

NEW ORLEANS PARKS AND RECREATION TAX PROPOSAL, MAY 4, 2019

INBRIEF

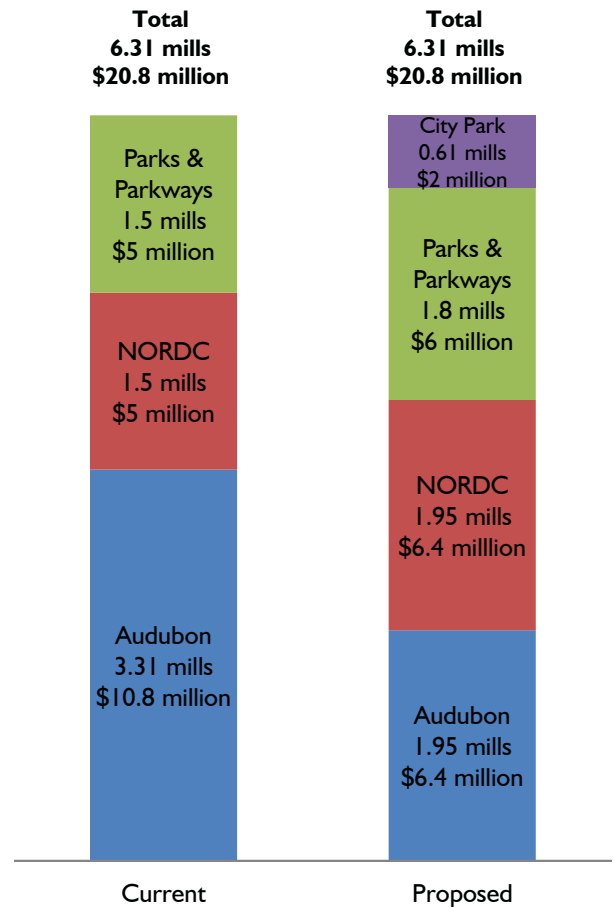
What is the proposition? New Orleans voters will decide whether to replace three existing taxes for parks and recreation totaling 6.31 mills with a single tax at the same 6.31-mill rate. Voter approval would not result in a tax increase. The replacement tax would run for 20 years and fund more park agencies and a broader range of purposes than the existing taxes do.

Currently, the Audubon Commission has two dedicated taxes, one for the Audubon Zoo (0.32 mills) and another for the Audubon Aquarium of the Americas and related facilities (2.99 mills). A third tax of 3 mills is split evenly between the New Orleans Recreation Development Commission (NORDC), and the City of New Orleans Department of Parks and Parkways (Parks and Parkways).

Under the proposed replacement tax, as shown in the chart, Audubon would receive less property tax revenue, while NORDC and Parks and Parkways would receive larger allocations and City Park its first-ever property tax funding. Each recipient could use its millage funding for a broad array of park and recreation purposes, including park safety, storm-water management, conserving natural areas, and constructing, repairing and maintaining facilities.

Why is it on the ballot? The City of New Orleans views the current taxes as funding too narrow a range of parks and recreation needs. The City wants to replace them with the proposed tax, rather than renew them when they expire in 2021 and 2022.

CURRENT AND PROPOSED TAX ALLOCATIONS



BGR's ON THE BALLOT SERIES

This report is the latest in BGR's *On the Ballot* series, which provides voters with objective, nonpartisan analysis of significant ballot propositions in the New Orleans metropolitan area. In producing *On the Ballot* reports, BGR recommends positions consistent with its mission of promoting informed public policy and the effective use of public resources for the improvement of local government. *On the Ballot* reports bring to light the strengths and weaknesses of ballot propositions and assess the potential for government expenditures or actions to efficiently achieve beneficial outcomes for citizens.

REPORT HIGHLIGHTS

- A 2017 study found that New Orleans has inadequate funding to sustain and grow its diverse collection of parks, playgrounds and other facilities. It also found inadequate coordination among New Orleans' numerous park management agencies.
- The study's recommendations led to the proposed tax and the development of a 20-year cooperative endeavor agreement intended to enhance the park agencies' collaboration, planning and public accountability for their tax expenditures. The agreement would take effect on May 4, 2019, but only if voters approve the proposition. If they do not, the agreement would not take effect and the park agencies would continue their informal coordination and communication.
- The agreement calls for greater collaboration on a number of fronts, including maintenance, programming and capital project planning. It also requires the City and the agencies to create a 10-year citywide master plan for parks, open space and recreation. They have agreed to "contribute reasonable funding and use reasonable best efforts to secure philanthropic support" for the plan. The agreement has a low bar for termination, so it will depend heavily on the good faith of the City and park agencies to achieve its aims.
- BGR evaluated whether the tax is necessary for each agency, and whether alternative funding options exist. BGR found that the four prospective tax recipients have clear needs for new revenue or, in the case of Audubon, the continued receipt of a lesser amount of tax revenue. Audubon and City Park have worked toward operational efficiencies within the constraints of their heavily self-funded budgets. While NORDC and Parks and Parkways have benefited from City budget increases in recent years, they remain underfunded relative to the level necessary to provide effective preventive maintenance. The proposed tax rededication appears to be the most promising alternative to improve public financial support without increasing taxes.
- BGR also evaluated whether the agencies' shares of the tax are appropriately sized to their needs. The detailed spending plans presented by the agencies appear aligned to their needs as well as their shares of the proposed millage. However, the funding for the master plan remains undetermined in size and source.
- Finally, BGR analyzed whether the tax revenue would be well spent. The City and the park agencies have developed clear funding priorities to support their allocations of the millage. Those priorities also align with their broader strategic plans and objectives. Additionally, the new cooperative agreement would require an annual accounting of millage expenditures and biannual community engagement. Some opponents of the proposition, as well as some supporters, question the commitment to public accountability and engagement. Ultimately, it will be up to the City and the agencies to ensure these are substantive and effective.

BGR POSITION

FOR. New Orleans' parks and recreation facilities support citizens' quality of life. They also draw many visitors from around the region and beyond. But the existing property taxes fund too narrow a range of entities and purposes. The proposition gives voters a chance to rebalance the tax revenue. It emerged from a process that evaluated and prioritized agency needs. Without increasing taxes, the millage would provide greater funding to the New Orleans Recreation Development Commission and the City's Department of Parks and Parkways, helping them to improve their services and programs. It would provide City Park with its first-ever property tax revenue, helping to stabilize its budget and enhance park amenities. And it would enable the Audubon Commission to retain a smaller but more flexible source of revenue for its Zoo, Aquarium and other facilities. In addition to rebalancing tax revenue, voter approval of the proposition would put into effect an agreement among the park agencies and the City intended to foster greater planning, coordination, and public accountability.

If voters approve the proposition, BGR urges the City administration and City Council to regularly monitor the agencies' spending plans and performance of the commitments and obligations in the cooperative endeavor agreement. One key commitment is the funding and execution of a comprehensive parks and recreation planning process. BGR urges the City and park agencies to develop a model planning process, encourage public input, seek to maximize coordination and cooperative efforts among park management agencies, and provide for annual public reporting and accountability during implementation.

INTRODUCTION

On May 4, New Orleans voters will decide whether to replace three existing taxes for parks and recreation totaling 6.31 mills with a single tax at the same 6.31-mill rate. Voter approval would not result in a tax increase. The new parks and recreation tax would run for 20 years and fund more park agencies and a broader range of purposes than the existing taxes do.

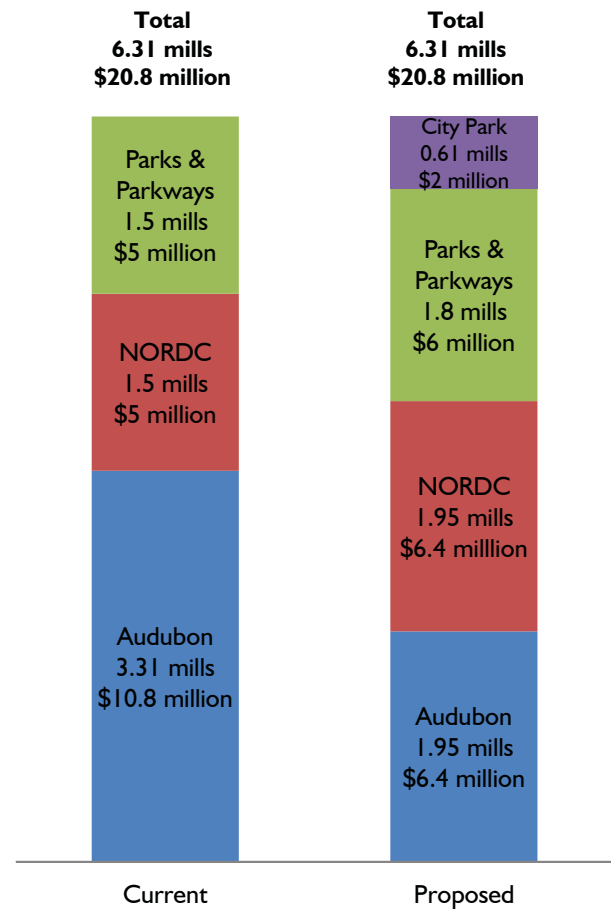
The purpose of this report is to help voters make an informed decision on the proposition. It begins with an overview of the proposed tax. It then provides relevant background and an analysis grounded in BGR’s mission of promoting the effective use of public resources. The report concludes with BGR’s position on the tax.

AN OVERVIEW OF THE TAX PROPOSITION

Currently, the City of New Orleans (City) levies three property taxes totaling 6.31 mills for certain parks and recreation purposes:

- 3 mills split evenly between the New Orleans Recreation Development Commission (NORDC) and the City’s Department of Parks and Parkways (Parks and Parkways). This tax, which provides funding for their operations and improvements, expires at the end of 2021.
- 2.99 mills dedicated to the Audubon Commission (Audubon) for an “aquarium and related facilities.”¹ Since voters approved the millage in 1986, Audubon has used the tax proceeds to build, operate and improve the Audubon Aquarium of the Americas (Aquarium) and related facilities of Woldenberg Park and the Audubon Butterfly Garden and Insectarium (Insectarium). The tax expires at the end of 2021.
- 0.32 mills for the establishment and maintenance of a “zoological garden in Audubon Park,” i.e., the Audubon Zoo (Zoo).² The tax, proceeds of which also flow to Audubon, expires at the end of 2022. Since voters approved the millage in 1972, Audubon has redeveloped the Zoo and brought it to national prominence.³

CHART A: CURRENT AND PROPOSED TAX ALLOCATIONS



bon has redeveloped the Zoo and brought it to national prominence.³

The City of New Orleans views these taxes as funding too narrow a range of parks and recreation needs and wants to replace them. The new 6.31-mill tax would apply to taxable property citywide. Like the existing taxes, the replacement tax would be subject to the homestead exemption. If approved, the tax would take effect January 1, 2021, and run for 20 years through 2040. In 2021, the City would no longer impose the three existing taxes. For estimates of the impact on individual taxpayers, see the sidebar “The Taxpayer’s Bottom Line.”

