

City of Harahan Demographics Finances and Employee Salaries

**Prepared by
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CITY OF HARAHAN DEMOGRAPHICS, FINANCES, **AND EMPLOYEE SALARIES**

HIGHLIGHTS

Demographics

- Harahan's total population declined by 24% between 1970 and 1990; it has stabilized since 1990.
- The median age of residents increased from 36.8 in 1990 to 41.4 in 2000.
- The number of persons 65 or older increased by over 23% between 1990 and 2000.
- The under-18 population decreased by 8% and the under-5 population by almost 20% between 1990 and 2000.
- Harahan is affluent in comparison with other Jefferson Parish municipalities and the Parish as a whole.
- In 2000, 78% of Harahan's housing units were owner occupied.

Finances

Taxes and Fees

- Harahan's combination of residential taxes, charges, and fees is comparable to that of unincorporated areas of Jefferson and lower than combined residential taxes, charges, and fees in Gretna, Kenner, and Westwego.
- For commercial properties, Harahan's combination of taxes, charges and fees result in lower charges in Harahan than in other incorporated or unincorporated areas of Jefferson Parish.

Revenues

- Harahan's total general fund revenues, adjusted for inflation, increased by 10.6% from 1996 to 2000.
- Harahan's property tax revenues, adjusted for inflation, declined by 5.2% from 1996 to 2000.

- Harahan's per capita sales tax revenues for 1996 were 68% below sales tax revenues for Louisiana cities of comparable size.

Expenditures

- Harahan's general fund expenditures, adjusted for inflation, increased by 21.2% from 1996 to 2000.
- A dramatic 32% increase in general fund expenditures occurred in 1997, but expenditures have since declined by 2.5%.
- Harahan spends considerably less per capita on police, fire, sewerage, recreation, and financial and management functions than other Louisiana municipalities of similar size.

Salaries

- Base salaries for Police Department positions were higher than in other Louisiana cities of comparable size (many in rural areas). However, law enforcement agencies in the metropolitan New Orleans area are actively recruiting trained officers at higher base salaries than Harahan offers.
- Fire Department base salaries are in line with those of comparable Louisiana municipalities. The department budgets an additional 37% of the base salary amount for overtime.
- Harahan's non-fire and police employees earn less than employees in cities of comparable size.
- Harahan's elected officials are paid less than officials in other small Louisiana cities.

Introduction

The Bureau of Governmental Research (BGR) was retained by the City of Harahan to compare the finances and salaries of the city with those of similar municipalities. The results of the study are presented in this report.

To prepare its report, BGR developed a demographic profile of Harahan and financial and salary databases using information from a number of sources. These include U.S. Census Bureau data (particularly the 1997 Census of Governments), internal city records, and salary surveys prepared by the Louisiana Municipal Association, and the Office of the State Examiner of Municipal Fire and Police Civil Service.

The report includes information on the current demographic and financial situation of Harahan, as well as on trends in those areas. It also contains comparisons of Harahan's finances and salary structures with those of other municipalities. It is BGR's hope that the information collected and analyzed for this study will be a helpful tool for Harahan in its planning for the future.

I. Harahan's Defining Characteristics

Harahan is one of six incorporated municipalities in the Parish of Jefferson. The City's government is organized under Louisiana's Lawrason Act (R.S. 33:321 et seq.). The Mayor, five council members, and the police chief are elected at large. Harahan is authorized to exercise any power and perform any function necessary, requisite, or proper for the management of its affairs not denied by state law.

Harahan is primarily residential, and its geographic area of about 1300 acres (including 174 acres of batture) is totally developed. The residential character of the city is underscored by the fact that in 1998 five of the 10 largest property taxpayers in Harahan were homeowners.

The City's location on the Mississippi River provides unique recreational opportunities along the levee, including the paved bicycle path along the crest of the levee. The 88-acre Colonial Golf and Country Club is a significant feature of the community.

It's population has hovered around 10,000 during the past ten years after declining in the 1970s and 1980s. Population trends for Harahan are as follows:

TABLE 1

Year	Population
1940	1,082
1950	3,394
1960	9,275
1970	13,037
1980	11,384
1990	9,927
2000	9,885

Source: U.S. Census Bureau

The 1990 census provided a comprehensive demographic description of Harahan including income data. The census numbers showed a homogeneous community of 99% white residents. Jefferson Parish as a whole had an 80% white population.

Of Harahan's 3,839 housing units in 1990, 78% were owner occupied, 76% were occupied by families, and 62% were occupied by married couple families (a married couple with or without other relatives is a "family"). Three-quarters of the population five years of age and older had lived in the same house in Harahan for at least the five preceding years. Over 80% of the households lived in single family, detached homes.

Three-quarters of the population 25 or older had high school diplomas or higher education and 20% had bachelor degrees or higher. Educational attainment for the parish as a whole was approximately the same.

As compared to Gretna and Westwego, municipalities of comparable population in Jefferson Parish, Harahan had an affluent median household income of \$30,537 in 1990. The median household income for Gretna was \$17,344. Westwego's was \$18,095. Harahan's median income was slightly higher than Kenner's and 9% higher than the parish's. About 8% of Harahan's residents were listed as having incomes below the poverty level, in contrast with 10% in Gretna, 25% in Westwego, and 14% percent in Jefferson.

