

11 Government Structure

Introduction

Purpose

The purpose of the Government Structure Element of the Comprehensive Master Plan is to examine the current structure of Plaquemines Parish Government's organization, budget, and finances in order to improve its effectiveness and prepare for future needs of a growing population and economic base.

The scope of the Government Structure Element of the Community Assessment Technical Appendix is comprised of three sections:

1. Assessment of Existing Parish Government Organization;
2. Assessment of Existing Parish Government Budget and Finance; and
3. Issues and Needs for the Future.

The first section, Assessment of Parish Government Organization, addresses two levels of government structure:

1. Organization and roles of the office of President and Council; and
2. Parish staff organization.

The second section, Assessment of existing Parish Government Budget and Finance section addresses Parish Government revenues, by source and Parish Government expenditures, by type for the period 2006-2009. It also reviews the structure of the Parish Governments funds and accounts, and the Capital Improvements Program.

Each of these sections concludes with a summary of issues and needs for the future and a brief discussion of big decisions that need to be addressed as we anticipate future conditions.

Context

Plaquemines Parish has a relatively small population (22nd smallest Parish population in Louisiana) and the largest combined land and water area in Louisiana- 2,538 sq. miles. However over 1,700 square miles is now open water and much of the remainder is marshland. It is located on a long, narrow peninsula that is divided by the Mississippi River and levees, making two separate slivers of land to be serviced- the west bank and east bank – and they are only accessible by a circuitous road system and two ferries that are 20 miles apart. Except for Belle Chasse, most Parish residents are remote from supply chains and service centers. The population lives at very low density that is expensive to serve. A number of specialized services are provided – levees, diversions, coastal restoration, mosquito control, ferries, ports, oil and gas mineral rights, boat harbors and marinas, etc. These conditions make government structure and finance more expensive.

11.1 Assessment of Existing Parish Government Organization

President and Council

Plaquemines Parish is organized in accordance with the Charter for Local Self-Government that was approved by voters in April 1986.

For 20 years, Plaquemines Parish operated under the only true commission form of government at the parish level in the state. The 1966 home rule charter set up a 5-member commission form of government. The 1974 Louisiana State Constitution granted local home rule authority to parishes and reversed the former “Dillon rule” status that local governments were “creatures of the state” possessing only powers delegated to them by the state legislature.

In April 1986, the voters of Plaquemines Parish approved a Charter and established a Parish President/ Parish Council form of government to replace the Police Jury form of government. The first Parish President and Parish Council took office in January 1987. The current Charter organization provides for a Parish President and a nine-member Parish Council who serve population in their respective Council Districts.

According to the Charter, the Parish President is elected for a term of four years and serves as the Chief Executive Officer of the Parish. The President has the power to “supervise and direct all activities and functions of Parish Government and provide administrative and ...may delegate such authority to the offices and agencies of the Parish...”

The Parish Council is the legislative branch that establishes ordinances and policies, and the Parish President is responsible for all government administration. The Parish Council can buy or sell property, exercise eminent domain, set fees and tax rates, and is also the governing body for special districts including the Port, Harbor and Terminal District and levee districts.

Revisions to the Plaquemines Parish Charter require a voter referendum. In 2006 the Parish Council voted to establish a Commission or Committee to study Charter revisions. The new Charter would have made a number of changes in the responsibilities of the President and Council. Some examples include:

- Provides for the adoption and enforcement the Comprehensive Plans and zoning ordinance.
- Gives the Civil Service Commission power to establish and administer personnel policies and removes the role of the Parish Council to do this.
- Changes the governing authority from the Parish “Council” to Parish “Government”, which is a term that includes the joint authority of the Parish Council and Parish President.
- Repeals the provision that the Parish Council “Serve as the sole governing authority for the Plaquemines Parish Port, Harbor and Terminal District” and replaces it with “The Parish Government shall succeed to the powers and duties previously granted to the

Plaquemines Parish Commission Council with respect to the Plaquemines Parish Port, Harbor and Terminal District.”

- Recognizes the rules of the Civil Service Commission governing personnel policies, including appointing and removing government staff.
- Provides for the President’s veto of ordinances or line items of ordinances adopted by Parish Council concerning purchase, sale, lease, mortgage, expropriation, or other alienation of immovable property of the Parish or any ordinance or line item of an ordinance having to do with the Plaquemines Parish Port, Harbor and Terminal District.
- Deletes the current Charter provision that prohibits the Parish President from voting on matters before the Parish Council.
- Requires the Parish Council to appoint a Charter Commission to review the Charter at least once every ten years.

In spring 2009 the Committee reported to the Council and sought to bring their recommended changes to the Charter to the voters. There was a dispute on the Council regarding whether they had properly established a Charter Commission or a Committee of Council. A Commission would have independent power to take their Charter revisions to a referendum, but a Committee of Council would only be able to make a recommendation to the Parish Council. The Council’s stated that their intent was to establish a Charter Committee of Council and not to authorize a referendum. This issue is currently in litigation and has not been finally answered.

Parish Administration and Staff

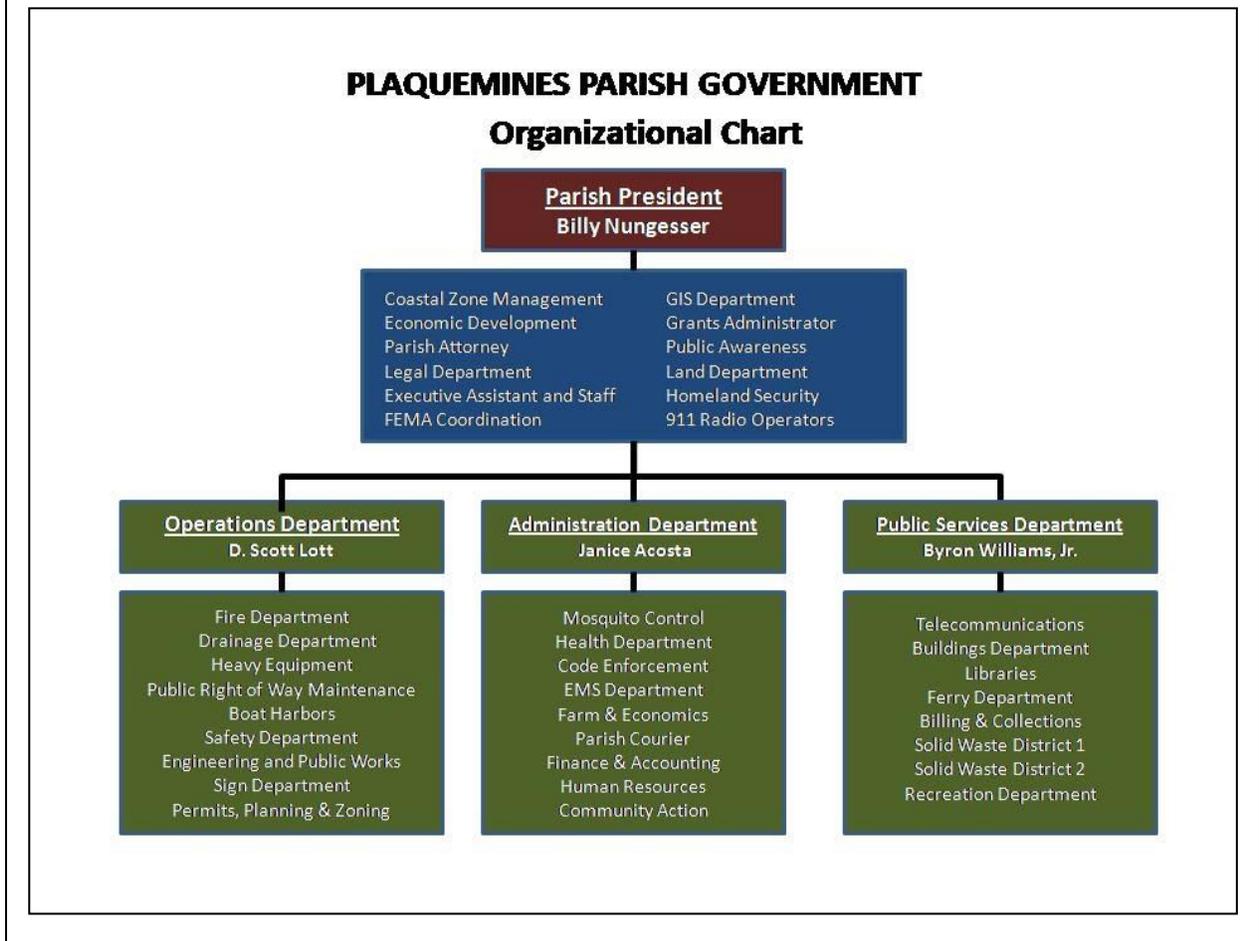
The Plaquemines Parish Government administration exercises over fifty different functions and powers including economic development, road and bridge construction and maintenance, drainage, water and sewerage, solid waste disposal, fire protection, parks and recreation, public health, ferry service, boats and harbors, oil and mineral leasing, coastal zone management, zoning and building permits and other public services.

Under the Parish Charter, Plaquemines Parish Government administration is headed by three key officials who serve as heads of the three primary Departments:

1. Director of the Department of Administration, responsible for finance, budget, grants, personnel, and law.
2. Director of the Department of Public Service, responsible for public utilities, telecommunications, solid waste, health, hospital, environmental control, recreation and recreation facilities, libraries, and community centers.
3. Director of the Department of Operations responsible for planning, operations, maintenance, and capital improvements.

Figure 11.1 shows this information graphically.

Figure 11.1: Organization Chart



Some other important governmental functions are under a set of elected constitutional officers such as the Sheriff Office, Coroner, Clerk of Court, Registrar of Voters, District Attorney and Tax Assessor.

