

INTRODUCTION

The Lafayette City Council established the Protect the City Committee (the “Committee”) on January 19, 2021 by Resolution CR-002-2021. In the resolution, the Council expressed profound concern regarding its lack of control over City of Lafayette (“City”) tax dollars, its inability to make motions or debate joint ordinances without Lafayette Parish Council concurrence, its lack of control over departments and component units of government that are funded almost entirely by City tax dollars, opposition from the administration to the City Council’s attempts to seek independent legal advice on the administration’s interpretation of the Lafayette City-Parish Home Rule Charter (the “Charter”), and the failure of the administration to implement recent amendments to the Charter in a manner providing the level of City autonomy desired by voters. With these concerns in mind, the City Council convened this Committee to engage in “an open, public, transparent discussion of the City’s continuing problems with our consolidated form of government.”

The Council further tasked the Committee with preparing a final report that addresses, at a minimum, the following questions:

- (1) How can the City best protect City of Lafayette tax dollars?
- (2) How can the City best protect the rate-payer owned Lafayette Utilities System?
- (3) How can the City Council best protect the interests of City of Lafayette citizens?
- (4) Has consolidation lived up to the promises made in 1992 when it was voted on?
- (5) How has the City of Lafayette’s share of the cost of government services changed over time relative to the parish?
- (6) How does the per capita share of consolidated services paid by a City of Lafayette resident differ from a resident of the unincorporated area or a resident of another municipality in our parish?
- (7) Does the current system of cost allocation adequately communicate to the average citizen how the costs of consolidation are shared?

DRAFT

- (8) Are city tax dollars being spent outside of the city limits of Lafayette?
- (9) Are city tax dollars being spent to benefit something other than the City of Lafayette?
- (10) Is consolidation fair to City of Lafayette taxpayers?
- (11) Does consolidation result in a form of government that best represents the interests of City of Lafayette residents?
- (12) Would deconsolidation benefit City of Lafayette residents, taxpayers, and businesses?
- (13) What are the potential annual savings to the City of Lafayette after deconsolidation?
- (14) Would the City of Lafayette be better served by having its own mayor?

This report represents the work of the Committee during its term and sets forth the Committee's conclusions regarding the above questions and other issues that have been brought to the Committee's attention.

In formulating this report, the Committee has heard from current and former elected officials, current and former Lafayette City Parish Consolidated Government ("LCG") employees, members of the 1992 and 2010 Charter Commissions, LCG's outside auditors, and the consultants who assist LCG with the cost allocation formula that determines how much the City and the Parish of Lafayette (the "Parish") contribute to LCG's consolidated governmental functions. Their input has been carefully considered by the Committee and has informed the Committee as it undertook the task of drafting this report.

The Committee would like to express its sincere gratitude to the City Council for entrusting it with this task, to the Council staff who graciously assisted us throughout this process, and to all of the individuals who devoted their time and energy to educating the Committee and providing the Committee with their thoughts and opinions.

Finally, the Committee notes that it has been tasked by the City Council with reviewing certain issues and answering specific questions. The Committee makes no judgments as to the performance of any public servant, past or

DRAFT

present, except to say that we believe that LCG has, without exception, been served by individuals whose commitment to the public good the Committee do not question.

GENERAL CONCLUSIONS OF THE COMMITTEE

The Committee believes that consolidation is unfair to the City and that the City would be best served by deconsolidation.

The Committee has learned that City funds have been consistently used to subsidize the Parish. The so-called “allocation formulas” employed to determine how much the City and Parish should pay for consolidated government are wholly unscientific. The use of a metric by which the City pays 54% of certain expenses has been deemed appropriate and reasonable, as has the use of a metric by which the City pays 80% of the exact same expenses. The funding of consolidated government is a result-oriented exercise, with the goal being to prevent the Parish from going bankrupt. In order to meet this goal, the City is required to pay more than its fair share. Beyond the convoluted allocation process, there are multiple examples of City funds being used to pay the entire cost for equipment used by both the City and Parish and of City funds being used on projects outside of the City.

Unfortunately, this is a feature of the system, not a bug. With the Parish always having insufficient funds to carry out its own functions, LCG has and will continue to find creative ways—often extremely difficult to detect—to use City funds to prevent the Parish from running a deficit (which, by law, it is not allowed to do).

More importantly, the City lacks the autonomy that every other municipality in Lafayette Parish has, and which none seem eager to give up.

Lafayette is served by a Mayor who also serves as President of the Parish and who is elected by voters throughout the Parish. While every other municipality in Lafayette Parish, and almost every other municipality in America, has a Mayor whose loyalties are undivided, Lafayette’s Mayor-President serves two masters: the City and the Parish.

DRAFT

Further, since consolidation, the population of the City has decreased from 63.4% of the total population of the Parish to 51.6%. If longstanding population trends continue, the population of the City will fall below 50% of the total population of the Parish. When that happens, a majority of the people voting for the Mayor of the City of Lafayette will reside outside of the City of Lafayette.

Charter amendments passed in 2018, which created separate City and Parish Councils, have given the City some autonomy, but efforts to exercise this authority have been resisted by the administration and Parish Council based on restrictive interpretations of the Charter which the Committee seriously questions. For instance, the City Council was effectively blocked by the Parish Council from using City funds to restore administration cuts to departments, or divisions thereof, funded almost exclusively by the City. That the levers of consolidated government can be manipulated to prevent the City from allocating City funds suggests that the City is unlikely to ever achieve an acceptable level of autonomy within consolidated government.

