

NEW ORLEANS  
JUNE 2018



CITY HALL

# From Answers to Action

Post-Election Policy Making



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## FROM ANSWERS TO ACTION

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The Bureau of Governmental Research is a private, nonprofit, independent research organization dedicated to informed public policy making and the effective use of public resources for the improvement of government in the New Orleans metropolitan area.

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## INTRODUCTION

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Before last fall's mayoral and City Council elections, BGR issued its *Candidate Q&A Election Series* to help inform New Orleans voters of the candidates' positions on important issues facing City government. BGR developed two surveys, one for mayoral candidates and another for council candidates. The surveys included a summary of BGR's current research on each topic and posed questions related to BGR's policy recommendations, which are in furtherance of effective, efficient, transparent and accountable local government. BGR sent the surveys to all candidates in July 2017.

BGR received written answers from most candidates and published the answers in a seven-part series, which brought forth the candidates' perspectives and ideas on a wide range of topics. The entire election series, as well as subsequent video podcasts with the two runoff candidates for mayor, are available at:

[www.bgr.org/reports/2017-questions-for-candidates](http://www.bgr.org/reports/2017-questions-for-candidates).

With this installment of the *Candidate Q&A Election Series*, BGR revisits the candidates' responses in today's context of post-election policy making. This report consolidates and reissues the responses of newly elected officials\* on issues that persist as critically important:

- Should the New Orleans Police Department (NOPD) receive more funding?
- How can City government operate more effectively using its existing resources?
- What reforms, if any, should elected officials make to City employee compensation and pension plans?
- Would the new mayor support continued implementation of recent civil service system rule changes?
- Would the new mayor retain the existing professional services contracting process or revise it in any way?
- How much should the City spend annually on street maintenance?
- Should the City and the Sewerage & Water

Board (S&WB) pursue a stormwater fee to meet the drainage system's financial needs?

- What changes to local tax dedications should the City pursue?
- Would elected officials support reform of tax exemptions for nonprofit-owned property, and more broadly, how can elected officials protect and expand New Orleans' tax base?
- What principles should the City follow when considering economic development subsidies?
- How should City Council members ensure they comply with the force of law concept in regard to the Land Use Plan?

In some instances, candidates embraced BGR's recommendations. In other instances, they expressed a rationale or position that, though inconsistent with BGR's recommendations, will factor into policy decisions. Collectively, their responses provide a foundation for an informed public dialogue and a shared understanding of elected officials' positions as they begin crafting strategies and solutions.

We encourage citizens to revisit the issues by reviewing the BGR research and the elected officials' responses presented in this report. Where the officials express positions that clearly affirm or align with BGR's recommendations, we strongly urge them to identify – and take action on – the steps necessary to achieve those goals.

BGR publishes the responses as they were submitted last fall, with two exceptions. First, BGR corrected non-substantive, typographical errors where necessary for readability. Second, BGR excerpted responses that significantly exceeded the 200-word limit stated in our questionnaire. In choosing what to excerpt, BGR used its best efforts to preserve the substance of the candidate's answer to the question. Any deletion is marked by an ellipsis (“...”); if no ellipsis appears, then the answer is the candidate's entire response. Candidates were aware of the 200-word limit and the consequence of exceeding it.

\* BGR did not receive a response last year from the District D councilmember.

### BACKGROUND

In 2016, the City Council and the administration asked voters to approve a new 5-mill property tax to increase funding for recruiting, hiring, equipping and paying officers of the New Orleans Police Department (NOPD). BGR supported the proposition, observing that the additional funding would help NOPD to rebuild its depleted ranks, reduce incident response times and provide better public safety outcomes.\* BGR also called on the City Council and the administration to hold the NOPD accountable for achieving departmental goals and to carefully calibrate funding to the NOPD's true needs.

Despite widespread concern about NOPD's capacity to respond to crime problems, voters rejected the millage proposition. Its defeat raised questions about the City's ability to address the future funding needs of NOPD.



\* BGR, *On the Ballot: New Orleans*, April 9, 2016, p. 11, available at <http://www.bgr.org/reports/bgr-reviews-tax-propositions-for-streets-public-safety/>.

### PUBLIC SAFETY

In July 2017, BGR asked the mayoral and council candidates the same three questions regarding the need for additional NOPD funding, funding strategies and accountability for the department's performance.



**Would you seek an increase in funding for NOPD? Why or why not?**

**Mayor LaToya Cantrell**

I would consider increasing funding for the NOPD in order to fund the Chief’s retention plan and also to fully fund our crime lab and homicide division. However, prior to pursuing additional revenue, I would ensure that all unallocated revenue within the department is being properly spent.

**Councilmember At-Large Helena Moreno**

I believe that NOPD should be given the tools needed to effectively fight crime. If they are given the resources they need, then NOPD leadership should be held accountable to achieve results. Benchmarks should be set and met.

**Councilmember At-Large Jason Williams**

More money is not the answer.

NOPD is adequately funded and needs to be more strategic and innovative to find ways to retain senior officers and attract new recruits.

The resources allocated to NOPD are more than adequate, the safety issues proliferating in our communities are not problems of an underfunded police force. I will continue to invest responsibly in our NOPD so they have all the tools they need to protect and serve, but repeatedly increasing budgets for identical outcomes has to stop.

Restructuring

Recent changes to civil service job tracks for officers are helpful, but considering the breadth of possibilities for improvement, those are relatively small changes. We need to re-envision the way our public safety officers interact with our community so they are protecting and serving all of us.

**Councilmember Joseph “Joe” Giarrusso, III (District A)**

Yes. Funding is needed for a significant pay raise to boost retention, recruitment, and to enlarge the force as well as to fund other priorities such as technology and ensure proactive measures such as community policing.

**Councilmember Jay H. Banks (District B)**

Yes. We must pay our officers much more to be competitive with regional departments. Beyond that, we need our good experienced officers to stay.

**Councilmember Kristin Gisleson Palmer (District C)**

Yes, I support a pay raise increase and would support an increase in funding directed at the hiring and retention of officers. Furthermore, funds should ensure that advancement testing is administered every 2 years, not 5. Officers need a clear path towards career advancement.

**Councilmember Cyndi Nguyen (District E)**

Improving the quality of life for the people of District E will be my priority. As a nonprofit Executive Director for the past sixteen years, I have extensive experiences making things happen with a small budget. As the next city councilperson for District E, I will work closely with the Police Superintendent and partners to explore and reexamine the NOPD budget to ensure that funds are being used effectively. I believe that the people of New Orleans have been taxed too much and we need to do a better job on how we spend taxpayers’ funds. With limited knowledge and understanding on NOPD’s current and past spending, I am undecided if I would seek for an increase in funding for NOPD. According to my research, NOPD operated on a much smaller budget 6 years ago with more officers and now we have a bigger budget with less officers. What happened? I support our men and women in blue.



**What funding strategies would you support to pay for the future needs of NOPD?**

**Mayor LaToya Cantrell**

The NOPD does not need a massive allocation of additional resources. Much of the future needs of the department can be funded through the natural growth of the general fund.

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**Councilmember At-Large Helena Moreno**

NOPD benefits from a variety of funding sources, including dedicated millages, general funds, and grant funds among others. I strongly support the interest from the business community to partner in programs that benefit the police department. Costs related to the consent decree are also slated to decrease during the next Council's term, opening up resources for redeployment.

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**Councilmember At-Large Jason Williams**

After restructuring and changing the way NOPD does business, I will re-evaluate their budgetary needs at that time.

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**Councilmember Joseph "Joe" Giarrusso, III (District A)**

I believe that necessary funding can be found within the city's existing revenue structure without the need for additional taxes. Moreover, I support increasing the number of exempt properties on the tax rolls so the City is collecting its fair share and collection of any other available tax or fee.

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**Councilmember Jay H. Banks (District B)**

We should prioritize our city budget around public safety - especially making sure we have sufficient manpower on the streets from NOPD, but also ensuring that there are services to help young people avoid trouble in the first place. In my experience at the Dryades YMCA, when we provide enrichment and opportunity for kids, they avoid some of the worst pitfalls in our communities and stay on the right track.

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**Councilmember Kristin Gisleson Palmer (District C)**

Since I left office in 2014, the city's revenue has increased \$100 million. I believe funds can be re-allocated from within the existing budget.

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**Councilmember Cyndi Nguyen (District E)**

In reference funding for future needs of NOPD, I want to partner with group/organization that specializes in developing innovative funding strategies. We need to develop a strategic plan on how we address those future needs. I believe that when we have strong economic development projects that create jobs, it will help to curb crimes. I believe that if we invest early in our youth, it will save money in the future. With these strategies in place, we may not need to find support to pay for the future needs of NOPD.

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## How would you hold the NOPD accountable for achieving its departmental goals?

### Mayor LaToya Cantrell

Accountability starts at the top, with the appointment of a police chief provided the autonomy to do the job. However, with that autonomy comes accountability, and that strategy would shape the rest of the department.

I would also want to ensure that we are leveraging our analytic capabilities to the fullest to measure the metrics that most directly correlate to crime and violence reduction. We have a robust budget dedicated toward information technology, and performance and accountability, so we have the capacity to do this.

Finally I would encourage public interaction with the NOPD so that police are attuned to the feelings of the public in relation to their goals.

### Councilmember At-Large Helena Moreno

Along with the variety of transparency and accountability measures introduced through the consent decree, I will look to bring our law enforcement leaders together on a quarterly basis to testify in a full City Council hearing regarding metrics and progress. The Council must step up and hold high-stakes Council meetings on the city's number one issue in order to hold our law enforcement leaders directly accountable for progress.

