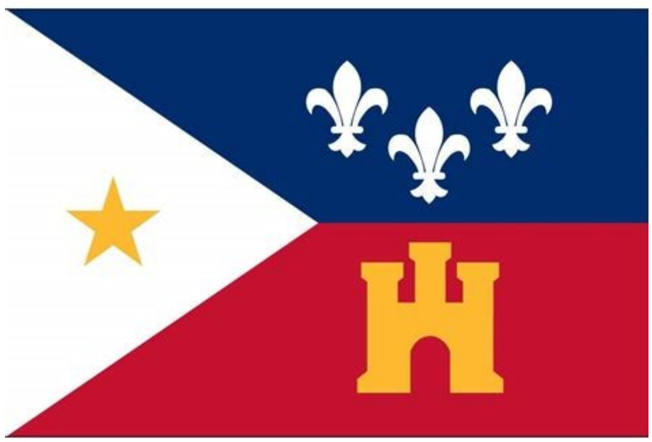

Dissenting Opinion on

Protect the City Committee's (PTCC)

Final Report

Submitted by Mark Pope

July 19, 2021

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INTRODUCTION

This report was composed by Mark Pope, committee member on the "Protect the City Committee (PTCC)," a seven-member advisory committee established by the Lafayette City Council in January 2021 to study "deconsolidating" the city and parish functions of Lafayette City-Parish Consolidated Government (LCG).

My perspective about deconsolidation differs from the other six committee members. Specifically, I cast the lone dissenting vote in accepting the 28-page Final Report of the PTCC. While I respectfully challenge the facts and logic presented in the PTCC report, I greatly respect and appreciate my fellow committee members for serving on the volunteer advisory committee.

I served 27 years in local government in Lafayette from 1990 to 2016. I began my career in the Environmental Division of Lafayette Parish Government, and I became an LCG employee when LCG officially commenced on June 6, 1996. My last 11 years with LCG, I was the manager of LCG's Environmental Division. I learned a great deal about the LCG budget process from managing a $15 million budget within the Environmental Division.

ANOTHER PERSPECTIVE

I believe – and have witnessed first-hand as an LCG employee – that there are inherent efficiencies in sharing personnel and equipment within LCG. There are, however, problems with the current revised charter (i.e., the "constitution" for LCG) because the former nine-member City-Parish Council rushed through amendments to the original LCG charter. Voters narrowly approved the charter amendments on December 8, 2018, based on bumper-sticker slogans that offered no real information. A well-funded advocacy group promoted the so-called "Fix the Charter Amendments" using widely distributed mail cards.

"Autonomy" for the city of Lafayette was enthusiastically promoted, to be achieved by forming a separate five-member city council and a separate five-member parish council. Anyone paying attention to the ill-conceived Fix the Charter Amendments was not surprised that significant unintended consequences arose. One year after the implementation of LCG's "new government," serious problems were identified, prompting the city council to call for yet another change in Lafayette's government. Hence, the PTCC was established in January 2021.

It is now abundantly clear that language in the revised charter lacked the specificity needed to adequately define the functions and responsibilities of the newly formed city and parish councils. The unintended consequences of the Fix the Charter Amendments — and the subsequent failure to achieve the intended autonomy for city government — is the basis for the current battle cry to separate city and parish governments.

ESTABLISHING THE PTCC

Prior to the city council writing a resolution establishing the PTCC, the city council extended a symbolic gesture to include the parish council in the process. Yet, the parish council was ultimately left out of the process. The parish council *must agree* with the city council to proceed to the second step of deconsolidating (separating) city and parish governments. To leave out a key ally in such a heavyweight process does not seem like an ideal formula for "winning friends and influencing people."

Further, in appointing the two at-large committee members for the PTCC, members of the city council failed to appoint to the committee the person with the most knowledge and understanding of LCG's finances and budget, Mrs. Lorrie Toups. City Council Member, Andy Naquin, nominated Mrs. Toups, LCG's Chief Financial Officer, to serve as one of two at-large appointments to the PTCC. Subsequently, Mr. Naquin cast the sole vote for Mrs. Toups' committee appointment. Why?

SOME COMMON GROUND

Many residents in the city of Lafayette with whom I've spoken agree that the city could benefit by having a mayor serving the city exclusively. I agree with this assessment. There are numerous options for Lafayette to have an exclusive mayor and still maintain an efficient consolidated government. Those options should be explored.

But, as previously stated, language within the current charter needs to be clarified to define the duties of city and parish governments. Many also agree on this point.

