



**CITY OF ATLANTA  
DEPARTMENT OF FINANCE  
2022 FISCAL CONDITION OF THE CITY**

**ROOSEVELT COUNCIL JR., CFO**



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# AGENDA

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*Introduction*

*Economic Outlook*

*Revenue Projections*

*Federal Funding*

*Operating Budget Development*

*Revenues*

*Expenditures*

*Trust Funds*

*Impact Fees*

*Fund Balance*

*Debt & Investments*

*Q&A*





# ECONOMIC OUTLOOK



# ECONOMIC OUTLOOK



Fiscal Year 2022 will mark the second full year that the City will have the COVID pandemic as part of its economic DNA. Clearly there are positive signs.

Georgia is on track to recover more quickly in 2021 than the U.S. economy. The economic forecast for Georgia calls for the economic recovery to continue with the main drivers being consumer spending, the housing market, and Federal Reserve policies. It is anticipated that full recovery of the economy will arrive sooner in Georgia than in the United States mainly because there is relatively less economic debris to clean up.

Georgia's economy contracted by 3.7% at the end of 2020 but is expecting a growth rate of 4% which means the state should recoup 2020's losses. Still, growth in employment levels and personal income will lag GDP growth.

Georgia's unemployment rate will drop to 5.1% in 2021. Atlanta's current unemployment rate is at 4.1% Personal income is forecast to grow modestly triggered by a boost from federal stimulus payments.

# ECONOMIC OUTLOOK



Residential real estate prices likely will rise by about 3% in 2021. Assessed residential property values will increase even more than 3% because such values tend to lag market prices by a year or more. In 2020, there also was heavy spending for major home improvement projects that will add to 2021 residential property tax digests. In addition, new home construction will be on the upswing in 2021, which will lead to the expansion of property tax bases.

Less positively, commercial real estate prices will decline in 2021. The decline in commercial real estate prices could be steep in some markets. That does not bode well for future property tax digests, but due to the lag between market values and assessed values most of that negative impact will not be felt in 2021.

The metro Atlanta market ranks 7<sup>th</sup> among US cities in terms of inventory of hotel rooms. The area's high reliance on business travel was a major deterrent to growth in 2020 but will be a positive factor once a medical solution to the virus is widely available. Full recovery of hotel occupancy rates could take several years.

# ATLANTA'S ECONOMY



From peak-to-trough, the MSA lost 11.7% of jobs due to the COVID-19 recession but recovered 47% in the first three month rebound. Heaviest job losses were in air transportation, leisure and hospitality, and transportation equipment manufacturing.

The 29-county MSA will add approximately 46,500 jobs in 2021, a year-over-year increase of 1.7% and outpace that of the state of Georgia and the nation due to its underlying business development, educated workforce, innovation, above-average population growth and strong housing market.

Atlanta's MSA is highly specialized in transportation, logistics, warehousing and wholesale trade, inherently cyclical industries, however, the continued growth in US and global GDP in 2021 will support these industries and thus positively affect Atlanta's economy.

In 2020, several major corporations announced opening new facilities, such as Microsoft, Milletech Systems, Zillow, and Toyota Financial Services. Home Depot, Hello Fresh, and Amazon also announced major projects bringing additional jobs to the MSA.

# ATLANTA'S ECONOMY



**#1**

Metro Area For  
**LOWEST COST OF  
DOING BUSINESS**

**3<sup>rd</sup>**

Most  
**FORTUNE 500  
COMPANY  
HEADQUARTERS**

**1.9 M**

Forecasted  
**JOBS TO BE  
CREATED BY 2040**

**#1**

Most-Traveled Airport  
in the Western  
Hemisphere  
**HARTSFIELD-  
JACKSON  
ATLANTA  
INTERNATIONAL  
AIRPORT**

**#3**

Market for  
**EDUCATIONAL  
ATTAINMENT**



# ATLANTA'S ECONOMY



## An Economic Engine



### Digital Arts & Media

A \$9.5B economic impact on the state of Georgia.



### Life Sciences

Home to the CDC and over \$400M in NIH funding.



### Processing & Engineering

A leader in STEM degree completions.



### Transportation and Logistics

The most convenient international airport.



### Corporate HQ & Management Services

3rd most Fortune 500 headquarters in the U.S.



# REVENUE PROJECTIONS









# SCENARIO ANALYSIS & BUDGET FORECASTING APPROACH



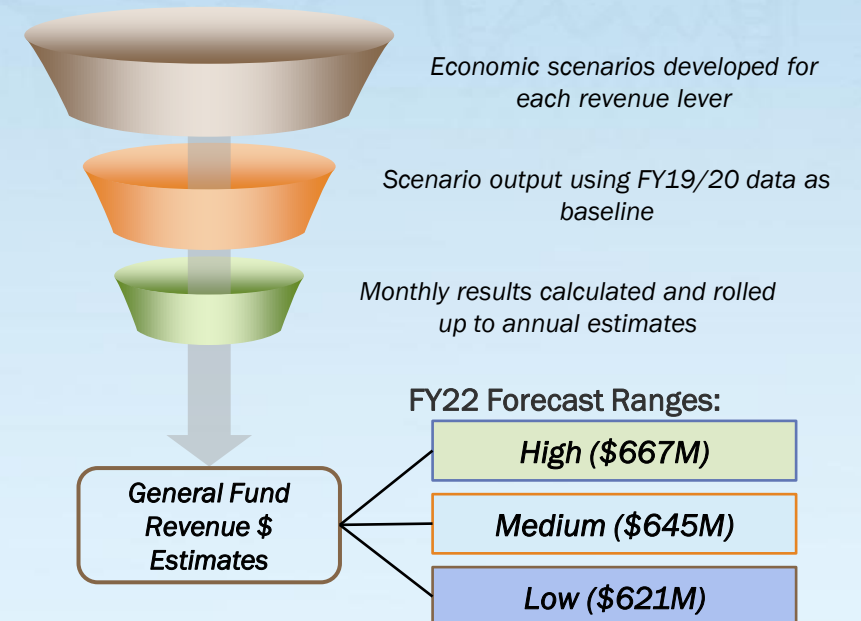
## 1 Build Economic Scenarios

-  **Macroeconomic Trends**
  - National and state-level trends (e.g., GDP, employment, etc.)
-  **Atlanta Historical Revenues**
  - City MuniCast Model
  - FY20 actuals at the transaction and receivables level
-  **Forecasted Revenues**
  - Analyzed City-specific data (e.g., parking citations, hotel occupancy, events, etc.)
  - City-specific policies, relief measures and enforcement decisions

## 2 Analyze General Fund Revenue Levers

-  **Property Taxes**
-  **Licenses & Permits**
-  **Local Option Sales Tax**
-  **Public Utility, Alcoholic Beverages, & Other**
-  **All Other Revenue**
-  **Fines, Forfeitures, & Penalties**

## 3 Aggregate Assumptions in Revenue Model





# OVERVIEW OF MACROECONOMIC SCENARIOS



1

HIGH REVENUE (\$667M)

## **FAST RETURN**

- Vaccine deployment is swift and becomes widespread
- Pent-up demand creates a large burst of spending
- Consumers are sitting on considerable savings and ready to spend
- Significant relief bill is passed and keeps demand growing
- GDP accelerates quickly in line with vaccine deployment

2

MEDIUM REVENUE (\$645M)

## **BASELINE**

- New vaccines are still being developed and are deployed narrowly to select individuals and groups
- Consumer spending is hit as unemployment insurance lapses
- Employment growth slows as schools remain virtual, resulting in potential workers being prevented from returning to workforce
- Potential GDP remains ~2% below the pre-pandemic trend in 2026

3

LOW REVENUE (\$621M)

## **LONG SLOG**

- COVID-19 cases continue to increase
- Vaccine rollout is slow or unavailable
- Consumers prefer to stay home rather than take unnecessary risks
- The cycle of restart attempts and subsequent reclosing continues
- GDP growth remains relatively slow, with the level about 8% below the level it would have reached had the pandemic not occurred by 2026

Policymakers must navigate several macro-level “unknowns” as COVID-19 recovery progresses, including public health developments, recurring public policy interventions, and an uncertain road to economic/financial recovery

# COVID-19 & IMPACT ON GOVERNMENT BUDGETS



1

## Reduced Economic Activity Due to COVID-19

- Continuing public health guidance against large in-person events and indoor dining, along with varying public sentiments, have limited upside gains across the service sector (e.g., event permits, alcohol licenses, etc.)
- While the residential real estate market remained stable, near-term shifts to remote work and related commuter behavior contributed to reduced economic activity within commercial districts, and in transportation/hospitality

2

## Impact to Tax Revenues/Collections

- Commercial activity and sales tax revenue bounced back quickly after the lifting of business closures, but other revenue categories experienced declines due to softness in underlying economic activity
- Revenue from the services sector continues to lag and limit upside recovery (e.g., alcohol sales, fine dining, etc.), while the shift to remote work has affected travel behavior and may affect long-term commercial property taxes

3

## Policy Responses & Budgetary Adjustments

- Policy decisions such as relief measures/fine de-enforcement led to downstream revenue impacts; travel/commuting and related activities closely tied to police enforcement and collections have been deemphasized during the COVID-19 economic downturn
- Federal aid and municipal fund balance transfers helped to cover near-term budget deficits in FY21

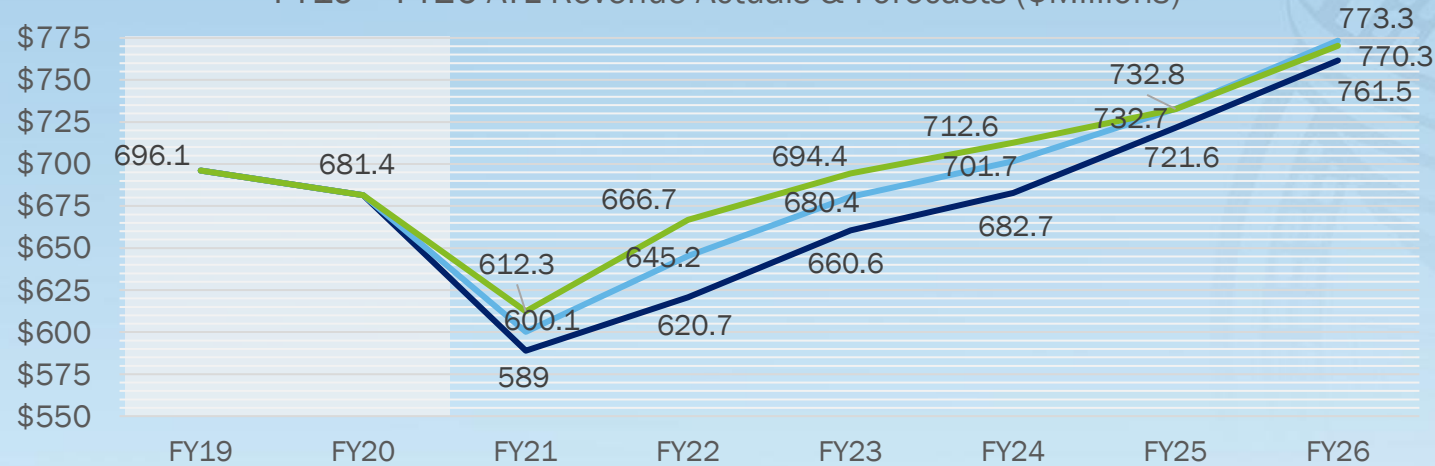
With increasing vaccination, continued social distancing, and expanded federal support, analysts expect the economy to further rebound in 2021



# KEY RESULTS: FIVE-YEAR FORECAST & ANALYSIS



FY19 – FY26 ATL Revenue Actuals & Forecasts (\$Millions)



		FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>HIGH</b>	Total Revenue (\$M)	696.1	681.4	612.3	666.7	694.4	712.6	732.7	770.3
<b>MEDIUM</b>	Total Revenue (\$M)	696.1	681.4	600.1	645.2	680.4	701.7	732.8	773.3
<b>LOW</b>	Total Revenue (\$M)	696.1	681.4	589.0	620.7	660.6	682.7	721.6	761.5