Issues and Needs in the Existing Parish Government Structure

The following issues are discussed below:

- Change in Representation in Parish Council Districts following 2010 Census
- Span of control for managers
- Missing functions in Parish organization
- Adequate pay and classification
- Improving accessibility of government services to the population
- Reducing government cost through privatization

Big Decisions and Questions

- Reapportionment of Parish Council Districts following 2010 Census
- Revision of Charter to re-organize Parish Council and Parish Administration
- Establishing a permanent location for the county seat

Changes in Representation of Parish Council Districts following 2010 Census

Since Hurricane Katrina, the population of Plaquemines Parish has undergone a series of readjustments. First the majority of the population had to leave in order to evacuate after Hurricane Katrina, and not all returned. The return was gradual and resulted in a shrinking of the total population and a redistribution of people from the southern end of the Parish to the northern end. (See the Population and Demographics element of the Community Assessment and Agenda for additional data analysis.) Due to recent population shifts, a significant reapportionment will be likely in order to maintain the minimum number of citizens per Council District and to secure a fair demographic distribution within each District.

Span of Control for Managers

According to George P. Hatrup, a management consultant, optimizing span of control is based upon establishing the optimal number of subordinates for each manager in an organization or business. Researchers such as Colonel Lyndall Fownes Urwick, one of the major theoreticians and historians of the management movement of the twentieth century, stated that the optimal span of control was five or six. This reflects that fact that managers have a limited span of attention, energy and time. This was illustrated mathematically by A. V. Graicumas, whose work indicated that the number of potential interactions with subordinates will increase geometrically with respect to the manager's increasing span of control. For example, increasing the number of subordinates from four to five raises potential interactions from 44 to 100. Likewise, the addition of an eighth subordinate moves the potential from 490 to 1,080. Fortunately, only a small percentage of the potential number of interactions actually occur on a daily basis, but the conclusion is that increasing the number of subordinates beyond five or six has been shown to tax the average manager's ability to perform effectively.

For Plaquemines Parish, the issue of span of control begins with the tight organizational structure that is established in the Charter. The President and three department directors are responsible for all functions of Parish government. Because this structure is in the Charter, it would not be possible to re-arrange these responsibilities or to add additional Departments without the voters approving a change to the Charter. This has become a significant problem because the size of the Plaquemines Parish government has grown to approximately 648 classified and unclassified employees in 2010, and there are only three Department Heads. As a result, the span of control of these three department heads is very large. While it would be typical for a Department head to have five to seven direct reports, in the largest of these three departments, the Operations Department, nine managers report directly to the Director of Operations, D. Scott Lott. Similarly nine managers report directly to the Director of Public Services, Byron Williams, Jr., and some of his foremen have as many as 24 direct reports. In

addition to the three Department heads, the Parish President has twelve more administrators who report directly to him, for a total of 15.

Missing Functions in Parish Organization – Community Planning and Development Department

Louisiana Revised Statute 33:102 gives Plaquemines Parish the authority to adopt and administer zoning regulations and to make, adopt, amend, extend, add to or carry out plans for development of the area. It also authorizes the Parish to create a Planning Commission (Plaquemines Parish Development Board) to prepare and maintain long-range master plans. However, the Plaquemines Parish staff does not include a Community Planning and Development Department headed by a professionally qualified community planner. A Community Development Planner would have responsibilities for updating and implementing the Parish Community Master Plan, administering and updating the Zoning Ordinance, and assisting the Finance Department with the capital improvements program. The Community Planning Department would also work closely with the Director of Economic Development and Tourism and the Director of Public Works to alleviate infrastructure problems and otherwise encourage development, redevelopment and tourism that is beneficial to the tax base and local employment. Finally, the Community Planning and Development Department would have responsibilities to support the enhancement of neighborhoods and the availability of quality housing for persons of all ages and incomes.

Adequate Pay and Classification

Under the current Charter, although the Parish President has authority to appoint the three Department Heads, the Parish Council has authority to provide for the employment, benefits, and levels of compensation of other Parish staff. This includes the authority to establish and administer personnel policies.

In 2007 the Parish commissioned a study of the compensation and classification of Parish employees known as the “Archer Study.” Its purpose was to prepare a compensation and pay grade classification system with a recommended salary schedule and to create job descriptions for all job titles. This study included a formal job analysis of the complexity of each of the Parish’s jobs to obtain a thorough understanding of the scope of responsibility and the major job functions of each job. The analysis considered internal equity among positions in different departments with similar responsibility and complexity, as well as an assessment of the competitive wages of comparable jobs in the labor market- including other government agencies and private enterprise. Job descriptions were revised to be consistent with the Americans with Disabilities Act (ADA) and other applicable regulations. Job descriptions specify minimum qualifications in terms of education, experience and required knowledge, skills and abilities and include performance indicators. The resulting pay and classification plan is a systematic set of pay grades, ranges, and stepped pay grades for each job class to guide the hiring and promotions of employees in a consistent manner.

The study recommended that “every employee be brought up to the minimum of the pay range recommended for his or her job as quickly as economically possible. For each experienced

employee whose performance regularly meets the expectations of the Parish, it is suggested that their pay be adjusted to toward the midpoint of the recommended pay range as quickly as economically feasible. The midpoint for each recommended pay range represents a market based competitive figure, adjusted for internal equity that might be necessary to retain a fully experienced and capable employee whose performance is consistently meeting the Parish's expectations. "

The Parish Council debated the recommendations of the Archer Study and voted to approve it in principle. It was implemented by Council in 2007. The initial financial impact of this recommendation was approximately \$2 million to make the adjustments in current salaries. However it is recommended that the salary levels established in the 2007 study be revisited periodically. The Parish Finance Department has prepared an estimate indicating that continuing salary adjustments of at least \$100,000 per year would be necessary to maintain salary levels at the prevailing norms for the various pay classes over time.

Improving Accessibility of Government Services to the Population

The geography of Plaquemines Parish makes it hard for a single, central government office to be accessible to the citizens. The facts are that the Parish is over 90 miles long, it is stretched along a single highway on the West bank and the East Bank extends in a parallel fashion on the other side of the Mississippi River, accessible only by ferry. These facts make a strong argument for decentralizing community-based services.

After Hurricanes devastated Plaquemines Parish in 2005, the Parish received funds from FEMA and the YMCA to rebuild four new consolidated Community Centers located as follows:

1. Davant (Reverend Percy M. Griffin)
2. Buras
3. Port Sulphur
4. Boothville-Venice

These facilities are consolidating a set of ten community centers that existed in various parts of the Parish before the hurricanes of 2005. The new facilities will be providing a limited number of direct social services as well as meeting space for community activities, and safe shelter from hurricanes. Initially the primary functions include recreation for youth and services for senior citizens. There will also be a clinic staffed by a visiting nurse or paramedic.

The initial construction cost of \$28 million was funded largely by state and federal funds. The \$462,000 annual operating costs are initially being funded under an agreement that allows a public-private agreement with the Parish Government, YMCA, United Way, and the Plaquemines Legacy Campaign. If the Parish ultimately takes over the long run staffing, maintenance and operations of these facilities, it could have a significant budget impact.

Ultimately these facilities could be set up like "little City Halls" to provide a wide array of direct services and also to provide direct computer hook ups to information and various applications for services that are managed in the Consolidated Parish Offices in Belle Chasse.

Before that takes place, the Parish needs to perform an organizational study to determine what services need to be provided in satellite centers and what services could be provided more economically through websites and on-line, searchable databases and application processes as is done by many other local governments across the country.

Reducing Government Cost through Privatization

Interviews with Parish officials indicates that some services provided by the Parish would be less expensive to the taxpayers if they were turned over to the private sector run. There are many variations of this form of government administration that are in use across the country. Examples that may be worth considering include in Plaquemines Parish include boat harbors and marinas, landfills, mosquito abatement, road and ditch maintenance. Where the Parish owns facilities or equipment, it could lease them to private business to operate subject to competitive bids, or even sell assets and turn the entire service over to a business that would enter an agreement to provide the service to the public for a fee that is subject to license and regulation by the Parish.

Big Decisions and Questions

- Reapportionment of Parish Council Districts following 2010 Census
- Revision of Charter to re-organize Parish Council and Parish Administration
- Establishing a new location for the seat of Parish Government

Reapportionment of Parish Council Districts following 2010 Census

As discussed, above, the shift in population that will be documented in the 2010 U.S. Census could result in a redistribution of voting power in the Parish Council, with the vast majority of the District representatives being from the Belle Chasse area and relatively less District representation for citizens of the southern part of the Parish. An alternative would be to agree on a reapportionment of seats to provide for several at-large council members and fewer District members in order to provide more balanced representation overall for the whole Parish. This would take considerable study to ensure equity. Changes to the number of members of the Parish Council and introduction of at large districts will require approval of the voters as well as review and approval by U.S. Justice Department and the Louisiana Secretary of State.

Revision of Charter to re-organize Parish Administration

The re-examination of the Charter concerning Parish administration and the duties of the Parish President and Parish Council is still in litigation and has not been concluded. Some of these changes would help to modernize the administration of Parish Government and make it more efficient.

Establishing a New Location for the Seat of Parish Government

The seat of Parish Government is still legally located in Pointe a la Hache, although the former Parish Government Courthouse was destroyed by fire in 2002. Belle Chasse was made the temporary Plaquemines Parish seat. However the Parish still owns the property and the burned

courthouse has been neither demolished nor restored. Since 2002 Parish court and government functions have grown and occupy a number of buildings at scattered locations. Recently a decision has been made to purchase the former State School facility on F. Hebert Boulevard and an announcement has been made that the Parish will build a consolidated government campus on this property. This could result in a better organized administrative complex and improved technology, communication and energy efficiency. However, no decision has been made about the disposition of existing buildings that would be vacated by the Parish and the future of the historic courthouse at Pointe a la Hache.

11.2 Assessment of Existing Parish Government Finance

Revenues

The sources of revenues for Plaquemines Parish Government's \$190 million Governmental Funds budget in 2009 included:

- Ad valorem Property taxes (6percent)
- Sales taxes (5percent)
- Fees, fines, and charges for services (3percent)
- Federal grants (46percent)
- State royalties and grants (22percent)
- Parish surface and mineral leases and royalties (14percent)
- Investment income and interest (2percent); and
- Other income (2percent)

Table 11.1, Figure 11.2A, and Figure 11.2B show the relative amounts of revenues to the Parish from these sources and how these revenues have grown. **Figure 11.2A** shows that of the total revenues in the Governmental Fund in 2009, federal grants provided the largest share, 70.8 percent, state funds, including oil and gas royalties, provided 8.8 percent, Parish oil and gas royalties and other property leases provided 6.2 percent. More traditional sources of revenue such as Ad Valorem (property) tax, sales and use taxes, licenses and fees, investment income and other revenues provided the remaining 14.2 percent.