Numerous persons with whom I've spoken have also expressed disbelief that after only 18 short months of the "new government" in Lafayette, we are facing yet another attempt to change our local government. I encouraged them to express their opinions at PTCC town hall forums in June 2021. Unfortunately, many expressed to me their feeling that it was futile to express an opinion contrary to PTCC's apparently predetermined outcome. They felt their voice did not matter.

MISUNDERSTANDINGS AND MYTHS

It is a common misconception that one of the main reasons for consolidating city and parish governments was that the parish government was losing sales tax revenue because municipalities were annexing parcels of unincorporated commercial and residential properties.

Another misconception is that "the parish is withering away" due to its declining sales tax base. In fact, while parish sales tax revenue (1% or 1 penny on the dollar in tax) does decline with annexations, *the parish's property tax revenue remains constant.* Therefore, parish government is responsible for maintaining *fewer* public works functions within Lafayette Parish, while retaining the same level of property tax revenue (dedicated revenue for predominately public works functions).

FACT: Residents and businesses in all six cities in Lafayette Parish, as well as residents and businesses in unincorporated areas of the parish, pay the same level of property taxes to Lafayette Parish Government.

NOT "BROKE"

Another "urban myth" that has survived since the 1996 consolidation of city and parish governments is that "the parish is broke." This claim is misleading. In 1995, the city of Lafayette had a $12.87 million Fund Balance (*Exhibit A, Appendix*). Lafayette Parish Government had a Fund Balance of $7.24 million in 1995 (*Exhibit B, Appendix*). While it is true that parish government operates on a bare bones budget, it has *never* had a negative fund balance – and this fact is <u>not due</u> to the fallacious assertion that "the city has been subsidizing the parish." (City government in 1995 was approximately six times the size of parish government; this is determined by examining the number of employees in each government just prior to consolidation, and the total number of departments in each government at the time.)

"LEGAL ENTITIES" AND EVOLUTION OF LCG

The charter commission that wrote the original LCG Charter in the early 1990s had the foresight to have the city of Lafayette and Lafayette Parish Government retain their respective standings as a "legal entity." This means, among other things, that city-owned buildings, property, existing contracts, and debt will remain a possession and responsibility of the city of Lafayette. The same provisions apply to Lafayette Parish Government. In the 2018 Fix the Charter Amendments, both the city and parish governments retained their respective standings as a legal entity. In 1995, parish government had approximately 300 employees; city government had approximately 1,600 employees. Parish government was little more than a public works department in 1995. For example, parish government had no community development department; city government had a community development department with approximately 60 employees. In 1995, parish government had four or five employees working in areas *related* to community development (e.g., securing small state and federal grants) but there was no official department.

In addition to hiring 60 employees for its community development department, city government spent millions of dollars purchasing property, constructing buildings, and developing various programs in the years prior to consolidation. Parish government had five employees in areas *related to* community development. No buildings, property, or social programs were supported by parish government under a community development department in pre-consolidation years *or thereafter*.

NOT RATIONAL, NOT REASONABLE

How, then, can the "legal entity" of parish government, in 2016, be asked to pay hundreds of thousands of dollars toward the support of the city of Lafayette's Community Development Department? City-Parish President Joey Durel stated in his 2016 budget message that parish government was not paying its fair share of consolidated government. President Durel listed a "Parish Deficit" column in budgets he submitted to the Lafayette City-Parish Council in 2013-2016. In 2016, the parish was asked to pay over half a million dollars for the Lafayette Science Museum, the Heymann Performing Arts Center, and social programs under the city's community development department.

Unreasonable requests for parish government to pay for city services in 2013-2016 LCG budgets extended to other LCG departments besides community development. For example, the parish was said to be in "deficit payment" to the consolidated government for parks and recreation. President Durel proclaimed in his 2016 budget – in the Parish Deficit column – that parish government should be paying $878,000 more to support parks and recreation centers in Lafayette Parish. This is an unreasonable request since only four parks existed in unincorporated Lafayette Parish at the time. The parish had no recreation centers at any of its four parks or elsewhere. The city of Lafayette owned and maintained 31 parks in 2016, along with numerous recreation centers.

Parish government was declared to be $58,000 in arears paying for golf courses owned by the city in 2016. There are no golf courses in unincorporated Lafayette Parish. None have ever been built or purchased by Lafayette Parish Government.

The PTCC's majority Final Report states that money declared to be "parish deficits" in 2013-2016 was simply not paid by parish government. This assumption is incorrect. In the appendices of the LCG budgets for 2013-2016, alternate funding sources were cited to pay the alleged "parish deficits."