Accordingly, the Committee recommends that the City Council and Parish Council convene a Charter Commission to study deconsolidation and to present a plan for deconsolidation that returns self-governance to the City. As Parish citizens, we stress the need for a transition plan that ensures an orderly transition, that is fair and equitable to the Parish, and that provides sufficient resources to the Parish, which has also suffered under consolidation, so that the Parish finds itself in a sustainable position for years to come.

Over the course of its work, the Committee has, almost without exception, heard that consolidation has benefitted no one. It has not benefited the City, the Parish, or the other municipalities. Everyone has legitimate grievances. Although the Committee was tasked with looking at our current form of government from the City's perspective, we have become well aware of the fact that consolidation has done more harm to the Parish than good.

Although some have argued that pushing for deconsolidation will cause division between the City and Parish, the members of this Committee are citizens of both the City and Parish and believe that, with respect to deconsolidation, the interests of the City and Parish are entirely aligned. Both the City and Parish each deserve a government that is directly accountable to its citizens, a

DRAFT

government that does not serve two masters, and a government that reflects fundamental American principles of republican democracy and self-governance.

BACKGROUND

A. What Consolidation Is, and Isn't

In order to frame the issue of how best to protect the City of Lafayette in light of our current consolidated form of government, it is important first to establish what consolidation is and what it isn't.

Consolidation, properly understood, is the consolidation of the governmental functions of the City and Parish. Thus, LCG is governed by a single Mayor-President, elected by the entire Parish (including the municipalities that are not party to consolidation), who acts as both the Mayor of the City and the President of the Parish. The administration of LCG is also consolidated, such that both the City and Parish are served by a single Public Works Department, a single Development and Planning Department, etc. These consolidated functions of LCG are funded by the City and Parish, primarily through the separate City and Parish taxes levied and collected by each entity.

Consolidation did not abolish the City or Parish of Lafayette. Both continue to exist together with a third entity, LCG. As the Charter specifically states: "The City of Lafayette shall continue to exist as a legal entity and except as provided in this charter, shall exercise all powers granted by general state law and the state constitution for municipalities of the same population class." The Charter further states: "The Parish of Lafayette shall continue to exist as a legal entity and except as provided in this charter, shall exercise all powers granted by general state law and the state constitution for parishes of the same population class."

The City and Parish have separate budgetary funds and separate taxes. The City and Parish also have separate assets, the most notable of which is the Lafayette Utilities System ("LUS"), which is owned by the City. LCG generates no independent revenue and does not independently own any assets.

DRAFT

Notwithstanding that certain governmental functions have been consolidated, the Utilities Department (*i.e.*, LUS), Police Department and Fire Department are departments of the City alone, governed solely by the City Council but subject to the executive authority of the Mayor-President.

Similarly, certain Parish functions have not been consolidated. Under Louisiana law, the Parish alone is responsible for providing a suitable courthouse and jail. It must also provide for the operation of certain parish offices, including, among others, the Clerk of Court, Sheriff, Tax Assessor, District Attorney, and Coroner. Further, the Parish functions as a parish-wide drainage district and, as such, is responsible for the maintenance of a vast network of drainage channels that traverse the parish (including those within the various municipalities).

One of the most contentious aspects of consolidation has been the allocation of funding for the consolidated functions of LCG in the budget. Under the Charter, the Mayor-President annually proposes a single LCG budget, which is then approved by the City Council and Parish Council jointly. Except for items funded solely by the City or Parish, amendments to the proposed budget require joint approval.

The funding of consolidated functions is governed by the budget's allocation table, which notes the basis for allocating costs between the City and Parish. The allocation methods, which will be discussed in more detail below, have varied widely over the years.

B. The Road to Consolidation and the Current Charter

i. Consolidation

Although consolidation of the governmental functions of the City and Parish took effect in June of 1996, the consolidation effort can be traced back to the 1970s and the failure of a proposal to consolidate parish government with the governments of all six of the municipalities within the parish. Hunter Bacot, *Lafayette/Lafayette Parish, Louisiana in Case Studies of City-County Consolidation: Reshaping the Local Government Landscape*, 133 (Suzanne M.

Leland & Kurt Thurmaier eds., M.E. Sharpe, Inc. 2004). Attributing that failure to the inclusion of all six municipalities, “major institutional civic leaders,” most notably the Greater Lafayette Chamber of Commerce (the “Chamber”) and the *Daily Advertiser*, continued to promote consolidation of the City and Parish, without the other municipalities, “as a way to provide citizens with more efficient and well-managed government.” *Id.* at 135. “With the strong support of the [Chamber] and the *Daily Advertiser*, . . . ‘congruence among the major community elite organizations soon followed.’” *Id.* at 136.

Those in favor of consolidation advanced several arguments. The primary argument was based on efficiency: It “just didn’t make sense,” according to civic leaders to have two governments that resembled each other so closely in structure and function.” *Id.* at 136. Further, it seemed logical to merge the rapidly growing City with the geographically small Parish. Finally, the City’s growth and expansion caused Parish revenues to decrease, leading many to believe that the parish was “simply withering away.” *Id.*

Efforts to consolidate led to the creation of a charter commission in 1990, which was authorized by Act 187 of the Louisiana Legislature at its 1990 Regular Session (the “Act”). The Act granted “the city of Lafayette and Lafayette Parish the power to establish a ‘unified city-parish government’ and to create the Lafayette City-Parish Charter Commission.” The Act tasked the Charter Commission with studying and preparing “a plan or alternative plans of government which unite the government of the parish of Lafayette and the city of Lafayette under a single unified government,” and to file such plan or alternative plans with the City and Parish Councils, the Parish President, and the Mayor of Lafayette. Notwithstanding its broad charge, the Act specifically prohibited the Charter Commission from proposing consolidation with any other municipality: “[N]o such plan of government shall include the government of any municipality within Lafayette Parish other than the city of Lafayette.”

