levels on our ERP system ($2.5M in FY14). Additional funding is required for the following plans: Upgrading the City's infrastructure - most equipment/hardware are outdated and past end of life; Purchasing E-Discovery tool - due to the increasing amount of Open Records requests and Litigation Holds received by the City of Atlanta; Disaster Recovery - to enhance the City of Atlanta's ability to reestablish business operations during a time of disaster; Right-sizing - due to the increasing demands placed on our organization to provide more information faster and efficiently.
CITY OF ATLANTA
Law - Five Year Plan
Fiscal Years 2013-2017

Summary
The Law Department is a team of professionals committed to providing excellent legal representation to the City of Atlanta. Law shows a decrease from FY12 to FY13 due to salaries for new employees funded below the FY12 budgeted salaries. Law anticipates transferring to the 5th floor of City Hall, which will slightly increase its budget for FY13 and certain personnel changes to increase efficiency and productivity.
CITY OF ATLANTA
Parks, Recreation & Cultural Affairs - Five Year Plan
Fiscal Years 2013-2017

Summary

Centers of Hope: The Centers of Hope are the centerpiece of Mayor Reed’s focus on youth engagement. In fiscal 2011, Mayor Reed reopened 16 closed recreation centers and 7 closed pools. In fiscal 2012, the Office of the Mayor and the Office of Recreation launched Centers of Hope pilot sites at Thomasville and Adairsville Recreation Centers, partnering with the Boys and Girls Club and YMCA. The Office of Recreation further invested in infrastructure and programming at all of its centers, as did the Office of Cultural Affairs. In fiscal 2013, the Office of Recreation proposed to expand the pilot program to 4 additional sites, adding an additional 2 pilot sites in each of 2014 and 2015.

Atlanta BeltLine: The Atlanta BeltLine project is one of the City’s most prominent economic development projects, incorporating parks, trails and transit to redevelop vast portions of Atlanta. The project has added three new parks and dozens of acres to the City’s park system. In 2012, the city will complete construction of the northeast BeltLine trail. When Atlanta BeltLine, Inc. built the new facilities, it included extended maintenance programs for the various sites. Those programs are coming to an end in fiscal 2013.

Fort McPherson: In fiscal 2013, the U.S. Army will officially close Fort McPherson, transferring ownership of the facility to the state, city and local redevelopment agency. DPRCA anticipates receiving about 150 acres of parkland and facilities as part of the transaction. Maintaining this new parkland to current standards is essential to the success of the redevelopment project. DPRCA estimates maintenance costs to be $470,000 in the first year, and $250,000 in subsequent years.
CITY OF ATLANTA
Planning & Community Development - Five Year Plan
Fiscal Years 2013-2017

Summary
The FY12 surplus is due to the transfer of Code Compliance to APD and the Office of Buildings to the Permitting Fund in the second and third quarters. The department's overall budget reflects a decrease beginning in FY13 due to these transfers.
The deficit for the Department of Police is due mainly to an increase in pension, offset by vacant positions. The overall mission of our department is fighting crime and providing a high quality of security and assistance to the citizens of Atlanta. To support this mission, police services is planning to incur expenditures for technological improvements and increased personnel in order to enhance crime fighting initiatives. The cost of the additional 41 Police Officers is $1.3MM, in addition to the uniform cost, which is approximately $286,180.
CITY OF ATLANTA
Procurement - Five Year Plan
Fiscal Years 2013-2017

Summary
The Department of Procurement plans a reorganization of their department to centralize all city-wide procurement functions. The reorganization will allow the department to standardize procurement functions and practices across the city, better manage and enforce the procurement policies, develop specializations to obtain efficiency in purchasing, realize better terms and pricing on goods and services due to volume purchases, and provides for less duplication of duties across the city. The reorganization will require additional office space, office furniture/supplies and storage space for records. The department is currently researching document management systems to improve upon their current level of records management, records retention and improve service levels by managing documents electronically. The department is working to fully utilize the current functionality of the Oracle procurement modules, and will need additional funding to implement and enhance procurement operations.
CITY OF ATLANTA
Public Works - Five Year Plan
Fiscal Years 2013-2017

Summary
Public Works is projecting a $2.3MM dollar deficit for FY2012. The primary cost driver for the overrun is $2.3MM in Street Light Power Costs. The department has completed a Transportation Infrastructure Report which identifies deferred transportation maintenance costs and infrastructure replacement project needs for fiscal years FY2013 through FY2017. These items have been placed in High, Medium, and Low Priority asset categories based on the years the asset is past its life cycle and its corresponding projected costs. The department will submit a $4.4MM additional funding budget request for FY2013 to meet immediate operational needs.
The savings for nondepartmental is due mainly to the $27MM reserves and conservative spending for unemployment and workers’ comp. Non-departmental includes items that are generally not specific to one particular department such as debt payments, workers' comp and unemployment. The Public Safety FF&E Loan will be paid off at the end of FY2014; the Underground debt is scheduled to be paid off at the end of FY2017. The majority of the payments in non-departmental are mandatory payments which also include OPEB and Insurance.
Enterprise & Other Funds
CITY OF ATLANTA
Aviation Revenue Fund - Five Year Plan
Fiscal Years 2013-2017

Summary:
Hartsfield-Jackson Atlanta International Airport’s mission is “to provide the Atlanta region a safe, secure and cost-competitive gateway to the world that drives economic development, operates with the highest level of efficiency and exercises fiscal and environmental responsibility.”

The Airport is preparing for additional international traffic this year. Over the next five years, some of the initiatives on the horizon to enhance customer service include the following: open the new Maynard H. Jackson Jr. International Terminal and its 12-gate concourse are scheduled by this spring. In addition to, expanding AM Radio Coverage at the Airport so that vehicles can receive parking & traffic information further away from the Airport, implementing both a new Retail Food & Beverage Program and a Concessions Awareness Program, continuation of Airport Wide Customer Service Training - Goal is to train all employees, completing AFM Communication System Replacement, constructing Liquid Dump Station at Security Checkpoints, and installing new digital directories in the Airplan.
Summary

FY12 projected expenses are based on the General Fund budget. FY13 projected expenses increased due to additional positions, certification bonuses, health rate increase and pension changes.
The Civic Center is currently undergoing a feasibility study. The study will highlight strengths, weaknesses and opportunities to make the facility more functional and competitive with other venues in the Atlanta area. The facility is antiquated but completely functional to continue to be a great asset for the City of Atlanta. The study may also point out the need for the City of Atlanta to invest into the facility to help make it more competitive. Once the study is completed, it will be reviewed by the administration and a future plan will be embarked upon.

There have been ongoing projects to make the facility more efficient in reducing operational costs. A new HVAC system has been installed via a program with Atlanta Gas Light Company that should reduce utility costs for the exhibit hall. Although this upgrade stifled revenue for a few months, this upgrade to our system will be an asset. Our focus is on expanding the sources of revenue, including the television and movie industries. We have developed a relationship with the Georgia Film Office to increase visibility. Recently, this revenue resource has proved itself lucrative for the Atlanta Civic Center. We will continue to solicit contracts for rentals in this capacity.
CITY OF ATLANTA
Emergency E911 Fund - Five Year Plan
Fiscal Years 2013-2017

Summary
E911’s mission is to provide superior customer service in a small window of time to support the citizens of Atlanta. With that mission in mind, our projected expenditures for the next five years will support technological and operational improvements. E911 is planning to upgrade its CAD system to support emails and other social networking web-site’s information. For fiscal year 2013, E911 will roll out the 311 call center, which is supported by the Bloomberg Grant Fund.
CITY OF ATLANTA
Fleet Services Fund - Five Year Plan
Fiscal Years 2013-2017

