



November 5, 2008

Honorable Members of the Metropolitan Council
and the People of Baton Rouge:

I respectfully submit, for your review and consideration, balanced budgets for our General Fund and special funds for the City of Baton Rouge and Parish of East Baton Rouge for the year 2009.

Since our last budget report, Baton Rouge continues to rise among the top cities in America, cited by the Brookings Institution in July 2008 for having the highest job productivity growth rate in the nation. In addition, national companies are looking to Baton Rouge for relocation, with the Albemarle Corporation choosing Baton Rouge for its corporate headquarters and Electronic Arts moving a major global operations center to our city.

The year may be most memorable for the City-Parish response to Hurricane Gustav, the third time in three years the Administration was called on to lead a major hurricane response and recovery effort. Operating at the Emergency Operations Center for two weeks, the Administration coordinated efforts and provided daily briefings for the public on recovery progress. I am once again reminded of the tremendous spirit of the people of East Baton Rouge Parish and their ability to reach out and help neighbors in difficult times to lift our community up.

Despite a fluctuating national economy, the Baton Rouge economy remains strong, with job growth for the region projected to be 2,400 new jobs for 2009. In addition to a strongly surging construction sector, major corporations are looking to Baton Rouge for expansion and relocation. Along with Albemarle and Electronic Arts, other corporations are bringing new jobs to Baton Rouge while the Administration works with the Baton Rouge Area Chamber to land new potential headquarters operations.

Public safety continues to be our Administration's top priority, and technology enhancements provide Baton Rouge Police with the tools they need to receive and report information instantly when investigating possible criminal activities. Laptops, surveillance cameras, shot spotters and acoustic monitoring systems expand the capability of our police force to improve public safety. Technology provides the foundation for building our professional police force to even higher standards.

It is important to note that for the first time in our history, all first responder agencies under this Administration have received the highest possible ratings according to their national standards. Baton Rouge Police, Baton Rouge Fire, EMS and the Office of Homeland Security and Emergency Preparedness have all received top national ratings.

As we continue to clean up our neighborhoods and eliminate blight, Operation Restore Pride coordinates the various resources of City-Parish government to build and promote a safe community. In 2008, I led the efforts by DPW to clean up over 850 properties across the city and walked with Baton Rouge Police to reassure neighborhoods that we will work with them to make our streets safe.

Cultural initiatives sustain our various festivals, community concerts and cultural events and provide vehicles for improving the quality of life in our community, so our support for them in this budget remains strong.



To get our traffic moving, the Green Light Plan has moved at record speed, with two projects completed, six under construction and ten projects scheduled to reach construction in 2009. In addition, five projects currently under construction will be completed and open to traffic during 2009, providing even more relief from traffic congestion. These Green Light Plan projects go a long way toward providing relief on surface streets while we work toward more comprehensive and long-term solutions like the Baton Rouge Loop project.

With state funding, we are entering the critical environmental phase of the Baton Rouge Loop project, a federally mandated part of our process to build a traffic loop around Baton Rouge and address our regional traffic problems.

In 2009, we will put over \$400 million in sewer projects into design or construction as we move toward a complete rehabilitation of our sanitary sewer system. Our financial team has reviewed the finance model developed for this program and reports that the City-Parish can fund this entire program which is estimated at \$1.2 billion. This program is on-time to satisfy the consent decree our parish is under and fully funded with existing revenue streams.

Both public and private development continues to revitalize our downtown area. We have kicked off Plan Baton Rouge II with the second phase of recommendations expected to be unveiled in the spring of 2009. We have also begun the updating of the Horizon Plan to plan for the growth and changes in the population of our parish.

These highlights provide an overview of some of the many areas included in the 2009 budget, the details of which are outlined in the following sections. On behalf of the people of East Baton Rouge Parish, our Administration continues to seek ways to provide greater services to the citizens of our parish with increased efficiency.