Ultimately, the Charter Commission presented a plan to consolidate the City and Parish governments together with a proposed City-Parish Home Rule Charter to be voted on by the citizens of Lafayette Parish. The proposed charter provisions “were rather conventional” and “did not change much of what

DRAFT

already existed or was a current practice of city or parish government organizationally and fiscally. Bacot, *supra*, at 140. Basically, the city remained ‘the city’ and the parish remained ‘the parish’ with the exception that all duties of government were performed by one government, not two.” *Id.* at 142.

The campaign leading up to the consolidation election was largely dominated by the well-organized proponents of the measure. “[T]he primary focus of proponents was professional, business-like government administration,” although the Chamber, in response to questions about the feasibility of consolidation, released a study indicating that consolidated government would realize “considerable savings.” *Id.* at 146. According to Rob Guidry, then President of the Chamber, while “consolidation was not pushed on the principle of cost and benefits, it was shown to save 3.5 to 5 million dollars when duplicate services and personnel were eliminated three years into consolidation.” *Id.*

The opposition was fractured, with some rural voters suspicious of falling under the City’s control and some City voters skeptical that consolidation was in the best interest of the City, including City Council members who believed consolidation was a method of “saving or bailing out the parish.” *Id.* “With little organized resistance, it appears that citizens received a constant, consistent, one-sided message about consolidation, that is, only the advantages associated with consolidation were promoted in public communications.” *Id.* at 152.

Finally, in November of 1992, Lafayette Parish voters took to the polls (including voters in the municipalities that were not party to consolidation). The referendum passed with 60% voting in favor and 40% voting against. Within the City, 67% supported consolidation. Outside of the City, 49% of voters supported consolidation.

Although approved by voters in 1992, the Charter provided that elections for the new government would not occur until the fall of 1995, and those elected at that time would not take office until the first Monday in June following their election. Accordingly, there was a nearly four-year transition period between adoption of the Charter and commencement of consolidated government.

ii. The 2010 Charter Commission

After fifteen years, the nine-member City-Parish Council first began to seriously question the fairness of consolidation in or around 2010. Walter Pierce, *Fault Line*, The Independent Weekly, Feb. 9, 2010 (available online: www.theind.com/article-5375-Fault-Line.html). Two events drove this newfound angst: First, the population of the City relative to the Parish as a whole had dropped significantly, raising concerns that federally mandated redistricting would lead to the City-Parish Council having five districts with majorities of non-City residents. In such a case, a majority of the members of the governing authority of the City of Lafayette would represent districts whose residents were majority non-City. This result would have further undermined the City's self-governance and effectively transferred control of the City to the entire Parish, including those who live in municipalities not party to consolidation. Second, the governance of the Lafayette Utilities System ("LUS") by the City was in jeopardy. The Charter established the Lafayette Public Utilities Authority ("LPUA"), whose membership included the five City-Parish Councilmembers representing majority-City districts, as the governing authority of LUS. However, because all nine City-Parish Council districts included City residents, attorneys feared that preventing their representatives on the Council from voting on LUS matters would deprive them of representation. Accordingly, LUS-related matters were voted on by both the LPUA and the City-Parish Council as a whole. This compromise worked for a time, until it looked like the City-Parish Council might overrule LPUA approval of a proposed rate increase. This result was avoided, but the mere possibility of such an outcome laid bare the reality that the City was not in control of LUS.

These two events led to the creation by the City-Parish Council of a new Charter Commission in 2010, which it authorized to explore amendments to the Charter and, alternatively, deconsolidation. Walter Pierce, *Pro & Consolidation: Erstwhile Charter Commission Members Don Bacque and Bruce Conque Debate the Merits of our Present Form of Government*, The Independent, Oct. 12, 2011 (available online: <http://theind.com/8908-Pro-&%3B-Consolidation.html>). Among the options entertained by the 2010 Charter Commission was the "Hefner Plan," which would have mandated that the constituencies of five of the nine City-Parish Council districts be majority City.

After many twists and turns, and with its term soon to expire, the Charter Commission proposed to put deconsolidation to the voters. No transition period or plan was provided for deconsolidation (as existed when the City and Parish consolidated). According to Jay Castille, then a member of the City-Parish Council, the lack of a transition period or plan made it impossible for him to support deconsolidation at the time.

In the subsequent campaign over deconsolidation, both sides stressed the need for reform of the Charter to give the City greater autonomy and control over its own affairs, with those in favor of deconsolidation arguing that this was only achievable by splitting the City and Parish governments, and those against deconsolidation arguing that these reforms could and should be achieved by amending the Charter to enact the Hefner Plan or other similar proposal.

When voters finally had their turn at the ballot box in October of 2011, they agreed with the opponents of deconsolidation, with 63% voting against deconsolidation and 37% voting in favor.

Following the election, both sides stressed the need to push forward with reforms, but all attempts stalled. Perhaps the most notable effort to reform consolidated government occurred in 2013 when Councilmen Don Bertrand, Kenneth Boudreaux, Keith Patin and Brandon Shelvin co-sponsored an ordinance to convene a new charter commission for the purpose of studying a variation of the Hefner Plan, deemed the “Fair and Focused Plan,” which would have redrawn council districts to create five City-only districts and four districts comprising the areas outside of the City. Walter Pierce, *CPC to Revisit Charter Commission*, INDREPORTER, Aug. 26, 2013 (available online: <http://theind.com/article-14684-CPC-to-revisit-charter-commish.html>). The five City districts would have operated as a City Council, with full autonomy over matters pertaining to LUS and other issues pertaining solely to the City. This effort failed when the four co-sponsors of the ordinance, all representing majority-City districts, could not secure the necessary fifth vote. All four Councilmen representing majority non-City districts voted against the measure, and were joined by Councilman Andy Naquin, whose district was entirely within the City. That four of the five Councilmen representing majority-City districts

could be thwarted by one councilman from a majority City district joining with the four Councilmen representing majority non-City districts was cited as an example of the Parish's undue authority over the City. Effectively, however, the failure of the Fair and Focused Plan put further efforts at reform on hold indefinitely.