Summary

Fleet Services is projecting a $5.6 Mil deficit for FY2012. This is due to rising fuel costs, increase in utilization, damaged vehicles, and higher incremental cost for repairs and maintenance of an aging fleet. Various operational improvement strategies ranging from possible billing rate changes based on vehicle type to the feasibility of hedging future fuel costs are currently being evaluated by senior leadership. 40% of the COA's fleet is past its life cycle which is the driver for increased repairs, limited availability of parts and longer turnaround times. The aged fleet currently requires an "upside down" effect on service requirements. The fleet industry standard is 70% PMs vs. 30% Repairs. The COA ratio is approximately 85% Repairs vs. 15% PMs. Fleet has implemented a reduction initiative in FY2012 to remove underutilized vehicles from inventory. This will provide revenue and cost reductions for the City. The anticipated revenue is $850K. Nevertheless, a continued fleet investment comprised of the purchase of lifts for each building, diagnostic equipment, hoists, cranes, etc along with the implementation of a viable fleet replacement cycle are critical to improve the efficiency of service delivery.
CITY OF ATLANTA
Group Insurance Fund - Five Year Plan
Fiscal Years 2013-2017

Summary
Group Insurance is projected to increase by 4.6% year over year. The most significant plan for Group Insurance is an upcoming RFP with the purpose of generating cost savings with the City's various insurance providers.
Summary
Since September 2011, a Taskforce of 26 people have been working together with Mayor Reed to oversee and help resolve current issues facing Atlanta Cyclorama, including painting restoration, facility maintenance and operational sustainability. The Task Force will make recommendations to Mayor Reed May 2012. However, we do not anticipate any major changes before 2014. Currently, we are in the process of making some much needed capital improvements to the current facility. The improvements include: boiler replacement, fire protection for Painting and Diorama, conversion to digital audio/visual equipment, repairs to exterior façade and terrace, improved auditorium seating, bathroom improvements, painting, carpet, and ADA compliance improvements. Lastly, we are planning to continue our Summer Series of programs and events each year leading up to the 150 Anniversary of the Civil War.
### Summary

Solid Waste Services plans to continue streamlining operations by incorporating new route mapping technologies and increasing operational efficiencies, while consistently providing a quality focused comprehensive range of services from Residential Trash Collections to Recycling in compliance, with US EPA Waste Regulations Standards. The Department has exceeded its cash collection rates for fiscal years 2010 and 2011. This has enabled it to invest over $7.2MM dollars in FY2012 to replenish fleet equipment and complete capital improvements. Simultaneously, during this time period the department has been addressing its historical fund balance issues by contributing approximately $7MM to reduce its deficit. Although the budget is balanced, this trend is expected to continue from FY2013 through FY2015 with annual estimated contributions to fund balance of 6.21% of operations.
Summary

Underground Atlanta has been adversely affected by the economy due to the lack of national brand name retailers and the loss of potential customers after the World of Coke relocated near the Georgia Aquarium. The loss of retailers and customers has had an effect on the funding needed to support repairs of the parking facilities. The Office of Enterprise Asset Management will need to determine what needs to be done to attract more business/entertainment for Underground Atlanta.
CITY OF ATLANTA
Water & Wastewater Revenue Fund - Five Year Plan
Fiscal Years 2013-2017

Summary
Department of Watershed Management is planning a department wide reorganization which will streamline operations and coordinate similar operations in the Bureau of Drinking Water and Wastewater Treatment and Collections. Current plan assumes a reduction in Operations and Maintenance expenses in FY13.

2-44
REVENUE AND EXPENDITURE COMPARISON

STRATEGIC INITIATIVES

FIVE-YEAR PROJECTIONS

FIVE YEAR PLAN
The following chart includes the baseline budget, reserves, and also includes the strategic initiatives. Over the next five years, revenues increase by approximately 1% while expenses increase by 1% from FY2013 to FY2014. However, the expenditure rate remains flat in the subsequent out years. Therefore, as revenues increase and expenditures remain flat, the gap decreases each year to $1.5MM in FY2017. It is important to note that the expenditures include reserves, which can be reduced once the fund balance 20% target is met.
During FY2012, Mayor Kasim Reed provided his commitment to the following initiatives:

- Public Safety
- Fiscal Stability
- Youth Development
- Economic Development
- Customer Service & Excellence

These following descriptions describe how these initiatives are addressed in the five year plan.

PUBLIC SAFETY
The Mayor has included in the five year plan several initiatives that address his commitment to these priorities including hiring 41 additional officers totaling $1.3MM ($1.6MM including associated operating supplies). These additional officers will increase the police force to 2,000 officers, which will be the largest police force in the City of Atlanta's history. The five year plan also includes funding for 50 police officers who are currently funded by the COPS grant in FY2014.

FISCAL STABILITY
The baseline financial plan includes progress on eliminating the deficit positions and cash pool borrowing. The baseline financial plan includes a funding source to repay the City’s General Fund water obligations per the terms of the memoranda of understanding. This transaction is now accounted for as a balance sheet transaction and does not impact expenditures, and is not an item included as an expenditure in the five year plan. The payment plan is included in the appendix.

While significant progress is made, the initial projections included in the financial model does not reflect complete correction of all deficit positions in the next five years. However, it is the Administration’s commitment to maintain fiscal discipline to correct deficit positions (See Fund Balance section). In some cases, this may take more than five years to accomplish.

The baseline financials include making significant progress on establishing a general fund balance of $100M. As shown on the Fund Balance Projection graph, the general fund balance will grow to $129MM by fiscal year end 2012. This will be accomplished through an effort of cost containment as well as pursuing revenue initiatives, This graph also assumes that the budget will be balanced, revenues will be met, and reserves will not be spent.
Once fund balance has reached 20% of revenues, the additional funds could be used to issue long-term debt to address the City’s infrastructure. As with virtually every other major U.S. city, Atlanta has significant infrastructure requirements with very limited funding options. The City’s infrastructure needs include roads, bridges, sidewalks, traffic signals and facilities. The City’s ongoing review of its infrastructure requirements has resulted in long-term bond financing as the optimum tool. The issuance of long-term debt allows the City to match the useful life of the asset over the amortization period of the debt. The issuance of General Obligation debt is an attractive financing tool because it is backed by the full faith, credit, and ad valorem taxing powers of the City. General Obligation debt backed by City ad valorem taxes allows the City to achieve a favorable interest rate given the City’s substantial tax base. The City has issued General Obligation bonds pursuant to referenda approved by the voters to address its most recent long-term capital needs. The credit markets and bondholders are familiar with this financing tool and its reliable track record to repay long-term debt.

Many U.S. cities seek successive bond referendum in regular yearly increments; this allows the debt burden to be spread over a more manageable period of time. This also ensures flat debt service levels without any significant rises in payments; the City would essentially issue new debt as old debt is retired, which allows the tax rate supporting the debt service to remain at reasonable levels. The City is currently prioritizing its capital requirements and the necessary bond sizing options. The critical path to addressing these needs will require input and voter approval by Atlanta citizens, who are the ultimate beneficiaries of an improved City infrastructure. This approach would allow the City flexibility to work with its bond financing team and monitor the credit markets in order to obtain the lowest possible interest rates available. The chart below shows three possible scenarios for funding the City’s infrastructure needs.
**Youth Development**
Previously, financial constraints have caused the City to close 16 recreation centers and pools. Currently, all recreation centers and pools are open (6 of which are funded through public/private partnerships). In FY2011, $3.7MM was adopted to re-open the recreation centers that were previously closed. This funding continues to be a recurring amount in the annual budget to now include programming for City of Atlanta’s youth and transform a number of the recreation centers to Centers of Hope.

**Economic Development**
Invest Atlanta is the official economic development authority for the City of Atlanta. Its purpose is to strengthen Atlanta’s economy and global competitiveness in order to create increased opportunity and prosperity for the people of Atlanta. Invest Atlanta is governed by a 9 member board of directors, chaired by the Mayor of Atlanta. In FY2012, the City invested $1.9MM in Invest Atlanta and includes an additional investment in FY2013 of $1.1MM to Invest Atlanta’s programs and initiatives that focus on developing and fostering public-private partnerships to accelerate job creation/economic growth, neighborhood revitalization/investment and innovation/entrepreneurship.

