



Date: April 4, 2018
To: Atlanta BeltLine, Inc. (ABI)
From: Atlanta BeltLine Tax Allocation District Advisory Committee (TADAC)
Re: Recommendations on Draft Fiscal Year 2020 (FY20) ABI Budget

First, we need to mention the schedule for TADAC review of the draft FY20 ABI Budget. We want to express our appreciation to Marshall Norwood, Vice President and Chief Financial Officer, for his presentation of the draft budget to TADAC membership and for meeting with the Finance and Development Subcommittees eight days later to address our questions, which he did very well. Last year TADAC had seven days to review the draft budget and provide recommendations. This year TADAC had 9.25 days, however we recommend that a minimum of 14 days is needed for TADAC to provide a thorough review and well-reasoned recommendations. One week is needed for the presentation and questions, and responses. The second week is needed for development and submission of recommendations.

Even though the FY20 draft budget is only slightly higher (6.8%) than it was for FY19, we are pleased to see an almost \$5M (75.1%) increase in the amount for Affordable Housing. This relates to TADAC's first recommendation last year. We are also pleased to see an almost \$1M (58.8%) increase for Economic Development, a \$1.5M+ (13.8%) increase in the amount for Real Estate Asset Management (since this includes acquisitions and easements) and about a \$100K (11.8%) increase for Community Planning & Engagement & Arts. The Parks & Trails budget has remained about the same, but it is about 44% of the total budget. The Transit & Transportation budget is decreased by 30.8%, but this is likely due to lack of clarity from MARTA about how the More MARTA funds will be allocated. We are hopeful that during the fiscal year, additional funds will become available for ABI from MARTA, or at the least that MARTA will clarify the More MARTA schedule and funding allocation for BeltLine light rail transit.

This draft budget appears to support the Strategic Implementation Plan and the Integrated Action Plan within the context of the projected revenues, with the exception of Transit & Transportation. We look forward to continuing to work with ABI in FY20 to ensure these funds are spent in the most effective and equity enhancing manner.

Please accept the following recommendations and comments regarding the Draft FY2020 Budget.

General

1. Since the increase in increment is due to reassessments, it indicates that background appreciation inside the TAD is outpacing that in the rest of the city by roughly \$600 million dollars. Thus, viewed in aggregate, property inside the TAD is roughly \$600 million more valuable and less affordable than when it was last assessed. Although this bodes well for TAD revenue, it bodes poorly for the use of a portion of that revenue (\$7.5 million in this case) to advance the cause of housing affordability.

2. Include projected PILOT payments to APS and Fulton County, as well as projections for the TAD increment for the life of the project. Figures should be added to indicate the spend rate on TSPLOST funding for the BeltLine and whether or not the project is on track to accomplish the stated goal for the use of this money (transit corridor control around the northern arc and lighting on the Eastside Trail). This multi-year data is needed to understand the multi-year nature of BeltLine revenues and expenses.
3. All revenue and expense categories should be described or footnoted (even in charts). Labeling as “other” is insufficient.
4. In addition to the charts on page 8, TAD Uses of Funds, and page 12, FY20 Projected Expenses, it would be very helpful to include more detail about how the TAD and bond proceeds are projected to be spent. This information can be gleaned from the draft budget, but it’s tedious to figure out. This information could be presented in other ways than a table, but it should be clear. For example see below:

| Budget Expense Category | Percent of Total Expenses | Percent of Funds from the TAD | Percent of Funds from Bonds | Percent of Funds from the TAD & Bonds |
|---------------------------------|---------------------------|-------------------------------|-----------------------------|---------------------------------------|
| Parks & Trails | 44.1% | 18.3% | 42.3% | 60.6% |
| Real Estate Asset Management | 16.5% | 16.5% | * | * |
| Affordable Housing | 13.4% | 100% | 0% | 100% |
| Administrative & Operating | 11.8% | 100% | 0% | 100% |
| Transit & Transportation | 8% | 0% | 12.2% | 12.2% |
| Economic Development | 3% | 17.1% | 82.9% | 100% |
| Community Planning & Engagement | 1% | 77.2% | 0% | 77.2% |
| All Other | 2.1% | 97.2% | 1.8% | 99% |

*Unlike the other budget categories, there is no bond detail on the Real Estate Asset Management category.

Administration and Operations

5. The 5.9% increase in salaries and benefits represents the cost of one new position, expected cost inflation on benefits, raises for existing employees and less stagger during the fiscal year in filling positions. A breakdown along those lines would be useful.
6. The average ABI employee appears to be earning about \$112K annually. Since an average here isn’t useful, a histogram would show how evenly (or unevenly) the salaries are distributed among the 51 employees.
7. Scrutinize the Administration and Operations budget for ways to reduce costs while still providing an environment that supports employees. It seems as if there may be an opportunity to reduce employee mobile communications expenses and office beverages.
8. The parking subsidy per employee should be capped at the value of the transit subsidy per employee and should include an incentive for walking and/or biking. It should be a commuting subsidy paid directly to employees.
9. ABI should offer transit validation/ tickets to anyone that they would offer parking validation to as a mission friendly alternative.

Program Expenses

10. Last year TADAC recommended a variety of additional data should be provided on the multi-year cost of **Park & Trails and Transit & Transportation** projects and percentage completed, since the amount budgeted in any one year says little about what has been and is expected to be accomplished. ABI responded by reporting that this would be taken into consideration for future fiscal year budget presentations. However, this did not occur for the FY20 presentation, generating many extra questions

for the CFO. Therefore, TADAC again recommends that all project implementation budgets should include notations on status and how much has been expended to date. The budget should come with some sort of narrative progress report on BeltLine implementation.

11. The **Strategic Implementation Plan** (SIP) update, following the end of Period 1 of the SIP, should be prioritized as a companion document to the ABI Budget.
12. The advent of the More MARTA sales tax and MARTA's priority list for the use of these funds has substantially altered the environment with respect to transit planning. It does not make sense in this environment, absent any change in some material facts (e.g. if ABI gained corridor control of the northern arc), for ABI to use discretionary funds (TAD or bond dollars) for transit planning. Transit along Beltline segments included in MARTA's proposed "S" concept can be funded through More MARTA. Transit inconsistent with the "S" concept will be effectively preempted by it for implementation funding.
13. TADAC recommends studying the appropriate percentage of unanticipated TAD revenue that should be dedicated to **Affordable Housing** versus other program components. There is an agreement in place with the ABI and Invest Atlanta Boards to dedicate *up to* 75% for affordable housing, but what gets contributed from unanticipated TAD revenues to what program components is not clear in the budget.
14. Like the other budget categories, the **Real Estate Asset Management** category should show more detail. TADAC realizes that some detail cannot be shown, such as planned real estate acquisitions. However, some more detail could be shown, especially the amount that comes from bond funding, if any.