ECONOMIC OUTLOOK

Projections for many of our most important revenues, such as sales taxes, are based on estimates of future economic conditions. The economic outlook for the coming year affects estimates of revenue, which, in turn, dictate the amount of funds available for spending. This message begins, therefore, with excerpts from the *Louisiana Economic Outlook*, published annually by the Division of Economic Development and Forecasting, E. J. Ourso College of Business at Louisiana State University. The 2008 *Louisiana Economic Outlook* projects the following conditions for Baton Rouge's nine-parish Metropolitan Statistical Area (MSA) during 2009-2010:

There are an estimated 374,900 jobs in this MSA, the second largest behind New Orleans. It is the largest MSA in the state in terms of numbers of parishes – nine, including East Baton Rouge, West Baton Rouge, Livingston, Ascension, Iberville, St. Helena, Pointe Coupee, East Feliciana, and West Feliciana. In terms of population, East Baton Rouge Parish (430,317) is the most populous in the state according to census estimates for 2007.

Petrochemicals, Construction, Universities & Government

*The **petrochemical industry** is a huge factor in this MSA's economy. This MSA has the largest concentration of **chemical industry** activity in Louisiana. For example, in 2002 there were 78 plants in the 9-parish area employing 11,789 workers with an annual payroll of \$811.5 million. This sector is heavily concentrated in the three parishes of East Baton Rouge, Ascension, and Iberville. Baton Rouge is home of the nation's second (and*



the world's tenth) largest **refinery**—ExxonMobil—located just north of the state capitol building. Placid Refinery is also located in this MSA.

Because the petrochemical industry is very capital-intensive, when it expands, so does the **industrial construction**. Industrial construction jobs are also closely tied to “turnarounds” at these plants, i.e., when the plants are shut down completely for scheduled maintenance. The Baton Rouge MSA has an unusually high 11 percent of its workforce in the construction sector, a proportion only slightly exceeded by Lake Charles – site of another major chemical concentration.

The Baton Rouge MSA also is the location of the **State Capitol** and the office complex associated with it. **Two major state universities** – LSU and Southern University – are located in Baton Rouge, along with one of Louisiana's largest community colleges.

The Katrina Effect

Evacuees in. Baton Rouge is the closest large MSA to New Orleans, so it initially absorbed a huge number of evacuees. From FEMA assistance applications, we estimate that the Baton Rouge MSA initially absorbed about 248,386 evacuees. **Overnight, the MSA's population thus exploded by over 34 percent.** Traffic came to a standstill across the area, supplies vanished from grocery stores and gasoline stations, and every rental unit in the area was absorbed.

Katrina boosted employment. Not only do the population numbers show that this MSA benefited from the storms, the employment numbers...confirm that as well... [E]mployment...took a distinct upward turn in 2005 and 2006. The MSA's employment rose by 18,500 jobs or 5.4 percent over this period. (Note: This figure is almost 3,000 fewer jobs than the Department of Labor had first estimated.) Obviously such a rapid growth pattern could not be sustained long run.

2007-08: Torrid at First, Then Slower

...The Baton Rouge MSA managed to continue the post-Katrina, torrid pace of adding 9,000-10,000 jobs a year. A massive amount of new construction work began in 2007 and continues at this writing as we will document below. The year 2008 has seen that growth rate chopped in half to about +4,400 new jobs as some residual effects of the slowdown in the national economy have trickled down to this region.

Forecast for 2009-10

...We estimate that in 2009, the Baton Rouge region will add 2,400 jobs (+.6 percent) and will follow that with an additional 6,800 jobs in 2010 (+1.8 percent). In percentage terms, this would make the Baton Rouge MSA the fourth fastest growing MSA in the state, behind Houma, Lake Charles, and Lafayette. In absolute terms, its growth will be the fastest in the state.

What is behind this rather optimistic outlook for the Baton Rouge region? Part of the answer lies in a still surging construction sector. However, unlike the New Orleans MSA, Baton Rouge has some other things going for it that will be adding permanent jobs in the future.



