



Fulton County Taxpayers Foundation

Non-Profit Advocate Of Lower Property Taxes In Atlanta/Fulton County

501(c)3 Non-Profit Advocate of Lower Property Taxes in Atlanta/Fulton

April 2009

A Case For A Governor-Appointed Blue Ribbon Committee To Review The Alternatives For Hartsfield-Jackson Airport!

Stating that Hartsfield-Jackson International Airport impacts the entire State, Representative Bob Smith of Watkinsville, introduced House Bill 644 establishing a State Airport Authority to control Hartsfield-Jackson International Airport. On March 20th, a Sub-Committee of the House Transportation Committee held a highly-contentious hearing at the Capitol. This Newsletter will identify the facts and explain why the Fulton County Taxpayers Foundation believes that now is the time for the Governor to appoint a Blue Ribbon Committee to review the alternatives for Hartsfield Jackson.

The History of A City-Controlled Hartsfield-Jackson:

State legislators and Atlanta City leaders have debated this subject for years. On the one hand, many argue that the world's busiest airport, with 85 million annual passengers and \$23 billion annual impact on the city, state and region, should not be in the hands of a sole political entity, much less an entity with a documented history of interference, mismanagement and corruption. City leaders present a completely different picture: a bustling enterprise that not only leads the world in daily passenger count, but creates and secures jobs for thousands. Any effort by State leaders to remove the airport from City control is perceived to be motivated by racism.

It is well-documented that Hartsfield-Jackson has been the economic playground of powerful City leaders for generations. From Ivan Allen (whose wife owned an airport-based hat shop) to our current Mayor (whose

former husband and children profited from airport concessions contracts), the City Council has never set rules preventing the City's political rulers from sharing in the airport's economic spoils. The records show a pattern of criminal indictment and imprisonment of more than a handful of powerful City leaders and prominent airport vendors, i.e., former Mayor Bill Campbell, former City Councilman "Buddy" Fowlkes, former Aviation Director Ira Jackson, etc., etc.

Should Hartsfield-Jackson Airport Be Controlled By a State Authority?

In his testimony before the House Sub-Committee on March 20th, Airport General Manager Ben DeCosta described Hartsfield-Jackson as one of the most efficient airports in the world, and he challenged those concerned about cronyism and corruption to "put up or shut up." Here are the facts:

Delayed Rebidding Of Airport Contracts

A single company, Cincinnati-based Parking Company of America has handled the contract for the Airport's parking lots and decks since 1981. Mr. DeCosta's predecessor, former Airport Manager Angela Gittens, informed me that she urged a new round of bidding in the mid 1990's. Gittens stated in *The Atlanta Journal & Constitution* in March of 2002 that former Mayor Bill Campbell resisted. "After executives from the parking firm 'made the rounds' at City Hall", Gittens said, "Campbell's aides began raising objections she considered irrelevant – debating the qualifications of a

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small company that wanted part of the contract.” Gittens said she finally gave up on rebidding the contract. In 1998, Campbell replaced Gittens with former Newark, New Jersey Airport Manager Ben DeCosts. New airport parking requests for proposals went out in 1999. Parking Company of America submitted the lowest of six bids, a third of what it had been paying the City. It wasn’t, however, until 14 months later that the former Mayor Campbell allowed the new contract to take effect. The delay cost Hartsfield (and the airport passengers) \$300,000! This is but one example of many delayed bidding of Airport contracts.

Mr. DeCosta was asked by the AJC whether the parking firm’s campaign contributions to Mayor Campbell had been a factor. Mr. DeCosta responded “It seems that’s something that happens in Atlanta. Maybe it happens everywhere, but I’m more aware of it here.” According to the March 17, 2002 edition of the AJC, Mr. DeCosta told members of the City Council “That’s been a pattern and practice in the City for a generation.”

Blatant, On-Going Cronyism

The General Manager of Hartsfield-Jackson told the House Subcommittee, “the Airport’s contract bidding process is competitive, fair and transparent.” Mr. DeCosta failed to mention evidence of ongoing cronyism that restricts competition, escalates cost, and makes the City “off-limits” to hundreds of potential low-cost vendors.

Taxpayers were given reason for hope in 2002, when newly-elected Mayor Shirley Franklin admitted to reporters that “contract review standards had plummeted” since she left her job as the City’s Chief Administrator in 1991. Mayor Franklin promised major change, yet nearly two-and-a-half years later, the AJC, May 26, 2004, stated “Atlanta is still cozy with cronyism.” The AJC cited the contract for operating the Airport’s duty-free shop. Strangely enough, there were only two parties willing to bid for the highly lucrative contract: one team which included Mayor Franklin’s ex-husband and children, while the other team included the daughter of former Mayor Maynard Jackson. The AJC concluded that “still too many contracts attract one or two bidders because less well-connected companies have long since given up the effort.”

Another example of blatant, on-going cronyism includes wealthy Beverly Hills resident Barbara Fouch. Ms. Fouch, a long-time friend of former Mayor Maynard Jackson, has owned part of a multi-million dollar airport advertising contract since 1980, even though court litigation exposed the fact that the City knew “Fouch owned no business equipment” and had only secured office space with her airport advertising partner “the month before filing her Disadvantageous Business Enterprise application.”

