



# ON THE BALLOT

A Report from the Bureau  
of Governmental Research

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**OCTOBER 19, 2013**

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## INTRODUCTION

On October 19, voters in Jefferson and Orleans parishes will consider several local propositions. Jefferson Parish voters will decide on property tax renewals for water, sewerage and schools. In New Orleans, voters will decide on two proposed amendments to the city charter. One amendment would put into effect a slate of governance reforms at the Sewerage & Water Board. The other would eliminate three dormant boards.

This report explains, analyzes and takes a position on each of these items.

## PROPERTY TAX RENEWAL: JEFFERSON PARISH PUBLIC SCHOOL SYSTEM

### What It Would Do

Voters in Jefferson Parish will decide whether to renew for 10 years a property tax of 7 mills for the public school system. The tax, which expires at the end of 2014, generates about \$23.2 million a year for general operating and maintenance expenses.

### Background and Analysis

The tax accounts for about 5.5% of the Jefferson Parish Public School System's \$423 million operating budget. The system uses the funds to cover general operating and maintenance expenses, such as teacher salaries, classroom supplies, textbooks and school programs. It is one of four property taxes the system levies. The others include two renewable taxes of 9 and 4 mills and a permanent tax of 2.91 mills, for a total of 22.91 mills.

The 7-mill tax, which was last reauthorized in 2004,

was originally approved decades ago at 12 mills. The millage was rolled back to the current rate of 7 mills after successive reassessments yielded higher tax revenues.<sup>1</sup> A proposition to renew the tax at the current rate of 7 mills was rejected in May 2013, when 52% of voters opposed it.

The system projects general fund revenues totaling about \$423 million for 2013-14. It expects local sources to provide 55% of that revenue, the state, 44%, and federal sources, the remaining 1%.<sup>2</sup>

The school system has been under financial strain in recent years. The system closed schools and laid off employees to avoid a projected \$25 million deficit in 2012. School system administrators have acknowledged that years of overspending in the face of declining revenues contributed to the budget crisis.<sup>3</sup> However, they indicated that cutbacks during the past two years have stabilized the budget.

*Impact on Taxpayers.* If voters approve the renewal, taxpayers would continue to pay property taxes at the current rate of 7 mills. A homeowner with a homestead-exempt property valued at \$150,000 would continue to pay \$52.50 per year. For each additional \$100,000 of value, the tax would be \$70. Commercial property owners would pay \$98 per \$100,000 of value. The owner of a commercial property valued at \$600,000 would continue to pay \$588.<sup>4</sup> If voters reject the proposition, taxes would decline by equivalent amounts starting with the December 2015 tax bills.

*Impact on the School System.* System administrators told BGR that the system will face significant budget cuts for the 2014-15 school year if the tax is not renewed. Administrators have not identified specific spending cuts to offset the \$23.2 million loss in rev-

enue. They indicated that the areas that could be cut include teaching positions, pre-kindergarten classes, middle school extracurricular activities and technology upgrades for classrooms. Cutting teaching positions would increase class sizes.

Administrators contend that, if the renewal fails, the resulting budget cuts will hamstring reform efforts that they say have yielded higher School Performance Scores under the state's accountability program. The percentage of the system's students in schools graded D or F has declined from 65% in 2011 to 27% this year. Half of the system's 80 schools have improved by one letter grade, and the number of schools graded A or B has more than doubled from 13 to 29 during the past two years.

In some cases, a reduction in local property or sales taxes for public school systems can trigger a reduction in a school system's funding from the state's Minimum Foundation Program. MFP funds, which account for 42% of the school system's general fund revenue, are distributed using a complex formula that takes into account local tax capacity and tax effort. A reduced local tax effort can translate to lower MFP funding. However, Jefferson school officials told BGR that if the millage is not renewed, it would not affect the system's share of MFP funds.