Construction Projects: Now at \$6.5 Billion

In last year's LEO we reported about \$5.1 billion in construction projects either announced or underway in the Baton Rouge MSA. Normally, a \$500 million dollars year would have been considered very good, so a factor of 10 higher was considered spectacular. Some of these projects have since been completed, but there have been enough new announcements that the value of underway/announced projects is now even larger at \$6.5 billion. They include the following:

- ***Industrial Projects:***

- *Shintech expansion: \$1.9 billion.*
- *ExxonMobil environmental upgrades: \$554 million.*
- *Placid Refinery environmental upgrades: \$300 million.*
- *Stupp Corporation expansion: \$60 million and 200+ new jobs.*
- *Cemus LLC – new project at old Kaiser site: \$280 million.*
- *Dynamic Fuels – new biofuels plant in Ascension Parish: \$150 million.*
- *Coca Cola Bottling expansion: \$178 million and 113 new jobs.*
- *Pioneer Chemical: \$142 million expansion.*
- *Formosa Plastics: \$100 million expansion.*
- *Huntsman Corporation: \$100 million expansion.*
- *Dupont: \$66 million expansion.*
- *Bercen Chemicals – new headquarters in Denham Springs: \$5 million and 20 new jobs at \$90,000 annually.*

- ***Infrastructure Projects:***

- *James Audubon Bridge in St. Francisville: \$347.9 million.*
- *State Highway projects over 2008-11: \$524.9 million.*
 - *O'Neal Lane to Pete's Highway overpass: \$100 million.*
 - *I10/I12 split to Siegen: \$84 million.*
 - *Mississippi River Bridge: \$68 million.*

- ***Commercial Projects:***

- *Riverplace Hotel/Condos: \$135 million.*
- *City Plaza Tower II: \$75 million (opens January 2009).*
- *LSU Union renovation: \$77 million.*
- *LSU Baseball stadium: \$37 million (opens spring 2009).*
- *New Woman's Hospital: \$350 million.*
- *Wampold's renovation of Swaggart Dorm into hotel: \$64 million.*
- *North Oaks Hospital Diagnostic Center at Satsuma: \$25 million.*
- *Apartment Development Services: \$70 million project at Howell Place.*
- *Our Lady of the Lake Children's Hospital: \$150 million.*
- *Our Lady of the Lake expansion in Livingston: \$50 million.*
- *Mallard Crossing apartment complex: \$20.2 million.*
- *New Pinnacle Casino: \$250 million.*
- *Three new hotels are going up at Howell Place – Candlewood Suites, Springhill Suites, and a Microtel. No construction values were available.*



• **Special Projects:**

- *New Judicial Courthouse: \$112.9 million.*
- *New National Guard Armory on South LSU campus: \$50 million.*
- *Pennington – new clinical research facility: \$50 million.*
- *Mayor Holden’s \$989 million bond proposal will be on the November 4th ballot.*

*In addition to these projects, a decision should be made soon on the huge **R.W. Day Film Project** at I-12 and O’Neal Lane. Day will spend \$100 million on film studio facilities, \$110 million on infrastructure improvements, and a yet to be determined amount on a mall and residential facilities. Day is working on the finalization of tax increment financing (TIF) agreements with the state and East Baton Rouge Parish before beginning work. Anticipated start date is early 2009.*

New and Expanded Firms for the Baton Rouge MSA

The good news is that in addition to the wealth of construction work, this region continues to pick up other job-creating activities. These include the following:

- *The expansion by the **Stupp Corporation**, mentioned above, is expected to create over 200 new jobs.*
- *The **Shaw Group** has signed an agreement with the state to keep its headquarters in Baton Rouge and add 150 persons a year between now and 2018.*
- ***Albemarle Corporation** is moving its corporate headquarters from Richmond, Virginia to Baton Rouge, bringing with it 30 new jobs at an average of \$200,000 per year.*
- ***Electronic Arts** is partnering with LSU to bring 20 full-time jobs and another 200 jobs for LSU students and a payroll of \$6 million.*
- ***Direct General** is opening a new center in Baton Rouge with a prospective workforce of 2,000.*
- ***Staples Corporation** is developing a new work-at-home operation in Baton Rouge that will employ 400+.*
- ***Schroeder Williams Lumber Company** is opening a new finger joist manufacturing facility in the area, creating 40 new jobs.*
- ***Sunland Fabricators** is expanding its facility and adding 100+ jobs.*
- ***Superior Homes** is constructing a \$3 million plant in Clinton that will employ up to 150 workers.*

