

CAPITAL IMPROVEMENT PRIORITIES

Introduction

Terrebonne Parish Consolidated Government adopts a 5-year Capital Improvement Budget and updates it annually as part of its charter-mandated budgeting process. The amount indicated to be spent during the first year of this budget is considered the capital budget for that year. Capital projects are those, such as infrastructure, that the parish needs to continue to provide essential services to current residents and support or even direct new growth and development. Capital projects are considered long-term projects because of the length of time needed to plan, design and construct them. The Capital Budget is required to include:

- A clear general summary of its contents.
- A list of all capital improvements and acquisitions that are proposed to be undertaken for at least the next five years fiscal years, accompanied by appropriate supporting information as to the necessity for such improvements and acquisitions.
- The estimated annual cost of operating and maintaining the capital improvement to be constructed or acquired.

This last requirement ensures that the annual operating and maintenance costs of capital improvements are accounted for elsewhere in the parish's budget.

What is considered a capital project? How are capital improvements defined? Terrebonne Parish Consolidated Government has list of seven types of projects that are considered capital improvements and, as such, would be eligible for inclusion in the Capital Improvement Budget. These are:

- Street construction and improvements

- Drainage improvements and levees
- New or expanded physical facilities for the Parish
- Large-scale rehabilitation or replacement of existing facilities
- Purchase of pieces of equipment, which have a relatively long period of usefulness
- Cost of engineering or architectural studies and service relative to the improvements
- Acquisition of land and/or improvements for the Parish.

When the Parish Council adopts the Capital Improvement Budget, such action represents an appropriation of funds for the fiscal year. This appropriation continues in force until the purpose for which it was made is accomplished or abandoned. Abandonment is considered the case regarding a capital appropriation if three years pass without disbursement from or encumbrance of the appropriation.

In its most recent Capital Improvement Budget, Terrebonne Parish Consolidated Government has shown its priorities, based on the amount of funding allocated to each category. For example, 52% of this budget is devoted to drainage projects. Road and bridge capital projects account for 22%; sewer improvements for 14%; and buildings for 6%. These four areas account for 94% of the parish's capital budget. Drainage/levees and road/bridge projects account for nearly three quarters of this budget. It is evident where the parish's capital priorities are; very understandable, too. The parish's geographical location and its topography make the drainage of storm and rainwater a key issue. In general, since most of the parish is poorly drained and subject to severe rain events—not to mention tropical weather conditions by virtue of its coastal location—drainage must be constantly and urgently addressed by parish government. Adding to this urgency is the fact that coastal erosion is adversely impacting Terrebonne Parish, allowing high tides to flood low-lying areas of



the parish and storm surges to eventually reach the southern parts of the City of Houma, something that has not happened until recently. Levees and better drainage, therefore, are of critical importance for the parish since stream channels, bayous, and canals are at or near sea level, resulting in gradients too low to remove storm water quickly and effectively.

Of the funds Terrebonne Parish received for disaster recovery (more than \$123.2M) through the Louisiana Office of Community Development, which administers the state's CDBG Disaster Recovery Program, more than 75% was dedicated for levees and drainage in the parish. Thus, the critical importance of these project types to the long-term sustainability and resiliency of Terrebonne Parish.

Capital Budget Financing

The parish Capital Improvement Budget is financed through a variety of funding sources. Among these are General Obligation Bonds, a quarter-cent sales tax dedicated to capital improvements, non-recurring surplus funds such as video poker proceeds, excess state mineral royalties, etc., and state and federal grants.

a. General Obligation Bonds

These are bonds which are backed by the "full faith and credit" of the issuing government and are secured by property taxes that have been levied without limitation with respect to rate and amount. Because of this factor, General Obligation (GO) Bonds are attractive to investors and carry lower interest rates than other bonds with similar maturities. Local government, however, is statutorily limited in the amount of GO bonds it can issue, such limitation being generally 10% of the current assessed valuation for any one purpose. The voters, of course, must approve and so authorize at the ballot box. Because GO bonds are tied to changes in the annual assessed valuation, fluctuations in this

valuation will have a direct impact on the parish's ability to finance capital improvements through GO bond sales in any given year. In Terrebonne Parish, assessed valuation first exceeded \$600M in FY04, and \$800M in FY08. Assessed valuations are currently approaching \$1B in Terrebonne Parish.