Table 11.1: Parish Revenues in Governmental Fund, 2006-2009

| Governmental Fund Revenues | 2009 | 2006 | 2007 | 2008 | 2009 |
|--------------------------------|---------------|---------------------|----------------------|----------------------|----------------------|
| Ad Valorem Tax | 4.6% | \$7,414,922 | \$7,190,327 | \$8,265,451 | \$8,726,316 |
| Sales and Use Tax | 3.9% | \$8,799,859 | \$7,906,070 | \$8,047,053 | \$7,481,903 |
| Other taxes | 0.0% | \$60,368 | \$48,732 | \$49,713 | \$49,704 |
| Licenses, Permits, Fees, Fines | 2.0% | \$3,687,799 | \$3,779,733 | \$3,838,517 | \$3,775,000 |
| Federal Grants | 70.8% | \$36,331,324 | \$39,609,447 | \$67,903,803 | \$134,895,599 |
| State royalties and grants | 8.8% | \$17,939,219 | \$21,821,437 | \$32,539,974 | \$16,780,185 |
| Parish royalties and leases | 6.2% | \$13,979,355 | \$15,985,805 | \$20,144,561 | \$11,809,202 |
| Investment income | 0.2% | \$3,456,673 | \$4,581,617 | \$2,661,125 | \$295,554 |
| Other | 3.6% | \$3,164,921 | \$3,246,568 | \$3,007,763 | \$6,821,357 |
| TOTAL | 100.0% | \$94,834,440 | \$104,169,736 | \$146,457,960 | \$190,634,820 |

Figure 11.2A: Plaquemines Parish Governmental Fund Revenues, by Source, 2009

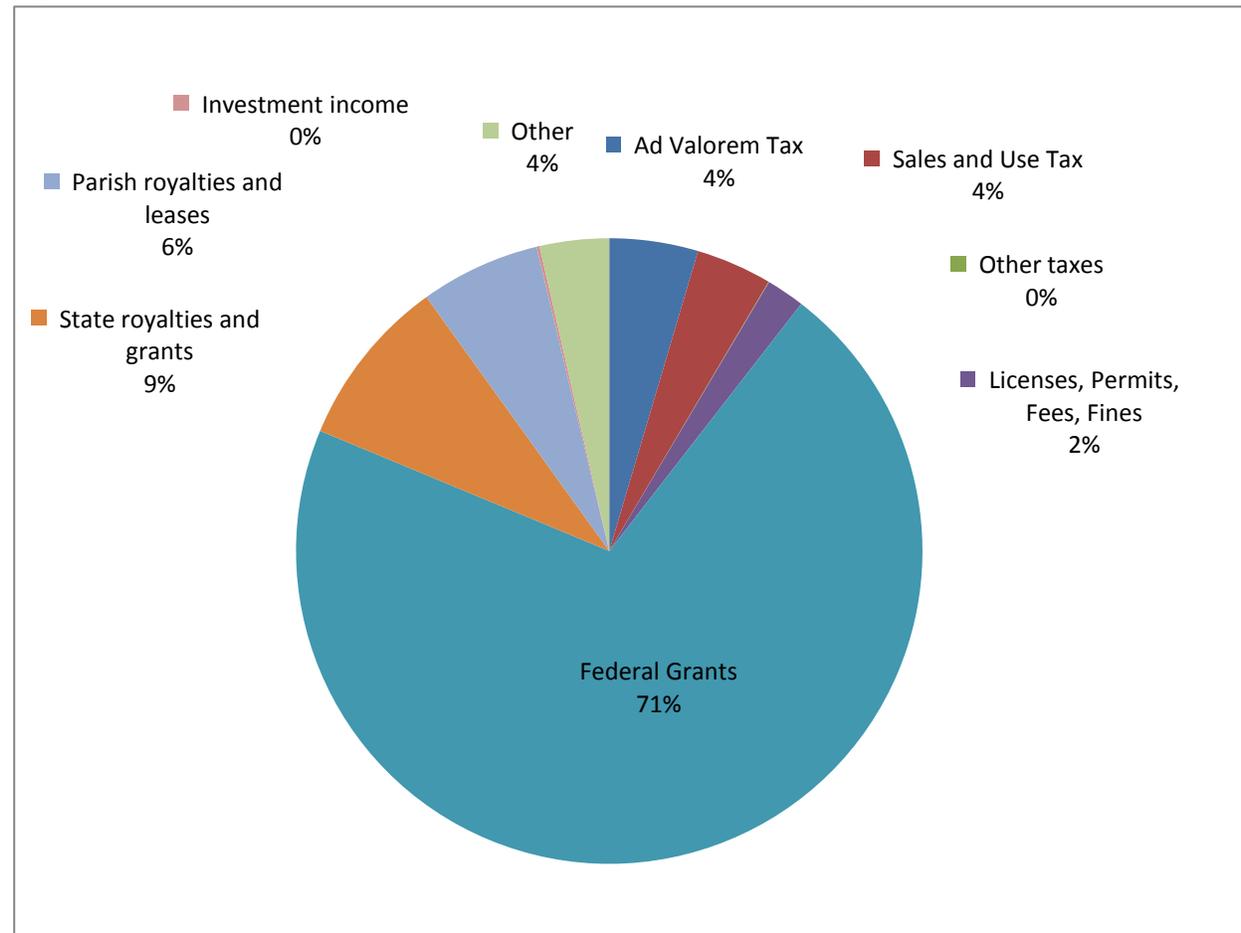


Figure 11.2B: Trends in Governmental Fund Revenues, by Source, 2006-2009

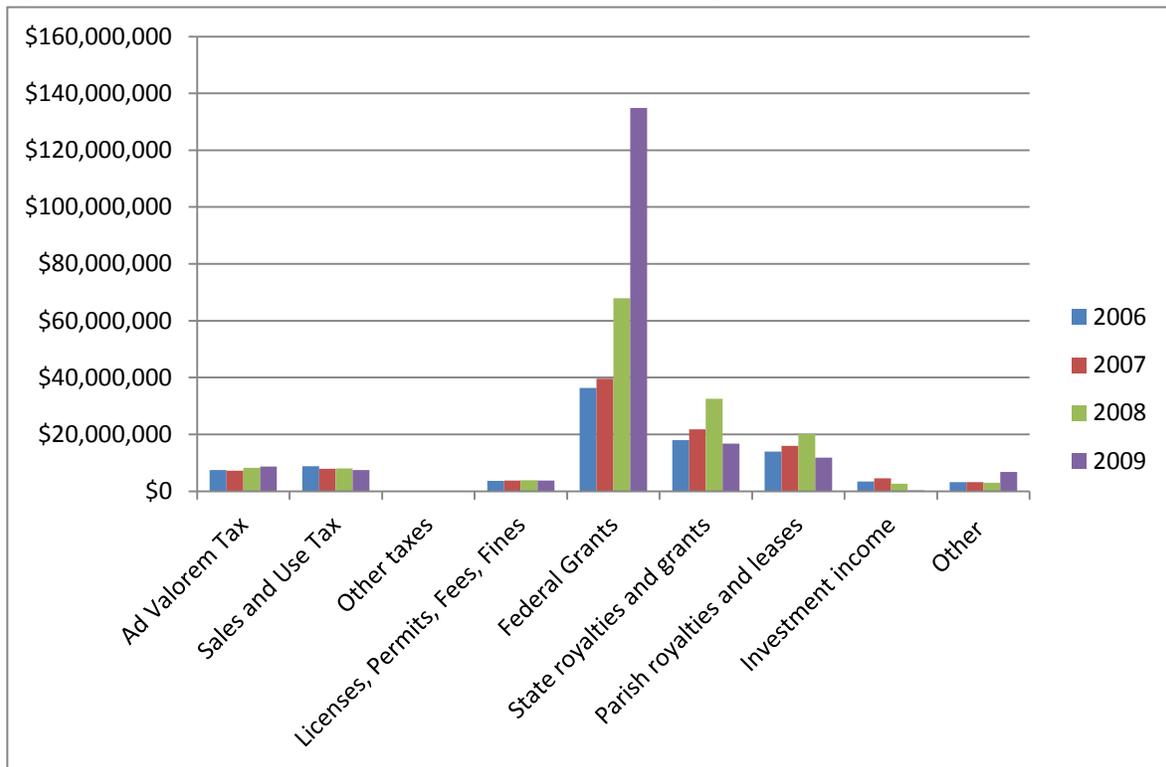


Figure 11.2B shows the growth in revenues by type from 2006 to 2009. The total revenues in the Governmental Fund have more than doubled during this period. In 2006 it was just under \$95 million, but in 2009 it was over \$190 million. Most of this growth is attributed to a very large increase in federal grants, from \$36 million in 2006 to \$134 million in 2009.

