



ON THE BALLOT

A Report from the Bureau
of Governmental Research

JEFFERSON PARISH TRANSIT TAX RENEWALS, OCTOBER 14, 2017

INTRODUCTION

On October 14, Jefferson Parish voters will decide whether to renew for 10 years two property taxes to operate and maintain the parish's public transportation system. One tax, at two mills, would generate about \$6.8 million annually for the fixed-route service. The other tax, at one mill, would yield about \$3.4 million annually for the Mobility Impaired Transportation System (MITS), which provides curb-to-curb service for the elderly and disabled.

The purpose of this report is to help voters make informed choices on the tax renewals, which will appear as separate propositions on the ballot. It explains the tax renewals. Then, for each renewal, the report provides relevant background, an analysis grounded in BGR's mission of promoting the effective use of public resources, and BGR's position on the tax renewal.

AN OVERVIEW OF THE TAX RENEWALS

Voters first approved the transit taxes in 1989 and subsequently authorized two 10-year renewals. Both taxes are levied parishwide and are set to expire at the end of 2018. The renewals would extend them through 2028.

Each transit service depends heavily on its millage. The millages account for 52% of total revenue for the fixed-route service and 86% for MITS.¹ The balance comes primarily from fares, federal grants and a state dedication. In addition to covering operating costs, the millage revenue funds the 20% local match required for both transit services to access federal grants for capital projects.

Within Jefferson Parish Government (the Parish), the Department of Transit Administration is responsible for both transit services. The department, which has three

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employees, outsources the operation and maintenance of the services to a private company, Transdev Services, Inc. (Transdev). The contract with Transdev accounts for the majority of each service's operating costs.

Earlier this year, the Parish Council extended Transdev's contract for four years through March 2021.² Under the contract terms, the Parish must provide the buses, bus terminals and maintenance facilities. It also is responsible for any marketing activities to promote transit services. Transdev is responsible for maintaining the buses and operating the services, including hiring all drivers and other personnel. Transdev also must collect and provide to the Parish extensive data on ridership and costs for both services.³

Under the terms of the contract, the Parish pays Transdev a flat rate of \$104.88 per hour to operate each fixed-route bus and \$82.18 per hour to operate each paratransit bus for MITS.⁴ The contract has an annual cap of \$15 million. As discussed in detail below, the flat hourly rate for the fixed-route service means that routes with low ridership can have significantly higher costs per passenger.

Against this common backdrop, the report provides a separate analysis for each tax renewal. The two millages support related components of the same transit system, but BGR analyzes them separately as tax propositions because each component has its own challenges and needs.

TAX RENEWAL: FIXED-ROUTE SERVICE

Background

The fixed-route transit service has 41 buses that serve 13 routes, seven on the West Bank and six on the East Bank. The base fare is \$1.50. The average cost per passenger to operate the service is \$5.46.⁵

In 2017, the millage up for renewal will provide \$6.5 million of the \$12.6 million in budgeted revenue, or 52%.⁶ The rest of the funding comes from passenger fares (25%); federal and state grants or dedications (20%); and other sources (3%).⁷

Renewal of the millage would reset the millage at the previously authorized maximum rate, resulting in a slight tax increase from 1.9 mills to 2 mills (see sidebar “The Taxpayer’s Bottom Line”). This would generate approximately \$340,000 in additional annual revenue for the fixed-route service.

The millage enables the Parish to pay for both operating costs and matches for federal operating grants (50% local share) and federal capital grants (20% local share). In 2017, Transdev’s contract accounts for \$11.3 million of the service’s \$14.6 million in budgeted expenditures, or 78%. Since the last millage renewal in 2009, spending has grown at an average annual rate of 2.5%.⁸ However, Parish administrators note that 2009 expenditures were reduced because the Federal Transit Administration waived the local matching requirement for federal grants. Absent that waiver, there would have been no increase in expenditures since 2009.

The fixed-route service ended 2016 with a fund balance of \$13.5 million, an amount equal to 94% of expenditures for that year. This far exceeds the Parish’s goal of maintaining reserves equal to 13% of expenditures. Parish administrators said the reserves grew significantly from one-time revenues in the years following Hurricane Katrina when the federal government waived more than \$8 million in local matching requirements and forgave a \$1.5 million loan. This accounts for nearly three-quarters of the fund balance.

The Parish anticipates spending \$3.3 million from the

THE TAXPAYER’S BOTTOM LINE

Since the most recent renewal of the fixed-route millage in 2009, the Jefferson Parish Council has rolled back the millage rate because of higher property tax assessments. The tax is currently levied at 1.9 mills. The ballot proposition would reset the millage at the previously authorized maximum rate of two mills. This would result in a slight tax increase of 0.10 mills, beginning in 2019.

