

**BGR**

We report to you.

# Questions for Council Candidates At Large Div. 1

NEW ORLEANS

Candidates' Views  
on Important Issues  
Facing City Hall

CANDIDATE

Q&A

**BGR**

ELECTION SERIES

PART 2 OF 7  
OCTOBER 14, 2017 ELECTION

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## 2017 CANDIDATE Q&A

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

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This fall, voters will select the leadership of the City of New Orleans (City) government for the next four years. They will choose a new mayor and seven City Council members in the October 14 primary election followed by the November 18 runoff.

As voters weigh their decisions, they should ask how the candidates will confront the challenges the City faces today. Some of the most important ones include: addressing manpower and other needs of the New Orleans Police Department; retooling City employee pensions to manage risk and attract a high-quality work force; and fixing and maintaining street and drainage infrastructure. In particular, the drainage system failures during the August 5 rainfall provided a harsh reminder for residents and business owners of the City's persistent infrastructure problems.

Voters should further ask how the candidates will operate City Hall efficiently and effectively. Relative to the City Council, this includes, among other things, how candidates will address land use planning and economic development subsidies. Voters should require the candidates to propose specific ideas for how they would make City Hall work better for the citizens it serves.

Finally, voters must ask how the candidates will work within – or try to change – two major constraints on the City's finances: Only 25% of local tax dollars are undedicated and available for broad municipal purposes, and approximately 60% of New Orleans real property is tax exempt.

To assist voters in this endeavor, the Bureau of Governmental Research (BGR) prepared its Candidate Q&A series to frame a dialogue for the 2017 City elections. BGR developed the questions from its body of research. It distributed a set of 18 questions to all mayoral candidates, and a similar set of 15 questions to all City Council candidates. The questionnaires included a summary of each topic based on BGR's research. BGR asked the candidates to submit their answers in writing.

Voters should note that BGR sent its questionnaires in late July, prior to the August 5 flooding. Therefore, BGR's questions do not specifically address that event or its aftermath. Many of the candidates, however, do address the flooding

because they submitted their responses after August 5.

**BGR is publishing the responses in a seven-part series that began with the mayoral candidates. Subsequent reports provide the council candidates' responses. All reports will be available on BGR's website, [www.bgr.org](http://www.bgr.org).**

Each report organizes the Candidate Q&A by topic, providing topic summaries, the questions each candidate received, and candidate responses. For each question, BGR presents the candidates' answers in the order in which the candidates will appear on the October 14 ballot. BGR publishes the answers as they were submitted, with two exceptions. First, BGR corrected non-substantive, typographical errors where necessary for readability. Second, BGR excerpted responses that significantly exceeded the 200-word limit stated in our questionnaire. In choosing what to excerpt, BGR used its best efforts to preserve the substance of the candidate's answer to the question. Any deletion is marked by an ellipsis ("..."); if no ellipsis appears, then the answer is the candidate's entire response. Candidates were aware of the 200-word limit and the consequence of exceeding it.

BGR did not reject any candidate's submission. The following summarizes the City Council candidate responses:

- **At Large, Division 1:** Joseph "Joe" Bouie, Kenneth Cutno and Helena Moreno.
- **At Large, Division 2:** David Baird, David Gregory Nowak and Jason Williams. *No response:* Aaron "Ace" Christopher and Jason Coleman.
- **District A:** Aylin Acikalin Maklansky, Joseph "Joe" Giarrusso, III, Tilman Hardy, Daniel "Dan" Ring, "Drew" Ward, and Toyia Washington-Kendrick.
- **District B:** Jay H. Banks, Eugene Ben-Oluwole, Seth Bloom, Catherine Love and Andre "Action Andre" Strumer. *No response:* Timothy David Ray.
- **District C:** Kristin Gisleson Palmer and Nadine Ramsey.
- **District D:** *No candidate from District D responded.*
- **District E:** James A. Gray, II, Dawn Hebert and Cyn-di Nguyen. *No response:* Alicia Plummer Clivens and Cederick Favaro.

BGR is a private, non-profit, 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. BGR is non-partisan and does not endorse candidates for public office.

## BACKGROUND

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

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



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

### ON PUBLIC SAFETY, BGR ASKED THE CANDIDATES:

- 1. Would you seek an increase in funding for NOPD? Why or why not?**
- 2. What funding strategies would you support to pay for the future needs of NOPD?**
- 3. How would you hold the NOPD accountable for achieving its departmental goals?**

1.

