Questions for Council Candidates
District E

Candidates’ Views on Important Issues Facing City Hall

NEW ORLEANS

OCTOBER 14, 2017 ELECTION

PART 7 OF 7

CANDIDATE Q&A
ELECTION SERIES
With Gratitude

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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.

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 C**: Kristin Gisleson Palmer and Nadine Ramsey.
- **District D**: No candidate from District D responded.

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.


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

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Response</th>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>No increase in funding for NOPD. The budget is more than adequate. We, presently, are searching for candidates for the police academy and are having difficulty filling those positions. The current budget supports up to 1500 police officers and we presently have 1100.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>Yes, I would seek increase funding for NOPD. Additional funding would help increase the NOPD force to 1,600 officers which would result in better public safety outcomes. Also, community members in the Lower Ninth Ward and New Orleans East are requesting substations that would provide quicker police response times. In addition, a higher salary would help increase the number of officers on the street by addressing retention issues for officers that have been trained by NOPD. Funding of specialized services such as Domestic Abuse and Sexual Assault.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>Improving the quality of life for the people of District E will be my priority. As a nonprofit Executive Director for the past sixteen years, I have extensive experiences making things happen with a small budget. As the next city councilperson for District E, I will work closely with the Police Superintendent and partners to explore and reexamine the NOPD budget to ensure that funds are being used effectively. I believe that the people of New Orleans have been taxed too much and we need to do a better job on how we spend taxpayers’ funds. With limited knowledge and understanding on NOPD’s current and past spending, I am undecided if I would seek for an increase in funding for NOPD. According to my research, NOPD operated on a much smaller budget 6 years ago with more officers and now we have a bigger budget with less officers. What happened? I support our men and women in blue.</td>
</tr>
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</table>
### 2. What funding strategies would you support to pay for the future needs of NOPD?

<table>
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<tr>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>I would look at future revenues for the city, and allocate resources accordingly.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>Additional funding could be transferred from the General Fund, Traffic Light Ticket (operated by a local vendor), and Parking Ticket Revenue.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>In reference funding for future needs of NOPD, I want to partner with group/organization that specializes in developing innovative funding strategies. We need to develop a strategic plan on how we address those future needs. I believe that when we have strong economic development projects that create jobs, it will help to curb crimes. I believe that if we invest early in our youth, it will save money in the future. With these strategies in place, we may not need to find support to pay for the future needs of NOPD.</td>
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### PUBLIC SAFETY

#### 3.

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

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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>Set standards, set reporting criteria, and review whether or not the standards are being met on a biannual basis. If goals are not being met, attempt to analyze cause of failure: whether goals are reasonable or unrealistic, whether there’s a personnel problem, or some other reason for failure. Take corrective action.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>Retain the Public Integrity Bureau that work with the public to investigate and enforce the highest standards of police conduct and performance. In addition, the Consent Decree Implementation Section serves as the liaison between the City of New Orleans, including the Police Department, and the United States Department of Justice and the Office of the Consent Decree Monitor. Both entities are essential to keeping NOPD accountable and in compliance with NOPD goals.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>I will hold NOPD accountable by (1) tracking and monitoring their activities that are dedicated to reducing crime and increase public safety; (2) Connect with organizations and networks that have the tools, resources and platforms to protect and put NOPD accountable; (3) Evaluate &amp; enforce current policies and develop new policy, if needed, that will play a role in holding police officers accountable for their actions.</td>
</tr>
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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.
**EFFECTIVE GOVERNMENT**