b. Sales Tax Revenue Bonds

Terrebonne Parish also has the ability to sell sales tax revenue bonds which must be voter approved and are limited by the amount of sales tax revenues which can be collected. Parish government has dedicated a quarter-cent sales tax for road and bridge operations; a quarter-cent for drainage operations; a quarter-cent for the library system; a quarter-cent for the Morganza to the Gulf Hurricane Protection system-generated projects; and the remaining quarter-cent for various capital improvements which can include, but are not limited to, the hospital, sewerage improvements, roads, bridges, drainage and other public buildings. In Terrebonne Parish, sales tax collections peaked near \$75M in FY08.

c. Utility Revenue Bonds

These types of financing bonds, such as sewer revenue bonds, are used for major renovations to sewer pump and lift stations, and sewer lines located throughout the parish. In this example, revenues of the sewer system, an enterprise fund in the parish budget, almost entirely derived from user charges for sewer services. Revenue bonds, therefore, may be issued under various statutes, some of which require no voter authorization. The debt limit is a function of the utility system's revenues.



d. Limited Tax Bonds

Limited tax bonds payable from the revenues of a specific tax falls within the authority of Terrebonne Parish Consolidated Government. Although voters must approve such a tax to support these types of bonds, the debt limit and maturity of such obligations are a function of the revenues and time length of the tax. Currently, Terrebonne Parish has issued no Limited Tax Bonds.

e. District Debt

Over the years, the parish has created many special services districts to finance improvements and services in particular areas. Road districts, road lighting districts, fire protection districts, recreation districts are but a few of such districts. The state has even created a levee district and a veteran's district both of which are parish wide. Each district has the ability to raise funds through various means, such as *ad valorem* taxes, user revenues, assessments or a combination thereof. Most of these districts can incur debt for capital improvements. Most of these districts are restricted to a particular governmental service and to providing same in a particular area which could be parish-wide depending on the district's enabling legislation.

f. Quarter-Cent Sales Tax Dedicated to Capital Improvements

This source of funds has an irrevocable pledge to any outstanding bonds. If, and only if, there is a surplus of such funds, then the parish may use the surplus for the purposes for which this sales tax was authorized. Surplus funds are used to finance various capital improvement projects throughout the parish.

g. Non-Recurring Surplus Funds

Because funds in this account are recurring, they will fluctuate from year to year. This fund includes the following:

- Video poker revenues from the franchise fees the state collects and shares with participating parishes;
- Excess state mineral royalties which Terrebonne may use to finance GO bonds in accordance with law. However, since collections of mineral royalties depend on the price of oil, production volume and the number of wells, receipts can fluctuate considerably from year to year; and,
- Other financing alternatives, such as excess reserves in Fund Balances/Retained Earnings, but only considered on an "as needed" basis for use in the Capital Budget.

h. State and Federal Grants

Grants received by the parish generally come from either federal or state sources and are of two types:

- Competitive grant programs which offer the parish some latitude in how the funds are used. Grants are awarded through a competitive review process. The majority of federal and state grants received by Terrebonne Parish are competitive grants.
- Entitlement or categorical grants which are allocated to qualified governmental jurisdictions based on some formula, such as population, income levels, etc. Entitlement grants must be used for a specific grantor-defined purpose. Two significant sources of grant funds falling under this category are CDBG grants and Home Funds.



In most of the grant programs, but not all, in which the parish participates, require a contribution, or "local match," toward the cost of the project. The local match can vary considerably, from five to seventy-five percent.