A homestead-exempt property valued at \$200,000 would pay \$1.25 more per year, an increase from \$23.75 to \$25.* For commercial properties, the taxes on each \$100,000 of property value would rise \$1.40 per year, from \$26.60 to \$28.**

If voters reject the propositions and the taxes expire, taxpayers would see a reduction of 1.9 mills in 2019.

* BGR calculated the homeowner impact using a value of \$200,000 based on data from the New Orleans Metropolitan Association of Realtors, which show the average sale price for a single-family home in Jefferson Parish during the 12 months ending June 2017 was \$210,039. See New Orleans Metropolitan Association of Realtors (NOMAR), “Market Statistics,” <http://www.nomar.org/gsrein-mls-public/market-statistics-public.html>.

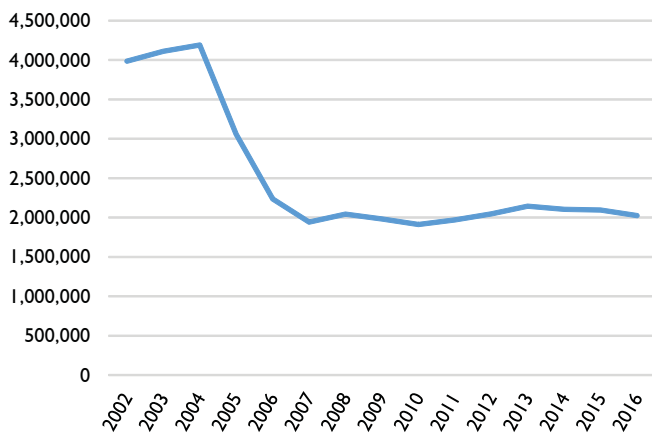
** BGR assumes that land value accounts for 20% of total value for commercial properties.

fund balance to provide the 20% local match for federal grants to replace all 41 of the fixed-route service’s buses by 2024. They also noted that the fixed-route service historically has drawn upon its reserves during the course of a 10-year property tax authorization because costs tend to climb while tax receipts remain relatively flat due to millage rollbacks. Since the last tax renewal in 2009, annual expenditures increased \$2.3 million while tax revenues increased just \$462,000.⁹ As a result, the fixed-route service will have to draw an estimated \$2 million from its fund balance to cover projected expenses in 2017.

The Parish provided BGR with financial projections for the fixed-route service that show the fund balance steadily falling during the next 10-year millage cycle. By 2029, the projections show the fund balance dipping slightly below the Parish’s 13% target for reserves as a portion of expenditures.

As shown in Chart A, ridership and service levels for

Chart A: Jefferson Fixed-Route Public Transit Riders, 2002 to 2016



Source: Ridership data provided by the Parish

the fixed-route service fell dramatically after Katrina and remain significantly below pre-storm benchmarks. In 2016, the service had slightly more than two million riders. That is 52% fewer than in 2004.¹⁰ Similarly, transit service – as measured by vehicle miles traveled and vehicle hours of operation, the two primary federal metrics – is down more than 40% since 2004.¹¹

Before Katrina, the Parish had 18 fixed routes. Immediately after the storm, the Parish cut the number of routes to 10. Since the last millage renewal, the Parish added three routes: Clearview Parkway in 2010, Terrytown in 2011 and Gretna in 2015. This raised the number of routes to the current 13.

Since the last tax renewal in 2009, ridership increased 2%, vehicle hours increased 6% and vehicle miles decreased 4%.¹² These small changes suggest that fixed-route ridership and service have stabilized at levels well below pre-Katrina benchmarks.

Analysis

For nearly 30 years, the millage has provided a stable, significant source of funding. However, fixed-route transit faces challenges serving fewer riders efficiently and connecting with New Orleans’ Regional Transit Authority (RTA).

Providing a Stable Source of Funding. Fare revenue is rarely sufficient to cover operating costs for U.S. public transit systems.¹³ As a result, the systems must rely on other local, state and federal revenues to fill the gap. On average, fares cover 36% of public transit operating costs nationwide. In Jefferson Parish, fares cover 28% of operating costs for the fixed-route service.¹⁴

According to the Federal Transit Administration, subsidizing public transit systems with non-fare revenues has multiple public benefits. The Parish told BGR that it highly values the economic benefits from helping workers get to and from jobs and the improved quality of life for those who lack other forms of transportation.¹⁵

Based on a 2011 survey, about half of the Parish’s fixed-route riders were traveling to or from work, and nearly two-thirds earned less than \$25,000 a year. A little more than half did not have a valid driver’s license, and 64% did not have regular access to a car.¹⁶

If voters were to reject the tax this fall, the Parish would have another chance to seek renewal in 2018. Parish officials said they scheduled the election for this fall at the request of the Secretary of State, who urged government entities to seek tax renewals at least 18 to 24 months before the taxes are set to expire.¹⁷ If the tax ultimately expires, the fixed-route service would lose more than half of its operating revenue beginning in 2020. Parish administrators said the loss would result in sweeping cuts that would effectively bring the service to a halt. The property tax revenue also covers the local match for all federal transit grants, so the Parish would not receive federal funding for capital projects, planning and operations.

