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## BGR Media Release

*For Immediate Release – May 9, 2017*

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### **How Can New Orleans Pay for Street Maintenance? BGR Report Explores an Array of Possibilities**

Today BGR releases *Paying for Streets: Options for Funding Road Maintenance in New Orleans*. With the City embarking on a \$2 billion program for capital repairs to its street network, the report explores ways to fund the routine maintenance necessary to safeguard this once-in-lifetime investment.

As BGR has pointed out in past reports, underfunding maintenance of the street network leads to far higher costs in the long run. The City itself estimates that every dollar invested in preventive maintenance can save four or five dollars in repair costs down the road. But the City has been spending far less than the \$30 million to \$35 million it says it needs to maintain streets. Because it will take years to spend the capital funds already in place, the highest priority now is to address the gap in funding for preventive street maintenance.

To that end, *Paying for Streets* catalogues the City's current funding sources dedicated to streets and assesses their sufficiency for meeting the City's needs. It then examines options to increase street funding.

*Paying for Streets* points out that while there is no question that the City needs more money for street maintenance, this does not necessarily mean it needs more money from the public. The report strongly emphasizes that

policymakers owe it to the public to find a way to deploy existing revenues optimally.

*Paying for Streets* discusses various funding options, including redeploying current revenues, increasing existing taxes, and imposing new fees or taxes. The report concludes with recommendations to achieve a more effective approach to funding street maintenance.

Among the report's findings:

- From 2011 to 2016, the City spent an average of just \$3.8 million a year on preventive street maintenance, or about one-ninth of the amount the City estimates it needs to properly maintain the street network.
- It appears the City is not regularly spending all of the revenues dedicated to streets and traffic signals (\$8.5 million in 2017) on those purposes.
- Traffic camera tickets, parking tickets and other street-related revenue sources generate a net total of more than \$50 million a year. The City invests none of this money in street maintenance or repairs despite large increases in this pool of revenues.
- The Orleans Parish tax structure allocates just 3% of locally generated tax revenues to streets, suggesting a need to reassess dedications.
- Property taxes, the primary source of local funding for streets, generally have a weak nexus to street use. Also, exemptions shield many properties from taxation, even though some of them impose significant burdens on the street network.

The report identifies several new funding options that have a strong nexus to streets. Among the most suitable are a local gas tax and a Transportation Utility Fee, in which property occupants pay street charges based upon estimates of how many vehicle trips the property generates.

The report makes the following recommendations:

- The City should implement budgeting and accounting procedures to ensure that all revenues dedicated to streets and traffic signals are spent on those purposes.

- The City should identify recurring revenues to provide the \$30 million to \$35 million it needs each year for preventive street maintenance.
- The City should direct a portion of its existing street-related fees, fines and taxes to streets. At a minimum, future net increases in these revenues should go to streets.
- The mayor and the local legislative delegation should initiate a comprehensive reassessment of existing local tax dedications with an eye toward redirecting taxes to meet basic municipal needs, including streets.
- The City should consider implementing a Transportation Utility Fee to broaden the base of contributors to street funding and better calibrate those contributions to impacts on the street network.
- Any action by the Legislature to raise the state fuel tax should include a portion dedicated to local transportation infrastructure.
- The City Council should pursue a charter change clarifying the authority of, and process for, the City to impose fees and service charges.

BGR President & CEO Amy L. Glovinsky said BGR’s report offers the City multiple avenues for implementing fiscally prudent funding practices. “For instance, when the Orleans Parish School Board began pursuing its federally funded reconstruction of the school system, policymakers realized they needed to provide funding to maintain those assets responsibly,” she said. “Now the City stands at a similar decision point: It has the opportunity to prioritize investment in preventive maintenance to protect the massive post-Katrina capital investments in streets. BGR’s report informs the fix-my-streets discussion and provides solutions for institutionalizing a preventive maintenance funding plan.”

The report and a one-page summary are available on BGR’s website, [www.bgr.org](http://www.bgr.org).

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*BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information, call 525-4152 or visit BGR’s website, [www.bgr.org](http://www.bgr.org).*