Oil and Gas Royalties

The revenues from royalties and leases of mineral rights such as oil and natural gas are in two categories. Oil and natural gas wells within the Parish Lands provide the smaller share, while the Parish’s share of the state oil and natural gas wells (within 3 miles off-shore) constitute the majority. The amount of revenues gained from oil and gas royalties varies with the price of these commodities. In the past three years the price of oil and gas used for paying royalties has been as follows with 2009 being considerably less than in previous years:

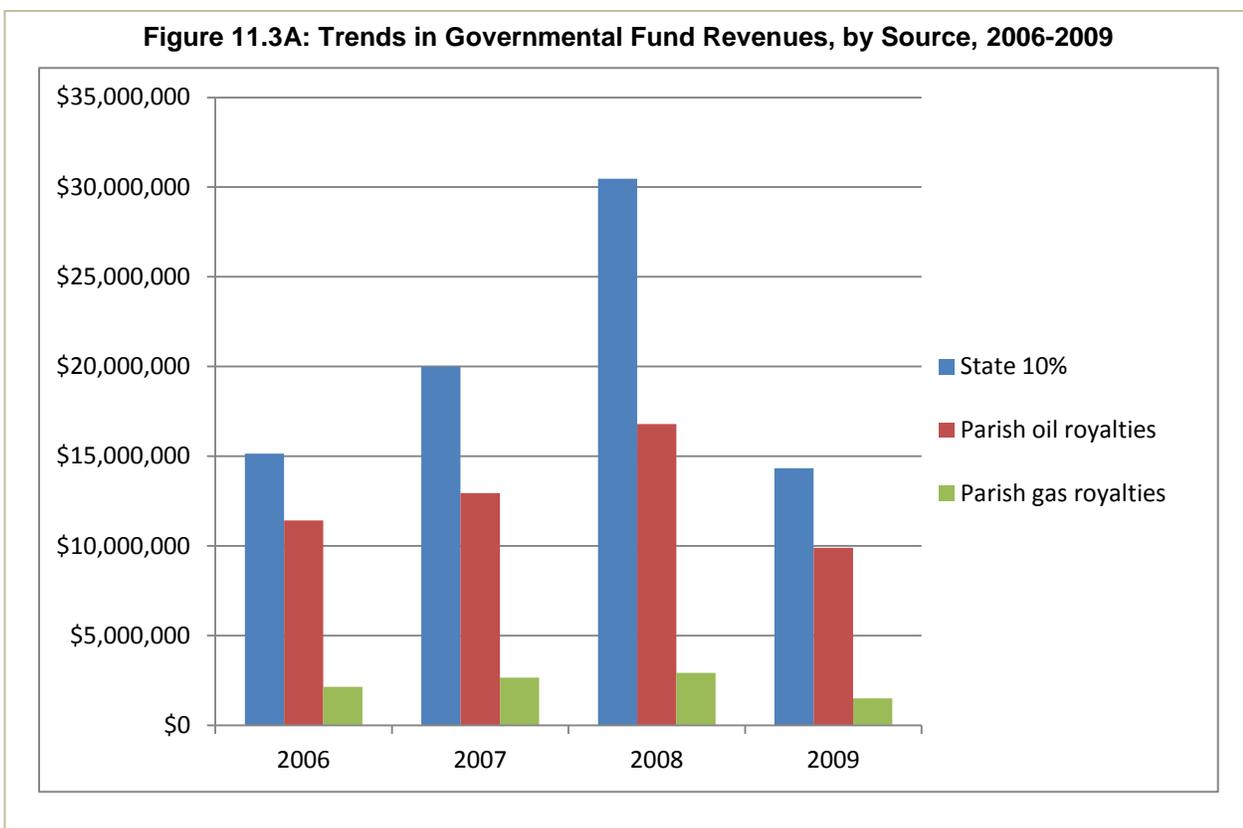
Table 11.2: Prices of Oil and Gas, 2006-2010

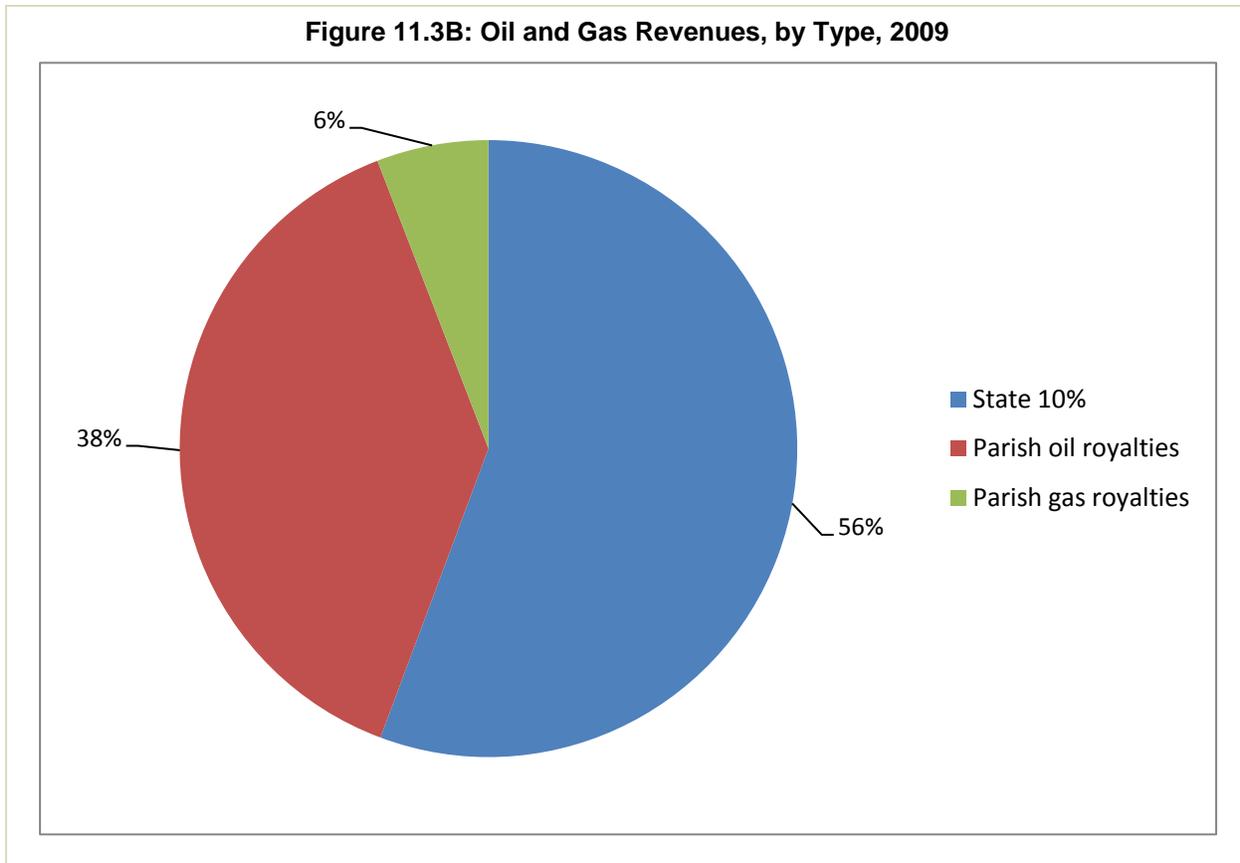
| | 2006 | 2007 | 2008 | 2009 | 2010 (budgeted) |
|-----------------------|-------------|-------------|-------------|-------------|------------------------|
| Oil- Price per barrel | \$50 | \$60 | \$110 | \$ 58 | \$72 |
| Gas- Price per MCF | \$5 | \$5 | \$9.50 | \$3.78 | \$5 |

As a result of price changes, Parish revenues from oil and gas leases and royalties dropped in half in 2009, dropping to less than \$26 million, after a high of over \$50 million in 2008, as shown in **Table 11.3** and **Figures 11.3A** and **11.3B**:

Table 11.3: Plaquemines Parish Oil and Gas Revenues, 2006-2009

| Oil and Gas Revenues | 2006 | 2007 | 2008 | 2009 |
|----------------------|---------------------|---------------------|---------------------|---------------------|
| State 10% | \$15,145,858 | \$19,988,047 | \$30,469,555 | \$14,337,569 |
| Parish oil royalties | \$11,428,635 | \$12,945,585 | \$16,797,465 | \$9,897,903 |
| Parish gas royalties | \$2,149,492 | \$2,668,370 | \$2,922,115 | \$1,508,102 |
| Total | \$28,723,985 | \$35,602,002 | \$50,189,135 | \$25,743,574 |





As **Figure 11.3B** shows, the largest share of oil and gas revenues comes from royalties paid to the Parish from wells on state lands (submerged lands within 3 miles of shore). At least 80 percent of the total oil and gas royalty revenue collected on Parish lands has been accounted for by revenues from oil, with natural gas revenues from Parish lands being between \$1.5 and \$2.5 million per year. As received, Oil & Gas Revenues are recorded in the General Fund and are appropriated to Operating and Capital Project Expenses within the General Fund and through transfers to other funds by action of Parish Council. Any revenues collected when the price of oil is over \$79 per barrel or when the price of natural gas is over \$2.25 per thousand cubic feet (MCF) is placed in a fund balance designated for bonded indebtedness. Whenever this fund exceeds \$10 million the excess over \$10 million goes automatically into the sewer fund. The bonded indebtedness fund is a reserve fund that is there in case the Parish was threatened with going into default on bond payments. However the Parish Council members have the power to transfer money between any budget accounts, to draw unspent money out of a previous year’s fund balance, or to draw money out of the bonded indebtedness fund to balance the budget and/or pay for special projects. They can also borrow money out of the sewer fund.

Ad Valorem Property Taxes

Due to the magnitude of revenues from state and federal grants and oil and natural gas leases, the Parish has less dependency on other sources of revenues that are traditionally the mainstay of local government, such as Ad Valorem Property Tax. The property tax rates in Plaquemines Parish are as follows in 2009:

Table 11.4: Plaquemines Parish Ad Valorem Tax Rates in Mils, 2009

| | |
|----------------------------|------------------|
| Parish Government | 13.65 mils |
| School Board | 24.41 mils |
| Sheriff | 16.45 mils |
| Hospital | 5.32 mils |
| <u>Assessment District</u> | <u>1.20 mils</u> |
| TOTAL | 61.03 mils |

Taxes on residential property are based on the assessed value, minus a \$75,000 homestead exemption. The tax rate applies to 10 percent of the resulting figure. Consequently, the taxes on a house that is appraised at \$200,000 would be approximately \$763 per year. Of this amount, the Parish Government general fund would receive approximately \$170 per year and most of the rest would go to the Sheriff, the School Board and the Hospital.