The Parish could draw down the fund balance to delay or reduce budget cuts in the near term. But this would only serve as a stop-gap measure.

Fare increases alone do not offer a realistic solution. As noted above, base fares are currently \$1.50 for the fixed-route service. They have not increased since 2010. Assuming a constant level of ridership, fares for fixed routes would have to triple to \$4.50 to make up the shortfall.¹⁸ In reality, such a large fare hike risks a

correlating decline in ridership, and the funding gap likely would persist.

The vast majority of Parish government revenues are dedicated to specific purposes, leaving little budgetary flexibility to make up for shortfalls such as the one the transit department would face.¹⁹

Efficiently Serving a Smaller Ridership. The decline in ridership has strained the fixed-route service’s budget. If ridership returned to pre-Katrina levels, fare revenue would increase about \$3.2 million, representing a 20% increase in total funding. Parish administrators said current funding levels are inadequate to cover the cost of adding new bus routes or expanding service hours to attract more fixed-route riders. They noted that projections for the next 10-year millage cycle show the fixed-route service will have just enough revenue to maintain current service levels.

However, a 2012 assessment of transit ridership and operations in Jefferson and Orleans parishes prepared for the Regional Planning Commission (RPC) raised a number of concerns about inefficiencies that affect the level of fixed-route service. (For a summary of the report, see the sidebar.)

The report identified several underused routes and flagged a host of service problems that contributed to their lack of use. It found inconsistent, unpredictable timing and service levels on some routes. On average, barely half of the buses arrived on time. This made transfers between buses a difficult proposition and discouraged ridership. The report proposed cost-neutral changes to eight routes to improve service.

The Parish implemented a few of the smaller route changes, such as eliminating an inefficient loop and an underused route extension.²⁰ It did not act on larger proposed changes, such as combining the Clearview Parkway and Huey P. Long routes or extending the Veterans Boulevard route into Kenner. The current Parish administration, which took office in 2016, told BGR it has used the report only as a source of data on ridership.

Recent statistics compiled by Transdev show a much higher rate of on-time arrival than the 53% figure the

ADAPTING PUBLIC TRANSIT TO POST-KATRINA DEMAND

As public transportation systems in Jefferson and Orleans parishes struggled to regain their footing after Katrina, the Regional Planning Commission (RPC) initiated a study to help the systems respond to decreased ridership and reduced funding.* The RPC hired a consultant in 2011 to assess the performance of all bus routes in the two parishes and make cost-neutral recommendations to reduce travel times, increase service in areas with unmet demand and improve regional connectivity. The consultant’s data collectors rode all 12 Jefferson routes at the time and interviewed more than 900 riders on those routes. The following is an overview of the study’s findings and recommendations for Jefferson’s fixed-route transit service released in 2012.

Service Issues. The study found that buses not arriving on time was a pervasive problem, with just 53% of buses arriving within five minutes of the scheduled time. It also found that irregular time gaps between buses and low frequency service made transfers difficult and time consuming.**

Capacity Issues. The report identified routes that have either excess or insufficient capacity. Riders sometimes had to stand in the aisles during peak hours on the Veterans and Lapalco routes. Meanwhile, the consultant’s data collectors never counted more than a dozen riders in buses on the Metairie Road, Clearview Parkway and Huey P. Long routes.***

Regional Connectivity. Based on rider interviews and travel patterns, the study concluded that there is strong demand for regional bus service that crosses parish lines. It further found that the Jefferson system relies heavily on passengers from New Orleans. However, regional connectivity is hindered by multiple factors. These include poor alignment between routes in different jurisdictions, irregular schedule times and poor on-time performance – all of which make transfers more difficult. The study also found that the lack of fare integration between systems is a deterrent to regional travel as riders must pay two full fares to move from one system to another.****

Recommended Service Changes. The report recommended changes to eight of 11 weekday routes to improve efficiency and service. The changes included combining the Clearview Parkway and Huey P. Long routes, extending the Veterans Boulevard route farther into Kenner and eliminating inefficient loops in the Westbank Expressway and Avondale routes.*****

* Nelson\Nygaard Consulting Associates, Inc., *Comprehensive Operational Analysis*, prepared for Regional Planning Commission, May 2012.

