

# CITY OF ATLANTA DEPARTMENT OF FINANCE FIVE YEAR FINANCIAL PLAN



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# AGENDA

Executive Summary  
Revenue Overview  
Expense Overview  
Recommendations





# EXECUTIVE SUMMARY

## WHAT IS A FIVE YEAR PLAN?



The Five Year Plan is a long-term **financial planning** tool for decision making.

## WHY A FIVE YEAR PLAN?



To **develop strategies** for long-term sustainability of government service objectives and financial challenges.

To **create ideas and tools** that:

- ➔ Prevent financial challenges
- ➔ Stimulate long-term and strategic thinking
- ➔ Provide consensus on long-term financial direction

# FIVE YEAR PLAN BASE – EXECUTIVE SUMMARY



## Base Expenses Included within the Five Year Plan ...



Atlanta Police  
Department



Department of  
Fire and Rescue



Department of  
Corrections



## Public Safety Salary Adjustments



## The Bottom line

City service costs are projected to outpace revenue growth if the City does not take corrective action.

### Summary of General Fund - Budgetary Surplus/(Shortfall)

	\$ Million				
	FY18	FY19	FY20	FY21	FY22
<b>Revenues</b>					
Property Taxes	197.4	200.3	203.3	206.3	209.3
All Other Revenues	426.0	434.2	440.2	450.5	459.3
<b>Subtotal - Revenues</b>	<b>623.4</b>	<b>634.5</b>	<b>643.5</b>	<b>656.8</b>	<b>668.6</b>
<b>Expenditures</b>					
Baseline Expenditures	667.8	680.6	692.4	707.7	720.9
<b>Subtotal - Expenditures</b>	<b>667.8</b>	<b>680.6</b>	<b>692.4</b>	<b>707.7</b>	<b>720.9</b>
<b>Total Net General Fund Impact</b>	<b>(44.4)</b>	<b>(46.1)</b>	<b>(48.9)</b>	<b>(50.9)</b>	<b>(52.3)</b>



# REVENUE OVERVIEW





## Data Driven Analysis & Econometric Indices

For all revenue streams including

— property, sales, hotel/motel and business occupation tax



**1.5%**

Property tax digest increase from new construction based on roll-back for reassessments projected for FY2018-FY2022



**\$20.7M**

Dollar value of one mill for budgetary purposes



# REVENUE ASSUMPTIONS



**1.1%**

**Per annum sales tax revenue growth** closely correlating with gross metro product and personal income trends

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**8.5%**

**Building Permits Revenue growth** closely correlating with the real estate rebound – (Per Selig Center Economic Outlook Report 2016)

