

# **Office of Inspector General**

**City of New Orleans**

## **2012 Appropriated Expenditures for Sanitation Services and Parks & Recreation**

**A Follow-Up to the Municipal Benchmark Project  
Conducted as Part of the Review of the City of New  
Orleans 2009 Budget Process**

**OIG-I&E-12-005**

**E. R. Quatrevaux  
Inspector General**

**Final Report**

**October 2, 2012**

OFFICE OF INSPECTOR GENERAL  
CITY OF NEW ORLEANS



ED QUATREVAUX  
INSPECTOR GENERAL

October 2, 2012

Re: **2012 Appropriated Expenditures for Sanitation Services and Parks & Recreation**

I certify that the inspector general personnel assigned to this project are free of personal or other external impairments to independence.

A handwritten signature in blue ink, appearing to read 'E.R. Quatrevaux', is positioned above the printed name.

E.R. Quatrevaux  
Inspector General

*2012 APPROPRIATED EXPENDITURES FOR SANITATION SERVICES AND  
PARKS & RECREATION*

*OIG-I&E-12-005*

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## EXECUTIVE SUMMARY

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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.

## I. OBJECTIVES, SCOPE, AND METHODOLOGY

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The Office of Inspector General for the City of New Orleans (OIG) conducted a benchmark analysis to compare the City's 2012 appropriated expenditures for certain municipal services to that of nine other similarly-sized municipalities. This project was a replication of the municipal benchmark included in our office's review of the City's budget process in 2009, excepting a more narrowly defined scope.<sup>1</sup> For the current benchmark project, we focused on just two general service areas of interest: (1) Sanitation and (2) Parks and Recreation.

Due to time constraints and limited resources, we narrowed the scope of the current budget benchmark to examine just two general service types. We selected sanitation and parks and recreation because, in 2009, we found that New Orleans' per capita appropriations for each were substantially different from what would be reasonably expected, given the average per capita appropriation for each service type.<sup>2</sup> The City appropriated substantially more for sanitation services in 2009 than the overall benchmark average (and more than any other benchmark city) and appropriated substantially less than the overall benchmark average (and less than any other benchmark city) for parks and recreation.

The current benchmark was conducted to determine whether the City's budget appropriations for sanitation and parks and recreation for 2012 appeared largely discrepant from the corresponding average per capita appropriations across the benchmark cities. The purpose of the analysis was to determine whether the City's allocation of funds for these particular services had shifted closer to the average for the current year's appropriations compared to its position in 2009.<sup>3</sup> We selected the average per capita appropriation as the benchmark indicator of expected cost because, in 2009, the City's population constituted the approximate average across the populations of the benchmark municipalities.<sup>4</sup>

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<sup>1</sup> The 2009 budget benchmark included comparisons for all of the services listed in Figure 2 as well as an overall comparison of general fund expenditures. Please see the OIG report, "Review of 2009 Budget Process for the City of New Orleans," found at [www.nolaog.org](http://www.nolaog.org), for a review of the findings.

<sup>2</sup> We examined appropriated costs for 2009 (instead of actual expenditures) because the project was part of a review for the process of developing the 2009 Operating Budget; actual costs were not yet available.

<sup>3</sup> Although a relative comparison to the 2009 findings can be informative (such as comparing how the City's position to the average in 2012 has changed compared to its position in 2009), we would like to caution against making any absolute comparison of results across projects (such as how the City's total appropriation in 2012 compares to the same in 2009).

<sup>4</sup> The population average was calculated across the original eight benchmark cities; this excluded Baton Rouge and Atlanta, which were later added for historical comparison purposes (see Figure 1). For the 2012 benchmark, we obtained population counts from the 2010 U.S. Census for the same ten cities, which revealed substantial change in the order of population across the eight original benchmark cities. Specifically, the population of New Orleans no longer occupied the approximate average of the eight original cities, but moved closer to the average for all ten final benchmark cities (Figure 5).

## II. INTRODUCTION

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City government officials annually face the challenge of forecasting the expected costs of a variety of municipal services to be provided the next year and allocating the appropriate amount of limited funds across numerous departments and agencies to provide those services. This process, known as budgeting, provides city departments with parameters for annual spending; without an indicator of limit on spending (i.e. an adopted appropriation), a department is likely to spend without concern for cost or need, which can quickly escalate into wasteful spending and unnecessary costs to the city.

