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Memorandum

To: **Mike Cooper**
St. Tammany Parish President

Mike Lorino
Chairman, St. Tammany Parish Council

From: **Chris Masingill**
Chief Executive Officer, St. Tammany Corporation

CC: **Members of the Revenue Review Advisory Committee**
Listed in Appendix A

Date: 21 April 2021

Re: St. Tammany Revenue Review Advisory Committee Findings and Recommendations

I. Mission and Official Charge

The objective of the St. Tammany Revenue Review Advisory Committee was established by the St. Tammany parish president, in collaboration with council leadership, to be a community-based advisory committee with the following charge:

Our parish is at a juncture wherein sustainable revenue as compared to necessary expenses to support the services of our residents and businesses deserve is reliant upon nonrecurring fund balances. Therefore, this special ad hoc committee shall undertake a time-sensitive review of the financial health of this parish, giving particular consideration to the present revenue stream as compared to the financial obligations of St. Tammany Parish and provide whatever recommendations or comments deemed appropriate.

II. Introduction and Summary

The Revenue Review Advisory Committee is a community-based advisory task force that has been established by the parish president and council leadership to conduct an objective, independent review of the parish government's finances and determine a path toward sustainable revenue in our parish for state-mandated expenses. The committee is made up of community representatives from all sections of St. Tammany's residential makeup, including both public and private representatives.

As the independent economic development organization and trusted advisor for our key government leaders in St. Tammany, St. Tammany Corporation was asked to provide facilitation, coordination, and project management support for this special committee.

Based on the parish's current revenue stream, financial projections show that if action is not taken, parish government will have depleted existing available funds in the general fund by March 2022. The focus of this group has been to conduct a holistic review of the financial situation of the parish, determine what, if any, action is needed, and offer recommendations to the parish president and council leadership on a course of action. This memorandum will serve as the official report to provide a summary of the findings of the committee.

The committee met 11 times beginning mid-December of 2020, meeting for a minimum of 90 minutes each time. The first four meetings of the group were Q & A sessions with Leslie Long, Chief Financial Officer for St. Tammany Parish Government, and Tiffany Carrasco, Deputy Chief and Chief Administrative Officer of the St. Tammany Parish Sheriff's Office, the primary tax collecting body in the parish. The group also had the opportunity to hear from the district attorney's office, which outlined their budget, financial relationship with the parish, and needs; and the parish's bond counsel, which outlined the requirements for adding a ballot initiative to a forthcoming election. Subsequent meetings of the group were to evaluate and study the information provided and deliberate on potential courses of action, weighing the pros and cons of each. The group also participated in a budget workshop meeting dedicated to gaining a greater understanding of the parish's financial responsibilities, processes, and general fund needs.

The committee was encouraged to conduct this process in an expedited timeframe. On April 14, 2021, after extensive discussion and review of all information available, the committee voted on their final recommendation, which is for a 0.40 cent sales tax with a seven-year term to be put to a parish-wide vote later this year.

III. Guiding Principles

The committee operated under a consensus, and all official actions and recommendations were voted on by the committee members. Finding it important to keep the process on track and fulfill their obligation within the designated timeframe, the committee identified the following five guiding principles to direct their responsibilities as a group:

- Honesty
- Integrity
- Transparency
- Focus on mission
- Dedication to evaluating all available options to determine a path forward

IV. Needs Assessment

The committee requested and received extensive information on each relevant agency's financial situation, including budgets, state-mandated costs, expenditures and funding sources, projections, and changes made to address the failure of the sales tax renewal ballot initiatives in 2016, 2017, and 2018.

The parish has implemented reductions in services and used alternative funding sources to address a total of \$18.4 million in expenses since the first failure of the sales tax renewal in 2016. To sustain the parish with basic operations would take a minimum of \$16 million, or \$18 million for enhanced basic operations. Currently, the parish is funding state-mandated expenses with the general fund, which will be depleted by March 2022. These funds are used to cover the costs of the criminal justice system, including state-mandated expenses such as the jail, Justice Center, courts, and district attorney's office.

A summary of state-mandated expenses is as follows:

St. Tammany Parish Government	\$7,217,816
Sheriff	\$12,078,819
<i>Jail building: maintenance, capital plan, and feeding and keeping of prisoners</i>	
22 nd Judicial District Court	\$3,432,018
22 nd District Attorney	\$8,052,327
Total	\$30,780,980

Once the committee agreed that a revenue-generating action needed to be taken, the decision-making process involved discussing the following:

1. Target Revenue Amount range
 - a. \$18,000,000 to \$21,999,999
 - b. \$22,000,000 to \$23,999,999
 - c. \$24,000,000 to \$25,999,999
 - d. \$26,000,000 or more
 - e. Other
2. Revenue Generation Type
 - a. Additional Sales Tax
 - b. Additional Millage/Property Tax
 - c. Combination of Sales and Property Tax
 - d. Other
3. Term
 - a. 5 years
 - b. 7 years
 - c. 10 years
 - d. Other

In the debate surrounding the most effective course of action, committee members suggested that a sales tax has a built-in growth element that will scale up as population, and therefore retail sales, increase. A sales tax will also be paid by both residents and non-residents alike, as opposed to an increased property tax, which only affects property-owning residents within the parish boundaries. On the other hand, other committee members suggested that sales taxes were regressive and disproportionately affected lower-income residents of the parish, as they would expend a greater portion of their income on the tax than higher-income residents and non-residents. The committee agreed that the option of re-dedicating other funds to the general fund would reduce funds available for infrastructure such as roads, bridges, and drainage, or for emergencies. Additionally, the committee agreed on the importance of there being a singular ballot measure with the intent of generating revenue for the parish general fund to avoid confusion (rather than, in the event of a combination sales and property tax, two ballot measures). After significant debate, the committee voted to center the recommendation on a sales tax option only.

V. Proposed Recommendations

After studying and discussing the supplemental materials provided by the parish administration, sheriff's office, and district attorney over the course of nearly 20 hours of meeting and discussion time, the committee came to the conclusion and voted that (1) action must be taken, (2) the best course of action is to seek the re-establishment of a revenue-generating mechanism to fill the gap in the budget, and (3) the most reasonable mechanism is to seek public support for a 0.40 cent sales tax with a term of seven years for the specific purpose of funding the parish's state-mandated responsibilities to the jail, District Attorney's office, and 22nd Judicial Court. This option would yield an estimated \$22.24 million in revenue for the parish annually. It is important to note that the committee voted to submit a recommendation

that will generate less than the identified amount needed to restore services to the previous amount as of 2016. The agreed-upon amount and term were designed to gain public trust and understanding that the tax could be temporary and is meant to cover only necessary expenses, particularly state mandates.

Additionally, the committee strongly recommends that a thorough, transparent public information campaign is deployed to educate the residents, voters, and taxpayers of St. Tammany on the ballot initiative. The committee emphasizes the importance of ensuring that each voter understands why the issue is on the ballot and makes their decision armed with the most complete information possible. The committee also believes that it is imperative for the parish president, parish council, district attorney, sheriff, municipalities, other elected officials, and business and community leaders to stand united in their dedication to educating the public about the current parish fiscal issue. Elements of a public education campaign should include:

1. Historical context of the parish government’s budget situation, including incomes, expenditures, cuts, downsizing, and other steps already taken to address the shortfall
2. Potential consequences of inaction, including insolvency, suspended services, layoffs of staff, loss of businesses, jobs, and corporate taxes, and/or entering into a receivership with the state
3. Who the sales tax will affect, including residents and many non-residents
4. The limited term of the tax, which would last seven years before needing to be renewed by voters

VI. Appendices

- a. Revenue Review Committee Members
- b. Meeting Notes Summaries

Appendix A: Revenue Review Committee Members

Community Sector	Committee Member
Northshore Business Council	John Ammerman
Faith-Based	Donald Avery
Recreation District	Richard Bentley-Smith
Law Enforcement	Tiffany Carrasco
NHBA	Kyle Cooper
Municipality	Greg Cromer
General Citizenry	Ed Dillard
Assessor (Designee: Matt Faust)	Louis Fitzmorris
Economic Development	Michael Gambrell
Judiciary	Judge AJ Hand
Clerk of Court	Melissa Henry
General Citizenry	Chris Hnatyshyn
Fire	Chris Kaufmann
St. Tammany Levee Drainage and Conservation District	Suzanne Krieger
District Attorney	Warren Montgomery
Fire	Ken Moore
General Citizenry	Richard Muller
Tourism	Donna O’Daniels
Coroner	Dr. Charles Preston
Education	Terri Prevost
Chamber	Alan Thriffiley
Non-voting Executive Staff	Leslie Long, CFO
Non-voting Executive Staff	Gina Hayes, CAO
Non-voting Executive Staff	Cary Menard, Chief, Civil Division, District Attorney’s Office, 22nd JDC
Parish Council	Jerry Binder
Parish Council	David Fitzgerald
Parish Council	Mike Lorino
Parish Council	Rykert Toledano



St. Tammany Parish Revenue Review Committee Meeting Notes

Wednesday, December 2, 2020

6:00 p.m.