During his first year in office, Mayor Kasim Reed set the goal for Atlanta to become one of the top ten sustainable cities in the nation. Achieving this goal will improve the quality of life of Atlanta's citizens by enhancing the environment, while at the same time, supporting job creation and long-term economic growth. Mayor Reed has committed to continual improvement in sustainability practices and to lead by example through the development and implementation of policies and activities that support environmental sustainability. In an effort to support the City's commitment to long-term economic and environmental sustainability for Atlanta, this plan provides $950K to support the Office of Sustainability. This funding will replace the previous grant funding that supported this initiative.

**Customer Service & Excellence**
During the FY2012 budget adoption process, $2.3MM was set aside in reserves to address employee compensation enhancements. The first phase of this process was to address the City’s current salary and grade structure based on a pay and class study conducted by the Department of Human Resources. As a result there were several positions that, based on the new structure, would require an increase in salary in order to move the employee to the minimum of the new pay grade. The funding that was set aside in reserves is included in the five year plan, which can be used to address other employee compensation enhancements.

**Other Initiatives:**
Revenue Discovery – Local Option Sales Tax  
Repurpose Bond Proceeds – General Obligation and Quality of Life Bonds  
Budget Planning Tool and Process – Oracle Hyperion  
Financial Analysis/Consulting Capacity  
Grant Application Consolidation  
Workers’ Compensation Process Improvement  
Risk Management
GENERAL FUND BALANCE AND PROJECTIONS

THE PLAN TO ADDRESS DEFICIT FUND BALANCES

FIVE YEAR PLAN
According to GFOA, the adequacy of unassigned fund balance in the general fund should be assessed based upon a government's specific circumstances. Nevertheless, the GFOA recommends, at a minimum, that general-purpose governments, regardless of size, incorporate in its financial policies that unrestricted fund balance in their general fund be no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

If fund balance falls below a government’s policy level, then it is important to have a solid plan to replenish fund balance levels. Rating agencies consider the government's fund balance policy, history of use of fund balance, and policy and practice of replenishment of fund balance when assigning ratings. Thus, a well developed and transparent strategy to replenish fund balance may reduce the cost of borrowing.

The City of Atlanta code of ordinances (Section 6-302) indicates that upon completion of the annual external financial audit, any unspent operating funds are transferred to fund balance. Fund balance is established to protect the City in the event of any major, catastrophic event. The capital finance fund was established to address deferred maintenance or economic needs of the City. The general fund balance receives 75% while the capital finance fund receives 25%.

The following is the Fund Balance as of June 30, 2011, as presented in the format required by GASB 54.

<table>
<thead>
<tr>
<th>GASB54 Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>7,834</td>
</tr>
<tr>
<td>Restricted</td>
<td>6,388</td>
</tr>
<tr>
<td>Assigned</td>
<td>6,912</td>
</tr>
<tr>
<td>Unassigned</td>
<td>73,216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94,350</strong></td>
</tr>
</tbody>
</table>

Three considerations led the GASB to undertake its recent reexamination of the components used to report fund balance. First, the traditional terminology was not self-explanatory and has frequently led to misunderstandings. Second, governments often have applied the different categories inconsistently in practice. Finally, some have questioned whether the historic focus on availability for appropriation best serves the needs of financial statement users. As a result, GASB 54 will shift the focus of fund balance reporting from the availability of fund sources for budgeting. The following is the Fund Balance as of June 30, 2011, as presented in the format required by GASB 54.
General Fund Balance at June 30, 2011  
94,350

Projected Fund Balance Change during FY12

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012 Revenues Approved by City Council</td>
<td>550,620</td>
</tr>
<tr>
<td>Less: Prior Year Fund Balance (Net of)</td>
<td>(6,665)</td>
</tr>
<tr>
<td>Net Projected Revenues as of 6/30/2012</td>
<td>543,955</td>
</tr>
<tr>
<td>FY 2012 Expenses Approved by Council</td>
<td>550,620</td>
</tr>
<tr>
<td>Less: GF department projection variance</td>
<td>(53,448)</td>
</tr>
<tr>
<td>Net Projected Expenses as of 6/30/2012</td>
<td>497,172</td>
</tr>
</tbody>
</table>

Net Estimated FY12 Surplus from Operations             46,783
Less: Portion of Surplus to be transferred to the Capital Finance Fund (25%) (11,696)

Projected General Fund Balance at June 30, 2012 129,437

The City is required by city code to budget a **5% restricted reserve** each year for emergencies. At the end of the fiscal year, unspent reserves and any other surplus funds will increase fund balance. Once the fund balance is funded at a level equal to 20 percent of the current year's general fund operating budget, the code specifies that all surplus funds will be transferred to the capital reserve fund.

---

**FUND BALANCE PROJECTION**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projected Fund Balance</th>
<th>20% of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009</td>
<td>7,393</td>
<td>110,124</td>
</tr>
<tr>
<td>FY2010</td>
<td>72,433</td>
<td>105,209</td>
</tr>
<tr>
<td>FY2011</td>
<td>94,350</td>
<td>107,387</td>
</tr>
<tr>
<td>FY2012</td>
<td>129,437</td>
<td>108,584</td>
</tr>
<tr>
<td>FY2013</td>
<td>129,437</td>
<td>109,665</td>
</tr>
<tr>
<td>FY2014</td>
<td>129,437</td>
<td>110,542</td>
</tr>
<tr>
<td>FY2015</td>
<td>129,437</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>129,437</td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td>129,437</td>
<td></td>
</tr>
</tbody>
</table>
However, the projected fund balance graph depicted below assumes that the amount of budgeted reserve is reduced from 5% to 2.5% from FY2013 – FY2017, which reduces the budget gap significantly. It also assumes that any surplus will continue to be allocated to the capital finance fund at 100%.

**GENERAL FUND REVENUES AND EXPENDITURES**

**RESERVES 2.5%**

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>526,046,737</td>
<td>536,935,430</td>
<td>542,918,416</td>
<td>548,324,722</td>
<td>552,712,220</td>
</tr>
<tr>
<td>Expenses</td>
<td>535,045,877</td>
<td>540,839,717</td>
<td>540,202,417</td>
<td>540,331,055</td>
<td>540,434,094</td>
</tr>
<tr>
<td>Gap</td>
<td>(8,999,140)</td>
<td>(3,904,287)</td>
<td>2,715,999</td>
<td>7,993,667</td>
<td>12,278,126</td>
</tr>
</tbody>
</table>
As of the FY2011 CAFR, the City has seven funds that are operating in a deficit position:
- Capital Finance Fund,
- Civic Center Fund,
- E911 – Emergency Telephone System,
- Fleet Services Fund,
- Parks Facilities Fund (Cyclorama),
- Solid Waste Fund, and
- Underground Atlanta Fund.

The legislation driving this five year plan has included as an objective that each of these funds are addressed. Specifically, the legislation states the need to "eliminate any deficits in funds supported by the General Fund". Listed below is a description of each fund with their respective FY2011 fund balances and possible solutions to reduce or eliminate their negative balances.

**CAPITAL FINANCE FUND**

Capital Finance Fund was established to centralize all governmental capital purchases. An example of capital purchases would include vehicles for Public Safety, Public Works, and Parks & Recreation, and funding of the City's ERP solution. As of the close of FY 2011 CAFR the fund balance deficit is $13.9MM, a reduction of $28.8MM from the previous year.

This fund deficit will be decreased through the legislatively mandated 25% contribution/transfer from the remaining General fund balance. If the general fund surplus is at the same level as FY2011, the capital finance fund should not be in a deficit beginning in FY2013.