### **BGR Position**

FOR. The 7-mill property tax is a long-established and important component of the school system's funding. A failure to renew the tax would add to the system's budgetary challenges and would risk reducing the quality of education the system provides.

### **PROPERTY TAX RENEWAL: JEFFERSON PARISH CONSOLIDATED WATERWORKS DISTRICT NO. 1**

#### **What It Would Do**

Jefferson Parish is asking voters in Consolidated Waterworks District No. 1 to continue a 3.54-mill property tax for water service for the next 10 years. The tax is

dedicated to acquiring, constructing, improving, maintaining and operating waterworks facilities.

### **Background and Analysis**

*Background.* The tax is levied by Consolidated Waterworks District No. 1, a special taxing district governed by the Jefferson Parish Council. The district encompasses the unincorporated portion of the parish, the municipalities of Kenner, Harahan and Jean Lafitte, and the Timberlane subdivision in the City of Gretna.<sup>5</sup> The rest of the City of Gretna and the municipalities of Westwego and Grand Isle are not in the district and do not pay the tax.<sup>6</sup>

The tax has been in place for several decades. Voters last reauthorized it in 2003 at a rate not to exceed 5 mills. Since then, the millage rate has rolled back three times because of higher property tax assessments.<sup>7</sup> As a result, the tax was levied in 2012 at a rate of 3.54 mills.

In May 2013, voters rejected a proposition to continue the tax levy at the previously authorized rate of 5 mills. Following the defeat, the Parish Council decided to go back to voters with a levy not to exceed the current rate of 3.54 mills.<sup>8</sup>

The water system supported by the tax includes water treatment complexes on both sides of the Mississippi River and nearly 1,800 miles of water distribution pipes.

*Analysis.* If voters approve the millage, taxpayers would continue to pay the property tax at the current rate of 3.54 mills. A homeowner with a homestead-exempt property valued at \$150,000 would continue to pay \$26.55 per year. For each additional \$100,000 of value, the tax would be \$35.40. A commercial property owner would pay \$49.56 per \$100,000 of value. The owner of a commercial property valued at \$600,000 would continue to pay \$297.36.<sup>9</sup> If voters reject the proposition, taxes would decline by equivalent amounts starting with the December 2013 tax bills.

The millage, which generates approximately \$10.5 million annually, is legally available for several types of

expenditures. However, Jefferson Parish uses it solely to fund capital improvements and emergency point repairs not covered by the operating budget. The Water Department funds its \$32.8 million operating budget mostly from user fees.<sup>10</sup>

The millage provides the only recurring source of money for the water system's capital projects. The projects are approved by the Parish Council. The capital budget for 2013 includes, among other things, \$4.3 million for point repairs to broken water lines, \$2.5 million for upgrades to the east bank treatment plant and \$1.2 million to replace a large water line under Central Avenue from Airline Drive to Jefferson Highway.

Beyond 2013, the parish anticipates continuing to use the millage for capital projects and emergency point repairs. According to parish officials, the capital projects will include a variety of improvements to treatment plants, water lines and meters.

The top priority is the first phase of capital replacements to modernize treatment facilities at the east bank water treatment complex. The Water Department estimates that this phase will cost between \$30 million and \$35 million. This project is roughly three times the size of the annual capital budget.

With the exception of a \$2.1 million Community Disaster Loan, no debt for the water system is outstanding at this time. The only financing currently planned is a \$3.5 million borrowing from the state to fund a water line along part of River Road on the west bank.<sup>11</sup>

If the millage fails, the parish would put all capital projects on hold until it identifies another source of revenue. The Water Department would take longer to respond to low-priority leaks and repairs.

Even if the millage passes, it will not provide enough revenue to address the water system's long-term capital needs, which the Water Department estimates at \$650 million.<sup>12</sup> Major projects for the future include another \$100 million in upgrades to fully overhaul the east bank treatment complex and a \$40 million investment in automated meters.