In 1990, the median age of Harahan's population was about 37, in contrast with 32 in Jefferson as a whole. Almost a quarter of the population was under 18 years of age, with 646 under age five. Sixteen percent of the population was listed by the census as 65 years of age or older, while the parish percentage was about 10%.

In the coming months, detailed new data from the 2000 census will become available. The following uses currently available 2000 census information and gives some indications of changes in Harahan's population from 1990 to 2000.

TABLE 2
Harahan Population Changes
1990 - 2000

Item	1990 Census	Percent of Total 1990 Population	2000 Census	Percent of Total 2000 Population	Change 1990 to 2000
Total Population	9,927	100.0%	9,885	100.0%	-0.4%
White Population	9,814	98.9%	9,594	97.1%	-2.2%
Median Age	36.8	NA	41.4	NA	+4.6 years
Under 5 Years of Age	646	6.5%	519	5.3%	-19.7%
Under 18 Years of Age	2,238	22.5%	2,058	20.8%	-8.0%
18 or Older	7,689	77.5%	7,827	79.2%	+1.8%
65 or Older	1,584	16.0%	1,955	9.8%	+23.4%
Male	4,738	47.7%	4,686	47.4%	-1.1%
Female	5,189	52.3%	5,199	52.6%	+0.2%
Total Households*	3,839	NA	3,994	NA	+4.0%
Owner Occupied	2,992	NA	3,126	NA	+4.5%
Married Couple	2,367	NA	2,203	NA	-6.9%
Families					
Average Household Size	2.59	NA	2.42	NA	-6.6%

* Equal to count of occupied housing units
Source: U.S. Census Bureau, 2000 Table DP-1

While the population total showed virtually no change, the data indicates an overall aging of the population. The median age of Harahan's residents increased by 4.6 years since 1990 to 41.4 in 2000. The number of persons 65 or older increased by over 23%. Harahan's senior citizens now constitute one-fifth of the population.

At the other end of the age range, the under-18 population decreased by 8% over the 10 year period. The number of youngsters under five decreased by almost 20% between 1990 and 2000. The decrease in the number of children corresponds with a drop in the average household size.

While households may be smaller, there are more (up 4%), and more of those households occupy homes they own (up 4.5%). Looking at the buildings, rather than occupants, the Census shows a very slight increase (up 0.4%) in the proportion of occupied units held by homeowners to 78.3%.

In short, this census snapshot of Harahan shows a stable, largely residential, aging, middle income community.

II. Financial Overview

What services does local government provide to the citizens of Harahan?

Harahan is not a full service municipality. The Jefferson Parish government provides a number of services to Harahan, including water, 911 and emergency medical services, drainage, mosquito control services and maintenance of four major streets.

Other core functions of local government are provided by the city. These include:

- police protection
- fire protection
- garbage pick-up and disposal (contracted out)
- street maintenance and lighting
- sewerage collection and treatment
- recreation
- zoning and building regulation.

How does Harahan pay for the services that city government provides?

Basic city services (except for sewerage) are funded from the "General Fund". According to Harahan's audited financial statement for 2000, general fund revenues, "lease proceeds", and transfers into the general fund from a special sales tax fund totaled \$4,327,531. The sewerage operation, a proprietary fund, is audited separately.

Lease proceeds are derived from lease purchase agreements for equipment such as fire engines or police cars. The cost of the equipment is reflected in general fund financing sources in the year in which the lease agreement takes effect. Because these lease proceeds are sporadic items that distort recurring revenues and other financing sources (and expenditures), they have been omitted from a number of the financial charts and tables included in this report. (For 2000, lease proceeds of \$480,731 were used for fire equipment.)

TABLE 3
General Fund Revenues
2000

	Total	Percent of Total
Transfer of Sales Tax	\$884,352	23%
Other Taxes	584,551	15%
Licenses & Permits	741,342	19%
Intergovernmental	398,946	10%
Service Charges	566,017	15%
Fines & Forfeits	259,600	7%
Gaming/Video Poker	144,298	4%
Interest	25,196	1%
Miscellaneous	<u>242,498</u>	<u>6%</u>
Total General Fund	\$3,846,800	100%

(excludes lease proceeds)

Notes:

1. Harahan's total sales tax receipts for 2000 were \$1,086,719. Sales tax revenue is placed in a special revenue fund. A portion of the sales tax is dedicated to pay for principal and interest on a 1999 3.75 million, 25 year bond issue. Revenues not needed to retire the bonds are available for transfer to the general fund. Only revenues transferred to the general fund are available for general purposes.
2. "Other taxes" are ad valorem property taxes. Harahan projected \$592,000 in general fund property tax revenues for 2001 (\$410,000 general purpose and \$182,000 for fire protection). Another \$41,000 in property tax revenue is dedicated to sewerage maintenance and transferred to the sewerage operation. It is noteworthy that real estate taxes are deductible items on federal income tax returns for taxpayers who itemize deductions. In contrast, sales taxes and service charges - on which Harahan relies more heavily - are not eligible for deduction for federal income tax purposes.