## Notable Insights

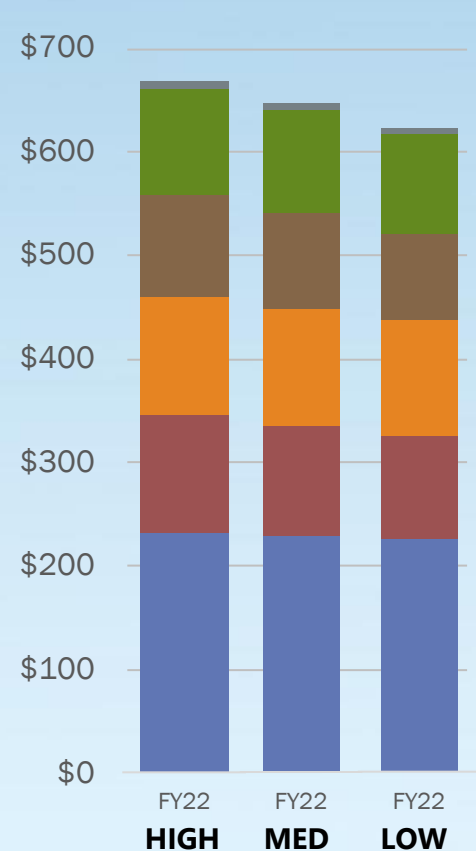
- Macroeconomic forecasts expect an approximate recovery to pre-pandemic levels by FY23
- “High” scenario incorporates pent-up demand; “Low” implies vaccine rollout issues / recurring COVID-19 impacts
- Most vulnerable revenue categories are not necessarily the largest sources (e.g., FFP)
- Largest revenue streams (e.g., sales tax, alcohol & utilities, and property tax) expected to be stable in near-term
- Impact to property tax revenues lags by approximately 3 years

A return to more stable budgetary situation is expected for FY23 – FY26 however FY22 is expected to be more volatile; we will focus our attention on the risks and opportunities associated with FY22

# FY22 ESTIMATES & KEY RISKS



General Fund Revenue Stack by Scenario (\$Millions)



General Fund Revenue Levers & Associated Risks to Recovery

- Fines, Forfeitures, & Penalties**
  - Forfeitures and penalties are expected to remain at lower rates in FY22 due to on average lower driving and parking activity
- All Other Revenue**
  - Hotel/motel occupancy taxes will remain depressed into FY22
- Public Utility, Alcoholic Beverages, & Other**
  - Alcohol-related taxes lower than average due to decline in entertainment and wholesale activity
- Local Options Sales Tax**
  - Short lockdown periods led to a quicker than anticipated recovery in consumer spending, aided by increased e-commerce
- Licenses & Permits**
  - Business license revenues remain high risk due to closures and reduced revenues, lack of renewal penalties and potential arrears
- Property Taxes**
  - Property tax is stable in the near-term since real estate tends to lag other economic indicators by 2-3 years



# REVENUE SUMMARY



## Forecasted Revenue (\$M)

Legend

High

Medium

Low

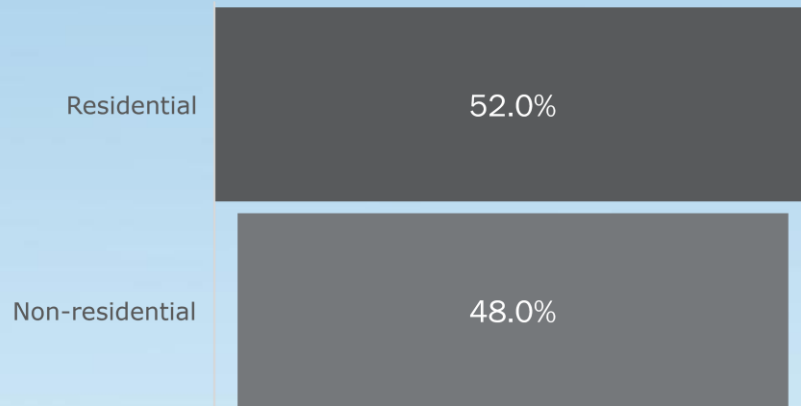
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Property Taxes	218.9	228.2	236.1	231.2	230.2	219.6	230.0	259.4
			235.9	227.9	226.6	211.2	232.0	262.9
			235.6	224.7	222.9	202.8	234.1	266.4
Licenses & Permits Revenue	123.3	118.0	87.4	114.1	121.6	130.0	131.2	132.3
			79.4	106.1	117.6	130.4	131.2	132.6
			72.7	99.2	112.8	130.1	130.6	131.8
Local Options Sales Tax	116.7	111.8	111.1	114.0	116.4	119.0	121.8	124.6
			111.1	112.9	115.0	118.1	121.5	124.9
			111.1	111.7	111.7	113.0	115.0	117.4
Public Utility, Alcoholic Beverages, & Other	108.0	104.5	90.5	102.3	107.5	111.6	113.3	114.8
			87.8	100.3	106.5	111.4	113.2	115.0
			85.1	96.6	103.4	108.1	109.2	110.6
All Other Revenue	105.0	100.4	80.7	97.8	103.4	109.7	112.8	115.6
			80.0	91.9	100.0	108.0	111.4	111.4
			79.2	83.6	95.8	106.2	109.2	111.8
Fines, Forfeitures, & Penalties	24.2	18.5	6.5	7.3	15.3	22.7	23.6	23.6
			5.9	6.1	14.7	22.6	23.5	23.5
			5.3	4.9	14.0	22.5	23.5	23.5

# PROPERTY TAXES

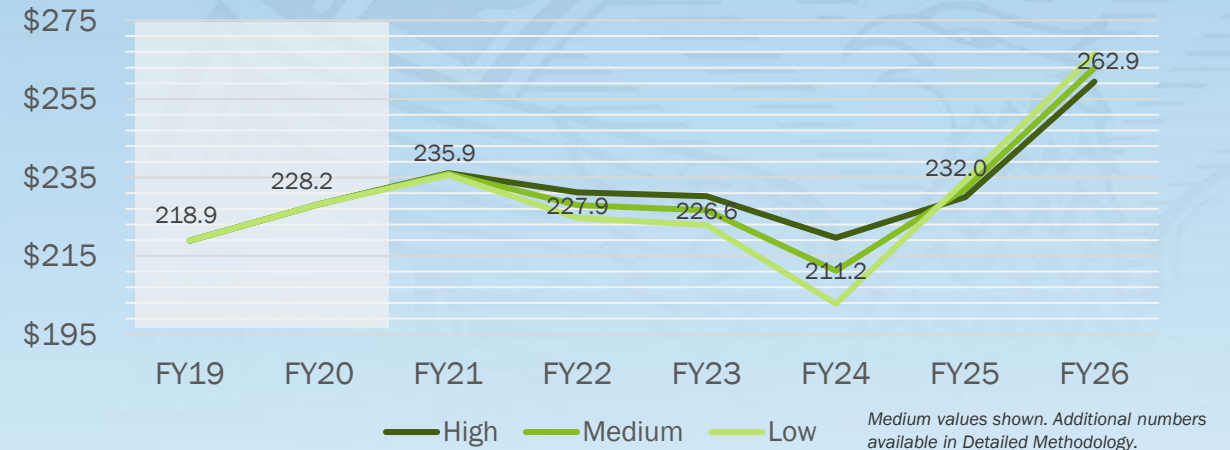


Amounts levied on all real, personal, and public utility property within the corporate limits of the City

**Property Tax Breakdown (FY19)<sup>1</sup>**



**Revenue Forecasts (\$M; FY21 – FY26)**



**Key Insights**

- Residential real estate was **not impacted** by the pandemic as originally anticipated.
- Overall property tax revenue was weighted to reflect rising residential real estate values while commercial real estate is **expected to soften** in the next 2-3 years.

In the next two years, residential real estate remains constant while commercial real estate sees an approximately 1.5% growth/decline in the high/low scenarios. By FY23, commercial real estate drops significantly; the “low” revenue scenario uses a weight of 1.5, resulting in a **steeper initial decline**, but an **equally strong recovery**, ultimately outpacing the other scenarios.

**Key Assumptions**

- Pandemic impact in non-residential real estate is delayed by 3 years and is based on the reduction in commercial property values following the 2008 recession.
- Due to rising housing prices and limited stock, residential property values were unaffected by the pandemic.

**% PRE-COVID (FY19) REVENUE**

- 31.5%** Property
- 17.7 Licenses & Permits
- 16.8% Sales Tax
- 15.5% Public Utility
- 15.0% Other
- 3.5% Fines

**Sources**

- [Commercial Property Price Index](#)
- [Case-Schiller Home Price Index](#)
- [Deloitte Economic Forecast](#)

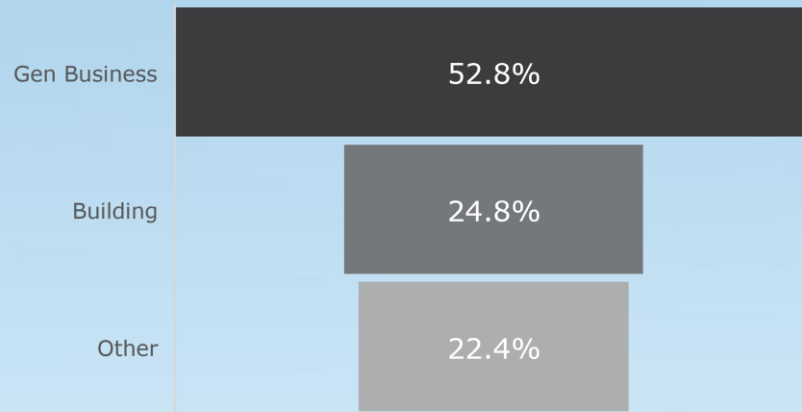
<sup>1</sup>: From FY20 budget, reflecting 2018 net tax digest

# LICENSES & PERMITS REVENUE



Includes general business (occupation) license tax, various parking and building permits, and occupancy certificates

Licenses & Permits Breakdown (FY19)



Revenue Forecasts (\$M; FY21 – FY26)



Key Insights

- General business license** revenue is derived from fixed and variable sources, such as number of employees and overall total revenue, each of which were sensitive to changing consumer behavior and policies during the pandemic.
- Building permits**, as well as related electrical, plumbing, HVAC, and other inspection-related permits remained relatively stable, as these were correlated to business investment activity and real-estate markets.

Administrative policies preventing penalties from being applied to late business license renewals causes much uncertainty in the general business license category. Additionally, the forecasted revenue used by businesses to renew their licenses is likely to be **significantly lower than in previous years**, resulting in lower revenue collections.

All three scenarios expect a return to normal in FY23, so we anticipate **general business licenses** revenue return to pre-pandemic levels by FY24.

Key Assumptions

- Business license revenue driven by macroeconomic employment rates, consumer spending, and GDP growth rates.
- Building permits remained unaffected during the pandemic, and therefore are not likely to be negatively impacted as the situation improves.