** Ibid., pp. ES-6, ES-14, ES-16.

*** Ibid., pp. 3-125 to 3-168.

**** Ibid., pp. ES-8 to ES-9.

***** Ibid. pp. 5-21 to 5-39. The report did not recommend changes to the other three weekday routes or the 12th route, the Westbank Sunday Loop.

RPC study recorded in the fall of 2011. Transdev reports that 92% of Jefferson Parish buses were on time during the first half of 2017. However, this figure is based on an on-time definition that includes buses arriving within 10 minutes of the scheduled time. That is twice as long as the five-minute window for buses to be considered on time in the RPC study.

While taking limited steps to improve route efficiency, the Parish added a bus route in Gretna that is underused. Coming on line in 2015, the Gretna route has the lowest ridership of the 13 routes and is by far the most expensive on a per-passenger basis. As Table 1 shows, the route costs \$22.96 per passenger to operate. That is more than four times the fixed-route average of \$5.46 per passenger. Fares for the Gretna route covered just 4% of the \$172,000 cost of operating the route during the first six months of 2017 (nearly \$350,000 on an annual basis).

By contrast, the route with the highest ridership, Veterans Boulevard, cost just \$3.83 per passenger. The 2012 RPC report found that this route had insufficient service, noting that riders sometimes must stand in the

aisles during peak hours. Fares for the Veterans route covered 37% of operating expenses, slightly higher than the national average. Part of the reason for the per-passenger cost disparity is that the Parish pays the same amount to operate every bus, whether it is a Veterans Boulevard bus carrying an average of 27 passengers per hour or a Gretna bus with fewer than five passengers per hour on average.

A study commissioned by the current Parish administration after it took office in 2016 found that the Gretna route, which then cost \$26.29 per rider, is not cost-effective. It also noted that the route, which runs a little more than two miles, has an unusually small coverage area. The study recommended that the Parish consider replacing the route with a ridesharing program or taxi service, with the Parish covering a portion of the costs.²¹ Parish administrators said they have had preliminary discussions with rideshare providers about using their services to replace underutilized routes. But so far, the discussions have not resulted in any proposals.

As Table 1 indicates, there are other routes that have per-passenger costs that far exceed the fixed-route average. The Parish should take steps to address inefficiencies and make the fixed-route service more cost-effective. It has, for example, recently surveyed riders on the Metairie Road route, one of the most-expensive routes per passenger, to gather their ideas on possible service changes. The Parish is analyzing the data, but has not yet proposed any changes.

It is beyond the scope of this report to fully analyze the efficiency of either of Jefferson’s transit services. However, a 2017 RTA analysis indicated some areas in Jefferson Parish may have unmet ridership demand. Examples include Airline Highway and Causeway and Veterans boulevards.²²

TABLE 1: JEFFERSON PARISH FIXED-ROUTE PUBLIC TRANSIT COSTS
(First six months of 2017)

Route	Cost per Passenger	Total Cost for Six Months	Portion of Costs Covered by Fares* (U.S. Average: 36%)
Veterans Boulevard	\$3.83	\$868,129	37%
Lapalco Boulevard	\$4.49	\$668,310	34%
Westbank Expressway	\$4.65	\$631,516	32%
Sunday Loop	\$4.69	\$66,742	36%
Airport	\$4.93	\$777,574	30%
Terrytown	\$5.35	\$345,858	28%
Kenner	\$5.63	\$786,820	23%
Causeway Boulevard	\$8.56	\$291,721	12%
Huey P. Long	\$10.40	\$227,055	12%
Clearview Parkway	\$10.65	\$183,072	9%
Metairie Road	\$15.44	\$173,555	8%
Avondale	\$16.15	\$229,080	9%
Gretna	\$22.96	\$172,240	4%
Parishwide	\$5.46	\$5,421,671	28%

*The base fare is \$1.50.

Source: Information provided by Jefferson Parish

Ideally, the Parish should have a comprehensive strategic plan to guide such changes to its transit services. No comprehensive plan exists today. The 2012 study prepared for the RPC was not a strategic plan, but an analysis of current operations to improve service within the existing budget. However, the RPC has received a federal grant to help the Parish to develop a full-fledged strategic plan for both transit services.²³ It will include surveying riders and business groups to assess their transit needs. RPC officials told BGR they expect the plan will be completed by the early fall of 2018.

Relative to the timeline for the tax renewal, there are regularly scheduled elections in the fall 2018 for voters to renew the millage with no gap in funding for the transit service.²⁴ Thus, if voters reject the tax in the October 14 election, there would be time for the Parish and RPC to complete the plan before returning to voters a second time for a millage renewal. In such a scenario, voters would have a clearer indication of the Parish's plan to make the best use of limited transit funding.