General parish revenues hold little promise for making up the lost revenue if the millage fails. The vast majority of parish government revenue is dedicated, resulting in little budgetary flexibility to prop up the water system.

This leaves an increase in user charges as the only realistic alternative to property taxes for capital funding. The parish administration has not decided whether to ask the Parish Council to increase user fees if voters reject the millage.

Rate increases would have to be substantial to make up the lost millage revenue. The Water Department estimates that both the flat charge for water usage at or below 3,000 gallons per month and the rate for usage in excess of that level would have to increase by 45% to offset the lost revenues.<sup>13</sup> Alternatively, if only the excess usage rate were increased, it would have to rise by 62%. These are only rough estimates and not formal proposals for rate increases.

As an alternative to continuing the millage, raising rates has its advantages. User fees connect the cost of the service to actual usage and are paid by all. Property taxes, on the other hand, are not related to usage and are subject to a number of exemptions, including the homestead exemption, exemptions for public and nonprofit property, and business tax subsidies. Based on the assessor's valuations, exemptions remove approximately one-third of the total assessed value of real property from the tax rolls. As a result, some system users pay taxes at lower effective rates than others or pay no taxes at all.

Parish officials prefer keeping the tax in place because it provides a stable source of funding that facilitates planning and budgeting for capital projects. The millage would be approved for 10 years and the annual revenue is predictable. They are less confident in the stability of user fee revenue, noting that the amount of water consumed annually in the parish has declined by 21% since 2002.<sup>14</sup>

If the proposition fails and the parish does not find a new revenue source, the loss of revenue for capital

projects could force the parish's costs higher in the long run. The parish would be less able to replace older equipment, causing maintenance costs to rise. The accumulation of deferred investment over time would increase the risk of drops in water pressure and boil-water orders. Leaky pipes could cause collateral damage to streets, sidewalks and driveways.

The administration argues that the loss of revenue for capital investment could also lead to higher insurance premiums for property owners. The parish currently enjoys the highest possible fire protection rating from the Property Insurance Association of Louisiana (PIAL), which assists insurance companies in setting their rates by grading fire protection districts. According to PIAL, adequate water supply for firefighting is a key component of the rating. While the failure of a single millage proposition would generally not in and of itself cause an immediate drop in a fire district's rating, a failure to fund the system investment necessary to maintain a district's water supply over time could lower the rating.

### **BGR Position**

FOR. The tax before voters is a long-standing component of the funding for the water system in Jefferson Parish and eliminating it would cause serious problems. If the tax is not renewed, the parish will lose the sole recurring source of funding for capital improvements for its water system. Key projects will have to be put on hold, threatening the sustainability of the system. While BGR supports the millage renewal, it notes that property taxes are not the fairest way to fund the water system and urges the parish to consider shifting over time to a heavier reliance on user fees.

### **PROPERTY TAX RENEWAL: JEFFERSON PARISH CONSOLIDATED SEWERAGE DISTRICT NO. 1**

#### **What It Would Do**

Jefferson Parish is asking voters in Consolidated Sewerage District No. 1 to continue a 3.58-mill property tax for sewerage service for 10 years. The tax is dedi-

cated to acquiring, constructing, improving, maintaining and operating sewerage works and facilities.

### **Background and Analysis**

*Background.* The tax is levied by Consolidated Sewerage District No. 1, a special taxing district governed by the Jefferson Parish Council. The district encompasses the unincorporated portion of the parish, the Town of Jean Lafitte and the Timberlane subdivision in the City of Gretna. The rest of the City of Gretna and the municipalities of Kenner, Harahan, Westwego and Grand Isle are not in the district and do not pay the tax.

The tax has been in place for several decades. Voters last reauthorized it in 2003 at a rate not to exceed 5 mills. Since then, the parish rolled back the millage rate three times in response to higher property tax assessments. As a result, the tax was levied in 2012 at a rate of 3.58 mills.

