



# Fulton County Taxpayers Foundation

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

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February 2009

## "Preventing The Bankruptcy Of Atlanta!"

On February 11<sup>th</sup>, the Fulton County Taxpayers Foundation will sponsor a luncheon at 103 West. The Guest Speaker will be Leonard Gilroy, Director of Government Reform of the Reason Foundation, a highly-regarded, non-profit think tank advancing free markets. Mr. Gilroy, a Certified Urban Planner (AICP), researches privatization, government reform, transportation, infrastructure and urban policy issues. He is also Editor of the world's most respected newsletter on privatization, *Privatization Watch*, and is the Editor of the widely-read *Annual Privatization Report*, which examines trends and chronicles the experiences of local, state and federal governments in bringing competition to public services. The coming speech before the Fulton County Taxpayers Foundation is titled "Preventing The Bankruptcy of Atlanta."

### The Problem

Recently, the City of Atlanta confirmed that the unfunded Pension Funds total \$1.2 billion! A few months ago, the City of Atlanta verified the fact that the Water & Sewer Infrastructure has increased in cost from \$3.2 billion to \$4 billion. Last month, Mayor Franklin announced a deficit in the 2009 Budget of \$50-\$60 million. A few weeks ago, before The United States Conference of Mayors, Mayor Shirley Franklin submitted a list of "Capital Projects for 2009" for the City of Atlanta. The list comprises 58 projects totaling \$1,629,281,498. Included in the list are a new Maynard Jackson International Terminal at \$500 million, South River Capacity Relief Tunnel & Pumping Station at \$111 million, the Renovation of 25 Neighborhood Recreation Centers, \$39.5 million, 5 miles of Beltline Trail & Spur Trails, \$18 million, etc., etc. The total of these current and potential obligations is a whopping \$6,889,281,498!!!

### Avoiding Possible Bankruptcy

The Taxpayers Foundation has advocated over the years that Atlanta is facing a financial crisis. In the best interests of the Atlanta taxpayers, here is what the Taxpayers Foundation has consistently proposed:

1. **Professional Oversight:** During the past eight years, the Fulton County Taxpayers Foundation has urged an Oversight Committee of Professional Engineers specializing in value engineering to reduce the costs of the Water & Sewer Project, the Streets & Roads, the construction at the Maynard Jackson International Terminal, etc. For eight years, the Mayor and City Council has refused to adopt this proposal

in spite of the fact that value engineering could reduce the costs by 20%-30%! **An independent Oversight Committee of Professional Engineers, saving the taxpayers 20% to 30% of \$6,889,281,498, should be one of the highest priorities of the Mayor and City Council.**

2. **Outsourcing City Services:** During the past seven years, the Fulton County Taxpayers Foundation has urged the adoption of the City's Turnaround Plan which includes a "critical priority" to outsource City services with employees competing. The Turnaround Plan indicates that "savings can be significant." Here are the City services listed in the Turnaround Plan and the potential savings: Residential Waste Collection, 60%; Fleet Management & Maintenance, 38%; Airport Management & Operations, 40%; Fire Services, 50%; Recreational Facilities Management & Operations, 52%; Road Maintenance, 50%, Wastewater Treatment, 30%; Water, 25% Applying only six City Services (Solid Waste, Fleet Management, Fire Services, Parks & Recreation, Airport Management & Operations, Water & Wastewater), to the proposed 2009 Budget, the potential savings to the taxpayers is calculated at well over \$300 million annually. **Outsourcing City services should be one of the highest priorities of the Mayor and City Council.**

There are services - recommended for outsourcing in the Atlanta Turnaround Plan of 2002 - services which the Mayor states she has not outsourced based on professional advice, i.e., "CH2MHill has advised against privatizing Garbage Pick-Up, while UPS has advised against privatizing Fleet Management & Maintenance." The facts indicate this statement to be spurious. According to the City's own Turnaround Plan of 2002, 52% of all American cities have outsourced Garbage