The Parish could also take near-term action to address known inefficiencies, such as the Gretna bus route, despite the pendency of a future strategic plan. Redirecting cost savings to other routes could lead to immediate improvements for riders.

RPC officials stated they have established a cooperative relationship with the Parish concerning transit issues. The RPC is working with the Parish and Ochsner Health System to explore the possibility of building a transit terminal on Jefferson Highway near Ochsner's expanding medical complex. This could bolster efforts to improve connectivity between Jefferson Parish transit and the RTA (discussed below), while also improving transit service for those who work for the parish's largest employer.

The transit department told BGR it is pursuing other initiatives to improve service and efficiency. These include developing a mobile phone app to provide real-

time data on the location of buses. Also, the Parish is studying the possibility of employing traffic signal technologies to prioritize buses at busy intersections on routes such as Veterans Boulevard.

Connecting to the RTA. According to the Parish administration, about 40% of Jefferson's passengers travel to and from New Orleans. The 2012 study prepared for the RPC found a strong regional market for transit in Orleans and Jefferson parishes, but also major problems connecting riders from Jefferson buses to New Orleans' RTA. The report highlighted differences in fare structures and a lack of a fare integration agreement, which means that riders traveling between parishes must pay two full fares. Irregular schedule times and varying on-time performance create a major inconvenience for riders transferring between routes.²⁵ The report recommended several route changes to improve regional connectivity, although it acknowledged those changes require cooperation between the two systems. To date, the systems have not implemented the proposed changes.

The Parish administration agrees that the lack of connectivity with the RTA is a persistent problem. It is working to better coordinate routes with the RTA in New Orleans to reduce travel times.

The effort would include a day pass that riders can use for both the Jefferson and New Orleans transit systems. This is a worthwhile goal, and one that could help workers and parish employers. A day pass program was in place before Katrina, and the same contractor, Transdev, operates both systems. Both the Jefferson Parish Council and the New Orleans City Council have adopted resolutions to re-establish the program. The RTA, which has not yet given its approval, has hired a consultant to conduct a feasibility study for a regional fare. With an anticipated completion date in December, the study will address, among other things, the fare's structure and how the transit systems would share the revenue.

“The Parish administration agrees that the lack of connectivity with the RTA is a persistent problem. It is working to better coordinate routes with the RTA in New Orleans to reduce travel times.”

Overall, voters are asked to renew a tax that provides the majority of funding for an essential public service, but one that exhibits signs of inefficiency and a lack of regional connectivity. The current Parish administration, which inherited the transit system in January 2016, is working to address these problems. The administration commissioned a study that identified the Gretna route as inefficient. It fully supports better connectivity with the RTA and is pursuing other initiatives to improve service and efficiency. Still, the Parish has not yet made significant gains in these areas.

BGR Position on Fixed-Route Millage Renewal

FOR. The tax is a critical source of revenue for fixed-route transit, an essential public service. If voters do not renew the tax, serious cuts in service will be necessary, affecting thousands of riders. Given the lack of other viable revenue sources, and some positive signs that the Parish is working to improve efficiency and service, BGR recommends approving the tax renewal.

In making this recommendation, BGR has significant concerns about clear inefficiencies in certain routes. It calls on the Parish to take near-term action to eliminate these inefficiencies and direct the savings to areas with unmet service demands. The Parish should not delay solutions that it can implement now to better deploy limited public resources. For the longer term, the strategic planning process should identify specific steps to make the service more efficient and effective, including improvements to regional connectivity. Finally, the Parish must commit to achieving the plan's goals and objectives.

TAX RENEWAL FOR MITS

Background

The Parish's Mobility Impaired Transportation System, known as MITS, has 17 paratransit vehicles that provide curb-to-curb service for the elderly and disabled. MITS is intended to meet requirements of the federal Americans with Disabilities Act (ADA).²⁶ The Parish must provide the service to all locations within three-quarters of a mile of a fixed route; however, the Parish extends service to most of urbanized Jefferson Parish including Lafitte.²⁷ The base fare is \$3. The average cost per passenger to operate the service is \$41.25.²⁸

Renewal of the millage would reset the millage to the previously authorized maximum rate, resulting in a slight tax increase from 0.95 mills to 1 mill (see sidebar "The Taxpayer's Bottom Line" below). This would generate approximately \$170,000 in additional annual revenue for MITS.

In 2017, the millage up for renewal will provide \$3.3 million of the \$3.8 million in budgeted revenue, or about 86%.²⁹ That is a significantly higher portion than for the fixed-route service. The higher tax subsidy helps offset the much higher per-passenger costs for paratransit services. The rest of the funding for MITS comes from federal grants (6%), fares (5%) and other sources (3%).