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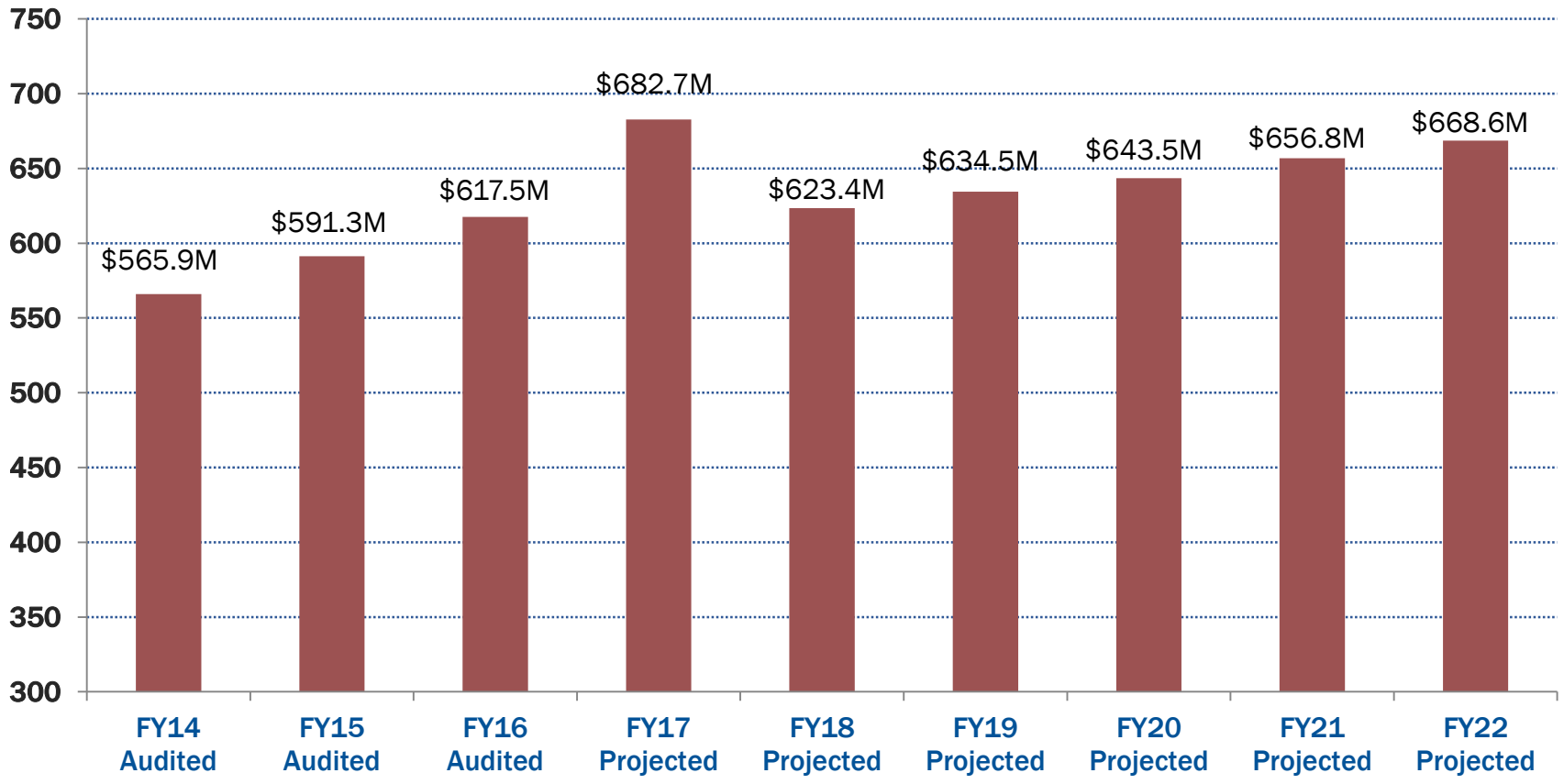
**\$56.7M**

**Business License Revenue** growth of 2% is closely correlating with employment levels and consumer demand



The City Revenue team will continue to hold Revenue Roundtable meetings with departments to stay informed of any potential revenue opportunities.

# GENERAL FUND REVENUE FORECAST OVERVIEW



NOTE: FY2017- FY2022 includes Building Permit activity.

# REVENUE COMPARISON BY CATEGORY



	FY2016 ACTUALS	FY2017 REVENUE BUDGET	FY2018 PROPOSED BUDGET	BUDGET FY17 vs. FY18	% CHANGE FY17 vs. FY18
PROPERTY TAXES	\$193.22	\$194.68	\$197.42	\$2.74	1.41%
PUBLIC UTILITY, ALCOHOLIC BEVERAGE AND OTHER TAXES	\$108.69	\$109.38	\$103.16	(\$6.22)	(5.69%)
LOCAL OPTION SALES TAX	\$103.52	\$104.32	\$105.39	\$1.07	1.03%
LICENSES AND PERMITS	\$78.45	\$100.33	\$103.18	\$2.85	2.84%
OTHER REVENUE	\$17.24	\$10.88	\$7.33	(\$3.55)	(32.63%)
CHARGES FOR CURRENT SERVICES	\$10.23	\$5.04	\$4.66	(\$0.38)	(7.54%)
FINES/FORFEITURES & PENALTIES	\$24.39	\$28.02	\$26.11	(\$1.91)	(6.82%)
BUILDING RENTALS & CONCESSIONS	\$7.41	\$8.28	\$7.19	(\$1.09)	(13.16%)
INDIRECT COSTS	\$36.81	\$32.77	\$31.43	(\$1.34)	(4.09%)
HOTEL/MOTEL	\$18.20	\$16.81	\$17.54	\$0.73	4.34%
PILOT & FRANCHISE FEES	<u>\$19.39</u>	<u>\$19.89</u>	<u>\$19.98</u>	<u>\$0.09</u>	<u>0.45%</u>
<b>GRAND TOTAL</b>	<b><u>\$617.55</u></b>	<b><u>\$630.40</u></b>	<b><u>\$623.39</u></b>	<b><u>(\$7.01)</u></b>	<b><u>(1.11%)</u></b>



