

AN EXAMINATION OF REVENUES & EXPENDITURES FOR THE PROPOSED CITY OF ST. GEORGE

By

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*** Analysis and findings represent the work and opinions of the authors.**

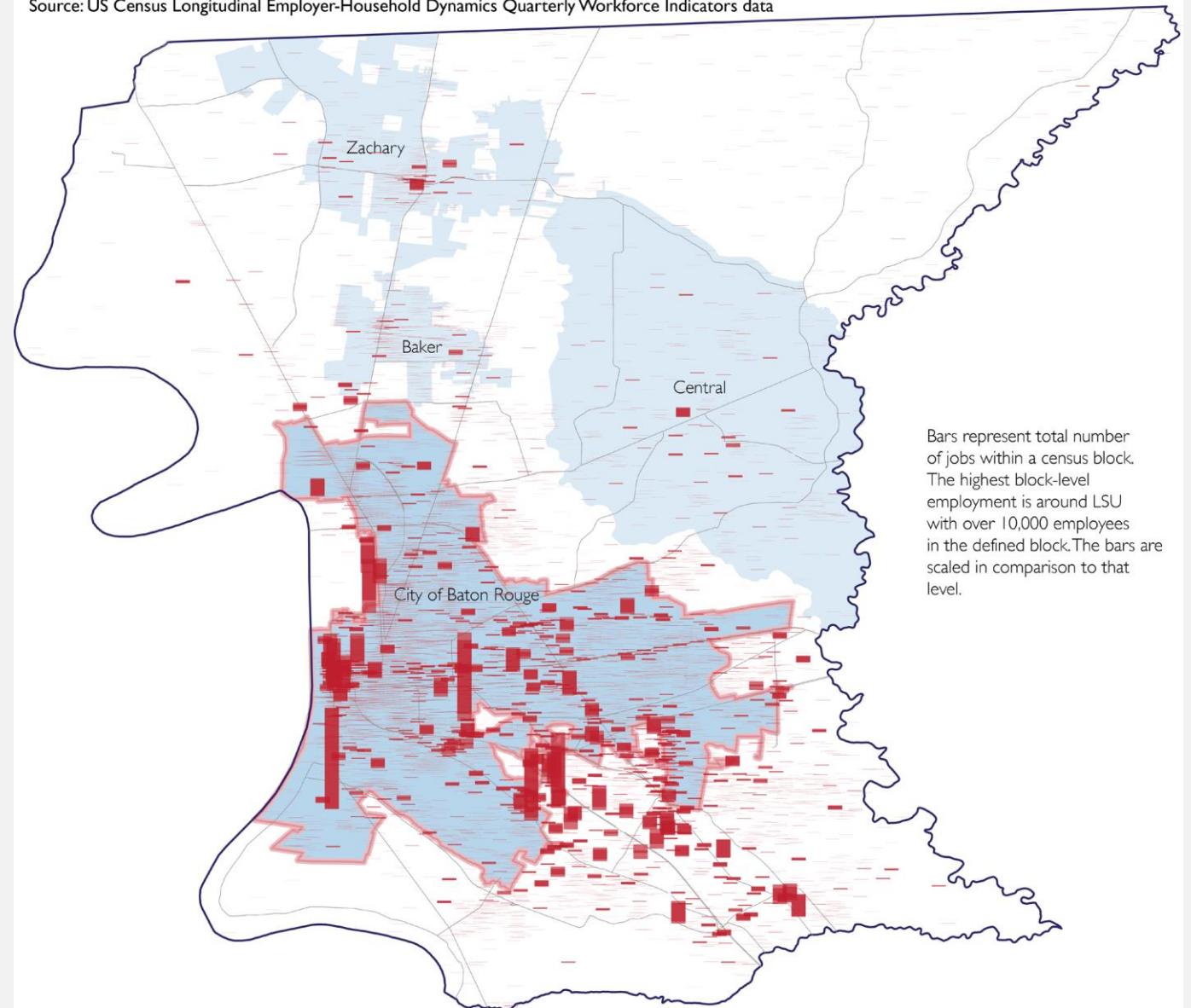
WHY IS THIS ISSUE RELEVANT?