### Councilmember At-Large Jason Williams

Departmental goals aren't just some numbers that high-ranking officials get to show to Council once a year during budget season. The performance we expect is only as sophisticated as the metrics against which we measure - a simple, meaningless goal is not a measure of accountability. The way NOPD does business needs to be held accountable and pushed to evolve and innovate, and setting appropriate goals is one way to monitor and encourage that progress. Goals should affect and detect meaningful change, not set an imaginary finish line to cross by a certain date.

#### Appropriate Goals

First and foremost, we need to make sure we are setting the right goals. Holding NOPD accountable to performance goals doesn't mean hitting an arbitrary numerical target. If we are setting the wrong finish lines, we won't end up where we need to be.

#### Entire Organization

Accountability extends to all corners of the NOPD, and departmental goals must reflect the performance of NOPD as a whole, from the bottom to the top, from new recruits to senior officials, officers, civilians, and administrative personnel.

#### Transparency & Repercussions

If appropriate departmental goals aren't being met, we must know why. Cultivating transparency within the NOPD means better troubleshooting and identifying obstacles. ...



**How would you hold the NOPD accountable for achieving its departmental goals?**

CONTINUED

**Councilmember Joseph “Joe” Giarrusso, III (District A)**

The first step is to develop a single public safety plan with participation from the city government and the criminal justice system. This plan should include clear goals and quantifiable metrics as to upgraded management, manpower in patrols and specific units, investigation clearances and response times. In addition, I support an “integrated and strategic planning process for all criminal justice agencies” as set forth in the Forward New Orleans 2018 Platform.

**Councilmember Jay H. Banks (District B)**

We need public and transparent data available for all to see. We need leaders at NOPD and at the City Council to work together across the criminal justice system to make sure we are truly coordinated in our fight against violent crime. Focusing on our communities and restoring police-community relationships will help build trust and also hold NOPD accountable on a grassroots level.

**Councilmember Kristin Gisleson Palmer (District C)**

I would support quarterly reports from NOPD to the city council that highlight the progress being made in regards to recruitment and hiring. In addition, I would encourage a third party background check to accelerate the hiring process.

**Councilmember Cyndi Nguyen (District E)**

I will hold NOPD accountable by (1) tracking and monitoring their activities that are dedicated to reducing crime and increase public safety; (2) Connect with organizations and networks that have the tools, resources and platforms to protect and put NOPD accountable; (3) Evaluate & enforce current policies and develop new policy, if needed, that will play a role in holding police officers accountable for their actions.

### BACKGROUND

The mission of the Bureau of Governmental Research is to provide independent research to support informed public policy making and the effective use of public resources. BGR recognized that each candidate entered the race with a vision for improving City government and delivering more effective services to citizens.



### EFFECTIVE GOVERNMENT

In July 2017, BGR asked all candidates to share their ideas on how City government could operate more effectively.



**Please give three examples of how the City should improve its use of existing public resources to achieve more effective City government.**

### **Mayor LaToya Cantrell**

All three of these examples deal with how the City interacts with other governmental entities.

The City should negotiate with the state and with local public entities to receive a larger percentage of future hotel occupancy and sales tax revenue, which could be directed towards an infrastructure and maintenance fund.

Real estate tax abatements and IDB PILOTs (Industrial Development Board's Payment in Lieu of Tax arrangements) could be more transparent and consistent with faster application times, thus providing a better development climate which would increase property tax revenue, and could go toward paying for public priorities. The City could work with the state and with the IDB to reform this system.

The City should work with New Orleans Redevelopment Authority (NORA) to get more of its lots into the hands of low to moderate income homeowners and affordable housing developers. This would both address the city's housing shortage, and put properties on the tax rolls, allowing the City to increase revenue for priorities.

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### **Councilmember At-Large Helena Moreno**

1. The City should utilize our newly built and highly flexible public school spaces to forge stronger partnerships across recreational entities (such as NORDC, City Park, and Audubon), providing enrichment and allowing our schools to be community resources 365 days a year.

2. The City should increase RTA's focus on our working families. Maximizing efficiencies could create a transportation network that alleviates housing crunches and provides reliable transit for all working people.

3. The City should synchronize Orleans Parish Prison with our health system - especially Louisiana Medicaid - as an essential mitigation effort for our burgeoning mental health crisis. If we are able to get individuals with mental health challenges connected to our existing health care coverage, we can better ensure they won't be repeat clients of our criminal justice system and may seek the treatment they need without concern for lack of resources.

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### **Councilmember At-Large Jason Williams**

#### Reduce Overlap and Duplication

We have done a lot to streamline the way the City functions, but there is still room for improvement. There are synergies between departments with shared goals that aren't being fostered, and overlapping needs that have resulted in duplicative expenses. ...

#### Accessible, user-centric government

One question that isn't asked enough is: Effective for whom? We need to think about government from the perspective of the community, not just fellow government officials or politicians or policy wonks – to the average New Orleanian.

How are people in our community interacting with the City on a daily basis? Is it fair? Is it accessible and equitable and treats everyone with the same respect they deserve? ...

When our kids are educated, safe, and employed, then government can focus on the most effective ways to fill potholes. Effective government happens when we can stop reacting to our community in crisis, when folks have good jobs and educations and paths toward a clear future – not a pipeline to prison. We are still failing over half of the residents in our city, and until we stop the violence and discrimination we are always going to be less effective as a [governmental] body because we are too busy being in crisis.



**Please give three examples of how the City should improve its use of existing public resources to achieve more effective City government.**

CONTINUED

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### **Councilmember Joseph “Joe” Giarrusso, III (District A)**

1. The first job of government is to make citizens safe. Therefore, we need to make safety the top priority of the city budget.
2. Work with Mayor’s office on establishing best practices for Department of Public Works and Sewerage and Water Board for drainage and ensure coordination between departments in timely repairing streets.
3. Ensure city contractors are paid timely.

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### **Councilmember Jay H. Banks (District B)**

1. Coordinate law enforcement across local/state/federal levels to truly expand our manpower.
2. Ensure much higher levels of revenue collection from our current tax base so that we needn’t put the burden on families and seniors.
3. Return city assets - like land etc. - to commerce either by involving nonprofits or conveying it to the private sector. The City should not be allowing its property to become blighted. Any city property should be used to provide services or be unloaded so others may use it effectively.

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### **Councilmember Kristin Gisleson Palmer (District C)**

1. Conduct a survey of publicly owned buildings and properties to determine which are suitable for reintroduction into commerce.
2. French Market Corporation is an example of properties that could have increased revenues through strategic public-private partnerships.
3. While I was on city council, I streamlined appropriations requests by requiring all departments to submit their budgets using a uniform template. We need to further increase accountability and transparency practices within the appropriations process.

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### **Councilmember Cyndi Nguyen (District E)**

(1) City government needs to practice by providing effective and efficient service delivery to its citizens. One strategy that I will explore is how to remove layers that have prevented citizens on taking care of their business with city government efficiently. It may be leverage technology to streamline delivery and evaluating a collaboration method. (2) Improve the work culture for city employees. Enforcing incentives to reward performance or exploring other ways to motivate staff. (3) Develop a Community Resource Directory that will outline how to maneuver through city government. The directory will be translated in Vietnamese and Spanish as a start. The directory should be developed using a simple format and procedures that will guide citizens through city services.

Overall, as the next City Councilperson, our office will hold “pop-up” in both the East and the Lower Nine to create easy access and opportunities for citizens to connect with the City Council office. Pop-up can be at Senior Centers, the library, recreational centers and etc. Another idea is to utilize social media as another form for citizens to connect with city council.

### BACKGROUND

BGR has extensively studied the employee pension plans in which local governments participate.\* It found that, from 2009 to 2016, employer costs increased dramatically for the plans serving City police, firefighters and other municipal employees, as well as the Sewerage & Water Board's (S&WB) plan.

Employer costs depend heavily on the performance of plan investments. If investment earnings, combined with employee contributions, are insufficient to pay for the promised benefit, the employer must make up the difference. Ultimately, this risk falls on City taxpayers and S&WB ratepayers. In many cases, they must help to pay for public sector retirement benefits that are far more generous and secure than their own.

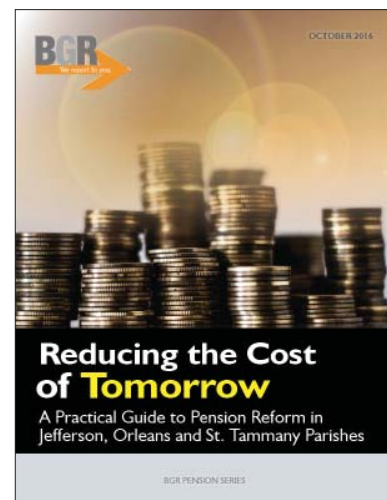
BGR's latest pension report analyzed several options for changing the plans to reduce their costs and risks.\*\* It recommended that policymakers consider alternative plan designs that would shift some, if not all, risk away from public employers. While employees take on additional risk, they also would enjoy greater plan portability. These plan designs may also better reflect the evolving expectations and career patterns of the work force. At a minimum, policymakers should pursue reforms to the existing defined benefit offerings to bring them into alignment with national benchmarks. That implies

lowering multipliers to at least the national public sector median, raising the minimum retirement age, eliminating perks such as lump sum payment programs, limiting pre-retirement income replacement to a need-based level and leaving it to employees to self-fund cost of living adjustments.