As shown in Chart A, the replacement tax would fund Audubon, NORDC, and Parks and Parkways, as well as a new recipient, the City Park Improvement Association (City Park). The tax recipient bodies estimate first-year

tax receipts of \$20.8 million.⁴ In that year, Audubon would receive \$4.4 million less property tax revenue, but it would be able to apply the revenue to any of its properties. City Park would receive its first-ever property tax funding of \$2 million a year. NORDC's share would grow by \$1.4 million, and Parks and Parkways' by \$1 million.

Under the replacement tax, each recipient could use its millage funding for any of the following purposes in New Orleans:

- Improving park safety and accessibility
- Capturing stormwater to reduce flooding
- Repairing and upgrading playgrounds and recreation centers
- Conserving natural areas
- Constructing, improving, maintaining and operating parks, recreational and wildlife conservation facilities

Voter approval would also trigger a 20-year agreement intended to enhance the park agencies' collaboration, planning and public accountability for their tax expenditures. As described later in this report, the agreement would replace the current informal approach to collaboration, guide certain millage expenditures and shape the agencies' long-term stewardship of the taxpayer funds.

BACKGROUND AND CONTEXT

This section discusses the origin of the parks and recreation tax proposition and the cooperative endeavor agreement that would take effect upon voter approval. It then describes how that agreement would establish a more formal approach to collaboration among the four recipients of the proposed tax and the City.

Origin of the Tax Proposition and the Related Agreement

The City and the park agencies developed the proposed tax rededication and their cooperative agreement through a lengthy process of study, discussion and negotiation.

THE TAXPAYER'S BOTTOM LINE

In 2019, the total property tax rate in New Orleans, exclusive of special neighborhood taxes and fees, totaled 151.08 mills on the East Bank and 151.36 mills on the West Bank (Algiers). Different millage rates for the Orleans (East Bank) and Algiers levee districts account for the slight difference in the overall rate.*

If voters approve the proposition, property owners would not see a tax increase. A homeowner would continue to pay \$63.10 in parks and recreation taxes for each \$100,000 of property value above the \$75,000 homestead exemption. BGR estimates that a commercial property owner would continue to pay \$88.34 per \$100,000 of property value.**

For example, the owner of a homestead-exempt property valued at the citywide average home sale price of \$359,000 would continue to pay \$179.20 per year.*** The owner of a homestead-exempt property valued at \$200,000 would continue to pay \$78.88 per year.****

If voters reject the proposition and the existing taxes expire in 2021 and 2022, the overall property tax rate in New Orleans would decline by 6.31 mills.

* Based on the Orleans Parish Assessor's most recent fact sheet for the 2018 tax roll, BGR calculated that residential properties account for about 57% of the city's taxable assessed value; commercial properties, 39%; and public service (utility) properties, 4%. These figures exclude property that is not subject to taxation due to the homestead, nonprofit, government or industrial property tax exemptions. For more information on exemptions, see BGR, *The Nonprofit Margin: Addressing the Costs of the Nonprofit Exemption in New Orleans*, March 2011, p. 1.

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

*** BGR calculated the homeowner impact using a value of \$359,000 based on data from the New Orleans Metropolitan Association of Realtors, which show the average sale price for a single family home in Orleans Parish during the 12 months ending December 2018 was \$359,008. See New Orleans Metropolitan Association of Realtors (NOMAR), "Market Statistics," <http://www.nomar.org/gsrein-mls-public/market-statistics-public.html>.

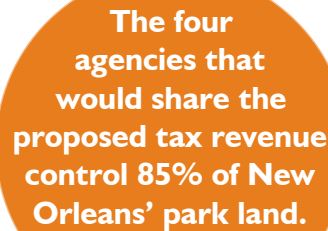
**** Some New Orleans neighborhoods have an average sale price significantly below the citywide average. This example is based on the Algiers area, where the average sale price during 2018 was \$197,000.

Origin of the Proposition. In 2014, New Orleans voters rejected, by a margin of 65% to 35%, a proposal to extend the two Audubon millages for 50 years. The proposition also would have consolidated the two taxes into one, increased the combined millage rate from 3.31 mills to 4.2 mills, and allowed Audubon to use the proceeds at any of its properties. The vote occurred with several years still remaining on the existing millages.

After that election, Audubon, City Park and NORDC began reviewing alternative funding approaches for parks and recreation in New Orleans. Each entity contributed approximately \$13,000 toward a \$140,000 financing feasibility study conducted in 2017 and primarily funded by The Trust for Public Land. Among other things, this national, nonprofit, land conservation organization advises communities on public financing for parks and recreational areas. Its study found current revenue sources are inadequate to sustain and grow New Orleans' park system.

In 2018, the transition task force for newly-elected Mayor LaToya Cantrell reached a similar conclusion. It flagged a lack of sustainable funding for maintenance, park safety, programming and capital improvement as presenting a risk of deterioration in New Orleans' public park system. It called for a plan to address the three millages set to expire in 2021 and 2022.

Later that year, Audubon, City Park, NORDC, and Parks and Parkways began negotiations with the mayor's office for a plan to replace the three millages with a broader, more flexible tax. According to the parties, the negotiations, led by the mayor, took into account The Trust for Public Land's analysis, existing revenue streams, the extent of fee-based revenues, current operating and capital needs, and agency size. The negotiations resulted in the current proposal to provide less millage revenue to Audubon and more to the other agencies, without an overall increase in the millage rate. In December 2018, the City Council approved the proposed tax rededication for the ballot.



The four agencies that would share the proposed tax revenue control 85% of New Orleans' park land.

Origin of the Cooperative Endeavor Agreement. In addition to parks and recreation funding, The Trust for Public Land's study raised concern about a lack of coordination and communication among New Orleans' numerous park management agencies.⁵ It found that New Orleans has eight separate agencies managing park land, compared to one or two in most other major cities. Further, the study found that the four proposed millage recipients control 85% of New Orleans' park land.⁶ In addition, some operate other facilities besides public parks. The sidebar on the next page summarizes the four agencies and their assets.

The study also found some overlap in their operations. For example, each agency has its own maintenance staff performing similar tasks in different parts of New Orleans. It found the most physical overlap between NORDC and Parks and Parkways, where Parks and Parkways generally maintains the landscaping, trees and grounds for most NORDC facilities.⁷ The study further noted confusion among citizens trying to report problems without knowing which agency has responsibility. And to some extent, the agencies compete for the same sources of public and private funding.

The Trust for Public Land reiterated the recommendation in New Orleans' Master Plan to establish "an inter-agency parks and recreation coordinating group for all relevant city, non-profit, private, and parish agencies."⁸ This recommendation, included in the plan but lacking the force of law, has never been implemented. The Trust acknowledged that the agencies do collaborate on an informal basis – for example, one agency temporarily using another's equipment – but argued they would benefit from a more structured arrangement to support efficient and effective service delivery.

While The Trust for Public Land did not recommend pursuing consolidation of New Orleans' park agencies, it made recommendations for increasing communication among the four main agencies, evaluating the division of management responsibility at jointly-managed

A LOOK AT THE PROPOSED MILLAGE RECIPIENTS

Audubon Commission

- City board, with 24 members appointed by the mayor with the advice and consent of City Council.
- No employees. Since 1988, it has contracted with the Audubon Nature Institute, Inc., a private nonprofit organization, to manage and operate its facilities, and to raise funds on behalf of Audubon Commission facilities.
- Four public parks totaling more than 600 acres: Audubon Park and Riverview (which includes the golf course and “The Fly”), Woldenberg Park, the Audubon Louisiana Nature Center, and Wilderness Park in Lower Coast Algiers.
- 1,000 acres of other facilities, including the Zoo, Aquarium, Insectarium and the Freeport-McMoRan Audubon Species Survival Center, which is located on U.S. Coast Guard property not accessible to the general public.
- Audubon Nature Institute Foundation, a separate, private organization, provides fundraising support.

City Park Improvement Association

- State agency governed by a 35-member board of directors. The governor, mayor, president of the State Senate, speaker of the State House and Jefferson Parish each appoint one director, and the New Orleans City Council appoints two. Other members are selected by private organizations or the City Park board itself.
- Approximately 100 employees.
- Its only asset is City Park, which encompasses 1,300 acres of land owned by the City of New Orleans. The park, which is 50% larger than New York City’s Central Park, includes two stadiums, two golf courses, playing fields, an arboretum, the New Orleans Botanical Garden, the Carousel Gardens Amusement Park, and the world’s largest collection of live oaks. City Park also hosts on its grounds, but does not manage, the New Orleans Museum of Art, the Sydney and Walda Besthoff Sculpture Garden, and the Louisiana Children’s Museum set for completion in 2019.
- Friends of City Park, a private nonprofit organization, provides fundraising support to the park for capital projects.



New Orleans Recreation Development Commission

- City board established by voters in 2010 to replace the New Orleans Recreation Department. Its 13 members are appointed by the Mayor with the approval of City Council. Certain members must meet geographic and experience requirements.
- 218 full-time equivalent employees, plus more than 100 seasonal workers in aquatics and special programs.
- NORDC manages 166 parks, playgrounds and community facilities, totaling 576 acres. It provides a wide range of programs and activities, including athletics, swimming, classes and cultural programs. NORDC must maintain all of its recreational facilities, but Parks and Parkways cares for the landscaping and grounds.
- The NORDC Foundation, a private, nonprofit organization, provides fundraising support.