See **Table 11.5** for a summary of the millage rates, assessed values, homestead exemptions, and revenues owed by taxpayers in 2009. The tax rate is the same for both commercial and residential property. However, the homestead exemption reduces the effective tax rate of residential property. There were 5,521 homestead exemptions in 2009. Of these, 2,542 were 100 percent exempt from ad valorem taxes. Over \$700 million in industrial property value is exempt for 10 years. Seventy percent of ad valorem revenues are paid by oil and gas companies and public utilities. Commercial property pays 13 percent.

There are numerous specific millage levies dedicated to specific funds. The School district has a total levy of 24.41 mils and collects nearly twice the ad valorem tax revenues as Parish Government. The Sheriff has a dedicated levy of 16.45 mils, which pays the cost of operating the jail and other facilities. This includes feeding prisoners and maintaining facilities. The Sheriff pays the salaries of all deputies and staff and the capital expenditures, such as police cars from a 16.45 mil set aside to the Sheriff and Jail expenses in the ad valorem property tax.

Table 11.5: Summary of Millage Rates, Assessed Values, Homestead Exemptions, and Revenues owed by Taxpayers in 2009, Plaquemines Parish

| Assessed Values | | | | |
|-----------------------------------|-----------------------|-----------------------------|--------------------------|-------------------------|
| <u>Assessment Type</u> | <u>Assessed Value</u> | <u>Homestead Exemptions</u> | <u>Non Exempt Value</u> | <u>Percent of Total</u> |
| Real Estate | \$145,173,345 | \$29,556,404 | \$115,616,941 | 13% |
| <u>Personal Property</u> | | | | |
| Trailers | \$580,980 | \$0 | \$580,980 | 0.06% |
| Commercial and Industrial | \$118,673,605 | \$0 | \$118,673,605 | 13% |
| Oil and Gas | \$404,304,353 | \$0 | \$404,304,353 | 44% |
| Watercraft | \$57,813,260 | \$0 | \$57,813,260 | 6% |
| Public Utilities | \$218,618,050 | \$0 | \$218,618,050 | 24% |
| Total Assessed Valuations | \$945,163,593 | \$29,556,404 | \$915,607,189 | 100% |
| <u>Exempt Industrial Property</u> | <u>(10 years)</u> | <u>\$743,880,387</u> | | |
| Ad Valorem Revenues | | | | |
| <u>Schools</u> | <u>Millage</u> | <u>Homestead Exemptions</u> | <u>Owed by Taxpayers</u> | <u>Total</u> |
| Regular School | 6.03 | \$178,240 | \$5,521,106 | \$5,699,346 |
| Emp Health Ins | 1.7 | \$50,247 | \$1,556,550 | \$1,606,797 |
| Salaries #1 | 2.4 | \$70,935 | \$2,197,456 | \$2,268,391 |
| Maint/Oper | 4.78 | \$141,280 | \$4,376,606 | \$4,517,885 |
| Salaries #2 | 7.5 | \$221,677 | \$6,867,089 | \$7,088,766 |
| Technology | 1 | \$29,561 | \$915,634 | \$945,195 |
| Capital Impr./Operations | 1 | \$29,561 | \$915,634 | \$945,195 |
| Total Schools | 24.41 | \$721,500 | \$22,350,076 | \$23,071,576 |
| <u>Parish Government</u> | <u>Millage</u> | <u>Homestead Exemptions</u> | <u>Owed by Taxpayers</u> | <u>Total</u> |
| General Govt | 3.3 | \$97,536 | \$3,021,521 | \$3,119,058 |
| Water | 1.8 | \$53,202 | \$1,648,099 | \$1,701,301 |
| Library | 0.9 | \$26,602 | \$824,065 | \$850,666 |
| Pollution Control | 1.8 | \$53,202 | \$1,648,099 | \$1,701,301 |
| Road Maintenance | 1.36 | \$40,196 | \$1,245,232 | \$1,285,428 |
| Public Health | 0.9 | \$26,602 | \$824,065 | \$850,666 |
| Waste Disposal | 2.69 | \$79,522 | \$2,462,973 | \$2,542,494 |
| Incineration | 0.9 | \$26,602 | \$824,065 | \$850,666 |
| Total Parish Government | 13.65 | \$403,464 | \$12,498,117 | \$12,901,581 |
| <u>Sheriff</u> | <u>Millage</u> | <u>Homestead Exemptions</u> | <u>Owed by Taxpayers</u> | <u>Total</u> |
| Law Enforcement | 3.64 | \$107,586 | \$3,332,806 | \$3,440,392 |
| Law Enforce.-Add'l | 6.57 | \$194,201 | \$6,015,545 | \$6,209,746 |
| Jail Facility | 6.24 | \$184,432 | \$5,713,383 | \$5,897,815 |
| Total Sheriff | 16.45 | \$486,218 | \$15,061,734 | \$15,547,953 |
| <u>Hospital</u> | <u>Millage</u> | <u>Homestead Exemptions</u> | <u>Owed by Taxpayers</u> | <u>Total</u> |
| General | 2.49 | \$73,609 | \$2,279,851 | \$2,353,460 |
| Constr/Maint/Oper. | 2.83 | \$83,659 | \$2,591,165 | \$2,674,824 |
| Total Hospital | 5.32 | \$157,268 | \$4,871,017 | \$5,028,290 |
| <u>-</u> | <u>Millage</u> | <u>Homestead Exemptions</u> | <u>Owed by Taxpayers</u> | <u>Total</u> |
| Other Assessment Distr. | 1.2 | \$35,468 | \$1,098,730 | \$1,134,198 |
| TOTAL, ALL AD VALOREM | 61.03 | \$1,803,919 | \$55,879,674 | \$57,683,592 |

According to the Tax Assessor, the approximate valuation of taxable property in the Parish is as follows for each of the previous three years:

Table 11.6: Value of Taxable Property for Ad Valorem Purposes, 2007-2009

| | |
|------|------------------|
| 2007 | \$626,226,935.00 |
| 2008 | \$794,700,725.00 |
| 2009 | \$915,607,189.00 |

The value of homestead exemptions on residential property for each of the last three years is between 3 percent and 4 percent of the total:

Table 11.7: Value of Homestead Exemptions, 2007-2009

| | |
|------|--------------|
| 2007 | \$24,504,045 |
| 2008 | \$27,586,960 |
| 2009 | \$29,556,404 |

Revenues from the Parish portion of the ad valorem property taxes in these years are shown in **Table 11. 8.**

Table 11.8: Plaquemines Parish Revenues from Ad Valorem Tax, 2007-2009

| | |
|------|-----------------|
| 2007 | \$10,088,043.20 |
| 2008 | \$11,428,785.90 |
| 2009 | \$11,971,889.12 |

Retail Sales Tax

In addition to ad valorem taxes, the Parish has an 8percent retail sales tax. In November, 2009 Plaquemines Parish voters approved a 1-cent sales tax increase to fund a paid fire department for the parish. Officials expect the extra cent, which will raise the parish's sales tax to 8 percent, to generate \$7 million annually. The Parish’s annual revenues from sales tax for each of the previous three years are shown in **Table 11. 9.**

Table 11.9: Plaquemines Parish Revenues from Sales Tax, 2007

| | |
|------|--------------|
| 2007 | 7,906,071.00 |
| 2008 | 8,047,053.00 |
| 2009 | 7,481,903.00 |

Fees and Fines

Plaquemines Parish collects approximately \$10 million in fines, fees, and service charges each year from the following sources, the largest of which are the Water and Sewer Fees and Port Harbor Fees.

Table 11.10: Revenues from Fines, Fees and Service Charges, 2007-2009

| | 2007 | 2008 | 2009 |
|---|--------------------|---------------------|---------------------|
| Library Fines | \$2,319 | \$2,624 | \$5,065 |
| Court Fines/Fees | \$352,863 | \$378,360 | \$447,327 |
| Permits-Building/Alcohol Beverages/Occupational | \$1,090,878 | \$1,362,747 | \$1,142,376 |
| Ferry Fees | \$207,627 | \$174,836 | \$151,562 |
| Recreation Fees | \$29,010 | \$34,195 | \$34,675 |
| Waste Collection fees | \$603,168 | \$670,657 | \$690,750 |
| Ambulance Services | \$504,177 | \$415,890 | \$656,085 |
| Animal Control | \$5,544 | \$6,855 | \$4,788 |
| 911Fees | \$320,726 | \$304,626 | \$299,399 |
| Water & Sewer Fees | \$3,386,817 | \$3,678,189 | \$3,698,864 |
| Port Harbor Fees | \$1,552,664 | \$3,305,258 | \$3,108,834 |
| Boat Harbor & Shipyard Fees | <u>\$52,163</u> | <u>\$138,817</u> | <u>\$287,606</u> |
| TOTAL | \$8,107,956 | \$10,473,054 | \$10,527,332 |

These fines, fees, and user charges are deposited to funds that are reserved for the designated services.

In addition the Parish collected approximately \$18 million from a number of special revenue and enterprise funds from 2007 to 2009. **Table 11.11** shows the revenues from these funds for each of the past three years.

Table 11.11: Special Revenue Funds and Enterprise Funds, 2007-2009 (not including fund transfers)

| | 2007 | 2008 | 2009 |
|----------------------------------|--------------------|--------------------|--------------------|
| <u>Special Revenue:</u> | | | |
| Road Maintenance | \$1,178,418 | \$1,326,211 | \$1,378,055 |
| Public Health | \$1,867,814 | \$1,407,646 | \$1,501,279 |
| Solid Waste | \$3,303,757 | \$3,730,414 | \$3,862,662 |
| Library | \$809,470 | \$987,308 | \$1,041,811 |
| Transportation | \$340,460 | \$373,422 | \$341,232 |
| Criminal Court | \$362,478 | \$378,688 | \$434,211 |
| Judicial Court Reporter | \$14,198 | \$12,084 | \$12,277 |
| DWI Court Administered | \$4,813 | \$3,479 | \$2,065 |
| <u>911</u> | <u>\$443,272</u> | <u>\$350,151</u> | <u>\$299,487</u> |
| TOTAL | \$8,324,682 | \$8,569,403 | \$8,873,079 |
| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| <u>Enterprise Funds</u> | | | |
| Water and Sewer | \$3,459,295 | \$4,016,408 | \$3,702,637 |
| Port, Harbor and Terminal | \$1,630,664 | \$3,430,716 | \$3,219,744 |
| Golf Course | \$0 | \$0 | \$0 |
| <u>Boat Harbor and Shipyards</u> | <u>\$162,431</u> | <u>\$246,346</u> | <u>\$392,897</u> |
| TOTAL | \$5,252,390 | \$7,693,470 | \$7,315,278 |

Interest and Investment Income

Interest and investment income is a relatively minor source of revenue, accounting for less than two percent of total Parish revenues. Interest income peaked at about \$4.6 million in 2007 and is down to less than \$300,000 in 2009.