iii. The 2018 Charter Amendments

For several years after the failed deconsolidation vote, no serious effort to reform the Charter gained traction. Then, in 2018, the City-Parish Council brought the issue back to the fore with a proposal to split the nine-member City-Parish Council into separate five-member City and Parish Councils. Like the Fair and Focused Plan, the City Council would have sole authority to govern in matters pertaining to the City alone, most notably LUS. Unlike the Fair and Focused Plan, where the City Council would have been part of a larger City-Parish Council, a separate Parish Council would govern in matters pertaining to the Parish.

On August 7, 2018, the City-Parish Council adopted Ordinance O-121-2021, sending the proposed Charter amendments to the voters at the December 8, 2018 general election. The amendments called for City and Parish Council elections at the regularly scheduled municipal and parochial elections (when the City-Parish Council would otherwise have been elected), with the transition to take effect upon the swearing in of the new City and Parish Councilmembers on the first Monday of 2020.

Mr. Castille, a co-sponsor of Ordinance O-121-2021, explained that the purpose of the amendments was three-fold: First, the amendments would give the City autonomy, which had been sought since 2010. Second, the amendments would create a Parish Council focused solely on parish governance. According to Mr. Castille, the Parish's perennial budget problems were consistently masked by the budget process, which allowed for the manipulation of allocation formulas to cover Parish deficits. Having no ability to control City funds, a separate Parish Council would be forced to confront its budgetary problems. Finally, the amendments were intended as a first step toward deconsolidation by forcing the City and Parish Councils to become self-sufficient.

Ultimately, the referendum passed with 53% voting in favor of amending the Charter and 47% voting against, with 62% of voters inside the City voting yes, and 44% of voters outside the City voting yes.

Shortly after the election, it was discovered that descriptions of certain voter precincts in the amended Charter contained errors that left some voters without a precinct and placed some voters in multiple precincts. A debate ensued as to whether these errors could be corrected by ordinance or whether a re-vote would be required. The City-Parish Council passed an ordinance purporting to correct the descriptions but that measure was challenged in court. Eventually, the actions of the City-Parish Council were upheld, clearing the way for elections to the two new councils and implementation of the Charter amendments.

Although the amendments were upheld, the litigation and attendant uncertainty put the transition process on hold. A Charter Transition Committee (“CTC”) was not appointed until August of 2019, more than eight months after the amendments were adopted but only five months before the amendments were to take effect. The CTC did not produce a final report but did produce a memorandum, dated December 18, 2019, outlining its concerns and proposed courses of action. As explained in the memorandum:

[T]he complexities of the New Charter and existing operating structure under the existing Charter presented more complex legal, organization and profound public policies discussions than the Committee would have time given its limited deadline. However, by far, the greatest issue to resolve for the transition to the New Charter is the budget and its allocation system.

. . . [T]he Committee overwhelmingly felt that the budget process supersedes all the items classified as Immediate, Short Term and Long Term. The ripple effect of this process cannot be understated. Budget elements such as Development, Introduction, Deliberation, Adoption and Implementation pose both the greatest reward and

DRAFT

greatest risk for success or failure for the new government and the people it represents.

The CTC stressed the need to establish a strong, comprehensive joint rule ordinance that stipulates operating procedures for matters requiring approval of both councils, including, perhaps most importantly, a procedure making budget decisions related to shared services, employees, equipment, facilities and operations.

Finally, although the CTC expressed confidence that the issues identified in the report could be resolved, it stated that “research should continue into formal modifications of the charter including more comprehensive discussions regarding deconsolidation of Lafayette City and Parish Governments as an option.”

Unfortunately, the Councils did not adopt joint rules and procedures. Instead, as the administration, City Council and Parish Council debated the first budget of their terms—the first budget under the amended Charter—differences of interpretation as to how the budget process should unfold under the Charter emerged. These differences were most pronounced in debates over funding of the Parks and Recreation Department and the Arts and Culture Division of the Community Development Department.

In its proposed budget, the administration proposed substantial cuts in these particular areas, which are funded almost entirely by the City. The City Council disagreed with the cuts and sought to amend the proposed budget to restore the funding. The Parish Council, however, sided with the administration and blocked the amendments. Debate over how to interpret the Charter ensued. Invoking Section 4-03 of the Charter, which allows for the hiring of special legal counsel by the City Council by written contract for a specific purpose approved by a favorable vote of the majority of the City Council, the City Council hired an outside attorney to obtain independent legal advice. The administration opposed this action by filing suit, which remains pending in district court.

In response to these and other developments that have arisen since the Charter amendments took effect, the City Council adopted Resolution CR-002-2021 and convened this Committee.