In summary, the examples provided above are the basis for PTCC's conclusion that the city has been subsidizing the parish. This conclusion is invalid and should be wholly rejected.

THE BASIS FOR SO-CALLED PARISH DEFICITS

The cost allocation method of sharing services and expenses for consolidated government was changed to a population-based formula in the ninth year of the Durel Administration. The city's share of consolidation was set at 54%, while the parish would pay 46% of shared services. This formula existed from 2013 to 2016.

Along with newly established cost allocation methods, parish government would be required to pay for city-owned assets (recall the "legal entity" of city government) such as the Heymann Performing Arts Center, the Lafayette Science Museum, city-owned golf courses, and other exclusive city services. The rationale for these improper payments was that "parish residents use the Heymann Performing Arts Center, the Science Museum, city-owned golf courses, and other exclusive city services; therefore, the parish should partially pay for these services." Hence, parish government was forced to subsidize city government functions in 2013-2016.

The rest of the story reveals just how unfair the city-parish cost allocation method truly was. Parish government – as in all 64 parishes – is mandated by the Louisiana Constitution and state laws to pay for 11 local government services, such as the Lafayette Parish Coroner's Office, the Registrar of Voters, District Courts, District Judges, and the parish jail. Residents in the city of Lafayette use all the services referenced above and more. Yet, *city government contributes nothing to these state-mandated services, which are paid for exclusively by parish government.* Additionally, parish government receives dedicated money from parish property taxes for only three of the 11 state-mandated services which parish government pays.

In 2017, Mayor-President Joel Robideaux discontinued the unfair practice of requiring parish government to pay for exclusive city assets and services. Mr. Robideaux also adjusted the city-parish cost allocation formula to more accurately reflect the actual level of internal government support services used by both city and parish governments in their day-to-day operations. Generally, the city paid 79% while the parish paid 21% of shared services.

Consolidated government is not a club whereby "membership dues" are payable at the beginning of each year. Payments by both city and parish governments for the "consolidated government" should be commensurate with the internal government support services (e.g., accounting) needed by the city and parish governments for their respective daily operations. This is how the system is currently operating.

While consolidated government involves sharing equipment and employees for similar services in the city and parish, the city of Lafayette is responsible for many more services than is Lafayette Parish Government. The city of Lafayette owns and maintains Lafayette Utilities

System (LUS), a city police department, and a city fire department. Parish government contributes nothing to LUS and nothing to the Lafayette City Police Department.

Parish government does make an annual supplemental payment to the Lafayette Fire Department when the city fire department responds to fires in unincorporated Lafayette Parish. The parish *should* be making payments to the city fire department when city fire trucks are dispatched to battle fires in the parish.

The parish is also paying operation and maintenance (O&M) costs[1] for things such as maintaining traffic signals and signs in unincorporated Lafayette Parish. This is how the system works. The parish pays a percentage of certain shared government services, but city government uses the vast majority of internal government support services like accounting and many others.

Governmental services provided by Lafayette Parish Government in years prior to consolidation were limited to roads, bridges, drainage, and little more. This is as it should be in the 21st century. More specifically, the existing charter for LCG should spell out what governmental services the parish government will provide, and parish government should be limited to those services.

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CORRECTING ERRONEOUS INFORMATION

On June 15, 2021, LCG's independent auditing firm of Kolder, Slaven & Company, LLC (certified public accountants) provided an **update on LCG's financial status** during the annual report to a joint meeting of the city and parish councils. The report covered Fiscal Year 2019-2020. Burton Kolder made the following statement: **"We looked at spending within LCG to ensure that revenue is being spent in the manner that the funds were restricted or dedicated to be spent."** The firm reported no improper spending.

[1] **O&M, or operation and maintenance costs, are the basis for "cost allocations" and include items such as employees' salaries, LCG's contribution to employees' retirement funds, fuel for automobiles and equipment, among other items.**

In the PTCC's majority report, four examples are provided (page 24) of "city funds being spent outside of the city or for the benefit of something other than the city." A summary of each example (bold print) is provided below, followed by my italicized response.