The process of appropriating funds according to expected costs also enables a city government to fund operations according to citizen priorities while still maintaining a balanced budget. The services that are highly valued by city residents should be adequately funded, and those that are decreasingly valued should be funded accordingly, given the availability of resources. The success of budget preparation is therefore not entirely dependent on cost savings; rather, city officials should identify the level of service quality demanded by citizens and make best efforts to achieve that level with minimal cost. In other words, city officials are tasked with determining the fine line between spending enough to obtain high quality services and spending too much for any quality service.

City governments should be fiscally responsible and make every effort to save taxpayer monies when possible. City officials responsible for developing an operating budget may improve aspects of the budget process, such as determining the appropriate budget for certain municipal services by looking outwards at the performance of other cities of similar size that provide similar services.

### A. BENCHMARKING

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Benchmarking compares the performance of an entity to the performance of a group of peers similarly assessed. It depicts how a group of peers differ from one another on a particular measure, and it may also reveal how discrepant each performance is from an expected standard. For example, the average of a group of scores may be considered a reasonable standard for performance. A score that is significantly greater than the average may indicate exceptional performance, while a score that is significantly less than the average may indicate poor performance (or vice versa). Of course, the value attributed to a deviant score, whether desirable or undesirable, depends on the assumptions of the assessment.

Municipal benchmarking compares a peer group of cities on any number of measurements of interest.<sup>5</sup> Local governments wanting to improve performance in a particular area may conduct a municipal benchmark to see how their respective cities compare to other places of similar size or jurisdiction. Every city is unique, and therefore, conducting a comparison of performance across several different municipalities is vulnerable to error. Care must be taken to ensure the performance evaluated is made comparable across all benchmark cities, and any caveats must be clearly delineated. As long as best efforts are made to validate the comparison, limitations are noted, and city officials seriously consider the results, comparative performance data can be helpful in improving government service.

Municipal benchmarking should not be perceived as a competition; rather, local governments should view benchmarking as a tool to help identify more efficient practices.<sup>6</sup> Municipal benchmarking is not an exact science and should not be the sole determinant for decision making; rather, it should be accepted as an informational tool, one that may reveal new perspectives that can direct city officials to improved performance. For example, by comparing the per capita appropriations for similar services across cities of comparable size, one can determine the average per capita cost and see whether any city's performance falls far from the expected cost. If the per capita appropriation for each city hovers around the mean, with no apparent outliers, then appropriated amounts are as expected. In the presence of an outlier, one may consider the possibility that too much or too little has been appropriated for the service in that municipality.<sup>7</sup>

## B. 2009 MUNICIPAL BENCHMARK PROJECT

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The main objective for the 2009 municipal benchmark project was to determine whether New Orleans appeared to under or over fund certain municipal services provided to residents compared to the average appropriation across the benchmark municipalities. We used the City's 2009 estimated population of 311,853 as an approximate mean value around which seven comparison cities, ranging in population from 200,000 to 400,000, were randomly selected. The seven cities were: Buffalo, NY; Corpus Christi, TX; Toledo, OH; Cincinnati, OH; Tampa, FL; St. Louis, MO; and Wichita, KS. We also included Baton Rouge, LA and Atlanta, GA, because both had been compared to New Orleans historically (Figure 1).

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<sup>5</sup> David H. Folz and P. Edward French, *Managing America's Small Communities: People, Politics, and Performance* (Maryland: Rowman & Littlefield Publishers, Inc., 2005).

<sup>6</sup> Government Finance Officers Association. (2010). *The state comparative performance measurement project: Benchmarking organizations provide a forum for information exchanges on business practices, strategies, solutions to common problems, and innovative ideas*, 26, p 47.

<sup>7</sup> For our purposes, benchmark cities were originally selected according to New Orleans' population, which was the approximate average. By placing the City as the approximate average, we could reasonably expect the City's per capita appropriations for the services of interest to fall near the average per capita appropriation.

**Figure 1: 2009 Benchmark City Information<sup>8</sup>**

CITY	POPULATION	LAND AREA (sq. miles)
Buffalo	272,632	40
Corpus Christi	285,507	154
Toledo	295,029	80
New Orleans	311,853	180
Cincinnati	332,458	77
Tampa	336,823	112
St. Louis	350,759	61
Wichita	361,420	135
Baton Rouge	428,360	76
Atlanta	519,145	131

Once the peer group was identified, we selected the services for which estimated costs would be compared across municipalities. We were interested in examining the expected costs for general fund services, or services most likely to be funded by municipal governments. These included services provided by fire departments, executive offices (e.g. mayor and administration), legislative offices (e.g. city council), law departments, finance departments, police departments, sanitation departments, public works, and parks and recreation.