*In addition to these “known quantities,” we are aware of three other significant projects that could come to fruition soon. The Baton Rouge Area Chamber is very close on **two new headquarters** for the area which combined could create nearly 300 new jobs. Thirdly, owners of the recently closed **Tembec paper mill** are very close to an agreement to sell the plant to an unnamed suitor. The new firm would produce a very different product than Tembec, but would still hire about 200 employees.*

It is clear from this quick review that the Baton Rouge MSA has a bright future ahead over 2009-10.



General Comments

UNDERSTANDING THE BUDGET

The budget for each department includes a description of its mission and a section on budget highlights. Larger departments include descriptions of their major services. Most departments include sections on performance measurement, which include goals/objectives and performance indicators. Line-item appropriation details are included in the "Budget Detail" section of the budget.

Any reader who wants to develop a thorough understanding of the budget should begin by reading the section following this budget message titled "Understanding the City-Parish Budget." This section explains the organizational structure of the City-Parish, the budget process, budgetary structure, financial policies, reporting entity, and legal requirements. It also presents revenue and appropriation assumptions.

The budget document contains budgets for our General Fund and the special funds that require the adoption of annual budgets.

BUDGET PROCESS

Excerpts from the *Louisiana Economic Outlook*, which are shown earlier in this message, indicate the positive prospects for growth in the Baton Rouge economy. Much of this growth continues to relate to the increase in population that resulted from the hurricanes in 2005 and the new business activity associated with them. Revenue growth for the City-Parish stabilized in 2007, essentially matching the all-time high revenue mark in 2006. Recurring taxes gained momentum again in 2008, posting gains of 2.5% through August. Much of this growth is occurring in the industrial corridor and will be eligible for rebate under the enterprise zone program. With this in mind, we will continue our conservative approach to forecasting sustainable revenue growth for 2009. The philosophy of this Administration is that fund balance will be used only to support non-recurring expenditures.

The budget process began with instructions to all entities receiving funding from the City-Parish government. Agencies funded through the General Fund were given target budgets for 2009. In addition to their target budgets, departments could make supplemental requests. All requests were reviewed by a team of Administration, Finance, Council Budget, and Human Resources staff members, and discussions were held with various departments to clarify their need for funding.

Generally, special funds have their own dedicated funding sources such as taxes, grants, etc.; therefore, the amount of their budget requests is limited by the level of funding generated by these sources.

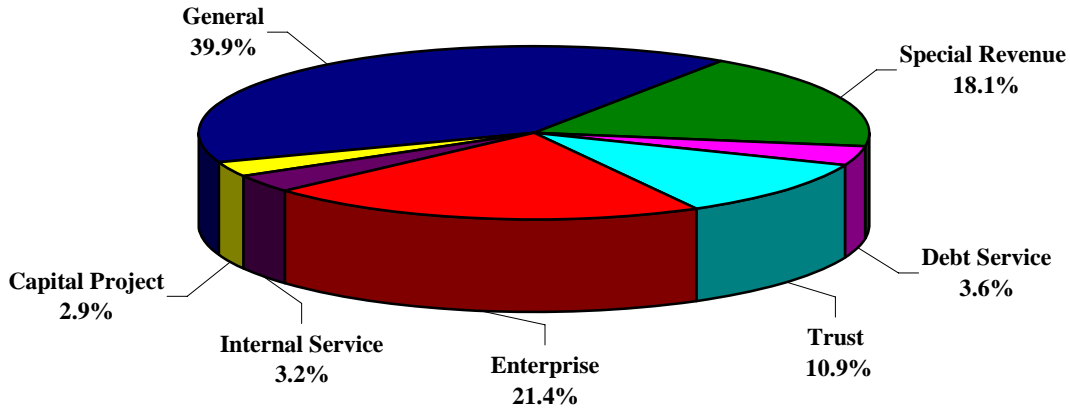
All Fund Summary

The proposed budget for the year 2009 for all funds, exclusive of operating transfers between funds, totals \$700,379,254. This is an increase of 3.01% or \$20,460,080 from the year 2008. The graph in Figure 1 and the chart that follows depict the total annual operating budget by fund type for 2009. Major changes in proposed funding are also discussed.