Via Zoom

1. Welcome and Introduction
Parish President Mike Cooper
St. Tammany Corporation CEO Chris Masingill
2. Overview of Initiative: Purpose, Goals, and Timeline of Committee
Councilman Rykert Toledano
Councilman Mike Lorino
3. Review of Budget Briefing Memo
St. Tammany Parish CFO Leslie Long
4. Questions and Input from Committee Members:
 - Why can't capital funds be used to mitigate gaps for operating expenses since capital funds have a balance?
 - Typically, capital fund balances are reserved for future capital needs, but technically they could be used for operations in accordance with the tax proposition.
 - Does Tammany Utilities turn a profit?
 - Yes, annual revenue exceeds operating expenses, and those excess funds are used for capital needs.
 - What amount do we need to fill the gap?
 - \$8.8 million, which is much less than the \$20 million that was previously generated by the 0.25% tax that expired in 2018. We need half of that—\$10 million.
 - Does the 2021 budget include funding from the CARES Act? How much did parish government receive from CARES Act?
 - St. Tammany Parish agencies submitted claims of \$120-130 million. Allocation from the state to STP agencies was \$28 million. CARES money is not included in the 2021 budget. Grants are budgeted monthly when awards are received.
 - Who is the bond rater for the parish? When was the last time the parish was rated?
 - Standard & Poor's; Most recent rating was last week, when the District 3 sales tax (allocated for roads, bridges, drainage, etc.) was rated AA+.



- Point of clarification: Operating budget from the Road tax is sufficient; the shortfall of \$9-10 million is for state-mandated expenses.
- Why would we try to increase revenue coming in rather than cut expenses?
 - That is open for discussion; this group is to look at all options to mitigate the shortfall. Also, cuts have already been made.
- Discussion: one of the tasks of this group should be to figure out how to sell higher taxes, or restoration of previously implemented taxes, to the public, who must vote on the issue. This group must show the public that parish government is doing everything possible with the means currently available. Most people believe parish government should cut taxes further, which is not a viable option, so the first priority should be a public education campaign to show what has been cut already and how we got to this point. Need to see detailed expenditures reports from specific departments, like the jail and justice center, speak to representatives of those departments, and see their budgets.
- Are state-mandated budgets negotiated with departments each year?
 - Yes, but they do not change much each year.
- What is the total amount that the parish supports the sheriff's office with?
 - The jail costs \$20 million to run; the Sheriff reported that \$11-12 million of that is the parish's responsibility. This has been negotiated down to \$9-10 million. Otherwise the parish has no additional responsibility to the sheriff's office.
- What if the sheriff asked taxpayers for additional revenue to fund the jail?
 - Should be last resort.
- Discussion: Deadlines are an effective strategy for creating urgency when messaging this issue to the public; for example, letting them know that funds will run out in March 2022. Need to create a timeline and projections. Would be helpful to see the 2022 budget to show how the problem will quickly worsen. Show how services that the public depends on will not be able to continue.
- Are there fund balances other than the 3 funds presented (General Justice, Public Health). Are they encumbered?
 - Yes, there are other dedicated fund balances. However only these are eligible for these mandated expense.
- What if we move taxes around and change the way they are encumbered/spent?
 - That is an option but would require voter approval



5. Next steps

Chris Masingill

- This group has been charged by parish government leadership to complete two tasks: (1) study the current budget and review sources, then (2) make recommendations for mitigating the shortfall.
- We are now in the first of three phases:
 - Phase 1: Fact finding, information gathering – through the end of 2020 and into January 2021
 - Phase 2: Committee deliberation through January and February
 - Phase 3: Develop recommendations and formally finalize to present report by March 31st

6. Conclusion – 7:20

St. Tammany Revenue Review Committee – 1st Q & A Session

Notes

Wednesday, December 16, 2020

6:00 p.m.

- How was this committee derived?
 - The group was selected in a collaboration between President Cooper, Council President Lorino, Vice President Toledano, and Councilman Fitzgerald. The committee was selected to represent multiple sectors of the community.
- How many people represent segments of parish that will be taxed/private entities?
 - Northshore Business Council, Homebuilders Association, Chamber, and private citizens are represented in the group.
- Should the group submit questions in email format, then have them answered in future committee meetings?
 - Yes, it is helpful to have questions in writing for record-keeping purposes. We will compile questions and answers into one document and keep the group updated.
- When will the proposed 2021 budget be passed?
 - A special Parish Council meeting has been called for December 29th at 3:00 p.m. Amended ordinances on operating budget are \$7.8 million moved from roads/bridges/drainage to capital fund for capital projects
- In the last meeting, someone mentioned the possibility of redirecting fund balances?
 - Shifting funds is a possibility.
 - It makes sense to move surplus funds rather than increasing the tax burden on residents.
 - Whatever the tax proposition says, that's how funds must be spent until voters decide to change proposition.
 - Everything is on the table; we should be thinking outside the box and leaving nothing unturned.
 - Someone asked if shifting/rededicating funds is commonplace; the City of Covington put it to a public vote twice, both times passing overwhelmingly
- Can we have a report on which funds have a surplus? Can we get specifics?
 - Yes, we can provide a one-pager.
- Although the largest pot of money is in the road tax (drainage, bridges, roads), it is a misnomer to consider it much of a surplus because of the volume of infrastructure projects needed— traffic, drainage. Moving too much money may not be the best course of action.
 - The coroner's office has a five-year plan of development; you don't want to shift too much money around because there needs to be an amount left for emergencies and unexpected expenses. We need to focus on reoccurring surpluses.
- What is the annual deficit? What is the projection for the next five years? What did the past five years look like? Can we have a graph?
 - Annual deficit would be covered with about \$10 million if parish does not use fund balances; parish is using remaining fund balances in 2021

- One alternative is to raise taxes; people hate that. Another is to cut parish spending. How would we hypothetically cut parish spending? A third option is to move/shift funds. Are there any other creative alternatives?
 - The only spending that could be cut is undedicated sources of revenue from the general fund, about \$12 million. The parish depends on the general fund because of past cuts. The parish has tried increasing permitting, planning, and zoning fees.
- One concern is that the previous parish administration made more cuts than we are aware of. What is the minimum needed to run the Justice Center and jail? That would be helpful to know going forward as a point of reference. We don't want to rob Peter to pay Paul. How many projects can be completed in the life of a voted tax amendment?
- In the budget, technology—is that personnel and budget?
 - It is both.
- Reminder that Congress is working on federal legislation; federal money could be coming to state and local governments to help. Think of what the state's trigger might be. Maybe that money could cover some of the deficit. The total amount for the bill being finalized was about \$905 billion; we will know what's in the final draft on Friday.
- What is the reduction in taxes when Medline leaves?

St. Tammany Revenue Review Committee – 2nd Q & A Session

Notes

Friday, December 18, 2020

12:00 p.m.