# City of Atlanta

## Proposed Capital Improvement Projects for 2009

*Source: United State Conference of Mayors*

City	State	Program	Project Description	Funding Required	City	State	Program	Project Description	Funding Required
Atlanta	GA	Airport	Maynard Jackson International Terminal	500,000,000	Atlanta	GA	Transit	Travel Demand Model and Engineering for Beltline Transit and Trail	6,000,000
Atlanta	GA	CDBG	Parks - Drainage Structures	750,000	Atlanta	GA	Transit	5 Miles of Beltline Trail and Spur Trails	18,000,000
Atlanta	GA	CDBG	Parks- Curbing Installation	750,000	Atlanta	GA	Water	Hemphill WTP Electrical Switchgear Replacement	1,270,000
Atlanta	GA	CDBG	Parks - Driveways and Parking Lots	950,000	Atlanta	GA	Water	Proctor Creek Basin - East Proctor Capacity Relief Project	2,800,000
Atlanta	GA	CDBG	Parks - Retaining Walls and Slopes	980,000	Atlanta	GA	Water	Automation of the Hemphill and Chattahoochee Water Treatment Plants	6,600,000
Atlanta	GA	CDBG	Parks - Sidewalks and Pathways	1,050,000	Atlanta	GA	Water	Proctor Creek Basin - Terrell Creek Replacement Project	8,700,000
Atlanta	GA	CDBG	Tree Canopy Preservation - Invasive Removal	1,500,000	Atlanta	GA	Water	Water Tank Painting & Structural Repair	9,112,880
Atlanta	GA	CDBG	Parks- Water Line Backflow Preventers	2,475,000	Atlanta	GA	Water	Year 2011 Small Diameter Capacity relief Projects - Pipebursting	10,500,000
Atlanta	GA	CDBG	Historic City Hall and Annex Repair Projects	3,400,000	Atlanta	GA	Water	Sewer Group 5 & 6 - SSES Contract A	15,000,000
Atlanta	GA	CDBG	Detention Center Repairs	3,800,000	Atlanta	GA	Water	Sewer Group 5 & 6 - SSES Contract B	15,000,000
Atlanta	GA	CDBG	Renovation of 25 Neighborhood Recreation Centers	39,500,000	Atlanta	GA	Water	South River Basin - East Point Trunk Replacement	17,800,000
Atlanta	GA	Energy	Replace inefficient lighting with high-efficiency lighting	3,708	Atlanta	GA	Water	Hemphill Finished Water Pump Station	19,400,000
Atlanta	GA	Energy	Weatherize windows and doors	187,362	Atlanta	GA	Water	Southwest Main Improvements 30-inch	20,700,000
Atlanta	GA	Energy	Install occupancy sensors	409,854	Atlanta	GA	Water	South River Basin - North South Basin Capacity Relief Projects	22,315,000
Atlanta	GA	Energy	Solar Panel Installation - Parks and Ballfields	390,000	Atlanta	GA	Water	North Area Main Improvements	22,522,000
Atlanta	GA	Energy	Install programmable thermostats where not existing	507,439	Atlanta	GA	Water	Adamsville Transmission Main Improvements	22,926,000
Atlanta	GA	Energy	Install insulation	1,229,563	Atlanta	GA	Water	Fairburn Road Water Mains	29,937,000
Atlanta	GA	Energy	Check building automation controls and reprogram for maximum savings	1,592,577	Atlanta	GA	Water	Fairburn Road Water Mains	32,000,000
Atlanta	GA	Energy	Recommission Facility systems	1,873,620	Atlanta	GA	Water	Koweta Rd. Water Main & Pumping Station	38,061,000
Atlanta	GA	Energy	Install low-flow fixtures	2,107,822	Atlanta	GA	Water	Southwest Main 54 inch	41,225,703
Atlanta	GA	Energy	Install reflective or green roofing	4,098,543	Atlanta	GA	Water	Adamsville Transmission Main Improvements	42,343,100
Atlanta	GA	Energy	Fuel Cell for Waste Water Treatment	13,000,000	Atlanta	GA	Water	Georgia Tech/Midtown Water Main Replacement	43,363,000
Atlanta	GA	Energy	Solar Thermal Installation	13,000,000	Atlanta	GA	Water	Koweta Rd. Water Main & P. S.	54,850,000
Atlanta	GA	Energy	Photovoltaic Installation	39,000,000	Atlanta	GA	Water	Southwest Main Improvements 30-inch	56,000,000
Atlanta	GA	Public Safety	Hire 200 Police Officers	20,000,000	Atlanta	GA	Water	South River Capacity Relief Tunnel and Pumping Station	111,684,927
Atlanta	GA	Streets/Roads	Bridge Maintenance and Repairs	1,800,000					
Atlanta	GA	Streets/Roads	Streetlights	10,200,000					
Atlanta	GA	Streets/Roads	Traffic Communications	18,000,000					
Atlanta	GA	Streets/Roads	Traffic Signals & School Flashers	29,400,000					
Atlanta	GA	Streets/Roads	Hazardous Sidewalk Repairs	50,000,000					
Atlanta	GA	Streets/Roads	Bridge Replacement	75,000,000					
Atlanta	GA	Streets/Roads	Street Resurfacing	120,000,000					
<b>Totals: \$1,629,281,498.00</b>									