State and federal grants

State and federal grants are a major source of revenues for Plaquemines Parish. FEMA has contributed between \$40 and \$132 million per year to Parish revenues since the massive hurricane losses in 2005. These funds have been used for a wide variety of public safety and public works projects, ranging from relocation and shelter in 2006 to major drainage and

coastal restoration projects in 2009. Other federal grants have come from the Department of Housing and Urban Development.

The Louisiana Recovery Authority (LRA) is a state agency that has budgeted approximately \$45 million to Plaquemines Parish for projects that support recovery of community infrastructure from the impacts of the hurricanes of 2005. The Parish currently has a list of approximately 14 projects that are identified for use of these funds, but has spent less than \$200,000 of the LRA funds through 2009.

Expenditures

Table 11.12 and Figure 11.4A show the distribution of Parish expenditures by category in 2008. The largest major expense category is Public Works, which constituted \$160 million, or 82percent of Plaquemines Government expenses in 2009 because of post-Katrina reconstruction financed largely by federal funds. **Figure 11.4B** shows how Parish Governmental Funds expenses have changed during the past 5 years. Public Works has usually been a smaller share of total expenses (about 25 percent in 2007). Overall the Parish’s total Governmental Funds expenditures grew from around \$83 million in 2006 to \$196 million in 2009, but most of that increase was explained by increased Public Works expenditures using FEMA funds.

| Total Expenditures, Gov't Funds | 2009 | 2006 | 2007 | 2008 | 2009 |
|-----------------------------------|---------------|---------------------|---------------------|----------------------|----------------------|
| General Government | 8.5% | \$12,224,117 | \$13,524,918 | \$13,440,357 | \$16,734,803 |
| Public Safety | 0.7% | \$42,135,216 | \$39,370,910 | \$1,506,041 | \$1,336,790 |
| Public Works | 81.8% | \$15,129,899 | \$22,634,647 | \$130,972,155 | \$160,804,252 |
| Health and Welfare | 3.6% | \$4,846,003 | \$5,963,991 | \$6,597,241 | \$6,981,521 |
| Culture and Recreation | 1.2% | \$1,718,535 | \$1,704,946 | \$2,136,215 | \$2,386,497 |
| Economic Development & Assistance | 0.2% | \$116,030 | \$67,526 | \$308,170 | \$357,020 |
| Transportation | 2.5% | \$3,219,812 | \$4,119,482 | \$4,552,625 | \$5,012,143 |
| Debt Service | 1.5% | \$4,136,743 | \$4,213,778 | \$4,515,729 | \$2,949,432 |
| TOTAL | 100.0% | \$83,526,355 | \$91,600,198 | \$164,028,533 | \$196,562,458 |
| Revenues minus Expenditures | | \$11,308,085 | \$12,569,538 | -\$17,570,573 | -\$5,927,638 |

Source:
 Plaquemines Parish Primary Government Financial Statements for 2006-2009, Statements B and D.

Figure 11.4A: Total Expenditures, Plaquemines Parish Government Funds, 2009

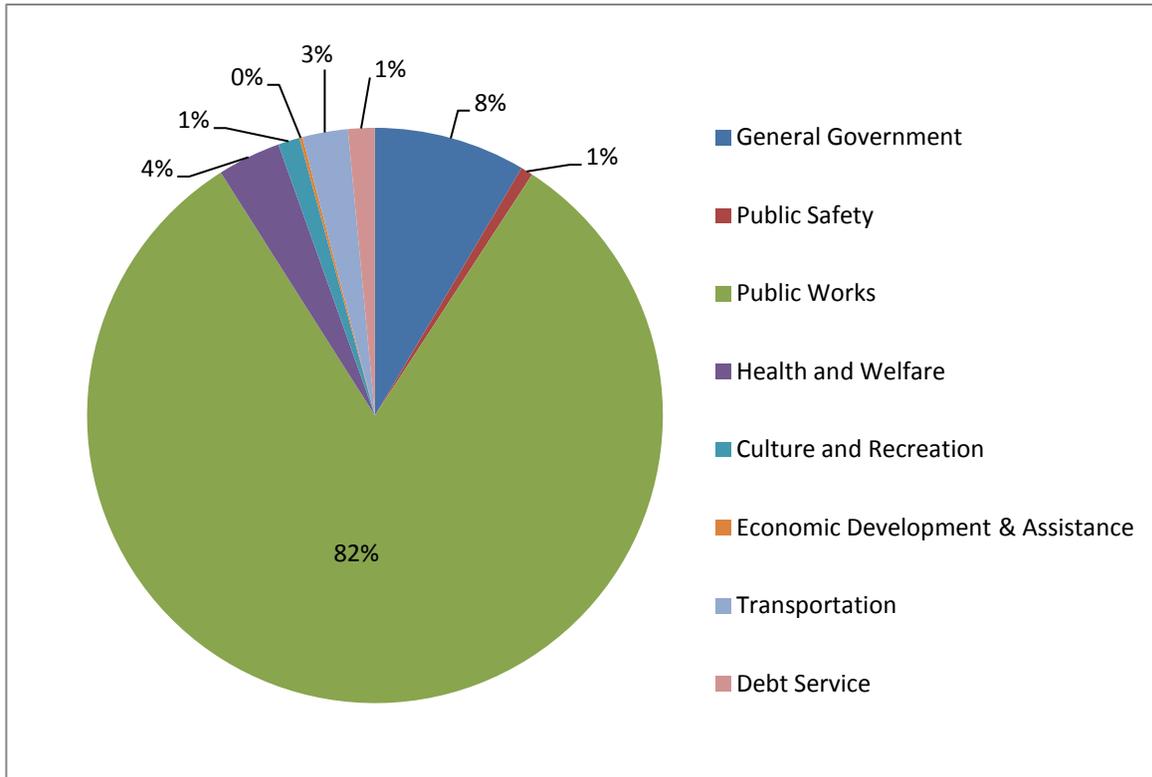
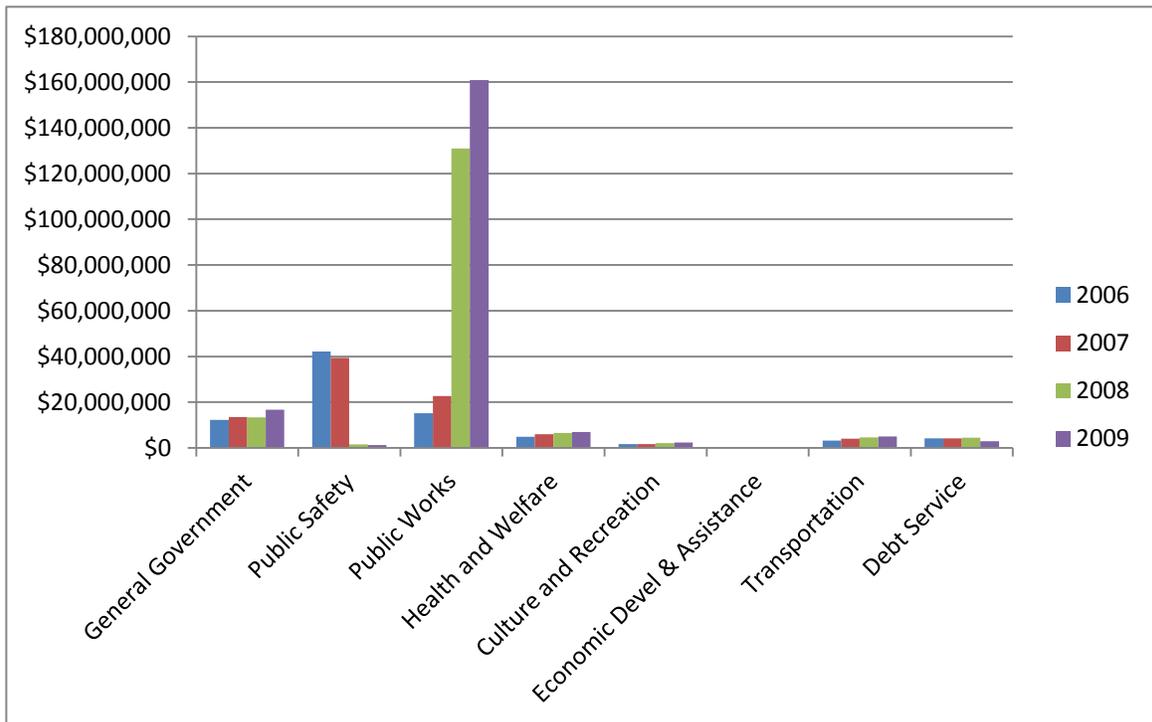


Figure 11.4B: Trends in Total Expenditures, Government Funds, 2006-2009



Governmental Funds 2006-2009

Table 11.13 provides an overall summary of the financial structure of Plaquemines Parish from 2006 to 2009. It is taken from the annual Primary Government Financial Statements for the past four years. It identifies the funds that are used to account for parish revenues and expenditures of various types described above. *Capital projects will be added to this table at a later time.*

The four principal fund types in the Governmental Fund are:

- General Fund
- Special Revenue Fund
- Debt Service Fund; and the
- Capital Projects Fund

The first basic fund is the General Fund. It includes oil and gas revenues as well as revenues from taxes that were shown in **Table 11.1**. The revenues and expenditures in the General Fund pay for the bulk of the administration of the Parish. These funds have varied significantly, and have actually declined about 40 percent since 2006. However the primary reason for this apparent decline is that most federal grant funds have been shifted out of the General Fund in to the Special Revenue Fund (see the “FEMA Management” line item). The General Fund is the only one of the three principal funds that has maintained a positive balance of revenues minus expenditures over the past 4 years.