- Real estate tax: how is the dollar value for each millage derived
 - Depends on geographic area of tax. We have been discussing parish-wide taxes, whereas lighting, recreation, and fire districts, for example, have different boundaries within the parish, so the tax generated and mills on taxable values are different within those different districts. In the past, the assessor has said that one mill tax parish-wide generates about \$2.1 million. However, the amount generated per mill in those different districts will equal a different amount.
- How is that dollar amount per mill calculated?
 - Assessed property values can be based on land, improvements, etc. The assessed value is divided by 1,000 and multiplied by mills. Millages are not constant for each taxpayer; their millage depends on where and in what district they live.
 - The grand recap – report from Assessor: assessed value less homestead exemption and taxable amounts at the end of each year
- In 2017, Richard Lambert Consultants did a study of the Justice Center to review the tenants, number of employees when Justice Center opened vs. number of employees at time of study, square footage needs, storage needs. There is a list of improvements/expected capital projects for equipment in the packet provided for the first meeting of this group.
- Who is the landlord of the Justice Center?
 - Justice Center is owned and operated by Parish Government through the Department of Facilities Management. Department Director is Bruce Crouch. On-site building manager is Scott Appe, who runs day-to-day operations. They regularly meet with the tenants, or agencies that occupy the space in the Justice Center regarding their needs, etc.
- Would they have information about rents collected for the Justice Center?
 - Operation costs are allocated based on square footage by the Finance Department based on information from the Facilities Department. Facilities Dept. provides Finance Dept. with square footage by tenant and by floor so that the facilities charges for each agency can be calculated. For example, the cost for the judicial court is high because its square footage includes both offices and courtrooms.
- How much was the last proposal that failed to pass set to generate?
 - The tax was for one-fifth of a cent for about \$9 million per year. It was also expanded to include 10-20% for specialty courts, which are currently funded by grants (about \$2 million per year). There are 7-8 specialty courts, including veterans court, behavioral health, etc., which needed sustainable funding to continue.
 - The original proposition was for a strict renewal, a quarter-cent sales tax for the jail and a quarter-cent for the Justice Center.
 - Would generate about \$12 million each
 - The other proposal was for one-fifth of a cent sales tax for each, and the expanded purpose of funding the specialty courts.
 - Would generate about \$9 million each

- Point about sales tax: the tax burden is placed not just on residents but also on visitors and travelers.
- What alternative strategies has parish government contemplated so far?
 - Sales tax
 - Property tax; 4-8 mill range
 - Enterprise fund; increasing permitting fees
 - Civil case fees (modeled by neighboring parishes)
 - Would need to work with the Clerk of Court on developing
 - Parcel fees on the taxable value of a property
 - Since these expenses are mandated to all parishes by the state, is there a funding solution through the state? E.g. are constitutional millages for general alimony an option?
- How much will the millages that have already been approved generate once they roll forward?
 - Most are dedicated for library, STARC, COAST, animal services etc., but one will roll forward to the general fund, and it could generate \$240,000-\$250,000. The remainder of the \$2.5 million will be dedicated.
- Expound on reallocation of existing funds
 - Voters must approve either rededicating funds for “any legal use” or reducing one millage and increasing the other. Alimony cannot be increased because it is constitutionally set. All reallocation requires voter action.
 - No funds can be reallocated by the parish president or council.
- Discussion: it seems like most options require a public vote. How do we sell to the public whatever this committee’s proposed solution is?
 - In the past, the voters likely misunderstood what they were voting for. They were voting to create a deficit, not halt spending.
 - Voters need to understand that they are voting to cut services that make the quality of life in St. Tammany outstanding and that voting against funding the jail and Justice Center, they are effectively voting to close the fishing pier, library, etc.
- How do we recruit industry to make an investment to fill in the gap?
- What is the parish’s existing plan to fill in the gap?
- At some point during this process, we need a worst-case scenario from the parish to show a clear picture of the impacts of the cuts to personnel and services on residents.
- We must educate voters on where money comes from and is spent. It is not possible to continue to cut more employees. Voters must understand mandated expenses.

St. Tammany Revenue Review Committee – 4th Q & A Session

Notes

Thursday, January 7, 2021

12:00 p.m.

- What has been done to maintain the same \$19 million budget for several years?
 - The two biggest factors have been the decrease in billets by 81 around 2017-2018, plus the outsourcing of medical services. 60% of operating costs are personnel-related. Every penny in the jail is monitored closely. New food bids are put out every three months to keep costs down.
- Does the jail have difficulty retaining staff?
 - It is a constant battle; low entry-level salary and challenging work result in high turnover. The sheriff's office tries to maintain a positive work environment and offer multiple opportunities for training and advancement to increase retention and employee satisfaction.
 - Corrections positions are a starting point for individuals pursuing a law enforcement career, so 4-5 years in corrections before moving on is considered a good amount of time. St. Tammany also has a high cost of living, so the dept. has lifted residency requirements to allow officers to live in neighboring parishes.
- Is the present salary level adequate?
 - The sheriff's office works with officers to get certified and receive state supplemental pay.
 - Work environment is also a factor; working with inmates for 12-hour shifts is difficult work.
- Is there a maximum salary?
 - No, but each year the sheriff's office can typically give employees a merit-based or cost of living raise. The annual raise was 2.5% for many years, and the SO strives to maintain 2.5% as a minimum. The year that the jail tax did not get renewed, it was not possible to provide the raise, but there were 3.75% raises the next two years after that.
 - The pay scale was previously unchanged from about 2007 to about 2016. Entry level never got a cost-of-living adjustment. Now it is moving up to 1.25%/year, which is not keeping up with inflation, but is at least moving toward closing the gap.
 - Within one year of being in law enforcement, officers are eligible to receive state supplemental pay. After basic training, officers go through a 12-week POST academy for POST 2 certification, which makes them eligible for state supplemental pay, about a \$6,000 increase.
 - Employees undergo annual performance evaluations to see what their goals are, which helps to put them on a career track.
- How does St. Tammany measure up to neighboring parishes with regard to our deficit? A \$4.5 million shortfall is about a 22% deficit that the sheriff's general fund must cover. Is that what happens in other parishes?
 - It varies. Some have dedicated property taxes/sales taxes. Many SOs and parish governments have disputes over funding and reimbursements. In St. Tammany, both sides work together.

- What works best and what is on your “wish list” as to how to close the \$4.5 million gap?
 - The sheriff would like to see the committee come up with a creative solution to work with what we have. Both the parish and the SO have made cuts to respond to reductions in funding and need to figure out how to otherwise mitigate the deficit.
- **Explanation of Jail special revenue fund on page 2 of packet:**
 - Parish government pays the SO \$8.1 million, state supplemental pay is about \$575,000, the Dept. of Corrections re-entry program reimburses about \$1 million, commissions (earned from inmate phone calls etc.) equal \$650,000, salary reimbursements (paid by municipalities when a deputy drives inmates to pick up trash for litter abatement, for example) \$52,000, Keeping of Prisoners (per diem funds from Dept. of Corrections for federal inmates housed in St. Tammany) \$5.9 million.
 - The \$4.5 million deficit for the jail is paid by the SO’s general fund. However, the deficit will grow when it becomes more difficult for parish government to pay their \$8.1 million.
- What about the rest of the Sheriff’s Department? How are they doing fiscally?
 - The rest of the department is doing fair fiscally, maintaining adequate fund balance, has enough funds to get through a few years of the deficit in the jail by transferring funds to fill the gap. Continuing to look for inefficiencies and come to solutions to close the gap.
- At one time, there was a portion of the sales tax dedicated to law enforcement/sheriff?
 - The SO’s main funding in the general fund is the property/sales tax. There are some civil commissions for foreclosures/ticket collections, and intergovernmental agreements, where some agencies in the parish hire the SO to do services, for example, court security, 29 school resource officers, etc.
- People seem to be more inclined to vote in a new tax, sales tax or property tax, when there is a specific use of the funds communicated. If we ask the parish to have a tax on the ballot without specifically saying it is to fund the jail, for example, people will be more reluctant to vote for it.
 - The sheriff is reluctant to ask the public for more funds because of how many times the public has rejected additional taxes.
 - A review of dedicated funds and exploring rededication options could help with the committee’s decision on recommendations
- Is the library funded through the general fund or through a dedicated tax?
 - Dedicated tax—between 5 and 6 mills and brings in over \$10 million
- Is there a recommendation for how we should approach trying to get additional money for these needs that have been presented?
 - Reviewing which departments are funded by dedicated taxes, for example, those which are not supported by the general fund and not state mandated. The general fund supports \$19 million in state mandated costs for court system, jail, offices of Justice Center, salaries and benefits for staff District Attorney’s office and judicial court. There is only \$12 million in revenue, which is where the deficit is: state mandated costs.
- Is the \$5.8 million towards the keeping of prisoners only for staffing the jail or is it also used for meals, uniforms, etc.?
 - It first goes to cover the basic care and custody needs of inmates: per diem, medical, food, clothing, basic needs. It is not intermingled with the parish inmate cost.