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

**Joseph “Joe” Bouie**

NOPD is currently funded at \$162 million with approximately 1,000 officers.

This funding level is higher than previous years with fewer officers employed. I would only support an increase in NOPD funding, following a thorough review of its current budget to ensure effective use of the current spending on the programs necessary to implement an evidence based, Crime Reduction Strategy with clearly defined accountability measures.

**Kenneth Cutno**

No. Our tax dollars must be used to fix our streets and build our infrastructure to bring better, high paying jobs for local people in New Orleans Louisiana. The voices of the people must be the voice of government.

**Helena Moreno**

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

## 2. What funding strategies would you support to pay for the future needs of NOPD?

**Joseph “Joe” Bouie**

There are opportunities in the current NOPD budget to streamline certain line items and areas of spending. A priority must be to develop an evidence based, crime reduction strategy designed to reduce violent crime in the city. Essential to the implementation of this strategy is a robust recruiting program to attract, hire, train, and retain a superior workforce. In addition, technology must be used as a force multiplier. With these focus areas as its priority, it will be easy to identify expenditures that are not directly related to the implementation of the Crime Reduction Strategy and shift funding to the core work of the department.

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**Kenneth Cutno**

I will merge The Department of Public Works Parking Division with NOPD to create more community policing presence. Increase Police Sub-Stations in high crime areas. Contract with the Sheriff’s Office to assist New Orleans Police Department with law enforcement and arrest of criminals in the city.

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**Helena Moreno**

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

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

**Joseph “Joe” Bouie**

Accountability begins with the development of a results oriented culture and high quality leadership.

Leaders that are empowered and can lead with autonomy, will develop performance metrics and hold themselves accountable for results.

With the development and implementation of a Crime Reduction Strategy, the measurable goals of NOPD would be tied to established benchmarks with buy-in from all stakeholders including NOPD leadership NOPD officers and the community at large. The benchmarks would allow for progress monitoring and changes in tactics as needed. Failure to meet goals means public safety is compromised which warrants a review of the Crime Fighting Plan and Tactics including NOPD leadership.

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**Kenneth Cutno**

Actually, it’s simple:

S = Set expectations. ... The more clearly the expectations and goals are set up front, the less time will be wasted later clarifying – or worse, arguing about – what was really expected.

I = Invite commitment. ... After goals and expectations are set, NOPD employees need to commit to achieving them. NOPD Employees are more likely to do this when they understand two things: how the goals will benefit them personally, and how the goals will help move the organization forward. ...

M = Measure progress. ... Measure the results and compare them to the NOPD employees’ goals to discover the gaps that require further attention.

P = Provide feedback. ... The NOPD employees need feedback to do a good job and improve in areas where performance is falling short of expectations. ...

L = Link to consequences. Sometimes employees need a little external motivation to live up to their commitments. When they struggle to reach their goals, they can be helped by administering appropriate consequences.

E = Evaluate effectiveness. Review how the process has been handled. Put a systematic and consistent method in place and you’ll find that when people are held accountable for the work that must get done, it gets done.

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**Helena Moreno**

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

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## BACKGROUND

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



## ON EFFECTIVE GOVERNMENT, BGR ASKED THE CANDIDATES:

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

# 4.

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

**Joseph “Joe” Bouie**

1. The city should ensure that funds allocated to departments are used as identified. As an example, the budget allows funding for catch basin cleaning which we now know is not occurring.
2. Create a stronger communication mechanism whereby citizens can provide feedback regarding services that are not meeting their needs and require an effective and timely response.
3. Strengthen the funding and program development of NORDC to provide for the segments of our community most in need of support, youth and young adults.

**Kenneth Cutno**

1. Affordable Housing for NOLA Artists, Entertainers, Musicians and low-income and working class people. Investment of \$17 million for affordable housing programs, loans, and grants, along with rental assistance. I will sell city real estate and pay off all the outstanding civil judgments lodged against the city, which affects the city’s credit rating and also removes the city from the real estate development, so that all of our residents can afford to live in a New Orleans home.
2. We must reform our criminal justice system to abolish unnecessary background checks for employment and help individuals convicted of non-violent crime find meaningful employment. How can we build a strong family and community when many of our kids’ fathers, sons, and brothers are in jail or have been arrested for non-violent crimes, and when released they cannot find jobs to help support their families. We must strengthen families to put an end to poverty and crime and build communities where we all can live in healthy, thriving communities.
3. Grow community mental health resources and establish Charity Hospital as a major mental health and drug addiction hospital for the Metropolitan region under the control of the City of New Orleans Health Department. ...