City of New Orleans Department of Parks and Parkways

- City department with a director appointed by the mayor.
- Approximately 135 full-time employees.
- Manages and maintains the City’s public green space. This includes 55 parks totaling 482 acres, ranging from Jackson Square to the parks in which NORDC facilities are located. It maintains 1,582 other public acres, including the neutral grounds, one operating municipal golf course, one closed golf course and approximately 500,000 City trees.
- Parks and Parkways must also review property design plans that affect adjacent public property.
- It is a first responder to weather-related emergencies, clearing debris from roads and other rights of way.
- Parkway Partners is the main private nonprofit organization that provides volunteer support. Altogether, the department received the equivalent of \$77,000 in volunteer labor hours during the first nine months of 2018.

Sources: The Trust for Public Land, *The Park Agencies of New Orleans: Existing Conditions Report and Recommendations*, April 2017; Audubon Commission, Audits of Financial Statements, for the fiscal year ended December 31, 2017; New Orleans City Park Improvement Association, Financial Statements and Schedules, for the fiscal year ended June 30, 2018, and City Park, “Board of Directors” webpage accessed at <http://neworleanscitypark.com/info/board> on March 1, 2019; City of New Orleans Code of Ordinances, Sec. 2-319; Department of Parks and Parkways.

park sites, and establishing citywide park design and maintenance standards.⁹

The study's recommendations led to the development of a more formal approach to collaboration that is now embodied in the cooperative endeavor agreement (the Agreement). In December 2018, the City Council conditioned any levy of the new 6.31-mill tax on the execution of a cooperative endeavor agreement.¹⁰ The mayor's office prepared the initial draft agreement and revised it after review by the four park agencies. The mayor's office then gathered feedback on the draft agreement from Parks For All, a local nonprofit organization. It proposed some additions to the draft agreement that were endorsed by more than 15 parks and recreation advocacy organizations.

Parks For All, with support from members of the City Council, achieved certain changes to the draft agreement. As described more fully below, these changes include requiring the park agencies to help create a citywide master plan for parks and recreation, provide a "full accounting" of annual tax expenditures, and make "executive-level" staff present at community meetings. Parks For All pushed unsuccessfully for other provisions, including the dedication of 2% of tax proceeds to fund the planning process and periodic progress reports, the formation of a broad-based oversight council with representation for park advocates, and a formal commitment by the park agencies to prevent further conversion of park land to commercial purposes. Despite the outcome on those points, Parks For All supports the millage proposition.¹¹ The council approved the Agreement on February 21, 2019, and the parties subsequently executed it.

If voters approve the proposition, the Agreement would take effect on May 4, 2019. If voters reject the proposition, the Agreement would not take effect and the park agencies would continue their informal coordination and communication.

The Cooperative Endeavor Agreement

Under the Agreement, the four park agencies would form an "interagency working group" that would meet

quarterly with executive-level representatives present. They, along with the City, would have about two dozen "shared commitments." Examples include: coordinating maintenance, repairs and large equipment "when deemed appropriate, useful and possible"; cooperating on community programs and other initiatives; and coordinating capital improvement plans "to assess needs, discover overlap and avoid duplication of capital assets." They must also support the creation of a 10-year, citywide master plan for parks, open space and recreation. They have agreed to "contribute reasonable funding and use reasonable best efforts to secure philanthropic support" for the plan.

Further, the interagency working group would meet quarterly with executive-level staff present. In addition, it would hold two community meetings a year, also with executive-level staff present, to discuss shared initiatives, cooperative programming and other coordination of parks and recreation services in New Orleans. They would prepare an annual report for the Mayor and City Council describing achievements, coordination efforts, master plan development and implementation, and a full accounting of how millage funds were spent during the year.

In addition to the shared commitments, Audubon, City Park and NORDC have significant obligations of their own. For example, Audubon must implement stormwater retention and management in its public green spaces, and construct a stormwater management system. City Park must manage and maintain all stormwater retention improvements in its park. By using their land to capture and retain rainfall, the parks can help reduce flooding in adjacent neighborhoods. Another example involves park access. Audubon must implement strategies and initiatives to expand access to its facilities for all Orleans Parish residents, including free and discount admission days. City Park must use millage funds to support programs that improve access to park facilities and grounds for all citizens. All three agencies must provide an annual financial audit. Appendix A summarizes the shared commitments and individual obligations of the Agreement.

The Agreement would run until the earlier of 20 years or the termination of the new millage. However, any party may terminate the Agreement immediately for cause by sending written notice to the other parties. Among other things, cause includes any failure to perform any obligation or abide by any condition of the Agreement.¹² Early termination would not affect the levy of the millage, as the City Council ordinance conditioned the tax levy only on the initial execution of a cooperative endeavor agreement and not its continued existence.

With a low threshold for termination, the Agreement depends heavily on the good faith of the parties to achieve its aims.

ANALYSIS

In this section, BGR analyzes the tax proposition on the basis of three questions related to efficient and effective use of public resources: Is the tax necessary? Is it appropriately sized to the need? And, will the tax revenue be well spent?

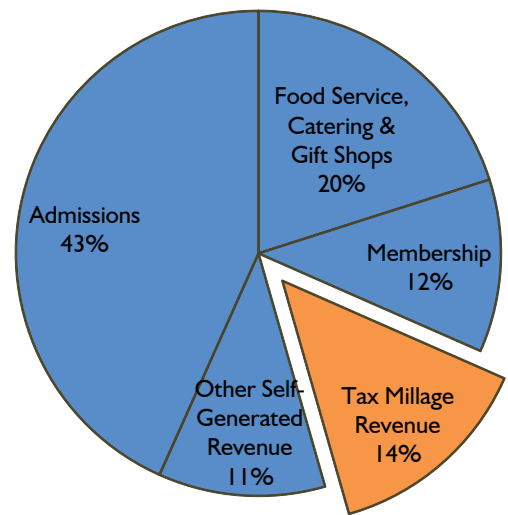
Is the Tax Necessary?

Dedicating a tax to a specific purpose, rather than to general purposes, is a common approach in Louisiana. In New Orleans, for example, approximately 90% of the total property tax millage is dedicated.¹³ But tax dedications can distort a municipal government’s budget picture and constrain future budget allocations.¹⁴ This occurs because dedicated tax revenue is unavailable when elected officials annually allocate public resources among competing needs and respond to new ones. For this reason, a government asking voters to renew and rededicate an existing tax bears a burden of proof that (1) there is a clear, high-priority need for the dedicated revenue, (2) it sought efficiencies in current spending, and (3) the proposition is the best way to meet the need.

For this proposition, because four separate park agencies will receive tax revenue, BGR will analyze each agency’s revenue needs, spending plan for the tax proceeds and consideration of efficiencies. The section will then discuss funding alternatives to the proposition as a whole.

CHART B: CURRENT AQUARIUM AND WOLDENBERG PARK REVENUE SOURCES

Self-Generated Sources in Blue, Taxpayer Sources in Orange



BGR analysis of Audubon Nature Institute 2019 Operating Budget.

As a preliminary observation about the necessity of the tax, some critics of the proposition argue that it is premature and that the City should have delayed the proposition until closer to the 2021 expiration date of the Aquarium tax. However, the Louisiana Secretary of State has recommended that local officials put renewal propositions on the ballot 18 to 24 months ahead of the tax expiration.¹⁵

Audubon. Of its \$10.8 million in 2019 millage revenue, \$3.8 million will go toward paying debt service.¹⁶ Audubon directs approximately \$4 million of the remaining \$7 million to operations of the Zoo, Aquarium and related facilities.¹⁷ It uses the \$3 million balance for capital projects for those facilities.

The Aquarium millage provides 14% of the \$24.7 million operating budget for the Aquarium and Woldenberg Park, while the Zoo millage provides 2% of the Zoo’s \$26.8 million operating budget. As shown in Charts B and C, Audubon relies mostly on self-generated revenue to fund these facilities.

Within its \$55.7 million total operating budget for all properties, the Audubon Nature Institute uses self-gen-

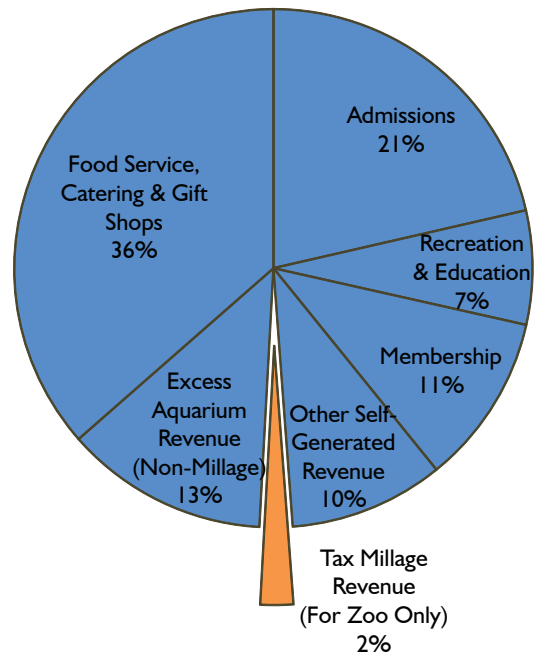
erated revenue from its admission-based facilities to help fund its non-revenue generating facilities and park spaces. This allows the institute to use excess, non-millage revenue from the Aquarium to support daily grounds maintenance, trash pickup, security and other maintenance for Audubon Zoo, Park and Riverview, Woldenberg Park, the Nature Center and Wilderness Park, keep up the natural areas of the Nature Center and Wilderness Park, and support the Species Survival Center. Approximately half of the excess Aquarium revenue allocated to other properties in 2019, or \$3.4 million, will go to the Zoo, funding 13% of its operating expenditures. See Appendix B for a breakdown of the total budget by facility.

The proposition would essentially renew Audubon’s current property tax support for 20 years at a reduced rate, but also allow it to use the revenue at any of its properties. Audubon views this tax support as necessary to provide reliable funding for its future operations and capital projects. Without the millage, it would become completely reliant on self-generated revenues. It would increase its dependence on admission-based facilities, such as the Aquarium, to help support the others. Given the potential for economic changes, hurricanes or other events to disrupt visitor activity, Audubon would face an increased risk to the sustainability and quality of its operations.

Audubon adds that loss of the millage would affect its ability to pursue capital improvements. It would lack a reliable revenue stream to apply as matching funds for private and public contributions to capital projects.