- With regard to a recommendation from the committee, cuts in operating expenses are not really an option. There could be options in which we find a potential revenue stream that could perhaps be rededicated or partially rededicated. Before anything is put to the public, we must show that there is no other way to pay for state mandated expenses. Rather than having two separate propositions to fund the jail and justice center as in the past, perhaps it could be put under an umbrella for the “criminal justice system” which would be specific to the state mandated operating costs.
- With regard to being specific about the use of funds: in the past, before previous votes, there were specific needs communicated for the jail/justice center for both operating and capital expenses. They turned it down three times. We need to be creative, maybe more specific, and emphasize the need if we do go to the public. We do need to exhaust all possible solutions before going to the public.
- We need to know what has been cut so far. We need a bare-bones budget for the justice center, and jail. The public did not trust communications about the taxes they voted down last time. What are the negative effects of further cuts? What services will be the first to go when the general fund runs out of money to fund the jail and justice center?
- If the parish no longer had to fund capital improvements to the jail and courthouse, what would the deficit be?
 - Deficits communicated so far have not included capital
- Is it correct that \$1 million or so was being used to fund capital improvements for the jail?
 - The 10-year plan has \$1 million/year. For 2021, the projects presented are \$237,000, funded by the capital fund with jail sales tax that was on hand when the bonds were paid off.
- People may be more inclined to vote for funding brick-and-mortar/tangible items. It seems we could have a tax to cover capital improvements and save the \$1 million/year.
 - Most capital improvements (roads, bridges, drainage, coroner, library) are paid for by dedicated taxes for their specific purchases.
- STREIF: St. Tammany Retired Employee Insurance Fund. A benefit of working for parish government agencies, including the Sheriff’s Office is that, once an employee retires, the SO continues to pay a portion of their employee benefits including medical insurance. Those payments have to be funded as retiree receive benefits, so STREIF is structured to fund future obligations. This is a way that governments retain their talent without being able to pay higher salaries.
- Logistically, what is the collections process? Does the SO collect taxes and write checks to dedicated funds?
 - Taxes are due at various times—property taxes at the end of the calendar year, sales taxes monthly—depending on when the taxes are due, each month, the SO settles all cash received, usually on the 10th of the month or a certain number of days from receipt to payment. Each department settles the cash to the appropriate taxing authority. Any cash the SO has collected is disbursed based on the millages or voter-elected sales tax percentages.
 - Library tax, for example: collected and disbursed to the parish and flows through the general budget down to the library.
- Need to show the public the budget and stress where the needs are.

St. Tammany Parish Revenue Review Committee

Meeting Notes

Wednesday, January 13, 2021

6:00 p.m.

Via Zoom

Introductory Comments

- We are now in 2021, which means we are no longer talking about “next year,” we are talking about “this year” when we are talking about steps that need to be taken before the end of the year. We have to make up revenue in order to fund mandated costs for operations in the jail and Justice Center.
- We are at this point due to failure of sales tax ballot initiatives in 2018 that formerly provided funding for those expenses.
 - This committee’s mission statement reads: “This committee shall undertake a time-sensitive, comprehensive review of the financial health of this parish, giving particular consideration to the present revenue stream as compared to financial obligations of St. Tammany Parish, and provide whatever recommendations and comments deemed appropriate.”
 - This committee has two and a half months, until the end of March, to complete this charge.

Guiding Principles Discussion

- It would be helpful for the group to engage in the exercise of setting our core values or guiding principles that we can return to in order to keep in lockstep and hold ourselves accountable to the principles we set.
- One concern is that we have moved beyond the scope of this committee’s charge. The scope now seems too wide, and we will never finish reviewing thoroughly enough within the timeframe given. We need to have an in-person workshop with the Finance Department.
 - We also need to be able to review two years of cuts that have already been made and at least one year of projections beyond 2021.
 - We also need a list of mandated expenses for the jail and Justice Center.
- **Guiding Principles:** honesty, integrity, focus on mission
- There has been an emphasis on sales tax; is there a way we could consider a property tax? This seems to be fairer than a sales tax.
 - Before discussing sales tax vs. millage, etc., we need to determine the funding amount needed to fill the gap. Then we can determine next steps, but it is too soon now.
 - **Note:** about 76% of property taxes are paid by residents rather than businesses.
- We haven’t even discussed re-funding the reserves yet, only filling the deficit.
- Understanding that budgets have already been cut to the bone, one **guiding principle** could focus on generating revenue. There is no way to cut our way out of this. Two principles:
 1. Focus on new tax revenue
 2. Educated public on consequences of failing to address the gaps in the budget
 - Communicate to public that without action, the parish will likely be bankrupt.
- **Guiding Principle:** transparency
- **Guiding Principle:** looking at all options, not just concentrating on cutting spending or increasing revenue alone.
- Need to review St. Tammany Parish’s core values and ensure that the committee’s principles are in alignment.
- The parish can provide five years looking back for actuals and 10 years forward with inflation factored for expenses.
 - Major cuts so far at the Justice Center have been to:
 - Security, from about \$1.4 million in 2016 before the tax failed, to about \$850,000
 - landscaping, grass-cutting now done in-house
 - janitorial
 - Enterprise fund created for development office to move expenses out of the general fund
 - Increased permitting and development fees

- What is the dollar value that the parish is mandated to fund that we can't pay for?
 - The total cost that we are unable to cover is about \$8 million, and we rounded up to \$10 million
 - Reminder: when Chief Carrasco spoke with the group, she pointed out that that does not include capital, and the jail's 10-year capital plan is about \$1 million/year.
 - That's why we landed in the \$11 million range without adjustment for inflation.
 - The sheriff's office is funneling \$4 million from their general fund. The parish and the sheriff's office have a difference of opinion on mandates for several items.
- How much were the taxes generating before they failed?
 - Each tax generated just over \$12 million/year for a total \$24 million
 - The \$24 million was generated from a ¼ cent, failed, then was changed to a 1/5 cent and designated purpose toward the specialty courts which are now funded by grants, which also failed
- Need to review the mandated costs given to the agencies within the Justice Center, plus the Sheriff's office, separate from the operation/capital expense for maintaining the JC and buildings, which are the parish's responsibility. It would be helpful to see what the parish is paying the different agencies in the JC (DA, Judge) in order to see what the parish is responsible for in terms of salaries, etc., that are beyond maintenance/operation of facilities.
- Many of the parish departments were formerly funded from the general fund, and now the parish uses a cost allocation plan to charge costs to funded depts. Where the parish provides internal services. There were also facilities (airport, Camp Salmen, small polling places/community centers) that were funded from the general fund which are now funded through an economic development tax revenue from the parish's reserves. The parish was trying to move its dependence away from the general fund in order to use the GF primarily for mandated costs. The parish's share of costs in the general fund are now in the \$500k-600k range out of the \$12 million in revenue. The rest is used for mandated costs. Not just for the two buildings, but also for funding staffing in the judicial courts, DA's office, registrar of voters, etc. The judges and the DA get \$7 million in salaries and benefits for their staff.
- We are the fourth largest and fastest growing parish in the state. The quality of life of our people should be a **guiding principle**.
 - Ditto; it is important to remind people that St. Tammany is not New Orleans.
- The three options before this group seem to be:
 1. Reallocate
 2. Cut
 3. Seek new revenue
- It's important that the public knows that since the taxes failed, the parish has had to resort to using general fund/reserves to make ends meet.
- St. Tammany should be the model; we must be able to provide services to residents. The public should be educated with data.
 - If we continue to cut services, business recruitment would be impossible.
- This committee must agree on the definition of "mandate."
- Question: how are cooperative endeavors for recreation handled? Is parish completely responsible for maintenance of the Tammany Trace? Are the municipalities responsible for the stretches of the Trace that run through their city limits? The state should also maintain the stretch of the Trace that runs through Fontainebleau.
 - The trailheads, if located within the boundaries of a municipality, are funded by the cities.
 - The Trace is maintained by parish government.
 - The parish does get money from the state through the St. Tammany Parish fund, which is a visitor enterprise fund, a statutory dedication through House Bill 1. The parish's portion of that fund is about \$288,000, which comes from the state sales tax collected at STP hotels. It goes straight to STP government and goes toward funding the Trace, Camp Salmen, and the Slidell Fishing Pier.
 - The cost of maintaining Camp Salmen is about \$300k-500k, the Trace over \$1 million... \$288k from the state is not sufficient to cover all costs.

- A subcommittee should be able to take a deep-dive into the budget, like in a two-hour, in-person workshop. There are many misconceptions about taxes and spending in this parish. This committee must ask tough questions in order to understand and educate the public.
 - We need well-paid, educated, happy parish workers.
 - it would also be helpful to distribute to the public charts and graphs to help them better understand.
- This committee needs to think beyond the short term. One of the guiding principles should be winning back public trust, a long-term goal.
 - Another long-term goal is economic development: diversifying the tax base and increasing corporate taxes.
 - Bond financing for capital improvements
 - Increasing millages
 - It would be helpful to know how many millages would be needed to cover the deficit.
- **Going forward:**
 - Most committee meetings will last for about 90 minutes
 - We will prioritize evening meetings, which work best for the most group members.