C. Growth in Lafayette Parish Since Consolidation

Before turning to the fourteen questions posed by the City Council, it is necessary to look at growth patterns in the City, Parish and other municipalities since consolidation. The data is clear: The City has grown at a much slower rate than unincorporated Lafayette Parish and the other municipalities. Although several factors have contributed to this trend, consolidation played a role. Questions of whether consolidation has been a benefit to the City, and whether consolidation will continue to be a benefit to the City, been fair to the City, and is likely to be beneficial or fair to the City in the future, cannot be answered without first reviewing the data.

i. Population Growth in Lafayette Parish Since Consolidation

A review of population statistics shows that the City of Lafayette has grown at a considerably slower pace than unincorporated Lafayette Parish and the other municipalities in Lafayette Parish:

	1996 (est)	2019 (est)	Growth	% Change
Youngsville	2,976	14,704	11,728	394.1%
Broussard	5,088	12,607	7,519	147.8%
Carencro	5,838	9,449	3,611	61.9%
Unincorporated	44,429	71,256	26,827	60.4%
Scott	6,846	8,675	1,829	26.7%

Duson	1,301	1,514	213	16.4%
City of Lafayette	114,953	126,185	11,232	9.8%
TOTAL PARISH	181,431	244,390	62,959	34.7%

According to these statistics, every municipality in Lafayette Parish, as well as the unincorporated area of Lafayette Parish, has experienced more robust population growth than the City of Lafayette.

Further, since the Lafayette Mayor-President—the Mayor of the City of Lafayette and the President of Lafayette Parish—is elected by voters throughout the entirety of Lafayette Parish, including every other municipality in Lafayette Parish, the population of the City of Lafayette as a percentage of Lafayette Parish is of paramount political importance. Although the City of Lafayette accounted for 63.4% of the population of Lafayette Parish in 1996, Census estimates from 2019 (the latest available data) show that the City of Lafayette accounts for only 51.6% of the population of Lafayette Parish.

	Percentage of Parish Population		
	1996	2019	Change
Unincorporated	24.5%	29.2%	4.7%
Youngsville	1.6%	6.0%	4.4%
Broussard	2.8%	5.2%	2.4%
Carencro	3.2%	3.9%	0.6%
Duson	0.7%	0.6%	-0.1%

Scott	3.8%	3.5%	-0.2%
City of Lafayette	63.4%	51.6%	-11.7%

Thus, as things currently stand, more than 48% of the people who vote for the Mayor of the City of Lafayette live outside of the City of Lafayette (including those who live in the other municipalities, which all have their own mayors who are elected exclusively by the citizens of those municipalities).

ii. Annexations in Lafayette Parish Since Consolidation

Since 1996, Lafayette has grown by more than 20% through annexation. However, every municipality in Lafayette Parish, except Duson, has grown by considerably more than 20% over that same period. In fact, since 1996, Broussard has grown by 105% and Youngsville has grown by 399%. Prior to consolidation, the total area of the City of Lafayette was approximately 46.1 square miles, while the combined area of the other five municipalities in Lafayette Parish was approximately 28.4 square miles. Today, the total area of the City of Lafayette is approximately 56 square miles, and the area of the other five municipalities is approximately 52.7 square miles. Thus, while the area of the City was almost twice as large as the combined areas of the other municipalities in 1996, today the combined areas of the other municipalities is almost equal to the City.

	Square Miles Annexed Since 1996	Today's Footprint in Square Miles	Percentage Growth since 1996
Youngsville	10.0	12.6	399%
City of Lafayette	9.9	56	21.6%
Broussard	9.0	17.6	105%

Scott	3.2	11.7	38%
Carencro	1.6	7.8	25.8%
Duson	0.5	3.0	19%

Moreover, during the first nine years of consolidation, which includes the entirety of Mayor-President Walter Comeaux’s tenure and the first year of Mayor-President Durel’s tenure, Youngsville annexed 5,153 acres and Broussard annexed 4,447 acres, while the City of Lafayette annexed only 1,861 acres. Much of the land annexed by Youngsville and Broussard was prime commercial property. For instance, Broussard annexed large portions of land fronting on the east side of U.S. Highway 90 south of Lafayette Regional Airport.

In his remarks to the Committee, Mr. Ed Abell, who chaired the Charter Commission that led to the 1992 consolidation vote, told us that the Charter Commission never dreamed that the population of the City of Lafayette would decline in relation to the rest of Lafayette Parish. But what was never dreamed has now become a reality. It will almost certainly soon be the case that a majority of the people eligible to vote for the City of Lafayette’s Mayor will live outside of the City of Lafayette, many of whom live in municipalities with their own mayors. Indeed, this reality was one of the driving forces behind the 2018 Charter amendments. Despite the 2018 Charter amendments, the City of Lafayette still faces the prospect of being subject to the political will of people who do not live in the City of Lafayette.

DISCUSSION

A. Conclusions About Consolidation

- i. Has consolidation lived up to the promises made in 1992 when it was voted on?

As discussed above, supporters of consolidation argued that consolidating the functions of the City and Parish would lead to a “more efficient and well-managed government,” that it “just didn’t make sense” for the rapidly growing

DRAFT

City and geographically small Parish to exist as separate entities when many of their functions overlapped, that consolidation was necessary because Parish revenues were declining and the Parish was “withering away,” and that consolidating the City and Parish would save between \$3.5 and \$5 million dollars per year. With the benefit of hindsight, it is difficult to say that any of these arguments hold up.

First, although LCG has been blessed with determined, hard-working public servants who discharge their duties admirably, the structure of consolidated government is neither efficient nor easy to manage. Consolidation did not abolish the City or Parish as entities. They continue to exist, with separate taxes, separate funds, and separate assets. Instead, a third political entity, LCG, was created to carry out the consolidated governmental functions of the City and Parish. Because the City and Parish continue to exist, LCG, which generates no money of its own, must account for whether money is spent for the benefit of the City or Parish, and whether tasks are undertaken for Parish purposes or City purposes. Streamlining government is an attractive proposition, but it is difficult to conclude that consolidation streamlined much at all. Moreover, the public generally does not understand consolidation, which long-time LCG bond attorney Jerry Osborne has described as the most complicated form of government in Louisiana—and that was before the 2018 Charter amendments creating separate City and Parish Councils. Current and former Councilmembers have expressed to the Committee that the confusing nature of consolidation has led to heightened distrust of local government. If you do not understand it, how can you trust it?