3. "Licenses and permits" include occupational licenses and franchise fees from Entergy, Louisiana Gas, and Cox Communications. Harahan does not have a franchise agreement for telephone services and derives no revenue from that source.
4. "Intergovernmental" includes revenues from state or federal government sources such as the state's parish transportation fund, tobacco tax allocations, and direct state and federal grants. In 2000, the Legislature eliminated tobacco tax allocations for parishes and municipalities. That action reduced Harahan's revenues by \$50,000 per year.
5. "Service charges" include the garbage and fire service charges. The recycling program was discontinued in 2000.
6. "Fines and forfeits" are derived from traffic tickets or fines and penalties for other municipal violations.
7. "Gaming/video poker" revenues come from the City's video poker allocation. Harahan has adopted a policy of using this video poker money for capital, as opposed to operating, expenditures. (In 2000, \$143,325 was transferred from the general fund to the capital fund.)
8. "Interest" and "Miscellaneous" income is derived from interest on the City's general fund cash accounts and revenues from rents, concessions, contributions, and other such sources.

How does Harahan spend the money it gets?

The city's financial audit for 2000 shows the following general fund operating expenditures. These expenditures do not include the sewerage operation (the proprietary fund) nor the purchase of fire equipment with funds derived from a capital lease arrangement.

TABLE 4
General Fund Expenditures*
(2000)

	Total	Percent of Total
General government	\$788,545	21.4%
Police	1,174,475	31.8%
Fire	724,104	19.6%
Streets	147,472	4.0%

Sanitation	489,729	13.3%
Recreation	222,534	6.0%
Transfers/other funds	<u>143,325</u>	<u>3.9%</u>
Total	\$3,690,184	100.0%

* excludes capital lease

Notes:

1. "General government" includes salaries for all elected officials, three full-time and one part-time central administrative workers, insurance, legal fees and judgments, and other general expenses.
2. "Police" expenses are primarily for employee pay and employment costs. The force includes 20 officers and commissioned supervisors and eight jail or support positions.
3. "Fire" expenses provide for a department with 14 full-time and two part-time employees.
4. "Streets" expenses support a unit of five full-time and two part-time employees.
5. "Sanitation" expenses are for the City's garbage collection contract and landfill charges.
6. "Recreation" provides for playground programs and Harahan's contribution to the Senior Center.

In 2000, Harahan's total work force was comprised of 58 full-time and 13 part-time employees. Fire and Police account for over 70% of the full-time employees.

Do the citizens of Harahan pay more than other Jefferson Parish residents for local government services?

No. A May, 2000 report prepared for the Jefferson Business Council and Jefferson Parish by Deloitte and Touche found that the total 1998 property tax millage levied in Harahan was the lowest of all municipalities and unincorporated areas of Jefferson. Harahan's municipal millage was 14.72 mills in comparison with 21.7 for Kenner, 26.93 for Westwego, and 47.67 for Gretna. The millage was 23% lower than the Parish average.

For a home valued at \$100,000 (assessed at \$10,000), Deloitte and Touche's figures show that Harahan's total of parish and municipal property taxes, fees, and charges result in taxpayer costs comparable to or only slightly higher than those in unincorporated areas. Taxes, fees and charges result in lower costs in Harahan than in Gretna, Kenner, and Westwego.

For a commercial property assessed at \$200,000, Harahan's combination of fees, charges and taxes result in lower charges in Harahan than in any other municipality or unincorporated area of Jefferson, according to Deloitte and Touche.

The City of Harahan has emphasized this cost advantage in promoting the annexation of select properties adjacent to the city limits. (Action by the Legislature at the 2001 Regular Session will make annexations in Jefferson Parish more difficult in the future.)

What is Harahan's Budget Situation?

Appendix A to this report provides a five-year revenue and expenditure history for Harahan's general fund, covering the years 1996 through 2000. This section of the report summarizes data contained in Appendix A.

Revenues

1996 to 2000

Harahan's recurring revenues (excluding non-recurring capital loan and lease payments) increased by 17.1% from 1996 to 2000. In major revenue categories, a hefty 43% increase in sales tax revenues was somewhat offset by a significant decrease in fines and forfeits and little or no growth in other taxes (property taxes) and intergovernmental revenues. In 1996, the city did not maintain its then-existing property tax millage level as authorized by the Louisiana Constitution and therefore did not increase its property tax revenues. A new constitutional provision that freezes assessments for some senior citizens further limits growth in property tax collections and is likely to have a more pronounced effect on Harahan's property tax receipts as its population ages.

The following chart shows changes in revenue by category.

TABLE 5
General Fund Revenues*

	Actual 1996	Actual 2000	Dollar Change	Percent Change
Transfer of Sales Tax**	\$616,605	\$884,352	\$267,747	43.4%
Other Taxes	582,181	584,551	2,370	0.4%
Licenses & Permits	646,163	741,342	95,179	14.7%
Intergovernmental	378,411	398,946	20,535	5.4%
Service Charges	494,756	566,017	71,261	14.4%
Fines & Forfeits	340,324	259,600	-80,724	-23.7%
Gaming/Video Poker	143,011	144,298	1,287	0.9%
Interest	33,469	25,196	-8,273	-24.7%
Miscellaneous	<u>50,651</u>	<u>242,498</u>	<u>191,847</u>	<u>378.8%</u>
Total	\$3,285,571	\$3,846,800	\$561,229	17.1%

* excludes loan and lease proceeds

** Sales Tax revenues flow through a special revenue fund. Revenues are available for the General Fund after debt payments for bonds secured by the sales tax are made.