**GENERAL AND CAPITAL FUND BALANCE PROJECTIONS**

![Graph showing fund balance projections from FY2009 to FY2017.](image)
CIVIC CENTER FUND
The Civic Center will require capital investments in order to continue to attract events that result in revenues that will cover operating expenses. The FY2011 fund balance deficit is $532.5K, which is an increase of $192K from FY 2010. The Commissioner of Parks, Recreation, and Cultural Affairs is currently researching the options of increased events and cost containment in order to address the recurring operating deficit.

E911 – EMERGENCY TELEPHONE SYSTEM
The Emergency Telephone System Fund consists of collections of an Enhanced 911 (E911) fee levied against telephone subsidies beginning in 1991. Until 1993, the collections of these fees were accounted for in the General Fund in Revenue from Charges for Services category. The current rate structure mandated by the Georgia General Assembly does not adequately cover the costs of operating this function. The General Fund has annually subsidized between 27%-42% of the cost of operations. As of the close of FY2011 CAFR the fund balance deficit is $30MM, a decrease of $542K from FY2010.

The City has submitted a fee increase request to the General Assembly to increase the E911 fee from $1.50 to $4.00 in FY2013. This budget assumes a rate increase that will cover the cost of operations, or $2.25. However, if the full rate increase of $4.00 is passed, then the additional funds will be used to continue to address the existing fund balance deficit.

FLEET SERVICES FUND
The Fleet Services fund is an internal service fund that provides fuel and maintenance services to internal COA departments. Users of the services are assessed charges that are designed to cover service costs. The fleet services fund has been assessed an indirect cost, which has not been captured in the rates charged to the user departments. Therefore, the fund does not recoup the indirect costs. As of the close of FY2011 CAFR the fund balance deficit is $24.8MM, an increase of $6.3MM from FY2010.

Fleet Services is currently reviewing its rate structure and the utilization of fleet inventory. A new director has been hired to assess the current state and to provide a solution going forward that would address the fund deficit as well as the fleet maintenance, replacement and research any incentive programs. The CFO will also research the possibility of utilizing a financing vehicle that may normalize the cost of fuel, and whether it is appropriate to charge indirect costs to this fund.

PARKS FACILITIES FUND (CYCLORAMA)
The Parks Facilities fund was created to account for activity associated with the Cyclorama facility and is supported by user fees. As of the close of FY2011 CAFR, the fund balance deficit is $125.6K, which is an increase of $8K from the previous period. The Commissioner of Parks, Recreation, and Cultural Affairs is currently researching the options of increased revenues and cost containment in order to address the recurring operating deficit.

SOLID WASTE FUND
Solid Waste Collection Fund consists of collections of fees for: garbage, recycling, yard waste and bulk rubbish, street sweeping, de-littering, debris removal, right-of-way-cutting, dead animal removal, education and enforcement. It also includes land post-closure management and responding to city-wide emergency operations. In FY2010, the rates were increased to cover the costs for providing these services. As a result, this fund is beginning to cover its operating cost and fund its capital needs. As of the close of FY2011 CAFR the fund balance deficit is $24MM, which is a $6MM decrease from the FY2010.

Since raising the recycling fee from $30 to $88, the Solid Waste fund has realized a surplus. A renewal and extension fund was created to address capital needs, and will be funded by 50% of the annual surplus. The remaining 50% will remain in the fund balance to eliminate the deficit fund balance. Only after the following fiscal year that the Solid Waste fund balance reflects a positive fund balance, 100% of all net revenues will flow to its renewal and extension fund following each year-end close.

UNDERGROUND ATLANTA FUND
The Underground Atlanta Fund was established in 1989 to account for transactions associated with the public operations of the Underground Atlanta facilities and the parking decks. The City has a master lease agreement with the tenant to lease the structure until 2086. The fund is supported by user fees, parking revenues and a general fund
subsidy because revenues from Underground have not been sufficient to cover operating expenses. As of the close of FY2011 CAFR the fund balance deficit is $7MM, an increase of $243K from the previous fiscal year.

The Underground Atlanta fund was reviewed during the FY2012 budget process to ensure the amount of the general fund subsidy is sufficient to cover annual operating deficits. Therefore, the annual operating deficit should not be significant nor grow the current fund balance deficit. The debt is due to mature in 2017, which will decrease the general fund subsidy significantly. A portion of those funds can then be used to address the current fund balance deficit.
5

DEBT MANAGEMENT

FIVE YEAR PLAN
The City of Atlanta, Department of Finance is tasked with the responsibility of executing sound financial management practices to address the ongoing needs and functions of the City, as governed by the Mayor and City Council members. The Office of Debt & Investments operates under the umbrella of the Department of Finance and is primarily responsible for the management of the City’s cash, investment and debt portfolio functions. Specifically, where debt management is concerned, the office:

- Assists in the administration of the City’s bond program through the planning and coordination of bond sales and is a key contributor to strategic planning for debt structuring and issuance, and ongoing portfolio management
- Makes recommendations that identify long term financing instruments: general obligation bonds, revenue bonds, obligations issued through state level authorities, and other obligations including lease purchase agreements and appropriation backed securities such as Certificates of Participations (COPS)
- Leads in the development of debt policies, capital improvement plans and debt capacity studies
- Manages outside consultants and agencies, including financial advisors, investment bankers, bond counsel and ratings agencies
- Apprises City of Atlanta leadership of debt position and transactions which includes members of the Administration and City Council, as required

This document provides an overview of the City's debt management program under the purview of the Office of Debt and Investments as well as outlines the methodology of the office's debt management practices.

**Debt Management Objectives**

- Maintain cost-effective access to the capital markets through prudent policies
- Maintain moderate debt and debt service payments with effective planning and coordination with the City’s departments
- Meet significant capital demands through debt financing and alternative financing mechanisms
- Define the acceptable parameters and structure for each type of debt, and;
- Achieve and maintain the highest possible credit ratings within the context of the City's capital needs and financing capabilities
### Municipal Bond Ratings

#### City of Atlanta

<table>
<thead>
<tr>
<th>Bonds Type</th>
<th>Moody's</th>
<th>Standard &amp; Poor's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>Aa2</td>
<td>A</td>
<td>--</td>
</tr>
<tr>
<td>Water and Wastewater Revenue Bonds</td>
<td>A1</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Hartsfield Atlanta International Airport Revenue Bonds - Senior Lien / GARBs</td>
<td>A1</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>Hartsfield Atlanta International Airport Revenue Bonds - GARBs/PFC</td>
<td>A1</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Atlanta Development Authority</td>
<td>A2</td>
<td>A</td>
<td>--</td>
</tr>
<tr>
<td>Downtown Development Authority</td>
<td>Aa2</td>
<td>A</td>
<td>--</td>
</tr>
<tr>
<td>Solid Waste Management Authority</td>
<td>Aa2</td>
<td>A</td>
<td>--</td>
</tr>
<tr>
<td>Atlanta Fulton County Recreation Authority</td>
<td>Aa2</td>
<td>A</td>
<td>--</td>
</tr>
<tr>
<td>Atlanta Urban Residential Finance Authority</td>
<td>Aa2</td>
<td>A</td>
<td>--</td>
</tr>
<tr>
<td>Tax Allocation Districts</td>
<td>Baa3</td>
<td>BBB</td>
<td>--</td>
</tr>
</tbody>
</table>
**Total Debt Outstanding**

The City of Atlanta’s outstanding debt totaled $7.2 billion as of June 30, 2011.

Total debt consists of $1.11 billion in General Obligation and other debt (General Fund, TAD and other); $2.80 billion in Aviation Revenue Bonds; $3.30 billion in Water and Wastewater Revenue Bonds and other obligations, and $57.6 million in capital lease obligations (non major funds).

During fiscal year 2011, the City paid approximately $421 million in principal and interest on outstanding debt.