PONCE CITY MARKET



## EXPENSE OVERVIEW



# EXPENSE ASSUMPTIONS



- Citywide, the pension rates were adjusted for all Defined Benefit plans to account for the Actuarially Determined Contribution (ADC):

Plan	FY16 ADC	FY17 ADC	FY18 ADC	YOY INCR
Defined Benefit (General)	\$55.6M	\$53.8M	\$57.9M	\$4.1M
Defined Benefit (Police)	\$25.4M	\$27.4M	\$34.2M	\$6.8M
Defined Benefit (Fire)	\$16.5M	\$17.8M	\$22.0M	\$4.2M
<b>Total</b>	<b>\$97.5M</b>	<b>\$99.0M</b>	<b>\$114.1M</b>	<b>\$ 15.1M</b>

- Citywide, the workers' compensation requirement is projected to increase in FY2018. The City will continue its effort in safety programs.

# EXPENSE ASSUMPTIONS



**8%**

**increase in citywide utilities** (natural gas), electricity increased by 10% based on the total FY2016 utilization.



**10%**

**Fleet increase in maintenance in FY18;** Fuel increased 3%; There are no increases for FY2019–FY2022 as the Department determines how to gain efficiencies.



**10%**

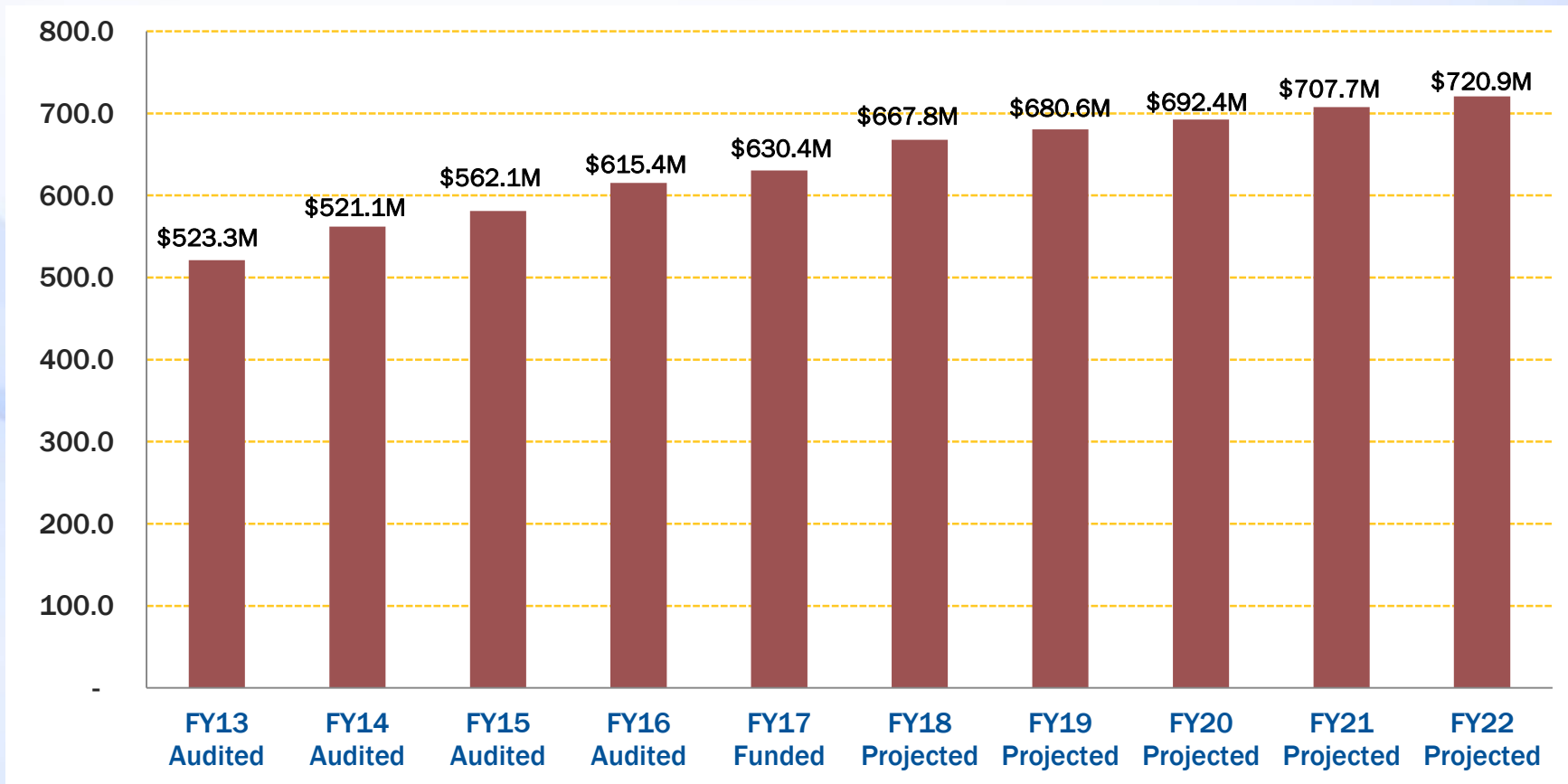
**increase in traffic signals and street lights** budgets for FY2018.