FIGURE 1

TOTAL ANNUAL APPROPRIATIONS BY FUND TYPE
 (Excluding Transfers Between Funds)
 \$700,379,254



APPROPRIATIONS – ALL FUNDS
2009 COMPARED TO 2008

Fund Type	2008	2009	2009 Budget Over	
	<u>Budget</u>	<u>Budget</u>	<u>(Under) 2008 Budget</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Percent</u>
General	\$ 277,957,730	\$ 281,873,290	\$ 3,915,560	1.41%
Special Revenue	121,558,804	129,243,414	7,684,610	6.32%
Debt Service	37,009,790	30,717,460	(6,292,330)	-17.00%
Capital Project	32,819,910	25,858,670	(6,961,240)	-21.21%
Enterprise	151,696,110	155,930,040	4,233,930	2.79%
Internal Service	20,343,780	22,096,100	1,752,320	8.61%
Pension Trust	72,422,450	76,396,850	3,974,400	5.49%
Subtotal	713,808,574	722,115,824	8,307,250	1.16%
Less: Transfers Between Funds	(33,889,400)	(21,736,570)	12,152,830	-35.86%
Grand Total	\$ 679,919,174	\$ 700,379,254	\$ 20,460,080	3.01%

INDEPENDENT SALES TAX REVENUE ESTIMATE REVIEW

Following are comments from James A. Richardson, John Rhea Alumni Professor of Economics at Louisiana State University, and Loren C. Scott, Professor Emeritus of Economics at Louisiana State University, found in their letter of October 20, 2008, on their prediction of sales and use tax revenue growth in East Baton Rouge Parish for 2009.



We have examined the projections of sales tax collections for the City of Baton Rouge and the Parish of East Baton Rouge for the remainder of 2008 and the upcoming year of 2009 as suggested by the Department of Finance for inclusion in the budget for the City-Parish and presentation to the Mayor-President and the Metro Council. We make the following comments regarding the forecasts and the forecasting methodology.

First, the Mayor-President, the Metro Council, and the Department of Finance should be commended for prudently projecting local sales tax collections post-Katrina. The City-Parish has very wisely selected to project a normal sales tax base related to the last “normal” year prior to Katrina and has related sales tax projections to this normal sales tax base. This prudent fiscal methodology has not allowed the sudden jump in sales tax collections to be moved into the permanent operating budget. The large increases in sales tax collections related to post-Katrina purchases are now behind us.

Second, the City-Parish now confronts a new disturbance—a disturbance that affects all municipalities and counties/parishes across the country. This disturbance is the turmoil in the global financial markets and the resulting impact on the day-to-day activities of individual citizens and businesses that generate the local tax collections. The national economic forecasts range from the downright alarming, meaning a major recession, to a recession that lasts for the majority of 2009 and then a recovery. The current crisis/downturn is not evenly spread among the states. Certain states such as California, New York, Florida, and Ohio have incurred larger mortgage default rates than Louisiana. We are basing the Louisiana economic outlook on a 2009 national recession with a recovery in 2010. For Louisiana, we are projecting a very modest increase in employment in 2009 and a continued growth in employment in 2010, though not a spectacular growth. In the Baton Rouge Metropolitan Area we are projecting very modest growth in employment in 2008 and 2009 – about 2,400 new jobs each year – and an increase of almost 7,000 new jobs in 2010. Baton Rouge will feel the national recession, but will not actually incur any loss of employment due to it based on our current projections.

Third, prior to Katrina, sales tax collections had grown at an average annual rate of just less than three percent. The sales tax collections in Baton Rouge grew by over 14 percent in 2005 and 11 percent in 2006. In 2007, sales tax collections grew by less than one percent and in the first eight months of 2008, sales tax collections have grown by just over three percent. The Katrina surge is definitely over.