1. **What are the criteria and metrics for evaluating, prioritizing and selecting these projects?**
2. **Have detailed business studies (identifying the needs, costs, benefits, ROI, payback) been prepared for all 58 of these proposed projects?**
3. **Have the costs and benefits been reviewed and validated by Professional Value Engineers and Accounting?**

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Pick-Up. In the Reason Foundation's Annual Privatization Report of 2008, 68% of all American cities have privatized Garbage Pick-Up.. The reputable private firms use one-man per truck, equipped with the automatic arm which picks up, empties and returns the garbage cans. That is why the Turnaround Plan indicates (page 53) that the cost savings through outsourcing could be as high as 60%. The City's proposed 2009 Budget for Solid Waste Services is \$42,240,000.

According to the City's own Turnaround Plan of 2002, 38% of all American cities have outsourced Fleet Management & Maintenance. In the Reason Foundation's Annual Privatization Report of 2008, 62% of all American cities have outsourced Fleet Management & Maintenance. The Turnaround Plan indicates that the cost savings could be as high as 38%. The City's proposed Budget for Fleet Services is \$29,787,032.

3. Adopting Performance Metrics: There are too many City employees under-performing or not doing their jobs. By adopting Performance Metrics, the City will be able to cull out the under-performing and non-performing employees. Of the total number of employees, the Taxpayers Foundation feels that Performance Metrics would eliminate at least 1,000 under-performing and non-performing-employees. **With the average City employee earning \$38,000 (plus 32% benefits), the potential savings to the taxpayers could be over \$50 million annually.**

4. Rescinding The Retro-Active Pension Benefits: When, in 2005, the City Council increased the Pension Benefits, it included retro-active benefits with the multiplier of three. Many attorneys feel that the retro-active portion of this legislation is illegal. **Millions of taxpayer dollars are involved.**

## Conclusion

Well over 100 years ago (1883), the American Statesman, William Graham Sumner, wrote The Forgotten Man:

"The Forgotten Man delving away in patient industry, supporting his family, paying his taxes, casting his vote, supporting his church and school....but he is the only one for whom there is no provision in the great scramble and the big divide. Such is the Forgotten Man. He works, he votes, generally he prays – but his chief business in life is to pay! Who and where is the Forgotten Man in this case who will have to pay for it all?"

In fairness to the Forgotten Taxpayers of Atlanta, it behooves Mayor Shirley Franklin and the members of the City Council to significantly reduce the cost of city government by adopting the outsourcing of city services,, appointing an Oversight Committee of professional engineers, accepting Performance Metrics for every employee, etc., etc. **Finally, it would benefit the Mayor and members of the City Council to hear Leonard Gilroy of the Reason Foundation speak on February 11<sup>th</sup>, noon, at 103 West. This is an open invitation to Mayor Shirley Franklin and the members of the City Council to attend the luncheon as the guests of the Taxpayers Foundation.**

Kind regards,



John S. Sherman  
President



# FULTON COUNTY TAXPAYERS FOUNDATION

501 (C) 3 NON-PROFIT ADVOCATE OF LOWER PROPERTY TAXES IN ATLANTA / FULTON COUNTY

***Cordially Invites You  
To our luncheon at 103 West (103 West  
Paces) Noon, February, 11th, 2009***

**Dr. Leonard Gilroy  
Director of Government Reform of the  
Reason Foundation**

Will speak on

**“Preventing the Bankruptcy of  
Atlanta”**



Mr. Gilroy, a Certified Urban Planner (AICP), researches privatization, government reform, transportation, infrastructure and urban policy issues. He is also Editor of the world's most respected newsletter on privatization, Privatization Watch, and is the Editor of the widely-read Annual Privatization Report, which examines trends and chronicles the experiences of local, state and federal governments in bringing competition to public services.

**Ticket Price: \$50.00. 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**



Proceeds benefit Fulton County Taxpayers Foundation, a 501(c)3 organization

## *Join the Fight to Bring Better Government to Atlanta and Fulton County*

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