On an inflation-adjusted basis, revenues increased by 10.6% from 1996 to 2000 (excluding capital loans and leases). Revenue from fines decreased by 28%, and “other taxes” (property tax) decreased by 5%. Table 6 shows revenue changes by category on an inflation-adjusted basis.

TABLE 6
General Fund Revenues*
(in 2000 dollars)

	Inflation Adjusted 1996	Actual 2000	Inflation Adjusted Percent Change
Transfer of Sales Tax	\$652,985	\$884,352	35.4%
Other Taxes	616,530	584,551	-5.2%
Licenses & Permits	684,287	741,342	8.3%
Intergovernmental	400,737	398,946	-0.4%
Service Charges	523,947	566,017	8.0%
Fines & Forfeits	360,403	259,600	-28.0%
Gaming/Video Poker	151,449	144,298	-4.7%
Interest	35,444	25,196	-28.9%
Miscellaneous	<u>53,639</u>	<u>242,498</u>	<u>352.1%</u>
Total	\$3,479,420	\$3,846,800	10.6%

* excludes loan and lease proceeds

**Expenditures
1996 to 2000**

Table 7 depicts changes in Harahan’s general fund expenditures from 1996 to 2000 by category. The data shows an overall 28% increase in expenditures during that period. Only the streets component declined in expenditures.

Table 7
General Fund Expenditures*
1996 and 2000

	Actual 1996	Actual 2000	Dollar change	Percentage change
General Government	\$566,767	\$788,545	\$221,778	39.1%
Police	909,164	1,174,475	265,311	29.2%
Fire	536,146	724,104	187,958	35.1%

Streets	160,730	147,472	-13,258	-8.2%
Sanitation	414,640	489,729	75,089	18.1%
Recreation	182,746	222,534	39,788	21.8%
Transfers/other funds	<u>104,343</u>	<u>143,325</u>	<u>38,982</u>	<u>37.4%</u>
Total	\$2,874,536	\$3,690,184	\$815,648	28.4%

* excludes capital leases

Table 8 depicts changes in Harahan's general fund expenditures from 1996 to 2000 by category after adjusting for inflation. From 1996 to 2000, expenditures increased by 21% in year 2000 dollars.

**TABLE 8
General Fund Expenditures*
1996 and 2000**

	Inflation Adjusted 1996	Actual 2000	Inflation Adjusted Change
General Government	\$600,206	\$788,545	31.4%
Police	962,805	1,174,475	22.0%
Fire	567,779	724,104	27.5%
Streets	170,213	147,472	-13.4%
Sanitation	439,104	489,729	11.5%
Recreation	193,528	222,534	15.0%
Transfers/other funds	<u>110,499</u>	<u>143,325</u>	<u>29.7%</u>
Total	\$3,044,134	\$3,690,184	21.2%

* excludes capital leases

**Allocation of Expenditures
1996 to 2000**

For the past five years, Harahan has allocated general funds in roughly the same proportions. (An exception: streets spending was up significantly in 1997, when Harahan entered the year with a fund balance in excess of \$640,000. Streets spending from the general fund has since declined below 1996 levels.) Table 9 shows general fund expenditures by category expressed as a percentage of total expenditures.

**Table 9
Percent of Total General Fund Expenditures* by Use
1996 to 2000**

	1996	1997	1998	1999	2000
General Government	19.7%	18.8%	18.9%	20.5%	21.4%
Police	31.6%	28.8%	34.1%	34.7%	31.8%

Fire	18.7%	19.2%	18.0%	17.4%	19.6%
Streets	5.6%	11.5%	5.8%	4.7%	4.0%
Sanitation	14.4%	10.9%	13.0%	12.8%	13.3%
Recreation	6.4%	6.5%	6.9%	6.3%	6.0%
Transfers to other funds	3.6%	4.4%	3.2%	3.7%	3.9%

* excludes capital leases

Surpluses, Deficits, and Fund Balances 1996 to 2000

The following table summarizes Harahan’s general fund surpluses, deficits, and fund balances for the past five years. (As used here, “deficit” means expenditures exceeding revenues in a year, even if the shortfall is covered by an available fund balance.)

**TABLE 10
Fund Balance
1996 to 2000**

Year	Surplus	Deficit	Fund Balance
1996	\$451,035		\$644,456
1997		\$403,831	240,625
1998		263,054	-22,429
1999		93,293	-115,722
2000	156,616		40,894

In 1994, the deficit was over \$64,000 (about 2.7% of General Fund expenditures). The Mayor and Council taking office in 1995 built up a fund balance (surplus) that totaled \$644,456 by the end of 1996. However, three years of deficits ensued.

Despite the loss of tobacco tax revenues from the state, Harahan in 2000 was able to eliminate its general fund deficit. Primarily due to increased sales tax revenue and some belt tightening in police, maintenance, and recreation, Harahan generated a \$157,000 surplus. The city began 2001 with a positive fund balance of about \$41,000.