Fourth, the Department of Finance is projecting a 3 to 4 percent growth rate for 2009 with this growth rate being applied to the adjusted 2008 sales tax base, which is related to growth in the normal sales tax base and not the actual sales tax base. The projected sales tax collections for 2009 will be \$163,332,370 if the growth rate is 3 percent. The 3 percent projection is reasonable given the forecast for the Baton Rouge economy for 2009 and a national forecast that suggests a recession, but not a sustained recession.

Fifth, we encourage the City-Parish to accept the 3 percent growth rate given the uncertainty in the global financial markets and the wide divergence of opinion among economists and financial analysts about the duration and severity of the economic downturn in the United States.



Based upon the advice of these experts, the proposed budget assumes a 3% growth rate for sales and use tax revenues in 2009 over the 2008 budget.

FULL-TIME EQUIVALENT POSITIONS

The number of full-time equivalent (FTE) positions for all funds in the government increased by three positions in the 2009 budget.

Five new positions are being added to City Court to provide clerical support for three courtrooms with a high volume of case filings, and administrative support for growth management and implementation of new initiatives. As a result of a reorganization of duties, the Parish Attorney is eliminating two attorney positions. An additional librarian is being added at the Main Library due to increased demand for library services for the young adult population. Emergency Medical Services is adding a training officer, and two compliance coordinators are being added at the Airport. One new position and the equivalent of one new position (due to six positions going from part-time to full-time) were added in the Head Start grant program, and ten new positions were added to the Workforce Investment Act Fund as a result of the National Emergency Reserve Grant award related to Hurricane Gustav.

Sixteen positions are being deleted in the Solid Waste Collection Fund Waste Management Division. These positions are vacant as a result of the transfer of employees into existing vacancies in the maintenance and operations divisions in the Department of Public Works (DPW) in 2008. The function previously performed by these employees will be performed through these divisions in an effort to increase efficiency. Since these positions are now funded in the General Fund, DPW management has the flexibility to have these employees work on a variety of projects instead of being limited to solid waste collection efforts that are not covered under contracts with the solid waste collection contractor. Expenditures associated with time spent on solid waste collection will be transferred to the Solid Waste Collection Fund.

EMPLOYEE COMPENSATION

It has become increasingly difficult to recruit and retain qualified employees, especially in the construction trades and juvenile detention series. Also challenging is finding individuals interested in coming to work for the City-Parish in the field of information services technology, including geographic information services. It is common for departments to take individuals previously trained in other fields that take an interest in information services technology and train them to fill this void. Changes in compensation resulting from studies performed by the Human Resources Department will be implemented in 2009 to assist with recruiting and retention and bring parity to individuals working in these areas.

A department or agency head can request that Human Resources conduct a job study based on the job duties of a particular individual to determine if the employee is working in the correct classification or if the classification that they are in warrants a pay adjustment. The results of the job studies have been incorporated in the proposed 2009 pay plan and allotment.



EMPLOYEE BENEFITS

Health Insurance and Dental Insurance

The City-Parish health insurance program is self-insured, and sufficient balances must be maintained in order to pay all claims and costs to administer the program. If total premiums fall short of total expenses, insurance reserve funding must be available to cover the shortfall. While we were fortunate to be able to draw on these reserves in 2008, and not have an increase in health insurance premiums, it will be necessary to increase premiums by 8% in 2009. We will continue our premium cost-sharing at 75% for the employer and 25% for the employee for single coverage, and 55% for the employer and 45% for the employee for all dependent coverage.

There was also no increase in premiums in 2008 for the City-Parish dental program, which is fully-insured. The contract with the current provider calls for a 6% increase in premiums for 2009. Cost-sharing will continue at the current levels with the employer paying 52% of the premium and the employee paying the remaining 48%.

Retirement Contributions

The 2009 employer's contribution rate to the City-Parish Employees' Retirement System was certified at 18.56% by the system's Board of Trustees, which is the rate recommended by the system's actuary. This budget provides funding at that level, which is a .12% decrease over the 2008 employer's contribution rate. The employee contribution rate will remain at 9.5% in 2009.