More recently, in 2007, Mr. DeCosta was once again showing blatant, ongoing cronyism. This time, he appeared before the Atlanta City Council asking the City Council to approve major square footage expansions for long-time wealthy Airport vendors without competitive bids! The vendors, operating under the Disadvantaged Business Enterprise (DBE) included Jackmont Hospitality (owned by the Family of former Mayor Maynard Jackson), Concessions International (owned by the Herman J. Russell Family), Global Concessions Inc., and Host NCM.

Fulton County Commissioner Robb Pitts, former City Council President and Mayoral Candidate, was quoted in the AJC speaking about the City's contracting process: "Once you're in, you're in. There's some politics in it, quite frankly, otherwise how do you justify not rebidding?"

Atlanta's Equal Opportunity Program

Nothing throws water on attempts to add regional or State over-sight to the Airport more than the perception that females and minority-owned businesses, reaping the benefits of inclusion, would suddenly be excluded by such a change.

This subject first surfaced in 2000 when WSB-TV aired a series of investigative reports on the effectiveness of the City's Equal Business Opportunities Program. The City was then under fire by business owners who claimed in Federal Court that they were being shut out of City contracts. The WSB investigation uncovered a shocking fact: Even though the City rules required the City's Office of Contract Compliance to track and annually report the names of minority and female owned companies actually receiving contracts, and the value of such contracts, these reports had never been performed. Instead, the City tracked broad percentages of contracts awarded to female and minority-owned businesses. The difference is subtle but incredibly important, allowing Hartsfield-Jackson and the City to award hundreds of millions of taxpayers and passengers dollars to a handful of politically connected individuals and companies without having to disclose who they are or how much they are paid.

WSB's revelations were so embarrassing to the City that it actually changed the Equal Business Opportunity ordinance governing how companies and their contracts were tracked. Unfortunately, instead of raising the bar, Mayor Franklin and her Law Department actually removed the wording from the ordinance that required the City to track the success or failure of individual companies and their attempts to win contracts. The new provision simply requires "monitoring." Recently, a representative of the Taxpayers Foundation asked the City to provide evidence that Hartsfield-Jackson as well as the City's \$4 billion water and sewer project are awarding contracts to a wide-spectrum of competitors. The City refuses to provide such evidence.

Why Is The City So Uncooperative & Non-Transparent?

Steve Yates, a retired Air Force Major, was one of Hartsfield-Jackson's top managers until he was sum-

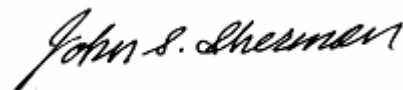
marily fired in 2006. Yates told WSB and the AJC that Airport contracts are funneled to individuals and companies who significantly contribute to the mayoral campaigns. According to Yates, City leaders approve endless Airport construction projects, not because the projects are needed, but because campaign contributions are needed, and funneling work to contractors insures an ongoing supply of campaign contributions. Research by WSB found that a majority of Campbell's biggest Airport-based campaign contributors also contributed significant sums to Mayor Franklin's campaigns.

Major Yates, in his comments to WSB and the AJC, cited the Maynard Jackson International Terminal as a textbook example. In 2004, he wrote a letter to Mayor Franklin explaining that the proposed International Terminal – projected at the time to cost \$1.4 billion – was a "huge waste of money and wasn't even needed." Major Yates told the Mayor that "Hartsfield's greatest need was for more domestic gates." Finally, Major Steve Yates stated to WSB that "The Airport contracting system is a cycle of money and influence that benefits the politicians and contractors but leaves Hartsfield-Jackson passengers facing higher and higher ticket fees."

Conclusion

The time has come for a forensic audit of the City's management of Hartsfield-Jackson International Airport, and the prospect of creating an independent, unbiased Airport Authority to more professionally manage one of the State's most important assets. The Fulton County Taxpayers Foundation urges the Governor to appoint a Blue Ribbon Committee of Inquiry to report to the Governor and the 2010 General Assembly.

Kind regards,



John S. Sherman
President



FULTON COUNTY TAXPAYERS FOUNDATION

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Cordially Invites You
***To our luncheon at 103 West (103 West
Paces) Noon, April 14th, 2009***

How Fulton County Could Improve Its Governance To Prevent Any Secession

Guest Speakers Include

Hon. John Eaves, Chairman, Fulton Cty Board of Commissioners
Mayor Eva Galambos of Sandy Springs
Mayor Jere Wood of Roswell
Mayor Mike Bodker of Johns Creek
Representative Roger Bruce, President, Fulton Cty Delegation
With Over 30 Elected Officials from Fulton County



The taxpayers of North Fulton, with 29% of the County's population paying 42% of all County Property Tax, feel they are overtaxed and that the County Board of Commissioners have ignored their needs. The impact of such proposed secession would be the loss of \$193 million in County revenues (approximately 1/3 of the entire current General Fund Budget of \$639,957,666) from North Fulton and significantly higher County taxes for the remaining taxpayers of Fulton County.

Ticket Price: \$35.00. Admission price includes 3-course lunch, taxes, tips and valet parking. Space is limited! Order online <http://fctf.org>, via phone 404-869-6066, via check payable to Fulton County Taxpayers Foundation, 309 E. Paces Ferry Rd NE, Atlanta, GA 30305



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