In May 2013, voters rejected a proposition to continue the tax levy at the previously authorized rate of five mills. Following the defeat, the Parish Council decided to return to voters with a levy not to exceed the current rate of 3.58 mills.<sup>15</sup>

The sewerage system supported by the tax includes six sewerage treatment plants, more than 500 sewer lift stations and more than 1,400 miles of collection pipes and sewer mains. Its current operating and capital budgets are \$31.5 million and \$8.1 million, respectively.

*Analysis.* If approved, taxpayers would continue to pay the property tax at the current rate of 3.58 mills. A homeowner with a homestead-exempt property valued at \$150,000 would continue to pay \$26.85 per year. For each additional \$100,000 of value, the tax would be \$35.80. A commercial property owner would pay \$50.12 per \$100,000 of value. The owner of a commercial property valued at \$600,000 would continue to pay \$300.72.<sup>16</sup> If voters reject the proposition, taxes would decline by equivalent amounts starting with the December 2013 tax bills.

The millage produces approximately \$8.8 million annu-



ally. It is legally available for both operations and capital improvements. Jefferson Parish uses it to fund 28% of the Sewerage Department's \$31.5 million operating budget. It covers critical expenses, including emergency repairs, electricity to run the treatment plants and lift stations, and chemicals for sewage treatment and odor control. It funds same-day response times and after-hours crews to address sewer problems. It also funds inspections for preventive maintenance and repairs to minor leaks that could damage streets, sidewalks and driveways.

The parish uses the millage revenue for operations primarily because sewerage user charges are inadequate to cover basic operations and maintenance costs. The department would prefer to use the millage for capital, as the Water Department does with its millage.

The parish plans to continue applying most of the millage to operating expenses. However, the Sewerage Department plans to use a portion of its millage revenue, approximately \$2 million a year, to support borrowings for capital projects. The borrowings, through two state loan funds, would raise \$37.5 million to finance improvements to treatment plants, lift stations and pipes.

The proposed improvements are prompted by a compliance order from the state Department of Environmental Quality related to treatment plants and collection areas in Barataria, Harvey and Marrero. Parish officials worry that the failure of the millage could lead to additional enforcement action.

With the exception of \$2.4 million of Community Disaster Loans, the parish currently has no debt for the sewer system. It has been funding capital improvements on a pay-as-you-go basis from several other sources, including sales tax revenue. It is pursuing the proposed borrowings because the interest rates are very favorable – less than 1% – and approximately \$7 million of the principal is forgivable.

Using the millage revenue to pay debt service beyond 2013 will decrease current funding for operations. However, the Sewerage Department anticipates that the projects financed by the loan, which include the

rehabilitation of facilities that now require extensive maintenance and repair, will lower operating costs. It expects the reduction in operating costs to nearly offset the new debt service costs, allowing the department to avoid service cuts.

If the proposition fails and the parish does not tap another funding source, it would eliminate the possibility of obtaining the state loans and force significant cuts in Sewerage Department operations. For customers, this would lead to triaging of leaks and overflows based on health and safety concerns, longer response times, reductions in after-hours service and more deferred maintenance.

Even if the millage passes, the money will not be enough to address the sewerage system's long-term capital needs. The Sewerage Department estimates that the system needs at least \$1 billion over the next 20 years to sustain the system and ensure proper collection, treatment and discharge.<sup>17</sup>

General parish revenues hold little promise for closing the funding gap for sewerage operations if the millage fails. The vast majority of parish government revenues are dedicated, leaving little budgetary flexibility to redirect money to the sewerage system.

The department could reroute sales tax revenue from capital improvements to operations, but at the cost of delaying those projects. It could also pursue federal grant funding, but these options are limited, and the grant programs are competitive.

Raising the sewerage system's user charges to cover the gap in operating costs is another possibility. For the reasons discussed in the prior section, BGR considers user fees a more equitable and direct way of funding sewer services than property taxes. However, parish officials prefer keeping the tax in place because it provides a stable source of funding for the sewerage system.