% PRE-COVID (FY19) REVENUE

- 31.5% Property
- 17.7% Licenses & Permits
- 16.8% Sales Tax
- 15.5% Public Utility
- 15.0% Other
- 3.5% Fines

Sources

- [City of Atlanta Dept. of Finance](#)
- [Deloitte Economic Forecast](#)

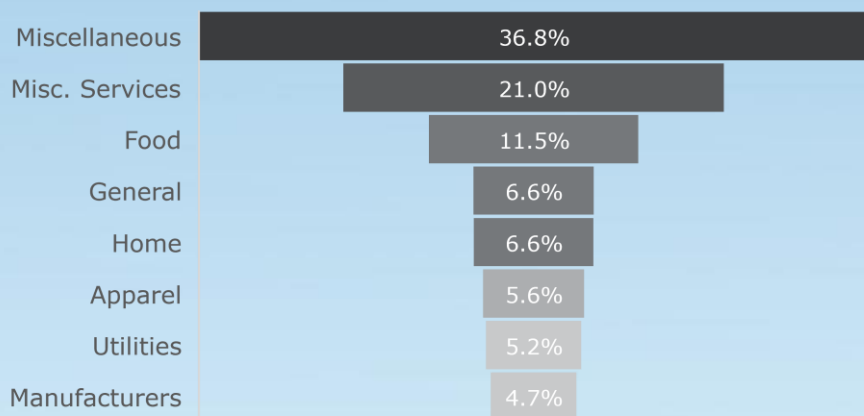




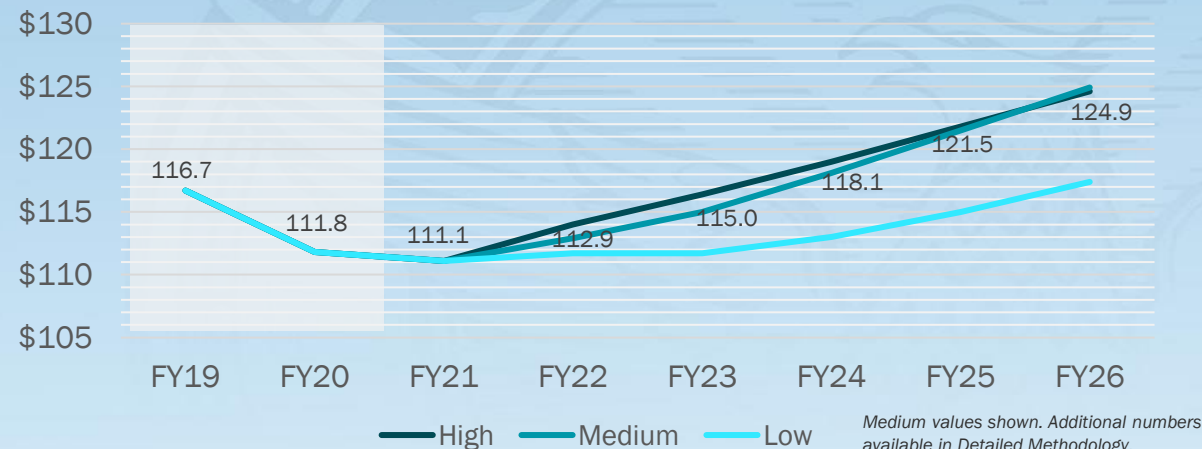
# LOCAL OPTIONS SALES TAX (LOST)

Taxes imposed on the purchase, sale, rental, storage, use, or consumption of tangible personal property and related services

Local Options Sales Tax Breakdown (FY19)



Revenue Forecasts (\$M; FY21 – FY26)



Key Insights

While sales tax was affected by the pandemic, it was **not affected as significantly as expected**, driven primarily a shorter than expected business closure period and local consumer spending.

Around 80% of the revenue stream is concentrated in categories mostly **driven by consumer spending patterns** across goods and services

In the longer term, the medium and high scenarios are buoyed by a **strong boost** to consumer spending and fixed business investment

In longer term low-revenue scenario, LOST revenue **recovers slowly** due to low consumer spending, GDP growth, and fixed business investment

## Key Assumptions

- Applied varying reduction rates for overall consumer spending, consumer spending on durable goods, and consumer spending on nondurable goods.
- Longer term recoveries track GDP, consumer spending, personal disposable income, and fixed business investment.

## % PRE-COVID (FY19) REVENUE

31.5%	Property
17.7%	Licenses & Permits
16.8%	Sales Tax
15.5%	Public Utility
15.0%	Other
3.5%	Fines

## Sources

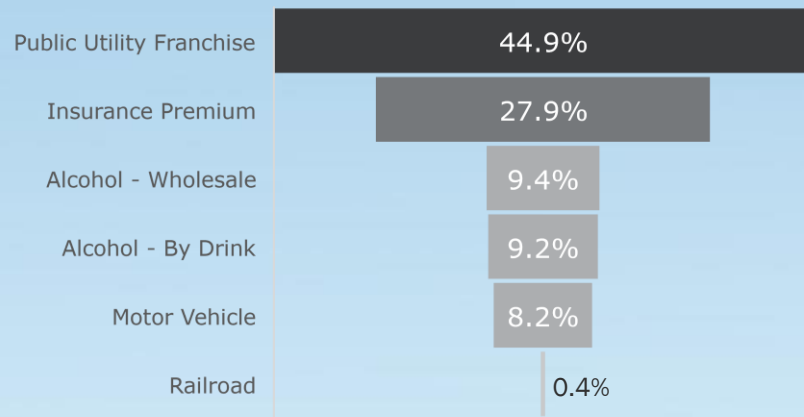
[National Restaurant Association](#)  
[Deloitte Economic Forecast](#)



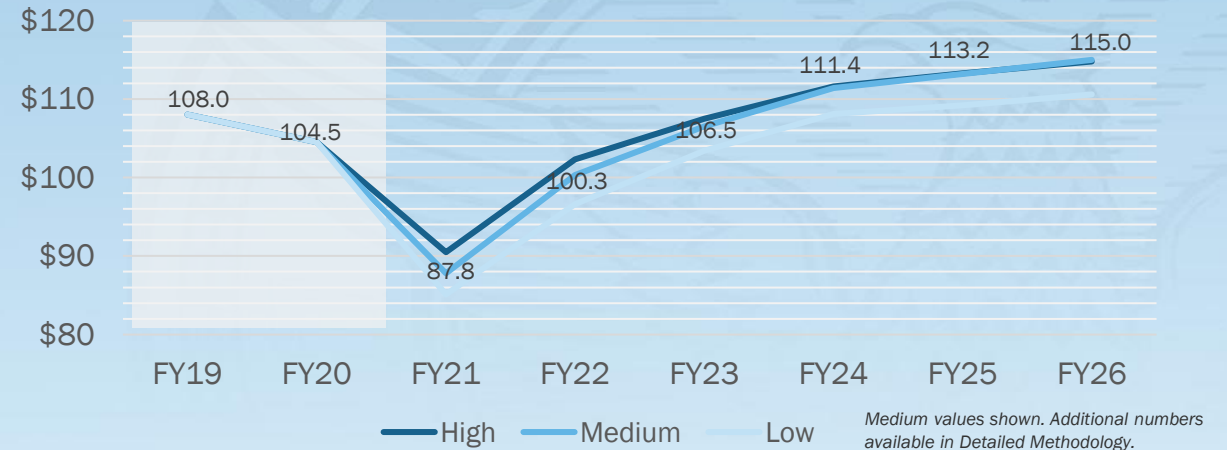
# PUBLIC UTILITY, ALCOHOLIC BEVERAGES & OTHER

Taxes for public utilities, motor vehicles & titles, state railroads, insurance premiums, and wholesale/by-the-drink alcoholic beverages

**Public Utility, Alcoholic Bev's & Other Breakdown (FY19)**



**Revenue Forecasts (\$M; FY21 – FY26)**



**Key Insights**

- Public Utilities saw a slight reduction due contract renegotiation with Georgia Power due to lower than expected demand. With fewer offices open and no large-scale events, usage was reduced. Longstanding contracts will **minimize the overall revenue impact in future years.**
- FY22 impact is concentrated in **alcohol sales** with insurance premiums and motor vehicles not seeing significant pandemic impacts.

- Medium and high revenue scenarios expect a **return to strong GDP and consumer spending** on both durable and non-durable goods
- In the low revenue scenario, GDP and consumer spending are **slower to return to pre-COVID levels** due to broader economic fallout, resulting in a longer recovery period

**Key Assumptions**

- Utility tax revenue agreements rarely renegotiated, not expected to be revisited in any scenario
- Applied varying reduction rates to insurance, alcohol sales, and motor vehicles based on GDP and Consumer Spending

**% PRE-COVID (FY19) REVENUE**

- 31.5% Property
- 17.7% Licenses & Permits
- 16.8% Sales Tax
- 15.5% **Public Utility**
- 15.0% Other
- 3.5% Fines

**Sources**

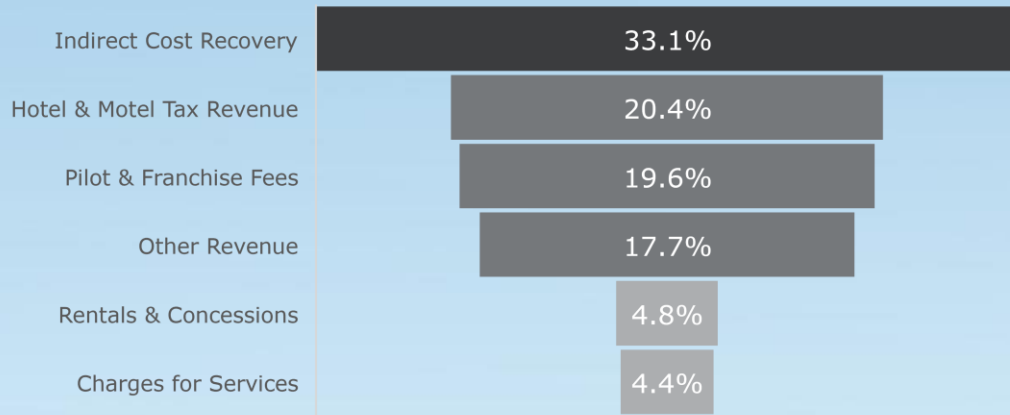
- [City of Atlanta](#)
- [Deloitte Economic Forecast](#)



# ALL OTHER REVENUES

Additional revenue sources that fall outside of the previous categories

Other Revenues Breakdown (FY19)



Revenue Forecasts (\$M; FY21 – FY26)



Key Insights

**Hotel tax revenue** plummets in the short term as consumer trust and occupancy policies continue to limit business travel, events and tourism. Projections show 35-45% occupancy during 2021 at best. Long-term can see occupancy rates mirroring consumer spending macrotrend, with return to pre-pandemic levels by 2023.

**Pilot & Franchise fees** were unaffected by the COVID pandemic, and therefore can be expected to remain a pre-pandemic levels.

The remaining revenue streams are **sensitive to business closures** in the short term and correlated to consumer spending and overall economic health in the recovery period

Key Assumptions

- There are >100 miscellaneous subaccounts in this category, so model assumes revenue will suffer from business closures in the near term and recover in-line with GDP and general economic conditions in the long term
- Indirect cost recoveries are a function of the size of the overall government. There will be a revenue reduction in FY22 comparable to that of the overall revenue in FY20. Moving forward, this trend is likely to continue.