**Helena Moreno**

1. The City should utilize our newly built and highly flexible public school spaces to forge stronger partnerships across recreational entities (such as NORDC, City Park, and Audubon), providing enrichment and allowing our schools to be community resources 365 days a year.
2. The City should increase RTA’s focus on our working families. Maximizing efficiencies could create a transportation network that alleviates housing crunches and provides reliable transit for all working people.
3. The City should synchronize Orleans Parish Prison with our health system - especially Louisiana Medicaid - as an essential mitigation effort for our burgeoning mental health crisis. If we are able to get individuals with mental health challenges connected to our existing health care coverage, we can better ensure they won’t be repeat clients of our criminal justice system and may seek the treatment they need without concern for lack of resources.

### BACKGROUND

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

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

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

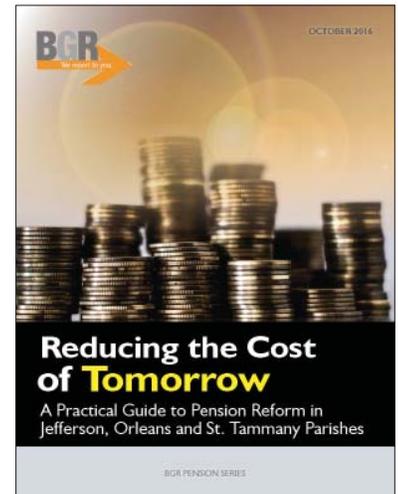
limiting pre-retirement income replacement to a need-based level and leaving it to employees to self-fund cost of living adjustments.

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

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

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

\*\*\* Two studies are under way that could help determine appropriate salary and benefit levels for City and S&WB workers. The City's Civil Service Commission has begun a comprehensive compensation and classification study. The S&WB is also conducting a compensation study of its work force.



### ON EMPLOYEE COMPENSATION AND PENSIONS, BGR ASKED THE CANDIDATES:

- 5. To what extent would you support changes to the City's pension plan to better manage its risks and costs? Please be specific.**
- 6. How would you advise the City to rethink the total compensation package (salary and benefits) offered to new and existing employees?**

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

**Joseph “Joe” Bouie**

The New Orleans Municipal Employees Retirement System is the largest of the city’s three locally controlled pension funds. It covers practically all of the municipal employees with the exception of the police and fire departments. Currently, the system is only funded at 72%. I would support changes to the city’s pension plan as long as the reforms would only be applied to new hires and employees with less than ten years of service. Retirees and employees with more than 10 years of service should not be impacted.

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**Kenneth Cutno**

I would depend heavily on BGR’s recommendation.

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**Helena Moreno**

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

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

**Joseph “Joe” Bouie** As stated, any compensation package should be equitably administered and affordable to both the employer and employee. Compensation options and packages should be designed not as a “one size fits all” but based on the needs of the individual and what the employee and the city can afford. Extensive research has already been conducted by numerous agencies with recommendations available for consideration and implementation.

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**Kenneth Cutno** A growing number of employers are incorporating performance-based compensation plans to boost productivity and maximize their return on investment in compensation. These types of plans are designed to reward employees who produce. Some experts argue that traditional salary increases aren’t as connected to performance as they should be. By contrast, a well thought out performance-based bonus plan can be tied directly to the results the company sees as valuable. However, developing a performance-based compensation plan isn’t easy. One mistake employers often make is setting performance targets too low. Another common mistake is for employers to use the wrong metrics in determining an employee’s performance.