In reforming pensions, the City and S&WB should analyze the sufficiency of their total compensation packages to attract and retain high-quality employees. It may be necessary to make offsetting adjustments in salary and other benefits. Policymakers should ensure that any changes and their costs are fair to taxpayers.

\* BGR's collection of pension studies is available at <http://www.bgr.org/reports/category/pensions/>.

\*\* BGR, *Reducing the Cost of Tomorrow: A Practical Guide to Pension Reform in Jefferson, Orleans and St. Tammany Parishes*, October 2016, available at <http://www.bgr.org/reports/bgr-cuts-paths-for-pension-reform-in-the-metro-area/>.



### EMPLOYEE COMPENSATION AND PENSIONS

BGR varied its questions last year to reflect the different roles of the mayor and City Council on these issues. The mayor can take the lead on compensation as the City's CEO and the president of the S&WB. The City Council approves the pay plan for classified City and S&WB employees, on the recommendation of the Civil Service Commission. Some candidates refer to the need for a compensation study, which now has been completed.

On pensions, the City Council adopts the ordinances that implement the New Orleans Municipal Employees' Retirement System (NOMERS). It has no direct authority over the S&WB pension plan, meaning it falls to the mayor to lead any changes there. In December 2017, the council revised NOMERS benefits for new hires only. The changes included, among other things, lowering the multiplier for new hires to the national median.

### PENSION REFORM



**To what extent would you consider reforming City and S&WB pension plans to better manage their risks and costs? Please be specific about the changes you would pursue.**

#### **Mayor LaToya Cantrell**

Given the relative health of the New Orleans Municipal Employees' Retirement System (NOMERS) comparable to other municipal systems, the fact that city employees have not received an across the board pay raise in nine years, and that they voted to substantially increase their own contribution to the system by 50 percent a few years ago, I do not believe it is appropriate to call for a large scale benefit reduction until pay raises are also considered.

Having said that, I would consider potential changes that the NOMERS board has already suggested, such as the increase in the retirement age for new hires and the expansion of time before a retirement plan is vested from 5 years to 10 years.



**To what extent would you support changes to the City's pension plan to better manage its risks and costs? Please be specific.**

#### **Councilmember At-Large Helena Moreno**

The City's pension systems are in varying levels of financial health. The City must work to balance rising retirement and health costs with maintaining a system that attracts and retains high-performing and reliable City employees.

#### **Councilmember At-Large Jason Williams**

... I absolutely support changes to the City's pension plan, and quickly. However there is a smarter way to balance the promises we have made that must be fulfilled, while creating new sustainable opportunities for the next 25 years and beyond.

##### General

Changes have to be fair, and make a long-term impact on the plan, not short-term gains that plug holes we have today, which is shortsighted. Many of the changes proposed by my colleagues have a small positive impact on the plan, but a large negative impact on the people (a little good for the plan, but a lot of bad for the people). There is a middle ground of common-sense changes that make a difference in the overall long-term health of the pension plan.

##### Existing Employees vs New Hires

... For employees that have already been hired, it's unreasonable to even think about changing their pension and benefits. They signed up under certain terms, and we must honor that agreement.

For new hires, we cannot forget that we are competing with other sectors and regions ...

##### Specifics

- Vesting – extending to 10 years is a smart move ...
- Plan reform changes apply to new hires only
- Improvements to maximize DROP such as requiring a transition plan
- Effective at the calendar year ...

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## EMPLOYEE COMPENSATION AND PENSIONS

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**To what extent would you support changes to the City’s pension plan to better manage its risks and costs? Please be specific.**

CONTINUED

### **Councilmember Joseph “Joe” Giarrusso, III (District A)**

If the City can manage risk by thoughtful, considered investing, it should pursue that option.

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### **Councilmember Jay H. Banks (District B)**

I don’t support cutting benefits city workers were promised and earned throughout their service, especially when we see managers and others making significant windfalls upon retirement. It’s incumbent upon the council to work towards ensuring the long term stability of our pension funds in order to make sure those who earned benefits truly receive them.

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### **Councilmember Kristin Gisleson Palmer (District C)**

In general, I am willing to consider all proposals for reform, and specifically BGR’s proposals.

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### **Councilmember Cyndi Nguyen (District E)**

Before I answer this question, I plan to spend time on reviewing the City’s pension plan and engaging expertise in the field for recommendation. I am with a mindset of making sure that we are not wasting/abusing of any situation. I am also in full support to make sure that we, the city, compensate people appropriately for serving our communities when it is time for them to retire.

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## EMPLOYEE COMPENSATION



**How would your administration rethink the total compensation package (salary and benefits) offered to new and existing employees?**

### **Mayor LaToya Cantrell**

The Civil Service Commission is currently undergoing a large scale pay study that I believe will be helpful in providing context for how New Orleans pays its employees relative to other cities. This study will be helpful in determining best practices in other cities, and I would look to those best practices as we consider any changes to compensation packages.

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**How would you advise the City to rethink the total compensation package (salary and benefits) offered to new and existing employees?**

### **Councilmember At-Large Helena Moreno**

The City must be able to make market-competitive pay packages available for employees who can bring considerable value to public service.

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**How would you advise the City to rethink the total compensation package (salary and benefits) offered to new and existing employees?**

CONTINUED

**Councilmember At-Large Jason Williams**

In general, the City needs to re-evaluate the way it attracts and retains critical institutional knowledge and dedicated employees that make sure the city continues to operate regardless of who is on the 2<sup>nd</sup> floor.

Higher Wages and Job Tracks for Career Advancement

We would need millions of dollars to pay city employees what they are worth. We also need better job tracks with more mid-level positions so there's opportunities for people to grow and develop professionally, and advance to positions with increased compensation.

Quality of Life

In recognition that we simply cannot compete with private sector wages, I am interested in exploring other ways to show our employees that they are valued, recognized, and appreciated, and that we care for them *today* and not just in 20 years when they retire.

I would like to invest in ways to improve the quality of life of our employees and their families. ... For example, flexible hours that allow people to come in a little earlier or later ...

New generations

If we want to attract and retain a new generation that will serve our City, we have to rethink what we are offering compared to what the labor force is commanding. Younger generations have different expectations from employers, and different perspectives on what benefits could or should be. ...

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

As someone who respects the rule of law, for those who already have a property right in benefits, it seems difficult to unilaterally curtail benefits for those whose benefits have vested. It also seems unequitable to change the rules for those who are on the cusp of vesting. Further, wages of city workers have been lagging until recently and, for many in public safety who may have shorter careers, those wages may remain lagging. Of course, the City should study ways to ensure the long-term viability of compensation packages so that we may recruit and retain great employees and simultaneously maintain and expand top priorities in the City.

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**Councilmember Jay H. Banks (District B)**

Moving forward, I do believe we need to match our compensation packages with market conditions. We have to be competitive with the market in order to keep good employees and make sure we can recruit well qualified new employees.

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**Councilmember Kristin Gisleson Palmer (District C)**

The city should sit with a group of leaders from city government, employees, and civic leaders to see how the entire system is being funded and whether it's being applied equitably. I would like to see how New Orleans compares to other cities of similar size to see if we are in line with benefits, salaries and cost of living.

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**Councilmember Cyndi Nguyen (District E)**

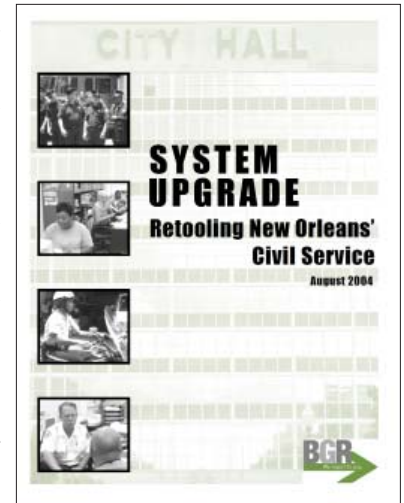
We should always be a cost-effective employer; however, we should also be competitive in our salary to recruit the best and the brightest to serve the people. We should be comparing salary with other states as well as to make sure that our fringe benefits are attractive.

## BACKGROUND

In 2004, BGR released a comprehensive study of the City’s civil service system.\* The report found that, while the system was effective in preventing favoritism and politically motivated personnel decisions, it did a poor job of promoting merit-based advancement and a culture of professional excellence. The report made an array of recommendations aimed at building a higher performing City work force. Among other things, BGR called for significantly increasing managerial discretion in hiring and promotions. It also recommended creating mechanisms to accurately evaluate performance – and reward or correct it, as the case may be.

In 2014, the Civil Service Commission approved a set of civil service rule changes proposed by the City administration to address those and other recommendations.\*\* The rule changes gave managers more discretion in the hiring and promotion processes, while protecting the core principles of merit selection and freedom from political pressure in City employment. In addition, the Commission approved a more thorough system of employee performance evaluation. The Commis-

sion, with subsequent City Council approval, amended the classified pay plan to give managers greater flexibility in awarding merit-based pay increases and retaining highly qualified employees. The rule changes also require managers to develop plans to improve poor performance by individual employees.



\* BGR, *System Upgrade: Retooling New Orleans’ Civil Service*, August 2004.

\*\* For the Landrieu administration’s summary of the changes, see: <https://www.nola.gov/mayor/press-releases/2014/20140824-great-place-to-work-initiative-approved/>.