% PRE-COVID (FY19) REVENUE

- 31.5% Property
- 17.7% Licenses & Permits
- 16.8% Sales Tax
- 15.5% Public Utility
- 15.0% Other
- 3.5% Fines

Sources

- [Atlanta Event Data](#)
- [ACVB Hotel Occupancy Data](#)
- [Deloitte Economic Forecast](#)
- [American Hotel & Lodging Association](#)

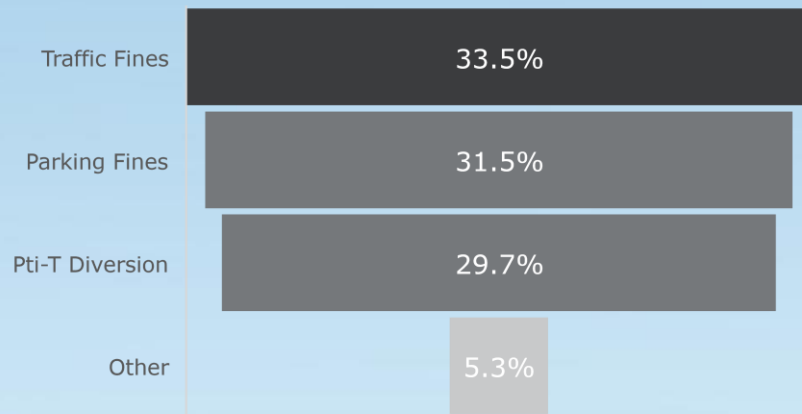


# FINES, FORFEITURES & PENALTIES

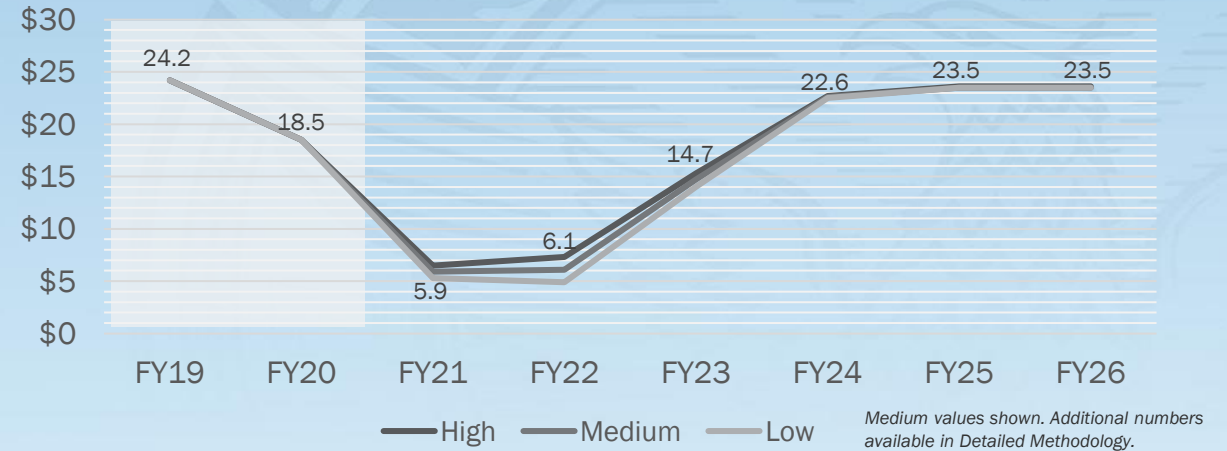


Revenue comprised primarily of traffic fines and forfeitures

Fines, Forfeitures & Penalties Breakdown (FY19)



Revenue Forecasts (\$M; FY21 – FY26)



Key Insights

- Lack of tourism and workplace travel significantly impacts this revenue category in the short term.
- The parking enforcement contract expires in March 2022 and will likely be renegotiated due to the significant reduction in parking fines during the pandemic. The structure of this new contract could have a significant long-term impact for this revenue category due to the revenue/risk sharing arrangements.

- Administrative policies and alternative focus of law enforcement are key drivers, in addition to consumer patterns.
- The duration of these policy decisions determines the slope and recovery rate of the growth curve in this revenue category

Key Assumptions

- Traffic fines and moving violations are significantly impacted in the short term, with revenues dropping near zero.
- Court fees are significantly reduced but will improve as courts return to normal levels and work through backlogs.

% PRE-COVID (FY19) REVENUE

- 31.5% Property
- 17.7% Licenses & Permits
- 16.8% Sales Tax
- 15.5% Public Utility
- 15.0% Other
- 3.5% Fines

Sources

- [Atlanta Public Schools](#)
- [Deloitte Economic Forecast](#)
- [Municipal Court of Atlanta](#)
- [Atlanta Parking Enforcement](#)

# FEDERAL FUNDING



# OVERVIEW OF CRF



The CARES Act established the Coronavirus Relief Fund and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover costs that—  
are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);

- Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- CRF were originally set to expire on December 30, 2020; however, in December 2020, Congress extended the time period to December 31, 2021

## **The City of Atlanta received \$88M in Coronavirus Relief Funds**

The City sponsored a range of programs to assist residents and employees during the pandemic. This included rental and small business assistance, food programs and homeless initiatives, and distance learning for residents. For City employees, the City paid hazardous pay to front-line workers. In addition, it purchased PPE and supported the telework program by deploying electronic devices.



# OVERVIEW OF FEMA



Consistent with the national response for the emergency declared for the coronavirus (COVID-19) pandemic on March 13, 2020, FEMA has provided guidance on the types of emergency protective measures that may be eligible under FEMA's Public Assistance Program for reimbursement. The reimbursement will ensure that resource constraints do not inhibit efforts to respond to this unprecedented disaster.

FEMA will reimburse at 100%. There is no matching share required for COVID-19 expenses incurred by the City and the City did not use other federal funds. The City used these funds to purchase PPE and for facility readiness. FEMA recently notified recipients that expenses incurred to make a facility ready for employees post-COVID-19 is eligible for reimbursement at 100%.

# OVERVIEW OF ARP



The ARP continues many of the programs started by the CARES Act (2020) by adding new phases, new allocations, and new guidance to address issues related to the continuation of the response to the COVID-19 pandemic. It also creates new programs to respond to the continuing pandemic crisis. The most important aspect of ARP is the creation of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) which allows state and local government to use funds to replace revenue lost as a result of the pandemic.

The American Rescue Plan was passed by Congress on March 10, 2021 and signed into law on March 11, 2021. The enabling legislation mandated that Treasury place the funds with the local governments no later than 60 days after passage.

The City plans to utilize these funds to continue some of the programs started with CRF. In addition, the ARP funds provide specific financial assistance for three important programs: Emergency Rental Assistance, Homeowners Assistance, and Homeless Assistance and Supportive Services. The exact amount is to be determined by guidelines passed by congress.

The COA has engaged a 3<sup>rd</sup> Party consulting firm (Landmark Consulting, LLC) to continue to assist with cost recovery, grants management and compliance for all funds received to respond to COVID-19.

# OPERATING BUDGET DEVELOPMENT





# FY21 BUDGET DEVELOPMENT OBJECTIVES



**Prioritize resources to maintain public safety and service delivery**

**Facilitate equitable growth and recovery**

**Maximize the benefits and impact of American Rescue Plan support**

**Maintain a strong financial position and healthy fund balance reserves**

# FY21 BUDGET INCREASES



**Police and Fire Raises, Vacancies and Retention Bonus**

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**Infrastructure and Technology Investments**

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**Community and Economic Development Priorities**

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**Office of Inspector General and other Independent Entities**

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**Pension, Benefits and Fleet Costs**

# FY22 BUDGET AND THE AMERICAN RESCUE PLAN



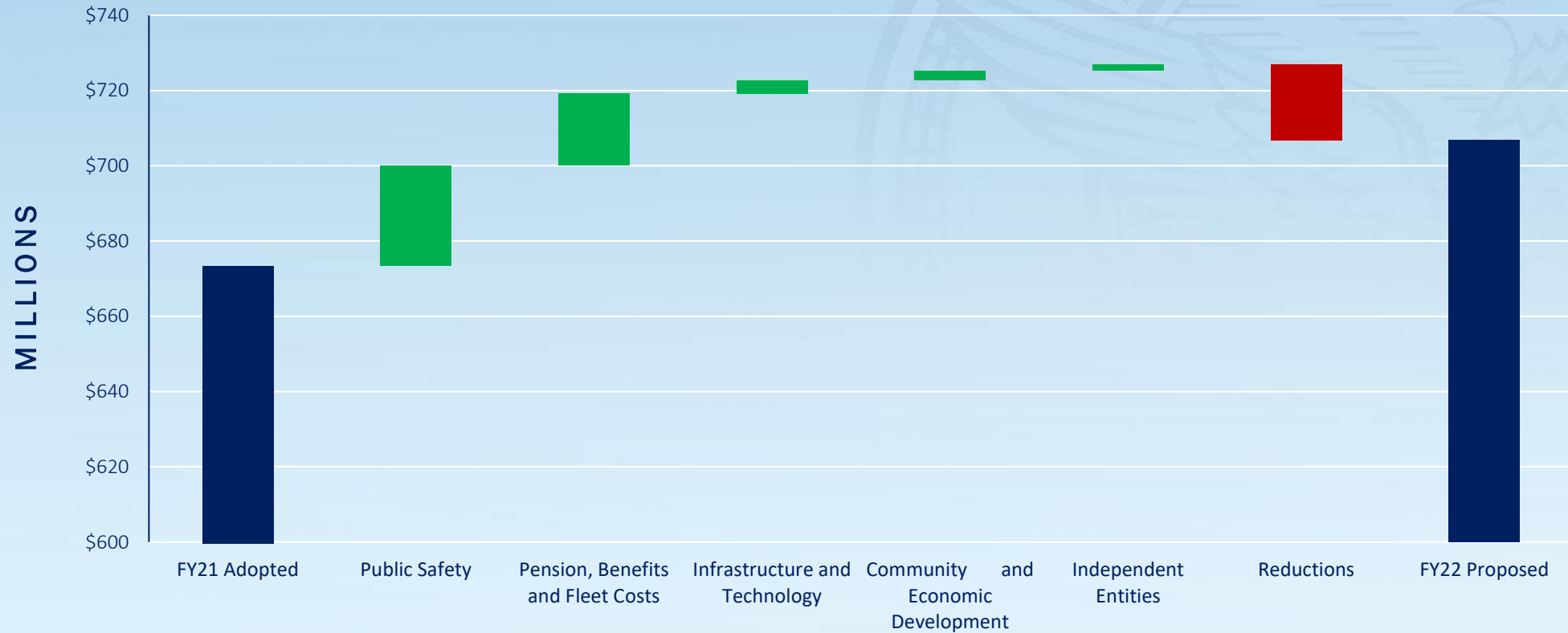
- We expect to receive \$178M of flexible ARP funding in two tranches.
- Around \$125M of the ARP funding is planned to flow through the City's general fund budget to support service delivery to residents in FY21 and FY22. The other approximately \$55M will support additional equitable growth and recovery initiatives outside of the city's general fund budget.
- We also expect to receive additional, dedicated ARP funds for Emergency Rental Assistance, Homeowner Assistance, Emergency Housing Vouchers, and Homeless Assistance and Supportive Services that will be deployed outside of the general fund budget.
- The support of the ARP means that we can move forward with a robust set of investments in the FY22 general fund budget and replenish the City's fund balance, in addition to complementary programs and initiatives that will be administered outside of the general fund.



# FY21 OPERATING BUDGET SUMMARY



Summary of key budget changes



# FY21 BUDGET EXPENSE REDUCTIONS



**Vacancies and attrition**

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**Overtime**

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**Efficiency initiatives**

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**Corrections redeployment**

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**Non-departmental**

# FY22 EFFICIENCY INITIATIVES



**Customer Service: Technology and Process Improvements**

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**AIM: Application rationalization**

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**Human Resources: OPEB costs**

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**Transportation: Contract consolidation**