St. Tammany Parish Revenue Review Committee

Meeting Notes

Thursday, January 21, 2021

12:00 p.m.

Via Zoom

- Guiding principles concerns:
 - We need to have the word “exactness” or “conciseness” included in the guiding principles.
 - We need to define the term “mandate.”
 - We need to have an attorney review the state mandated expenses.
 - We need a short-term solution that deals with long-term consequences.
 - The appeal to voters needs to be clear, with sufficient, concise info, taking into account inflation and 5- and 10-year parish projections.
- The sheriff’s office and the parish have differences in opinion on who is responsible for certain expenses. These differences include:
 - Sheriff’s employees who perform functions in booking and bonding staff at the jail
 - Methods of charging transportation costs: mileage-based vs. cost of staffing and equipment
 - Allocation of general fund positions from finance to sheriff for oversight of jail
- The parish administration and sheriff’s office have compromised, and those costs in excess of what the parish is able to fund are funded by the sheriff’s general fund.
- State statutes are not clear, which is why there is litigation in parishes across the state. In some parishes, the parish purchasing department orders food for the jail, whereas in St. Tammany, the sheriff’s department handles food. The parish and sheriff’s office agree on the payment of items like security staff and support functions, but responsibility for bonding, transportation, etc. are less clear. By mandate, the sheriff funds security for jail, therefore inmate transportation staff must be responsible for security. Bonding staff does not have to be an officer or provide security. There is no clear guidance from the state. In parishes that have litigation, they try to get the parish and sheriff to agree instead of revising statutes to be more clear.
- Since the expiration of the tax, there has been a written agreement year by year. For the first year, costs were split based on what was agreeable to both parties. The most recent agreement expired December 31, 2020. The parish and sheriff are currently operating with no agreement, but one is in the works and should be signed by the end of January.
- In Deputy Chief Carrasco’s presentation, there was a gap between the agreed amount that the parish pays, \$8 million, and the amount that the sheriff’s office believes the parish is responsible for, \$10 million.
- The jail tax’s eligible use was for the jail only. It could be used either for the state mandated jail costs, or other costs pertaining to the jail.
- State mandates:
 - “good and sufficient buildings” which would be the jail and justice center facilities, including the cost of feeding and keeping prisoners. This includes healthcare.

- Salaries and benefits for staffing in the criminal justice system, including the courts and district attorney.
 - In the past, these have been funded by the general fund because the parish did not view this cost as an eligible use of the justice center or jail sales taxes
- Expand on the mandated cost for the DA's office: what does it include, how much is it, and has it increased over the last few years?
 - There are several statutes; the parish must provide office space (Justice Center in Covington and Towers Building in Slidell) and staffing.
 - The DA's office receives funding from the state for warrants for the DA and Assistant District Attorneys. These salaries are set at about \$45,000/employee, so salaries in excess of that warrant are paid by parish government, and they are on the parish's benefit plan. The secretaries, investigators, etc. are provided salaries and benefits by parish government. The parish provides some salaries and benefits for about 250 employees.
 - Law books, copiers, other operating costs are also covered by the parish.
 - There was a lawsuit in Washington Parish years ago that discussed funding for District Attorneys' offices. St. Tammany Parish works closely with the DA's staff because it is located in STP, but the district includes Washington Parish as well.
- It seems the sheriff's budget is doing all right financially, without the issue of funding the jail, is that correct?
 - The current sheriff made cuts to the budget immediately, and the budget for the jail is bare-bones. Operating costs have not increased (even though insurance, etc. goes up every year). Sheriff's office is managing the budget well for now, but we need a new funding source from somewhere.
- The sheriff is responsible for security for parish jail by mandate, so if the parish doesn't have enough money but the sheriff does, it seems like the sheriff should pay more of the jail expenses so that the parish doesn't have to ask for as much money from the voters.
 - The sheriff has to more than just provide security for the jail. The sheriff is the tax collector and law enforcement agency for the parish. The sheriff seeks funds from grants and collects funding from law enforcement district taxes. It would not be appropriate for the sheriff to pay for the responsibility any more than the school board should pay for the parish's responsibility. Each agency is independent and must manage its own budget. If the sheriff's office had to cover the shortfall, it would have to pull back and cut services. Residents of St. Tammany don't want to see the sheriff's office cease doing what it's charged to do, even if legally it could.
- Major requests for information that need to be addressed for future meetings:
 - Is this group restricted to considering a sales tax, or are we allowed to consider a property tax as well?
 - Everything is on the table, and every possible avenue is to be considered. More options will be explored as we move forward. We can either expand resources we currently have, explore sales tax, explore property tax, or re-arrange funding sources if they are not being used on a recurring basis. There could a hybrid of multiple choices.

- Is it possible to receive a line item showing income from various taxes including sales and property taxes in order to see where they are being collected and where they are going?
 - The fund balance schedule sent by Elizabeth on Friday, January 15, shows recurring revenue amounts, spending, net change per year, and fund balances. She will send again as a follow-up to this meeting.
 - Sales tax district 3 is the only sales tax we have worth 2% in unincorporated areas. It generates about \$50 million per year. There may be excess capacity in that tax where its use could be expanded.
- How much did video poker revenue generate before it was voted out? Gaming and other voluntary taxes could help fill the gap.
 - Louisiana legalized sports betting in Nov 2020. The devil is in the details and we know it is still being worked out.
 - Does the State of Louisiana have plans to tax that action?
 - Is there room for St Tammany to tax the action that comes from within our parish boundaries?
- What about other private entities bringing in a small casino or other large projects (like Medline) that could bring revenue into the parish? Should we consider such ideas?
 - In the economic development realm, there are several projects in the pipeline, although nothing is ever set in stone. Our main goal is to create the right environment for businesses to be recruited and encouraged to expand or locate here. We want it to be as easy as possible for businesses to start up, relocate, and grow here. We have three major targets for industrial recruitment and development, and logistics, transportation, and distribution is a major industry sector that St. Tammany has a competitive advantage and opportunity. The Port of New Orleans, interstate infrastructure, and workforce are huge marketing points for St. Tammany that need to be supported by government and a friendly regulatory environment, and we are aggressively working on developing an easier process. We can't currently share the projects in our pipeline because they are confidential, but within the next 30-60 days we will be able to tell you more. Our taxes are not competitive, which is why we must use the tools we have, including ITEP and PILOT, to offset that. We cannot be competitive if regulations create challenges.
- What happens if there is no additional revenue identified? What services will have to be cut?
 - The courthouse can't be closed, and the DA office already feels like it is not sufficiently staffed. It's not clear what will have to happen. We may need to hear from the DA and courts.
- We need to ensure that the temporary emergency cuts that have been made don't become long-term inefficiencies. We need to figure out how to get back to efficient, normal operations.
- Next meeting: Tuesday, January 26, at 12:00
 - We will identify a date in February for in-person meeting on the budget to drill down and get better understanding

- We will allocate time in a future meeting to hear from DA Montgomery to get a complete picture of parish agency budgets. You can submit questions to the DA before we meet with him and his office.
- We will provide some clarity on the pathways that are available for this group to make recommendations.

St. Tammany Parish Revenue Review Committee

Meeting Notes

Tuesday, January 26, 2021

12:00 p.m.

Via Zoom

- Opinions:
 - We need to educate the public that we are dealing with a portion of a tax that the entire parish operates on and workers depend on for their salary. The public needs to understand that they are paying for labor when they are asked to renew/add a new tax. We should see the DA's budget.
 - The committee needs to consider: there is no reason for the parish to run the DA's budget. The DA can ask for his own tax from the public.
 - We need a dedicated proposition for facilities (Justice Center, Jail) over a 20-year period.
- The initial construction of the Justice Center was over \$40 million, and the jail bond was \$18 million. Around 1988, the parish bonded out the funds to build both facilities. The debt service was paid from the taxes that came in. There was an intergovernmental agreement between the parish and the sheriff that all taxes collected with regard to the jail less than the amount needed to service the debt were held by the sheriff, so he maintained those funds and fund balances, if there were any, in a jail special revenue fund. For the Justice Center, those funds were transferred to the parish, and the parish managed those funds. The DA, judges, registrar of voters, etc. each year submit a budget to the parish. Their 200+ support staff employees were not funded by the JC tax; their salaries were paid by the general fund. The JC tax paid for the building and some operating costs: copiers, law books, substitute court reporters, bailiffs, minute clerks, etc. The parish did not use the JC tax for the personnel of those offices of the DA or judges. The parish did use the tax for building/facilities management staff.
- When did the parish finish paying for the bond and capital projects, and how did the fund balance change?
 - The bonds were paid off around the same time the tax ended, because they could be bonded out through 2018. The parish paid off the bonds, and there was a reserve fund in the bonds, about \$3.4 million for the JC, and that money was placed in the capital fund. That is why there is extra money in the capital fund balance.
 - The JC bond note was for around \$3.3 million/year and the one for the jail was about \$1.8 million.