The proposition reserves a portion of Audubon’s first-year revenue to retire the remaining debt supported by the current Aquarium tax (a projected \$3.8 million in 2021).¹⁸ After that, Audubon will control its full annual share. It plans to spend about half of its \$6.4 million share on operating needs. Audubon’s operational spending would focus primarily on properties and activities without a dedicated revenue source, including conservation and educational programs, increased security at Audubon Park and its riverfront parks, increased maintenance of parking areas, and programs, building and habitat maintenance at the Louisiana Nature Center.

CHART C: CURRENT ZOO REVENUE SOURCES
Self-Generated Sources in Blue, Taxpayer Sources in Orange



BGR analysis of Audubon Nature Institute 2019 Operating Budget.

Audubon would direct the other half of the millage revenue to capital projects. Priorities include investments in stormwater management, equipment, new exhibition space and park enhancements. The stormwater management projects, which Audubon has included in its master plan, also align with Audubon’s obligations in the Agreement. Its overall capital needs far exceed its annual millage funding. Audubon may finance a greater number of projects up front by issuing bonds supported by the millage proceeds.

Table 1 provides a summary of Audubon’s spending plans that assumed \$7 million in funding. With initial revenue expected at a lower amount of \$6.4 million, Audubon plans to adjust its spending to keep an approximate 50-50 split between operating and capital. It told BGR it would seek to maintain the equal split regardless of how annual tax revenue changes over time.

Audubon has an ongoing effort to reduce its reliance on millage revenue for operating needs. Since voters rejected its 2014 millage proposition, Audubon has planned for a worst-case scenario in which the Aquarium and Zoo

millages are not renewed. Since 2016, Audubon has reduced its allocation of millage revenue to those operations by \$500,000 a year. It aims to reach \$2.5 million in operational use of millage revenue by 2022.

In 2019, Audubon’s operating budget includes \$4 million in tax revenue, of which \$500,000 is budgeted for contingencies rather than spending. Audubon will use the other \$3 million of the \$7 million in net proceeds from the two taxes for capital projects. Audubon officials explained that they have focused on reducing millage spending for operations rather than capital because it is easier to seek private and other public funding for specific capital needs than for general operations.

To lessen its reliance on the millage revenue for operations, Audubon Nature Institute has closely monitored expense budgets, overtime costs and new positions. From 2012 to 2017, the most recent fiscal year with available financial statements, Audubon averaged only 0.9% growth in operating expenses, excluding depreciation, for the Aquarium and Woldenberg Park, and 4% growth for the Zoo and Audubon Park.¹⁹ The institute has also asked its departments to seek efficiencies in program operations.

Audubon officials told BGR that they have pursued operating efficiencies within the requirements for accreditation for the Zoo and Aquarium and the U.S. Department of Agriculture’s animal welfare standards. In the last five years, for example, the Audubon Nature Institute has merged its construction and exhibitory departments to facilitate capital project design and imple-

mentation, upgraded office technology and improved waste management at the Zoo. The institute has also eliminated three vice president positions and a laboratory-based reproductive science research program.

Audubon continues to seek revenue-generating opportunities at its paid-admission facilities. For example, as shown in Appendix B, Audubon expects its public golf course to run an operating deficit of \$494,000 in 2019, which will be offset with non-millage revenue from the Aquarium. While the golf course would be eligible for funding under the proposed millage, Audubon told BGR that it does not anticipate using millage funds to support its golf course operations at this time. Rather, it will look for opportunities to maximize revenue at the golf course and clubhouse and reduce expenses.²⁰ Its goal is to make the golf course operation profitable enough to help supplement the maintenance costs for the rest of Audubon Park. Audubon notes that the current operating deficit, which includes an allocation of overhead costs shared with the Zoo and Audubon Park,

TABLE X: AUDUBON’S SPENDING PLAN FOR ITS SHARE OF FUTURE TAX PROCEEDS

Proposed Use	Projected Amount
Conservation Education Programs (Nature Center, Wilderness Park, Zoo, Aquarium and Insectarium)	\$1,200,000
Grounds and Facilities Care (Audubon Park and Riverview, Woldenberg Park, Wilderness Park, future park at Governor Nicholls and Esplanade wharves)	1,050,000
Security Program (Audubon Park and Riverview, Woldenberg Park, Zoo, Aquarium)	800,000
Programs and Habitat Maintenance (Nature Center)	450,000
Subtotal: Operations	\$3,500,000
Capital Improvements and Major Equipment Replacement	
• Audubon Park Master Plan projects, including stormwater management plan and drainage improvements	
• Nature Center improvements	
• Wilderness Park improvements	
• Woldenberg Park landscape, hardscape and wharf improvements	
• Historic Audubon Park and Zoo restoration	
• Animal habitats and conservation exhibits	3,500,000
Total Uses	\$7,000,000

Source: Audubon Nature Institute

is less than the cost of operating the 80-plus acres as park space with no associated revenue.

Audubon officials told BGR that they have not determined whether they will seek renewal of the existing millages if voters reject the proposed tax rededication. They would consider alternative funding sources, revenue-generating opportunities or budget cuts. The Audubon Commission would ultimately decide whether to seek a tax renewal.

City Park. City Park suffered severe damage during the Hurricane Katrina disaster, but has recovered using a mix of public and private funding and extensive volunteer efforts. Although it has rebuilt itself since Hurricane Katrina, City Park continues to rely on more than 90% self-generated operating revenue. As shown in Chart D, the only public source of operating revenue in its \$19.8 million operating budget is an allocation of State slot machine tax revenue.²¹ See Appendix C for a detailed breakdown of City Park’s 2019 operating budget.

City Park uses excess revenue from its admission-based facilities, except the golf courses, to support its non-revenue generating facilities and park spaces. City Park contracts out the management and operation of its golf courses to Bayou District Foundation, an unrelated nonprofit organization.

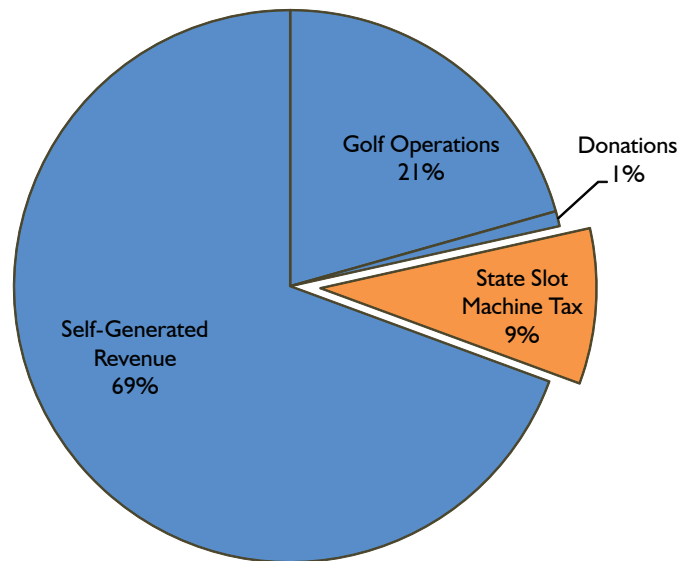
City Park’s current budget constraints prevent it from undertaking high-priority enhancements, such as improving park security and programming, and addressing new maintenance obligations related to stormwater management projects within the park.

City Park views insufficient programming as the main reason why the park has not received national accreditation. The accrediting body, the National Recreation and Parks Association, places significant emphasis on a park having a well-developed programming function. Limited funding has prevented City Park from implementing the expected level of programming.

The tight budget also leaves little revenue for capital needs. It has reduced annual allocations of operating

CHART D: CURRENT CITY PARK REVENUE SOURCES

Self-Generated Sources in Blue, Taxpayer Sources in Orange



BGR analysis of City Park 2019 Operating Budget.

revenue to capital improvements from \$1.2 million in 2015 to \$375,000 in 2019. In addition to this, City Park’s only dedicated source of capital funding is approximately \$500,000 in annual City of New Orleans sales tax revenue it retains through its City Park Taxing District. It has used this revenue to provide matching funds for State- or federally-funded capital projects.²²

City Park has planned a host of long-term capital upgrades to its amusement park, sports fields, stadiums, botanical garden and other facilities, as well as stormwater management projects throughout the park.

If voters approve the proposition, City Park plans to split its \$2 million in annual millage funding between operating and capital needs. It plans to use \$1 million to hire additional security officers, increase trash pickups, address new maintenance needs for stormwater retention and other projects. It will also create a program department, which will enable it to offer the range of public educational activities and events necessary to apply for national accreditation. The stormwater maintenance and program initiatives align with specific City Park obligations under the Agreement. It plans to use

the remaining \$1 million for infrastructure work and capital projects. Table 2 provides a summary of City Park’s spending plans.

Like Audubon, City Park has sought to control growth in operating costs. During its past five fiscal years, City Park averaged annual growth in operating expenses, excluding depreciation, of 3.3%.²³

NORDC. In contrast to Audubon and City Park, the New Orleans Recreation Development Commission generates very little of its own revenue. This is by design to make its activities, programs and facilities available to citizens regardless of their ability to pay. It budgets only about \$500,000 annually in fees on facility rentals and events. As shown in Chart E, NORDC depends on its existing tax and supplemental City appropriations for most of its funding. The current millage will generate approximately \$5 million, or 30% of its \$16.4 million operating budget. See Appendix D for more detail on NORDC’s 2019 operating budget.

NORDC has reaped the benefit of growth in its own tax and the City’s general tax revenues during the past several years. This has allowed it to expand its facilities and parks. NORDC’s total budget has averaged 8.6% annual growth during the past five years, rising from \$10.9 million in 2014 to \$16.4 million in 2019. However, NORDC’s funding level at its formation was an unsustainably low \$5.3 million. This was a consequence of the City’s difficult budget years following Hurricane Katrina and long-running under-investment in recreation. For example, the recreation department’s 2004 budget, adjusted for inflation was \$9.6 million.