Total debt from fiscal year 2010 increased by $500 million, or 17%, resulting from the issuance of the Aviation Revenue Bonds, Series 2010A and 2010B, in the aggregate total of $588 million, the Aviation Revenue Refunding Series 2010C in the aggregate total of $524.0 million, and the $22.7 million Atlanta Urban Redevelopment Agency Bond Series 2010. During the same period, there were modest decreases in the debt outstanding for Water and Wastewater of $41.9 million and GO and Conduit of $24.8 million.

Overall, the City continues to generate enough revenues to cover its operating costs and make all of its outstanding debt obligation payments.
**FY2011 Principal and Interest Payments**

In fiscal year 2011, $483.4 million in revenues and receipts were used to service the outstanding long-term debt obligations of the City. $159 million of this total was spent on principal and $323.4 million on interest payments. The total debt payments by issue category are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Water / Wastewater</th>
<th>Aviation</th>
<th>General Fund</th>
<th>TADs</th>
<th>General Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding Par</strong></td>
<td>$212M</td>
<td>$172M</td>
<td>$38.9M</td>
<td>$33.5M</td>
<td>$27.2M</td>
</tr>
</tbody>
</table>

**Debt Comparison**

At the end of fiscal year 2011, the City’s total debt outstanding was $7.2 billion. This represents a 17% or a $500 million increase over the previous year's total of $6.7 billion. The increase was the result of three (3) revenue bonds issued by the Department of Aviation totaling $644 million and an Atlanta Urban Redevelopment Agency Bond for $22.7 million.
All Long Term Debt – Historical Payments

During the last 10 years, from 2002 to 2011, the City has spent $3.6 billion in principal and interest payments on all of its long term debt obligations. The payments were for the GO bonds, Conduit bonds, General Fund bonds, Aviation bonds and Water and Wastewater bonds. The overall annual debt has almost doubled from $234 million in 2002 to $466 million in 2011.

All Debt - 5Yr Outlook Principal & Interest Payments

At the end of fiscal year 2011, the City had a total of 7.2 billion in long-term debt outstanding. It is expected that the City will spend approximately $1.3 billion in interest payments over the next five years these bonds; this averages out to $276.3 million annually.
The General Fund debt obligations of the City consists of various bonds issued for various purposes. For the fiscal year ended 2011, $369.7 million of these bonds remained outstanding. This represents an approximate $825K increase over fiscal year 2010.

During fiscal year 2011, the City issued $22.7 million in new bonds for the Atlanta Urban Redevelopment Agency (AURA) to fund various projects. During that period, $38.9 million was spent to make principal and interest payments on these debt obligations.
General Fund - Historical Payments

Between 2002 and 2011 the City has paid $339 million on principal and interest on its general fund debt outstanding. During this period the debt has increased from $26 million in 2002 to $46 million annually.

![Historical Payments Chart]

General Fund - 5Yr Outlook – Principal & Interest Payments

In the next 5 years, it is expected that $184 million of General Fund revenues will be used to make annual debt service payments on Inter-governmental agreements that the City has with other authorities. $124 million of the total amount will be used to make principal payments and $60 million for interest payments. It is expected that the City will spend approximately $160.9 million in total interest payments over the next 25 years while these bonds remain outstanding.
The City of Atlanta is one of 4 cities in the nation that owns and operates a World Class International airport. To maintain its position, the City issues bonds for ongoing capital improvement projects which are pledged against its operating revenues and have equal lien parity. Revenues pledged against the bonds issued, are either General revenues, Passenger Facility Charges or Customer Facility Charges revenues.

For fiscal year 2011, the Department of Aviation had $2.8 billion in outstanding long term debt that consist of General Airport Revenue Bonds, Passenger Facility Charge Bonds, and Customer Facility Charge Bonds. These bond were either issued as Alternative Minimum Tax (AMT) and/or Non-Alternative Minimum Tax (Non-AMT).
Department of Aviation - Historical Payments

During the last 10 years from 2002 to 2011 the City's department of Aviation has paid $1.5 billion on principal and interest in all its revenue bonds obligations. The average annual debt for the last 5 years is $163 million. It is expected that overall annual debt will be approximately $145 million over the next 5 years.

Department of Aviation - 5Yr Outlook - Principal & Interest Payments

In the next 5 years, the Department of Aviation is expected to spend $706 million of General Airport Revenues to make annual principal and interest payments on current outstanding general airport revenue senior lien bonds. 50.3% or $355 million of the total will be used to make principal payments, and $351 million or 49.7% for interest.
Department of Watershed Management – Outstanding Debt

The Department of Watershed Management is responsible for operating and maintaining the City’s Water and Wastewater system in compliance with federal and state regulations. The department has issued long-term bonds and state revolving loans to provide funding for its capital improvement projects. The bonds and loans issued are pledged against the revenues generated by the system.

For fiscal year 2011, the department had $3.3 billion of long-term outstanding which consisted of $3.2 billion of senior lien debt and $145 million subordinate lien debt.
Department of Watershed Management Debt - Historical Payments

During the last 10 years --from 2002 to 2011 --the City's Department of Watershed Management has paid $1.3 billion in principal and interest on all its revenue bonds obligations. The annual debt has increased from $66 million in 2002 to $215 million in 2011. The average annual debt for the last 5 years is $171 million. It is expected that overall annual debt will be approximately $220 million over the next 5 years. The increase in annual debt for the department is the result of Consent Orders issued by the federal government concerning the overhaul of the City's water and wastewater system. These orders have led to major capital improvement projects.

Department of Watershed Management - 5Yr Outlook - Principal & Interest Payments

The Department of Watershed is expected to make $1.3 billion in total principal and interest payments on the current outstanding debt. This averages to $221 million annually. $339 million or 26% of the total amount will be used to make annual principal payments and $987 million or 74% in interest.
General Obligation

General Obligation – Outstanding Debt

As needed, the City issues $8 million General Obligation bonds to fund capital improvement projects that enhance the quality of life of its taxpayers. Uses are appropriated in the following manner:

- $4M towards acquiring site and constructing/equipping new municipal buildings and related facilities

- $4M towards renovating, improving, adding to, and equipping existing school buildings and facilities, or acquiring, constructing, and equipping new school buildings and facilities

The City's General Obligation Public Improvement Bonds are used for sidewalk design and construction throughout the City, including sidewalk installations in various public housing development and for streetscape and intersection improvements throughout the City.

For the fiscal year ended June 30, 2011, the City had twelve (12) General Obligation debt outstanding totaling $245 million. The City used $27.2 million of collected tax revenues to make annual principal and interest payment for the fiscal year. As a result of the principal payments, total General Obligation bonds outstanding decreased by $15.5 million for the fiscal year.
General Obligation – Historical Payments

During the last 10 years from 2002 to 2011 the City has spent $238 million in principal and interest payments on its GO bond debt. During this period GO annual debt has grown from $10.4 million to $27 million.

General Obligation Debt - 5Yr Outlook - Principal & Interest Payments

$129 million in total tax revenues will be used to make principal and interest payments on the City’s General Obligation debt outstanding in the next 5 years. $84 million or 66% of the total amount will be used for principal payments and $44 million or 34% for interest.
TADs – Outstanding Debt

The City has issued bonds to fund various Capital Improvement Projects (CIP) in specially designated tax districts; these bond issuances are deemed as conduit debt obligations of the City. Tax receipts from the designated districts are used to make annual debt service payments when due.

For the fiscal year ended 2011, the City had fourteen (14) TAD bonds outstanding with a total value of $509 million. During this period, $33.5 million in tax receipts was used to make annual principal and interest payments.
TAD – Historical Payments

Between 2002 and 2011 the City has spent $186 million on principal and interest payments on its conduit debt outstanding. During this period the debt has increased from $3.6 million in 2002 to $33.4 million annually. This represents an 830% increase in conduit payments.