1997 Pivotal Budget Year

A review of Harahan’s financial statements from 1996 through 2000 (as contained in Appendix A) provides a clearer picture of general fund finances. The primary growth in Harahan’s expenditures occurred in the year 1997.

Harahan began 1997 with a \$644,456 fund balance. Total revenues in 1997 (excluding proceeds of capital leases) increased by less than 3% while expenditures increased by nearly 32%. Harahan's expenditures exceeded revenues by \$403,831 that year.

From 1996 to 1997, sales tax revenues available to the general fund declined by 5.8%. Total sales tax revenues were down only 3.8% from the previous year. This illustrates an interesting point, given Harahan's dependence on this relatively volatile revenue source. A fixed amount of total sales tax revenue is taken "off the top" to cover debt service requirements. The remainder may be transferred to the general fund. Since only the balance is transferred, the impact on the general fund of a decline (or an increase) in sales taxes in a given year is magnified.

From 1997 to 2000, Harahan's general fund expenditures (excluding capital leases) declined by about 2.5%. Adjusting for inflation, Harahan's expenditures for public services declined by 6.3% from 1997 to 2000. Harahan spent less for, and provided fewer, public services in 2000 than it did in 1997.

From 1997 to 2000, general fund revenues increased by 13.3% (not adjusted for inflation). Adjusted for inflation, revenue grew by 8.8%. (The GDP price deflator used by BGR incorporates a 4.1% inflation rate for the period.)

Decreased expenditures and moderate growth in revenue from 1997 to 2000 enabled the city to wipe out its deficit in 2000. At the same time, public services provided by general fund expenditures were cut back from 1997 levels.

How do Harahan's finances compare with other municipalities?

To evaluate how Harahan's finances compare with other municipalities, BGR consulted a number of sources, including publications of the International City Management Association, the Louisiana Municipal Association, and the U.S. Census Bureau's Census of Governments.

The dominant characteristic used for choosing comparative data is community size. Unfortunately, at a population of roughly 10,000, Harahan was on the cusp of the readily available data. Most of the published data provided breakdowns for municipalities under 10,000, and those in the 10,000 to 25,000 range. Because these categories would inevitably be skewed toward communities either smaller or larger than Harahan, BGR felt that the data from either category (or some averaging technique) would not provide a reasonable basis for comparison. Accordingly, BGR sought the raw data from the 1997 Census of Governments (the most recent available), and compiled a database of 25 Louisiana municipalities in the 8,000 to 16,000 population range (based on the 1996 population estimates used in the Census Bureau's 1997 report). The average population of the cities in the survey was 11,868.

The following municipalities are included in the comparative database:

**TABLE 11
Population
1996 (Est.)**

Sample Cities

Rayne	8,561
Covington	8,576
Franklin	8,761
Ville Platte	8,980
Tallulah	9,004
Donaldsonville	9,060
Denham Springs	9,106
Harahan	9,941
Zachary	10,189
De Ridder	11,103
Westwego	11,172
Eunice	11,182
Abbeville	11,460
Jennings	11,487
Baker	13,223
Minden	13,480
Bastrop	13,767
Crowley	13,809
Bogalusa	13,877
Morgan City	13,996
Thibodaux	14,015
West Monroe	14,073
Pineville	14,315
Hammond	16,689
Gretna	16,862

Expenditure profiles

BGR calculated benchmark expenditure profiles from the database to determine per capita expenditures across major categories of governmental functions, such as police, fire, recreation, and sewerage. Harahan's per capita expenditures were then compared to the per capita average for the database (which includes Harahan) in the table below.

**TABLE 12
PER CAPITA SPENDING**

	Sample Average	Harahan	Compared to Sample
Police Protection	\$116.97	\$86.41	26% less

Fire Protection	62.25	52.41	16% less
Solid Waste Management	39.80	41.75	5% more
Sewerage	52.43	38.53	27% less
Central Office	59.00	31.08	47% less
Parks & Recreation	28.21	20.82	26% less
All Other (not including utilities)	205.07	70.72	66% less

Source: U.S. Census of Governments, 1997; BGR calculations.

The data shows that, except for solid waste expenses, Harahan's per capita spending on core city government functions was less than the average for cities of comparable size.

Harahan's per capita spending ranged from 84% of the average for fire protection to 34% of the average for "all other expenses". The latter includes streets, courts, and also other functions that Harahan does not provide, i.e. parking facilities and health programs. (BGR did not attempt to inventory other services provided by other cities in the sample or services provided to those cities by parish government or special districts.)

Harahan's per capita expenditures for police and recreation were each 74% of the average. Sewerage costs constituted 73% of the survey average. Central office expenditures, which include financial administration, planning, zoning, personnel, and other management functions, amounted to 53% of the survey average.

TABLE 13
SPENDING BY CATEGORY AS PERCENTAGE OF BUDGET

	Sample Cities	Harahan
Police Protection	20.75%	25.29%
Fire Protection	11.04%	15.34%
Solid Waste Management	7.06%	12.22%
Sewerage	9.30%	11.27%
Central Office	10.47%	9.12%
Parks & Recreation	5.00%	6.09%
All Other (not including utilities)	36.38%	20.69%

Source: U.S. Census of Governments, 1997; BGR Calculations.

