

Streamlining
Budget Workgroup

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Pat Brister
Parish President
St. Tammany Parish Government
21490 Koop Drive
Mandeville, LA 70471

Dear Parish President Brister,

Below is the report of the Streamlining Budget Workgroup.

Current State

The State of Louisiana mandates that local governments pay costs associated with operating a Parish Jail for the keeping, feeding, and medical care of Parish prisoners. Local governments are also required to provide for a courthouse and various expenses associated with judicial systems within their jurisdictions. With a limited amount of unrestricted funds in St. Tammany Parish's budget to spend on these mandated costs, the leaders in St. Tammany Parish proposed two ¼ cent sales taxes as revenue streams to not only fund the construction of the St. Tammany Parish Justice Center and Jail expansion, but to also cover the State-mandated costs, including maintenance and operations into the future. These tax propositions were approved by the voters in January 1998, for a twenty-year term. With the expiration of these two funding sources looming, Parish leaders decided to ask voters to renew the taxes to continue to cover the State-mandated costs, maintenance and operations, and the provision of reserve funds for future needs of these facilities based on growth projections for St. Tammany Parish.

When the initial attempt to renew the taxes failed, Parish leaders took heed of what citizens asked and lowered the taxes by 20% to cover State-mandated costs, maintenance and operations, and dedicated 10% of the funding for specialty courts of the 22nd Judicial District System housed within the St. Tammany Parish Justice Center. Despite these changes to the tax propositions, the second and third attempts at passing these items failed as well. With the failure of the tax propositions, the taxes expired effective March 31, 2018. With the expiration of the taxes and extinguishment of the revenue source to fund State-mandated costs for the Jail and Justice Center and its agencies, the Parish is now forced to identify what little, if any, discretionary (undedicated) funding is available within its budget to replace these revenues.

St. Tammany Parish President, Patricia Brister, realized that in order to identify revenues for State-mandated costs, severe cuts would be necessary. President Brister is required by

Parish Charter to provide a balanced budget to the Council annually. With the failure of the tax renewals in 2017, President Brister cut Parish Government operations by over \$10 million dollars. The expiration of the taxes will now require deeper cuts. Because of the severity of the cuts to personnel required in order to free up the limited discretionary funding available to the Parish, a refocusing of resources and reorganization of effort is inevitable due to the current fiscal reality. President Brister reached out to a wide group of community representatives to consider the difficult issues to be considered in preparing the 2019 proposed budget for Parish Government operations.

Scope of Work

After reviewing numerous budget documents, schedules and related information, and having completed five in-depth sessions, the Streamlining Workgroup has come to realize— with great clarity— that there is a finite amount of money that is unrestricted in the Parish’s General Fund and which is available to fund the State-mandated costs that the Parish must pay for the Jail and Justice Center. The total cost of the maintenance and operations of the St. Tammany Parish Jail and Justice Center have averaged approximately \$27 million per year. The total projected revenue for the St. Tammany Parish Government general Fund for 2019 is approximately \$11.56 million. Of the assessed parish wide property tax millage in St. Tammany, Parish Government collects only 2.89 mills of the total for undedicated use. For example, if the property tax in your home in Mandeville, valued at \$217,000 is \$1,980.42, the amount of non-dedicated taxes Parish Government collects is \$41.82. As of March 31, 2018, Parish Government has no sales tax revenue stream which can be used to pay for State-mandated costs of the Jail and Justice Center. All other funding collected by Parish Government is dedicated and can be used only for its dedicated purpose (e.g., sales tax dedicated to roads and drainage).

As a result of the failure of the tax renewals, a restructuring of parish government is not only necessary but vital to ensure stability and vision necessary to lead St. Tammany Parish through this unprecedented circumstance. Budget reductions within St. Tammany Parish Government as well as other affected Justice Center agencies must be prioritized to mitigate certain impacts to public safety, quality of life, and essential services residents have come to expect resulting in extremely difficult decisions. President Brister and her staff, as evidenced through their investment of time and thorough communication of information to the Streamlining Workgroup, understand the complexity and weight of such decisions as they have outlined every aspect and angle of the Parish Government budget process to minimize impact to citizens while maximizing efficiencies.