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

| James A. Gray, II | 1. Continue to coordinate the actions of departments that have related functions, like Public Works and S&WB as it relates to drainage and street repairs.  
2. Strengthen the relationship between NORD and city departments and/or programs that educate or assist children. Arts and culture need to be better integrated with the functions at NORD.  
3. Department heads involved in discussions about general goals of the city should realize their success cannot be limited to what happens in their department. Safety and Permits can’t frustrate the efforts of Economic Development as they try to assist an entity in establishing a business in New Orleans. In some cases, Safety and Permits has been insensitive, even hostile, to the efforts that will increase jobs and expand the tax base of the city. Sometimes the greater good involves fast-tracking an entity all agree will bring considerable benefits to New Orleans. |
| Dawn Hebert | The city can better utilize the traffic camera revenue by funding administrative support for NOPD with the dollars collected thereby allowing additional police officers to be on the streets.  
If Code Enforcement and Public Works departments would enforce the current laws and collect the fines associated with violations the city would recover additional funds for operations.  
Have city employees treat all citizens with respect and helpfulness. |
| Cyndi Nguyen | (1) City government needs to practice by providing effective and efficient service delivery to its citizens. One strategy that I will explore is how to remove layers that have prevented citizens on taking care of their business with city government efficiently. It may be leverage technology to streamline delivery and evaluating a collaboration method. (2) Improve the work culture for city employees. Enforcing incentives to reward performance or exploring other ways to motivate staff. (3) Develop a Community Resource Directory that will outline how to maneuver through city government. The directory will be translated in Vietnamese and Spanish as a start. The directory should be developed using a simple format and procedures that will guide citizens through city services.  
Overall, as the next City Councilperson, our office will hold “pop-up” in both the East and the Lower Nine to create easy access and opportunities for citizens to connect with the City Council office. Pop-up can be at Senior Centers, the library, recreational centers and etc. Another idea is to utilize social media as another form for citizens to connect with city council. |
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 workforce. 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.

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


*** 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.

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**BACKGROUND**

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

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<tr>
<td><strong>James A. Gray, II</strong></td>
<td>The task for us is to determine which changes will achieve that goal.</td>
</tr>
<tr>
<td><strong>Dawn Hebert</strong></td>
<td>I would support changes to the City’s pension plan to bridge the gap between public and private sector employees, especially when it comes to retirement benefits to attract and retain quality employees. The cost of past generations pension plans should be revisited to address current patterns of the workforce.</td>
</tr>
<tr>
<td><strong>Cyndi Nguyen</strong></td>
<td>Before I answer this question, I plan to spend time on reviewing the City’s pension plan and engaging expertise in the field for recommendation. I am with a mindset of making sure that we are not wasting/abusing of any situation. I am also in full support to make sure that we, the city, compensate people appropriately for serving our communities when it is time for them to retire.</td>
</tr>
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### EMPLOYEE COMPENSATION AND PENSIONS

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

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<tr>
<th>Candidate</th>
<th>Response</th>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>I would say if there’s a way to improve it, we should look for those ways. But I am unable to give details at this time as to how to do that. The issue requires more careful study.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>The city should revisit the Total Compensation Package to address new and current workforce employees while addressing costs to taxpayers. Policy makers should ensure that changes to the Package are not detrimental to existing employees nor prevent highly qualified applicants from applying for positions.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>We should always be a cost-effective employer; however, we should also be competitive in our salary to recruit the best and the brightest to serve the people. We should be comparing salary with other states as well as to make sure that our fringe benefits are attractive.</td>
</tr>
</tbody>
</table>
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 re dedicate 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.


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?
### STREET MAINTENANCE

#### 7.

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

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Response</th>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>The level of funding for any city function is determined by the level of income and competing needs. Street maintenance is an essential function and contributes to quality of life, economic development and many other important items for the city.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>The City should ensure that it directs funding received for street repairs to streets that require repair/replacement throughout the city where needed and not in certain areas of the city. It is apparent that the more than $50 million received from Revenue is not reinvested back into the streets. If elected I would monitor and address street repairs throughout the city, ensuring that streets causing Quality of Life issues in neighborhoods are addressed.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>District E has not received its fair share of the budget to improve infrastructure. Before I decide to increase the budget or not, I need to understand where the money went and how does District E get its fair share. With the vast of funds poured into the city of New Orleans for the past several years to improve infrastructure, it is disturbing to see the poor conditions of our streets today. Strong accountability methods need to put into place to avoid waste and fraud. Once those concerns are addressed, I believe that we can establish an accountable system that is fair and we can look at existing funds that could be re-directed to infrastructure. Moving forward, I believe that we need to establish a long-term plan that addresses what will it take to improve infrastructure and improve the quality of life for the citizens of New Orleans.</td>
</tr>
<tr>
<td><strong>James A. Gray, II</strong></td>
<td>The city needs to work hard to increase revenue. We need to be diligent in collecting tax money owed to the city. But the real key to our success is to expand revenues by expanding economic development.</td>
</tr>
<tr>
<td><strong>Dawn Hebert</strong></td>
<td>Street related fees such as illegal parking fines and parking fines could be directed to street maintenance. In addition, FEMA funding of $1.5 billion be directed to streets affected by Katrina.</td>
</tr>
<tr>
<td><strong>Cyndi Nguyen</strong></td>
<td>Once District E gets its fair share and we establish a long-term plan, we can explore to achieve the level of funding needed.</td>
</tr>
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BACKGROUND