Table 13 compares Harahan's expenditures for operating purposes with other cities in the sample. Harahan allocated higher percentages of its budget to police, fire, solid waste, sewerage, and recreation than the sample average. Harahan allocated lower percentages of the budget to central staff and other activities.

Revenue profiles

BGR also computed per capita revenue profiles from the database for some key revenue items. These are reflected in the following table.

TABLE 14

PER CAPITA REVENUES

	Sample Cities	Harahan	Compared to Sample
Property Tax*	\$69.84	\$68.60	2% Below
General Sales Tax	268.91	87.32	68% Below
Select Sales Tax**	30.76	34.60	12% Above
Sewerage Charges	57.55	35.31	39% Below
Solid Waste Management Charges	35.70	43.86	23% Above
All Other General Revenue	214.49	130.77	39% Below

* Includes fire service charges.

** For Harahan, this means utility franchise fees. In other cities, this term may also include items such as amusement taxes.

Source: U.S. Census of Governments, 1997; BGR Calculations.

The table shows that Harahan’s per capita property tax revenues (including fire service charges) were comparable to the sample average. However, sales taxes – Harahan’s single largest revenue producer – amounted to only 32% of the per capita sales tax revenues for other cities in the sample. "Sewerage charges" and "other general revenues", such as federal grants, were 61% of the comparable database per capita average.

Harahan exceeded the per capita revenue average in two categories – utility franchise fees (“select sales taxes” in Census Bureau terminology) and solid waste charges.

Relative importance of revenue sources

Table 15 compares Harahan's total revenues with the sample average. The data indicate that property taxes and charges constituted a significantly greater percentage of Harahan's revenue base the sample average. (Harahan’s citizens pay about the same per capita amount in property taxes as citizens in other cities in the sample. However, Harahan’s limited sales tax base inflates the importance of property taxes in the city’s revenue mix.)

Sales taxes constituted only 21.8% of Harahan's total revenues. This contrasts sharply with an average of approximately 40% for other cities in the sample.

**TABLE 15
RELIANCE ON SOURCES OF REVENUE BY CATEGORY**

Percent of Total Revenue

	Sample Cities	Harahan
Property Tax*	10.31%	17.13%
General Sales Tax	39.71%	21.80%
Select Sales Tax	4.54%	8.64%
Sewerage Charges	8.50%	8.82%
Solid Waste Management Charges	5.27%	10.95%
All Other General Revenue	31.67%	32.66%

* Includes fire service charges.

Source: U.S. Census of Governments, 1997; BGR Calculations.

III. Comparisons of Salary

BGR used a 1999 survey by the Louisiana Municipal Association (LMA) and a 2000 survey by the State Examiner for Municipal Fire and Police Civil Service (FPCS) to compare Harahan's salary levels with salaries in cities of comparable population. As in the case of federal census data, survey errors or peculiar differences in cities may result in flawed comparisons between two specific cities. However, BGR believes that the average of a sufficiently large sample of cities will give a reasonable benchmark for comparing Harahan to comparably sized municipalities.

Mayor and Council

Table 16 compares salaries of mayors and councilmembers. Harahan's mayor and council members are paid less, on average, than officials in the other twenty cities in the sample.

The council members' salary is 12% below the average. The mayor's salary is 21% below the survey average. The Mayor of Harahan is paid less than the mayors of nineteen of the other twenty survey cities. (Effective July 1, 2001, the Mayor of Westwego is paid \$45,000 per year and receives a \$500 per month expense allowance.)

TABLE 16
MAYOR AND COUNCIL ANNUAL SALARIES

	Survey Average	Harahan	Compared to Average
Mayor	\$41,972	\$33,000	21% less
Council	6,979	6,120	12% less

Source: LMA, 1999 21 cities, average population 11,956, updated by BGR, 2001.

Administrative Salaries

Table 17 compares average salaries for positions contained in the LMA's 1999 wage and salary survey with year 2000 salaries for certain positions in Harahan's city government.

Because Harahan does not have a pay plan or job descriptions for non-civil service employees, a direct comparison to all the jobs listed in the LMA survey cannot be made. In certain cases, BGR made assumptions to provide a basis for comparison. For example, a Harahan employee who operates equipment was compared to the job class "heavy equipment operator" as opposed to the job class of "laborer".

Note that the LMA 1999 survey contains data from the years 1997 and 1999. (LMA included 1997 data if 1999 data was not available.) These numbers have not been adjusted to account for inflation or salary adjustments made in subsequent years. Thus, Harahan's year 2000 salaries are being compared to salaries paid by other cities, including cities in rural areas, one to three years earlier.