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

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### BACKGROUND

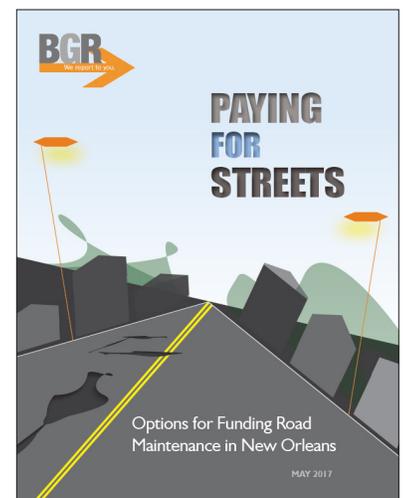
Earlier this year, BGR published a detailed analysis of the City's current funding sources dedicated to streets.\* It then evaluated options for increasing funding for the most pressing need, street maintenance. The City estimates it needs \$30 million to \$35 million annually for preventive maintenance.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

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

If the City needs new funding sources, BGR urged the City to consider alternatives to property taxes. Property taxes, the primary source of local funding for streets, generally have a weak connection to street use. Also, exemptions shield many properties from taxation, even though



some of them impose significant burdens on the street network. Other options exhibit a stronger connection to street use and a broader base of payers. One is a Transportation Utility Fee, in which property occupants pay street charges based upon estimates of how many vehicle trips that property generates. Another is a local fuel tax, either through a local option or a state dedication.



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

### ON STREET MAINTENANCE, BGR ASKED THE CANDIDATES:

7. What level of funding will you pursue for street maintenance?
8. How do you intend to achieve this level of funding?

# 7.

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

**Joseph “Joe”  
Bouie**

Studies estimate that it would cost at least \$5 billion dollars to repair our streets. 44% of our 1,500 miles of streets are in dire need of repairs. In addition, preventive maintenance is estimated at \$30 to \$35 million annually. I support these funding levels via revenue generated from fines, fees, etc. that have close nexus to streets as indicated in a BGR report. But the City must ensure that all street funds are actually spent on street maintenance and that maintenance projects are completed within cost and on time. It’s imperative that street projects are coordinated with the Sewerage and Water Board to eliminate repetitive project costs.

**Kenneth  
Cutno**

First, Invest our FEMA \$2 billion dollars in infrastructure to fix our streets and the \$411 Million Community Development Block Grant money to revitalize our community.

**Helena  
Moreno**

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

8.

How do you intend to achieve this level of funding?

**Joseph “Joe”  
Bouie**

BGR research and reports document that from 2010 to 2015, the City’s dedicated street revenue exceeded its general fund expenditure of streets, drainage and traffic signals. This suggests the city may have spent some of this revenue for other purposes. There are a number of promising funding options that the city can pursue. First, take steps to ensure that existing revenues dedicated to streets are in fact, spent on streets. The General Fund includes more than \$400 million in undedicated revenues that the city can spend on any purpose, yet it allocates none of this discretionary money to fixing streets. In addition, a portion of all street related fees, fines and taxes should be dedicated to streets. I agree with this approach and will drive this agenda item forward once elected.

**Kenneth  
Cutno**

I will cut government waste and reduce unnecessary government regulations on business. I will demand a spreadsheet of the budget and allocate the available dollars to the programs and activities that promise to produce the best results that are most important to citizens for the lowest cost.

**Helena  
Moreno**

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

### BACKGROUND

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

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

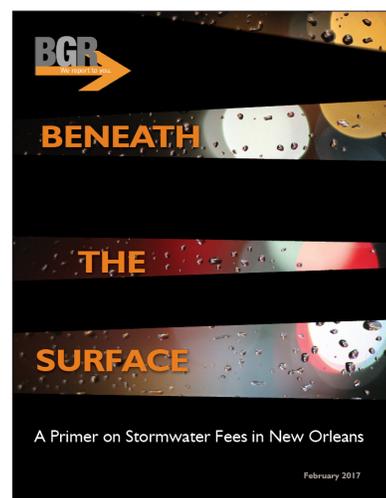
BGR found that stormwater fees are rapidly growing in usage across the country. If properly structured, a stormwater fee has numerous advantages over a property tax, including a broader payer base. A properly structured fee also creates a strong nexus between the demands a property places on the drainage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



The report does not attempt to verify the estimates of the new drainage funding needs. However, it is clear that some level of new funding will be necessary. Given the advantages of a stormwater fee over a new property tax, BGR recommends that the S&WB and City consider a storm-

water fee as a potential source for drainage system funding. Its report makes several recommendations for fairly structuring a stormwater fee. Moreover, the August 5 flood event, which occurred after BGR's report, has brought the funding concern to the forefront.

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



### ON THE DRAINAGE SYSTEM, BGR ASKED THE CANDIDATES:\*

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

\* BGR sent its questionnaires in late July, prior to the August 5 flooding. Therefore, BGR's question does not specifically address that event or its aftermath. Many of the candidates, however, do address the flooding in their responses.