## CIVIL SERVICE

To obtain the mayoral candidates’ perspectives on the civil service system, BGR asked them whether they would support continued implementation of the 2014 rule changes and whether they were considering any other changes to the system. BGR did not pose the questions to the City Council candidates because the council does not approve administrative rule changes.

**Q:** Do you support continued implementation of the 2014 civil service rule changes? Why or why not?

**Mayor LaToya Cantrell**

I do support the continued implementation of the rule changes, because the public sector needs flexibility to make hiring decisions in the modern era. As it is, we have vital City departments, such as the Sewerage and Water Board, that are continuously delayed in making necessary hires due to the complications of the public service system process. We need to continue to provide flexibility to City government so that it can efficiently hire the personnel needed to do City work.

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**Q:** Are you contemplating any changes to the civil service system? If so, please explain what the changes would consist of and why you think they are necessary.

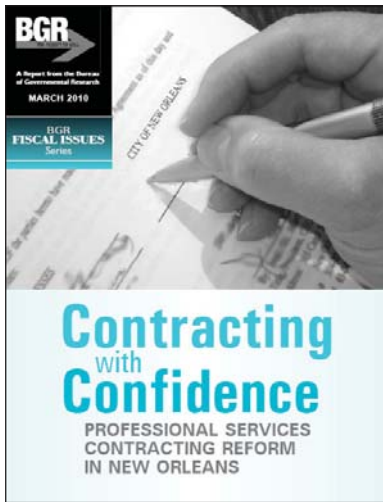
**Mayor LaToya Cantrell**

I want to provide more training to Civil Service Commission staff and to human resource staff throughout City government. Our people need to be trained on how to implement best practices in the changing public sector environment. Again, this will help to ensure that we are hiring people quickly for needed positions.

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### BACKGROUND

In 2010, BGR presented a new model for professional services contracting.\* Mayors had long exercised significant discretion in choosing contractors in New Orleans, and BGR's research of best practices found little evidence to support this arrangement. Instead, best practices revealed that the City should award contracts to the firms that perform best on evaluation committees' objective and transparent scoring of proposals.



BGR's model called for creating a centralized procurement office and set forth the basic elements of a competitive, rational and transparent contracting process. Among other things, it called for selecting contractors by committees with relevant subject matter expertise. The committees would be required to conduct their evaluations in public using detailed criteria, weighting and grading. BGR's proposal called for severely limiting the mayor's role, requiring the mayor to execute a contract with the successful respondent or terminate the procurement. In the latter case, the mayor would be required to provide a written explanation.

In 2010, Mayor Landrieu signed an executive order creating a procurement process that incorporated all of the key elements of BGR's model. He created a centralized procurement office and hired a professional procurement officer to head it.

In 2014, New Orleans voters amended the City's home rule charter to protect some, but not all, of the key components of the 2010 professional services contracting reform.\*\* The amendment codified requirements for contractor selection by committees of City employees with relevant subject matter expertise. The amendment also required committee meetings and records to be public, and it prohibited the mayor from being a member of any selection committee.

However, the amendment did not codify three other key components of the 2010 reform: 1) the centralized procurement office, 2) the numerical system of grading proposals based on detailed, weighted criteria, and 3) the requirement that the mayor execute a contract with the selected respondent or terminate the procurement. As a result of these omissions, a future mayor might seek greater control of the selection process.

\* BGR, *Contracting with Confidence: Professional Services Contracting Reform in New Orleans*, March 2010, available at <http://www.bgr.org/reports/Contracting-Reform-in-New-Orleans/>.

\*\* BGR, *On the Ballot: November 2, 2014*, pp. 1-3, available at <http://www.bgr.org/>.

### PROFESSIONAL SERVICES CONTRACTING

BGR asked the mayoral candidates whether they would retain the executive order that governs the professional services contracting process, and whether they would consider any revisions to the process. BGR did not pose the questions to the City Council candidates because the council does not have authority under the City's Home Rule Charter to regulate the professional services contracting process established by the mayor.

**Q:** As mayor, would you retain the executive order that currently governs the professional services contracting process? Why or why not?

**Mayor LaToya Cantrell**

Definitely. The executive order was crucial to providing additional transparency to the procurement process and it paved the way for improved Disadvantaged Business Enterprise (DBE) participation. I would keep the executive order, although I would be willing to consider future improvements.

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**Q:** Are you contemplating any revisions to the existing professional services contracting process? If so, please explain what they would consist of and why you think they are necessary.

**Mayor LaToya Cantrell**

I want to review our DBE and local hire requirements to make sure that they are working as envisioned when they were put in place. This is necessary because many of our citizens feel left out of government processes, and many of our businesses feel that they are unfairly ignored when it comes to government contracts. We have to make sure we are truly leveling the playing field for DBE's and local contractors.

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### BACKGROUND

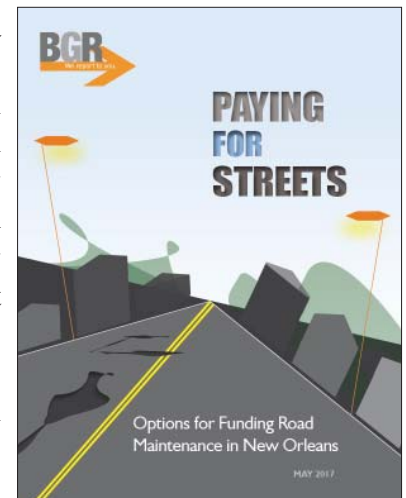
In May 2017, BGR published a detailed analysis of the City's current funding sources dedicated to streets.\* It then evaluated options for increasing funding for the most pressing need, street maintenance. The City estimates it needs \$30 million to \$35 million annually for preventive maintenance. However, BGR found that the City has spent an average of just \$3.8 million a year since 2011. Failure to find an adequate, recurring source of revenue for preventive maintenance risks squandering the enormous capital investment the City is about to make to repair streets damaged after Hurricane Katrina.

While there is no question that the City needs more money for streets, this does not necessarily mean it needs more money from the public. BGR found that the City receives more than \$50 million in net revenue from 10 sources with a strong connection to streets, such as traffic camera tickets, parking tickets and vehicle sales taxes. But the City invests none of this money back into the street network. And for many years, streets have taken a back seat to other local priorities in the competition for local tax dollars. BGR recommended that the City should look to redirect existing revenue streams or rededicate existing local taxes before seeking new funding sources.

If the City needs new funding sources, BGR urged the City to consider alternatives to property taxes. Property taxes, the primary source of local funding for streets, generally have a weak connection to street use. Also, exemptions shield many properties from taxation, even though some of them impose significant burdens on the street network. Other options exhibit a stronger connec-



tion to street use and a broader base of payers. One is a Transportation Utility Fee, in which property occupants pay street charges based upon estimates of how many vehicle trips that property generates. Another is a local fuel tax, either through a local option or a state dedica-



\* BGR, *Paying for Streets: Options for Funding Road Maintenance in New Orleans*, May 2017, available at <http://www.bgr.org/reports/paying-for-street-maintenance-in-new-orleans/>.

### STREET MAINTENANCE

In July 2017, BGR asked the mayoral and council candidates the same two questions regarding the appropriate level of funding for street maintenance and their plans for achieving it.



### What level of funding will you pursue for street maintenance?

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#### Mayor LaToya Cantrell

\$30 to \$35 million dollars.

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#### Councilmember At-Large Helena Moreno

We spend less than 25% of what neighboring Jefferson Parish spends on routine street maintenance. We can't maintain this discrepancy and expect citizens to deal with yawning potholes forever. It is unacceptable. I'm committed to vastly increasing our prioritization of street maintenance as a budgetary item outside of our capital budget.

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#### Councilmember At-Large Jason Williams

... We have been using very large federal grants to finally fix the real problems underneath the streets but our city is sinking because of outmoded water management systems, subsidence, and chronic deferred maintenance of critical infrastructure, which require different types (and levels) of funding.

I am in support of fixing these problems with real solutions. I am not interested in funding a very expensive band aid for our streets that doesn't fix the underlying problem. The answer isn't dumping a bunch of gravel in a hole, but I am willing to pursue lower-cost, common sense mid-term alternatives that keep roads safe and drivable until we have resources necessary for proper repairs.

... There are plenty of other revenue sources already within our budget that could be reallocated to street repair. Revenue generated from the increase in parking rates would be a place to start, many other opportunities to appropriately tie road-related revenue sources to road repair.

Additionally, we need to make sure we are taking care of our streets once they have been repaired. ...

I am open to increasing the amount of funding available for street maintenance but it *must* create jobs – not temporary construction gigs, but long-term well-paying jobs, building America's roads was the investment in infrastructure that created America's once-thriving middle class.

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#### Councilmember Joseph "Joe" Giarrusso, III (District A)

Street maintenance is one of those safety priorities. As shown on page 2 of the May 17 BGR report, the City receives \$8.5 million in dedicated revenue for the streets. That money was not spent on street maintenance for several years, according to the report. The dedicated funds need to be spent specifically on streets. In addition, the City estimates the streets cost \$30-\$35 million/year to maintain. Using the dedicated \$8.5 million reduces the \$30-\$35 million estimate to \$21.5-\$26.5 million. To make up that gap, as shown on Table 3 of the May 17 report, the City collected about \$52 million in fees associated with street-related charges. The BGR report argues that those funds should be tied back to street and infrastructure repair. Third, with expected general fund revenue increases of \$25 million, we need to safeguard that money for top City priorities.