TADs - 5 yr Outlook - Principal & Interest Payments

In the next 5 years it is expected that the City will make $233 million in principal and interest payments on its outstanding Conduit debt. $120 million or 52% of the total amount will be used to make annual interest payments and $113 million or 48% in interest.
**Auction Rate Bond/Security** – An auction rate bond or security is a long term maturity instrument for which interest rates are regularly reset. The reset is normally done by a Dutch auction where the security instrument begins at a high price and is then lowered until an investor is willing to accept the auctioneer's price.

**Bond Insurance** – An insurance policy that guarantees that the insurance company will make principal and interest payments to a bond holder if the issuer cannot. This insurance policy usually broadens the demand of the bond to retail investors.

**Conduit Bond** – A bond issued by a state or local authority on behalf of a non-profit organization and business for projects to boost economic development.

**Fixed Rate Bond** – A fixed rate bond is a long-term debt instrument that carries a predetermined interest rate. The interest rate is known as the coupon rate and is payable at specific dates until the instrument's maturity date/s. Most often fixed rate bonds pay interest semi-annually.

**General Obligation Bonds** – Bond issued by a local government for public purposes and require voter approval. These bonds are secured by the issuer’s taxing power.

**Letter of Credit/Standby (LOC)** – Is a guarantee of payment issued by a bank on behalf of a client as payment of last resort should the client fail to fulfill its commitment to a third party. This credit facility is required when issuing auction rate bonds, variable rate bonds and commercial paper notes. This letter is a contract between the bank and the client and usually has a 3 year expiration date. The client is charged a quarterly fee by the bank for this service.

**Municipal Bond** – A debt or obligation of a public agency that bears interest and recognized by specific maturity date/s.

**Refunding Bonds** – Issued to refinance a previous bond issue; usually to achieve a lower rate of interest or restructure for lower payments. It uses the same security as the refunded debt (G.O. Bonds, Revenue Bonds, Leases, etc.)

**Revenue Bond** – A municipal bond supported by revenues from a specific project or enterprise system. Some examples of revenue bonds are water & waste bonds, airport bonds, public utility bonds, tolls authority bonds. The fees and charges collected from the enterprise systems are used to make the debt payments.

**Serial Bonds** – A bond issue in which portions of the bonds mature at intervals until eventually all the bonds have matured. Serial bonds pay varying interest based on the yield at which they were sold.
**Term Bond** – An issue of bonds that mature at the same time. The principal or outstanding par amount of the bond becomes due at the same date.

**Variable Rate Bonds** – A method of interest rate assignment where the interest rate is reset after a short period of time (e.g., weekly or 30-90 days). Essentially, the loan rolls over every time the rate is reset and bondholders can request repayment of principal at each reset. In addition, variable rate debt has the advantage of bearing the least expensive rates available in the market, has the disadvantage of having exposure to large scale upward interest rate movements in the market and bear additional costs from Letter of Credit protection and re-marketing fees, as a new buyer may be needed with each reset.
AN ORDINANCE

BY COUNCILMEMBERS FELICIA A. MOORE, JOYCE SHEPHERD,
HOWARD SHOOK, CLAIR MULLER, CARLA SMITH, C.T. MARTIN,
MARY NORWOOD, IVORY LEE YOUNG, JR., ANNE FALYER,
CEASAR MITCHELL, KWANZA HALL, H. LAMAR WILLIS,
JIM MADDIX AND NATALYN MOSBY ARCHIBONG

AN ORDINANCE TO AMEND THE CHARTER OF THE CITY
OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ.,
UNDER AND BY VIRTUE OF THE AUTHORITY OF THE
MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION
36-35-1, ET SEQ., AS AMENDED, BY AMENDING PART 1,
SUBPART A, ARTICLE VI (REVENUE AND FUND
ADMINISTRATION), CHAPTER III (FISCAL CONTROL) TO
CREATE A NEW SECTION WHICH SHALL BE SECTION 6-312
TO BE ENTITLED FINANCIAL STABILIZATION PLAN,
WHICH NEW SECTION 6-312 SHALL PROVIDE FOR THE
DEVELOPMENT AND ADOPTION OF AN ANNUAL
FINANCIAL STABILIZATION PLAN COVERING A PERIOD
OF FIVE YEARS; TO REPEAL CONFLICTING
ORDINANCES; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta (the "City") is facing unprecedented short and long-term
budget challenges; and

WHEREAS, the Chief Financial Officer for the Department of Finance has stated that
the City's financial recovery will span several years and that priorities will need to be
established and considered before the City undertakes any new spending, which
statements have been supported by recent audits and assessments and actions of the part
of rating agencies; and

WHEREAS, on April 1, 2008, the City's Internal Auditor submitted a performance audit
report on the 2008 General Fund Budget process, which, among other things, called for
the establishment of policies to guide long and short-term financial planning and
monitoring, including the maintenance of fund balances, the use of non-recurring and
surplus revenues, the development of five-year financial forecasts and interim financial
reporting; and
WHEREAS, in January 2009, Deloitte Consulting conducted a pro-bono assessment of the Department of Finance and provided recommendations for improvement of business processes; and

WHEREAS, in March 2009, Moody’s Investor Service downgraded the City’s general obligation rating from “A1” to “Aa3”, which downgrade was based on the diminished financial position of the City’s general fund, including the decline in fund balance levels, the prolonged trend of structural imbalance and the indefinite resolution of inter-fund receivables related to accumulated deficits in other operating funds; and

WHEREAS, in March 2009, Standard and Poor’s Rating Service also lowered its standard long-term and underlying rating on the City’s general obligation debt to “A” from “AA-“ based on a trend of operating deficits and declining revenues during a period of strong economic growth, which has left the City with diminished revenues and a lack of financial flexibility as it enters the current economic downturn; and

WHEREAS, to address these issues the Council of the City of Atlanta desires to establish guidelines and priorities for long-term financial planning through the development of a comprehensive annual Financial Stabilization Plan; and

WHEREAS, the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq., Part I, Subpart A, Article VI, Chapter III entitled Fiscal Control sets forth certain provisions governing the budgetary process and other fiscal control policies of the City; and

WHEREAS, the Council of the City of Atlanta now desires to amend Part I, Subpart A, Article VI, Chapter III of the Charter of the City of Atlanta to provide for a new section 6-312 to be entitled “Financial Stabilization Plan”; and

WHEREAS, such new Section 6-312 shall provide for the annual preparation by the Mayor of a five-year Financial Stabilization Plan, which shall project general fund revenues and general fund expenses and shall provide a calculation of the surplus or deficit produced by the projected revenues and expenditures, a cost estimate of long term initiatives, a list of revenue initiatives, and a list of cost saving initiatives;

THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, HEREBY ORDAINS:

SECTION 1: That Part I, Subpart A, Article VI, Chapter III of the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq., be amended to add a new section 6-312, which shall read as follows:

Section 6-312. Financial Stabilization Plan

(a) The Mayor shall present to the governing body by October 15 of each year a five-year Financial Stabilization Plan consisting of the following elements:
(1) A five-year projection of general fund revenues broken down by major category. The projection shall identify the economic trends and assumptions upon which such projection is based.

(2) A five-year projection of total general fund expenses on a departmental level. Such expense projection shall assume the continuation of department operations as they exist in the current general fund budget and shall take into account the following:
   i. The effect of inflation on general fund budgeted costs;
   ii. A projection of pension costs as provided by the City's actuaries; and
   iii. Costs occurring in future years that the City is legally obligated to pay.

(3) A calculation of the surplus or deficit produced by the projected revenues and expenditures described in (1) and (2) above.

(4) A cost estimate of long-term initiatives of the City. Such initiatives shall include, but are not limited to, long-term operating infrastructure and capital infrastructure needs and the elimination of deficit positions in funds that are subsidized or have historically been subsidized by the general fund. At any time the governing body of the City may, by resolution, request specific long-term initiatives to be included in the five-year Financial Stabilization Plan.

(5) A comprehensive list of revenue initiatives the City may pursue during the five years covered by the Financial Stabilization Plan, including an estimate of the revenues to be produced by such initiatives.