**2%**

**increase in water and sewer** based on utilization from the prior year. No further projected increases.

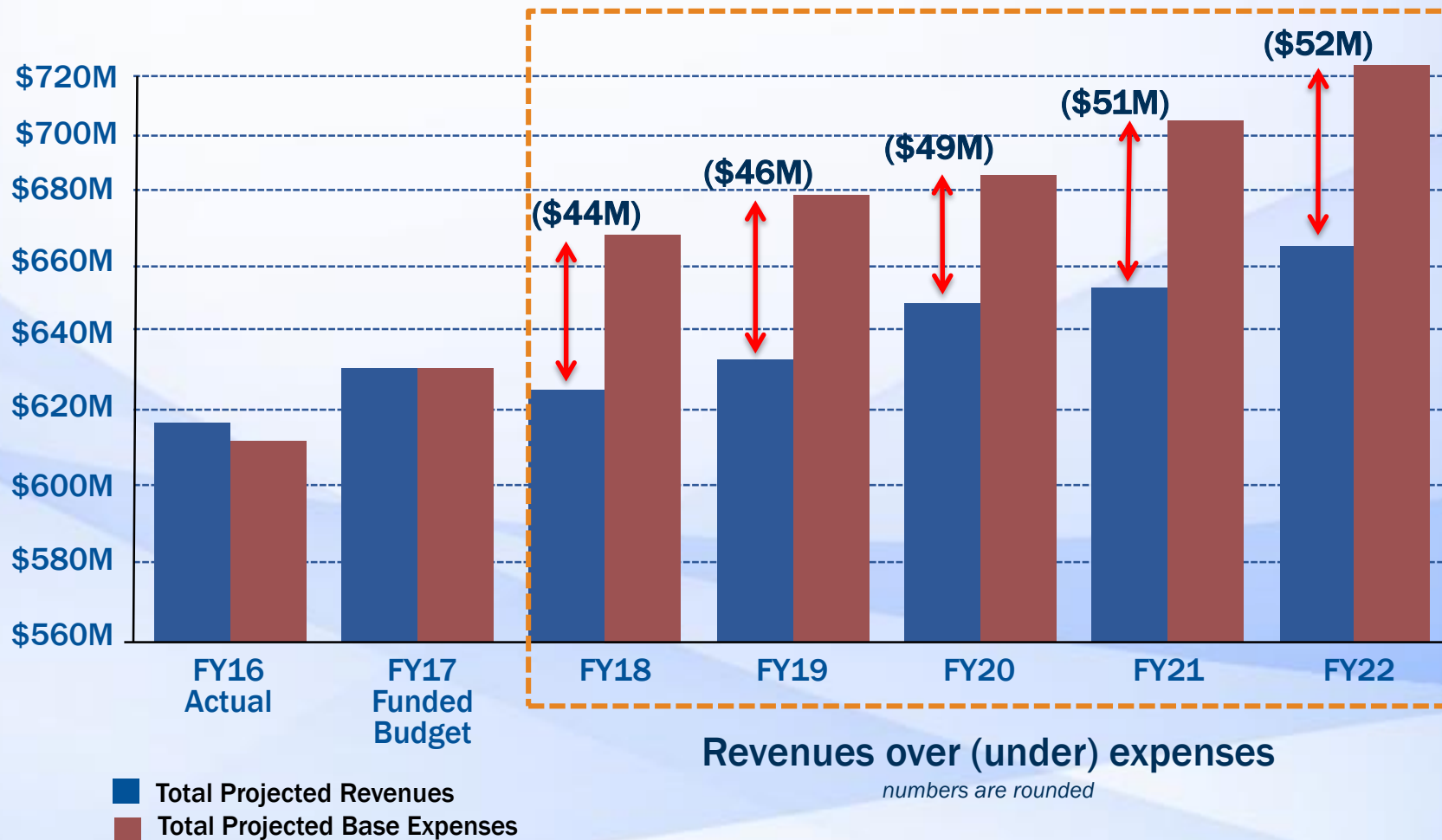
# GENERAL FUND EXPENDITURE FORECAST



FY17-FY22 includes Building Permits Activity

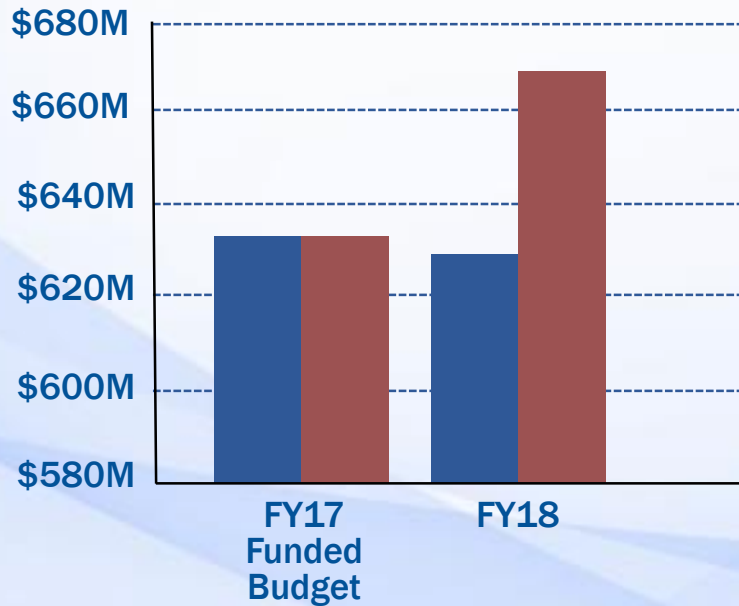


# GENERAL FUND BASE REVENUES VS. EXPENSES



FY17-FY22 includes Building Permits Activity

# GENERAL FUND BASE EXPENSES BY MAJOR DEPARTMENT



■ Total Projected Revenues  
■ Total Projected Base Expenses

FY17 represents Adopted FTE count

	FY17 Funded Budget	FY18 Proposed Budget	Budget FY17 vs. FY18	% CHANGE FY17 vs. FY18
Property Tax Revenue	\$194.7	\$197.4	\$2.7	1%
All Other Revenues	\$435.7	\$426.0	(\$9.7)	(2%)
<b>Total Projected Revenues</b>	<b>\$630.4</b>	<b>\$623.4</b>	<b>(\$7.0)</b>	<b>(1%)</b>
<b>Baseline Expenses</b>				
Public Safety	\$295.3	\$316.5	\$21.2	7%
Department Of Public Works	\$37.6	\$41.8	\$4.2	11%
