

EXECUTIVE SUMMARY

The Office of Inspector General of the City of New Orleans (OIG) conducted an inspection of the City's 2012 appropriations for sanitation and parks and recreation services as a follow-up to the budget benchmark performed during our office's review of the City's 2009 budget process. The objective of the current inspection was to replicate the 2009 benchmark for the two specified service types to determine whether the City's 2012 appropriations were discrepant from that of the benchmark municipalities, and if so, whether any discrepancies were relatively larger than the differences revealed in 2009.

The 2009 budget benchmark indicated the City appropriated substantially more funding per capita for sanitation services than any other benchmark city and substantially more than the average appropriation per capita. The results, along with the City's annual sanitation costs nearly doubling after Hurricane Katrina, suggest the City's expected sanitation costs in 2009 were unnecessarily inflated compared to other municipalities.

In 2010, the City renegotiated sanitation contracts with three solid waste contractors to reduce annual costs and began augmenting trash collection with recycling. These actions should have contributed to a reduction in the City's General Fund appropriations for sanitation services in 2012.

- The 2012 budget benchmark analysis revealed a relative reduction in the City's per capita appropriation for sanitation services, but found the City still continues to budget more per capita for sanitation services than any of the other benchmark cities, and more than the benchmark average per capita.

In contrast, the 2009 budget benchmark revealed the City appropriated substantially less funding per capita for parks and recreation compared to each of the other benchmark cities, and substantially less than the per capita average appropriation per capita. This finding, considered with the fact that part of the 2009 appropriation for recreation included funding for the Youth Study Center (which is a juvenile detention facility) and adult enrichment, suggests that the City underfunded enrichment opportunities for children and adolescents in 2009 compared to the other cities.

- The 2012 budget benchmark analysis revealed a relative increase in the City's per capita appropriation for parks and recreation services but found the City still continues to budget less per capita than most of the benchmark cities and less than the benchmark average per capita.

Our analysis did not consider the quality of sanitation and parks and recreation services in each city, and the results of the benchmark should be used by the City as a starting point for discussion about how to balance the cost of necessary services with the desire for high quality. Although the City made appropriations more similar to the other benchmark cities in 2012 (in the two areas examined), further changes may be warranted. The City should consider the findings of the current benchmark and consider benchmarking other areas of service, particularly areas in which the City was previously found to over appropriate in 2009 (e.g. Law Department, Executive Function, etc.). The City should also engage in ongoing dialogue with citizens to ensure budgeted cuts in certain areas do not reduce service quality and, conversely, that increased appropriations in certain areas actually improve service quality.