(6) A comprehensive list of cost saving initiatives the City may pursue during the five years covered by the Financial Stabilization Plan, including an estimate of costs saved by such initiatives.

(b) The governing body shall adopt the Financial Stabilization Plan by December 31 of each year.

SECTION 2. That a copy of this proposed amendment to the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq., as amended, shall be filed in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the Clerk of the Superior Courts of Fulton and DeKalb Counties and that the "Notice of Proposed Amendment to the Charter of the City of Atlanta, Georgia" attached hereto as Exhibit "A" and hereby made a part of this ordinance, be published in the official organ of the county of the legal situs of the City of Atlanta or in a newspaper of general circulation in the City of Atlanta once a week for three weeks within a period of 60 days immediately preceding the final adoption of this ordinance, and that a copy of said advertisement be attached to this ordinance prior to its final adoption by the Council of the City of Atlanta.

SECTION 3. That all ordinances and parts of ordinances in conflict herewith are hereby waived to the extent of the conflict.
Atlanta City Council

REGULAR SESSION

09-O-1406

AMEND PART1 SUBPART A ART.VI CHAPT.III
TO CREATE NEW SEC.6-312
FINAL ADOPT

YEAS: 12
NAYS: 0
ABSTENTIONS: 0
NOT VOTING: 3
EXCUSED: 0
ABSENT 1

Y Smith    Y Archibong  Y Moore    Y Norwood
Y Hall     Y Fauver     Y Martin    Y Shook
NV Young   Y Shook      B Maddox   Y Miller
Y Winslow  Y Muller     Y Sheperd  NV Borders
Atlanta City Council

REGULAR SESSION

09-O-1406  AMEND CITY CHARTER TO CREATE NEW SECTION
6-312 ENTITLED STABILIZATION PLAN
ADOPT/REFER

YEAS:  14
NAYS:  0
ABSTENTIONS:  0
NOT VOTING:  2
EXCUSED:  0
ABSENT  0

Y Smith    Y Archibong    Y Moore       Y Mitchell
Y Hall     Y Fauver       Y Martin     NV Norwood
Y Young    Y Shook        Y Maddox     Y Willis
Y Winslow  Y Muller       Y Sheperd    NV Borders

09-O-1406
(1) A five-year projection of general fund revenues broken down by major category. The projection shall identify the economic trends and assumptions upon which such projection is based.

(2) A five-year projection of total general fund expenses on a departmental level. Such expense projection shall assume the continuation of department operations as they exist in the current general fund budget and shall take into account the following:
   i. The effect of inflation on general fund budgeted costs;
   ii. A projection of pension costs as provided by the City’s actuaries; and
   iii. Costs occurring in future years that the City is legally obligated to pay.

(3) A calculation of the surplus or deficit produced by the projected revenues and expenditures described in (1) and (2) above.

(4) A cost estimate of long-term initiatives of the City. Such initiatives shall include, but are not limited to, long-term operating infrastructure and capital infrastructure needs and the elimination of deficit positions in funds that are subsidized or have historically been subsidized by the general fund. At any time the governing body of the City may, by resolution, request specific long-term initiatives to be included in the five-year Financial Stabilization Plan.

(5) A comprehensive list of revenue initiatives the City may pursue during the five years covered by the Financial Stabilization Plan, including an estimate of the revenues to be produced by such initiatives.

(6) A comprehensive list of cost saving initiatives the City may pursue during the five years covered by the Financial Stabilization Plan, including an estimate of costs saved by such initiatives.

(b) The governing body shall adopt the Financial Stabilization Plan by December 31 of each year.

SECTION 2. That a copy of this proposed amendment to the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq., as amended, shall be filed in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the Clerk of the Superior Courts of Fulton and DeKalb Counties and that the “Notice of Proposed Amendment to the Charter of the City of Atlanta, Georgia” attached hereto as Exhibit “A” and hereby made a part of this ordinance, be published in the official organ of the county of the legal situs of the City of Atlanta or in a newspaper of general circulation in the City of Atlanta once a week for three weeks within a period of 60 days immediately preceding the final adoption of this ordinance, and that a copy of said advertisement be attached to this ordinance prior to its final adoption by the Council of the City of Atlanta.

SECTION 3. That all ordinances and parts of ordinances in conflict herewith are hereby waived to the extent of the conflict.
#8

## 09-___-1406 (Do Not Write Above This Line)

**AN ORDINANCE**

BY COUNCILMEMBERS FELICIA A. MOORE, JOYCE SHEPERD, HOWARD SHOOK, CLAIRE MULLER, CARLA SMITH, C.T. MARTIN, MARY NORWOOD, IVORY LEE YOUNG, JR., ANN FAVIER, CEASAR MITCHELL, KWANZA HALL, H. LAMAR WILLIS, JIM MADDOX AND NATALYN MOSBY ARCHIBONG

AN ORDINANCE TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1, ET SEQ., AS AMENDED, BY AMENDING PART I, SUBPART A, ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER III (FISCAL CONTROL) TO CREATE A NEW SECTION WHICH SHALL BE SECTION 6-312 TO BE ENTITLED FINANCIAL STABILIZATION PLAN, WHICH NEW SECTION 6-312 SHALL PROVIDE FOR THE DEVELOPMENT AND ADOPTION OF AN ANNUAL FINANCIAL STABILIZATION PLAN COVERING A PERIOD OF FIVE YEARS; TO REPEAL CONFLICTING ORDINANCES; AND FOR OTHER PURPOSES.

### First Reading

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### Final Council Action

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**CERTIFIED**

SEP 2 1 2009

[Handwritten Signature]

MUNICIPAL CLERK

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AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER 3 (FISCAL CONTROL), SECTION 6-312 (FINANCIAL STABILIZATION PLAN), SO AS TO CHANGE THE DATES BY WHICH THE CITY'S FINANCIAL STABILIZATION PLAN MUST BE PRESENTED TO AND ADOPTED BY CITY COUNCIL; AND FOR OTHER PURPOSES.

ADOPTED BY

CONSENT REFER
REGULAR REPORT REFER
ADVERTISE & REFER
1st ADOPT 2nd READ & REFER
PERSONAL PAPER REFER

Date Referred: 09/19/2011
Referred To: Finance/Exec

MAYOR'S ACTION
APPROVED
NOV 14 2011
WITHOUT SIGNATURES BY OPERATION OF LAW

CERTIFIED
NOV 07 2011
ATLANTA CITY COUNCIL PRESIDENT
MUNICIPAL CLERK

CERTIFIED
NOV 07 2011
R understandable
AN ORDINANCE AND CHARTER AMENDMENT
BY COUNCILMEMBERS FELICIA MOORE AND YOLANDA ADREAN

AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER 3 (FISCAL CONTROL), SECTION 6-312 (FINANCIAL STABILIZATION PLAN), SO AS TO CHANGE THE DATES BY WHICH THE CITY’S FINANCIAL STABILIZATION PLAN MUST BE PRESENTED TO AND ADOPTED BY CITY COUNCIL; AND FOR OTHER PURPOSES.

WHEREAS, Section 6-312(a) of the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq. (“Charter”) requires that the Mayor present a five-year financial stabilization plan to the City Council of the City of Atlanta (“City Council”) by October 15 of each year; and

WHEREAS, Section 6-312(b) of the Charter requires that City Council adopt a financial stabilization plan by December 31 of each year; and

WHEREAS, by October 15 of each year, the Chief Financial Officer has not completed the necessary accounting adjustments for close-out purposes of the prior fiscal year; and

WHEREAS, by October 15 of each year, the City’s external auditor has not presented the City with its findings and recommendations for the prior fiscal year; and

WHEREAS, information from the close-out of the prior fiscal year and the external auditor’s recommendations should be utilized in the preparation of the City’s financial stabilization plan; and

WHEREAS, in order to present a more comprehensive financial stabilization plan, it is the desire of the City to amend Section 6-312 (a) to change the deadline for presentation of the City’s financial stabilization plan from October 15 of each year to February 15 of each year; and

WHEREAS, it is the desire of the City to amend Section 6-312 (b) to change the deadline for adoption of the City’s financial stabilization plan from December 31 of each year to April 30 of each year.