As with the water system, rate increases would have to be substantial to offset the lost millage revenue. Although parish officials did not have estimates available, they indicated that the increases would be similar in

magnitude to the water rate increases discussed in the previous analysis. The parish administration has not decided whether to ask the Parish Council to increase user fees if voters reject the millage.

### **BGR Position**

FOR. The tax before voters is a long-standing component of the funding for the sewerage system in Jefferson Parish and eliminating it would cause serious problems. If the millage is not renewed, the parish will lose critical funding for the daily operations and maintenance of the sewerage system. It will also lose the opportunity to pursue low-interest loans for capital projects. Significant service cuts will occur, and key projects will be put on hold, threatening the sustainability of the system. While BGR supports the millage renewal, it notes that property taxes are not the fairest way to fund the sewerage system and urges the parish to consider shifting over time to a heavier reliance on user fees.

### **NEW ORLEANS CHARTER AMENDMENT: SEWERAGE & WATER BOARD GOVERNANCE**

#### **What It Would Do**

The proposition would amend the Home Rule Charter of the City of New Orleans to alter the composition of the Sewerage & Water Board (S&WB). It would reduce the board size from 13 to 11 members by removing the three City Council members and adding a citizen member.

If voters approve the proposition, a corresponding change to state law would take effect. In addition, approval would trigger several other changes to state law to revamp the agency's governance.<sup>18</sup> The changes would, among other things, create a nominating process for potential board members, shorten members' terms, impose term limits, require relevant experience and set other qualifications for board members.

#### **Background and Analysis**

The S&WB is an autonomous board established in state law to construct, control, maintain and operate the

city's water, sewerage and major drainage systems.<sup>19</sup> It is governed by a 13-member board of directors, consisting of the mayor, three City Council members, two members of the Board of Liquidation, City Debt, and seven citizens.<sup>20</sup>

The board composition is set forth in both state statutes and the city charter, so any change requires action by the Legislature and New Orleans voters, respectively. Other aspects of the S&WB's governance are established only in state law and can be amended without a local vote. However, in this case, the Legislature has conditioned its other governance reforms on passage of this charter amendment. If voters approve, all changes to state and city law would take effect January 1, 2014.

*Removing City Council Members from the Board.* In its 2011 report entitled *Making the Waterworks Work: Fixing the Sewerage & Water Board's Governance Problems*, BGR identified the presence of elected officials on the board and their reluctance to raise rates as a key governance problem.<sup>21</sup> Their recurring political opposition to new revenue proposals at the board level has contributed to an erratic approach to rate increases. Lengthy periods with little or no rate adjustment have been followed by double-digit increases. A vicious cycle of underfunding, deferred maintenance, mounting costs and dramatic rate hikes has played out repeatedly during the last half-century.

To address this problem, BGR called for removing all elected officials, including the mayor, from the board. The proposed charter amendment would remove the three council members. However, it would keep the mayor on the board. While the new structure differs from BGR's original recommendation in this key respect, it is a significant improvement over the current arrangement.

Removing the council members would also eliminate the conflict of interest that arises from council members serving on the board of an entity that the City Council as whole must regulate. The change would allow the council members to focus solely on their regulatory role. So far this year, the council has stepped up its oversight of the S&WB, making good on a pledge to

ratepayers when it approved significant rate increases in December 2012. The council now holds quarterly meetings focusing on the S&WB. If voters approve the amendment, a provision in the companion state legislation would kick in requiring the S&WB to begin providing substantial documentation to the City Council on its contracts and operations on a quarterly basis.

*Reducing the Size of the Board.* At 13 members, the board is nearly twice the median size (seven members) of the boards of the high-performing water utilities that BGR reviewed in its 2011 report. The proposed charter amendment would reduce the board size to 11 members. The smaller size should make it easier to achieve quorums, keep members engaged and come to consensus.