- ✓ Economic activity between the City of Baton Rouge and area encompassing the proposed City of St. George is highly interconnected (see September 2013 Study, *On the Possibility of a New City in East Baton Rouge Parish*)
- ✓ Economic activity within the boundaries of the proposed City are important to citizens, businesses, and public officials throughout the parish given both the concentration and connectivity of economic activity
- ✓ It is critical that citizens in both the unincorporated areas of the Parish and within the City limits have a clear understanding of potential tax revenues, likely expenditures and essential public services to be provided in the proposed City
- ✓ The Mayor and Metro Council have a fiduciary responsibility to examine and review the possible outcomes of the creation of a new municipality in the Parish

Employment in East Baton Rouge Parish

Measured at the Census Block Level

Source: US Census Longitudinal Employer-Household Dynamics Quarterly Workforce Indicators data



PROJECTED TAX REVENUES FOR PROPOSED CITY OF ST. GEORGE

Revenue Source	St. George Projection	EBR Finance Department's Projection with adjustments	Difference
Sales Tax	\$53.300	\$39.637	(\$13.663)
Occupational Licenses	\$2.108	\$2.984	\$0.876
Gross Receipts Business Taxes	\$1.056	\$1.408*	\$0.352
Insurance Premium Tax	\$0.936	\$0.589*	(\$0.347)
Licenses, Permits, Interest Earnings, and other taxes	\$0.999	\$1.161*	\$0.162
Total Estimated Taxes	\$58.399	\$45.779	(\$12.620)

Sales tax and occupational license collections provided by the EBR Parish Finance Department and reflect actual collections in the proposed St. George area. *Other collection amounts based upon a population share of 22.2% for the proposed City.

POTENTIAL EXPENDITURES IN PROPOSED CITY OF ST. GEORGE

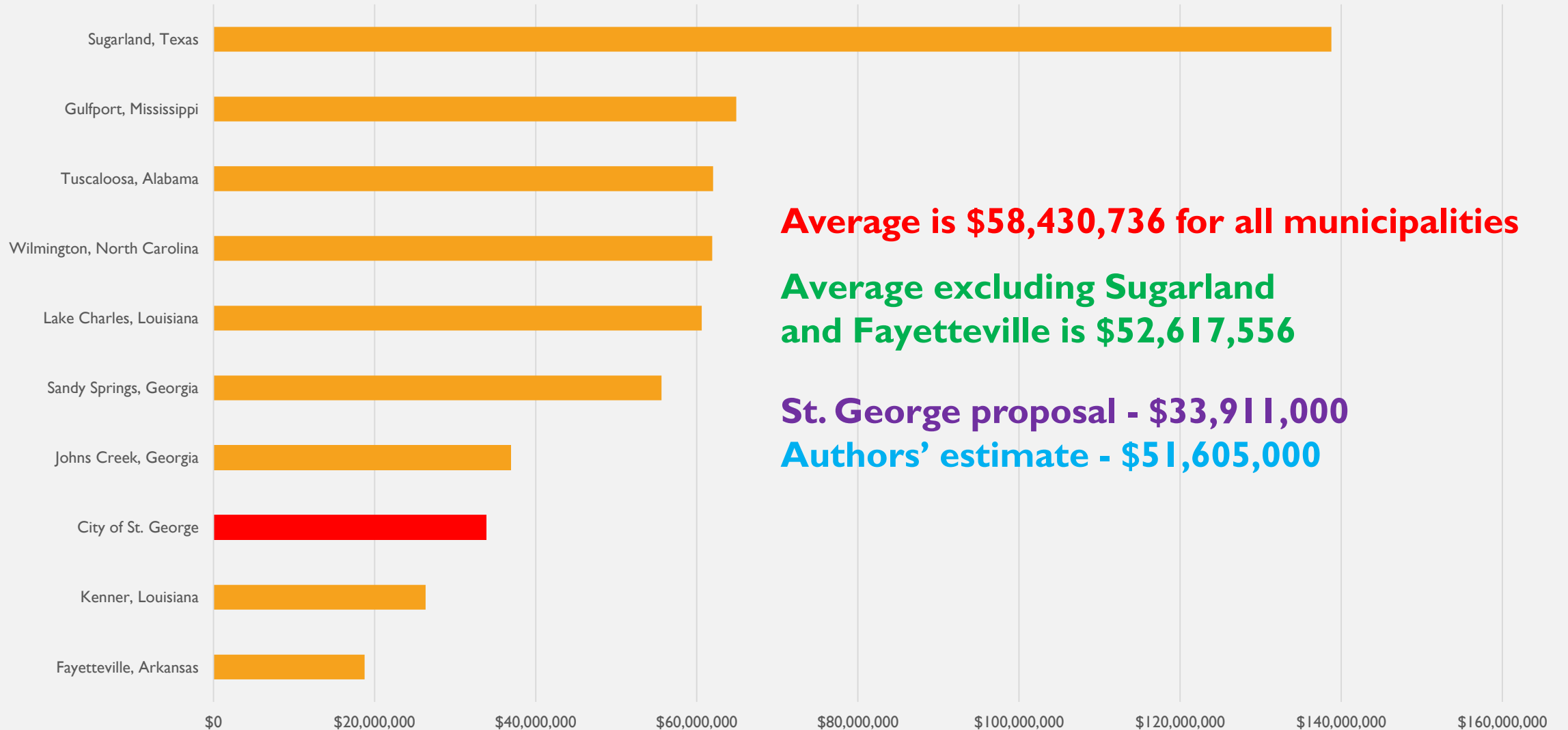
- **Budget constraint is \$45.79 million** based upon revenue estimates provided by the EBR Parish Finance Department; this estimate is lower than the \$58.39 million projected by proponents of the City of St. George (based upon a population share estimate of 19.2%)
- **Projected spending** by City of St. George proponents is **\$33.91 million**;
 - The proposed City's Fire District is currently established and paid by a separate millage
 - Law enforcement is currently provided by the Sheriff's office.
 - Proponents have proposed the maintenance of certain activities through the City/Parish.
- We examine the projected expenditures by the proposed City based on:
 1. An examination of the current City/Parish Budget and the expenditures that are now occurring in the St. George area—we use a ratio of 22.2% (not 19.2%) since the estimated population of St. George represents 22.2% of the population when excluding the municipalities of Baker, Central and Zachary
 2. An examination of the suggested comparable cities by both population and geography since the cost of public services will be affected by distance as well as population.