The millage enables the Parish to pay for both operating costs and matches for federal operating grants (50% local share) and federal capital grants (20% local share). In 2017, Transdev's contract accounts for 97% of MITS's \$3.1 million in budgeted expenditures. Since the last millage renewal in 2009, spending has actually declined slightly from \$3.2 million.³⁰

The MITS fund balance is far greater than that for the fixed-route service as a percentage of total expenditures. MITS ended 2016 with a \$7.7 million fund balance, or 264% of expenditures. This is more than 20 times the Parish's goal of maintaining reserves equal to 13% of expenditures. Unlike the fixed-route service, MITS is not budgeted to draw from its fund balance to meet its 2017 expenditures. In fact, the budget estimates the fund balance will grow by about \$730,000.

Parish administrators said they plan to use a substantial portion of these reserves to improve accessibility for disabled persons at bus stops on the fixed-route service. As required by the ADA, all fixed-route buses are equipped with lifts for riders who use wheelchairs. However, many of the roughly 1,000 bus stops are not accessible to wheelchairs because they lack sidewalks or curb cuts. Parish administrators told BGR that starting in 2019, they plan to budget \$1.2 million per year for 11 years (\$13.2 million total) to bring at least 80% of the stops into compliance with federal regulations. Parish administrators indicated that the millage authorization allows the use of MITS tax receipts for this purpose. The ballot language does not appear to prohibit this purpose.³¹

The administrators also told BGR that the investment may reduce the Parish's vulnerability to legal challenge by bringing bus stops into ADA compliance. They noted that the City of New Orleans and RTA agreed earlier this year to improve accessibility at hundreds of bus stops in New Orleans as part of a settlement in a federal lawsuit alleging ADA violations.³²

The bus stop improvements would dramatically reduce the MITS fund balance to \$440,000 by 2029. That would leave the fund balance \$160,000 below the Parish's goal of maintaining reserves equal to 13% of expenditures. Ultimately, the Parish Council would have to approve the annual budget expenditures for the bus stops.

Ridership for MITS has dropped since Katrina but not nearly as much as for the fixed-route service. In 2016, MITS had 71,600 riders, or 16% fewer than in 2004.³³ Service – as measured by vehicle miles traveled and vehicle hours of operation, the two primary federal metrics – is down 27% and 21%, respectively, since 2004.³⁴

Since the last transit tax renewals in 2009, MITS ridership increased 2%. Transit service levels were mixed, with vehicle miles dropping 27% and vehicle hours increasing 4%. As is the case with the fixed-route service, these relatively small changes suggest that MITS ridership has stabilized since the Katrina disruption.

MITS riders must meet certain eligibility requirements, and they must request service in advance. Transdev

THE TAXPAYER'S BOTTOM LINE

Since the most recent renewal of the MITS millage in 2009, the Jefferson Parish Council has rolled back the millage rate because of higher property tax assessments. The tax is currently levied at 0.95 mills. The ballot propositions would reset the millage at the previously authorized maximum rate of one mill. This would result in a slight tax increase of 0.05 mills, beginning in 2019.

A homestead-exempt property valued at \$200,000 would pay 62 cents more per year, an increase from \$11.88 to \$12.50.* For commercial properties, the taxes on each \$100,000 of property value would rise 70 cents per year, from \$13.30 to \$14.**

If voters reject the propositions and the taxes expire, taxpayers would see a reduction of 0.95 mills in 2019.

* BGR calculated the homeowner impact using a value of \$200,000 based on data from the New Orleans Metropolitan Association of Realtors, which show the average sale price for a single-family home in Jefferson Parish during the 12 months ending June 2017 was \$210,039. See New Orleans Metropolitan Association of Realtors (NOMAR), "Market Statistics," <http://www.nomar.org/gstrein-mls-public/market-statistics-public.html>.

** BGR assumes that land value accounts for 20% of total value for commercial properties.

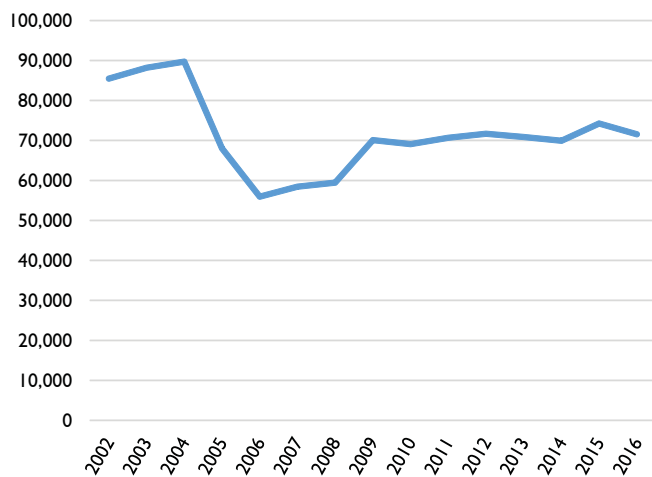
schedules pickup times that coordinate with other riders in the area to improve efficiency. It tries to schedule the pickups within one hour of the requested time. Riders who have trips that occur at the same time each week can request a standing subscription service so they do not have to call before each trip. However, federal guidelines limit subscription rides to no more than half of all rides scheduled in any given time period. As a result, there is a waiting list for the subscription service.