The other governance changes that would take effect if the charter amendment passes relate to the appointed members of the S&WB.

*Establishing a Nominating Process.* Under the current state law, the two representatives of the Board of Liquidation are appointed by the mayor on the recommendation of that board. The citizen members are appointed by the mayor with the advice and consent of the City Council.

Under the proposed reforms, the mayor would retain the appointment power.<sup>22</sup> However, he would have to select the eight citizen members from candidates proposed by a 10-person nominating committee.

The committee would consist of the following or their designees: the presidents of Dillard, Loyola, Tulane and Xavier universities; the chancellors of Delgado Community College, the University of New Orleans and Southern University at New Orleans; and the chairmen of the boards of the New Orleans Chamber of Commerce, the New Orleans Regional Black Chamber of Commerce and the Urban League of Greater New Orleans.

The names of potential nominees would come from the committee members or the general public, through a call for applications. The committee would decide jointly on a list of three nominees for each vacancy and submit

them to the mayor. The mayor would have 60 days to make his selection and submit it to the City Council for approval. He could not veto the list. If for any reason the mayor failed to act by the deadline, the City Council would make the appointment from the list.

The nominating process promises some insulation from politics for board appointments. An independent nominating process offers the best chance to seat a board that can ably tackle the formidable problems confronting the S&WB.

*Reducing Terms of Board Members.* Appointed members of the board currently serve nine-year terms with no term limits. If the charter amendment passes, state law would change to reduce the terms of all 10 appointed members of the board to four years. It would limit them to serving two consecutive terms. Board members' terms would be staggered. To begin the staggering process, the initial terms of two members, chosen by lot, would expire in each of the first three years.

Reducing board members' terms from nine years to four years would allow for regular evaluation of their performance in the context of a reappointment process. It would provide protection against an individual appointee becoming too entrenched.

The downside to term limits is that they can unnecessarily deprive citizens of the services of a good board member and strip the utility's board of institutional knowledge. New members have a steep learning curve in the highly technical world of water utilities.

Staggering the terms will maintain some continuity in board membership and insulation from election-cycle politics.

*Board Member Qualifications.* The state legislation that would take effect if the charter amendment passes would modify some existing qualifications for appointed board members and add several new ones relating to expertise and racial and gender diversity.

Current law sets forth few qualifications for appointees. Citizen members must have their domicile, or perma-

ment residence, in New Orleans, and they must be registered voters. In addition, one citizen must be appointed from each of the five council districts, with the other two appointed from the city at large. Further, those five citizens must have resided in their district for at least two years prior to appointment.

The new law would retain the requirements relating to domicile and voter registration. It would also retain the requirement for representation from each of the five council districts. However, all 10 appointees, not just the citizen appointees, would be counted in determining whether the five council districts are represented. In addition, the new law would eliminate the requirement for two years' residency in a council district.

At present, there are no experience or expertise requirements for S&WB board members. If the charter amendment passes, state law would change to require nominees for the eight citizen seats to have "experience in either architecture, environmental quality, finance, accounting, business administration, engineering, law, public health, urban planning, facilities management, public administration, science, construction, business management, community or consumer advocacy, or other pertinent disciplines."

Best practices in corporate governance indicate that a board should have a mix of relevant expertise. In the context of public utilities, board members should be appointed based on their qualifications, not on their political connections.

In addition to imposing general experience requirements, the new law would require that two of the 10 appointed members be "consumer advocates with community advocacy or consumer protection experience in a related field." The state legislation does not elaborate on this qualification requirement. According to the city administration, the intent of the provision is to ensure the board includes persons who will be effective advocates on behalf of the S&WB's customers.

The law would also require that all appointments to the board "reflect the racial and gender diversity of the population of the city of New Orleans to the ex-

tent practicable." The diversity requirement is based on other state laws that have not been fully interpreted by the courts. As a result, it is unclear how rigidly the requirement will be interpreted. The city administration views the requirement as a strong directive to consider board diversity in the nominating and appointment processes.