WHEREAS, it is the desire of the City to amend Section 6-312 (b) to require that City Council consider the financial stabilization plan prior to adoption of the budget for the upcoming fiscal year.
SECTION 1: That Part I, Subpart A, Article VI, Chapter 3, Section 6-312 of the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq., which currently reads:

Sec. 6-312. – Financial stabilization plan.

(a) The Mayor shall present to the governing body by October 15 of each year a five-year financial stabilization plan consisting of the following elements:

1. A five-year projection of general fund revenues broken down by major category. The projection shall identify the economic trends and assumptions upon which such projection is based.

2. A five-year projection of total general fund expenses on a departmental level. Such expense projection shall assume the continuation of department operations as they exist in the current general fund budget and shall take into account the following:
   i. The effect of inflation on general fund budgeted costs;
   ii. A projection of pension costs as provided by the city's actuaries; and
   iii. Costs occurring in future years that the city is legally obligated to pay.

3. A calculation of the surplus or deficit produced by the projected revenues and expenditures described in (1) and (2) above.

4. A cost estimate of long-term initiatives of the city. Such initiatives shall include, but are not limited to, long-term operating infrastructure and capital infrastructure needs and the elimination of deficit positions in funds that are subsidized or have historically been subsidized by the general fund. At any time the governing body of the city may, by resolution, request specific long-term initiatives to be included in the five-year financial stabilization plan.

5. A comprehensive list of revenue initiatives the city may pursue during the five years covered by the financial stabilization plan, including an estimate of the revenues to be produced by such initiatives.

6. A comprehensive list of cost saving initiatives the city may pursue during the five years covered by the financial stabilization plan, including an estimate of costs saved by such initiatives.

(b) The governing body shall adopt the financial stabilization plan by December 31 of each year.
be amended to make the following deletions and insertions, such that Part I, Subpart A, Article VI, Chapter 3, Section 6-312 of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., shall read as follows:

Sec. 6-312. – Financial stabilization plan.

(a) The Mayor shall present to the governing body by February 15 October 15 of each year a five-year financial stabilization plan consisting of the following elements:

(1) A five-year projection of general fund revenues broken down by major category. The projection shall identify the economic trends and assumptions upon which such projection is based.

(2) A five-year projection of total general fund expenses on a departmental level. Such expense projection shall assume the continuation of department operations as they exist in the current general fund budget and shall take into account the following:

i. The effect of inflation on general fund budgeted costs;

ii. A projection of pension costs as provided by the city's actuaries; and

iii. Costs occurring in future years that the city is legally obligated to pay.

(3) A calculation of the surplus or deficit produced by the projected revenues and expenditures described in (1) and (2) above.

(4) A cost estimate of long-term initiatives of the city. Such initiatives shall include, but are not limited to, long-term operating infrastructure and capital infrastructure needs and the elimination of deficit positions in funds that are subsidized or have historically been subsidized by the general fund. At any time the governing body of the city may, by resolution, request specific long-term initiatives to be included in the five-year financial stabilization plan.

(5) A comprehensive list of revenue initiatives the city may pursue during the five years covered by the financial stabilization plan, including an estimate of the revenues to be produced by such initiatives.

(6) A comprehensive list of cost saving initiatives the city may pursue during the five years covered by the financial stabilization plan, including an estimate of costs saved by such initiatives.

(b) The governing body shall adopt the financial stabilization plan by April 30 December 31 of each year. In no event shall the governing body adopt the budget for the upcoming fiscal year prior to consideration of the financial stabilization plan.
NOTICE OF PROPOSED AMENDMENT
TO THE CHARTER OF THE CITY OF ATLANTA

Notice is hereby given that an Ordinance has been introduced to amend the Charter of the City of Atlanta (Ga. Laws, 1996, p. 4469, et seq.) approved April 15, 1996, as amended, said Ordinance being captioned as follows:

AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER 3 (FISCAL CONTROL), SECTION 6-312 (FINANCIAL STABILIZATION PLAN), SO AS TO CHANGE THE DATES BY WHICH THE CITY’S FINANCIAL STABILIZATION PLAN MUST BE PRESENTED TO AND ADOPTED BY CITY COUNCIL; AND FOR OTHER PURPOSES.

A copy of the proposed Ordinance and Charter Amendment is on file in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the clerks of the Superior Courts of Fulton and DeKalb Counties, Georgia for the purpose of examination and inspection by the public.

This _____ day of ______________, 2011.

Rhonda Dauphin Johnson
Municipal Clerk
City of Atlanta
Section 2: That a copy of this proposed amendment to the Charter of the City of Atlanta, Georgia 1996 Ga. Laws P. 4496 et seq., as amended, shall be filed in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the Clerks of the Superior Courts of Fulton and DeKalb Counties and that a “Notice of Proposed Amendment to the Charter of the City of Atlanta, Georgia,” attached hereto and marked “Exhibit A” and made a part of this ordinance, be published in the official organ of the county of the legal situs of the City of Atlanta or in a newspaper of general circulation in the City of Atlanta once a week for three weeks within a period of 60 days immediately preceding its final adoption, and that a copy of said advertisement be attached to this ordinance prior to its final adoption by the Council of the City of Atlanta.

Section 3: That all ordinances and parts of ordinances in conflict herewith are hereby waived to the extent of the conflict.
Atlanta City Council

REGULAR SESSION

11-0-1415  AMEND COA CHARTER PART IA/ART VI/CH3
SEC 6-312/CHANGE DATES FOR FSP
ADOPT

YEAS:  11
NAYS:  0
ABSTENTIONS:  0
NOT VOTING:  1
EXCUSED:  2
ABSENT  2

Y Smith  Y Archibong  Y Moore  Y Bond
Y Hall    Y Wan      Y Martin  E Watson
B Young   Y Shook    B Bottoms  Y Willis
Y Winslow Y Adrean   E Sheperd  NV Mitchell

11-0-1415
Atlanta City Council

REGULAR SESSION

11-0-1415 AMENDING CHARTER AND RELATED LAWS PART 1
ARTICLE IV, CH.3, SECTION 6-312
ADOPT

YEAS: 15
NAYS: 0
ABSTENTIONS: 0
NOT VOTING: 1
EXCUSED: 0
ABSENT 0

Y Smith  Y Archibong  Y Moore  Y Bond
Y Hall   Y Wan       Y Martin  Y Watson
Y Young  Y Shook     Y Bottoms Y Willis
Y Winslow Y Adrean    Y Sheperd NV Mitchell

11-0-1415
### Memoranda of Understanding Obligations

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Projected</th>
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<tbody>
<tr>
<td>FY2009</td>
<td>$22.2M</td>
<td>$116M</td>
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<tr>
<td>FY2010</td>
<td>$16.9M</td>
<td>$106M</td>
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<td>FY2011</td>
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<tr>
<td>FY2017</td>
<td>$36M</td>
<td>$36M</td>
</tr>
</tbody>
</table>

**MOU #1**
- FY2009: $116,199,000
- FY2010: $106,199,000
- FY2011: $96,199,000
- FY2012: $86,199,000
- FY2013: $76,199,000
- FY2014: $66,199,000
- FY2015: $56,199,000
- FY2016: $46,199,000
- FY2017: $36,199,000

**MOU #2**
- FY2009: $22,218,202
- FY2010: $16,932,642
- FY2011: $11,535,714
- FY2012: $8,819,000
- FY2013: $7,619,000
- FY2014: $6,619,000
- FY2015: $5,619,000
- FY2016: $4,619,000
- FY2017: $3,619,000