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#### Councilmember Jay H. Banks (District B)

I would double or triple the less than \$10M we spend on street maintenance. Our streets in uptown are in terrible shape - especially those on the interior of neighborhoods. It's long past time we spend the requisite amount of money to create a full plan for interior street renovation in concert with SWB and other utilities to avoid the need to dig our streets up again.



### What level of funding will you pursue for street maintenance?

CONTINUED

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#### **Councilmember Kristin Gisleson Palmer (District C)**

I support the necessary level of funding that is required for street maintenance.

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#### **Councilmember Cyndi Nguyen (District E)**

District E has not received its fair share of the budget to improve infrastructure. Before I decide to increase the budget or not, I need to understand where the money went and how does District E get its fair share. With the vast of funds poured into the city of New Orleans for the past several years to improve infrastructure, it is disturbing to see the poor conditions of our streets today. Strong accountability methods need to put into place to avoid waste and fraud.

Once those concerns are addressed, I believe that we can establish an accountable system that is fair and we can look at existing funds that could be re-directed to infrastructure. Moving forward, I believe that we need to establish a long-term plan that addresses what will it take to improve infrastructure and improve the quality of life for the citizens of New Orleans.

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### How do you intend to achieve this level of funding?

#### **Mayor LaToya Cantrell**

I want to redirect hotel occupancy and sales tax revenue and devote City lease revenue from large scale projects, such as the World Trade Center, towards an infrastructure fund. I also want to use new property tax revenue from real estate property tax abatement projects with abatements that are soon to expire.

Finally, I want to create an incentive program that partners with the public sector to redevelop vacant property in exchange for PILOTS and encourages nonprofits to sell unwanted and unneeded property to get it back on the property tax rolls.

#### **Councilmember At-Large Helena Moreno**

The City is barely spending \$6 million on regular maintenance today. I would look to dedicate revenue from traffic violations to street repairs - and potentially connect some of this dedicated revenue stream to bonding to increase the speed at which we can completely repair interior streets. I am also committed to working with the next mayor to ensure we receive the \$2 billion for repairs that FEMA is currently attempting to claw back.

#### **Councilmember At-Large Jason Williams**

There's two types of funding here – the initial repairs which invest in salvaging our crumbling infrastructure, and long-term recurring revenue for maintenance and improvements. For repairs, we are already taking advantage of billions of dollars in federal grants. I am willing to explore additional funding if job creation is part and parcel.

##### Recurring revenue

This is a little trickier, because we all use streets no matter how much money we make. The status quo options are generally very unfair, and disproportionately impact people living on the margin and lower-income communities. Funding roads through a gas tax is regressive – the increased cost of a tank of gas is barely noticeable for some, but prohibitive for others. Tying to property value is antithetical to the point of a public good, and will only make struggling neighborhoods worse off, and affluent neighborhoods even better.

There are other options out there as well, such as creation of street maintenance districts. ...

We are starting to use the streets differently, and I want to ensure our revenue isn't tied to an outdated technology, source of energy, or urban design. ...

I am open to exploring ideas that raise revenue for repairs while encouraging folks to walk or bike or get out of their cars, but they would have to be structured fairly. ...



### How do you intend to achieve this level of funding?

CONTINUED

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

Please see response to the previous question.

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**Councilmember Jay H. Banks (District B)**

I believe in dedicating street revenue to street construction - that means all parking tickets, moving violations, etc. should be returned to the streets or even matched to bonds to drastically increase the maintenance budget.

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**Councilmember Kristin Gisleson Palmer (District C)**

I would redirect existing revenue streams or rededicate local taxes - specifically, sources connected to street use, such as traffic camera tickets, parking tickets and vehicle sales taxes.

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**Councilmember Cyndi Nguyen (District E)**

Once District E gets its fair share and we establish a long-term plan, we can explore to achieve the level of funding needed.

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### BACKGROUND

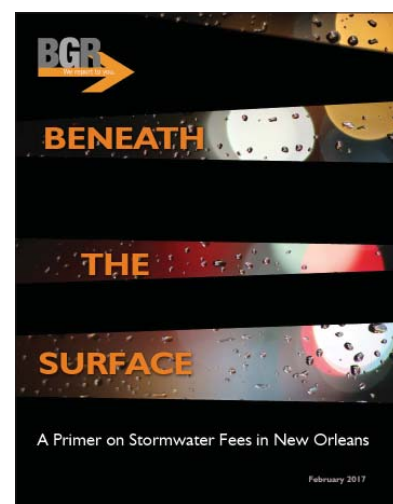
In February 2017, BGR issued a report describing the operating and capital needs of New Orleans' complex network of drainage pipes, canals and pumping stations.\* Most of the funding needs take the form of local matches for federal projects or new maintenance costs generated by those projects. In addition, both the Sewerage & Water Board and the City have significant unmet maintenance needs for their portions of the pre-existing drainage system. The S&WB is responsible for the pumping stations, canals and major underground pipes, while the City manages an extensive network of smaller pipes, culverts and catch basins that channel stormwater into the S&WB's system. As of February 2017, the S&WB projected it will cost about \$55 million more per year to meet impending obligations and to properly maintain the Board's and the City's stormwater management systems. This would nearly double local spending on the systems.

With these large new cost burdens in mind, the S&WB and City were considering whether to pursue stormwater fees, rather than increasing property taxes, as a means of raising the additional revenue. BGR's report delved into stormwater fees to provide the public with a clear understanding of how they work and to begin the discussion of their potential to bridge the funding gap.

BGR found that stormwater fees are rapidly growing in usage across the country. If properly structured, a stormwater fee has numerous advantages over a property tax, including a broader payer base. A properly structured fee also creates a strong nexus between the demands a property places on the drainage system and the amount of the fee.



The report did not attempt to verify the estimates of the new drainage funding needs, and BGR has not re-examined them since the August 5, 2017 flooding that damaged many homes and businesses in New Orleans. However, it is clear that some level of new funding will be necessary. Given the advantages of a stormwater fee over a new property tax, BGR recommends that the S&WB and City consider a stormwater fee as a potential source for drainage system funding. Its report makes several recommendations for fairly structuring a stormwater fee.



\* BGR, *Beneath the Surface: A Primer on Stormwater Fees in New Orleans*, February 2017, available at <http://www.bgr.org/reports/do-stormwater-fees-make-sense-for-new-orleans/>.

### DRAINAGE SYSTEM

BGR sent its election questionnaires to the candidates prior to the August 5, 2017 flood. Therefore, its question to the mayoral and council candidates regarding the prospects for pursuing a stormwater fee did not specifically address that event or its aftermath. Many of the candidates, however, did address the flooding because they submitted their responses after August 5.



**Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system's financial needs?**

### **Mayor LaToya Cantrell**

I think the city should continue the development of any and all proposals that could address our needs, although I am not prepared to commit to any specific proposal at any specific rate as of yet. All options should be on the table, including parcel fees and fees that are based on individual impact on the stormwater system.

We should also work to get unneeded and unwanted nonprofit and government-owned land onto the property tax rolls, so that we can expand our tax base.

Finally, I also think we should look at the potential for public-private partnerships that could tap into future cost reductions because of lower insurance and maintenance costs or future revenue growth based off increased property values.

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### **Councilmember At-Large Helena Moreno**

Potentially, but I am far more concerned with S&WB's current priorities and whether S&WB is run as efficiently and effectively as possible.

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### **Councilmember At-Large Jason Williams**

... Before we significantly reallocate funding, I believe there are a number of smaller measures that could be implemented to make our response to heavy weather events more sophisticated, not more expensive. ...

#### Structure of fees

I am supportive of a stormwater management fee, because every square foot of pavement is contributing to this problem that affects all of us. I am committed to exploring how to develop an equitable fee structure that helps property owners rethink pavement and drainage while building a fund for the City to repair and maintain our current systems.

Property-based solutions like on-site retention and reduction of surface paving are more sustainable ways to improve function of S&WB drainage systems, and cannot be waived like property taxes ensuring long-term benefit for the entire community. Additionally, tying these fees to the property itself (instead of a water bill) makes sense since runoff is an issue with the property itself, not a tenants use or behavior.

There are weaknesses to this approach as well, and potential for inequitable outcomes. For example, existing homes with large paved areas would face a high stormwater fee due to runoff or enormous cost to remove the pavement. ...

I am also careful not to place a burden on families and small businesses when there are sprawling big box parking lot concrete wastelands. Everyone needs to pull their weight on this, because we are all in this together.



**Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system's financial needs?**

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

Unfortunately, the timing of this question is bad because people are unlikely to support additional taxes/fees after the recent flooding events. First and foremost, the public has to believe the current dollars directed to DPW and S&WB are properly spent to maintain catch basins, control draining, and ensure proper protocols are in place for protecting those assets and warning the public. To specifically answer the question, according to the BGR February 2017, the City is expected to need an additional \$54.5 million per year to meet impending obligations and maintaining its drainage systems. First, we need to address the issues above. Furthermore, we need to know and understand what the new obligations actually will be. While not advocating for any new fees or taxes, the benefit of a stormwater fee is that it would limit tax-exempt properties and can and should be applied equitably.

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**Councilmember Jay H. Banks (District B)**

Absolutely not. The SWB deserves no more money until we understand exactly how our money is being spent and what the plan is to keep our city safe from flooding. I do not support any further money until this accounting is made public and we get a full report that details the deficiencies and the necessary changes to structure and leadership we need at SWB to ensure our safety.

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**Councilmember Kristin Gisleson Palmer (District C)**

In light of recent events, the public has no confidence in S&WB's ability to properly manage their system. I cannot support a stormwater fee until management of the department is reviewed by an independent commission of engineers, hydrologists, and other experts.