However, city governments are not identical in the services they provide, making any municipal benchmark of service appropriations fundamentally flawed absent the reconciliation of comparison data. To ensure that the appropriations included in the benchmark analyses reflected services provided by each of the cities, we removed from each city's appropriation any unique costs for services not provided by the other benchmark cities.<sup>9</sup> Because we were specifically interested in the performance of New Orleans, we used the City's 2009 Operating Budget as a guide for determining which specific costs would be factored into each comparison (see Figure 2).<sup>10</sup>

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<sup>8</sup> Census figures from 2007 were the latest available (in 2009) for the benchmark cities, excepting New Orleans and Baton Rouge, whose latest counts were from 2008.

<sup>9</sup> One major issue with municipal budget benchmarking is comparability across the benchmark cities. In order to make valid comparisons, the services must be comparable, so there were often line-item adjustments to the anticipated expenditures for some city services. For example, New Orleans has extra sanitation costs associated with Mardi Gras; the other nine cities do not incur such expenses. For the benchmark, the costs for such special services were removed from the New Orleans appropriation so that it would more accurately reflect expenditures for services closely aligned with the sanitation services of the other municipalities. Similarly, Baton Rouge runs a large water park that is not comparable to any aquatics program in New Orleans; therefore, the expected costs associated with this particular park were not included in the analysis.

<sup>10</sup> We removed all appropriated costs associated with capital projects and federal funding. Because a city's capital spending is unrelated to repetitive annual operating costs, and federal monies are applied sporadically, we were unable to reconcile such appropriations across benchmark municipalities for the one year examined.

**Figure 2: Service Costs Included in the 2009 Municipal Benchmark Project**

FIRE	Communications, Fire Prevention and Suppression, Public Affairs, Administration, Pension, Safety Equipment/Supplies, Hazardous Materials, Academy Training, Dedicated Millage, Apparatus Lease
EXECUTIVE	Administration, Scheduling, Inter-government Relations, City Information (i.e. 311), Policy, Communications, Personnel, Fiscal, State/Federal Programs, Coordination of Americans with Disabilities Act (ADA), Budget Operation/Management, Election, Mailroom, Special Projects, Municipal Training, Emergency Preparedness, Property Inventory, Education/Staff Training, Department Needs/Initiatives
LEGISLATIVE	Council or Board Offices, Clerk of Council, Council Research, Council Fiscal Office, Advertising, Cable Access
LAW	Administration, Civil Litigation, Municipal Traffic, Federal/Police Litigation, Housing/Finance
FINANCE	Administration, Employee Retirement, Accounting, Policy Analysis, Purchasing, Revenue, Treasury
POLICE	Districts, Recruits, Policy Review, Technical Services, Investigative, State Pension, Special Operations, Criminal Intelligence Bureau, Superintendent, Traffic, Scientific Criminal, Operations Bureau, Public Integrity, Dedicated Millage, Narcotics, Administrative Support Bureau, Transit Police, Security, School Crossing, Special Programs
SANITATION	Administration, (Residential only) Garbage Collection, Hauling, Transfer, Disposal, Landfill Closure, Manual/Mechanical Street Cleaning
PUBLIC WORKS	Parking Enforcement, Towing/Impound, Engineering Capital Program, Abandoned Vehicle, Residential Parking, Administration, Parking Adjudication, Sign Shop, Roadway Maintenance, Traffic Management/Safety
PARKS & RECREATION <sup>11</sup>	Management of Grounds, Major Parks, Urban Forestry, Golf Courses, Special Operations, Athletic Programs, Centers, Summer Programs, Aquatics, Maintenance