The data shows that in 2000 Harahan's non-civil service employees' compensation was close to or lower than that of employees in comparable positions in the sample cities one to three years previously. For two positions, Harahan's pay was 17% below average. In another case, pay was 19% below the LMA survey average

TABLE 17
ANNUAL SALARIES FOR SELECTED POSITIONS

	Cities in Survey	Survey Average	Compared to Average
City Clerk	13	\$33,816	Below average
Heavy Equipment Operator	16	18,432	At average
Light Equipment Operator	12	15,648	Below average
Laborer	16	13,728	Below average
Streets Superintendent	14	28,188	Below average
Recreation Superintendent	12	27,228	At average

Note: Not every city had every job description

Source: LMA, 1999, 21 cities, average population 11,956. BGR Calculations. (All the cities did not respond to each listed job classification.)

Police and fire salaries

BGR analyzed data extracted from the June 30, 2000 salary survey conducted by the State Examiner, Municipal Fire and Police Civil Service (FPCS). For police and fire, BGR used twenty cities with an average population of fewer than 12,000. Harahan participated in the FPCS survey.

The salary information includes \$300 per month in state supplemental pay for eligible fire and police employees. The survey does not take overtime pay, uniform allowances, take-home vehicles, or other benefits into account. Overtime and benefits may be significant components of the total compensation received by public safety employees. For example, the amount budgeted for overtime (also called "salary adjustment" in the fire budget) was 37% of the amount budgeted for base salaries for Harahan's Fire Department in 2001. For police, overtime was budgeted at only 7% of the amount budgeted for base salaries. Therefore, overtime is a significant component of total compensation for fire personnel, and much less so for police. The FPCS survey only reports base salary.

The Federal Fair Labor Standards Act (FLSA) requires local governments to pay overtime to fire and police personnel for hours worked in excess of a specified number in a 28 day time period. For fire, overtime must be paid for hours over 212. For police, overtime must be paid for hours over 171.

Where survey data indicated a minimum and maximum salary for a position, BGR used the mid-point in computing salary information. Except for the police and fire chiefs, the tables do not include specific salaries for Harahan if three or fewer Harahan employees are in the sample.

Police

Table 18 shows average law enforcement salaries as listed in the FPSC survey. Police employees fared better in the FPCS comparison than did other Harahan employees covered in the LMA survey. However, a few comments are in order. First, pay for police in small Louisiana towns in rural areas is very low. Crowley's starting pay for a police officer is only \$16,776 per year and Abbeville's \$15,480 per year. These salary levels drag down the survey average.

Second, trained police officers are in high demand, and Harahan faces competition in the metro area. Numerous law enforcement agencies actively recruit experienced police officers from other jurisdictions. New Orleans now advertises a base salary in excess of \$30,000 per year for officers with one year's experience. A Jefferson Parish Deputy I with one year's experience is paid a base salary of over \$29,000 per year. (Both examples include state supplemental pay.) A recent pay increase for Kenner police officers raised starting salaries to \$30,000 per year. According to *The Times-Picayune*, "people from all over the metro area, and some from as far as Mississippi and Oregon" applied for jobs with the Kenner Police Department.

TABLE 18 LAW ENFORCEMENT ANNUAL BASE SALARIES

Position	No. of Cities	Survey Average	Harahan Per Survey	Compared to Average
Chief (Civil Service)	12	\$42,624	NA	NA
Officer	20	21,852	24,552	12% more
Sergeant	20	25,296	27,012	7% more
Lieutenant	18	26,892	*	Above average
Captain	14	30,324	*	Above average
Secretary to Chief	14	22,140	*	Above average

* Fewer than three employees.

Source: FPCS, June 30, 2000 Salary Survey. BGR Calculations.

Elected police chiefs are not included in the FPCS survey. Harahan's elected police chief receives about 79% of the salary paid to chiefs under civil service listed in the database.

For comparative purposes, BGR presents below annual compensation for the elected police chiefs of Harahan, Gretna, and Westwego (including state supplemental pay and, in the case of Westwego, expense allowance):

Harahan	\$33,600
Gretna	41,604
Westwego	<u>51,000</u>
Average	\$42,068

Fire

Harahan's base salaries for fire fighters are generally in line with those of other cities in the sample. As stated earlier, overtime (called "salary adjustment" in the budget) adds significantly to total compensation. Table 19 gives salary information for firefighters, captains, chief and assistant chief positions.

TABLE 19
FIRE ANNUAL BASE SALARIES

	No. of Cities	Survey Average	Harahan Per Survey *	Compared to Average
Fire Chief	13	\$35,664	\$38,437	8% more
Fire Fighter	19	21,036	20,784	1% less
Captain	14	25,608	**	Below average
Assistant Fire Chief	10	33,636	**	Above average

* Harahan chief per city records, 2000.

** Fewer than three employees.

Source: FPCS, June 30, 2000 Salary Survey; BGR Calculations.

Conclusions

Harahan is a stable, homogeneous community whose residents and businesses have enjoyed relatively low property taxes, charges, and fees over the years. The city's residential character, small scale, high rate of home ownership, and relative affluence contribute to a pleasant quality of life.

Harahan's leaders face significant financial challenges. Although they have sought to live within their means, Harahan has struggled with deficits in three of the past five years. The City is spending less now for public services than it did in 1997. It spends less per capita for basic services than other Louisiana cities of comparable size.