The second basic fund group is Special Revenue Funds. These are funds that are set aside with dedicated revenue sources each year. They include:

- Road Maintenance
- Public Health
- Solid Waste
- Library
- Transportation
- Criminal Court
- Judicial Court Reporter
- DWI Court Administration
- 911 System
- Witness Fee, and
- FEMA Management

After the massive FEMA Management Fund, the largest of the Special Revenue Funds is Solid Waste, with about \$3.5 million in revenues and expenditures. Typically the revenues cover about 90-95percent of the expenditures. The Public Health fund revenues range between \$1.4 million and \$1.8 million, but expenditures have consistently exceeded revenues by \$2.2 to \$3.6 million annually. The Road Maintenance fund is next largest, with revenues of about \$1.2 million per year, but expenditures have regularly been twice the revenues, resulting in annual deficits of \$1.3 - \$2.3 million per year. Three other funds- Library, Transportation, Criminal Court, and 911 System – fall at the level of \$1 million or less and all have positive revenue

balances for the 2006-2009 period. The remaining funds are all small (less than \$50,000 per year) and generally maintain positive balances each year.

The revenues of Special Revenue Funds were relatively stable until FEMA funds were added in 2008. At that time, Special Revenue Funds leapt from around \$8 million to \$75 million and finally over \$140 million in 2009. The FEMA Management Fund doubled from 2008 to 2009 when it reached over \$132 million.

Enterprise Funds

There are four special government activities of Plaquemines Parish that are considered to be “business-type” activities, or Enterprise Funds. These are:

- Water and Sewer
- Port, Harbor and Terminal
- Boat Harbors and Shipyards
- Port Sulphur Golf Course

Table 11.13 shows the revenues and expenditures for Enterprise funds from 2006 to 2009. The costs of these activities are supposed to be funded entirely from user fees and other direct revenues derived from the activity, not from the general fund. However, the business-type activities of the Parish reported a total operating loss of \$9.3 million in 2007 and \$7.8 million in 2009. In 2009, user charges covered only 46.9 percent of total operating costs, while capital grants and contributions provided 15 percent, and property taxes provided 21.5 percent of the revenues required for these government functions. The largest subsidy among the various Enterprise accounts is the Water and Sewer fund, which lost over \$7 million in each of the three years from 2007 to 2009.

Overall, the conclusion is that Plaquemines Parish has been operating “in the red” on an annual basis for the last two years (2008-9). Doing this requires reducing fund balances each year and increases the likelihood that short term borrowing will become more essential in the future, without a clear path towards solvency.

Capital Improvements Projects

Table 11.14 and **Figure 11.5** summarize Capital Improvements Projects. Plaquemines Parish has a five-year Capital Improvements Program with projects totaling \$218.8 million. The CIP includes \$14.6 million for Hurricane protection and levees, \$45.4 million for flood control and \$45 million for projects funded by the Louisiana Recovery Authority. Less than one-third of the total capital improvements program was funded by state and federal grants. Most of these projects are funded from Plaquemines Parish’s general fund. Approximately \$32.5 million of capital projects are financed with bonds. In 2010 Standard and Poor’s gave Plaquemines Parish an ‘A’ bond rating with a favorable outlook. Moody’s investor Service upgraded Plaquemines Parish’s rating from ‘Baa’ to ‘A3’.

Table 11.13: Summary of Plaquemines Parish Expenses and Revenues, by Fund Type, 2006-2009*

| Sched. | Parish Funds | 2006 | | | 2007 | | | 2008 | | | 2009 | | |
|--------|---------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| | | Revenues | Expenditures | Difference | Revenues | Expenditures | Difference | Revenues | Expenditures | Difference | Revenues | Expenditures | Difference |
| D | General Fund | \$81,526,179 | \$64,968,631 | \$16,557,548 | \$90,657,514 | \$66,960,710 | \$23,696,804 | \$65,989,479 | \$33,138,942 | \$32,850,537 | \$44,814,432 | \$36,886,827 | \$7,927,605 |
| 3 | Special Revenue Funds | | | | | | | | | | | | |
| 7 | Road Maintenance | \$1,195,756 | \$2,521,993 | -\$1,326,237 | \$1,178,418 | \$2,920,426 | -\$1,742,008 | \$1,326,211 | \$3,652,290 | -\$2,326,079 | \$1,378,055 | \$3,468,209 | -\$2,090,154 |
| 7 | Public Health | \$1,599,365 | \$3,826,672 | -\$2,227,307 | \$1,867,814 | \$4,626,387 | -\$2,758,573 | \$1,407,647 | \$4,893,145 | -\$3,485,498 | \$1,501,278 | \$5,114,669 | -\$3,613,391 |
| 7 | Solid Waste | \$3,208,598 | \$3,633,697 | -\$425,099 | \$3,303,757 | \$3,615,144 | -\$311,387 | \$3,730,415 | \$4,027,083 | -\$296,668 | \$3,862,662 | \$3,959,725 | -\$97,063 |
| 7 | Library | \$874,463 | \$575,360 | \$299,103 | \$809,440 | \$527,373 | \$282,067 | \$987,307 | \$708,227 | \$279,080 | \$1,041,811 | \$811,207 | \$230,604 |
| 7 | Transportation | \$324,083 | \$0 | \$324,083 | \$340,460 | \$210,885 | \$129,575 | \$373,423 | \$0 | \$373,423 | \$341,231 | \$462,790 | -\$121,559 |
| 7 | Criminal Court | \$461,972 | \$11,526 | \$450,446 | \$362,478 | \$47,005 | \$315,473 | \$378,688 | \$9,598 | \$369,090 | \$434,212 | \$72,939 | \$361,273 |
| 7 | Judicial Court Reporter | \$18,277 | \$18,277 | \$0 | \$14,198 | \$14,198 | \$0 | \$12,084 | \$12,084 | \$0 | \$12,277 | \$12,277 | \$0 |
| 7 | DWI Court Administration | \$6,135 | \$1 | \$6,134 | \$4,913 | \$2 | \$4,911 | \$3,479 | \$0 | \$3,479 | \$2,065 | \$117 | \$1,948 |
| 7 | 911 System | \$380,095 | \$386,188 | -\$6,093 | \$443,272 | \$399,378 | \$43,894 | \$350,151 | \$482,694 | -\$132,543 | \$299,487 | \$610,285 | -\$310,798 |
| 7 | Witness Fee | \$1,947 | \$0 | \$1,947 | \$140,518 | \$149,661 | -\$9,143 | | | | | | |
| 7 | FEMA Management | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$65,886,213 | \$84,460,753 | -\$18,574,540 | \$132,194,088 | \$115,316,202 | \$16,877,886 |
| | Total, SR Funds | \$8,070,691 | \$10,973,714 | -\$2,903,023 | \$8,465,268 | \$12,510,459 | -\$4,045,191 | \$74,455,618 | \$98,245,874 | -\$23,790,256 | \$141,067,166 | \$129,828,420 | \$11,238,746 |
| 8/9 | Debt Service Funds | \$4,136,743 | \$4,136,743 | \$0 | \$4,213,778 | \$4,213,778 | \$0 | \$4,515,729 | \$4,515,729 | \$0 | \$2,949,432 | \$2,949,432 | \$0 |
| D | Total Governmental Funds | \$93,733,613 | \$80,079,088 | \$13,654,525 | \$103,336,560 | \$83,684,947 | \$19,651,613 | \$144,960,826 | \$135,900,545 | \$9,060,281 | \$188,831,030 | \$169,664,679 | \$19,166,351 |
| 12/13 | Enterprise Funds | | | | | | | | | | | | |
| F | Water & Sewer | \$3,246,997 | \$9,590,827 | -\$6,343,830 | \$3,459,295 | \$10,599,698 | -\$7,140,403 | \$4,016,408 | \$11,184,009 | -\$7,167,601 | \$3,702,637 | \$11,408,458 | -\$7,705,821 |
| F | Port, Harbor & Terminal | \$1,644,413 | \$2,761,743 | -\$1,117,330 | \$1,630,664 | \$3,471,776 | -\$1,841,112 | \$3,430,716 | \$3,283,963 | \$146,753 | \$3,219,744 | \$2,899,825 | \$319,919 |
| | Golf Course | \$0 | \$95,840 | -\$95,840 | \$0 | \$68,727 | -\$68,727 | \$0 | \$31,702 | -\$31,702 | | | |
| F | Boat Harbor & Shipyards | \$0 | \$435,110 | -\$435,110 | \$162,431 | \$474,316 | -\$311,885 | \$246,346 | \$929,086 | -\$682,740 | \$392,897 | \$832,898 | -\$440,001 |
| | Total, Enterprise Funds | \$4,891,410 | \$12,883,520 | -\$7,896,270 | \$5,252,390 | \$14,614,517 | -\$9,362,127 | \$7,693,470 | \$15,428,760 | -\$7,735,290 | \$7,315,278 | \$15,141,181 | -\$7,825,903 |
| | TOTAL ALL FUNDS | \$98,625,023 | \$92,962,608 | \$5,758,255 | \$108,588,950 | \$98,299,464 | \$10,289,486 | \$152,654,296 | \$151,329,305 | \$1,324,991 | \$196,146,308 | \$184,805,860 | \$11,340,448 |