NORDC’s current needs include expanding programming and activities. These range from youth sports and

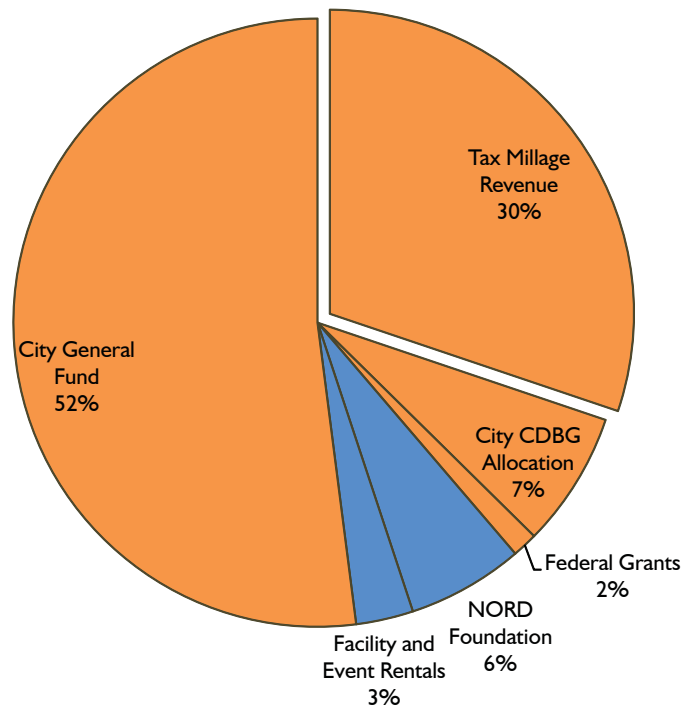
TABLE 2: CITY PARK’S SPENDING PLAN FOR ITS SHARE OF FUTURE TAX PROCEEDS

Proposed Use	Projected Amount
Infrastructure investment (Existing buildings; road resurfacing; sewer, water and drainage)	\$1,000,000
Security upgrades (Hire additional officers and equipment; crime cameras)	350,000
Programs (Staffing and outreach programs to underserved populations)	200,000
Annual equipment replacement program (Various equipment, including mowers, tractors, trucks and IT systems)	150,000
Grounds (Increase trash pickup and grass cutting)	150,000
Forest and stormwater maintenance (Hire arborist; initiate stormwater retention efforts and maintenance)	150,000
Total Uses	\$2,000,000

Source: City Park Improvement Association

CHART E: CURRENT NORDC REVENUE SOURCES

Self-Generated Sources in Blue, Taxpayer Sources in Orange



BGR analysis of NORDC 2019 Operating Budget.

recreation to senior citizen activities. It also has additional unmet maintenance and equipment needs for its facilities.

NORDC plans to use its \$1.5 million in additional millage revenue to expand its programs and increase its work force to support them. The millage increase will free up City General Fund revenue that NORDC currently uses to fund 112 seasonal lifeguard positions and direct those funds to support current and enhanced programming. In addition, parks and playgrounds need additional staff to monitor and maintain them. Its plan also includes the initial purchase of an aerial bucket truck to improve its ability to maintain lighting at playing fields. Table 3 summarizes NORDC’s proposed spending plan.

Parks and Parkways. Like NORDC, Parks and Parkways depends on its existing tax and supplemental City appropriations for most of its budget. Most of its self-generated revenue is related to its golf course operations, which it uses to cover the majority of golf course costs. Parks and Parkways’ current millage will generate approximately \$5 million, or 42% of its \$11.9 million operating budget this year. Chart F shows its 2019 revenue for operations. See Appendix E for more detail on Parks and Parkways’ 2019 budget.

Also like NORDC, Parks and Parkways has benefited from growth in its tax revenue and City general fund revenues in recent years. Parks and Parkways’ total budget has grown by an average 9.2% per year during the past five years, from \$7.6 million to \$11.9 million. The increase has allowed Parks and Parkways to make up revenues lost to inflation and post-Katrina budget cuts. Its current revenue now exceeds its 2004 level on an inflation-adjusted basis.

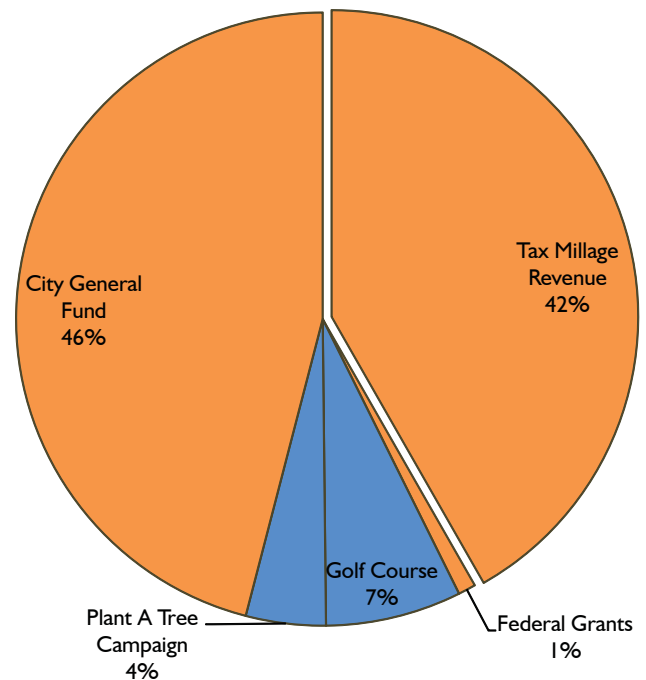
TABLE 3: NORDC’S SPENDING PLAN FOR ITS SHARE OF FUTURE TAX PROCEEDS

Proposed Use	Projected Amount
Aerial bucket truck - initial cost (Lighting maintenance at playing fields)	\$253,950
Annual recurring costs:	
Aquatics - Lifeguards (8 year round, 112 seasonal)	\$830,840
Recreation center staff for management, maintenance and security (8 staff members, including salaries and benefits)	236,992
Facilities maintenance staff (3 staff members, including salaries and benefits)	148,193
Athletics staff (5 staff members, including salaries and benefits)	87,036
Recreational program staff (4 staff members, including salaries and benefits)	83,989
Total Uses	\$1,641,000

Source: New Orleans Recreation Development Commission

CHART F: CURRENT PARKS AND PARKWAYS REVENUE SOURCES

Self-Generated Sources in Blue, Taxpayer Sources in Orange



BGR analysis of Parks and Parkways’ 2019 adopted operating budget.

However, Parks and Parkways explained that it continues to operate largely on a reactive basis, foregoing significant preventive maintenance. It lacks in-house staff or the funding to hire additional outside contractors.²⁴ The result is significant unmet maintenance needs in New Orleans’ parks, neutral grounds and other areas. For example, Parks and Parkways found that nearly 40% of the trees surveyed in 2018 needed preventive maintenance, monitoring or treatment.²⁵ It has a one-year backlog of 1,100 non-emergency work orders related to tree trimming and removal calls.

In addition, Parks and Parkways faces difficulties retaining skilled positions, such as arborists or horticulturists, because of a lack of competitive salaries. It faces rising costs associated with aging vehicles and equipment. It will also add new responsibilities to maintain a number of large stormwater management projects on City property.

If voters approve the proposition, Parks and Parkways plans to use its \$1 million in additional millage funding to hire more crews and skilled staff. It will also purchase additional equipment and increase maintenance of existing equipment. With the expanded, better-equipped work force, the agency anticipates reducing its backlog of work orders.

Table 4 summarizes Parks and Parkways’ spending plan.

According to its director, Parks and Parkways has sought efficiencies through a mix of maintenance staff and contracts, compared to its all-staff operations before Katrina. It has also engaged volunteer groups to plant new trees.

TABLE 4: PARKS AND PARKWAYS’ SPENDING PLAN FOR ITS SHARE OF FUTURE TAX PROCEEDS

Proposed Use	Projected Amount
1 Forestry Maintenance Crew	
Personnel (4 staff members, including salaries and benefits)	\$205,167
Equipment (Initial cost for trucks, trailer, loader and stump grinder; amount will fund tree contractual work in subsequent years)	411,716
2 Grounds Maintenance Crews	
Personnel (6 staff members, including salaries and benefits)	282,286
Equipment (Initial cost for trucks, trailers and mowers; amount will fund park maintenance in subsequent years)	99,000
Total Uses	\$998,169

Source: New Orleans Department of Parks and Parkways

Alternative Funding Options. As an alternative to this proposition, the City could increase funding for NORDC and Parks and Parkways through its general revenues. The General Fund has grown by about 58% during the past 10 years, from \$444 million to \$701 million. However, the proposition would redirect tax revenue that exists separately from the General Fund, preserving this resource for unmet funding needs in other areas of government, including drainage, street maintenance and public safety. Supporters told BGR that providing additional funding to NORDC and Parks and Parkways through the tax rededication would also allow them to avoid competing with other core municipal functions for additional General Fund dollars.

The Trust for Public Land studies discussed another alternative – increasing self-generated revenue through additional charges and fees imposed on users of the parks and recreation facilities. All four entities could use this approach to varying degrees. Examples included City Park requiring paid parking or NORDC charging recreation fees. However, the report cautioned that such charges could discourage park users, particularly low-income residents.²⁶ Neither the City nor the park agencies have proposed new user charges or fees. Audubon recently introduced a free resident admission one day a week.

Placing greater reliance on self-generated revenue has other potential downsides. For one thing, it would in-

crease pressure on park agencies to convert open space into commercial revenue-producing attractions. Some local park advocates told BGR they oppose further consumption of open park space for such purposes.

In addition, park agencies view greater reliance on self-generated revenue as a risky proposition. City Park and Audubon officials told BGR that it is an unstable source of revenue that is heavily dependent on visitor and user activity. This creates a risk to the long-term sustainability of their operations if, for example, activity declines as a result of an economic slowdown, inclement weather or change in user behavior.

In summary, the four prospective tax recipients have demonstrated the necessity of the new revenue or, in the case of Audubon, the continued receipt of a lesser amount of tax revenue. Audubon and City Park have worked toward operational efficiencies within the constraints of their heavily self-funded budgets. While NORDC and Parks and Parkways have benefited from City budget increases in recent years, they remain underfunded relative to the level necessary to provide effective preventive maintenance. The proposition's rededication of existing parks and recreation taxes to the four entities appears to be the most promising alternative to improve public financial support without increasing taxes.

Is the Tax Appropriately Sized to the Need?

