



*Clay Miller* *Leticia A. Moore* *John R. ...*  
*Donny ...*

A RESOLUTION  
BY COUNCIL MEMBERS JIM MADDOX AND C.T. MARTIN *able* *Mable Thomas*

*City ...* *Gene ...* *of Mart*

*V. E. ...*  
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*Blue ...*

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH BAIN & COMPANY TO PERFORM STRATEGIC PLANNING SERVICES FOR THE CITY OF ATLANTA RELATED TO THE 2002 CITY BUDGET; AUTHORIZING THE MAYOR TO ACCEPT THE DONATION OF SAID SERVICES FROM BAIN & COMPANY FOR THE BENEFIT OF THE CITY OF ATLANTA; TO RESCIND CONFLICTING RESOLUTIONS; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta is actively involved in the 2002 budget process; and

WHEREAS, as a result of the Municipal Election held on November 6, 2001, there will be a change in mayoral administrations on January 7, 2002; and

WHEREAS, the Mayor-elect Shirley Clarke Franklin wishes to have the benefit of specialized expertise to evaluate and consider all aspects of the 2002 budget proposed by the current Mayor; and

WHEREAS, in accordance with City Charter Section 6-302, Mayor Campbell will submit a budget ordinance to the City Council on Monday, December 3, 2001 and the Council must adopt a 2002 budget no later than the second meeting in February 2002; and

WHEREAS, Bain & Company has offered to provide *pro bono* strategic planning services to the City of Atlanta related to the 2002 City budget in preparation for the change of Mayoral administrations so as to enhance a smooth transition of the important functions related to the review and adoption of the 2002 budget; and

WHEREAS, Bain & Company has the professional staff and experience necessary to perform such services for the City; and

WHEREAS, the current Mayor wishes to work cooperatively with the Mayor-elect to effect a smooth transition in the administration of City government, particularly in regard to the review and adoption of the City's 2002 budget, so as to enhance the management of the City's fiscal resources.



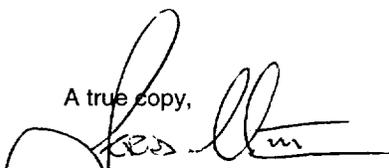
**THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA** hereby resolves that the Mayor is authorized to enter into an agreement with Bain & Company to perform strategic planning services related to the 2002 City Budget.

**BE IT FURTHER RESOLVED** that the Mayor is authorized to accept the donation of said strategic planning services from Bain & Company on behalf of and for the benefit of the City of Atlanta, and that the City shall incur no liability for the acceptance of such *pro bono* services.

**BE IT FURTHER RESOLVED** that in the event Bain & Company becomes subject to subpoena or other legal action directly arising from this engagement with the City of Atlanta, to which Bain & Company is not a party, the City of Atlanta shall reimburse Bain & Company for costs and expenses related thereto in an amount not to exceed \$250,000.00, to be paid from Consultant accounts in the General, Aviation or Water/Sewer Fund, as appropriate.

**BE IT FURTHER RESOLVED** that the City Attorney shall prepare an appropriate contractual agreement for execution by the Mayor, to be approved by the City Attorney as to form. However, said agreement shall not become binding on the City, and the City shall not incur any liability there under, until the agreement has been signed by the Mayor and attested to by the Municipal Clerk.

**BE IT FURTHER RESOLVED** that all Resolutions in conflict herewith are hereby rescinded.

A true copy,  
  
Deputy Clerk

**ADOPTED by the Council  
APPROVED by the Mayor**

DEC 03, 2001  
DEC 04, 2001



**City of Atlanta**  
**Mayor-Elect Franklin**  
**City Budget and Finances Improvement**  
**Proposal from Bain & Company**

**Background and introduction:**

The City of Atlanta is currently facing a significant budget challenge as projected expenses for the general fund for the forthcoming year exceed projected revenues by approximately \$50 million. The Mayor-Elect must work with the City Council to resolve this situation by having a balanced budget for 2002 approved before the end of February. The Mayor-Elect and her administration thus have a very short period of time to understand and improve the existing proposed budget. Given that the budget is the city's mechanism for implementing strategy and making real its priorities, the budget review and amendment process deserves as much time and support as is possible.