PROJECTED EXPENDITURES OF PROPOSED CITY OF ST. GEORGE (BASED ON 22.2% OF POPULATION)

Projected St. George	Executive/Legislative	Courts, Corrections, Constitutional	Police and Fire	EMS	Public Works	Social Services	Transportation	Cultural, Planning, & Public Outreach	Debt Service	Total
General Fund	\$9.33	\$12.36	\$4.00	\$0.00	\$12.75	\$0.28	\$0.00	\$2.94	\$1.05	\$42.71
Special Revenue Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Debt Services Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Enterprise Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pension Trust Fund	\$8.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.90
Capital Projects	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Internal Service Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$18.55	\$12.69	\$0.00	\$0.00	\$12.75	\$0.28	\$0.00	\$2.94	\$1.05	\$51.61

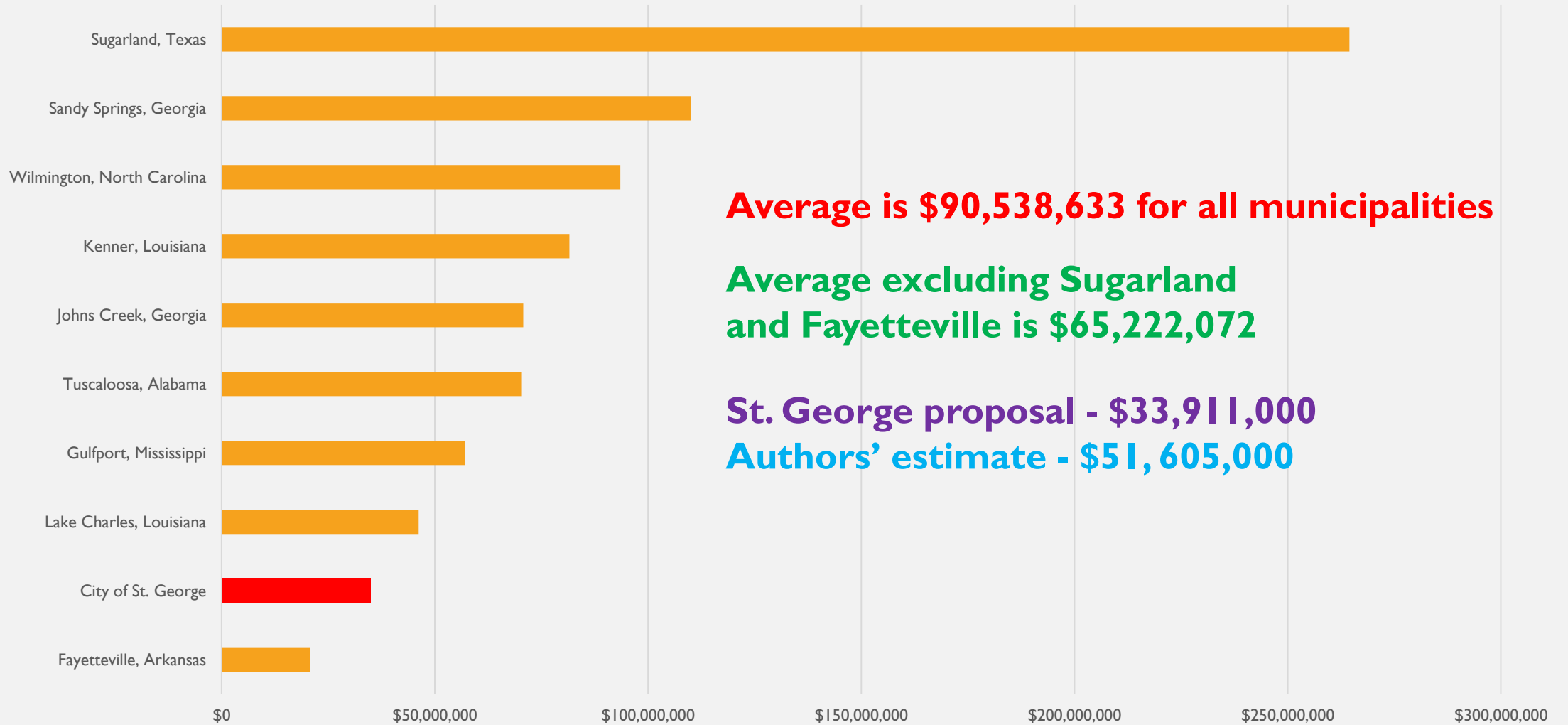
What would comparable cities spend annually if their population matched that of the proposed City of St. George (86,000)?

Estimates reflect actual municipal per capita spending – excluding non-comparable expenditure categories such as police and fire



What would comparable cities spend annually if their geographic area matched that of the proposed City of St. George (60 square miles)?

Estimates reflect actual municipal per square mile spending - excluding non-comparable expenditure categories such as po



EXPENDITURE ESTIMATES: KEY OBSERVATIONS

- Estimate provided by proponents of proposed City of St. George: \$33.911 million
- Estimate by Richardson/Llorens: \$51.605 million based on analysis of 2018 Budget for City/Parish and additional spending on police protection by proposed City of St. George
- Expenditure average based upon population in comparable cities
 - All cities: \$58.43 million