The size of any dedicated tax should be aligned with the identified needs. A misalignment between a tax's size and the recipients' revenue needs can lead to inefficiencies. If the tax is too low, it might not generate sufficient revenue to provide necessary public goods or services. If the tax is too high, an entity may receive revenue that could be better deployed elsewhere.

Supporters of the proposition say the current property tax dedications leave major parks and recreation needs unaddressed. The tax revenue does not reach a large portion of New Orleans' park land, most notably City Park. In addition, Audubon owns hundreds of other acres of public park land, including Audubon Park, Wilderness Park and the Nature Center, that produce

little revenue but are ineligible for millage funding. The current millage indirectly supports those properties by allowing Audubon to redirect excess non-millage revenue generated by the Aquarium.

Other taxes fall well short of the agency's need. NORDC and Parks and Parkways each receive about \$5 million a year from their dedicated property tax, but the City must provide even greater amounts of General Fund support to each agency. City Park receives State slot machine tax revenue, but this covers less than 10% of its budget.

By broadening the eligible recipients to include City Park and expanding eligible revenue uses, voters would enable the park agencies to direct existing taxpayer dollars more efficiently and effectively to their needs.

As a percentage of their current operating budgets, revenue would increase for City Park, NORDC and Parks and Parkways by 10.2%, 9.3% and 8.5%, respectively, while Audubon's revenue would decrease by 7.5%.²⁷ This assumes that the agencies maintain their current budget levels. Relative to NORDC and Parks and Parkways, the proposition specifies that their tax allocations are "supplemental to and not in lieu of City general fund appropriations budgeted for 2020." According to City officials, this provides only a statement of intent to maintain at least the current funding levels; a mandatory minimum cannot be adopted without an amendment to the City's home rule charter.

Critics of the proposition question whether NORDC and Parks and Parkways should receive greater shares of the future millage revenue. They also question whether Audubon's proposed share remains too large. However, as shown above, Audubon has gradually reduced its operating budget's reliance on millage revenue. This effort appears on track to realign its budget needs to the lower millage share, if voters approve the proposition.

One unknown for voters is the size, scope and cost of the citywide parks and recreation master plan that the Agreement would require. While City and park agency officials told BGR that they have not yet estimated that

cost, the Agreement requires each party to contribute “reasonable funding” and use “reasonable best efforts” to secure philanthropic support for creating the master plan. During the development of the millage proposal, Parks For All urged the City and park agencies to allocate 2% of annual millage funding for development, updates and oversight of the plan.²⁸ This would have provided slightly more than \$400,000 annually. However, the City and parks agencies did not adopt this recommendation in the Agreement.

Some critics of the proposal have questioned the 20-year duration of the tax. They expressed concern about fixing the millage allocations for that period. However, taxes for recreation purposes vary at either 10 or 20 years in Jefferson, St. Tammany and East Baton Rouge parishes.²⁹ The 20-year period would provide funding support for implementing a long-term master plan, as well as greater flexibility to pursue bond financing for capital projects.

In summary, the detailed spending plans presented by the agencies appear aligned with their needs as well as the size of the proposed millage. However, the funding for the citywide parks master plan remains undetermined in size and source.

Will Tax Revenue Be Well Spent?

Tax dedications limit elected officials’ discretion to redeploy tax revenues to address new circumstances. This can lead to allocations of tax revenues that are not aligned with the community’s most pressing needs. Tax dedications may also reduce taxpayers’ tolerance for future millage requests despite the merits of the proposition. To minimize these risks, a dedicated tax proposal should offer voters:

- A clear plan for directing tax proceeds to high-priority needs
- Assurance of appropriate financial stewardship of and accountability for taxpayer dollars
- Evidence that demonstrates the potential for effective outcomes in the context of competing revenue needs

Planning for High-Priority Needs. City and park agency officials told BGR that the millage allocations resulted from negotiations between the mayor and agency executives. They said the discussions carefully considered the agencies’ funding priorities in determining the allocations. In addition, the development of the Agreement to guide future expenditures of millage funding received input from, among others, City Council members and Parks For All.

Audubon, City Park and NORDC developed their spending plans having already completed a broader strategic planning process for their organizations and properties. Parks and Parkways prepared an internal strategic plan that identifies immediate operating needs for grounds maintenance and forestry crews and equipment. Because these entities control 85% of the park land in New Orleans, their plans will effectively direct millage revenue to a large portion of local park and recreation needs.

Some opponents of the proposition, as well as some supporters, have argued that Audubon and City Park remain too focused on pursuing revenue-generating opportunities for their open park space. They told BGR that the Agreement should have contained a commitment, as Parks For All had requested, to halt what they view as the “commercialization” of open space. For example, some citizens want Audubon to redevelop the Governor Nicholls and Esplanade wharves, which it now controls, into a public park space without a major revenue-generating attraction. Audubon told BGR that it is currently pursuing an extension of its existing agreement to manage and redevelop the wharves in response to the City administration’s request for more public engagement and the transition needs of the current wharf tenant. Once it extends the agreement, Audubon will revise its timeline for the redevelopment project and notify the public. It notes that a public park development would qualify for millage funding for maintenance and security.

Financial Stewardship and Accountability. The City, through its annual budget process for NORDC and Parks and Parkways, will continue to exercise oversight and accountability for the millage allocations to those

agencies. Separately, Audubon and City Park must produce public budgets and offer the public a chance to comment on them. Under the Agreement, Audubon, City Park and NORDC must complete an annual audit of its financial statements that is publicly available.

The Agreement provides further that the City and the four park agencies hold community meetings twice a year and produce a “full accounting” of annual expenditures of millage proceeds. They must provide that to the mayor and City Council. This special accounting, if clearly presented, could provide the public with additional regular accountability for their tax dollars.

Proposition opponents, as well as some supporters, remain skeptical of the new financial reporting and the commitment of Audubon and City Park to public transparency and community engagement. They question whether the Agreement’s requirements will have a meaningful impact on the level of transparency and public trust. The City and the park agencies told BGR they are committed to implementing the agreement and its reporting and meeting requirements.

Separately from the Agreement, Audubon, NORDC and potentially City Park must adhere to national accreditation standards for their park and recreation facilities. Audubon’s Zoo and Aquarium are nationally accredited, major attractions in New Orleans for residents and tourists. NORDC achieved national accreditation in 2017 and will be re-evaluated in 2022.³⁰ This was a major achievement for an agency that replaced a struggling City department in 2010. City Park plans to use some of its tax revenue to establish the park programming function it needs to complete its own accreditation. Accreditation processes provide additional assurance to voters that the park agencies will follow generally accepted practices for park and recreation management.

Potential for Effective Outcomes. For general effectiveness, parks and recreation agencies should deliver community-wide benefits beyond responding to the demands of particular user groups. This is essential to justify any allocation of taxpayer funds because taxpayers include both users and non-users alike.³¹ Examples of communi-

“Each park agency has adopted a strategic plan that places significant emphasis on community benefits.”

ty-wide benefits include contributions to local economic development and real estate values, better air quality, flood control, and citizens’ health and quality of life.

Each park agency has adopted a strategic plan that places significant emphasis on community benefits. Audubon, for example, seeks to develop conservation programs, manage stormwater, improve accessibility and provide effective maintenance of its properties. City Park likewise seeks to enhance educational programming, increase accessibility, manage stormwater and natural areas, and generally stabilize its ability to maintain and secure the park.

NORDC’s plan focuses on continuing to increase programming, maintain quality facilities and adequate staffing, and pursue capital renovations and improvements. Relative to programming and services, NORDC intends to concentrate more funding on seniors, teens and individuals with special needs. NORDC told BGR that its strategic plan does not quantify specific goals for facility users, but it is developing those goals.

Parks and Parkways’ strategic plan emphasizes stronger partnerships with the private sector, community groups and volunteers, building staff resources to become more proactive, implementing cost-saving techniques, and building a healthy tree canopy citywide. It continues to prepare a detailed citywide assessment of tree conditions and maintenance needs. This will help guide its future use of the millage. In addition, the department has a key operational goal of reducing its backlog of tree-related work orders significantly over the next few years and performing more preventive maintenance. It also aims to support more replanting of trees citywide to repair damage caused by tropical storms during the past 15 years. The department told BGR that setting long-term goals is challenging because its fate is closely tied to the service capacity of other City departments and the City’s ability to provide capital funds.

From a broader standpoint, the City and the four tax recipients portray the citywide parks and recreation master plan required by the Agreement as a new opportunity for them to coordinate and seek more efficient and effective deployment of millage funds. For example, the City and Audubon could share plans for stormwater management projects that each would separately fund and construct at their respective parks. City and park agency officials told BGR that they are committed to developing a robust citywide plan with extensive public input. They also said they would involve other park agencies beyond the tax recipients to make the plan truly comprehensive. Beyond this, the City and park agencies have an opportunity through the citywide park planning process required by the CEA to develop a regular process for monitoring implementation of the plan, reporting progress to the public and preparing for the 10-year update.

Critics of the proposition, and some supporters, express concern that the master planning process will fail to live up to these ideals. They question the lack of specifics in the Agreement's requirement for the City and the park agencies to contribute "reasonable funding" and the "reasonable best efforts" to seek philanthropic dollars. Also, they note that the requirement does not clearly include other park agencies not subject to the Agreement or eligible for millage funding. City officials told BGR that they remain optimistic about the potential for philanthropic support of the planning process. They and the park agency officials also affirmed they will seek the participation of other local park organizations in the citywide planning process.

In conclusion, the proposition offers an opportunity to redirect existing property taxes to a broader array of parks and recreation purposes. The four recipients, who collectively manage 85% of New Orleans' park land, have developed detailed spending plans that align with their priority needs and broader strategic plans and objectives. In addition, their cooperative endeavor agreement with the City lays the groundwork for greater planning, coordination and public accountability for the agencies. While the scope and funding for the master plan remains unclear, the Agreement does bring the ma-

major park agencies together formally for the first time to begin the citywide planning process. Additionally, all four agencies will be subject to the annual accounting and biannual community engagement provisions of the cooperative endeavor agreement. Ultimately, it will be up to the City and the park agencies to ensure these are substantive and effective.