In this difficult economic environment and given the pivotal nature of the next few years of governance of Atlanta, Bain & Company wishes to be of assistance by providing, pro bono, support to the city and the Mayor-Elect in setting the strategy and priorities for the city through the mechanism of improving the budget.

**Project objectives:**

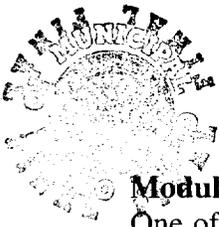
This project has two primary objectives.

1. To assist the Mayor-Elect and her staff in understanding and analyzing the current fiscal situation of the city and the proposed 2002 budget so as to provide a foundation for decision making about city strategy and allocation of resources.
2. To determine what improvements and changes in the proposed budget are necessary to both create an accurate, balanced budget and contribute to the near-term and long-term success of the City of Atlanta.

**Project approach:**

The process of setting the strategic course for the city through analyzing and improving the budget will involve six modules of activity. Many of these modules will involve detailed analysis of existing documents. This process will also require access to and the cooperation of many individuals both on the Mayor's staff and in each of the functional areas of each of the major city departments. That is, the successful execution of the following modules will require numerous interviews of various city officials at multiple levels of government.

All of the modules below would apply to both revenue line items and expense line items. Obviously, some prioritization would be necessary to focus the most effort on those items which can make the most difference (often, though not always, a function of the dollar size of the line item).



### **Module 1: Detailed budget review—creating the foundation**

One of the first steps of the budget review process would be a review of every major element of the budget, both revenue and expenses. This would include understanding the underlying assumptions and data behind key line items. It would also include categorization of line items into buckets to enable a view of the priorities that are implicit in the budget (e.g., public works vs. public safety) and thus facilitate modifications to those priorities as necessary. This process will involve analysis of additional supporting documents to the budget (e.g., departmental financials) as well as in-depth and wide-ranging interviews of city staff to document key assumptions and understand revenue and cost drivers. Where necessary, certain items (e.g., information technology spending) may be examined across department and functional lines to create a better overall picture.

### **Module 2: Historical line item review**

Each major budget area would face historical review going back up to five years. This analysis would attempt to understand the key underlying assumptions and drivers to enable better amendment of the 2002 budget. That is, a clear understanding of what items have been growing vs. shrinking, and why, will be important to formulating the next budget as well as understanding drivers of successful budgeting in the future.

### **Module 3: Benchmarking**

The most important budget areas would be compared to relevant benchmarks (where practicable) from other analogous cities or situations. This benchmarking would cover not only overall metrics (e.g., percent of city budget spent on police) but also the important key elements driving the budget lines items (e.g., number of police overtime hours per 1000 of population).

### **Module 4: Understanding of category and line item prioritization from the Administration**

Not all city activities and expenses are equally important. Bain would work to understand the Mayor-Elect's (and by definition the majority of the voting population's) priorities to enable the construction of various potential changes to the budget. As part of this module Bain will also attempt to loosely tie these key priorities to metrics to enable monitoring of success in the future (e.g., if the #1 priority is public safety, then a key metric might be crime rates of certain types in certain areas, which would be linked to expenditures on public safety items, to see if the money being spent is having an impact). This development of input and outcome metrics would build upon the existing foundation, which is believed to be part of the city planning and budgeting process.

The intent of this module is to make explicit the "political" elements of the selection criteria of what budget items to change vs. having it be "implicit" in the report. That is, if it is "implicit" it would be difficult to discern what recommendations are driven by "political prioritization" vs. other "facts" such as relevant benchmarks.

### **Module 5: Revenue increase and cost reduction concept creation**

Bain would strive to create a "long-list" of meaningful improvements to the city finances by a) incorporating the learnings of modules 1 through 4, b) conducting in-depth interviews of current and past city officials, government experts, key constituent groups, and officials from other



governmental entities, and c) by applying our institutional expertise and experience in improving the economics and effectiveness of organizations.