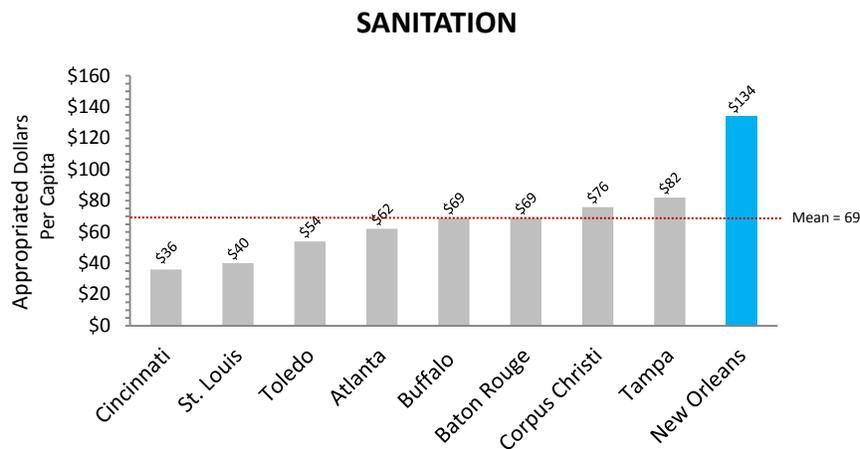
We obtained each city’s 2009 adopted budget document from each municipality’s website and scoured the documents to identify the appropriated costs for all of the services listed in Figure 2. This was a difficult task, because each city’s budget document was distinctly formatted, with great variety in how the information was presented. To further complicate matters, some services provided by one department in New Orleans were provided across multiple departments in other municipalities. We made best efforts to ensure that the costs included for each general service (e.g. Sanitation) being examined were comparable across the ten cities; when this was impossible in certain instances, the city was removed from the analysis.<sup>12</sup>

<sup>11</sup> Although New Orleans funds a department of recreation separate from park and parkways, the appropriations for both were considered together for the purpose of the benchmark project, as many of the benchmark cities fund both through a single department.

<sup>12</sup> For example, we were unable to include Wichita in the comparison of sanitation costs because the city does not provide solid waste collection to residents; rather, residents must sign up and pay for private trash collection. We were also unable to include the cost of parks and recreation for the city of Buffalo because an undetermined amount of the operating cost is funded by the county.

For each city, we determined the appropriated cost for each of the general services presented in Figure 2. For example, for sanitation services, we identified the costs related to administration; residential garbage collection; hauling, transfer, and disposal of residential solid waste; landfill closure; and manual and mechanical street cleaning.<sup>13</sup> We then summed these costs to get a total appropriation for sanitation services for each city; this total was then divided by the city population to yield an appropriated cost per capita. For example, in New Orleans, the total appropriation for sanitation services was \$41,884,576, which when divided by 311,853 yielded a per person cost of \$134 (Figure 3).<sup>14</sup> This calculation was performed for each city and the resulting per capita values were displayed in a bar chart for the service type.

**Figure 3: 2009 Per Capita Appropriations for Sanitation Services**



We found that New Orleans appeared to overfund most municipal services compared to the other benchmark cities.<sup>15</sup> However, the City particularly stood out with regard to sanitation services. As seen in Figure 3, the City appropriated more per person than the average across the ten cities for sanitation services, even though additional costs associated with special events and Mardi Gras clean-up were excluded.<sup>16</sup> Reducing the per person sanitation department cost to the 2009 benchmark average would have saved the City approximately \$20 million annually.

<sup>13</sup> For the 2012 follow up, we also included recycling costs because the City of New Orleans began providing the service in 2010.

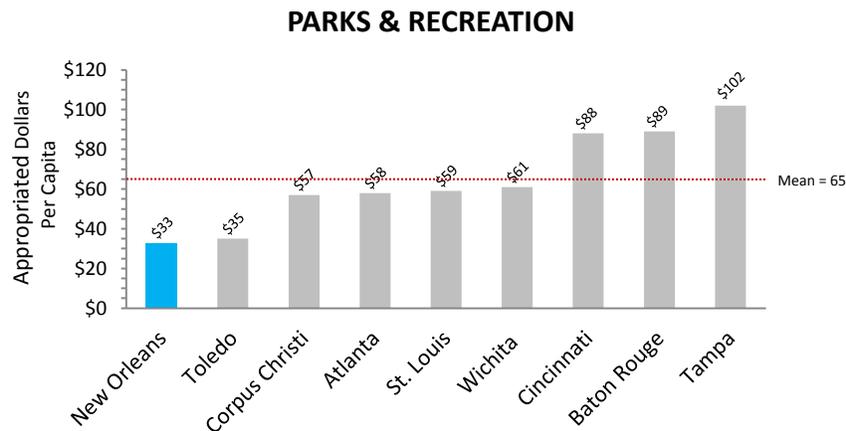
<sup>14</sup> The value of \$41,884,576 was based on the City's general fund appropriations and did not include costs associated with special events, such as Mardi Gras, or billing and payment processing costs (see footnote 16). According to the City's 2011 adopted operating budget document, the City actually spent \$47,606,483 on the benchmarked services, approximately \$6 million over budget.