Summary of what we know so far:

- Gap is \$18 million
 - Would \$18 million be enough to rebuild reserves?
 - No
- Expenditures can be broken up into: building expenditures, payroll/operations, technology, jail
- 10-year average for forecast is \$26.6 million
- The general fund will be depleted if it is relied on
- Services—many of which are funded by grants—that will be lost:

- Recreation
 - Beautification and landscaping
 - Lighting for roads
 - Future projects
- Opinion: Reserves should not be a slush fund; they should be for unforeseen emergencies to give Parish Council the latitude to deal with them appropriately.
 - State-mandated costs are the issue; if we separate those costs and require the mandated agencies to pay for them. To sell to the public, you must reserve the funds.
 - \$18 million is the likely number to ask for and justify, but we are going to leave it open as we gain more info, the needs assessment could change. We need to be specific about the capital improvement budget to public. We could get a small millage; one mill could be about \$2.3 million.
 - The committee will deliberate on the issue of a millage during Phase 3 of this process as we begin to vote and deliberate.
 - The committee must decide on a number; need to see the schedule. The parish will provide the updated schedule so that the committee can make an informed decision.
 - The committee also needs to meet with DA and sheriff so that everyone is on the same page.
 - Both the parish and the sheriff's office agree to use 2% inflation costs for projections on the jail operating budget.
 - Note: the parish is not responsible for state and federal prisoners
 - Can the assessor back-calculate (or project) the revenue of a millage?
 - One mill generates \$2.3 million per year
 - A 1% tax (like the parish-wide school board tax) divided in half would be close to \$50 million per year which is in excess of what is needed.
 - In 2019, the law enforcement tax brought in about \$13 million, which is 0.25%.
 - If we are looking at capital improvements, should we look at them for the entire parish and not just the jail and Justice Center?
 - Rededicating funds for roads and drainage could be a mistake; they are not in a condition to be cut. The money is just not being spent. St. Tammany Parish needs good roads and drainage. The parish should not rob Peter to pay Paul.

Summary of this group's options:

1. Increase property tax
2. Increase sales tax
3. Expand scope of existing tax
4. Combination of property and sales tax increases
5. Reduction/reallocation with no additional revenue stream

Next meeting:

Tuesday, February 9, 12:00 p.m.
 In person – Parish Council Chambers
 (Zoom option will be available)

St. Tammany Parish Revenue Review Committee

Meeting Notes

Tuesday, February 9, 2021

12:00 p.m.

In-Person/Zoom Hybrid

- We need to see the budgets for the three years before the tax failed. The language in the previous ballot referendums does not reflect what we are learning about today. The general public has no clue that there is such a significant number of positions affected by the failure of these taxes, or that the parish has had to fund mandates out of the general fund. We need to recoup what we've lost and build back up the reserves.
- We should start refunding the mandate to free up funds to use for other areas that need it.
- The parish should focus on generating a dedicated tax for the Jail and Justice Center in order to begin building up the general fund again.
- There were two ¼ cent sales taxes that failed to renew, not just one. The funds generated from those two taxes were dedicated to the Jail and Justice Center. They included construction and operations of those facilities. They brought in about \$24 million per year in 2018-2019. Now, they would be bringing in about \$26 million.
- We urgently need industry to help us; we are in a crisis.
- We need to spell out that a new tax would retain new services that we don't want to lose.
 - Specialty courts are funded by grants, about \$2 million per year. If the grants run out, the courts would have to go away.
- Faith-based perspective:
 - The plan needs to have sight and vision for the future, and the focus should be on becoming a better parish to live in for people who will come after us.
 - We don't need to ask people how much they are willing to spend; instead, we should show them which services they want and need from local government would be affected.
 - Sales taxes affect the poor disproportionately; we need a different solution, potentially a combination of sales tax with a property tax.
- The ¼ cent sales tax failed because people did not want to pay when there was no debt for the Jail and Justice Center. A 2/5 cent sales tax was also voted down in the past.
- We have got to be more clear than we were historically. A combination of sales and property taxes could be more palatable for people.
 - Or a bond, which would be a short-term fix.
- The **parish bond counsel** will be in upcoming meetings to answer questions on tax propositions, timing, language, sales tax caps, etc.
- **Question:** what is the amount we need?
 - A: \$29 million, which would be all-inclusive with restored services
 - B: \$24 million, close to 2018 revenues
 - C: \$18 million
- **Discussion:**

- \$29 million is unreachable.
- Not only must we decide on an amount, we also need a message that the voters can understand.
 - The message: the sheriff's office and parish need to be able to stop supplementing state-mandated costs.
- We need to restore trust in elected officials and government so that when we do ask voters for a new tax, they understand that we have done everything that we can and have no other options.
- Would prefer not to go to the public with an ask during a pandemic when individual people and families are suffering themselves.
- Do we ask for the bare minimum, and ask for the rest later, or ask for the full amount at once?
- Sales tax revenues are up \$6 million from 2018-2020.
 - We haven't looked at sales tax revenues because it is not relevant; it is not used for state-mandated costs.
- The issue with adding a ½ cent to sales tax is that it would put some sales taxes over 10%, which is unrealistic to ask for.
- \$20 million seems like the right amount to ask for.
- New Directions 2040, the comprehensive plan that the parish is working on, should encourage industry and commerce to help fill in the revenue gap.
- **Recommendation:** ask voters for ¼ cent sales tax and one or two mills. Before we ask, we should renew voters' confidence in government.
- Do we need to make sure in our recommendation that we cover the amount that the sheriff currently covers (and is not required to do so) – i.e. ask for an amount now and have to ask for more later?
 - Projections do include the amount that the sheriff is currently paying.
- If we do a combination of sales and property tax, would we have the ability to roll the property tax millage forward or backward in the future based on need?
 - That could be a selling point, that voters could get that money back if the tax revenues are managed well.
- People need the perspective that we (parish government) are out of options. In the final report of recommendations, we will list consequences.

St. Tammany Parish Revenue Review Committee

Meeting Notes

Tuesday, February 24, 2021

12:00 p.m.

Via Zoom

- Question of whether the parish has the legal capacity to submit to voters for additional sales tax: yes, parish does have the authority, so it is an option.
- New sales tax is implemented on the first day of the first new quarter following the vote.
 - So, if a sales tax was passed in the November 2021 election, it would begin to take effect on January 1, 2022.
- New sales tax must have a stipulation determining the term of the tax. In Louisiana, sales taxes can be perpetual or have a stipulated term, with no limits on terms.
 - New millages must have a fixed term, with no limits on the number of years in the term.
- As far as the purposes of the sales tax, local governments have pretty broad authority when it comes to structuring the proposition and the purposes for which the sales tax revenue is used. The same goes for new millages.
- Under state law, there is a 200-word limit for proposals with no summaries allowed.
 - Previously, there was a 400-word limit, and before that, no word limit.
- If there were both a sales tax and a millage on the ballot in November 2021, the sales tax could go into effect in January 2022, while the millage would not go into effect for the 2022 tax roll, with receipts coming in January 2023. The revenue from a new millage would be realized for the parish in 2023 at the earliest.
- If there were both a sales tax and a millage on the ballot, they must be separate propositions.
 - Many reasons; practically, the 200-word limit would be a challenge, plus it would be difficult for the Attorney General, Secretary of State, and state bond office to approve.
- Can current sales tax be re-dedicated?
 - The two-percent sales tax district 3 sales tax was re-dedicated and extended in 2005, and its purposes were expanded to include drainage in addition to its original purposes from the 1986 election. The proposal also provided specifically for intergovernmental agreements with municipalities. Those purposes can be expanded again.
- Reminder: one mill = \$2.3 million net
 - One mill = \$2.38 million gross
- Collections are typically 98% or more on parish-wide millages.
- If we rededicated sales tax currently meant for streets, after paying bond, a large amount of the \$52 million goes to public works to provide maintenance for roads and drainage. Only \$14 million per year is left over, which is not enough for the road work we need done.
 - The sales tax expires December 1, 2031.
- The debt service for the bonds that mature in 2031 is about \$6.4-6.5 million per year.
- Is there additional bonding capacity for the parish? Would it make sense to look at bonding as a source of money to offset the deficit?