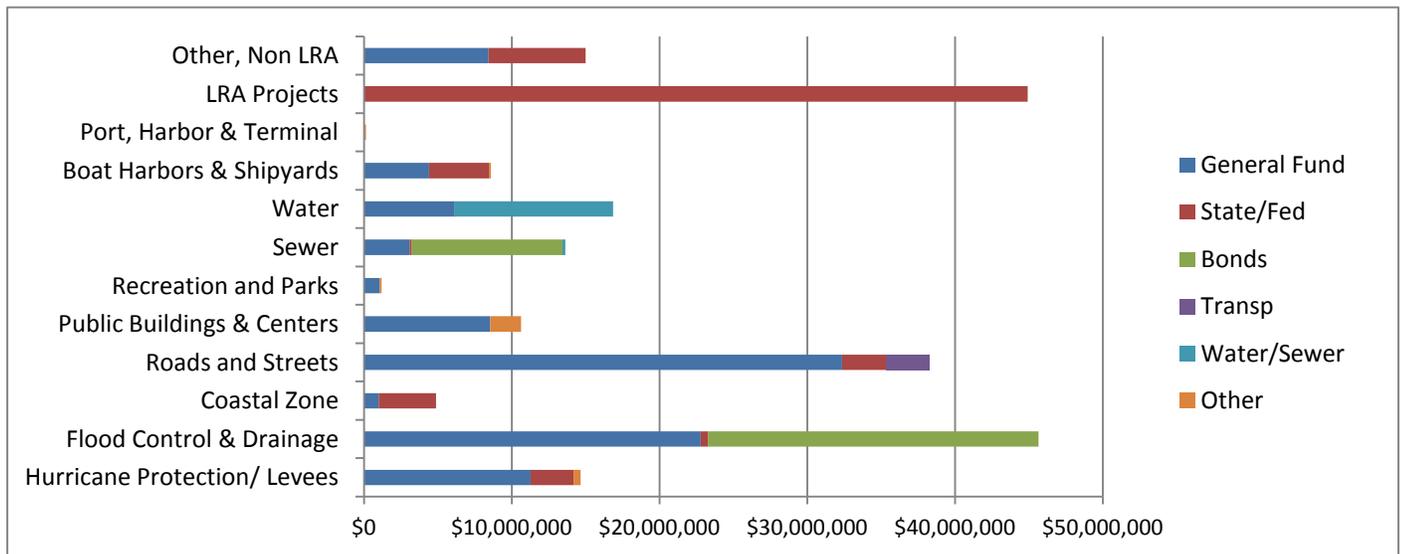
*Any negative balances are adjusted by fund transfers.

This page was intentionally left blank for two-sided printing.

Table 11.14: 2010 Capital Improvements Projects for Plaquemines Parish

| Type of Capital Project | General Fund | State/Fed | Bonds | Transportation | Water/Sewer | Other | TOTAL |
|------------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|--------------------|----------------------|
| Hurricane Protection/ Levees | \$11,278,229 | \$2,915,000 | | | | \$458,000 | \$14,651,229 |
| Flood Control & Drainage | \$22,783,270 | \$500,000 | \$22,355,240 | | | | \$45,638,510 |
| Coastal Zone | \$990,000 | \$3,879,540 | | | | | \$4,869,540 |
| Roads and Streets | \$32,360,120 | \$2,997,000 | | \$2,946,880 | | | \$38,304,000 |
| Public Buildings & Centers | \$8,530,930 | | | | | \$2,096,000 | \$10,626,930 |
| Recreation and Parks | \$1,059,400 | | | | | \$125,000 | \$1,184,400 |
| Sewer | \$3,095,690 | \$142,800 | \$10,193,880 | | \$197,200 | | \$13,629,570 |
| Water | \$6,098,190 | \$10,000 | | | \$10,756,000 | | \$16,864,190 |
| Boat Harbors & Shipyards | \$4,401,460 | \$4,059,460 | | | | \$112,800 | \$8,573,720 |
| Port, Harbor & Terminal | | \$50,000 | | | | \$80,000 | \$130,000 |
| LRA Projects | | \$44,925,800 | | | | | \$44,925,800 |
| Other, Non LRA | \$8,433,000 | \$6,552,360 | | | | \$12,100 | |
| TOTAL | \$99,030,289 | \$66,031,960 | \$32,549,120 | \$2,946,880 | \$10,953,200 | \$2,883,900 | \$214,395,349 |

Figure 11.5: Capital Improvements Projects



Annual Budgeting Process

The Plaquemines Parish Government uses the calendar year as its fiscal year. The Department's budgeting process starts in September when Departments are supposed to submit their budgets for the coming year to the Parish President. The Administration's proposed budget goes to the Parish Council in October. The Administration is required to submit a balanced budget without drawing on any of the previous year's unspent fund balance or any of the undesignated reserves generated from oil and gas revenues.

Issues and Needs for the Future

Issues in the Existing System

Government Finance Issues:

- Cost-Efficiency of Parish Government
- The "Crisis-Management" orientation of Parish Government
- Reliance on grant funds
- Reliance on oil and gas revenues
- Decrease in economic strength
- Deficits in certain Enterprise Funds
- Under-pricing of fees for use of facilities and services
- Capital project evaluation and selection

Big Decisions and Questions

1. Winning sufficient state and federal grants to achieve goals in coastal restoration and flood control
2. Realignment of fee structure to achieve cost recovery in Enterprise Funds
3. Seeking greater diversity and stability in sources of revenue

Government Finance Issues

Cost-Efficiency of Parish Government

Three related issues may combine to increase the cost of government in Plaquemines Parish in the future:

1. the extended geography of the Parish
2. the reconstruction of community service centers throughout the Parish
3. the shift and growth of population in Belle Chasse

The extent of service area to be covered for most household based services, such as schools, fire protection, public safety, garbage collection, recreation, libraries, and social services is very large. The reconstruction of pre-Katrina facilities to their former extent, despite the very low density of population in the southern end of the Parish, will make these services inefficient and expensive to operate on a per capita basis.

Meanwhile the increase in population in Belle Chasse creates new service demands there that will also require construction or expansion of public facilities with the related cost of personnel, operating and maintenance cost once these facilities are constructed and opened for service.

The “Crisis-Management” Orientation of Parish Government

Hurricane Katrina required heroic efforts of Parish leaders in life-or-death circumstances. It required high dependency on rapid-fire centralized decision-making, and heightened dependence of the population on government assistance. It totally disrupted the measured and routine functions of service delivery. The Horizon oil disaster has caused a renewal of this ‘crisis-management’ style of government. This stress takes a toll on the people in government who also have to make sure that basic public services, safety, public works, and administrative functions remain operable. So far, major lapses in service have not occurred, and this is due to the dedication of the leadership. However, it is inevitable that some things, such as cost control, long-range planning, and management improvements, have had to wait and will need to be addressed in a more deliberate way once the crisis subsides.

Reliance on Grant Funds

As shown in Table 11.1, federal grants in 2009 accounted for over 70 percent of the Parish’s total Governmental Funds revenues. Most of these funds were from FEMA and are being spent for large scale coastal restoration and public works projects that relate to recovery from hurricane damage. These funds have made it possible for unprecedented efforts to protect the coastline and rebuild damaged infrastructure and public facilities. However there are at least two risks that need to be considered in the long run. One is that the current high level of federal participation in the recovery effort will change in the future, perhaps leaving some long-term projects incomplete. The second source of risk is that the construction of new infrastructure and facilities will commit the parish to increasing costs of maintenance and operation without a viable source of revenues for those costs.

Reliance on oil and gas revenues

Oil and gas revenues for the Parish are providing an important financial “cushion” to Parish budgets, providing an extra 20percent to 30percent to the annual budget. However these funds rise and fall according to oil prices that have been relatively volatile. The drop from 2008 to 2009 was particularly steep- over \$25 million reduction in a single year. It is not clear what the impact of the Horizon oil spill and the related moratorium will be on oil and gas revenues for the Parish in 2010.

Decrease in Economic Strength

The combined effects of the hurricanes of 2005 and the Horizon oil spill disaster have weakened the local economy, especially the water-related commerce. One of the first needs after the closure of the fishing and seafood industries was food for families and children of the unemployed. The Parish needs to launch an economic recovery study and plan to identify ways to diversify the economy and retrain workers in idle industries to earn their livelihoods in a new way.

Deficits in Certain Enterprise Funds

Enterprise funds are typically government-funded projects that are intended to be run in a business-like manner so that revenues meet or exceed expenses. Revenues are usually received from fees for services. The financial data in Table above shows that the combined balance sheets of the four enterprise funds (Water & Sewer, Port, Harbor and Terminal, Boar Harbor and Shipyards, and Golf Course) have run an average deficit of approximately \$8.2 million per year for each of the past four years. The bulk of this deficit has come from the Water and Sewer enterprise fund, which is recovering only one third of its expenses each year.

Under-pricing of Fees for Use of Facilities and Services

This issue is related to the previous issue of enterprise funds not recovering their full cost. The root cause of deficits in enterprise fund accounts may be that the related user fees are too low. However, there are many other fees for licenses, permits and other services in the parish that have remained at the same level for many years. These fee schedules also need to be examined to ensure that they are set at a level that are commensurate with the cost of delivering the service. This examination would consider the full cost of the service as well as a comparison of Plaquemines Parish's fee structure with that of other parishes to see if they are in line.

Capital Project Evaluation and Selection

The Plaquemines Parish's multi-year capital improvements program is relatively new and has grown very large. The list of projects is not drawn from an overall master plan and is subject to political considerations and frequent changes. Plaquemines Parish needs to establish a carefully organized and well-managed approach to identifying capital project needs, identifying and evaluating project feasibility and project alternatives, creating reliable cost estimates, prioritizing and capital projects, and considering their impacts on operating budgets and the environment. A process for doing this will be outlined in the Community Agenda.

Big Decisions and Questions

Big decisions needed to address these issues include:

1. Winning and sustaining sufficient state and federal grants to achieve goals in coastal restoration and flood control. This is such a huge and long-term effort that a strong Master Plan and continued active lobbying efforts in Washington are essential.
2. Realignment of fee structure to achieve cost recovery in Enterprise Funds. A study is needed to examine who is benefitting and what they should be willing and able to pay, comparing fees for other nearby parishes. The study should examine the fee structure to evaluate the potential revenue, efficiency and equity implications of a variety of fee structures, such as a variable fee, graduated fee that increases with usage, or two-part fee structure, compared to a flat fee structure.
3. Seeking greater diversity and stability in sources of revenue. Just as the employment profile of the parish needs to be diversified, the funding sources of the Parish also need review to decrease reliance on oil and gas revenues that may be falling in the long-run for reasons that the parish cannot control.