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

With these large new cost burdens in mind, the S&WB and City 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 stormwater 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.


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.
### DRAINAGE SYSTEM

#### 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?**

<table>
<thead>
<tr>
<th>Name</th>
<th>Response</th>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>I think there is much merit in a stormwater fee. I need to look at examples of use in other places to be clear about all of the details. But the general principles make sense.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>A fee should be waived on large developments that have a Storm Water Management System on the property. With the recent unnecessary flooding in the city, an additional fee would not be received favorably by residents. In addition, it is questionable if the city can rely on Sewerage and Water Board to properly protect property in New Orleans utilizing the drainage systems in place, but not operable when needed most.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>Before we add an additional fee to the citizens to address the recent flooding situation, I believe that we need to examine how the Sewerage and Water Board has utilized taxpayers’ fund. The people and business owners should not be subject to what happened a few weeks ago. We cannot keep adding fee on top of fee to our citizens when city government has not done their job. In reference to storm water management, I feel that it is needed, however, with a top the line draining system that we recently invested, neighborhoods should not have flooded the way it did. I believe that we can support stormwater management through the current fee that citizens are already paying monthly to Sewerage and Water Board.</td>
</tr>
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LOCAL TAX DEDICATIONS

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 priorities. 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.


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.
<table>
<thead>
<tr>
<th><strong>10. What changes to local tax dedications, if any, would you advise the City to pursue? Please be specific.</strong></th>
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<tr>
<td><strong>James A. Gray, II</strong> While there are many programs that I’d love to protect with a dedicated tax stream, NORD being one of them, I think dedicated taxes are not the best way to manage government. I think we should elect knowledgeable and reasonable public officials who can make good decisions year-to-year in changing environments and revenue streams. Dedicating taxes in any area by definition reduces what is available in other areas. Of course that’s assuming there is a cap on how much we are able to tax citizens.</td>
</tr>
<tr>
<td><strong>Dawn Hebert</strong> Local Tax dedications should address top community priorities such as overgrown lots in District E, abandoned property, senior centers and youth programs. Basically, Quality of Life concerns in many neighborhoods are not addressed timely bringing down property values and preventing Economic Development. To eliminate tax problems associated with tax dedications, I would suggest City Council members vote on the disbursement of dedications. In addition, I would inquire as to where these dedications are being directed and support community Quality of Life issues not addressed 12 years after Katrina.</td>
</tr>
<tr>
<td><strong>Cyndi Nguyen</strong> I agreed with the recommendation. Before we jump into cutting and moving money around, we need to understand the entire picture and to examine if those dedicated taxes are still needed in those areas. I will work closely and collaboratively with the new mayor to examine and review the current taxes and determine if it should be rededicated. I believe in transparency and accountability. We need to ensure to the people of New Orleans that taxpayers funds are being used effectively.</td>
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</table>
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 millage 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.***


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**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.

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>James A. Gray, II</td>
<td>Yes.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>Yes, I support the BGR template for reform of the nonprofit exemption in the state constitution. Non-Profit provisions are too broad and should be revisited to ensure compliance.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>Because most basic services provided by cities are funded by real estate taxes, it’s reasonable that every property owner should pay something. All owners of land and buildings in a community, whether for-profit or nonprofit entities, use the basic services provided by the city. Many nonprofit organizations provide critical and needed services for communities. They provide services that city government does not and those services are vital to our community. Before we start taxing nonprofit organizations, I believe that city government needs to demonstrate its ability to work efficiently and effectively with taxpayers’ fund. I believe that once we remove waste and abuse and create a system accountability, the need to tax nonprofit organizations may not be necessary.</td>
</tr>
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</table>
12. **What measures would you propose to protect and expand the tax base?**