When Parish Government was presented with State-mandated costs, they not only paid these costs, but managed to responsibly build reserves (which will be exhausted within one year), earn the highest bond ratings from Standard and Poors, and sustain both essential (e.g., roads, drainage and utilities) and non-essential (e.g., recreational) services for

residents of St. Tammany. Upon the failure of the renewals in 2017, Parish Government cut the budget for 2018 by roughly \$10 million, implemented a hiring freeze, reduced non-essential services and left vacated positions unfilled, reducing their workforce by 100 positions or approximately 20%. Such proactive leadership in the face of adversity not only demonstrates effective stewardship of tax payer dollars but also provides evidence of consistent transparency by Parish Government demonstrating economic viability while at the same time communicating a new normal for citizens.

The Parish Government officials and staff we met with have been forthcoming and comprehensive when asked probing, detailed and complicated questions. The streamlining workgroup found Parish Government staff very knowledgeable in their understanding of the operations and functions of this government in service to our community. They have been completely open and transparent providing every possible figure and fact needed to clearly see that the loss of these tax revenues creates an unsustainable fiscal cliff.

After looking deeply into the budget and turning over every stone, our group would like to say that these recommendations for the 2019 budget, while primarily the burden of Parish Government Administration to formulate and implement, will require cooperation from all of its partners who will be affected. While these taxes were the funding source for Jail and Justice Center Operations, and other State-mandated costs, all agencies must look within to see what can be done to streamline functions and trim unnecessary expenses, to prepare to function with less in the very near future due to limited general fund dollars.

Streamlining Workgroup Recommendations:

First, members of the workgroup would like to thank Pat Brister for her leadership. Inviting others to come in and offer a fresh perspective, as well as taking in suggestions from residents, is a credit to her and her administration. The first recommendation is to continue to replicate this exercise where governments and private agencies come together to solve budget issues and participate in the restructuring and reprioritizing of government operations. The Streamlining Workgroup avails themselves to other agencies affected by this budget deficit due to the gravity of such impacts that will become reality for our citizens.

REDUCE, RESTRUCTURE, REORGANIZE

- Parish Government must free up monies in the General Fund to pay State-mandated costs of the St. Tammany Parish Jail and Justice Center.
- All outside agencies must be prepared to reduce operations to fit within general fund allocations or use other available revenue.

- St. Tammany Parish Government must prioritize their mission based solely on essential needs of the residents and based upon those functions which the public has agreed to fund. This includes roads, drainage and utilities.
- Parish Government should consider outsourcing opportunities for certain departments within the organization.
- The Department of Development should consider refocusing staff to minimize costs and raise fees, as this has not happened in 15 years.
- The Department of Environmental Services should also consider inspection fee increases.
- Tammany Utilities should examine its rates to determine if they are at a sustainable level considering the rate of development in the parish and the age of infrastructure.
- Human Resources and Technology should consider billing outside agencies for support services provided.
- Continue to explore revenue generating measures within comparable parishes that lend themselves to sustainable investment in essential services to residents.

REDUCE PARISH FOOTPRINT

- Consider the sale, lease, or cooperative operation of existing Parish Properties.
 - o Levee Board Building (Slidell area)
 - o Bush Community Center
 - o Highway 40 Polling (Folsom)
 - o Towers Building (Slidell area)
 - o Modular Building, St. Tammany Parish Fairgrounds (Covington area)
 - o St. Tammany Parish Fairgrounds (Covington Area)
 - o Public Defender building (Covington Area)

OTHER REVENUE SOURCES

- Other revenue sources must be considered. Some of these may require legislation.
- A credit card processing fee and/or technology convenience fee should be considered.

ADDITIONAL CONSIDERATIONS

- Future programs and services should be evaluated for financial impact before implementation.
- A permanent funding source for the State-mandated Costs is essential. The Sheriff and other Justice Center officials should determine the appropriate level of funding needed and seek any necessary approvals for same. The most efficient and effective way to fund these operations is through a revenue source determined and controlled by the officials and agencies which require same.

In conclusion, the Streamlining Workgroup considers it a privilege to be asked to offer unbiased scrutiny as part of the Parish Government's process of addressing the 2019 budget shortfall. Each member represents a different part of the community, yet stands together as St. Tammany residents, and we all now have an even deeper understanding and appreciation for the focused and dedicated mission Parish Government has worked to achieve every day.

While it will not be easy, or immediate, the solution will be found. The Streamlining Workgroup asks residents for their support going forward, as the will of the people is implemented.

Again, workgroup members wish to express sincere gratitude to Pat Brister, St. Tammany Parish President, and her staff for their hard work, dedication, responsible stewardship and vision.

Sincerely,

The Streamlining Budget Workgroup