BGR POSITION

FOR. New Orleans' parks and recreation facilities support citizens' quality of life. They also draw many visitors from around the region and beyond. But the existing property taxes fund too narrow a range of entities and purposes. The proposition gives voters a chance to rebalance the tax revenue. It emerged from a process that evaluated and prioritized agency needs. Without increasing taxes, the millage would provide greater funding to the New Orleans Recreation Development Commission and the City's Department of Parks and Parkways, helping them to improve their services and programs. It would provide City Park with its first-ever property tax revenue, helping to stabilize its budget and enhance park amenities. And it would enable the Audubon Commission to retain a smaller but more flexible source of revenue for its Zoo, Aquarium and other facilities. In addition to rebalancing tax revenue, voter approval of the proposition would put into effect an agreement among the park agencies and the City intended to foster greater planning, coordination, and public accountability.

If voters approve the proposition, BGR urges the City administration and City Council to regularly monitor the agencies' spending plans and performance of the commitments and obligations in the cooperative endeavor agreement. One key commitment is the funding and execution of a comprehensive parks and recreation planning process. BGR urges the City and park agencies to develop a model planning process, encourage public input, seek to maximize coordination and cooperative efforts among park management agencies, and provide for annual public reporting and accountability during implementation.

APPENDIX A: SHARED COMMITMENTS AND OTHER SIGNIFICANT OBLIGATIONS OF THE COOPERATIVE ENDEAVOR AGREEMENT

SHARED COMMITMENTS:
PARKS AND FACILITIES

- Maintenance and upkeep
- Repairs, upgrades, and safety improvements
- Large equipment and other resources
- Litter reduction initiatives, specifically focused on beautification of playgrounds, public rights of way, neutral grounds and green spaces
- Environmental initiatives, including stormwater management practices, best resiliency practices and green infrastructure capital investments
- Coordination of capital improvement plans to assess needs, discover overlap and avoid duplication of capital assets

SHARED COMMITMENTS:
PUBLIC INFORMATION AND ACCOUNTABILITY

- Distribute information about each entity at parks and facilities citywide
- Publish a list of all park spaces managed by the parties that are open to the general public
- Hold two community meetings per year to discuss shared initiatives, cooperative programming and all other efforts to coordinate parks and recreation services. Each party shall have executive-level staff present at the meeting.
- Prepare an annual report to Mayor and City Council, by April 1 of each year, describing achievements, coordination efforts, development of the master plan and its implementation, and a full accounting of expenditures of millage funds in the prior year
- Hold quarterly interagency working group meetings with executive-level staff present

SHARED COMMITMENTS:
INFORMATION SHARING

- Stormwater control efforts, forest management and other resiliency efforts
- Best practices related to communications, social media, management systems and fundraising strategies
- Information and data on attendance and facility use for developing strategies to increase awareness of programming and facilities
- Information and data on public green space maintenance, trouble-shooting, resiliency and beautification needs

SHARED COMMITMENTS:
PROGRAMS

- Interagency programming to ensure equitable access to recreational opportunities
- Community programming for schools, camps and internships
- Recycling programs
- Collaborative training and professional development opportunities, including City-sponsored job training programs for residents
- Employee and volunteer appreciation and engagement events at Audubon, City Park or NORDC parks
- Cooperative programming targeted to disadvantaged citizens
- Community access opportunities for paid-attraction facilities, including free or discounted admissions for individuals and families
- Strategies to maximize disadvantaged business enterprise (DBE) participation in contracting

SHARED COMMITMENTS:
CITYWIDE PLANNING

- Provide guidance and engage broad stakeholder input, under the Executive Office of the Mayor's direction, for a citywide parks, green/open space, and recreation master plan to be updated every 10 years and facilitated by a qualified third party with national park planning experience
- Contribute reasonable funding and use reasonable best efforts to pursue philanthropic support, in coordination with the Executive Office of the Mayor, for the creation of a citywide parks and recreation master plan

SIGNIFICANT ADDITIONAL OBLIGATIONS:

CITY OF NEW ORLEANS

- Develop and administer a communications strategy for the interagency working group
- Cooperate and coordinate with City Park and Audubon as necessary regarding City implementation of drainage improvements and resiliency strategies to the extent such improvements or strategies impact property managed or owned by City Park or Audubon

AUDUBON

- Implement strategies and initiatives to expand access to Audubon facilities for all Orleans Parish residents, including free and discount days, free access opportunities for low income and underserved residents, and NORDC partnerships
- Develop and implement stormwater retention and management efforts in public green spaces maintained, owned or managed by Audubon, and construct a stormwater management system
- Cooperate with the City to implement a communications strategy for the interagency working group
- Use good-faith efforts to ensure that contracts awarded with millage funds include opportunities for DBE participation
- Submit an independent annual financial audit report

CITY PARK

- Maintain and manage all stormwater retention improvements constructed in City Park as part of the City's Urban Water Plan so as to further improve the Park's ability to hold stormwater and minimize flooding in some adjacent neighborhoods, as well as develop and implement other resilience measures
- Continue to support the New Orleans Police Department and first responders by providing a site in City Park for the NOPD mounted division, and by hosting a free evening at its amusement park for families of NOPD and first responders
- Utilize millage funds to support existing programming and develop specific programs, facilities and infrastructure to improve access and use of park facilities and grounds for all citizens, especially underserved audiences
- Provide a free day for all Louisiana residents to the Botanical Garden and sponsor free concerts in the park through partnerships with community organizations
- Cooperate with the City to implement a communications strategy for the interagency working group
- Use good-faith efforts to ensure that contracts awarded with millage funds include opportunities for DBE participation
- Submit an independent annual financial audit report

NORDC

- Submit an independent annual financial audit report

APPENDIX B: AUDUBON 2019 OPERATING BUDGET BY FACILITY

The table below summarizes the Audubon Nature Institute’s 2019 operating budget by facility. It includes the \$4 million portion of the existing Zoo and Aquarium millages that the institute allocates to operations. It does not include \$3.8 million of millage revenue that the Board of Liquidation, City Debt, retains to pay debt service on the outstanding bonds supported by the Aquarium tax. The operating budget also does not show the \$3 million of millage revenue that Audubon directs to capital projects at the Zoo, Aquarium and related facilities. This represents approximately 15% of its \$19.3 million capital budget for 2019.

(Figures in \$ millions)	Aquarium & Riverfront Park	Audubon Zoo	Audubon Park Golf Course	Other Audubon Park	Insectarium	Species Survival Center	Nature Center	Total
Admissions	\$10.7	\$5.7	\$ -	\$ -	\$2.0	\$ -	\$ -	\$18.4
Food Service, Catering & Gift Shops	5.0	9.8	1.4	0.1	0.5	-	-	16.7
Membership	2.8	2.9	-	-	0.6	-	-	6.3
Tax Millage Revenue	3.5	0.6	-	-	-	-	-	4.0
Recreation & Education	0.5	1.9	1.2	-	0.0	-	0.1	3.7
Fundraising Transfer to Operations	0.2	1.1	-	-	0.0	0.9	0.0	2.1
Marketing, Events & Public Relations	0.5	1.0	-	0.1	-	-	-	1.6
Interest/Endowment Income	0.8	0.2	-	0.1	-	0.5	0.1	1.6
Other Self-Generated Revenue	0.7	0.2	-	0.0	0.0	0.1	-	1.1
Total Revenue for Operations	\$24.7	\$23.4	\$2.6	\$0.2	\$3.2	\$1.4	\$0.2	\$55.7
Operations & Maintenance	\$5.8	\$4.6	\$0.2	\$1.8	\$0.8	\$0.9	\$ -	\$14.1
Food Service, Catering & Gift Shops	3.8	8.4	1.1	-	0.3	-	-	13.6
Curatorial Activities	2.2	4.6	-	-	0.9	1.1	-	8.8
Administration, Personnel & Information Systems	3.5	2.8	0.3	0.2	0.1	0.1	0.0	6.9
Recreation, Education & Guest Services	1.2	2.9	1.5	0.1	0.2	0.2	0.5	6.5
Marketing, Events & Public Relations	1.0	3.0	-	-	0.4	-	-	4.4
Member Services	0.5	0.5	-	-	0.1	-	-	1.1
Total Operating Expenses	\$17.8	\$26.8	\$3.1	\$2.1	\$2.8	\$2.2	\$0.5	\$55.3
Excess (Deficit)	\$6.8	\$(3.4)	\$(0.5)	\$(1.8)	\$0.4	\$(0.8)	\$(0.3)	\$0.3

Note: Audubon typically reports the Audubon Zoo, golf course and park as one budget unit because the properties share certain operational expenses such as insurance, security and maintenance. To break down the costs by individual facility, Audubon allocated direct shared expenses based on acreage and overhead costs based on salary expense. Audubon’s operating budget does not include sources of funding for capital projects, including the balance of the \$7 million in net millage revenue after the payment of debt service. BGR analysis of Audubon Nature Institute 2019 operating budget. Numbers may not add up due to rounding.

APPENDIX C: CITY PARK 2019 OPERATING BUDGET

(Figures in \$ millions)	2019 Budget
Self-Generated Revenue	\$13.8
Golf Operations	4.1
State Slot Machine Tax	1.8
Self-Generated Revenue	0.2
Total Revenue for Operations	\$19.8
Employee Compensation and Benefits	\$8.4
Golf Operations	4.0
Cost of Goods Sold	1.6
Contract Services	1.1
Repairs and Maintenance	0.7
Utilities	0.7
Supplies	0.6
Contract Labor	0.5
Insurance	0.4
Other Operating Expenses	1.4
Total Operating Expenses	\$19.5
Excess Operating Revenue for Capital Projects	\$0.4

BGR analysis of 2019 City Park operating budget for the fiscal year ending June 30, 2019. Numbers may not add up due to rounding.

APPENDIX D: NORDC 2019 OPERATING BUDGET

Personnel costs account for approximately two-thirds of NORDC's 2019 operating budget. The balance is used for contractual and other operating costs.

(Figures in \$ millions)	2019 Budget
City General Fund	\$8.5
Tax Millage Revenue	5.0
City CDBG Allocation	1.2
NORD Foundation	1.0
Facility and Event Rentals	0.5
Federal Grants	0.2
Total Revenue for Operations	\$16.4
Maintenance	\$4.6
Recreation Centers	3.5
Special Programs	2.1
Administrative	1.9
Aquatics	1.7
Athletics	1.4
Other Expenditures	1.1
Total Operating Expenditures	\$16.4

BGR analysis of NORDC's 2019 adopted operating budget. Numbers may not add up due to rounding.