<table>
<thead>
<tr>
<th><strong>James A. Gray, II</strong></th>
<th>You expand the tax base by pushing economic development. We protect the tax base by ensuring collection of taxes that are currently owed.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dawn Hebert</strong></td>
<td>Property owned by non-profit organizations left blighted and abandoned should not be provided a tax exemption. I proposed that these organizations be given a time limit to repair property and impose the set property tax for that property. These organizations should not be allowed to bypass tax payments when negatively affecting community progress. Assessors should regularly inspect exempt properties to ensure eligibility and terminate the exemption for property owners that have not adhered to eligibility and code enforcement guidelines. In addition, Non-Profit organizations that produce revenue should not be provided any exemption.</td>
</tr>
<tr>
<td><strong>Cyndi Nguyen</strong></td>
<td>Before I will take any action, I will review research and reports that have been conducted. However, I believe that to expand the tax base should not be taxing nonprofit organizations but to work to attract strong economic development projects and create homeownership.</td>
</tr>
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</table>
BACKGROUND
In analyzing economic development tax subsidies, BGR adopts the premise that property taxes are a cost of doing business and property ownership. They should be levied in a fair manner. Having said that, BGR recognizes that there may be instances in which tax subsidies are both necessary and beneficial.

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

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


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?
**ECONOMIC DEVELOPMENT TAX 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.

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<tr>
<td>James A. Gray, II</td>
<td>I agree with the basic principles, yes.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>Yes, I agree with the basic principles for economic development tax subsidies identified by BGR. I would add that the subsidies are to be equally distributed throughout the city and not just certain areas of the city benefiting from these subsidies. Present subsidies are creating unfair impacts on surrounding neighborhoods experiencing little economic development.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>District E has not received its fair share of positive economic development projects. Our business corridors have not received the necessary attention. To this point, I believe that we need to provide needed incentives to attract economic developments that will provide the basic needs of the residents in the East and the Lower Nine. I am also in agreement that the city of New Orleans should consider a tax subsidy only if it can demonstrate that the subsidy is strategic, necessary, efficient, effective and fair.</td>
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</table>
**14.** As a council member, how would you prevent unnecessary subsidies?

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<tr>
<td>James A. Gray, II</td>
<td>A careful examination on a project by project basis, and strict adherence to the basic principles discussed above.</td>
</tr>
<tr>
<td>Dawn Hebert</td>
<td>I would setup an independent review of the subsidies and encourage City Council voting on the awarding of these subsidies.</td>
</tr>
<tr>
<td>Cyndi Nguyen</td>
<td>As a City Councilperson, I will work closely with the city’s economic development team as well as with the Business Alliance, Greater New Orleans, Inc. and other economic organizations to prevent unnecessary subsidies. At the end of the day, economic development projects that will create jobs to help curb crimes and meet the needs of the citizens in District E will be a priority.</td>
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</table>
BACKGROUND

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

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

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

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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?
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<tr>
<td>James A. Gray, II</td>
<td>I would follow the plan and urge other councilmembers to do the same.</td>
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</table>
| Dawn Hebert     | In 2008 a majority of New Orleans’ voters voted to amend the City Charter giving the Land Use Plan of the Master Plan the “force of law”. As councilwoman, I will ensure that all Zoning Amendment requests are consistent with Land Use Plan. Further, during the budgetary process I will ensure that my decisions on the expenditure of funds on capital improvement projects are consistent with the recommendations in the Master Plan. However, during my deliberation if I find the need to amend the Land Use Plan or Master Plan Recommendation due to a request having a positive economic impact on the City of New Orleans and District E, I will collaborate with the community, fellow councilmembers, City Planning Commission and the Mayoral Administration to further evaluate the proposal and determine what is best for the Neighborhood and the City.  
One of my main goals is to work hard to encourage quality economic development, while maintaining the integrity of Neighborhoods and the City of New Orleans. |
| Cyndi Nguyen    | As a City Councilperson, I will work with the Planning Commission and interest community organizations to ensure compliance as it relates to the force of law in the context of the Land Use Plan.                                                                                                                                                                   |