The transfer of law enforcement personnel to the Municipal Police Employees' Retirement System (MPERS) shifted responsibility for payment of their pension to that system. However, the City of Baton Rouge is required to make employer contributions to that system. Effective July 1, 2008, the employer contribution rate to that system decreased from 13.75% to 9.5%. Based on the advice of the MPERS actuary and current market conditions, we assumed the rate would return to 13.75% on July 1, 2009.

Post-Employment Benefits

The rate for post-employment benefits in 2009 will be 9.5%, which is an increase from the rate of 8.42% in 2008. Post-employment benefits for the City-Parish consist of health, dental, and life insurance benefits for retirees. Historically, the City-Parish has funded post-employment benefits on a pay-as-you-go basis. Actuarial services have been retained, and our financial statements are in compliance with the reporting requirements associated with the new accounting standards by employers for post-employment benefits that took effect in 2007. This budgeted rate takes a small step towards providing additional funding for these crucial benefits for our retirees.

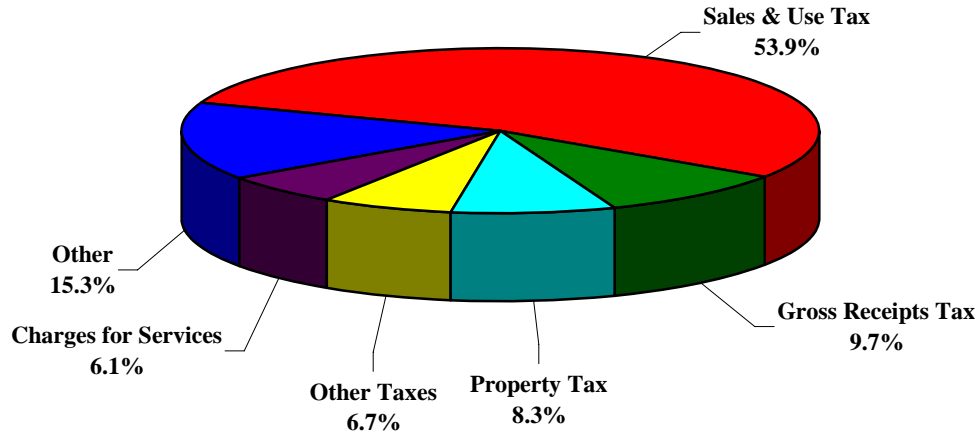
General Fund

As shown in Figure 1, the General Fund, excluding operating transfers in, makes up 39.9% of the total City-Parish budget for the year 2009. The General Fund provides for the general operations of the government and includes all revenues that are not legally dedicated for a specific purpose. The primary revenue sources, which are shown in Figure 2, include the sales and use tax, gross receipts tax, and property tax.



FIGURE 2

GENERAL FUND FUNDING SOURCES
\$281,873,290



Significant changes in General Fund funding sources include the following:

GENERAL FUND	Increase (Decrease)
REVENUE GROWTH:	
General Sales & Use Tax - 3% Over Normal Growth	\$4,757,000
Gross Receipts Business Tax - Average of last 3 Years - 14.5% over 2008 Budget	3,479,480
General Property Tax - 3% over 2008 Projected	1,658,610
Gaming Revenues Based on New Contracts	1,000,000
On-Behalf Payments Including State Supplemental Pay-Increase in Officers & Increase in Pay 7/1/09	939,030
Other Revenues - Licenses & Permits, Charges for Services, Fines, Other Taxes	218,680
Proceeds from Sale of General Fixed Assets for Police Vehicles	200,000
Credit Card Processing Fees to Recover Charges by Financial Institutions	100,000
Loss of Central Transition District Taxes (City-Parish Provided Services for Two Months of 2008)	(650,000)
Revision in Red Light Safety Camera Revenues Based on Actual Collections	(461,530)
Additional Sales Tax for Debt Service Requirements due to Lower Interest Earnings on Reserves	(431,930)
TOTAL REVENUE GROWTH	<u><u>\$10,809,340</u></u>