FY2012 Capital Budget

The Terrebonne Parish adopted capital budget for 2012 exceeds \$185.2M, an increase of about 56% over the FY2011 Capital Budget. In the 2012 capital budget, nearly 52% is dedicated for drainage improvements; nearly 22% is dedicated to road and bridge improvements. Together, these two capital improvement categories account for about 74% of the entire 2012 Capital Budget, reflecting the parish priorities for drainage improvements and hurricane protection, as well as transportation improvements (roads and bridges) to ease traffic congestion replace aging infrastructure, provide better connectivity, and better serve growing areas of the parish. Sewer system capital improvements and building renovation/construction together consume another 20% of the 2012 Capital Budget. The remaining 6% of this budget is dedicated to Parks/Sidewalks/Trails, Public Safety, Coastal Restoration, Economic Development, Sanitation Improvements, and Miscellaneous improvements.

Capital Projects in the Comprehensive Plan Update

One of the main purposes in undertaking this plan update for Terrebonne Parish has been to introduce into the plan and its recommendations sustainability and resiliency. In nearly every chapter of this planning document, recommendations have been couched in these terms.

This chapter on Capital Improvement Priorities is also dedicated to recommending priorities which promote sustainability and resiliency in the parish. What is remarkable about the parish's existing Capital Budget is that more than half of it is

dedicated to levees and drainage improvements which, for Terrebonne Parish, are the *sine qua non* of sustainability and resiliency. For this reason, capital improvement priorities in this chapter of the Comprehensive Plan Update will suggest projects that will compliment drainage and levee projects in the existing Capital Budget. However, more is needed. Discussed below is a list of projects or actions the parish should work into its capital funding budget, given them priority as they support sustainability, resiliency, economic development, or quality of life issues in the parish.

Suggested Capital Priorities for Sustainability and Resiliency

1. Terrebonne Parish, in conjunction with appropriate local agencies, should look for ways to fund and complete construction of the Morganza hurricane protection levee system and all its components as quickly as possible. Priority should be given to the most critical reaches and components of this system.
2. The parish should continue to find funding in its capital budget to ensure that all areas of the parish are adequately drained. As noted previously, drainage and levee projects consume the majority of funds in the parish's 2012 Capital Budget. There is at least anecdotal information suggesting that the 25-year flood may have grown inadequate as the design standard for drainage systems in the parish. Priority should be given to funding a parish-wide drainage study to determine whether a higher design standard, such as the 50-year storm event, might be a more appropriate standard for sustainability and resiliency.
3. The parish should begin to acquire property around the parish which will allow the



construction of a series of interconnected flood or drainage basins/ponds, particularly in the northern portion of the parish, to facilitate better drainage. These basins, in effect public retention ponds, could also serve as components to the parish public recreation system and could be interconnected by a system of greenways. Before property for these ponds is acquired, suitable locations should be identified in a new parish-wide drainage design study. Such locations would facilitate better drainage in the parish as well as serve as part of an enhanced park/greenway system within the parish. Such a system is discussed in Chapter 6.

4. The parish should continue to be pro-active in the provision of water and sewer lines in advance of development as a method to influence where new development may locate. Although pro-actively providing water and sewer service, or making it available where it is not yet demanded, will delay the receipt of revenues generated by the users of these services, such actions could reduce actual capital outlays in the long run and help to shape the direction of growth in the parish.

Water service is not directly provided by parish government, but through the Consolidated Waterworks District No. 1, a special district which has the ability to raise funds through user fees and other means.

Sewer service in the parish is the responsibility of the Pollution Control, a division of the TPCG Public Works Department. This division is considered an "enterprise fund" as it generates its own revenues directly from those who consume the services it provides.

5. In order to support sustainability, parish government should immediately condemn any remaining septic tank sewage disposal systems in the parish and look for ways to assist residents with the financing of individual package treatment plants or connecting to community sewer systems. One way to accomplish this may be to establish geographic specific sewer districts in those areas of the parish where public community sewer service (such as that provided by Pollution Control) is not feasible. Each district would be serviced by a large package treatment plant sized to accommodate a certain amount of growth, at least to the level expected within the boundaries of the sewer district. These districts could be made "temporary," designed to continue in existence until public community sewer service is available at which time residents in the temporary sewer district would be required to connect to the public system. Parish government would need to set up a loan or grant fund to assist residents in paying for the capital, as well as the operations and maintenance costs associated with the sewer district.