Dept Of Parks & Recreation	\$34.0	\$40.3	\$6.3	19%
Executive Office	\$35.2	\$39.1	\$3.9	11%
Atlanta Information Management	\$28.4	\$32.0	\$3.6	13%
Human Resources	\$6.0	\$8.5	\$2.5	42%
Non-Departmental	\$106.7	\$95.7	(\$11.0)	(10%)
General Government	\$87.2	\$86.9	(\$0.3)	0%
<b>Total Baseline Expenses</b>	<b>\$630.4</b>	<b>\$660.8</b>	<b>\$30.4</b>	<b>5%</b>
<b>Incremental Expenses</b>				
Public Safety	-	\$5.4	\$5.4	100%
Dept Of Parks & Recreation	-	\$0.3	\$0.3	100%
General Government	-	\$1.2	\$1.2	100%
<b>Total Incremental Expenses</b>		<b>\$7.0</b>	<b>\$7.0</b>	<b>100%</b>
<b>Total Projected Base &amp; Incremental</b>	<b>\$630.4</b>	<b>\$667.8</b>	<b>\$37.4</b>	<b>6%</b>
<b>Revenues Over (Under) Expenses</b>	<b>\$0</b>	<b>(\$44.4)</b>	<b>(\$44.4)</b>	
<b>Variance %</b>	<b>0%</b>	<b>(7%)</b>	<b>(7%)</b>	
<b>Full Time Equivalent</b>	<b>5,044</b>	<b>5,276</b>	<b>232</b>	



