



FULTON COUNTY TAXPAYERS FOUNDATION

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

March 2007

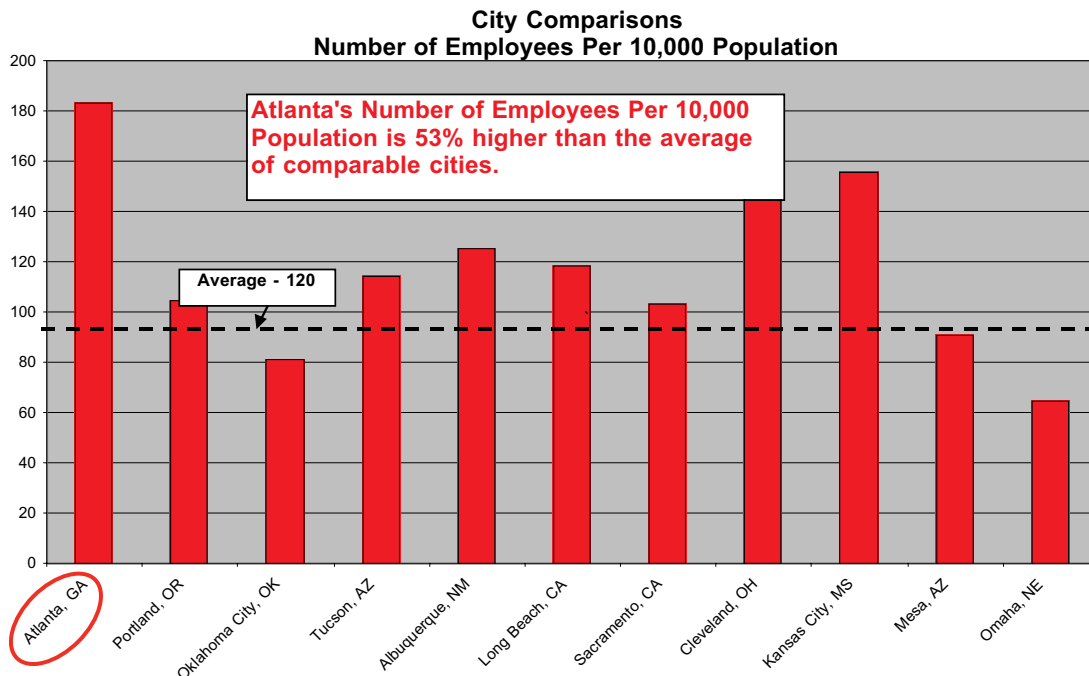
The True State of The City!

At a State of The City address, Atlanta Mayor Shirley Franklin mentioned that the City of Atlanta needs to raise \$250 million a year more revenue – 40% increase in its present budget – to cover "retiree benefits and provide better city services."

On July 9, 2002, Mayor Franklin accepted "The City of Atlanta Turnaround Plan" (copies available to our members upon request) prepared pro-bono by the highly regarded management consulting firm of Bain & Company. The Turnaround Plan indicated that Atlanta's total workforce was 7,428, "21% to 37% larger than the average for comparable cities." In more than 4 1/2 years since The Turnaround Plan, the City of Atlanta has increased its employees, according to the latest statistics available, by 1,204, to a whopping 8,632!

According to a senior City of Atlanta official who has requested anonymity, "Atlanta presently employs 9,400!"

Using two sources, the City Budget Documents FY 2005 and the U.S. Census Bureau 2007 Statistical Abstract, the City of Atlanta was compared to all other comparable size cities. The following bar graph shows that "Atlanta has 53% more employees than the average of comparable cities." Assuming an average cost per employee of \$50,000, including salary, taxes, benefits, and retirements, Mayor Franklin's proposed increase of \$250 million a year could be paid for by adopting the recommendations of the Turnaround Plan and reducing payroll / resources to the national average.