Analysis

While the fixed-route service is dealing with major reductions in both ridership and service, MITS is on a much stronger footing. Ridership is down only moderately since Katrina, and the service has a large and growing fund balance. MITS has not lost as much ridership because its riders do not have many options, and their trips are not dependent on RTA connectivity.

On its own, the size of MITS reserves could raise questions about whether its funding is aligned with its needs.

Chart B: Jefferson MITS Riders, 2002 to 2016



Source: Ridership data provided by the Parish

The Parish administration plans to invest a substantial portion (\$13.2 million) of the projected MITS fund balance over 11 years to improve accessibility for the disabled at bus stops on the fixed-route service. These expenditures would need annual council approval. If this is not forthcoming and the Parish cannot identify other suitable uses, the large fund balance would continue to grow.

The Parish is trying to reduce the MITS waiting list for subscription service by implementing a pilot program in which two taxi cabs provide rides for those who qualify for MITS, but who do not require a significant amount of assistance. This appears to be a reasonable option to explore for improved service and financial efficiency.

Moreover, other indicators show that the service is responding to rider demand. In the first six months of 2017, only 225 people who requested MITS service were denied because of a lack of capacity. Another 218 declined service because they were not satisfied with the offered pick-up time. Combined, this represents just 1.2% of the more than 35,000 riders served during that same time period.

If voters reject the tax this fall, the Parish would have another chance to seek renewal in 2018. Parish officials said they scheduled the election for this fall at the request of the Secretary of State, who urged government entities to seek tax renewals at least 18 to 24 months before the taxes are set to expire. If the tax ultimately

expires, MITS would lose almost all of its operating revenue in 2020. As noted above, the tax provides 86% of MITS revenues. Parish administrators said such a large loss of revenue would effectively shut down MITS. However, if the fixed-route service continued to operate, federal mandates would force the Parish to find an alternate funding source to keep MITS running at a comparable level. This would likely require cuts to other areas of the Parish’s budget.

The property tax revenue also covers the local match for all federal transit grants, so the Parish would not receive federal funding for capital projects, planning and operations. Service cuts would affect the mobility of elderly and disabled citizens who rely on MITS.

The Parish could draw down the fund balance to delay or reduce budget cuts in the near term. But this would only serve as a stop-gap measure.

As is the case with the fixed-route service, fare increases alone do not offer a realistic solution. As noted above, the base fare is currently \$3 for MITS and has not increased since 2010. Assuming a constant level of ridership, the fare would have to increase 17-fold to \$51.70.³⁵ This is not a reasonable solution.

There does not appear to be any practical alternative for closing the funding gap that would occur if the tax renewal fails. The vast majority of Parish government revenues are dedicated to specific purposes, leaving little budgetary flexibility to make up for shortfalls such as the one the transit department would face. However, as noted above, if fixed-route service continues, the Parish would have to find alternate funding for MITS, likely by cutting other areas of the budget.

BGR Position on MITS Millage Renewal

FOR. The tax provides the vast majority of the funding for federally mandated paratransit services for the Parish’s elderly and disabled residents. MITS provides an essential service for some of the parish’s most transit-dependent residents. And, as long as the fixed-route service continues, the Parish is required to provide MITS. In that case, if the MITS tax renewal were rejected, the Parish would have to find other funds for the paratransit services.