<sup>15</sup> Please see the original report, "Review of 2009 Budget Process for the City of New Orleans," found at [www.nolaog.org](http://www.nolaog.org), for a detailed explanation of all findings.

<sup>16</sup> The Sewerage and Water Board for the City of New Orleans (SWB) bills residents for curbside City-provided sanitation services and processes payments made to the City. Because the SWB does not charge the City for these administrative services, the costs were undetermined and were not included in the total sanitation appropriation for New Orleans in both benchmark analyses (for 2009 and 2012); the costs for similar services in other cities are likely reflected in the appropriations for the administration of sanitation services, which may have artificially raised the appropriated costs for the other benchmark cities.

Conversely, the City appropriated less per capita for parks and recreation services compared to the other benchmark municipalities. As seen in Figure 4, the City appropriated \$33 per person to maintain public grounds and manage youth programs in 2009, a value far lower than most of the comparison cities.<sup>17</sup> In order to reach the 2009 benchmark average of \$65 per person, the City would have had to spend about \$10 million more on parks and recreation annually.

**Figure 4: 2009 Per Capita Appropriations for Parks & Recreation Services**



Although the 2009 municipal benchmark was informative, its intent was to prompt discussion among city officials about whether or not improvements in the budget decision-making process could be achieved, such as potential cost-saving allocations or increased appropriations for underfunded elements of the civic infrastructure. Budgeting decisions should not be based solely on the results of a benchmark; rather, benchmark findings should be used to prompt honest dialogue about cost and quality of services so that better decisions may be made.<sup>18</sup> We conducted a narrowly-defined follow-up to the 2009 municipal benchmark to determine whether changes occurred in the City’s funding of sanitation and parks and recreation in 2012.

<sup>17</sup> The City appropriated \$10,268,409 to parks and recreation in 2009; the City’s actual expenditures for that year, according to the City’s 2011 operating budget, were \$11,516,630 (about \$1 million over budget).

<sup>18</sup> The finding that New Orleans appropriated more per capita than all other benchmark cities for similar sanitation services suggests wasteful spending; however, it may also reflect the necessary cost of high-quality services. Similarly, while New Orleans’ comparatively low per capita appropriations for parks and recreation suggests underfunding of important services, it may alternatively reflect cost savings. However, given the parameters of the benchmark, these alternative interpretations are not likely correct. We determined that the City overfunded sanitation services and underfunded parks and recreation based on the benchmark results and an observation of the City’s budget development process at the time. Specifically, our review of the City’s 2009 budget process revealed the City did not implement a meaningful process to align spending decisions with citizen priorities. The 2009 budget simply replicated allocations made in 2008, with 37% of the General Fund budget appropriated to *High Performing Government* (i.e. administrative functions) and a mere 2% to *Opportunities for Youth*, which also included adult recreation and juvenile detention services.

### III. 2012 BUDGET BENCHMARK

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For the current project, we replicated the methodology used in the 2009 municipal benchmark, but narrowed our scope to include comparisons across just two municipal services: (1) Sanitation and (2) Parks and Recreation. We obtained copies of each benchmark city's 2012 adopted budget document, as well as other important financial documents, such as the 2012 operating budget for the Baton Rouge Recreation Commission (BREC).<sup>19</sup>

The updated population counts for the ten benchmark cities were obtained from the 2010 United States Census (Figure 5).

**Figure 5: 2012 Benchmark City Populations**

CITY	POPULATION
Buffalo	261,310
Toledo	287,208
Cincinnati	296,943
Corpus Christi	305,215
St. Louis	319,294
Tampa	335,709
New Orleans	343,829
Wichita	382,368
Baton Rouge	440,171
Atlanta	420,003