## Initiatives Included within the Five Year Plan ...



**Grades 19 & Above Salary Adjustments**

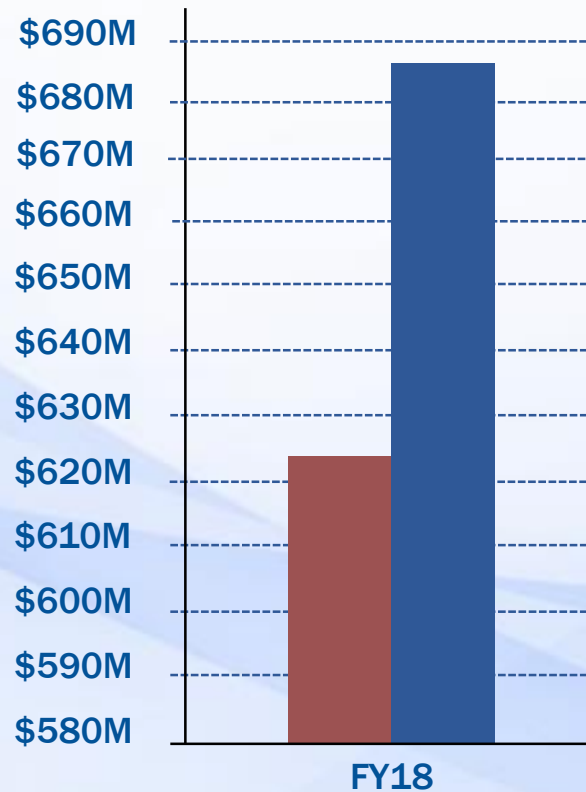


**Longevity Pay**



**\$15 Per Hour Minimum Wage Pay**

# GENERAL FUND WITH CAPITAL IMPACT/INITIATIVES



■ Total Projected Revenues  
■ Total Projected Base Expenses

FY18	
Property Tax Revenue	\$197.4
All Other Revenues	\$426.0
<b>Total Projected Revenues</b>	<b>\$623.4</b>
Baseline	\$660.8
Incremental	\$7.0
<b>Total Projected Base Expenses</b>	<b>\$667.8</b>
Revenues Over (Under) Expenses	(\$44.4)
Capital Impact	\$15.6
Pay Adjustments	\$4.4
<b>Total Projected Expenses</b>	<b>\$687.8</b>
Revenues Over(Under) Expenses	(\$64.4)

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# QUESTIONS & ANSWERS

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**THANK YOU**

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# APPENDIX

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# CITY COMPARISON



## Atlanta (in thousands)

	<b>FY17 Funded</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Revenues	630,412	623,397	634,521	643,460	656,807
Expenses	630,412	667,814	680,642	692,353	707,714
<b>Net Surplus/ (Deficit) Gap</b>		<b>(44,417)</b>	<b>(46,121)</b>	<b>(48,893)</b>	<b>(50,907)</b>



## Memphis (in thousands)

	<b>FY17 Adopted</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Revenues	667,425	666,941	668,622	670,344	672,109
Expenses	667,425	667,025	667,097	666,852	667,152
<b>Net Surplus/ (Deficit) Gap</b>		<b>(84)</b>	<b>1,525</b>	<b>3,492</b>	<b>4,958</b>



# CITY COMPARISON



## Atlanta *(in thousands)*

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## Philadelphia *(in thousands)*

	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Revenues	4,113,267	4,273,689	4,370,465	4,462,462	4,559,431
Expenses	4,167,755	4,297,455	4,379,673	4,458,628	4,523,297
<b>Net Surplus/ (Deficit) Gap</b>	<b>(54,488)</b>	<b>(23,766)</b>	<b>(9,208)</b>	<b>3,834</b>	<b>36,134</b>