(1) Cost allocation methods used to pay for consolidated government result in the city subsidizing the parish. Under the Durel Administration, "the subsidy" was between $5 million and $6 million per year.
FACT*: This fallacious assertion is addressed in previous sections of this report. As noted, the parish was improperly forced to pay for exclusive city services during the Durel Administration, while the city paid nothing toward state-mandated services, which are paid for exclusively by the parish.*

(2) From 2006 to 2021, the city has paid for all of LCG's IT infrastructure (i.e., computer hardware) using city capital outlay money. This amounts to $37 million. The parish pays only 14% of operating costs of the IT Department. Had the parish paid 14% of the computers needed for LCG's operation, the city would have saved $5 million.
FACT: *The parish government has no need for "super computers"; the parish has minimal computer needs. Therefore, the parish should not be paying for powerful computers needed for city functions (LUS accounting and administrative functions; city police and fire departments; a complex traffic signal network system; a complex public transit operation consisting of numerous buses reliant on federal grant money; a complex scheduling network for buildings and programs under the city community development department; and scheduling for 31 parks and numerous recreation centers). The city would still be paying for the same computer hardware even if parish government did not exist.*

(3) The city is paying for its fire department to respond to emergencies in unincorporated Lafayette Parish. Although these costs are supposed to be reimbursed, the parish has insufficient funds to make the reimbursements.
FACT: *In 2020, voters approved moving $500,000 from a parish "cultural initiative" property tax, moving it to a fund for parish fire protection. The parish is reimbursing the city fire department when fire trucks are dispatched to the unincorporated parish; the question is whether the reimbursements are adequate to cover all associated costs.*

(4) In May 2021, $3.85 million from the city capital improvement fund was allocated to remove a "spoil bank" along the banks of the Vermilion River, which is located outside the city of Lafayette.
FACT: *The spoil bank occurred as a result of the dredging of the river that was performed by the U.S. Army Corps of Engineers decades ago. The resulting "spoils" (dirt, silt) were*

deposited in a manner which blocks water from bleeding off into Cypress Swamp; the bleed-off mitigates flooding of nearby properties when the river rises. City money is being used because flood waters back up to residential areas in the city when the Vermilion River is flooded. The one-cent sales tax, approved by city voters in 1985, includes the provision that this sales tax revenue can be spent on projects which benefit the city of Lafayette – <u>even if a project is outside the city of Lafayette.</u> The spoil bank project is a judicious use of city sales tax money from the 1985 one-cent sales tax; similar projects have been undertaken since 1985 to benefit city of Lafayette residents.

THE EXPERT GOT IT WRONG

An opinion writer from *The Current* made a presentation to the PTCC in June 2021. He was introduced as an "expert on the LCG budget." Corrections are noted below on some of the inaccurate statements this speaker made to the PTCC (speaker statements in bold, followed by my italicized response).

Cities within Lafayette Parish are "burdened with 100% of the cost of drainage within their city limits."

FACT*: This is patently false. 60% of the LCG Drainage Department's $14.7 million budget – which is 95% funded by the parish – was spent in the city of Lafayette. Further, on page 314 of the Fiscal Year 2020-2021 LCG budget is a section for drainage capital improvement projects for "the parish." The third item on the list is "Coullee Ile des Cannes, [city of] Scott, Intergovernmental Agreement." The allocated cost of the project is $1.285 million, to be paid by parish government.*

The Dulles Drive widening project uses city money, while "a substantial part" of the project is in the parish.

FACT*: The Dulles Drive project is approximately one-half mile – that's 880 yards – and the vast majority of the road is in the city of Lafayette. The last 50 yards of the road are in the unincorporated parish. The project involves making the entirety of the road three lanes (a turn lane down the entirety of the road), constructing a round-about at Dulles and North Domingue, building a new bridge, and underground drainage. The "parish" section of the road is approximately 5% to 8% of the cost of the $11 million project. Making the entirety of the road – parish section included – a uniform three-lane road is certainly a benefit to the city of Lafayette. This project is a prime illustration of why the 1985 city sales tax revenue can be spent outside the city, if such an expenditure "benefits the city." This speaker even claims that LCG engineers design city roads to include sections of "parish roads." Is this an implication of unethical tactics, and from whom did the expert acquire this unsubstantiated information?*

The city paying for the entirety of LCG's IT infrastructure needs (computer hardware) "is one of the more <u>egregious</u> examples of the city subsidizing the parish."
FACT: *This claim is addressed in detail on the previous page of this report. But consider the following statement from the opinion writer when he addressed the PTCC:*
*"***The parish may be overpaying with their 'cost allocation' payment for the use of the city's IT infrastructure. The parish, with such limited computer needs, could probably handle their IT needs using Quick Books***."* [speaker's statement, not Mark Pope's]

The speaker's point was that the money the parish pays to the city for the parish's meager IT needs could be used elsewhere in the budget. Which is it – <u>the parish is not paying enough</u> for IT services because it is not paying for complex computers the parish does not require – <u>or the parish is paying too much</u> for its IT needs by simply paying 14% of the IT Department's O&M costs? This" expert" totally contradicted himself. He essentially admitted that his "egregious" example of the city subsidizing the parish is invalid and without basis.