- It is a possibility and something we could look at.
- Bonding is a large amount needed immediately for a specific purchase.
- Expanding the purpose of the existing tax would be limited to its expiration in 2031
- The parish receives approximately \$50 million from the district 3 sales tax. In 2019, 15% was disbursed back to the municipalities but is funded by unincorporated St. Tammany.
 - The reason these intergovernmental agreements were put in place was that at the time, the municipalities were expanding and had utility capacity, and the parish saw that they could lose revenue as the municipalities expanded. So the parish approached the municipalities and offered this revenue sharing agreement as an incentive to keep the cities from expanding.
 - It's not that the unincorporated areas are supporting the municipalities; they are entitled to what they are getting through a valid agreement.
- Does the sales tax exceed 10% in any part of Louisiana?
- Isn't it better to have specific dedicated sales tax rather than general purpose? For instance, millage for road maintenance only.
- Have there been any tax elections in Louisiana recently, and what kind of tax (sales/property)?
 - Yes, there have recently been successful tax elections
- The tax needs to be for a specific use, e.g. for state-mandated funds, to get public support.
- Need to show the public how money is being used, and how it needs to be used.
- What is the surplus in the \$50 million, and can it be guaranteed dedicated to the justice center and jail?
 - The surplus is about \$5 million.
 - When it goes into the fund balance, it has been used for large projects, such as matching funds for infrastructure projects like the widening of I-12.
- Could the surplus be used for additional projects?
 - Yes; there is a five-year capital plan of projects that have not been funded.
- Under the upcoming stimulus, a large amount is set to go to state and local governments; will that help St. Tammany?
 - Senator Cassidy is working on the [SMART Act](#) that assists local governments without having to reduce local services.
- Need to show the public that we have considered every alternative.
- We can't have the exact same proposition that failed three times. That would be a mistake.
 - The bond attorney will follow up on recent sales and bond passages in Louisiana and what the proposals were.
 - We need to be clear in the proposals that the funds will be dedicated to specific purposes that voters will support.
- A ¼ cent tax would bring in \$13 million per year.
- A 1/5 cent tax would bring in \$10 million per year.
- A 1/3 cent tax would bring in \$17 million per year.
- Bonding for operating expenses is not a good idea. Only capital improvements are appropriate.
- How active in bonding out their revenue streams are other taxing entities in our parish? If these entities did more bonding for capital projects, these bodies would not need to roll millages forward. The school board is the largest benefactor of our tax dollars. Second, if you aggregated the fire districts, they are the probable second largest benefactor of tax dollars, then parish government next.

If we were more active in using bonding for our capital projects, this goes to the point that we need to gain public trust back. We could really advertise this to the voting public. Overall, between taxing bodies, taxes stay the same or are not being increased.

- We do have a surplus in our fund for drainage and roads that could technically be moved around, but the bottom line is that we are not saving people taxes when we have money coming into the fund and it is not getting used for its intended purpose. No cuts to this fund will get past the council. Trying to move that money could kill this entire initiative. It's parish government's responsibility to use the money, and there are plenty of road maintenance projects to use it on.
- The biggest concern in whatever our final conclusion and proposal will be is the timeline of when the combination of sales tax, millage, etc., would have to go on a ballot. Because we already have on the March 2021 ballot a millage for Slidell Memorial Hospital. Also, in April, there will be a millage renewal for drainage on the ballot. So the fear is that voters will have tax fatigue. The main priority with this initiative is to educate the voters on why.
- Sales taxes are regressive. The person making \$10 per hour pays the same percentage as someone who pays \$200 per hour, but it is proportionally greater on people with lower incomes. On the other hand, you get to tax those people passing through the parish and other visitors. I prefer a temporary sales tax over an ad valorem tax.

St. Tammany Parish Revenue Review Committee

Meeting Notes

Wednesday, March 3, 2021

6:00 p.m. – 7:30 p.m.

Via Zoom

- Opening presentation from Chairman Lorino – see PowerPoint slide deck
- Options:
 - Full restoration – \$29 million
 - Basic services only – \$16 million
 - Basic services with a cushion for maintenance – \$18 million
- It would be fiscally irresponsible to not support our residents with services. This committee affirms that there is a need to take immediate action, and this committee has been charged with making recommendations.
- A $\frac{1}{3}$ cent tax or even a $\frac{1}{2}$ cent tax would not cause a sales tax exceeding 10% anywhere in the parish.
 - It would be ok to choose to do a 0.35% sales tax for \$18 million/year.
- It would be impactful for the community to see the sheriff, parish president, mayors, and district attorney at a press conference jointly communicating the dire need for additional tax revenue. Having a united leadership is more important than anything and would ensure that the tax would pass.
- The 0.40% tax barely failed. That outcome shows us the possibility for the next outcome, especially since this committee of respected people in the community has put so much time into figuring out our next best steps. We will have the parish council in alignment as well. Taxpayers are likely to pass a 0.35% tax.
- Three things bother most people: crime, drainage, and potholes. Need to speak to people's needs.
- A combination of a property and sales tax may not be a good idea anymore. A sales tax that is lower than the previously proposed 0.40% could be the best path forward, and now is the wrong time to ask for an additional property tax.
- While a sales tax would bring in revenue immediately, it is a regressive tax because it disproportionately burdens the poor. If people like living in St. Tammany Parish, they should be willing to pay for the services needed to protect the quality of life here.
- St. Tammany has some of the highest mills in the state, and Slidell has the highest in the parish.
- Branding a sales tax initiative as a "criminal justice tax" could be impactful.
- 0.33% tax = \$16.4 million/year
- 0.35% tax = \$18 million/year
- Need to hear from the DA before making additional decisions.
- Need to consider the delay in collecting property taxes, which would bring in revenue in 2023 at the earliest.
 - Remember, the parish will run out of money in the first quarter of 2022.
- For perspective, it would take 7.8 mills to fund what a 35¢ sales tax would fund if we went to all mills
- Need to discuss time stipulation; how long will the tax be collected before it needs to be renewed?

- Branding as a criminal justice tax is fine, but understand that this will not cover all costs for the jail and district attorney. The sheriff will have to renew his own tax eventually. One concern is that the public will reject the sheriff’s tax, saying “we already gave for criminal justice and safety.”
- Need to avoid asking for more than the parish asked for three years ago (0.40% sales tax)
- If gaming revenue is approved, what is the projected revenue stream it would generate, and where would it be dedicated?
- Need to get behind economic development and grow industry to pick up some of the slack in terms of tax revenue.
- Direct mailers and digital media could be used in the run up to the tax election
 - How could we fund the direct mailers?

Remaining Meetings

Thursday, March 11, 2021

12:00 – 1:30 p.m.

Via Zoom

<https://us02web.zoom.us/j/87625443606>

Dial In: 301-715-8592

Meeting ID: 876 2544 3606

Thursday, March 18, 2021

6:00 – 7:30 p.m.

Via Zoom

<https://us02web.zoom.us/j/82804055234>

Dial In: 301-715-8592

Meeting ID: 828 0405 5234

Final Review Before Submission

Wednesday, March 31, 2021

12:00 – 1:30 p.m.

Via Zoom

<https://us02web.zoom.us/j/88600405869>

Dial In: 301-715-8592

Meeting ID: 886 0040 5869

St. Tammany Parish Revenue Review Committee

Meeting Notes

Thursday, March 11, 2021

12:00 p.m. – 1:30 p.m.