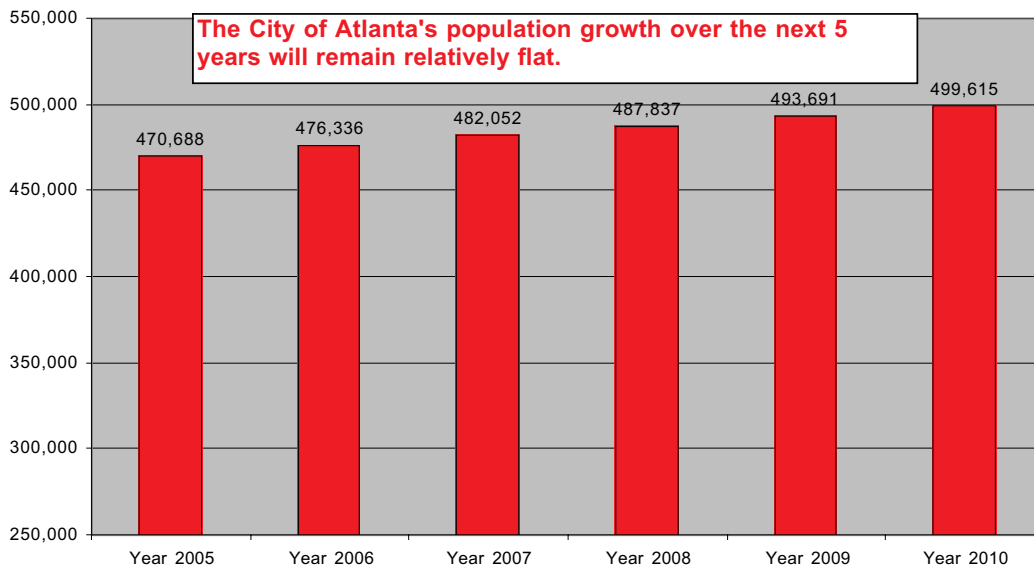
Sources: City budget documents, FY 2005

City of Atlanta's Stagnant Population

According to the latest Population Division, U.S. Census Bureau, "Annual Estimates of Population for Incorporated Places Over 100,000," ranked as of July 1, 2005, the City of Atlanta's population is 470,688. The Atlanta Regional Commission (ARC) projects the City's growth to be only 1.2% annually over the next several years. In fact, the Atlanta Development Authority (ADA) further states, "The City's market share will

would be better provided by other organizations. An additional method to improve the efficiency of the City would be to join with surrounding municipal and county entities to provide common services to all citizens." The Turnaround Plan also recommended "marketization," privatization of many city services, with the city employees competing. Unfortunately, since the Plan was announced, very few – if any – city services have been consolidated or privatized.

City of Atlanta
Population Analysis



Sources: Population Division, US Census Bureau. Annual Estimates of the Population for Incorporated Places over 100,000, Ranked by July 1, 2005. Atlanta Regional Commission population projection (extrapolated based on 1.2% annual population growth).

continue to decline, reaching just 10% of the overall State population by 2030." Given this stagnant population, it is paradoxical why the City is increasing its headcount. Moreover, based on the Number of Employees Per 10,000 Population Table, the City of Atlanta is **currently staffed to accommodate a population of nearly 1 million!**

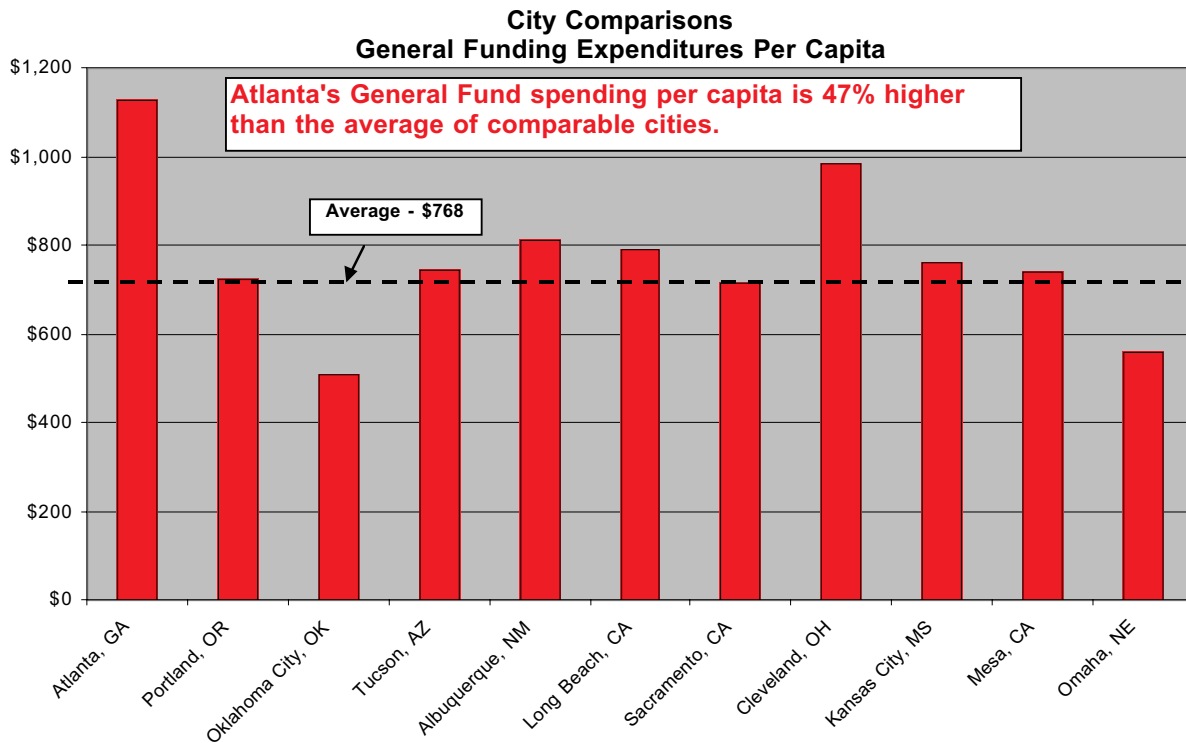
Atlanta's Spending is Significantly Higher than Comparable Cities