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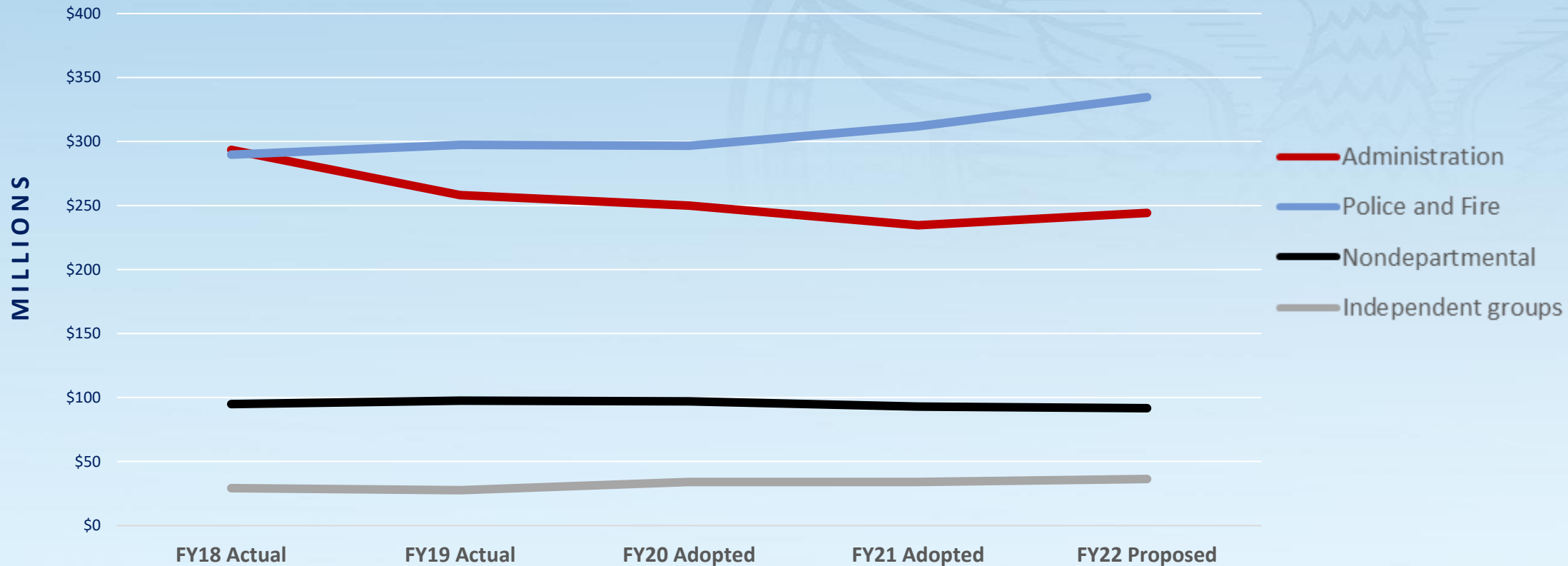
**Parks and Recreation: Contract and supply efficiencies**



# FY21 BUDGET EXPENSE BREAKOUT



## General Fund budget expense breakout



# FY21 OPERATIONAL AREAS OF FOCUS



**Reducing crime**

---

**Reducing unsheltered homelessness**

---

**Increasing affordable housing and economic mobility**

---

**Increasing youth employment and engagement**

---

**Increasing satisfaction with City services and investment in infrastructure**

# FY21 PERSONNEL BUDGET PRIORITIES



**Public Safety recruitment**

---

**Hiring/Backfill approach**

---

**Full Time Equivalent counts**

---

**Personnel paper preview**

---



# HIRING / BACKFILL APPROACH



Effective April 20

**Only mission-critical positions are eligible for hire**

---

**Supervisor positions can be backfilled with internal candidates on an interim basis**

---

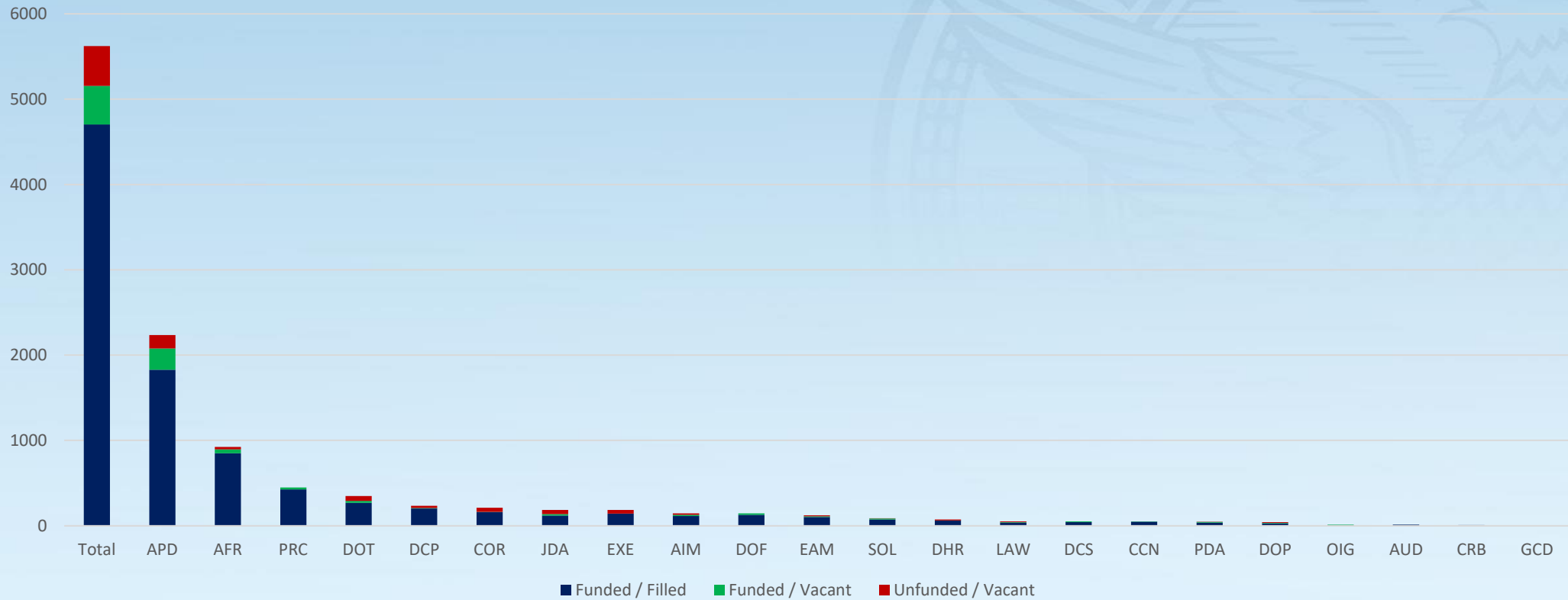
**Non mission-critical hires paused until further notice**

- **Exceptions to this policy considered, based on demonstrated operational needs, with prior approval obtained from the Chief Operating Officer**

# FULL TIME EQUIVALENT (FTE) COUNTS



Distribution of General Fund FTEs



# PERSONNEL PAPER PREVIEW



**Implement Police and Fire raises**

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**Properly align grants positions under Department of Grants & Community  
Development**

---

**Add positions for Office of Inspector General**

# REVENUES





# CITY REVENUE BUDGET DEVELOPMENT RESOURCES



EXAMPLES OF SOME OF THE RESOURCES USED IN PREPARING BUDGETS



# FY22 GENERAL FUND REVENUE ASSUMPTIONS

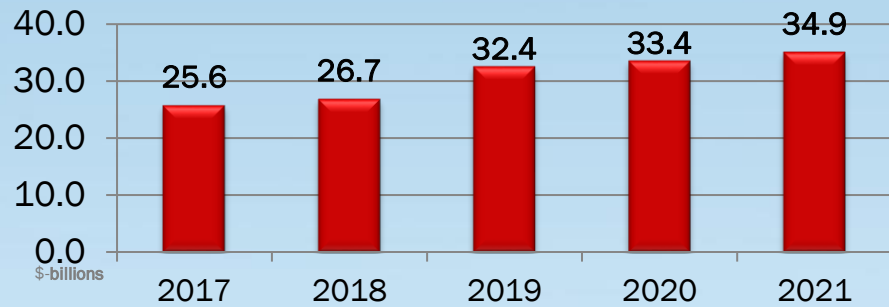


- Property & Sales taxes represent 53% of General Fund revenue.
- Current year property tax revenues are estimated to decline, the decrease is attributed to expected reduction in valuation of hospitality and leisure related commercial property from the pandemic.
- The FY22 dollar value of one mill is projected at \$27.5 million and remains strong when compared to \$16.8 million in FY13.
- The effects of COVID-19 pandemic on property tax revenues are not expected to be significant or long term and the recovery will coincide with mass distribution of the vaccine and rebound of consumer confidence and spending.
- Sales tax revenue is expected to continue to trend upward and was sustained in FY21 by the shift to online shopping during the pandemic.
- Hotel/Motel tax revenue is expected to have a slow recovery and will coincide with the improvement in business and leisure travel.

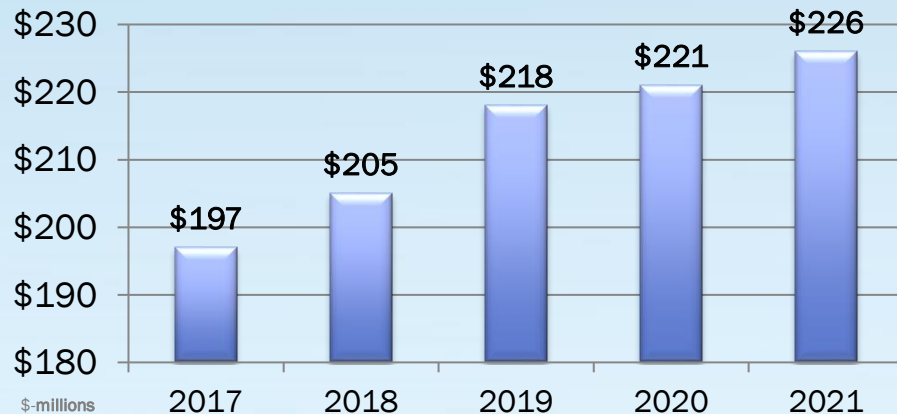


# TAXABLE PROPERTY VALUES

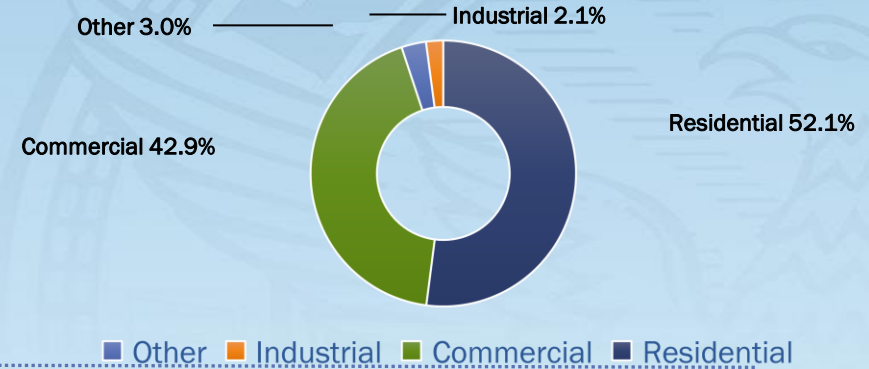
**TAXABLE ASSESSED VALUE (FY 2017 – FY 2021)**



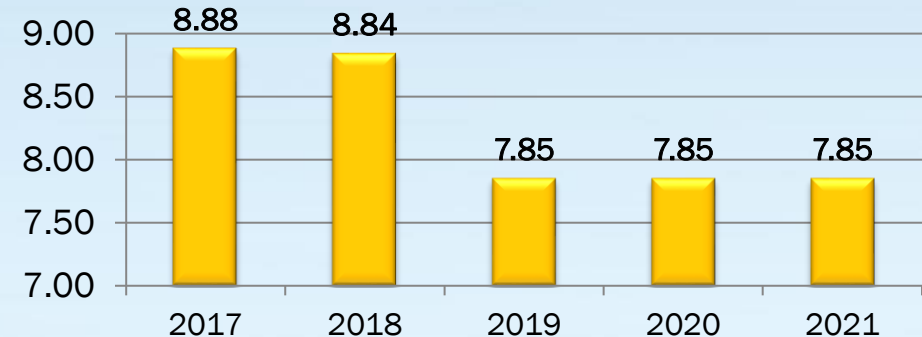
**ACTUAL TAXES COLLECTED (FY 2017 – FY 2021)**