Second, while it must have appeared inevitable at the time of consolidation that the City would continue to expand until it encompassed most of Lafayette Parish, that has not happened. In 1996, when consolidation took effect, the City of Lafayette comprised 46.1 square miles and the other municipalities combined comprised 28.4 square miles. In percentage terms, the other municipalities made up 38% of incorporated land in Lafayette Parish (*i.e.*, land that is part of a municipality, not including the unincorporated area) and the City made up 62% of incorporated land in Lafayette Parish. Today, the City comprises 56 square miles and the other municipalities combined comprise 52.7 square miles. In percentage terms, the City now makes up only 51.5% of the incorporated land in Lafayette Parish and the other municipalities

combined make up 48.5% of the incorporated land in Lafayette Parish. With the City now being largely surrounded by the other municipalities, leaving little room for the City to expand geographically, the argument that consolidation was a natural progression, or that it “just didn’t make sense” for the City and Parish to exist independently, is hard to justify.

Third, the financial health of the Parish, whatever its state in 1996, has declined precipitously under consolidation. To use only three examples: In 2016, LCG gave up trying to maintain a Parish General Fund balance (*i.e.*, a reserve), which is a recommended governmental accounting practice. (A minimum General Fund balance of 20% is maintained by the City.) In 2019, LCG was sued on the grounds that the Parish failed to properly fund the Sheriff’s Department. Finally, the 2020-2021 Budget projects an ending Parish General Fund balance of \$66,784.00. In other words, consolidation has done nothing to bolster the fortunes of the Parish.

Indeed, according to Mr. Castille and Parish Councilman Kevin Naquin, one of motives behind the 2018 Charter Amendments was to create a separate Parish Council that would be forced to address the Parish’s unsustainable budget trajectory. With a consolidated City-Parish Council, they said, it was too easy to hide behind the relative financial health of the City, which allowed for the kicking of the proverbial can further and further down the road.

Finally, the estimated \$3.5 to \$5 million in savings never materialized. Whether there was ever a solid basis for these figures is questionable. As one scholar later explained: “the details of the report [that purported to demonstrate the savings] were lacking and questions of validity were accurate.” Bacot, *supra*, at 147. The claim was less a well-developed economic theory than a marketing plan: “an effective counter to opposition charges that it would cost more to operate one government in Lafayette than the two currently managing city and parish affairs.” *Id.* Nevertheless, the savings, which were supposed to have been generated through the elimination of personnel through attrition, were never realized. Reductions in personnel never occurred.

- ii. Is consolidation fair to City of Lafayette taxpayers? Does consolidation result in a form of government that best represents the interests of City of Lafayette residents?

DRAFT

Consolidation is not fair to City taxpayers, nor does it result in a form of government that best represents the interests of the City. To begin with, the City's Mayor is elected parish-wide, and soon a majority of voters in Lafayette Parish will reside outside of the City. Thus, a majority of the people voting for the Mayor of Lafayette will reside outside of the City. This result is fundamentally anti-democratic and runs contrary to basic American principles of self-governance. The original Charter Commission never envisioned that the City would find itself in the minority in Lafayette Parish and it is difficult to imagine that City residents would have voted for consolidation if this possibility was in any way foreseeable.

Additionally, the City is and has been subsidizing the Parish. The next section of this report discusses the City's subsidization of the Parish in much greater detail but, fundamentally, there are two issues: First, the City shoulders more of the costs of consolidation than would otherwise be fair because many of these costs are based on the availability of non-dedicated revenues. Because the Parish has very little in the way of non-dedicated revenues, it pays relatively little under this "pay what you can afford" allocation method. Second, millions in City funds have been used for capital projects outside of the City and for capital outlays that should be funded jointly by the City and Parish. Neither result is fair to City taxpayers.

Finally, despite the 2018 Charter Amendments, the City has not been able to gain control of its own finances. Although the 2018 Charter Amendments created the City Council as the governing authority of the City and gave the City Council exclusive legislative authority over all matters pertaining only to the City, legal opinions by the administration have required joint City and Parish Council approval for budget amendments that involve only City funds, effectively giving the Parish Council legislative authority over City funds. If consolidation resulted in a form of government that best represented the interests of City residents, the City Council would not find itself in this position.

B. Conclusions About the Budget

- i. How has the City of Lafayette's share of the cost of government services changed over time relative to the

parish? How does the per capita share of consolidated services paid by a City of Lafayette resident differ from a resident of the unincorporated area or a resident of another municipality in our parish?

From 1996 to 2000, the City paid 60% of the cost of consolidated government and the Parish paid 40% (with some variation across departments). From 2001 through 2005, the City paid 82% and the Parish paid 18%; from 2006 through 2008, the City paid 83% and the Parish paid 17%, and from 2009 through 2012, the City paid 84% and the Parish paid 16%.

Beginning with the 2013-2014 Budget, Mayor-President Durel abandoned the “pay what you can afford” method for allocating costs in favor of an allocation method based on population, with the City paying 54% and the Parish paying 46%. In his 2013-2014 Budget Message to the City-Parish Council, Mr. Durel justified this action by stating that “millions of dollars” have “leaked into parish government,” causing “the city to build less infrastructure, hire fewer firemen, policemen, public works employees, as well as other personnel needed to provide for the needs of our community.” According to Mayor-President Durel, we “stopped most of the leaking” in 2013 by adjusting the allocation formula to increase the parish’s share of the costs of consolidation. However, the parish could not afford to pay 46% of the costs of consolidation out of the Parish General Fund, which resulted in a “parish government deficit owed to city government” of “approximately \$5.1 million.” To account for the deficit and make “the city whole” the Durel administration took two “parish funds” – the Parish Drainage Fund and the Parish Road and Bridge Fund – “using them to fund the operations of public works” instead of capital projects. The allocation table for each of the 2013-2014, 2014-2015, and 2015-2016 LCG Budgets refer to “coverage of parish deficit,” which was over \$5 million in each case.