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

**Joseph “Joe” Bouie** There is a BGR report that suggests like streets, storm water fees should be calculated based on usage, not a one size fits all. This will fairly distribute cost based on actual storm water impact and won’t subject citizens living in small, single family homes. I support the continued work on a proposal for storm water fees. However, before a decision is made, there are many questions that still need to be answered. Specifically, understanding the financial impact on our citizens, most of which are incapable of absorbing additional fees.

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**Kenneth Cutno** I will demand a spreadsheet of the budget and allocate the available dollars to the programs and activities that promise to produce the best results that are most important to citizens for the lowest cost. No more fees, about 22% of the Landrieu administration’s budget is based upon fines and fees.

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

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### BACKGROUND

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

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

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

ties. All taxes, except those for the most basic infrastructure and services, should be placed on the table for possible rededication. The City should evaluate all such taxes, not in terms of each taxing body's ambitions, but in the larger context of the community's priorities. Ultimately, the mayor should present a program for funding and executing the plan. But there is a role for the City Council here too, working collaboratively with the mayor.

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



### ON LOCAL TAX DEDICATIONS, BGR ASKED THE CANDIDATES:

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

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

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**Joseph “Joe” Bouie** Currently, there are a number of entities with dedicated taxes that enjoy budget surpluses. All entities should be reviewed for possible shifts to those areas with budget shortfalls provided the shortfalls are not driven by waste and inefficiencies.

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**Kenneth Cutno** Tax cuts for small businesses to increase salaries for employees. Less government regulation on residents and businesses.

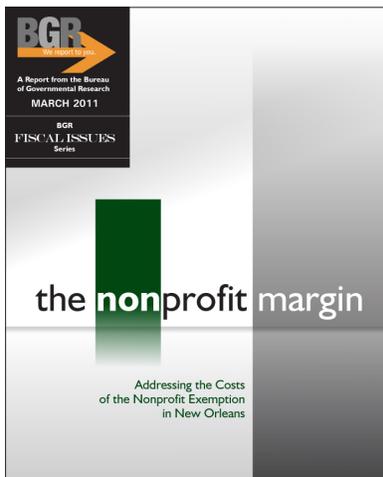
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**Helena Moreno** I am interested in new ways to redirect tax money that is derived from New Orleans back into direct service of the taxpayers. Just this past legislative session, I authored legislation to rededicate a portion of the hotel/motel tax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

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BACKGROUND

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



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

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

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

\* BGR, *The Nonprofit Margin: Addressing the Costs of the Nonprofit Exemption in New Orleans*, March 2011, available at <http://www.bgr.org/reports/addressing-the-high-cost-of-nonprofit-exemptions/>.

\*\* BGR, *It’s Time for Common Sense on Nonprofit Exemptions*, March 1, 2016, available at <http://www.bgr.org/reports/fixing-louisianas-costly-and-unusual-nonprofit-exemptions/>.

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

ON TAX EXEMPTIONS AND THE TAX BASE, BGR ASKED THE CANDIDATES:

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

**12. What measures would you propose to protect and expand the tax base?**

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

**Joseph “Joe” Bouie** In Orleans Parish, the value of property that is not on the tax rolls and subject to property tax exemptions, exceeds the value of the property that is. An estimated 60% of properties are off the tax rolls with an estimated \$125 million in uncollected revenue.

While it is clear that reform is warranted, the specifics require expanded research to achieve a “win, win” and preserve the ability of the city and its residents to continue to benefit from the work of non-profit entities.

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**Kenneth Cutno** YES, I support the BGR template for reform.

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

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

**Joseph “Joe” Bouie**

The city’s sales tax revenue is significantly impacted by businesses that collect sales taxes from customers but fail to pass on the taxes to the city. We need policies and practices that allow for collection of all sales taxes and in addition, expanding sales taxes to Amazon and online sales.

There still exists in New Orleans, tens of thousands of properties that are unoccupied and blighted. These properties while located in the city, do not constitute a part of the tax base because of their conditions. Programs to bring these properties back into commerce must be a priority to not only expand the tax base but also provide reductions in crime and improved quality of life that accompany these properties.

