



## IN BRIEF

### ON THE BALLOT

West Jefferson Levee District Property Tax, April 28, 2018

March 2018

#### Overview of the Proposition

Voters on the west bank of Jefferson Parish will decide whether to approve a new property tax for the West Jefferson Levee District (Levee District). If approved, the tax will be levied within the district at a rate of 4.75 mills for 10 years. The Levee District expects the tax to generate \$4.75 million annually. Tax revenue would be dedicated to maintaining and improving the levees, pump stations and other flood protection projects located within the district. This will be the Levee District's second attempt at a new tax to cover the increased costs of raising and armoring levees and maintaining pump stations.

#### Key Background and Findings

- If voters approve the proposition, the Levee District's overall millage rate will increase from 5.03 mills to 9.78 mills. The owner of a homestead-exempt property valued at \$151,000 would pay \$36.10 more per year, an increase from \$38.23 to \$74.33. If voters reject the proposition, the Levee District's millage rate will remain unchanged at 5.03 mills.
- After Hurricane Katrina, the federal government invested \$4.2 billion to improve the levees, floodwalls and pump stations that form the perimeter system protecting most of the populated areas of West Jefferson as well as portions of neighboring parishes.
- Louisiana law requires the Levee District to operate and maintain the portions of the system within its jurisdiction upon completion of construction by the federal government. By April 2018, the Levee District expects to have full operation and maintenance responsibility.
- BGR evaluated whether the tax is necessary. The Levee District needs additional revenue to fund essential maintenance work during the next 10 years. Specifically, the Levee District plans two rounds of raising and armoring levees to account for settling, regional subsidence and rising sea level. It also plans major maintenance at each of the three pump stations that will entail de-watering all floodgates, replacing rip-rap, and overhauling hydraulic and mechanical equipment. Collectively, the levee lifts and armoring and the pump station maintenance work will cost \$61.3 million.

The Levee District anticipates a \$42.5 million funding gap between the projected costs and available revenue sources. The gap would grow by \$20 million if the Levee District cannot complete its first round of levee lifts before 2019, when the U.S. Army Corps of Engineers will begin armoring the levees at full federal expense. Lifting the levees later would require the district to remove the Corps' armoring, conduct the levee lifts, then re-arm the levees – at the district's expense.

The district cannot access alternative funding sources from the State of Louisiana or Jefferson Parish to meet its increased maintenance obligations.

- BGR also analyzed whether the proposed 4.75-mill tax is appropriately sized. It found that the tax would generate enough revenue to cover the Levee District's \$42.5 million funding gap and provide a financial cushion for project contingencies and cost inflation.
- Finally, BGR reviewed whether the tax revenue would be well spent. The Levee District has provided voters with a specific plan for spending tax revenue. In addition, the proposition's language allows tax revenue to be used only for maintaining and improving the Levee District's physical infrastructure. Further, if the Levee District fails to perform the necessary maintenance, levees would lose height due to settling and soil subsidence, and pump station operations could be impaired. This would make residents and businesses more vulnerable to storm surge and increase flooding risks. It could also lead to higher flood insurance rates.

#### BGR Position

**FOR.** Completion of the federally-built Hurricane Protection System for Jefferson's west bank means the West Jefferson Levee District will incur substantial new maintenance responsibilities for levees and pump stations in the next decade. Its existing revenue sources are inadequate to bear those costs. The new tax will fund the necessary maintenance to keep West Jefferson protected and control flood insurance rates. The tax is appropriately scaled to future costs. The district has a clear spending plan and appropriate accountability for taxpayer funds, including a shortened timeframe for levying the tax, proposition language that closely aligns with the district's needs, and regular state and federal oversight of the system.

Read the full report at [www.bgr.org](http://www.bgr.org).