As shown in the following bar graph, Atlanta's General Fund spending per capita is much higher than the average of comparable size cities. In the City of Atlanta Turnaround Plan dated July 9, 2002, Bain & Company stated: "Atlanta may be performing some services that

How Privatization Could Significantly Reduce Costs

Government reform experts David Osborne and Peter Hutchinson said in their recent book, *The Price of Government*, "the fastest way to save money and increase value is to force public institutions to compete." Steven Goldsmith, the former Mayor of Indianapolis, described this process as "The Yellow Pages Test." Bain & Associates, in the City of Atlanta Turnaround Plan stated, "Savings from marketization (privatization with employees bidding) vary but can be significant."

According to the International City Management Association, "competition can typically lower costs 10 to 20 percent while maintaining or improving service levels." Many studies by the federal government,



academic researchers and others show that outsourcing on a competitive basis historically has resulted in cost savings in the range of 5 to 50% depending on the scope and type of service. The following table lists the costs of

Atlanta's specific services and the typical savings potential from privatization. The total dollar cost savings are truly significant.

Potential Annual Savings to Atlanta Through Privatization

City of Atlanta Service	Annual Actual Cost (\$M)	Average Potential Annual Savings (\$M)	Average % Potential Savings
Public Safety	\$252.9	\$25.3	10%
Corrections	\$37.1	\$5.6	15%
Transportation	\$24.9	\$3.7	15%
Parks and Rec	\$31.1	\$6.2	20%
Sewer/Wastewater	\$143.0	\$21.5	15%
Solid Waste Management	\$42.3	\$8.5	20%
Information Technology	\$19.7	\$2.0	10%
Aviation	\$174.1	\$17.4	10%
General Services	\$3.2	\$0.6	20%

Total Potential Annual Savings \$90.7 Million

Source: Budget figures derived from City of Atlanta 2005 Operating Budget. Savings figures are considered typical or lower bound savings, derived from over 100 studies of cost savings from privatization are reviewed in John Hilke, *Cost Savings from Privatization*, are reviewed by John Hilke, *Cost Savings from Privatization: A Compilation of Study Findings*, Reason Foundation How-to Guide No. 6 (Los Angeles: 1993).

Call To Action

FCTF members—neighbors and friends—are urged to e-mail the Atlanta Mayor and City Council to fully implement the priority recommendations of The Turnaround Plan. Of particular importance is competition and outsourcing, with every city employee meeting specific performance standards.

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Note: Members who are not receiving our emails, please contact us at: **Fulton County Taxpayers Foundation**, 309 E Paces Ferry Road, NE, Suite 607, Atlanta, Georgia 30305 Phone: (404) 869-6066 Fax: (404) 869-6101 **Email:** fctf1@bellsouth.net **Website:** www.fcta.us

Please detach here

Join the Fight To Bring Good Government to Atlanta and Fulton County!

I enclose my annual membership of:

\$50 Family ___ \$100 Patron ___ \$200 Corporate Member ___ \$500 Corporate Sponsor ___

In addition, I enclose a **tax deductible** contribution of: \$100 ___ \$500 ___ Other ___

If you prefer, you can charge your membership or a donation on-line at www.fcta.us

Name _____

Address _____

Phone _____

E-mail _____