Increasing revenues will be a challenge. The potential for large growth in sales tax revenues is unlikely, given the community's limited commercial base. The potential for growth in the property tax base is also restricted. The city is almost fully developed. Recent changes in the law make growth through annexation of property more difficult. Potential growth in property taxes is further limited by the increasing number of Harahan residents who can avail themselves of a tax assessment freeze for homeowners over the age of 65.

The strength of any organization is its human capital. Harahan's employees, other than police and fire employees, are paid less than their counterparts in cities of similar size. Metropolitan area law enforcement agencies are recruiting trained police officers at significantly higher salaries than Harahan pays its officers. If Harahan's employee compensation is not competitive, citizens might sooner or later see an erosion in the quality of its city workforce.

To summarize, Harahan will be facing difficult choices in the coming years as it tries to balance demand for services with available revenues.

APPENDIX A
City of Harahan
General Fund Revenues
1996 through 2000

Revenues			1996 to 1997		1998	1997 to 1998		1999	1998 to 1999		2000	1999 to 2000	
	1996	1997	\$ change	% change		\$ change	% change		\$ change	% change		\$ change	% change
Special Revenue Fund													
Sales Tax - Total	828,249	796,590	-31,659	-3.8%	869,637	73,047	9.2%	999,594	129,957	15%	1,086,719	87,125	8.7%
General Fund													
Transfer of Sales Tax	616,605	580,731	-35,874	-5.8%	664,505	83,774	14.4%	785,807	121,302	18%	884,352	98,545	12.5%
Other Taxes	582,181	596,397	14,216	2.4%	562,340	-34,057	-5.7%	573,719	11,379	2%	584,551	10,832	1.9%
Licenses & Permits	646,163	621,096	-25,067	-3.9%	637,494	16,398	2.6%	659,568	22,074	3%	741,342	81,774	12.4%
Intergovernmental	378,411	422,804	44,393	11.7%	504,680	81,876	19.4%	450,436	-54,244	-11%	398,946	-51,490	-11.4%
Service Charges	494,756	472,058	-22,698	-4.6%	463,755	-8,303	-1.8%	548,667	84,912	18%	566,017	17,350	3.2%
Fines & Forfeits	340,324	413,726	73,402	21.6%	420,496	6,770	1.6%	342,773	-77,723	-18%	259,600	-83,173	-24.3%
Gaming/Video Poker	143,011	125,444	-17,567	-12.3%	133,654	8,210	6.5%	123,574	-10,080	-8%	144,298	20,724	16.8%
Interest	33,469	49,314	15,845	47.3%	33,415	-15,899	-32.2%	25,715	-7,700	-23%	25,196	-519	-2.0%
Miscellaneous	50,651	98,247	47,596	94.0%	54,849	-43,398	-44.2%	162,202	107,353	196%	242,498	80,296	49.5%
Lease Proceeds	0	110,854	110,854	N/A	203,370	92,516	83.5%	0	-203,370	-100%	480,731	480,731	N/A
Loan Proceeds	40,000	0	-40,000	N/A	0	0	N/A	0	0	N/A	0	N/A	N/A
Total General Fund	3,325,571	3,490,671	165,100	5.0%	3,678,558	187,887	5.4%	3,672,461	-6,097	0%	4,327,531	655,070	17.8%
Total Excluding loan & lease proceeds	3,285,571	3,379,817	94,246	2.9%	3,475,188	95,371	2.8%	3,672,461	197,273	6%	3,846,800	174,339	4.7%

Source: City of Harahan
Audited Financial Statements
1996 through 2000
Bureau of Governmental Research
September, 2001

Appendix A
City of Harahan
General Fund Expenditures
1996 through 2000

General Fund Expenditures (Excludes Capital Leases)			1996 to 1997		1997 to 1998		1998 to 1999		1999 to 2000				
	1996	1997	\$ change	% change	1998	\$ change	% change	1999	\$ change	% change	2000	\$ change	% change
General Government	566,767	710,774	144,007	25.4%	708,372	-2,402	-0.3%	772,386	64,014	9.0%	788,545	16,159	2.1%
Police	909,164	1,089,592	180,428	19.8%	1,274,916	185,324	17.0%	1,306,034	31,118	2.4%	1,174,475	-131,559	-10.1%
Fire	536,146	726,510	190,364	35.5%	673,900	-52,610	-7.2%	654,882	-19,018	-2.8%	724,104	69,222	10.6%
Streets	160,730	434,284	273,554	170.2%	217,047	-217,237	-50.0%	176,292	-40,755	-18.8%	147,472	-28,820	-16.3%
Sanitation	414,640	412,625	-2,015	-0.5%	485,087	72,462	17.6%	481,040	-4,047	-0.8%	489,729	8,689	1.8%
Recreation	182,746	244,231	61,485	33.6%	258,920	14,689	6.0%	237,059	-21,861	-8.4%	222,534	-14,525	-6.1%
Transfers /other funds	104,343	165,362	61,019	58.5%	120,000	-45,362	-27.4%	138,062	18,062	15.1%	143,325	5,263	3.8%
Total	2,874,536	3,783,378	908,842	31.6%	3,738,242	-45,136	-1.2%	3,765,755	27,513	0.7%	3,690,184	-115,571	-3.1%

Source: City of Harahan
Audited Financial Statements
1996 through 2000
Bureau of Governmental Research

September, 2001