 - All cities except highest and lowest: \$52.62 million
- Average on per square mile in comparable cities:
 - All Cities: \$90.54 million
 - All Cities except highest and lowest: \$65.22 million

SUMMARY OF PROJECTED SURPLUS/DEFICITS

	City of St. George estimates	Richardson/Llorens Estimates		
		Based upon City/Parish budget data	Based upon spending per capita of comparable municipalities	Based upon spending per square mile of comparable municipalities
Tax Collections	\$58.39	\$45.77	\$45.77	\$45.77
Expenditures	\$33.91	\$51.61	\$52.61	\$65.22
Surplus/Deficit	\$24.48	(\$5.83)	(\$6.83)	(\$19.44)
		Would result in service reductions and/or tax increases		

FINAL COMMENTS/OBSERVATIONS

REVENUES

- Sales tax revenues correspond with such factors as the composition of businesses within a geographic area, their location and consumer preferences.
- As a result, actual sales tax revenues can vary substantially from less precise population share estimates. City/Parish data show that **proponents of the City of St. George have likely overestimated potential revenues from the proposed municipality.**

EXPENDITURES

- **Expenditures are not perfectly correlated with population share estimates.** City/Parish expenditures correspond with areas of need and as such, certain geographic regions within the parish may, at certain times, receive higher or lower expenditures relative to their population proportion.
- The proposed City of St. George plan of government assumes savings from outsourcing municipal services. **However, under contract arrangements, short and long-term costs can be both higher and lower than existing arrangements.** It is not prudent to assume cost savings, especially given the population size and geographic diversity of the proposed city.

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