Furthermore, any fee will have to be connected to green infrastructure initiatives.

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**Councilmember Cyndi Nguyen (District E)**

Before we add an additional fee to the citizens to address the recent flooding situation, I believe that we need to examine how the Sewerage and Water Board has utilized taxpayers' fund. The people and business owners should not be subject to what happened a few weeks ago. We cannot keep adding fee on top of fee to our citizens when city government has not done their job.

In reference to storm water management, I feel that it is needed, however, with a top the line draining system that we recently invested, neighborhoods should not have flooded the way it did. I believe that we can support stormwater management through the current fee that citizens are already paying monthly to Sewerage and Water Board.

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### BACKGROUND

A 2015 BGR report found that only one-fourth of local tax revenue is available to City government for broad municipal purposes.\* The remainder is dedicated to specific municipal purposes or to other entities. These dedications limit the City government's ability to provide basic services and infrastructure and meet pressing obligations.

The tax dedications were approved in piecemeal fashion, often at the state level, over the course of many years with little planning and accountability. The allocation of resources that evolved from this ad hoc process has not been re-evaluated in the context of changing conditions and current needs.

BGR's report called for a review of current taxes in New Orleans to identify those that are ripe for re-dedication to basic municipal needs. BGR specifically called on the mayor to take the lead in pursuing all appropriate changes to local tax dedications. The City should conduct a comprehensive re-evaluation of tax

dedications and develop a broad plan to address community priorities. All taxes, except those for the most basic infrastructure and services, should be placed on the table for possible re-dedication. The City should evaluate all such taxes, not in terms of each taxing body's ambitions, but in the larger context of the community's priorities. Ultimately, the mayor should present a program for funding and executing the plan.



\* BGR, *The \$1 Billion Question: Do the Tax Dedications in New Orleans Make Sense?*, November 2015, available at <http://www.bgr.org/reports/rethinking-tax-dedications-in-new-orleans/>.

### LOCAL TAX DEDICATIONS

In July 2017, BGR asked the mayoral and council candidates for their views on changes to local tax dedications that the City should pursue. BGR posed slightly different questions to the mayoral and council candidates, reflecting BGR's recommendation that the mayor take the lead in pursuing the changes.

**Q:** As mayor, what changes to local tax dedications would you pursue?  
Please be specific.

### Mayor LaToya Cantrell

I believe we have to look at some of the dedications from the hotel occupancy tax and the sales tax. For instance, we want to consider rededicating the funding from the Morial Convention Center, or to explore directing future revenue growth to a separate infrastructure and maintenance. The same could potentially be said for hotel sales tax revenue dedicated for the New Orleans CVB and New Orleans Tourism and Marketing Corporation (NOTMC). However, any changes to tax dedications should be discussed and negotiated with the entities that currently benefit from these tax dedications. The city might have more money in its general fund right now if it had been better at collaborating with other governmental entities.

I have not decided whether these funds should be rededicated to the infrastructure and maintenance or directed to the general fund, and then reallocated to the new infrastructure and maintenance fund through normal budgetary processes.

**Q:** What changes to local tax dedications, if any, would you advise the City to pursue? Please be specific.

### Councilmember At-Large Helena Moreno

I am interested in new ways to redirect tax money that is derived from New Orleans back into direct service of the taxpayers. Just this past legislative session, I authored legislation to rededicate a portion of the hotel/motel tax towards enforcing short-term rental compliance with new City ordinances. Before we ever consider new or greater millages, we must find opportunities to keep more of our money in New Orleans and working on our issues.

### Councilmember At-Large Jason Williams

... Cleaning up dedicated tax revenue to align with the City's modern needs and priorities clearly needs to be done, and I will continue to work with the next Mayor to push for a broad re-evaluation of all local tax revenues and dedications.

#### Do our tax dedications reflect our values?

When we look at the numbers, there is a stark reality staring back at us. We spend as much on tourism and sports as we do on transit, parks, and streets *combined* – all of which are in shambles. ...

We also spend the same amount on education and public safety. This is both a symptom and a cause for the unacceptable prison pipeline – investing more heavily in education is a better investment in our children and our city's future.

#### Protecting Programs

Rededication efforts can also pose a threat to critical programs and services for families, children, and the most vulnerable. Should the next Mayor pursue such an overhaul, I will be a staunch protector of such funding streams to ensure we continue to provide (or even bolster) safety net programs and development funds.

#### Nexus of revenue and use

The perverse incentive posed by dedicating taxes and fees from completely unrelated sources are problematic for the City to properly balance our budget. ...



**What changes to local tax dedications, if any, would you advise the City to pursue? Please be specific.**

CONTINUED

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

The BGR’s Billion Dollar Question report examined several taxes. The propriety of dedications should be examined by government stakeholders to work on developing possibilities for rededicating money to help fund the budget without levying new taxes. Feasibility and pragmatism, however, will be essential in this process. First, for at least the Convention Center rededication, the legislature needs to be involved. That is no small feat. Recently proposed legislation would have rededicated more money to New Orleans streets but ultimately died in the legislature. Second, there are no assurances that any surplus would come to New Orleans. The State could decide to take any surplus to plug its large budget gap. Finally, there are other practical issues as well. Forward New Orleans calls for ensuring that “dedicated funding by the Convention Center Authority is used responsibly and strategically.” Perhaps, the City and the Convention Center could work cooperatively on establishing a framework for additional partnerships. Also, the report suggests potentially rededicating RTA money because ridership is down. However, if the City is going to work on delivering better transit to its citizens to ensure shorter ride times, then the RTA dedication should be considered as a means for achieving that goal.

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**Councilmember Jay H. Banks (District B)**

I completely agree that current taxes must be reviewed. We must make sure our tax dollars flow as our budget does - by prioritizing issues like violent crime and economic development, including maintaining and expanding affordable housing. Dedications are useful in some cases but should not work towards the detriment of the city’s current priorities.

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**Councilmember Kristin Gisleson Palmer (District C)**

I believe the city should conduct a comprehensive re-evaluation of local tax dedications to ensure they are meeting the current needs of government.

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**Councilmember Cyndi Nguyen (District E)**

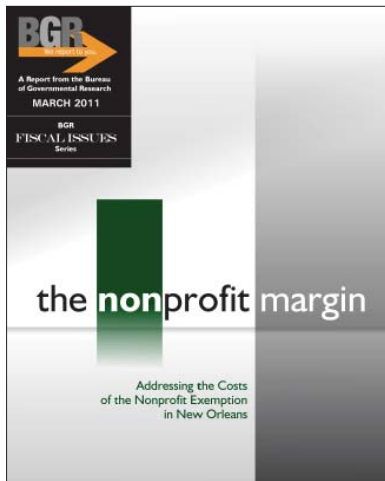
I agreed with the recommendation. Before we jump into cutting and moving money around, we need to understand the entire picture and to examine if those dedicated taxes are still needed in those areas. I will work closely and collaboratively with the new mayor to examine and review the current taxes and determine if it should be rededicated. I believe in transparency and accountability. We need to ensure to the people of New Orleans that taxpayers funds are being used effectively.

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### BACKGROUND

BGR has published numerous reports exploring the costs of ad valorem property tax exemptions. In 2011, BGR estimated that 60% of property value is off the tax roll.\* Of the exempt property, slightly more than half is owned by governments and one-third is owned by nonprofit organizations. The balance is mostly homestead-exempt property, with a small amount of tax-exempt industrial property.



Exemptions deprive local government of revenue and drive up the taxes on non-exempt residences and businesses. In 2011, BGR prepared illustrative scenarios of those impacts. One scenario indicated that, as a result of the nonprofit exemption, tax-recipient bodies in Orleans Parish had to forego more than \$125 million in annual revenue. In a revenue-neutral scenario, the mill-

age rate could be cut by 44 mills, or nearly one-third of the total rate levied at that time.

Louisiana's constitution exempts an unusually wide range of nonprofit-owned properties. In its 2011 report and again in March 2016, BGR pointed out that Louisiana is significantly out of step with national norms.\*\* Its exemption provisions are overly broad, not necessarily tied to public benefits, and do not require that nonprofit property actually be used for an exempt purpose. In March 2017, BGR prepared a template for constitutional revisions to address these concerns and provided it to state legislators.\*\*\*

\* BGR, *The Nonprofit Margin: Addressing the Costs of the Nonprofit Exemption in New Orleans*, March 2011.

\*\* BGR, *It's Time for Common Sense on Nonprofit Exemptions*, March 1, 2016.

\*\*\* Letter from BGR to the Louisiana State Legislature, March 7, 2017, available at <http://www.bgr.org/reports/aligning-louisianas-nonprofit-property-tax-exemption-with-national-norms/>.

### TAX EXEMPTIONS AND THE TAX BASE

In July 2017, BGR asked the mayoral and council candidates the same question about whether they support BGR's template for nonprofit exemption reform. From a broader perspective, BGR also asked the candidates what measures they would propose to protect and expand New Orleans' tax base.



**Do you support the BGR template for reform of the nonprofit exemption in the state constitution? If there are points with which you disagree, please state what they are and explain the approach you would take.**

### **Mayor LaToya Cantrell**

I agree with BGR's template for nonprofit exemptions within the state constitution, but I also believe additional changes should be made to the state constitution to provide additional local power to determine its own criteria for property tax exemptions and abatements. The state should not be in charge of dictating how municipalities administer their local property tax systems.