#### A. SANITATION

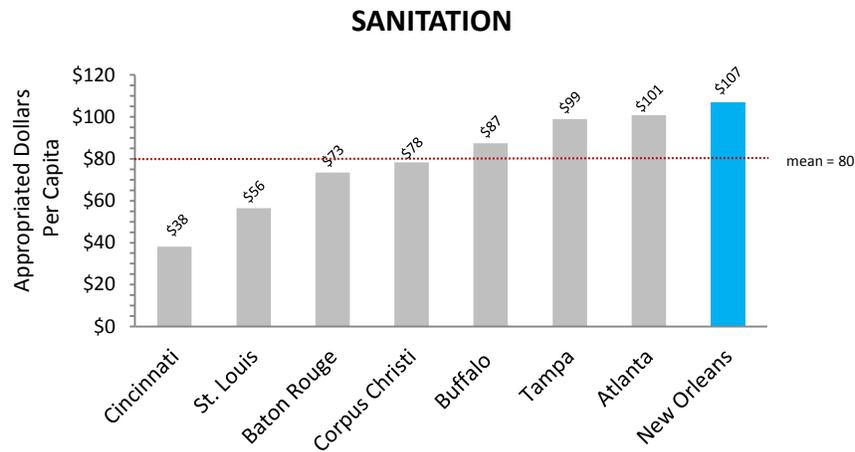
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As seen in Figure 6, for 2012, the City again appropriated more operating funds per capita for sanitation services compared to the benchmark cities. However, the benchmark comparison shows the City made some cost appropriation adjustments from three years ago. Specifically, the City's cost per capita appropriations went down from \$134 per capita in 2009 to \$107 per capita in 2012. This was partially caused by a 10% increase in population (from 311,853 to 343,829); however, two of the other benchmark cities that also saw a rise in population from 2009 to 2012, Corpus Christi (7%) and Baton Rouge (3%), showed an increase in costs per capita for sanitation services.

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<sup>19</sup> Parks and recreation for the City of Baton Rouge are funded by an independent agency, Baton Rouge Recreation Commission (BREC). We were able to identify, in the BREC 2012 budget document, the costs for the city's parks and recreation services comparable to those provided in New Orleans.

**Figure 6: 2012 Per Capita Appropriations for Sanitation Services<sup>20</sup>**



The results suggest the City substantially reduced per capita appropriations for sanitation services in 2012 relative to appropriations made in 2009. Specifically, the City cut out about \$10 million of spending. In 2009, the City appropriated more than the average by approximately \$20 million. In 2012, the City appropriated more than the average by only \$9 million. Although this suggests the City has made reasonable efforts to reduce the cost of sanitation services to residents, continued efforts may be needed to bring annual operating costs down.<sup>21</sup>

The results of this 2012 sanitation budget benchmark contrast with a finding made by our office in 2009, which indicated the City's sanitation costs increased by approximately 60% from pre- to post-Hurricane Katrina, despite a decrease in population. In 2010, our office conducted a survey of properties included on the sanitation contractors' billing lists, and found that the City was likely paying for residential solid waste collection from properties that were not eligible for the service, amounting to overpayment of up to \$3.7 million.<sup>22</sup> The City clearly made efforts to decrease the cost of sanitation services since the 2009 municipal budget and the 2010 property survey; in February 2012, the OIG conducted an audit of the Sanitation Department's contract oversight and discovered the annual contractor costs decreased from \$32.8 million in 2008 to \$28.8 million in 2011.<sup>23</sup>

<sup>20</sup> Toledo was excluded from the 2012 benchmark of sanitation appropriations (in addition to Wichita) because the county began contributing an undetermined amount for such services after the 2009 benchmark project.

<sup>21</sup> This benchmark looked strictly at each city's planned spending, not at the quality of service provided to residents. Though best efforts were made to make the services comparable, there was no way of determining whether or not reduced spending affected residents' level of satisfaction with the quality of services provided.

<sup>22</sup> The results of the 2010 property survey are included in the OIG report, "Citizen Verification Project: Sanitation Property Survey," found at [www.nolaoig.org](http://www.nolaoig.org).

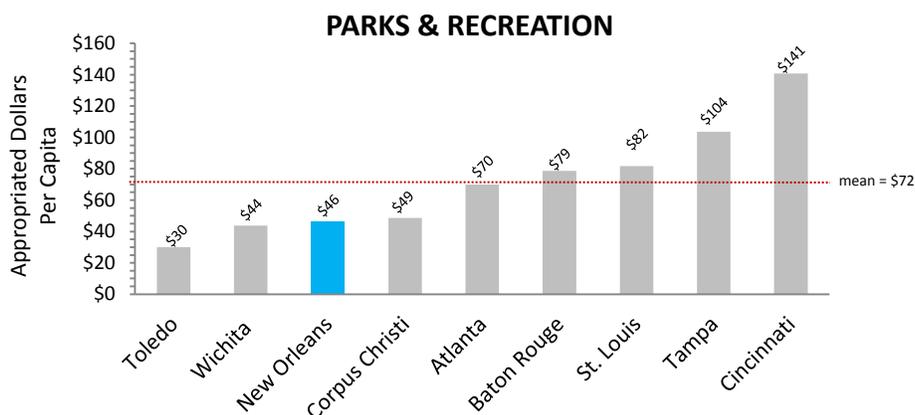
<sup>23</sup> In early 2011, the City raised the residential fee for solid waste collection from \$12 to \$24 per month for single family residences.