In general, the diversity of board members' backgrounds can bring valuable experience and perspectives to the boardroom.<sup>23</sup> However, the layering of geographic and other qualification requirements could in certain circumstances seriously limit the pool of candidates for individual vacancies and disqualify citizens who would make strong board members. In addition, it may be difficult to satisfy all the superimposed requirements on an ongoing basis. Maintaining compliance with those requirements is likely to be particularly challenging when replacing representatives from the Board of Liquidation, where the eligible pool of candidates is six.<sup>24</sup>

BGR notes that, if the multiple qualification requirements become problematic, they can be amended by the Legislature without another charter amendment.

### **Assessing the Proposed Reforms**

Since 2011, BGR has pushed for meaningful governance reform at the Sewerage & Water Board. It firmly believes the agency needs a well-qualified, high-functioning board in order to improve service and tackle multi-billion-dollar infrastructure challenges. The proposed governance reforms now before voters would lay the foundation for putting that board in place.

### **BGR Position**

FOR. The charter amendment, and the companion legislation that would take effect if it passes, present a critical opportunity for New Orleanians to reduce political influence on the S&WB's board, establish a process for vetting future board members and make the board more accountable. It would bring the S&WB more in line with best practices in governance for public water utilities.



## **NEW ORLEANS CHARTER AMENDMENT: ELIMINATING EXAMINER BOARDS**

The amendment would take effect if it were approved by a majority vote of the City Council, or if the council did not reject it within 60 days of the executive order.<sup>28</sup>

### **What It Would Do**

Voters in New Orleans will decide whether to amend the city charter to abolish three dormant boards: the Board of Electrical Examiners, the Board of Examiners of Operating Engineers and the Board of Mechanical Examiners.

### **BGR Position**

**FOR:** The boards have been defunct for years, and there is no foreseeable reason why it would be desirable to reinstate them.

### **Background and Analysis**

The Home Rule Charter of the City of New Orleans contains two references to the three boards of examiners. Section 4-704 provides that the boards may be continued and, if continued, shall be in the Department of Safety and Permits.<sup>25</sup> Section 4-102 lists them among two dozen boards and city departments that were created or continued by the charter. It also places them under the Department of Safety and Permits.<sup>26</sup>

The proposed charter amendment would eliminate Section 4-704 and remove the boards from the list of city boards and departments in Section 4-102.

The three boards of examiners previously administered contractor exams and issued licenses. They have been dormant for more than a decade. Contractors seeking to work in New Orleans now take exams administered by the state or a nonprofit industry organization.

Eliminating the examiner boards is part of the mayor's plan to streamline government by eliminating defunct boards and combining others that have overlapping or related responsibilities. The plan, announced last year, would eliminate 11 boards and commissions.<sup>27</sup>

The administration says that the amendment is a house-keeping measure to update the charter to reflect current practices. It will have no effect on current procedures.

However, BGR notes that the charter provides a process for abolishing the boards of examiners without a public referendum. The mayor may issue an executive order to initiate a charter amendment to abolish the boards.

**ENDNOTES**

1 Bureau of Governmental Research, *BGR Report: April 17, 2004, Ballot Issue for the Renewal of Property Tax for Jefferson Parish Public School System*, March 2004, p. 1.

2 Jefferson Parish Public School System, *General Fund Budget for Fiscal Year 2014*.

3 Jefferson Parish Public School System, *Fiscal Year 2012-2013 General Operations Fund Budget Proposal*, July 25, 2012.

4 For commercial property, BGR assumed that land value accounts for 20% of total value.

5 The City of Gretna annexed the Timberlane area from the parish in 2008, but the parties agreed that the parish's Consolidated Waterworks District No. 1 would continue providing water service to the area. In July 2013, the Jefferson Parish Council formally amended the boundaries of the district to include the Timberlane area, defined as precincts 12-G and 13-G as constituted on May 15, 2013. Jefferson Parish Council, Ord. No. 24534, adopted July 24, 2013.