### **Councilmember At-Large Helena Moreno**

Unfortunately, this would be an issue decided by the State Legislature, and as a veteran of that body, I can attest that such fights are extremely difficult. Overall, I do believe that we need more property in commerce, including returning blighted or underutilized publicly-owned, tax exempt properties to the market to encourage more development.

### **Councilmember At-Large Jason Williams**

Broadly, I support reviewing existing tax exemptions to make sure everyone is paying their fair share. ... [W]e are all using municipally funded infrastructure such as roads, police and fire protection – leaving non-exempt property owners to foot the bill.

I wholeheartedly support universities, colleges, and churches (including the Archdioceses) returning to the tax base. ... [T]hey all rely on city services, and many realize it is time they pay their fair share (in taxes or a lump sum).

#### Room to Improve - Carefully

I agree that the solution is a combination of reviewing nonprofit exemption requirements at the State level, and restricting exemptions only to those properties that are used for public benefit. There are certainly areas where the list can be tightened up, however crafting that criteria can be a powerful policy tool and must happen with the greatest of care, transparency, and oversight.

#### Value Judgments

I also do not want nonprofits to be subjected to value judgments or scrutiny about whether or not the work they do is worthy of an exemption, which we faced while reforming the City's fee waiver structure. ...

#### Scope of problem

I acknowledge there are some properties owned by nonprofits that aren't being used directly to further the mission of the nonprofit, however I am not convinced there are enough of these to warrant this sort of overhaul. ...

#### Limited Funding

Nonprofits face a meager funding climate, and imposing taxation on these properties creates unnecessary obstacles to developing those properties to serve their purpose for public benefit. ...



**Do you support the BGR template for reform of the nonprofit exemption in the state constitution? If there are points with which you disagree, please state what they are and explain the approach you would take.**

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

According to the proposed 2018 City Budget, sales tax revenue is expected to be a little over \$220 million whereas property tax revenue is close to \$142 million. That is upside down and regressive. According to BGR letter of March 7, 2017, BGR found that “the number of parcels owned by nonprofits had grown rapidly, increasing by 60% between 1996-2011.” Given the overbreadth of the exemptions, putting the most obvious examples back on the tax rolls such as “property that is sitting idle, held for future investment, or even used for a related commercial purpose” make the most sense.

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**Councilmember Jay H. Banks (District B)**

I believe we are not doing enough to collect EXISTING revenue owed to the city. Before delving into this complicated and multi-step process (involving the state legislature, etc.), we must ensure we are collecting what is owed to the city.

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**Councilmember Kristin Gisleson Palmer (District C)**

Yes, I’m in favor of reviewing the nonprofit exemption in the state constitution.

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**Councilmember Cyndi Nguyen (District E)**

Because most basic services provided by cities are funded by real estate taxes, it’s reasonable that every property owner should pay something. All owners of land and buildings in a community, whether for-profit or nonprofit entities, use the basic services provided by the city.

Many nonprofit organizations provide critical and needed services for communities. They provide services that city government does not and those services are vital to our community. Before we start taxing nonprofit organizations, I believe that city government needs to demonstrate its ability to work efficiently and effectively with taxpayers’ fund. I believe that once we remove waste and abuse and create a system accountability, the need to tax nonprofit organizations may not be necessary.



### What measures would you propose to protect and expand the tax base?

#### **Mayor LaToya Cantrell**

I believe we need to work with our delegation at the state level to put forward changes to the constitution that will provide cities with more discretion and flexibility regarding property taxes. I want to incentivize the public sector to sell unwanted or needed property to private entities that will pay property taxes on such property. I also want to incentivize non profit entities to pay PILOTS in exchange for working with them to redevelop their underutilized properties. This kind of partnership is a win-win that expands the tax base and puts property back into productive use.

#### **Councilmember At-Large Helena Moreno**

I am a proponent of using development agencies and funds - including NORA - to aggressively return underutilized property back into the market and foster development. This attacks both our unfair and inequitable tax burdens and our crisis of affordable housing. We need to encourage development - especially residential units - wherever possible and at the appropriate densities in order to fulfill both of those goals.

#### **Councilmember At-Large Jason Williams**

##### More Housing

The bottom line is we need more people to live here and own their homes. Any effort to attract or support development contributes to growing the tax base – increasing the supply of units available at all price points, and expanding homeownership opportunities.

Expanding homeownership also means increasing affordability, and finding new pathways to ownership, such as the homeownership programs recently launched by FANO.

##### Expanding Homeownership/Affordability

Over the past four years I have worked on several policies and initiatives to spur development such as increasing density limits for housing along transit corridors, inclusionary zoning, and constantly considering potential impacts on housing affordability for everything that comes before the Council.

##### Blight – we also need to put more properties into commerce.

There are tens of thousands of abandoned properties that are just racking up debt and weighing down the surrounding neighborhoods. ...

We need to start thinking strategically on the local and State level about legislation that can un-stick these properties so they can be put back into commerce and contribute to the tax base instead of draining resources for code enforcement, abatement, adjudication, tax sales, etc. These changes are difficult ones, but they are long overdue. We can't keep doing the same things and expecting different results.



### What measures would you propose to protect and expand the tax base?

CONTINUED

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#### **Councilmember Joseph “Joe” Giarrusso, III (District A)**

It is shocking and disturbing that the City collects more in sales tax than property tax. Putting exempt properties on the rolls make sense. Additionally, where sales tax is not being properly collected, the possibility of contracting to collect local sales tax should be explored. Moreover, where dedicated money is not spent for its intended purpose (like the streets), this should be corrected to avoid looking for other funding sources. We should also be looking at ways to be more resilient and increase efficiencies, which will reduce spending.

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#### **Councilmember Jay H. Banks (District B)**

I believe in helping return underutilized public land into commerce to increase our tax base and building stronger incentives to help equalize our tax base across neighborhoods - making sure those who can pay, do pay; and ensuring our revenues aren't predicated only on what hard-working families and seniors pay to the city.

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#### **Councilmember Kristin Gisleson Palmer (District C)**

I believe blight reduction programs can bring more properties into commerce and expand the tax base. I have over 20 years of neighborhood revitalization experience and currently redevelop blighted properties through my private business. My expertise can be applied on a larger scale through advocacy on the city council.

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#### **Councilmember Cyndi Nguyen (District E)**

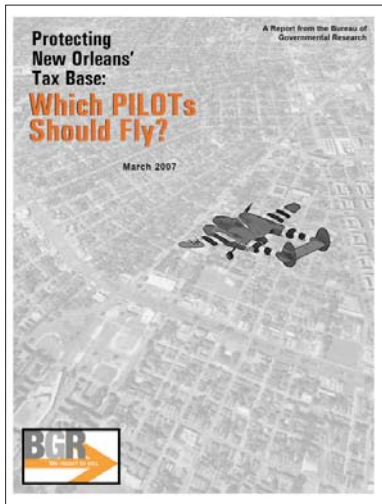
Before I will take any action, I will review research and reports that have been conducted. However, I believe that to expand the tax base should not be taxing nonprofit organizations but to work to attract strong economic development projects and create homeownership.

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### BACKGROUND

In analyzing economic development tax subsidies, BGR adopts the premise that property taxes are a cost of doing business and property ownership. They should be levied in a fair manner. Having said that, BGR recognizes that there may be instances in which tax subsidies are both necessary and beneficial.

BGR has called for the City and other economic development entities to take a rigorous approach to reviewing subsidy requests. It is not enough for a project to show it will enhance tax revenues or create jobs. The City should consider a tax subsidy only if it can demonstrate that the subsidy is strategic, necessary, efficient, effective and fair. As more fully discussed in BGR reports on payments in lieu of taxes (PILOT)\* and tax increment financing (TIF)\*\* this means:



- The project receiving the subsidy advances the priorities set forth in New Orleans' economic development strategic plan.
- Independent market studies and financial analysis demonstrate that the market will not produce a desirable outcome for the site, therefore making a public subsidy necessary.
- Efficient subsidies provide only the minimum needed for the project to proceed. In addition, they should not compensate for basic financial weaknesses in a developer or a transaction (e.g., inadequate equity investment) or a lack of demand for a service or product.
- Effective subsidies produce a significant positive ratio of benefits to costs, as supported by a rigorous cost-benefit analysis.
- Subsidies should not create unfair impacts on local competitors or the surrounding neighborhood.

\* BGR, *Protecting New Orleans' Tax Base: Which PILOTs Should Fly?* March 2007, available at <http://www.bgr.org/reports/protecting-new-orleans-tax-base/>.

\*\* BGR, *Tax Increment Financing in New Orleans*, April 2003, available at <http://www.bgr.org/reports/tax-increment-financing-in-new-orleans/>.

### ECONOMIC DEVELOPMENT TAX SUBSIDIES

In July 2017, BGR asked the mayoral and council candidates whether they agreed with the basic principles for economic development tax subsidies identified by BGR. It also asked them how they would prevent unnecessary subsidies as elected officials.



**Do you agree with the basic principles for economic development tax subsidies identified by BGR? If there are points with which you disagree, please state what they are and explain the approach you would take.**

### **Mayor LaToya Cantrell**

I do agree with most of BGR's basic principles for economic development tax subsidies, particularly the need for a proactive system, versus a developer-driven case by case system driven by individual developments. However, I believe that the cost benefit analysis should be focused on the efficacy of overall incentive programs at the program level rather than on individual projects. Our incentives should be based on consistent, clear criteria with some front-end understanding by developers of what the incentive package will look like rather than evaluating each project on an individual basis which can lead to a complicated, political and inconsistent process. This will create a more stable development environment and allow the City to target certain neighborhoods and certain types of development (affordable housing) with specific development packages, rather than just chasing individual projects.