**TAX BASE BY LAND USE (FY 2021)**

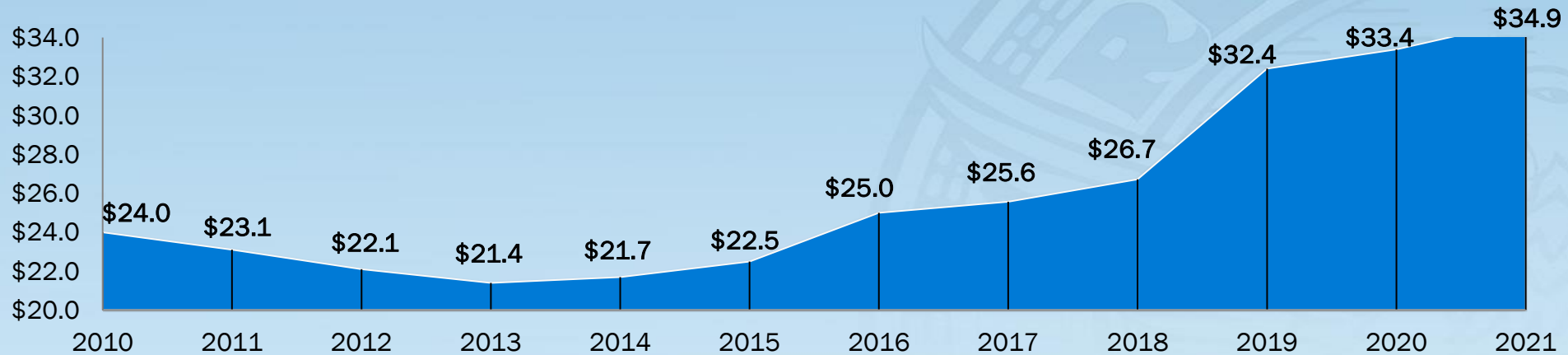


**OPERATING MILLAGE RATES (FY 2017 – FY 2021)**



Source: City of Atlanta Department of Finance, Office of Revenue

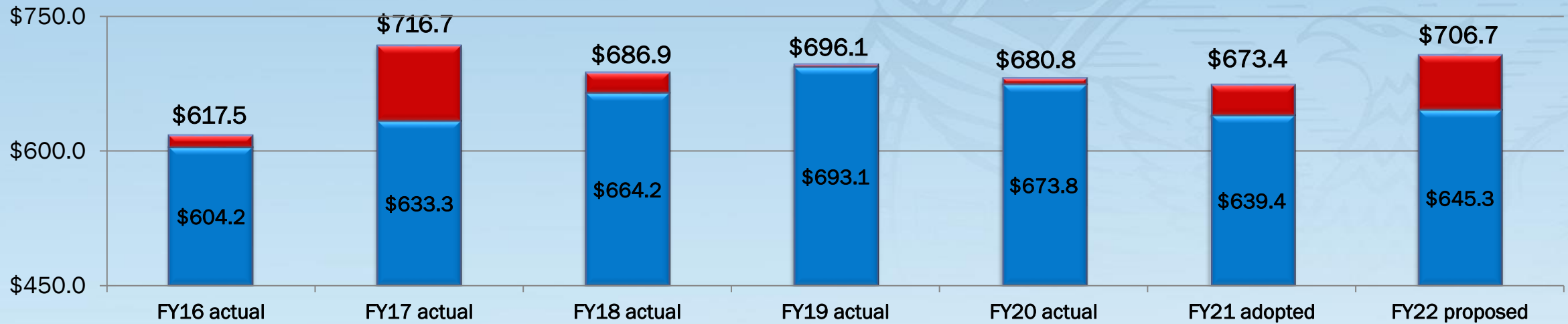
# NET TAX DIGEST & MILLAGE VALUES



Year	Assessed Value	Mill Rate	CY Property Tax Revenue	Dollar Value of One Mill
FY21	\$34.9 Billion	7.85	\$222.6 Million (Adopted)	\$28.4 Million
FY20	\$33.4 Billion	7.85	\$208.8 Million (Audited)	\$26.6 Million
FY19	\$32.4 Billion	7.85	\$198.1 Million (Audited)	\$25.2 Million
FY18	\$26.7 Billion	8.84	\$192.4 Million (Audited)	\$21.8 Million
FY17	\$25.6 Billion	8.88	\$187.5 Million (Audited)	\$21.1 Million
FY16	\$25.0 Billion	8.89	\$180.9 Million (Audited)	\$20.4 Million
FY15	\$22.5 Billion	9.75	\$179.4 Million (Audited)	\$18.4 Million
FY14	\$21.7 Billion	10.05	\$174.8 Million (Audited)	\$17.4 Million
FY13	\$21.4 Billion	10.24	\$171.7 Million (Audited)	\$16.8 Million
FY12	\$22.1 Billion	10.24	\$175.8 Million (Audited)	\$17.2 Million
FY11	\$23.1 Billion	10.24	\$189.8 Million (Audited)	\$18.5 Million
FY10	\$24.0 Billion	10.24	\$209.5 Million (Audited)	\$20.5 Million



# REVENUE ACTUAL & ANTICIPATIONS OVERVIEW



## One time/non-recurring revenues

- NOTE: FY 2017 Included transfer of Building Permit Revenues & fund balance and proceeds from the sale of Underground.
- FY 2018 Included proceeds from sale of Civic Center.
- FY 2019 Included proceeds from insurance reimbursement from cyber-attack.
- FY 2020 Included cyber-attack reimbursements & slight reduction in revenues from start of COVID-19 pandemic events.
- FY 2021 Included proceeds from fund balance transfers and anticipated impacts of the pandemic.
- FY 2022 Includes proceeds from American Rescue Plan (\$53.1M) and proceeds from closure of Building Permits fund (\$8.4M)

# REVENUE COMPARISON BY CATEGORY



MAJOR CATEGORY	FY2020 ACTUALS	FY2021 ADOPTED BUDGET	FY2022 PROPOSED BUDGET	BUDGET FY22 vs. FY21	% CHANGE FY22 vs. FY21
PROPERTY TAXES	\$227.99	\$232.11	\$227.94	(\$4.17)	-1.80%
PUBLIC UTILITY, ALCOHOLIC BEVERAGE AND OTHER TAXES	\$104.03	\$100.63	\$100.26	(\$0.37)	-0.37%
LOCAL OPTION SALES TAX	\$110.77	\$122.15	\$112.90	(\$9.25)	-7.57%
LICENSES AND PERMITS	\$119.24	\$105.38	\$114.49	\$9.11	8.64%
OTHER REVENUE	\$16.87	\$19.49	\$67.00	\$47.51	243.77%
CHARGES FOR CURRENT SERVICES	\$5.52	\$3.38	\$4.07	\$0.69	20.41%
FINES/FORFEITURES & PENALTIES	\$18.54	\$14.43	\$6.13	(\$8.30)	-57.52%
BUILDING RENTALS & CONCESSIONS	\$4.54	\$4.29	\$5.37	\$1.08	25.17%
INDIRECT COSTS	\$41.02	\$34.88	\$35.78	\$0.90	2.58%
HOTEL/MOTEL	\$11.34	\$15.98	\$12.02	(\$3.96)	-24.78%
PILOT & FRANCHISE FEES	\$20.99	\$20.69	\$20.82	\$0.13	0.63%
<b>GRAND TOTAL</b>	<b>\$680.85</b>	<b>\$673.41</b>	<b>\$706.78</b>	<b>\$33.37</b>	<b>4.96%</b>

\*FY21 Adopted Budget included \$34 million: fund balance supplement {\$20 million} & DCP/BPF {\$14 million}.

. FY22 Proposed Budget reflects federal subsidy from American Recovery Plan (\$53.1 million & BPF revenue (\$8.3 million).

# EXPENDITURES

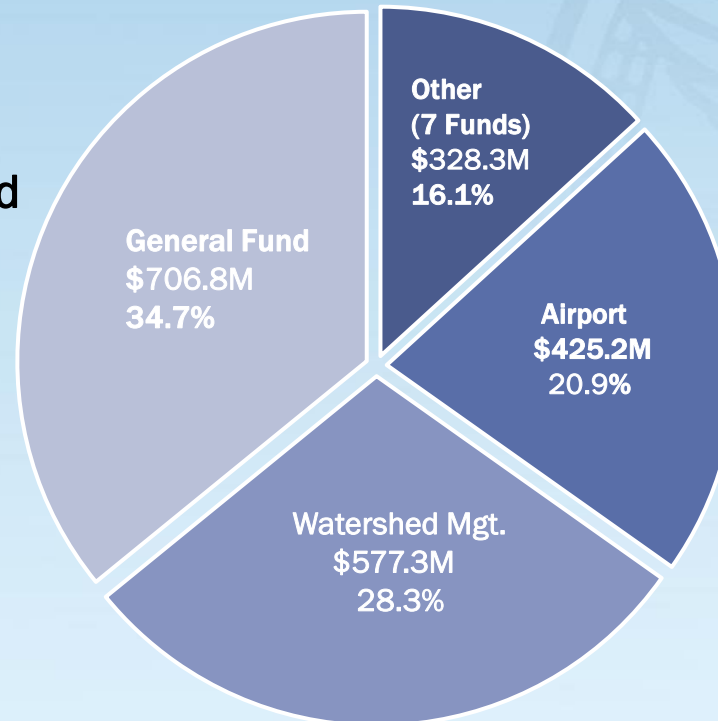


# GENERAL FUND BUDGET EXPENDITURE COMPARISON BY MAJOR CATEGORY



The City of Atlanta's Total Proposed FY22 Operating Budget is \$2.04B

The City's main operating fund accounts for all general government functions.



Other Funds include Group Insurance, E911, Solid Waste, Fleet Service, Hotel/Motel, Rental/Motor Vehicle & City Plaza.

The Airport is funded by gate fees, concessions & parking revenues, PFC's and CFC's. Funding uses are strictly controlled by the FAA.

Waste and Wastewater are funded by charges for services and the MOST; residual revenue is directed to its Capital Program.