ENDNOTES

- 1 Percentages are based on the Parish's 2017 Amended Budget.
- 2 Jefferson Parish Council, Resolution No. 128941, adopted March 22, 2017.
- 3 Agreement Between the Parish of Jefferson and Transdev Services Inc., signed by both parties on May 1, 2017.
- 4 Ibid, pp. 28-29. If the annual number of hours exceeds a certain threshold for each transit service, the Parish and Transdev must renegotiate the rate. The contract includes annual increases in the hourly rates that range from 1.7% to 4% during the agreement's last three years.
- 5 Information provided by the Parish. The figure is for the first six months of 2017.
- 6 Jefferson Parish amended 2017 budget for fixed-route transit.
- 7 BGR calculations using figures the Parish provided from the amended 2017 budget. Other revenue sources include advertising revenue and interest income.
- 8 BGR calculations using figures the Parish provided.
- 9 BGR calculations using figures the Parish provided.
- 10 The fixed-route service had 4.2 million passengers in 2004 and 2.0 million in 2016. Information provided by the Parish.
- 11 BGR calculations using figures the Parish provided. From 2004 to 2016, vehicle miles dropped 46% and vehicle hours dropped 41%.
- 12 BGR calculation using figures the Parish provided.
- 13 97.2% of the 844 public transit systems that submitted data to the Federal Transit Administration in 2015 had operating expenses that exceeded fare revenues. BGR calculation using data from the National Transit Database.
- 14 Information provided by the Parish. While fares for the fixed-route service cover 28% of operating costs, they account for 25% of total revenues as previously noted.
- 15 Other benefits include reductions in traffic congestion and lower transportation costs. Federal Transit Administration, Office of Policy Development, *A Public Choice Policy Analysis*, Transit Benefits 2000 Working Papers, p. ix.
- 16 Nelson\Nygaard Consulting Associates, Inc., *Comprehensive Operational Analysis*, prepared for the Regional Planning Commission in May 2012, pp. 4-3 to 4-19. The figures are based on the consultants' interviews with more than 900 Jefferson fixed-route riders in the fall of 2011.
- 17 The Louisiana Constitution allows local taxing authorities to call an emergency election within six months of voter rejection of a proposition. However, these elections can be costly if they do not coincide with a regularly scheduled election. The intent of the 18- to 24-month cushion is to provide opportunity to resubmit a rejected proposition at a regularly scheduled election. Letter from Tom Schedler, Louisiana Secretary of State, to Members of the Louisiana State Bond Commission, February 16, 2017.
- 18 BGR calculations using estimates for fare and tax revenues in the Parish's 2017 budget.
- 19 Of the \$599.8 million in total revenue in the Parish's 2017 budget, \$510.9 million, or 85.2% is dedicated to specific purposes. Data from Jefferson Parish, 2017 Adopted Budget, p. 22.
- 20 These were a reconfiguration of the Avondale route through Westwego and the shortening of the Kenner route west of Williams Boulevard.
- 21 Solutient, *Gretna Local (W-6) Ridership Assessment and Recommendations*, June 30, 2016.
- 22 Regional Transit Authority, Presentation to Strategic Mobility Plan: Advisory Committee Meeting 2, May 16, 2017, p. 24. For example, the study estimates that transit demand on Veterans Boulevard could support a bus every 10 minutes during peak hours. Currently, buses on Veterans run once every 20 to 25 minutes during peak hours. See the Jefferson Transit schedule: http://www.jeffersontransit.org/documents/ScheduleBookletOct_2015.pdf.
- 23 RPC officials expect the plan will cost approximately \$200,000. The Parish will cover 20% of the cost as a local match for a Federal Transit Administration grant that provides the remaining 80%.
- 24 These elections include Congressional primary and general elections on November 6, 2018, and December 8, 2018.
- 25 Nelson\Nygaard Consulting Associates, p. ES-9.
- 26 According to the Federal Transit Administration's guidelines on the requirements of the 1990 act, governments that provide transit services for the general public must also provide complementary transit service for people who have disabilities. U.S. Department of Transportation, Federal Transit Administration, *Americans with Disabilities Act*

(ADA): *Guidance*, November 4, 2015. pp. 8-1 to 8-30.

- 27 Jefferson Transit, MITS 2012 Rider Guide, effective July 2012, p. 19, accessed August 28, 2017 at http://www.jeffersontransit.org/documents/MITS/MITS_ridersguide.pdf.
- 28 Information provided by the Parish. The figure is for the first six months of 2017.
- 29 Jefferson Parish amended 2017 budget for MITS.
- 30 BGR calculations using figures the Parish provided.
- 31 The ballot proposition states that the millage revenue can be used “for the purpose of acquiring, constructing, improving, providing, maintaining and operating the Parish Public Transportation System for the exclusive benefit of the mobility impaired, the physically disadvantaged and the elderly in said Parish.”
- 32 Nobles III, Wilborn P., “New Orleans reaches settlement in case that says 94 percent of bus stops not ADA-compliant,” *NOLA.com / The Times-Picayune*, February 13, 2017. http://www.nola.com/traffic/index.ssf/2017/02/new_orleans_rta_court_settleme.html
- 33 MITS had 85,322 passengers in 2004 and 71,594 in 2016. Information provided by the Parish.
- 34 BGR calculations using figures the Parish provided.
- 35 BGR calculations using estimates for fare and tax revenues in the Parish’s 2017 budget.

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