### **Councilmember At-Large Helena Moreno**

Yes.

### **Councilmember At-Large Jason Williams**

For the most part I agree with the basic principles of economic development tax subsidies. However there is substantial variability in how those principles are implemented (policy details, rules, regulations, etc), and the devil is in the details ...

#### A bad deal is not better than nothing

For a very long time the City has been desperate to attract industry and development, and PILOT subsidies and TIFs have been two of the most over-utilized tools in the economic development toolkit. As one of the fastest growing cities in the nation, we no longer have to beg and plead for investment, which means significantly scaling back on how and when PILOTs and TIFs are utilized.

#### Accountability

We can start by reviewing current PILOT subsidy payments to ensure payment was adjusted to appropriate level based on the original agreement. Next, we need to clearly outline justification for IDB involvement, PILOT project selection criteria, and clearly define bond and subsidy terms.

#### Risks

Both PILOTs and TIFs are risky for the City – if projections used in calculations are off or don't pan out the City forfeits the benefits promised from these subsidies, such as infrastructure improvements, or increased revenue over the long run. Ultimately, the City and other taxpayers are the ones holding the bag.

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## ECONOMIC DEVELOPMENT TAX SUBSIDIES

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CONTINUED

**Do you agree with the basic principles for economic development tax subsidies identified by BGR? If there are points with which you disagree, please state what they are and explain the approach you would take.**

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### **Councilmember Joseph “Joe” Giarrusso, III (District A)**

This question asks about tax increment financing (“TIF”) and payment in lieu of taxes (“PILOT”). The awarding of a TIF or PILOT needs to be conducted with great care. The most self-evident issue with the subsidies is that they become automatic for any project and decrease the tax burden for one entity as opposed to another. However, where TIFs or PILOTs are given, the process should build in appropriate safeguards to protect the City and those awarded contracts in connection with a project.

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### **Councilmember Jay H. Banks (District B)**

I’m extremely concerned about the efficiency of subsidies and whether or not they truly benefit our community. I agree that these types of incentives must be carefully studied and deployed only with guarantees that local communities will see real benefits - especially jobs and commerce with existing businesses.

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### **Councilmember Kristin Gisleson Palmer (District C)**

Yes, I agree with basic principles for economic development tax subsidies identified by BGR.

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### **Councilmember Cyndi Nguyen (District E)**

District E has not received its fair share of positive economic development projects. Our business corridors have not received the necessary attention. To this point, I believe that we need to provide needed incentives to attract economic developments that will provide the basic needs of the residents in the East and the Lower Nine. I am also in agreement that the city of New Orleans should consider a tax subsidy only if it can demonstrate that the subsidy is strategic, necessary, efficient, effective and fair.

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**As mayor, how would you prevent unnecessary subsidies?**

**Mayor LaToya Cantrell**

All of our subsidy programs should be backed by empirical research that they provide a true public good. Given the substantial investment that the city has made in its analytical capability, we should be applying a data-backed approach to all subsidy programs to determine their effectiveness.

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**As a council member, how would you prevent unnecessary subsidies?**

**Councilmember At-Large Helena Moreno**

Preventing unnecessary subsidies begins by having open and transparent processes - along with directing development around job creation. For example, many under-developed areas of the city are ripe for retail operations. Our downtown medical corridor should have a focused biotech and medical development strategy. We need to develop around clusters and in relation to our resources - always eyeing local job creation as our first priority.

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**Councilmember At-Large Jason Williams**

I am monitoring a current subsidy study initiated by Economic Development to assess the efficacy and trade-offs from all existing subsidies. As part of my commitment to evidence-based policy, the insight gleaned from this study will drive my positions on the best path forward to subsidy reform. Additionally, IDB appointments by each Councilmember is a critical opportunity to reshape the Board.

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

I would make sure that any such tax subsidy is fully and independently studied to make sure it effectively achieves its intended purpose.

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**Councilmember Jay H. Banks (District B)**

I support holding public hearings on individual subsidy arrangements - and requiring that any business or entity that receives such subsidies return to the city council on a regular basis to explain their progress and relate their relative success regarding the subsidies stipulations. We must ensure that we see real job creation from any incentive. If not, the community is not truly benefiting.

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**Councilmember Kristin Gisleson Palmer (District C)**

I believe the City should consider a tax subsidy only if it can demonstrate that it is strategic, necessary, efficient, effective and fair.

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**Councilmember Cyndi Nguyen (District E)**

As a City Councilperson, I will work closely with the city’s economic development team as well as with the Business Alliance, Greater New Orleans, Inc. and other economic organizations to prevent unnecessary subsidies. At the end of the day, economic development projects that will create jobs to help curb crimes and meet the needs of the citizens in District E will be a priority.

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### BACKGROUND

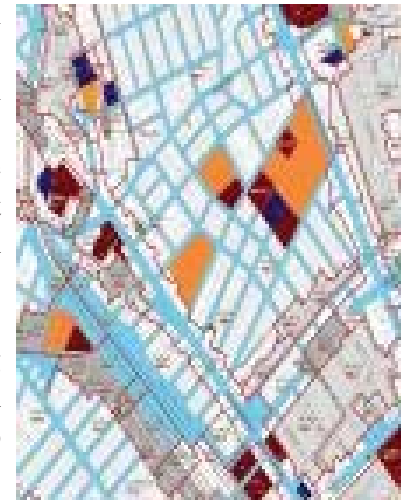
In 2008, voters approved a City charter amendment that, among other things, set forth the general contents of the City’s Master Plan and gave it the force of law.\* The “force of law” basically means that certain laws and land use decisions must conform to the plan. However, it is not all-encompassing.

As BGR observed in a 2015 report, only actions that have a direct impact on the physical development of the city must be consistent with the Master Plan.\*\* These include the City’s capital improvement plan, its capital budget, public projects, zoning laws, and land use actions, such as zoning map amendments, subdivisions or conditional uses. And land use actions must be consistent with only one element of the Master Plan: the land use element, which the Master Plan calls the Land Use Plan. Other elements of the Master Plan provide only a non-binding guide for City decision-makers on land use actions.

The Land Use Plan, by contrast, is not merely a guide. The City’s charter requires every land use action to “further, or at least not interfere with, the goals, policies and guidelines” in the Land Use Plan and to be “compatible with the proposed future land uses, densi-

ties and intensities” in the plan. This means that land use actions in general must be consistent with the Land Use Plan, or at the very least be neutral with regard to it.

Correctly interpreting and applying the Land Use Plan is critical to ensure clarity and predictability for public officials, developers and residents.



\* For an analysis of the proposed charter amendment, see BGR, *On the Ballot: November 2008*, available at <http://www.bgr.org/reports/on-the-ballot-november-2008/>.

\*\* BGR, *It’s the Law: Land Use Decision Making and the Master Plan*, October 28, 2015, available at <http://www.bgr.org/reports/its-the-law-land-use-decision-making-and-the-master-plan/>.

### LAND USE PLANNING

BGR asked the council candidates how they would ensure their compliance with the force of law concept in regard to the Land Use Plan. BGR did not pose this question to the mayoral candidates because the mayor does not decide land use actions under the City’s Home Rule Charter.



**As a council member, what would you do to ensure that you are complying with the force of law in the context of the Land Use Plan?**

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**Councilmember At-Large Helena Moreno**

Many decisions about land use will be led by the district councilmembers, but as Councilmember At-Large serving as president or vice-president of the Council, I intend to lead by example and ensure we respect the master plan and the force of law provisions to comply with the will of the neighborhoods and New Orleanians who participated in this long and fruitful planning process.

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**Councilmember At-Large Jason Williams**

The charter is very clear about how the force of law applies to the master plan (although there was confusion). The Land Use Plan is the connection between the aspirations and vision for the city, and the CZO which is the technical/implementation.

The Master Plan (including LUP) is a living document, and will continue to evolve, continuously refined. The current ongoing amendment process is the first thorough review of changes since 2012, and demonstrates that a lot can change in a city in 5 years.

Amendments

Content included in the Land Use Plan must be carefully weighed – it must strike a balance between flexibility to accommodate some of the more unusual properties and situations, but rigid enough to be predictable, and prevent influential developers from steamrolling the voice of the people.

There are certain things we want for our city, but are aspirational (not prescriptive) and belong in the Master Plan but not the LUP. Likewise there are some parts that belong in the CZO but not the LUP. We are currently in the process of amending the Master Plan, and have given careful consideration to all proposed changes, and compatibility with the Land Use Plan.

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**Councilmember Joseph “Joe” Giarrusso, III (District A)**

While every issue needs to be studied carefully, an automatic reversal of the City Planning Committee (“CPC”) is not warranted. We need to respect the force of law in the context of the Land Use Plan to ensure proper and established protocols are followed.

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**Councilmember Jay H. Banks (District B)**

The citizens of New Orleans worked hard on this plan and I intend to honor their wishes for the sake of our neighborhoods.

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**Councilmember Kristin Gisleson Palmer (District C)**

When an issue comes before the City, I would review what the plan states for this proposal and hold them accountable for complying with the Land Use Plan.

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**Councilmember Cyndi Nguyen (District E)**

As a City Councilperson, I will work with the Planning Commission and interest community organizations to ensure compliance as it relates to the force of law in the context of the Land Use Plan.

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