In 2016, when Mayor-President Robideaux took office, the previous “pay what you can afford” allocation method was reinstated, resulting in the City paying between 78% and 82% each year thereafter, continuing through the present.

Although the “pay what you can afford” allocation method is troubling in itself, it is doubly troubling when one considers that, since consolidation, the population of unincorporated Lafayette Parish grew by 60.4%, the other municipalities in Lafayette Parish grew by a combined 112.9%, and the City

grew by only 9.8%. Further, the population of unincorporated Lafayette Parish as a percentage of the total population of Lafayette Parish grew by 4.7% since consolidation, while the population of the City as a percentage of the total population of Lafayette Parish decreased by 11.7%. Thus, while the rest of Lafayette Parish has outgrown the City by huge margins since consolidation, and Lafayette represents a much smaller percentage of the total population of Lafayette Parish than it did at the time of consolidation, its share of the costs of consolidation, which is vastly greater than those borne by the Parish, have either gone up or remained the same.

Note also that the Parish's annual contribution to consolidated government services, funded through an annual contribution to the City General Fund, has remained both remarkably consistent and miniscule over the last 25 years. For example, the parish contributed \$4,440,021 to the City General Fund in 2008 and contributed \$4,391,755 to the City General Fund in 2019. (Although it has fluctuated from year to year, the Parish's contribution has exceeded \$6 million only once and has generally trended downward since 2013.)

Over the same period, the Combined LCG General Fund (*i.e.*, the City General Fund with the Parish contribution included) increased by nearly 25%, from \$88,459,166 in 2008 to \$109,294,892 in 2019.

That the Parish's meager contribution to consolidation has been consistent over the years, and that growth in the Combined LCG General Fund is attributable solely to the growth of the City General Fund over the same time period, even while the cost of government has increased, is further evidence that the City is subsidizing the Parish.

- ii. Does the current system of cost allocation adequately communicate to the average citizen how the costs of consolidation are shared?

The Committee does not believe that the system of cost allocation is adequately communicated to the average citizen. Frankly, the Committee has been left with more questions than answers as to how the allocation formulas are developed, adopted and applied.

DRAFT

As noted elsewhere in this report, cost allocations have varied widely since consolidation, with the City being allocated 84% of certain costs one year and 54% of the same costs the next year, and then 54% one year and 78% in the next. All of these allocations have been approved by the outside consultants.

The Committee was very thankful to Mr. Bret Schyler, one of the consultants, for taking the time to address the Committee and answer our questions about the cost allocation process. Mr. Schyler clarified that the consultants' role is to ensure that the cost allocations are justifiable under accounting standards, not to determine whether the cost allocations are fair to the City or Parish, or even whether the data underlying the cost allocations is accurate (*i.e.*, where cost allocations are made based on the amount of time that employees spend working on City matters versus Parish matters, the consultants do not investigate whether employee time is actually so spent). The administration alone is responsible for determining which cost allocation methods are used in any particular circumstance and for establishing the percentage allocations to the City and Parish when such allocations are not based on objective criteria (*e.g.*, population). Accordingly, while the allocation process appears to be somewhat scientific at first glance, the process is driven almost entirely by politics.

The politics driving cost allocation have, for the most part, been aimed at keeping the Parish from incurring deficits. LCG is responsible for both the City budget and the Parish budget, and therefore has a duty to ensure that both budgets are balanced. The financial situation of the Parish is such that it is always in danger of running a deficit. Thus, the funding of consolidated government has become a goal-oriented exercise, with the goal being the prevention of Parish deficits and the allocation process being used as a tool to achieve this goal.

There is also concern over how labor costs are allocated. Despite questions about how LCG tracks the time spent by employees on City tasks versus Parish tasks, a clear answer as to the methods by which LCG tracks employee time or otherwise determines labor costs has not been forthcoming. As part of its own investigation, the committee specifically requested that LCG supply work orders for certain departments, but that information was not supplied to the committee.

- iv. Are city tax dollars being spent outside the city limits of Lafayette? Are city tax dollars being spent to benefit something other than the City of Lafayette?

Yes, City tax dollars are being spent outside of the City limits and City tax dollars are being spent to benefit something other than the City. As noted by Mayor-President Durel in his 2013-2014 Budget Message to the City-Parish Council, “millions of dollars” have “leaked into parish government,” causing “the city to build less infrastructure, hire fewer firemen, policemen, public works employees, as well as other personnel needed to provide for the needs of our community.” We can say with confidence that tens of millions of City dollars have been spent outside of the City or for the benefit of something other than the City. Although hardly an exhaustive list, examples of City funds being spent outside of the City or for the benefit of something other than the City include the following:

- The methods by which costs are allocated to pay for consolidated government result in the City subsidizing the Parish. Under the Durel administration, this number was stated as between \$5 million and \$6 million per year.
- From 2006 to 2021, the City has paid for all of the IT department’s capital outlay budget—*i.e.*, the City has paid for all of the IT infrastructure utilized by LCG. This amounts to more than \$37 million. The Parish pays only 14% of the operating costs of LCG’s IT department. If the Parish had paid 14% of the capital outlay budget over this time period, the City would have saved more than \$5 million.
- 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.
- As recently as May 18, 2021, \$3.85 million in City funds were appropriated for the removal of a spoil bank along the Vermilion River outside of the City, and this even though drainage is entirely a Parish function.