6 Ibid. Since 2006, Grand Isle users have purchased water from the district. Although they do not pay the tax, they pay higher rates than other customers do.

7 Louisiana law requires property values to be reassessed at least every four years. If property values increase, the millage rate is automatically "rolled back" to keep revenue constant. However, a taxing body may choose to roll the millage forward to the previously authorized rate. La. Const. Art. VII, Sec. 23.

8 Jefferson Parish Council Resolution 120970, adopted May 15, 2013.

9 For commercial property, BGR assumed that land value accounts for 20% of total value.

10 In 2012, the millage provided less than \$1 million of revenue for operations.

11 The Water Department plans to borrow \$3.5 million from the Louisiana Department of Health and Hospitals' revolving loan fund, at a rate of 2.95% for 20 years. Before the larger millage proposition failed in May, the Water Department had planned to borrow \$8.5 million.

12 The Water Department developed the estimate based on the results of engineering studies for individual projects, such as the water treatment plant upgrades, and internal project estimates.

13 The estimated increases would not affect the ready-to-serve charge based on meter size.

14 The parish recorded 15.8 billion gallons of metered consumption in 2012, compared to 20 billion gallons in 2002. Data provided by Jefferson Parish Water Department.

15 Jefferson Parish Council Resolution 120969, adopted May 15,

2013.

16 For commercial property, BGR assumed that land value accounts for 20% of total value.

17 The Sewerage Department developed this estimate based on multiple studies of capital needs over the years.

18 See La. Acts 2013, Reg. Sess., No. 345.

19 In relation to city government, the S&WB is one of 10 "unattached" boards and commissions placed under the executive branch by the city charter, meaning it is not attached to a specific department of city government.

20 The city charter currently provides that the board "shall be composed of the Mayor, one at large member of the Council and two other councilmembers, all selected by the Council; two members of the Board of Liquidation, City Debt; and seven citizens who are domiciled in and electors of the City appointed as provided by state and municipal law." The proposition would amend this to provide that the board "shall be composed of the Mayor; two syndicate members of the Board of Liquidation, City Debt; and eight citizens who are domiciled in and electors of the City appointed as provided by applicable state and municipal law." City of New Orleans Home Rule Charter, Sec. 5-301, and New Orleans City Council Ord. 25405, adopted July 11, 2013.

21 See BGR, *Making the Waterworks Works: Fixing the Sewerage & Water Board's Governance Problems*, October 2011. The report is available at [www.bgr.org](http://www.bgr.org).

22 The proposition would also clarify that two appointed, or "syndicate," members of the Board of Liquidation serve on the S&WB. This is not a significant change from current practice.

23 Gregory, Holly J., and Rebecca C. Grapsas, *Comparison of Corporate Governance Guidelines and Codes of Best Practice: United States*, September 2010, p. 16.

24 Under the proposed charter provision and accompanying legislation, two of the S&WB board members must be "syndicate" members of the Board of Liquidation. There are only six syndicate members. Because of the small pool, finding a syndicate member who has the combination of district residency, race and gender needed to maintain the various balances on the board will be difficult, if not in some cases impossible.

25 Home Rule Charter of the City of New Orleans, Sec. 4-704.

26 Home Rule Charter of the City of New Orleans, Sec. 4-102.

27 City of New Orleans news release, "Mayor Landrieu announces plan to eliminate 11 Municipal Boards and Commissions and to downsize or restructure others," October 24, 2012.

28 Home Rule Charter of the City of New Orleans, Sections 4-103(2) and 9-201(2).

## BGR Review Committee

Ann Thorpe Thompson, *Chair*  
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Vaughan Fitzpatrick  
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