Better, more effective sewage treatment has several benefits. Most of these are related to public health, but cleaner water brought about by the reduction of untreated or partially treated sewage flows means that local streams become less impaired, providing healthier environments for aquatic species, including those that are caught for human consumption. In addition, cleaner water bodies enhances recreation and economic development opportunities as residents and visitors are drawn to enjoy unpolluted, pristine environments for swimming, boating and other water related activities.



It is also recognized that water pollution and stream impairment are problems that must be addressed on a regional basis since many waterways in Terrebonne receive flows originating in adjacent parishes.

6. Public services and facilities contribute considerably to quality of life in the parish. Public safety plays an important role in quality of life, too. Law enforcement and fire suppression/prevention operations are critical components of public safety. In the last several years, homeland security has also taken on added significance relative to quality of life, but especially as it relates to sustainability and resiliency. Relative to law enforcement, both Houma Police Department and Terrebonne Parish Sheriff's Department, capital improvement needs were discussed in Chapter 8 of this plan. Since the Sheriff's Department operates independently of parish government from a budgetary standpoint, those capital needs identified for the Houma Police Department are of immediate concern. Terrebonne Parish should give additional funding priority to remedying the problems discussed in Chapter 8 associated with the age of the Public Safety Complex and its critical systems. This building houses the Houma Police Department. It is not a case of the problems associated with this building critically impairing the delivery of services by the Police Department, not yet anyway. Nevertheless, these building needs must be given priority in the parish capital budget to avoid future impairment of ability of the Police Department to provide the critical services to the citizens of Houma in the most efficient and cost-effective manner.

From a long-term perspective, the parish and Sheriff should come to an agreement on the future of the current jail complex at Ashland.

Should a new and expanded jail complex be constructed on higher ground in the northern part of the parish, or should it expanded and provided with enhanced flood protection at its current site? If the decision is made to undertake the former, then there should be a serious discussion regarding the best way to finance the endeavor. Jail construction is an expensive proposition, as discussed in Chapter 8.

If the decision is made to maintain and expand the jail complex at its current location, as well as an effective way to ensure adequate flood protection, should be discussed and funded through an agreeable mechanism. When prisoners must be evacuated from the Ashland complex due to flooding, the costs of doing so are considerable. The level of security alone, which of necessity must accompany this evacuation process, is quite costly. In addition, although clean-up costs at the site after the flood waters have receded may be handled inexpensively by inmate labor, costs continue unabated at the off-site locations where prisoners have been evacuated until then can be returned to the Ashland complex.

7. Both Chapters 6 and 9 (Essential Community Design and Historic Center, respectively) discuss improvements that should be made throughout the parish and in Downtown Houma that will enhance the parish and downtown by creating economic development opportunities. This is to be accomplished through thematic interpretive initiatives, gateway and way-finding signage, for example, that will define and build upon, as well as enhance our environmental and cultural uniqueness. In addition, these recommendations mesh very nicely with the current parish branding initiative and the



heritage-based opportunities promoted by the Atchafalaya National Heritage Area of which Terrebonne is a member parish.

In Downtown Houma, parish government should be able to partner with the Downtown Development Corporation to fund the recommended improvements. These improvements (Chapter 9) are designed to help create a sense of place for downtown by announcing its gateways with unique signage and other improvements, improving pedestrian activity by creating connectivity, and enhancing the overall pedestrian experience in the downtown area. One critical need, upon which much depends, is the removal of heavy truck traffic from downtown and shifting this traffic to another designated truck route. This will need to be undertaken by a detailed feasibility study through the Houma-Thibodaux Metropolitan Planning Organization (MPO). This study will need to be amended into the MPO's Transportation Improvement Program and Annual Element. Terrebonne Parish should program funds to assist with this study and work to have it included in the MPO's annual planning process.

In other areas of the parish, way-finding signage and interpretive areas and directed and controlled pedestrian access to interpretive areas are called for in Chapter 6. To the extent that these improvements will generate tourism and economic development opportunities, they should generate various types of taxes that will help to offset the initial capital outlays necessary to build them.