CONCLUSION

I commend my fellow committee members for their noble effort to arrive at a fact-based conclusion about whether the city of Lafayette should break away from the consolidated government. However, 10 meetings over the course of four months was simply not enough time to wisely make this decision.

As shown, much of the information received by the PTCC is inaccurate and incomplete. More time than was allotted to the PTCC is necessary to gather and verify all relevant facts pertaining to the operation of LCG, and to determine if separating the city and parish governments is the wisest decision. PTCC members asked speakers repeatedly for examples of city government subsidizing parish government. None were provided except the claims that have been debunked in this report.

We've seen the chaos that resulted from the hurried process of the ill-fated "Fix the Charter Amendments." Prudence requires that the *right decision* be made about how to correct Lafayette's flawed government – and this takes time. The folly of rushing through complex matters can result in faulty governance. Let's slow down and not repeat the same mistakes.

EXHIBITS A & B **follow this page.**

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CITY OF LAFAYETTE, LOUISIANA

FINANCIAL REPORT

OCTOBER 31, 1995

Exhibit F-1

City 1995 audit

LIABILITIES AND FUND BALANCE	1995	1994
Liabilities:		
Accounts payable	$ 405,323	$ 436,615
Accrued payroll	485,733	394,740
Other payables	17,393	20,648
Due to other governmental agencies	-	222
Due to other funds -		
Special Revenue Funds	644,177	448,587
Capital Projects Funds	-	37,677
Enterprise Funds	63,566	136,633
Internal Service Funds	30,405	13,456
Due to component units	65,594	66,113
Deferred revenue	49,700	33,133
Total liabilities	$ 1,761,891	$ 1,587,824
Fund balance:		
Reserved for inventory	$ 3,352	$ 83,502
Unreserved -		
Designated for operations	✓ 1,675,000	1,675,000
Designated for subsequent year's expenditures	7,000,000	5,500,000
Undesignated	✓ 4,187,178	3,508,183
Total fund balance	$12,865,530	$10,766,685
Total liabilities and fund balance	* $14,627,421	$12,354,509

$ 1,675,000
4,187,178
$ 5,862,178

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LAFAYETTE PARISH GOVERNMENT

FINANCIAL REPORT

DECEMBER 31, 1995

BROUSSARD, POCHE´, LEWIS & BREAUX
CERTIFIED PUBLIC ACCOUNTANTS

Exhibit F-1

LAFAYETTE PARISH GOVERNMENT
LAFAYETTE, LOUISIANA
GENERAL FUND

BALANCE SHEETS
December 31, 1995 and 1994

ASSETS	1995	1994
Investments, at cost	$ 8,296,000	$ 7,760,000
Accrued interest receivable	39,597	124,928
Ad valorem taxes receivable	441,279	345,947
Allowance for uncollectible taxes	(28,196)	(29,040)
Accounts receivable	15,721	10,000
Due from other governmental agencies	847,559	879,807
Due from other funds	22,474	86,860
Due from component unit	-	23,584
Inventories	1,938	2,127
Total assets	$ 9,636,372	$ 9,204,213
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Cash overdraft	$ 890,560	$ 139,297
Accounts payable and contract retainage	73,241	42,633
Accrued expenses	93,350	106,525
Due to other governmental agencies	104,708	73,224
Deferred revenue	1,032,472	983,585
Due to other funds	182,774	3,663
Due to component unit	19,730	-
Total liabilities	$ 2,396,835	$ 1,348,927
FUND BALANCE		
Reserved for -		
Incomplete contracts	$ 25,434	$ -
Encumbrances	13,173	60,000
Unreserved - *		
Designated for:		
A Contingencies/working capital	3,500,000	2,500,000
Capital expenditures	286,876	118,692
Subsequent year's expenditures -		
Capital expenditures in special revenue funds	1,364,964	1,657,798
B Undesignated	2,049,090	3,518,796
Total fund balance	* $ 7,239,537	$ 7,855,286
Total liabilities and fund balance	$ 9,636,372	$ 9,204,213

unencumbered
A + B = $5,549,090 - 6 months before consolidation on June 6, 1996

See Notes to Financial Statements.