**Kenneth Cutno**

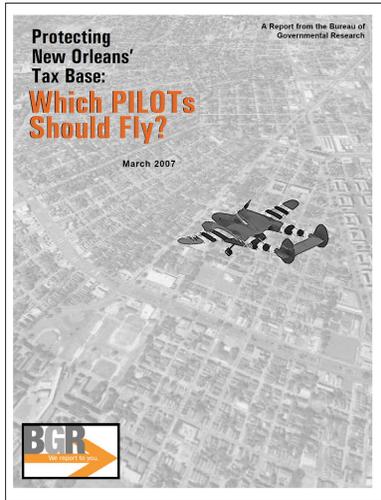
I will cut government waste and fraud from the city budget, free market solutions to our healthcare crisis, address the mental health needs of our community and provide support for the council on aging senior citizens. I believe big corporations should pay their fair share of taxes. I will sponsor legislation that promotes new jobs and new taxes for New Orleans residents.

**Helena Moreno**

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

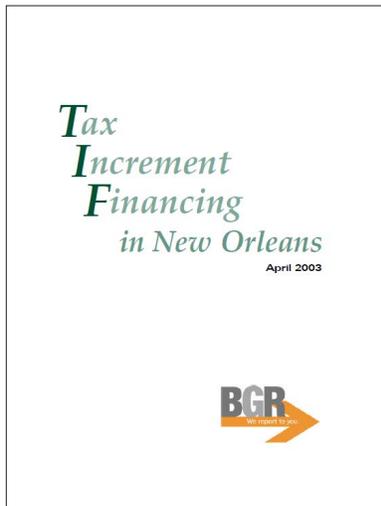
**BACKGROUND**

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



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

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



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

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

**ON ECONOMIC DEVELOPMENT TAX SUBSIDIES, BGR ASKED THE CANDIDATES:**

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

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

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

**Joseph “Joe” Bouie** I agree with the basic principles for economic development tax subsidies.

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**Kenneth Cutno** Yes.

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**Helena Moreno** Yes.

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# 14. As a council member, how would you prevent unnecessary subsidies?

**Joseph “Joe” Bouie**

As a council man, one thing related to subsidies that I would ensure is that any subsidies do not hurt existing businesses. Meaning, we have to look at the net benefit of the deal not just that singular deal. We must enter into enforceable Community Benefit Agreements (CBA) that ensure the corporations receiving the subsidies and incentives are here to add value to the community, not just to extract profits from it. There’s a valid reason that any business would want to locate in New Orleans. When those decisions are made they should be based on a solid business model that not only enables business success but also success for the city through increased jobs and tax revenue. Extensive review of all requests for subsidies weighed against the benefit analysis to the city should drive all subsidy decisions.

**Kenneth Cutno**

I will not support unnecessary subsidies.

**Helena Moreno**

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

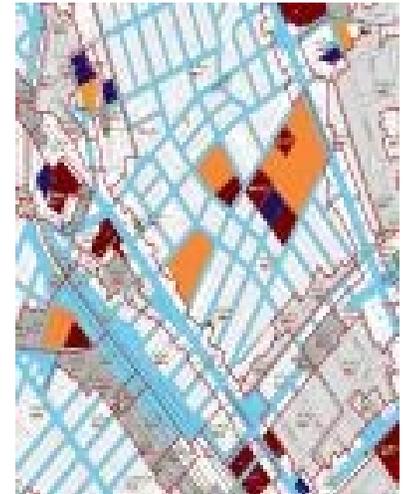
### BACKGROUND

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

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

The Land Use Plan, by contrast, is not merely a guide. The City’s charter requires every land use action to “further, or at least not interfere with, the goals, poli-

cies and guidelines” in the Land Use Plan and to be “compatible with the proposed future land uses, densities and intensities” in the plan. This means that land use actions in general must be consistent with the Land Use Plan, or at the very least be neutral with regard to it.



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

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

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

### ON LAND USE PLANNING, BGR ASKED THE CANDIDATES:

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

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

**Joseph “Joe” Bouie** When the voters in 2008 approved changes to the city charter, they in fact gave “force of law” to a document that had not yet been written. There still exist differences of opinion on what consistent with the master plan and force of law actually means. Currently, there are revision and updates to the plan that are in need of review and complete understanding. As a council person, I will utilize the resources available through the city and community input to frame my decisions regarding land use.

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**Kenneth Cutno** I will look at the City’s Master Plan and conform to the plan.

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

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