# GENERAL FUND BUDGET EXPENDITURE COMPARISON BY MAJOR CATEGORY (\$MIL)



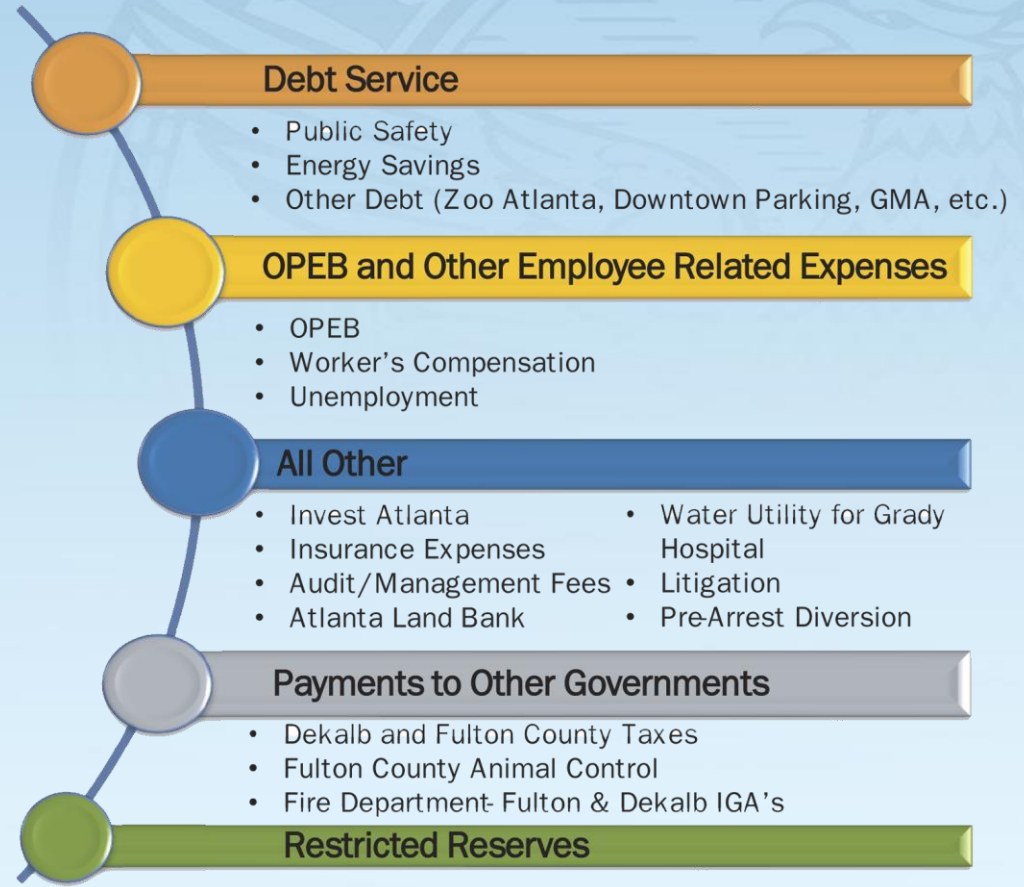
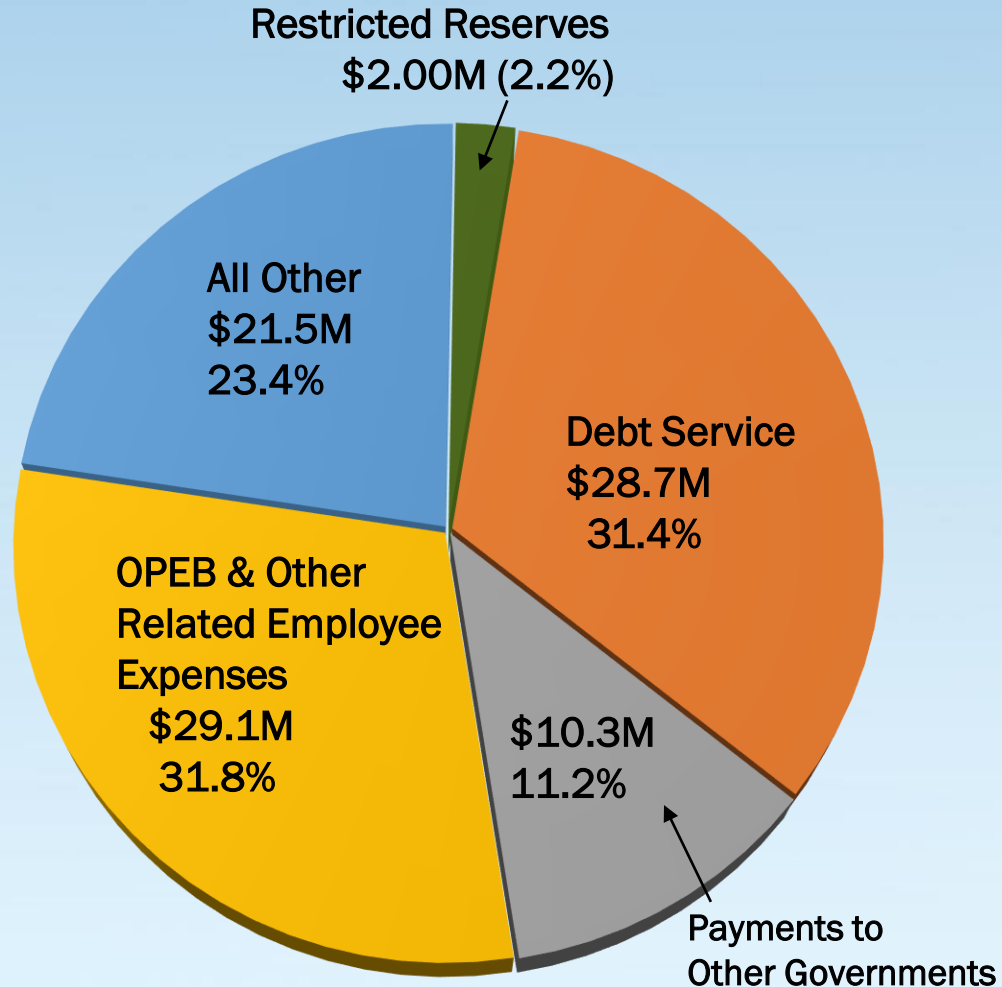
MAJOR CATEGORY	FY20 ACTUALS	FY21 ADOPTED BUDGET	FY22 PROPOSED BUDGET	FY21 VS FY22
Personnel Services and Employee Benefits	\$437.95	\$439.78	\$465.95	\$26.17
Purchased / Contracted Services	\$105.81	\$91.51	\$91.62	\$0.11
Supplies	\$43.24	\$37.56	\$38.66	\$1.10
Capital Outlays	\$0.16	\$6.36	\$6.67	\$0.31
Interfund / Interdepartmental Charges	\$17.39	\$14.77	\$20.01	\$5.24
Other Costs	\$39.31	\$38.85	\$42.50	\$3.65
Debt Service	\$6.48	\$31.49	\$28.87	(\$2.62)
Conversion / Summary	\$0.00	\$3.19	\$2.00	(\$1.19)
Other Financing Uses	\$37.46	\$9.88	\$10.49	\$0.61
<b>TOTAL EXPENDITURES</b>	<b>\$687.80</b>	<b>\$673.39</b>	<b>\$706.77</b>	<b>\$33.38</b>

# GENERAL FUND BUDGET EXPENDITURE COMPARISON BY DEPARTMENT (\$MIL)



Department	FY20 Actuals	FY21 Adopted Budget	FY22 Proposed Budget	FY21 vs FY22
City Council	\$8.59	\$12.04	\$12.20	\$0.16
Executive Offices	\$23.72	\$31.79	\$18.57	(\$13.22)
Department of Atlanta Information Management	\$34.73	\$29.34	\$30.78	\$1.44
Department Of Law	\$9.78	\$6.99	\$6.81	(\$0.18)
Department Of Corrections	\$19.15	\$3.57	\$13.95	\$10.38
Department Of Finance	\$16.12	\$16.31	\$16.74	\$0.43
Department Of Procurement	\$2.65	\$2.98	\$3.11	\$0.13
Department Of Public Works	\$53.91	\$0.00	\$0.00	\$0.00
Dept of Parks & Recreation	\$44.08	\$41.07	\$43.79	\$2.72
Judicial Agencies	\$13.24	\$13.02	\$13.18	\$0.16
Non-Departmental	\$96.40	\$92.99	\$91.63	(\$1.36)
Department Of Human Resources	\$6.51	\$6.28	\$6.25	(\$0.03)
Department Of Fire Services	\$94.06	\$96.76	\$104.37	\$7.61
Department Of Police Services	\$207.26	\$215.01	\$230.23	\$15.22
Department Of City Planning	\$24.49	\$19.90	\$20.22	\$0.32
Department Of The Solicitor	\$7.68	\$6.70	\$8.03	\$1.33
The Office of the Inspector General	\$0.60	\$1.64	\$2.81	\$1.17
Atlanta Citizens Review Board	\$0.98	\$1.37	\$1.42	\$0.05
Department Of Audit	\$1.64	\$2.05	\$2.10	\$0.05
Department Of Public Defender	\$3.71	\$3.90	\$4.65	\$0.75
Department Of Enterprise Assets Management	\$16.67	\$17.14	\$18.16	\$1.02
Department Of Customer Service	\$1.50	\$2.85	\$3.53	\$0.68
Atlanta Department of Transportation	\$0.40	\$48.72	\$53.19	\$4.47
Department of Grants and Community Development	-	\$0.99	\$1.03	\$0.04
<b>Total General Fund Expenditures</b>	<b>\$687.87</b>	<b>\$673.41</b>	<b>\$706.75</b>	<b>\$33.34</b>

# NON-DEPARTMENTAL COMPARISON



# TRUST FUNDS





# TRUST FUND TOP 10 PROJECTS



March 2021



Total Trust \$36.2M



Top 10 Totals  
\$25.1M



Top 10  
make up  
69% of the  
Total  
Balance



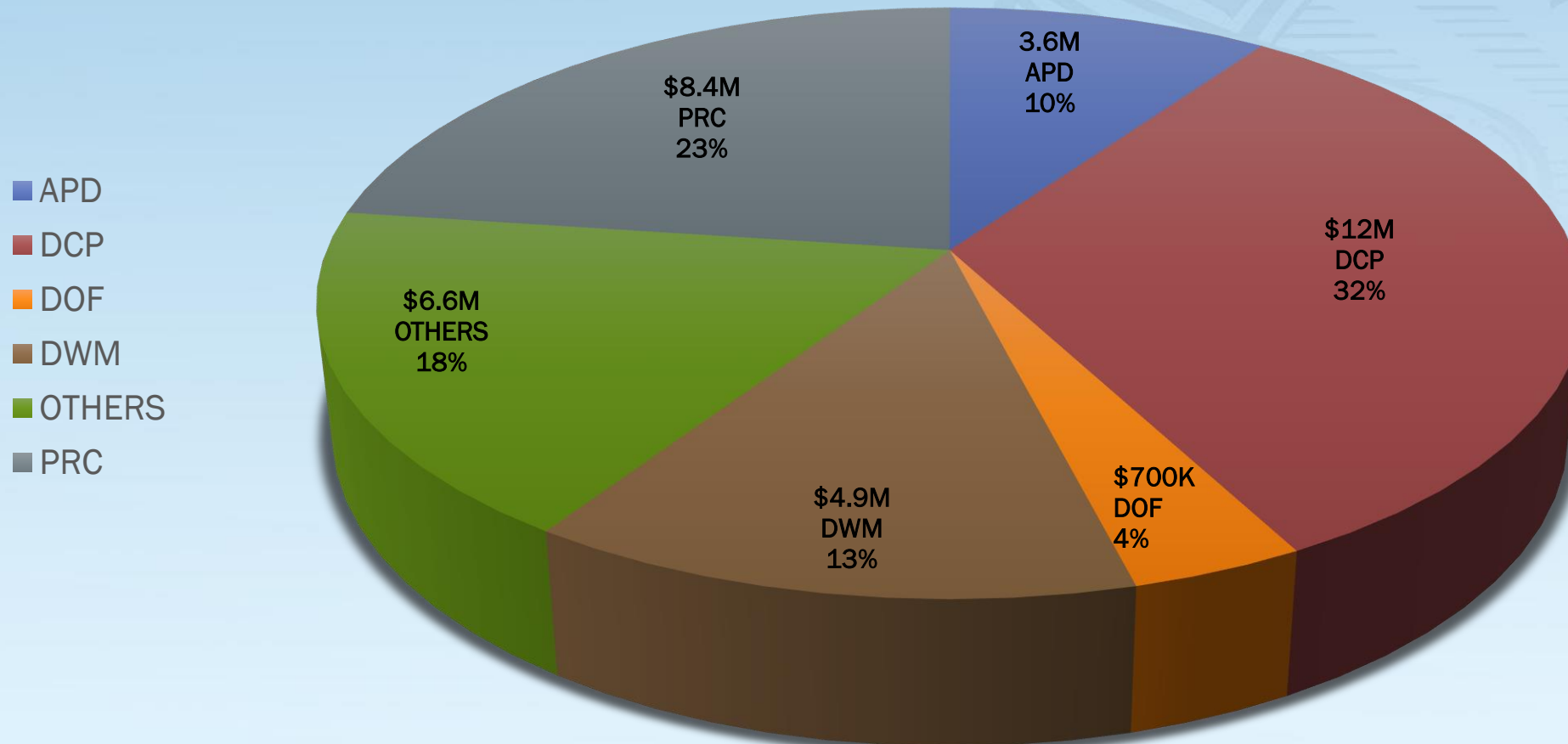
185 Trust  
Accounts

\$	8,605,766 Tree Removal Protection
\$	4,706,263 Care & Conserve Trust Fund
\$	2,338,781 Youth Athletics Program
\$	1,977,327 Technology Surcharge
\$	1,814,887 Federal-Rico-Treasury
\$	1,708,036 Donation For Parks & Cultural Affairs
\$	1,248,305 Centers Of Hope
\$	942,298 R.I.C.O.-State
\$	906,679 Georgia Hill Neighborhood Center
\$	857,802 Insurance Rebates