## B. PARKS AND RECREATION

The current benchmark suggests the City's per capita allocation of funds for parks and recreation services increased in 2012. Specifically, the City's per capita budget appropriation increased from \$33 in 2009 to \$46 in 2012, for parks and recreation; however, the per capita appropriation still remains below the benchmark average of \$72 per capita.<sup>24</sup> As seen in Figure 7, in 2012 the City no longer appropriated the least amount per capita, but it appropriated less than most of the other cities and less than the average per capita.

In 2009 the City appropriated about \$33 per capita (a total appropriation of \$10,268,409) on parks and recreation compared to the per capita average of \$65; given the City's population of 311,853 at the time, it would have had to appropriate a total of \$20,270,445 (about \$10 million more than it actually did) to reach the per capita average of \$65.<sup>25</sup> In 2012, the City spent \$46 per capita on parks and recreation, which increased per capita spending by about \$1 million. In other words, to reach the benchmark per capita average of \$72 in 2012, given the increased population, the City would need to appropriate nearly \$25 million, or about \$9 million more than it budgeted (\$1 million less than the \$10 million additional appropriations needed to meet the average in 2009).

**Figure 7: 2012 Per Capita Appropriations for Parks & Recreation Services<sup>26</sup>**



<sup>24</sup> Since late 2010, the City's recreation services have been funded through a newly formed public-private entity, New Orleans Recreation Development Commission (NORDC), formerly the City Recreation Department. For the 2012 budget process, the City appropriated \$9,432,841 to NORDC (for Director/Management; special programs; maintenance; athletic programs; centers; aquatics programs; and the Mayor's Summer Youth Program) through the City's Miscellaneous Department. NORDC also received a \$1,918,112 federal appropriation from Housing and Urban Development for summer and special programs; this appropriation was not included in the benchmark.

<sup>25</sup> The appropriations per capita are standardized values to make comparisons across cities possible. In order to determine the total amount appropriated, the per capita value for a city must be multiplied by that city's population. For example, in 2009, the City's population was 311,853, and a \$10,268,409 appropriation for parks and recreation resulted in a per capita value of nearly \$33. Conversely, to determine the total appropriation from the per capita value, one multiplies the per capita value by the population; to know how much the City should have appropriated to meet the average value, multiply the average per capita by the city population.

<sup>26</sup> The city of Buffalo was excluded from the analysis because an unknown amount of funding for parks and recreation is provided by the county.

## IV. CONCLUSION AND RECOMMENDATIONS

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A municipal budget benchmark presents a comparison of spending on certain municipal services across several cities. A display of the appropriated dollars spent per capita for services such as sanitation and parks and recreation, across a series of similar-sized cities, exposes budget allocations that vary significantly from other cities' allocations for similar services. The purpose of such benchmarking is to provide accurate information to prompt discussion about budgeting decisions. A quick-reference benchmark may help the City administration make better budgeting decisions and give Councilmembers supplemental information for their review of the proposed budget.<sup>27</sup>

The 2012 budget benchmark project was a follow-up to the municipal budget benchmark completed by the City of New Orleans Office of Inspector General (OIG) in 2009 regarding the City's budget process for that year. The follow-up only included an analysis of the 2012 appropriated costs for sanitation services and parks and recreation, two service areas in which the City substantially differed on expenditure appropriations from the other benchmark municipalities in 2009. The results of the follow-up suggest the City reduced the per capita cost of sanitation services and increased the per capita appropriation to parks and recreation. However, City officials should consider the current findings and explore whether or not the adjustments were appropriate, and if so, whether they were sufficient.

City officials could improve the development of the 2013 budget by using the current benchmark in conjunction with citizen report of service quality (at least for sanitation and parks and recreation). Specifically, city officials should determine whether the sanitation services provided in 2012 for the appropriated costs were valued by residents, and if so, whether further reductions in cost appropriation can be made. Similarly, the City should determine whether residents were satisfied with the parks and recreation amenities provided in 2012 for the appropriated costs, and whether or not more money should be appropriated to improve services. These determinations may only be made through an open and honest dialogue between the City and its residents; benchmark findings are useless if the appropriated cost analysis is not tied to an assessment of the quality of service.

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<sup>27</sup> The current benchmark replicates the 2009 project in that we looked at appropriated expenditures in the 2012 Operating Budget for the services of interest. However, actual expenditures may differ substantially from the expected costs. The City should consider how much is actually spent compared to cost expectations in order to properly fund each department in 2013.