**Module 6: Concept screening, scenario creation, and strategy recommendation formation**

The “long-list” of concepts from module 5 would be screened and then assembled into a few internally consistent strategy and budget scenarios or options. The screening criteria would be developed as part of this module, but would likely include items such as a match with the administration’s prioritization of city needs (as per module 4), consistency with sound government and fiscal principles, and positive impact on key metrics. These options would be most specific about the year 2002, but would also include a view to priorities in following years.

**Project deliverables:**

The deliverable for this project is a “final report” (potentially preceded by updates/“interim final reports”) that describes and analyzes the current budget and fiscal situation, current proposed budget, and makes well supported recommendations on options to improve the strategy and fiscal state of the city.

A second deliverable will be the ongoing (throughout the process) communication and transfer of knowledge and data to the Mayor-Elect, and then the Mayor’s, staff.

Bain & Company will use its best efforts using the resources described above to accomplish the objectives and provide the deliverables, however, the complexity of this project and the unknown quality and availability of input data may require some modification of exact objectives, work modules, and deliverables as the project proceeds.

Finally, you acknowledge that performance of Bain’s services will involve the expression of professional ideas, judgments and opinions by Bain, and that it is in your interest to have such ideas, judgments and opinions expressed frankly, without concern on the part of Bain that such ideas, judgments and opinions will be deemed representations, warranties, guarantees, predictions or covenants upon which you may claim reliance. Thus, you agree that any decisions and actions relative to the 2002 budget and/or the City of Atlanta are clearly being made by the City of Atlanta and its elected and appointed officials and are not the responsibility of Bain.

**Fees, timing, resources:**

The Atlanta office of Bain & Company will conduct this project *pro bono*. The project will commence immediately and conclude by the end of February 2002. The project will be led by Peter Aman, a Vice President in the Atlanta office, with the support of Alan Colberg, Managing Director of the Atlanta office, David Bechhofer, a Director in Bain & Company’s Boston office, and Miles Cook, a Vice President in the Atlanta office. The day-to-day project Manager will be Chris Nielsen, an individual with relevant experience to the analysis and unique nature of this effort. Biographies of these project leaders are attached. The project team will consist of a diverse mix of 6 to 7 consultants from the Atlanta office with additional resources as appropriate and necessary (most team resources will be allocated 50%, some 100%).

01-R-2042

Do Not Write Above This Line

*Adrian Johnson*  
*Chair*  
*Michael S. ...*  
*BY COUNCIL MEMBER ...*

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*Chair Mueller*  
*ADOPTED BY*

ADOPTED BY

*Adopted by*  
*Full Council*  
*12/3/01*

12/3/01

COUNCIL

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

Date Referred \_\_\_\_\_

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First Reading

Committee \_\_\_\_\_

Date \_\_\_\_\_

Chair \_\_\_\_\_

Referred to \_\_\_\_\_

Committee \_\_\_\_\_

Date \_\_\_\_\_

Chair \_\_\_\_\_

Action: \_\_\_\_\_

Fav, Adv, Hold (see rev. side) \_\_\_\_\_

Other: \_\_\_\_\_

Members \_\_\_\_\_

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Committee \_\_\_\_\_

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Chair \_\_\_\_\_

Action: \_\_\_\_\_

Fav, Adv, Hold (see rev. side) \_\_\_\_\_

Other: \_\_\_\_\_

Members \_\_\_\_\_

Refer To \_\_\_\_\_

- FINAL COUNCIL ACTION
- 2nd
  - 1st & 2nd Readings
  - 3rd
  - Consent
  - V Vote
  - RC Vote

CERTIFIED

**CERTIFIED**

DEC 03 2001

ATLANTA CITY COUNCIL PRESIDENT

*Richard Johnson*

**CERTIFIED**

DEC 03 2001

*Richard Johnson*

MUNICIPAL CLERK

MAYOR'S ACTION

DEC 4 2001

*Adrian Johnson*

MAYOR