APPENDIX E: PARKS AND PARKWAYS 2019 OPERATING BUDGET

Personnel costs account for approximately 71% of Parks and Parkways' 2019 operating budget. The balance is used for contractual and other operating costs.

(Figures in \$ millions)	2019 Budget
City General Fund	\$5.5
Tax Millage Revenue	5.0
Golf Course	0.9
Plant A Tree Campaign	0.5
Federal Grants	0.1
Total Revenue for Operations	\$11.9
Grounds Maintenance	\$5.6
Other Operations and Maintenance	3.6
Golf Course	1.4
Administration	1.3
Total Operating Expenditures	\$11.9

BGR analysis of Parks and Parkways' 2019 adopted operating budget. Numbers may not add up due to rounding.

ENDNOTES

- 1 Voters originally authorized the Aquarium tax at 3.8 mills. Due to a decline in the tax base, the millage rate rose to 4.11 mills by 1992. It was rolled back to the current level of 2.99 mills in 2008.
- 2 Voters originally approved 0.2 mills for the Zoo. At the end of the 1970s, the millage rate was increased to 0.4 mills to offset the loss of revenue from constitutional changes to exemptions and assessment methods. Due to declines in the tax base, the rate increased to 0.44 mills by 1992. It was rolled back to the current level of 0.32 mills in 2008.
- 3 In 1981, the Zoo was accredited by the American Zoo and Aquarium Association. See Audubon Nature Institute, *The Audubon Story, "Rise of a Role Model,"* www.auduboninstitute.org/content/rise-role-model.
- 4 When the City crafted the ballot proposition last year, it estimated \$22.2 million in first-year tax revenue. This figure appears in the ballot proposition. The new estimate is based on updated assessment data. The City and the tax recipient bodies estimate total billed taxes at \$24.4 million. They apply a property tax collection rate of 89% to estimate tax collections of \$21.8 million. Of this amount, the Assessor would receive an estimated \$488,888 from a fee of 2% of total property taxes billed. The City would receive an estimated \$435,110 from a tax collection fee of 2% of total collections. After deducting these payments, the net tax proceeds distributable to the four recipients would total \$20.8 million. If the City's tax collection rate exceeds the assumption of 89%, then the entities would receive additional revenue.
- 5 The Trust for Public Land, *The Park Agencies of New Orleans: Existing Conditions Report and Recommendations*, April 2017, p. 4. See also, The Trust for Public Land, *Conservation Finance Feasibility Study: City of New Orleans, Louisiana*, February 2017.
- 6 According to The Trust for Public Land, New Orleans has approximately 3,400 acres of public park land, excluding the federally-managed Bayou Sauvage National Wildlife Refuge at the eastern edge of the city. The four park agencies that would share the millage revenue collectively manage approximately 85% of that public park space, or 2,900 acres. It includes parks, playgrounds, playing fields, golf courses, community gardens, plazas, squares, trails, neutral grounds and natural areas. The Trust for Public Land, *The Park Agencies of New Orleans*, p. 1.
- 7 *Ibid.*, pp. 4-5. See also BGR, *On the Ballot: Issues on the Ballot for October 2, 2010*. According to the Trust for Public Land, there are exceptions: NORDC maintains all of Joe Brown Park, while Parks and Parkways maintains all of Pontchartrain Park.
- 8 The Trust for Public Land, *The Park Agencies of New Orleans*, p. 4.
- 9 *Ibid.*, pp. 5-6.
- 10 New Orleans City Council, Ord. Cal. No. 32,501 (27,965 M.C.S.), adopted December 20, 2018. The council required this agreement to specify the duties, responsibilities and obligations of all millage recipients.
- 11 For more information, see Parks For All, "Parks For All Position on the May 2019 Parks Millage," accessed March 16, 2019 at <https://nolaparksforall.org/parks-millage-support>.
- 12 The termination provision of the Agreement defines "cause" to include without limitation "any failure to perform any obligation or abide by any condition of this Agreement or the failure of any representation or warranty in this Agreement, or the ballot language from the 2019 millage."
- 13 Of the approximately 151 mills, the City of New Orleans receives only 15.10 mills for general spending. The balance is dedicated to the Board of Liquidation, City Debt; police, fire and other specific City departments and purposes; the Orleans Parish School Board; the Audubon Commission; the New Orleans Public Library; the Sewerage & Water Board; the Orleans Parish Sheriff's Law Enforcement District; and the Orleans and Algiers levee districts.
- 14 Stocker, Frederick, and Steven Maguire, "Earmarking of taxes," in *The Encyclopedia of Taxation and Tax Policy*, 2nd Ed. (Washington, D.C.: The Urban Institute Press, 2005), pp. 89-90.
- 15 In 2017, the Louisiana Secretary of State issued this recommendation in an attempt to limit the number of "emergency elections" called by local governing officials when tax renewal propositions fail. The recommendation stated that placing the renewal propositions on the ballot 18 to 24 months in advance of tax expiration gives voters time to understand the issue and local officials time for one more chance if voters reject the renewal the first time. See letter from Louisiana Secretary of State Tom Schedler to Louisiana State Bond Commission members, February 16, 2017.
- 16 The City, as tax collector, remits the Aquarium and Zoo collections to the Board of Liquidation, City Debt. The board uses \$3.8 million of the Aquarium tax revenue to pay debt service on the remaining Aquarium bonds. It then provides the remaining funds – approximately \$6 million for the Aquarium and related facilities and \$1 million for the Zoo – to Audubon.
- 17 In 2019, it uses 52% of the Zoo millage and 57% of the Aquarium millage for those respective operations.
- 18 The final payment is scheduled to occur on October 1, 2021.
- 19 BGR analysis of Audubon Commission, Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2012 to 2017.
- 20 Audubon told BGR that it will continue to focus on improving sales, special events and other activities at the golf course and

clubhouse, rather than build any new facilities related to golf. Currently, the golf course hosts 30,000 rounds of golf per year, but the level of activity depends on the weather.

- 21 The City and State impose a combined 22.5% tax on the net proceeds from slot machines at the Fair Grounds Race Course & Slots. The City receives a 4% tax, and the State receives the remaining 18.5%. The State dedicates about 90% of its tax proceeds to seven entities in Orleans Parish, including City Park. For more information, see BGR, *The \$1 Billion Question: Do the Tax Dedications in New Orleans Make Sense?* November 2015, p. 24.
- 22 City Park officials told BGR that it requests State capital outlay funding annually. On average, it receives funding for one project every four years.
- 23 BGR analysis of City Park Improvement Association, Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2013 to 2018.
- 24 Parks and Parkways currently performs 70% of tree trimming and removal by in-house crews, and 30% by contractors.
- 25 Parks and Parkways retained a consultant to survey trees. The first two phases covered 44,862 trees in four zip codes and the Joseph M. Bartholomew Golf Course, which Parks and Parkways manages. Of those trees, 17,525 needed preventive maintenance, monitoring or treatment.
- 26 The Trust for Public Land, *Conservation Finance Feasibility Study*, pp. 27-28.
- 27 BGR calculated this percentage based on each agency's 2019 total operating budget. For Audubon, it included the total operating budget plus the millage-funded debt service.
- 28 Parks For All, "Parks For All Position on the May 2019 Parks Millage," accessed March 16, 2019 at <https://nolaparksforall.org/parks-millage-support>.
- 29 BGR review of the Louisiana Legislative Auditor's Maximum Millage Reports for the three parishes in 2018.
- 30 NORDC received accreditation from the National Recreation and Park Association through its Commission for Accreditation of Park and Recreation Agencies. See <https://www.nrpa.org/certification/accreditation/CAPRA/>.
- 31 Crompton, John L., "Parks and recreation," in Hack, Gary, et al., eds., *Local Planning: Contemporary Principles and Practice* (Washington, D.C.: ICMA Press, 2009) p. 405.

BGR Review Committee

Hardy B. Fowler, *Chair*
Tara Adams
Charmaine Caccioppi
Louis M. Freeman, Jr.
Gary L. Lorio
Jennifer Medbery
Slade Simons

Christine Albert
Maureen Clary
Andrew R. Lee
Todd McDonald
Melissa Sawyer
Dennis Woltering

BGR Board of Directors

Officers

Ludovico Feoli, *Chair*
Norma Grace, *Vice Chair*
H. Merritt Lane, III, *Secretary*
Maureen Clary, *Treasurer*
Nathalie G. Simon, *Assistant Secretary*
Anne P. Baños, *Assistant Treasurer*

Past Chairman

Hardy B. Fowler

Board Members

Tara Adams
Christine Albert
Susan G. Brennan
Kelly R. Brown
Charmaine Caccioppi
Andrea Chen
Jaimmé A. Collins
Leah N. Engelhardt
Louis M. Freeman, Jr.
Alex Gershanik
Hunter G. Hill
Andrew R. Lee
Gary L. Lorio
Martin Mayer
Todd McDonald
Jennifer Medbery
Jennifer M. Neil
Jennifer Roberts
Melissa Sawyer
Slade Simons
Blake J. Stanfill
Steven W. Usdin
Larry Washington
Dennis Woltering

Honorary Board

Harry J. Blumenthal, Jr.
Edgar L. Chase III
J. Kelly Duncan
Louis M. Freeman
Richard W. Freeman, Jr.
Ronald J. French
David Guidry
Hans B. Jonassen
Diana M. Lewis
Mark A. Mayer
Anne M. Milling
R. King Milling
Lynes R. Sloss
Sterling Scott Willis

BGR Project Staff

Amy L. Glovinsky, President & CEO
Stephen Stuart, Vice President & Research Director
Paul Naylor, Research Analyst

This report is available on BGR's web site, www.bgr.org.

Become a Member

To preserve its independence, BGR relies on financial support from a diverse membership of individuals, corporations and foundations. To find out how you can become a part of BGR, go to www.bgr.org/membership or call us at 504-525-4152 x108.



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.

BUREAU OF GOVERNMENTAL RESEARCH

1055 St. Charles Ave., Suite 200
New Orleans, LA 70130
Phone 504-525-4152
www.bgr.org
[@bgrnola](https://twitter.com/bgrnola)