# TRUST FUND PROJECT BALANCE BY DEPARTMENT



March 2021



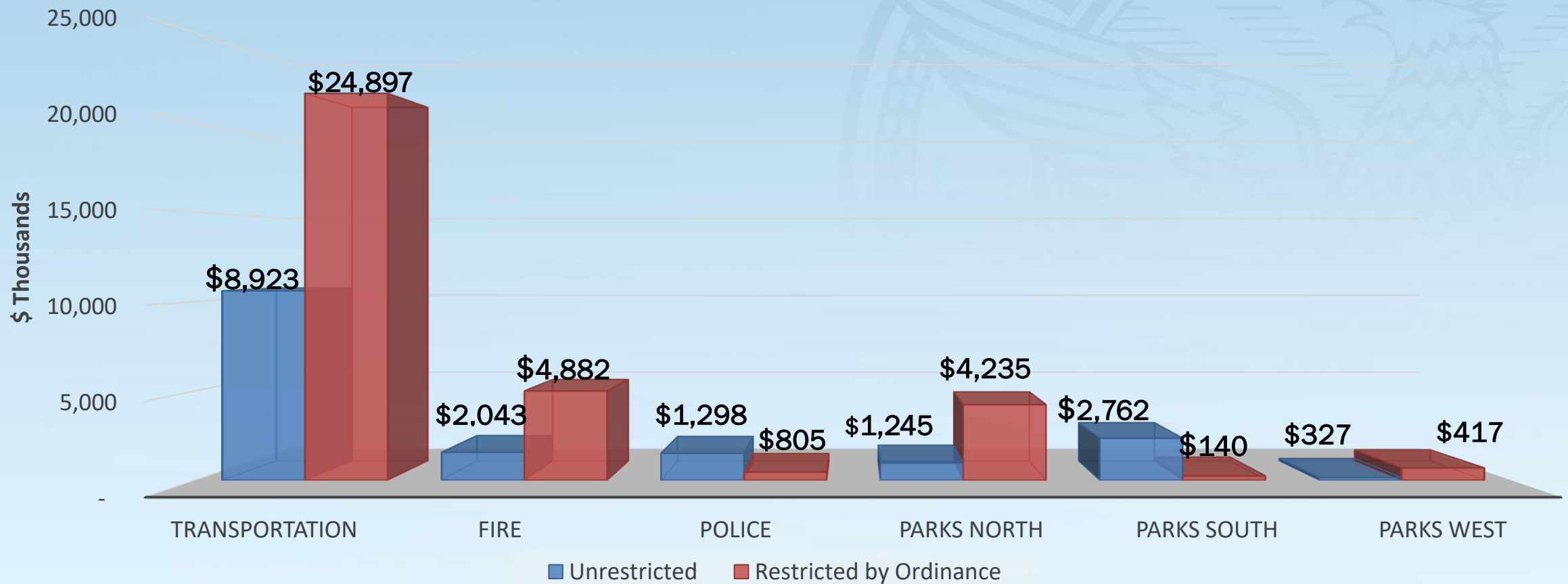
# IMPACT FEES



# IMPACT FEES



## Impact Fee Fund Balances as of March 2021 - \$52M





# FY2021 CASH DEFICIT FUNDS



<b>Deficit Funds - Cash Basis</b>	<b>FYE 2019</b>	<b>FYE 2020</b>
<b>Solid Waste Service</b>	<b>38.8M</b>	<b>35.3M</b>
<b>Group Insurance</b>	<b>21.6M</b>	<b>29.8M</b>
<b>Total</b>	<b>\$ 60.4M</b>	<b>\$ 65.1M</b>

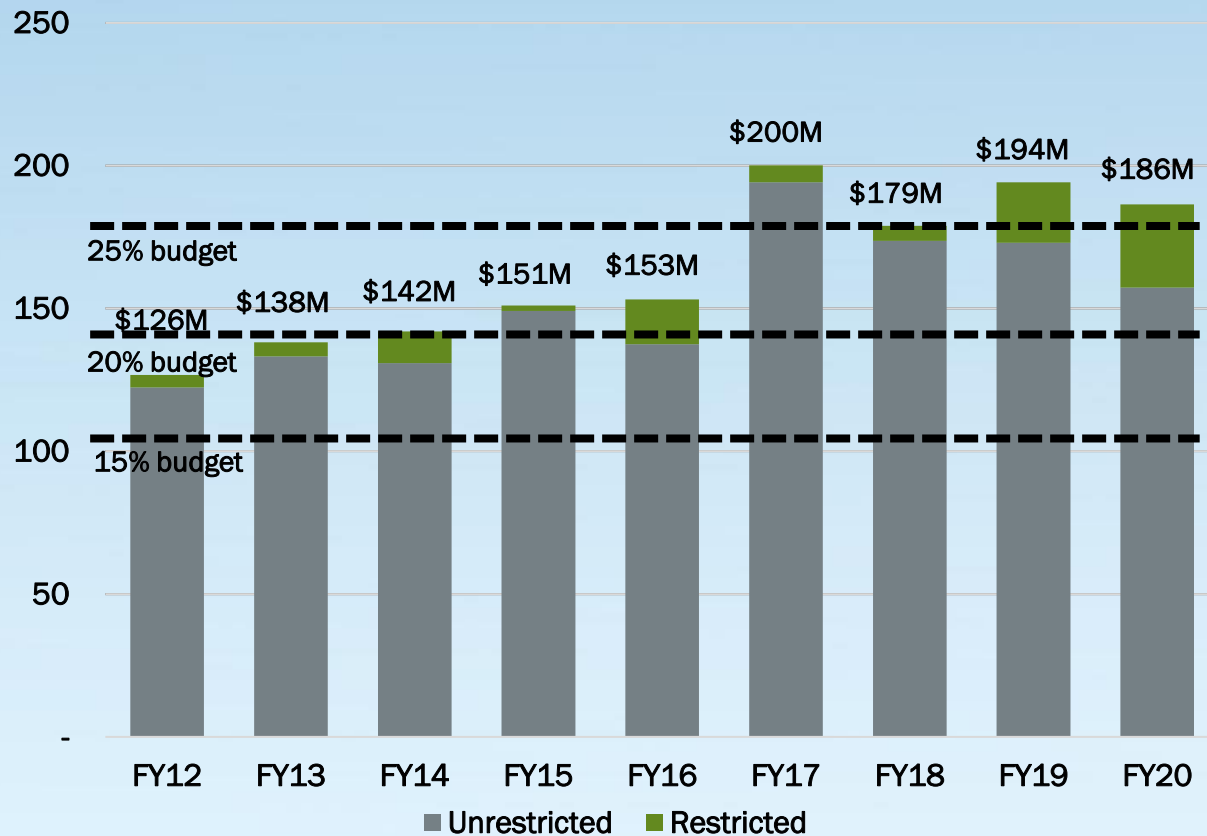
# FUND BALANCE



# FY2020 GENERAL FUND BALANCE



## Unrestricted Fund Balance & Restricted Fund Balance



- Total Fund Balance has grown by \$60 million since the beginning of FY2012.
- Budgeted reserves and strong cost control were key factors in restoring fund balance.
- Unrestricted fund balance above 20% is available for one-time, nonrecurring purchases as long as a portion goes toward reducing any remaining deficit funds.

# DEBT AND INVESTMENTS





# DEBT PORTFOLIO OVERVIEW



- General Obligation
- General Fund
- Tax Allocation Districts
- Aviation
- Water & Wasterwater

	General Obligation	General Fund & Other	Tax Allocation Districts	Dept. of Aviation	Dept. of Watershed
Q3 FY21	\$244,195	\$344,165	\$290,205	\$2,571,359	\$3,040,164
Q3 FY20	273,900	372,246	323,960	2,824,078	3,046,339
	(\$29,705)	(\$28,081)	(\$33,755)	(\$252,719)	(\$6,175)
	(10.85%)	(7.54%)	(10.42%)	(8.95%)	(0.00%)

Net Decrease  
**\$350.4M**  
Outstanding Debt

**0%**  
Variable Rate  
Debt

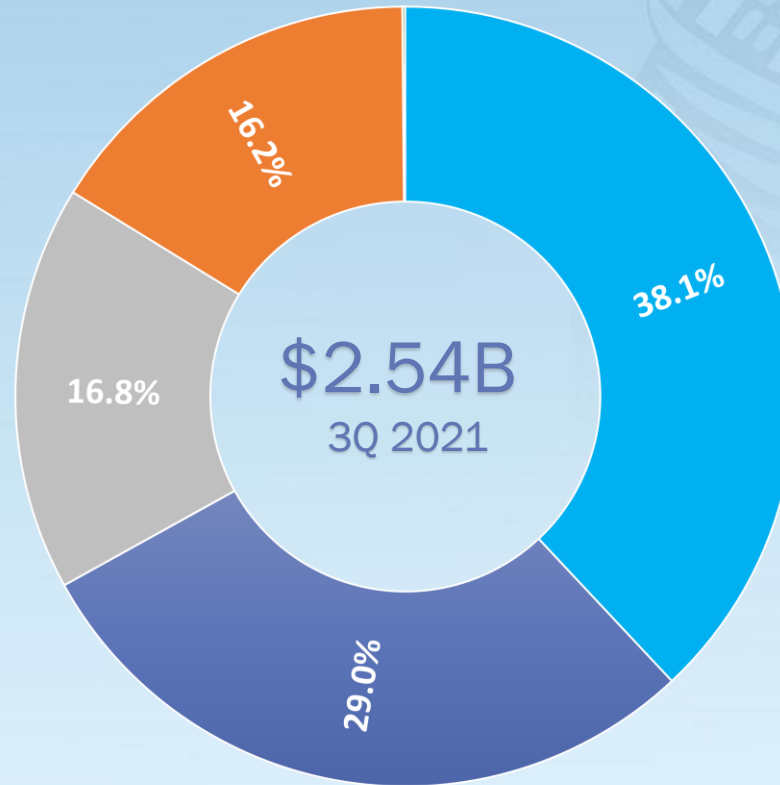
**\$154.5M**  
Total NPV Savings  
On Refunded Debt  
during FY21

**\$111.9M**  
Energy Savings  
Performance  
Contracts

# INVESTMENT PORTFOLIO OVERVIEW

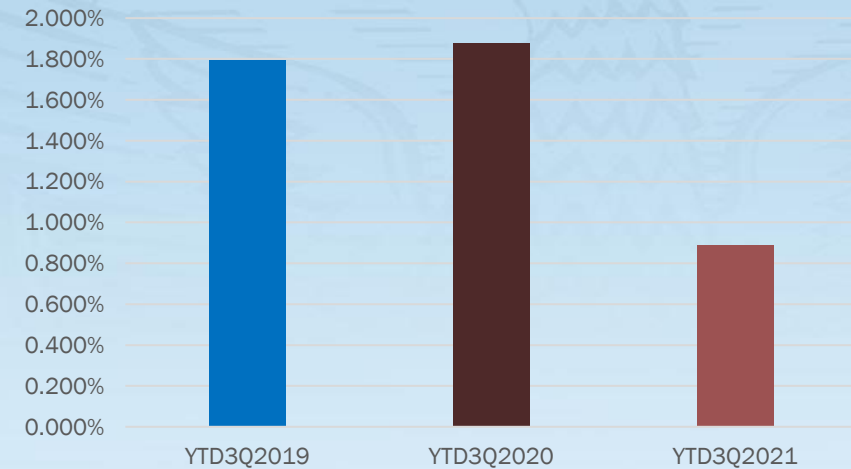


Portfolio Objectives



■ US Agencies ■ Muni's ■ GF1 ■ US Treasuries ■ CD's ■ Currency\*

Portfolio Yield



Net decrease  
**\$101.0 M**  
 Compared to 3Q 2020

# ATLANTA CREDIT RATINGS



## CITY OF ATLANTA MUNICIPAL BOND RATINGS

	Moody's	Standard & Poor's	Fitch
General Obligation Bonds	Aa1	AA+	AA+
Water and Wastewater Revenue Bonds	Aa2	AA-	AA-
Airport Revenue Bonds - Senior Lien GARBs	Aa3	A+	AA-
Airport Revenue Bonds- PFC/Subordinate Lien GARBs	Aa3	A+	AA-
Airport Revenue Bonds Senior Lien Customer Facility Charge	A2	BBB+	A





**QUESTIONS  
&  
ANSWERS**