- v. What are the potential annual savings to the City of Lafayette after deconsolidation?

Deconsolidation would certainly result in savings to the City. In 2013, Mayor-President Durel determined that the City was subsidizing the Parish in an amount between \$5 million and \$6 million per year based on cost allocation alone. There are numerous other examples of City funds being spent to either fund projects in the Parish or to cover Parish costs, a few of which are listed in the previous section of this report.

It would be impossible to arrive at a specific dollar amount of savings to the City in the event of deconsolidation, but using the examples set forth in the previous section of this report, the Committee can reasonably surmise that the savings would exceed \$5 million annually.

C. Conclusions About How to Protect the City

- i. Would deconsolidation benefit City of Lafayette residents, taxpayers, and businesses?

The Committee believes that deconsolidation would benefit City residents, taxpayers, and businesses. First, deconsolidation would return self-governance to the City. At present, the Mayor of the City of Lafayette is elected by all voters in Lafayette Parish. Soon, the population of the City will be less than 50% of the total population of Lafayette Parish. Accordingly, not only does the City currently operate under a system where people who do not live in the City get to vote for its Mayor, it will soon operate under a system where a majority of the people voting for the City's Mayor do not live in the City.

Moreover, although the 2018 Charter Amendments gave the City a greater level of autonomy by creating the City Council, those amendments have been interpreted and implemented in a manner that has undermined this autonomy. The City can only have full control over its finances and assets by deconsolidating.

Deconsolidation would return the City to a system of government that reflects fundamental American principles of republican democracy. The City does not currently have self-government, but it deserves self-government.

- ii. Would the City of Lafayette be better served by having its own mayor?

The City would be better served by having its own Mayor. It would be better served by having a chief executive who would not be tempted to use City funds to subsidize the Parish. It would be better served by having a chief executive who actively and enthusiastically championed the City and its growth with undivided loyalty, just as the mayors of Broussard, Carencro, Duson, Scott, and Youngsville are free to do.

Perhaps this question can best be answered by quoting Matthew 6:24: “No man can serve two masters.” The position of Mayor-President is inherently conflicted. The Mayor-President represents the City and has a duty to act in the best interest of the City. The Mayor-President also represents the Parish as a whole and has a duty of act in the best interest of the Parish. But the interests of the City and Parish often diverge. It would be better served by having its own Mayor, who is answerable only for the City and only to the City and its citizens. (Again, the Committee notes that, if population trends continue, the Mayor will be answerable primarily to people living outside of the City.)

As a caveat, however, it is worth mentioning that the City having its own Mayor would be possible only through deconsolidation. There is no practical way to create a separate Mayor within LCG, where instead of the Mayor-President serving two masters, every employee of LCG would serve two masters (a Mayor and a Parish President).

- iii. How can the City Council best protect the interests of City of Lafayette citizens, tax dollars, and the Lafayette Utilities System?

Notwithstanding that the Committee believes that deconsolidation is necessary, the Committee has several recommendations regarding actions the City Council can take in the meantime to protect City citizens, City tax dollars, and the City-owned Lafayette Utilities System:

First, the City Council should establish an LCG operating fund into which both the City and Parish contribute their share of the costs of consolidation. Currently, the Parish transfers its contribution to the costs of consolidation

DRAFT

directly into the City General Fund, effectively making the City General Fund the operating fund for consolidated government. The commingling of Parish money with the City General Fund makes it very difficult to track spending. There is no barrier to creating an LCG operating fund. Considering the administration's stated commitment to transparency, this should be relatively noncontroversial.

Second, the City Council should scrutinize more closely the way City funds are used to support consolidated government and use whatever methods are available to insist upon a fair allocation of costs between the City and Parish, including, if necessary, the hiring of an independent budget analyst.

Third, as the governing authority of the City, the City Council has the authority to reject the proposed budget if it is unfair to the City. Even the hiring of an independent budget analyst will only inform the City Council about the budget, it will not itself cause the budget to be fairer to the City. The City Council should not hesitate to exercise its authority in defense of the City. Even simply bringing the issue to the forefront will result in greater public awareness of the issue and generate political pressure on all parties to do what is right.

Fourth, with respect to LUS, the City Council should assert itself as the governing authority of LUS. As with the budget, the City Council must take concrete action if it desires to protect LUS, utilizing the considerable powers already granted to it under the Charter. In addition, the City Council should push for amendments to the Charter to clarify that the City Council has the same appointment authority relative to the Director of the Communications Department (*i.e.*, LUS Fiber) as it does with respect to LUS and to establish limitations on the terms of interim directors, which should apply across departments, providing for a set term that can only be extended by the City Council (or City Council and Parish Council acting jointly, where consolidated departments are at issue). These checks and balances are essential to the proper functioning of our government.

The City Council could also entertain the creation of a citizen driven committee to ensure that LUS and LUS Fiber best take into account the interests of City citizens and that people interested in the success of our utilities systems are given a position to help the city council elevate LUS and LUS Fiber.

DRAFT

Fifth, the City, Parish and/or LCG should consider negotiating and entering into intergovernmental agreements with each other when engaging in joint services or working on joint projects. This will increase transparency, more explicitly establish the obligations of the City and Parish with respect to one another and provide a method by which the City and Parish can hold each other accountable for their performance.

Finally, although the City Council did not explicitly raise this issue when convening the Committee, the issue of directly electing the City's Police Chief has been raised multiple times in the context of giving City citizens more direct control over their government. Accordingly, the Committee asks the City Council to consider including the direct election of the Police Chief as one of the issues to be studied by a future charter commission.