## V. OFFICIAL COMMENTS FROM THE CITY OF NEW ORLEANS

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City Ordinance section 2-1120(8)(b) provides that a person or entity who is the subject of a report shall have 30 working days to submit a written explanation or rebuttal of the findings before the report is finalized, and that such timely submitted written explanation or rebuttal shall be attached to the finalized report. On August 23, 2012, we provided the City with an Internal Review Copy of this report, giving city officials the opportunity to comment on the report prior to the public release of the Final Report. A letter received from the Chief Administrative Office of the City of New Orleans follows our response to the City's substantive comments below.

The City's response suggests the benchmark value obtained for sanitation costs in 2012 is overestimated compared to the other benchmark cities, due to the sanitation costs associated with certain special events and a large number of tourists. The analysis included the sanitation costs presented in the City's 2012 Operating Budget document, which did not specify any additional costs associated with special events and clean-up of tourist areas other than Mardi Gras, the costs of which were removed from the analysis. We fail to see the connection between the number of tourists and a substantial increase in the City's annual sanitation costs, because these costs are primarily borne by hotels and restaurants.

The City's response also stated that the 2012 budget allocations to the Department of Parks and Parkways and the Audubon Commission should be included in the analysis. The benchmark analysis of per capita costs for parks and recreation services in 2012 did include the relevant appropriations to Parks and Parkways; however, we did not include the City's contribution to the Audubon Commission in our analysis, because we did not include similar expenditures in the per capita values for other benchmark cities.

The per capita comparisons are as comparable as reasonably possible for routine annual services that are common to most cities.

CHIEF ADMINISTRATIVE OFFICE  
CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU  
MAYOR

ANDREW D. KOPPLIN  
FIRST DEPUTY MAYOR & CAO

September 25, 2012

Ed Quatrevaux  
Inspector General  
525 St. Charles Avenue  
New Orleans, LA 70130

**Re: 2012 Appropriated Expenditures for Sanitation Services and Parks & Recreation**

Dear Mr. Quatrevaux:

Thank you very much for your review of sanitation and parks and recreation appropriations by the City of New Orleans. Since taking office in 2010, Mayor Landrieu's budgeting philosophy has been to cut smart, reorganize, and invest in priority areas. We continue to take this approach as we build our budgets throughout City Hall.

As you note in your report regarding sanitation services, the Landrieu administration renegotiated all three of the City's garbage hauling contracts as well as its landfill contracts to save millions of dollars on an annual basis, which has produced the significant reduction in overall and per capita costs of sanitation services for New Orleans. These smart cuts move the City of New Orleans closer to the benchmark for sanitation services and enable us to invest in high priority areas like recreation and crime prevention.

While the report excludes the cost of Mardi Gras in its comparisons to better ensure "apples to apples" comparisons with other municipalities, it does not address the large volume of other special events that New Orleans supports on a regular basis, and especially in 2012, such as BCS National Championship Game, the NCAA Final Four, Jazz Fest, etc. New Orleans has a large volume of tourists and there are enhanced sanitation services (7 day a week pick-up) in the areas of the City that are most visited by tourists. Few, if any, of the comparison cities have the volume of tourists that New Orleans has, and excluding these additional special event costs would also bring New Orleans closer to the benchmark for sanitation services.

Because sanitation costs have been reduced as part of our approach of cutting smart, we have been able to increase investments in recreation by doubling from \$5 million to \$10 million our annual budget for the New Orleans Recreation and Development Commission. As your report notes, this increase in recreation investments has moved us closer to the national benchmark by raising our per capita investment in recreation. The City's investment in parks and recreation is complemented by City of New Orleans support for the Department of Parks and Parkways and the Audubon Commission, which maintains Audubon Park. Including these appropriations of city tax dollars would bring New Orleans even closer to the benchmark for parks and recreation as well.

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Perhaps another factor is equally noteworthy in considering the information contained in your report: We've been able to double recreation funding while reducing overall general fund spending by roughly \$40 million, or 8.5% on an annual basis, for 2011 and 2012 as compared with the city's 2009 expenditures.

This report affirms that we are moving in the right direction by lowering costs in areas where our costs were too high and investing in areas of priority to the city and its future, including crime reduction. Thank you for another thoughtful review of the city's operations.

Sincerely,



Andy Kopplin  
First Deputy Mayor and Chief Administrative Officer  
City of New Orleans