Via Zoom

- Opening presentation from Tony Sanders, DA Montgomery's office – see PowerPoint slide deck
- Complete cost breakdown and summary is on Slide 13
- The parish, District Attorney, and Sheriff all need to be on the same page in terms of the exact amount needed for each entity; otherwise, we might shortchange ourselves and end up having to return to this process again to negotiate who owes whom what amount. The Sheriff, DA, and parish president must be able to stand together before the public and understand what amount we are seeking based on need.
- If two or three million more are needed for the DA's office in order to relieve the parish of a burden of that size, we should increase what we are seeking by that amount.
- Will the DA stand with the Sheriff and Parish President when we move forward to adopt a new tax?
 1. Yes, the DA will be supportive, and it is appreciated that President Cooper has involved the DA in this decision-making process, because before each of the three previous tax renewal failures, the DA's input was never solicited.
- In addition to the DA, Sheriff, and Parish President, there should be a collaborative effort to support the initiative between all elected officials parish-wide—parish council, coroner, etc.—in order to get additional funding passed.
- "The definition of insanity is doing the same thing over and over again and expecting different results." We take our time in coming up with an agreement that can both satisfy the parish's funding needs long-term and get passed when put to a vote.
- The messaging during the previous three attempts/failures was too complicated. The current drainage renewal initiative has bold simplicity in its messaging regarding drainage. We can use that same type of messaging to emphasize the need for our DA, jail, judges, Sheriff, etc. We have a fresh opportunity to get public support.
- Additional funding is needed to keep the parish functioning; staff are already cleaning their own offices, etc., and there are no more additional cuts possible. However, property taxes and parcel fees are hard to sell to the public. Another option, reallocating/rededicating existing revenue, is also not a good idea; it is effectively robbing Peter to pay Paul, leaving no money for emergencies or unforeseen expenses.
- A small sales tax is the best solution. As a counter to the argument that sales taxes are regressive, simply put, people who have more money will buy more stuff. Sales taxes also have a built-in growth factor, because as the population grows, sales revenue will grow proportionately.
- Top 3 takeaways after today's meeting:
 1. Clearly, we are going to have to adjust our number for the amount needed to sustain parish operations based on information learned today.
 2. The next conversation will be to nail down how we get to that number.
 3. Questions in the chat will be addressed in the next meeting on the 18th.

- The reason we have a March 31 deadline to present recommendations is because the process for getting items on the November ballot will begin immediately after March 31. Next steps in the timeline include calling an election, getting bond commission approval, etc.

Final Review Before Submission

Wednesday, March 31, 2021

12:00 – 1:30 p.m.

Via Zoom

<https://us02web.zoom.us/j/88600405869>

Dial In: 301-715-8592

Meeting ID: 886 0040 5869

St. Tammany Parish Revenue Review Committee

Meeting Notes

Thursday, March 18, 2021

6:00 p.m. – 7:30 p.m.

Via Zoom

- If the parish spends 100% of general fund revenue, what are the risks, positives, and negatives?
 - That would make things difficult; the parish would have to say no to other initiatives and do without.
- 1/3 cent = \$18 million in revenue
- 2/5 cent = \$22.2 million
- ½ cent = \$26 million
- If we ask for a sales tax, we need to stay at 0.4 cents or below (2/5 cent)
- There are concerns about the 7.3% increase in 2020 while the past two years have seen increases of about 4%.
- Full restoration vs. basic services
- State law allows 5 mills for operations of parish government. St. Tammany is at 2.75 mills in unincorporated areas and 1.35 mills within municipalities. We could consider raising millage rates to 4 mills.
- We need a mixture of sales tax and millage increases.
- The 2/5 or 0.4 cent tax needs to have a term of 10 years.
- We need united, brief, consistent messaging.
- We need to keep to one ballot initiative.
- Sales taxes have built-in growth adjustment because revenues will increase with the growth of the population.
- A sales tax term of 10 years communicates that we will revisit, re-evaluate, and figure out how to move forward.
- We must be careful with our messaging; expenses are not going away. We need to be honest with voters. History is a part of the reason that the parish is in this situation now.
- Sales taxes are regressive.
- A sales tax term of less than 10 years could be confusing. A term of 7 years is an odd number and too short.
- Millages are the most difficult concepts for voters in St. Tammany Parish to agree with.
- The state has removed the sales tax on food, therefore those who have to spend a higher proportion of income on food are less affected.
- No matter what plan we decide on, we must get the people's vote.
- Constituents constantly complain about high property taxes. We would lose more votes on a property tax than a sales tax initiative.
- State mandated funds must be in bold print.
- 0.39 cent = \$21.3 million

- There will be a psychological difference in people's receptiveness to 0.39 cents versus 0.4 cents, which failed in the last three renewal initiatives.
- There should be public input on budgets for parish agencies.
- Sales taxes are paid by more than just the residents of this parish.
- An additional millage would push the parish towards having the highest property taxes in Louisiana.
- The sales tax collected should be explicitly dedicated to the jail, judges, DA, government administration, recreation, etc. so that the voters can more easily understand where the revenue flows.
- We need to get the bond attorney involved in the wording of the ballot initiative. The 200-word limit means that the language must be concise and as clear as possible.
- The breakdown of how revenue will be divided should be put in an MOU that the public has access to. That way the intentions for the tax are clear, and there is no word limit.

**Next and final meeting:
Wednesday, March 31, 2021**

12:00 – 1:30 p.m.

Via Zoom

<https://us02web.zoom.us/j/88600405869>

Dial In: 301-715-8592

Meeting ID: 886 0040 5869

St. Tammany Parish Revenue Review Committee

Meeting Notes

Wednesday, April 14, 2021

12:00 p.m. – 1:30 p.m.

Zoom/In-Person Hybrid

- Our focus should be on the failures of the past; if we fail to communicate to the public that this is a renewal, they will think it is a new tax.
- State mandated expenses exceed \$30 million, but we should not go to the public for \$30 million.
 - The tax revenue generated will not cover all state-mandated costs.
- Selling the solution to the public will be the job of elected officials, community leaders, and this group.
- State-mandated costs are \$19 million without capital.
- The information before this group has not changed; it has evolved to the request of the committee for clarity and to present the most complete picture possible.
- It was not clear before that there were mandated costs that were not connected to the jail and justice center.
- Some mandated costs can be taken care of by the general fund. That's why we aren't asking for \$30 million from voters.
- We don't need to deplete the general fund to zero. There is \$11 million in the general fund.
 - 0.40-cent sales tax would be a million less than the \$22 million we need.
 - The \$11.8 million in the general fund would leave \$3 million going into the general fund.
- At 0.40 cents, we would be \$1 million short. Need to bolster general fund.
- \$22 million of the \$30 million is what we are asking of the public.
- The public needs to know that funds are dedicated. If funds aren't guaranteed, the DA can't support the tax.
- If the committee recommends the dedication of funds to the council, it will be a hard sell.
 - Dedicating funds is beyond the scope of the charge of this committee.
 - It will also confuse the public.
 - The council will also not support dedicating percentages.
 - A dedicated tax would also not land in the general fund, it would go into a special fund created for ease of auditing.
- The DA, Sheriff, and Justice Center could be covered with a 0.40 cent tax.
 - The \$7.2 million parish mandated costs could then be covered with the general fund.
- **Motion** to discuss a 0.40 sales tax with a term of 7 years
- Discussion:
 - It is too late to get an initiative on the October 9, 2021, ballot.
 - Sales taxes are regressive and disproportionately poor. People in jail are disproportionately poor. Adding on to sales tax to fund the jails would be effectively taxing the poor just to put them through the justice system that incarcerates them. This will also set a precedent with no end in sight.
 - Willing to compromise on a combination sales and property tax to ease the sales tax burden.

- Opposing view: the sales tax is the most fair option for revenue generation because of the percentage of non-residents who come to/through St. Tammany to shop and pay into the sales tax.
- A combination tax will be confusing to voters.
- We already know that the parish council will be against a property tax increase.
- Plus: we know that the parish is projected to run out of money in March 2022. Property tax increases cannot be collected until 2023. By then, it would be too late. Sales taxes can begin being collected nearly immediately.
- **Substitute Motion** to discuss a ½ sales tax and ½ property tax combination to generate about \$22.4 million
 - Motion fails
- The perception in the business community is that government is trying to grow in St. Tammany. The reality is that the government is just trying to sustain itself and its services.
 - Does the electorate have the propensity to understand why parish government is in need of additional revenue?
- Would like to see \$18-22 million for 5 years.
- 5 years is not enough. Need a term of 7 years.
- Everyone on the committee agrees that there is a problem that we can't cut our way out of.
- At the end of the day, the public will decide on the course of action.
- The DA and sheriff have both submitted annual budgets commensurate with the failure of the tax renewals and eaten into funds.
- The public should be willing to pay for a high-functioning, high-ethics DA office.
- In March 2021, for every 100 residents in St. Tammany, there were 70 visitors. This bolsters the case for sales tax and support from visitors/non-residents. We need to tap into as much revenue from non-residents as possible.
- We don't need to be territorial. We are all in this together.
- **Motion** for roll call vote on recommending a 0.40 cent sales tax with a term of 7 years
 - Roll call vote passes