GAMING ADMISSION REVENUES

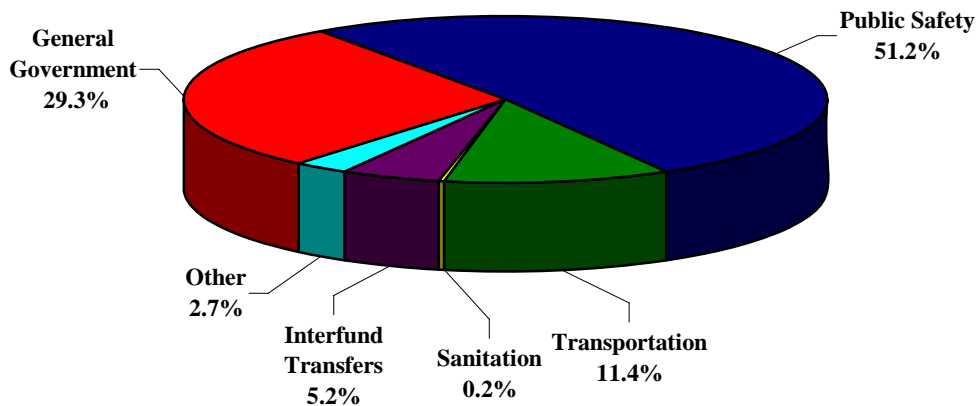
During 2008, we were successful in negotiating changes in the fee structure paid by our riverboat gaming establishments. Currently, each boat remits an admission fee equal to \$2.50 per passenger. However, State law permits the governing authority and the companies to arrive at a contractual fee up to 4.5% of monthly net gaming revenues. Beginning January 1, 2009, the two existing riverboats will pay fees based upon a percentage as opposed to a flat fee per admission. The contracts provide for a sliding scale ranging from 3.5% to 4.5% with a rollback provision to 2% should net gaming revenues decline significantly. It is estimated that this change will result in approximately \$2.4 million in additional revenue collections per year. We have increased estimated



revenues from gaming from \$2 million to \$3 million in the 2009 budget as general revenues from this source. We will establish a track record of collections based on the new formula before including additional recurring revenue from gaming in the annual budget.

FIGURE 3

**GENERAL FUND APPROPRIATIONS
BY MAJOR FUNCTION
\$281,873,290**



Total appropriations for the General Fund Annual Operating Budget increased by \$3,915,560 or 1.41%, compared to the 2008 budget. Our commitment to public safety continues as shown in Figure 3 with nearly 51.2%, or \$144,394,460 of the 2009 budget proposed for that function. In addition to this amount, \$1,200,000 is provided for capital needs in the Police and Fire Departments. These items are budgeted in Capital Project Funds.

Significant changes in General Fund appropriations (2008 to 2009) are shown below:

APPROPRIATION CHANGES:	Increase (Decrease)
Fuel & Public Building Utility Costs	\$2,712,030
8% Health & 6% Dental Insurance Increases for both Employer & Employee/Retiree (Employer Portion)	2,372,330
Police Department - Funding for 39 New Positions Added in 2008 Including 30 Officers	1,544,980
Overtime (Primarily Police)	1,062,370
Recurring Maintenance Cost - Primarily Information Services & Police Initiatives	955,440
On-Behalf Payments - Including State Supplemental Pay	939,030
Supplies, Contractual Services, & Operating Transfers	650,690
Equipment Use Charge (Primarily DPW Equipment)	577,920
Merit, Longevity, Pay Adjustments, and Other Related Benefits for City-Parish Employees	510,800
Pay & Benefits for Constitutional Offices Including Funding for Registrar of Voter Positions Added in 2008	280,020
Landscape Maintenance Contracts Added in 2008	250,000
Increase in Councilmembers' Pay from \$3,600 to \$12,000 as Approved by Voters	118,090



	Increase <u>(Decrease)</u>
APPROPRIATION CHANGES (continued):	
Collection Costs (Primarily for Occupational Licenses)	(\$753,840)
Reduction to Reflect Actual Participation in Solid Waste User Fee Assistance Program	(295,000)
Debt Service	<u>(115,520)</u>
TOTAL APPROPRIATION CHANGES	10,809,340
Fund Balance Included in 2009 Budget to Fund Projects Listed Below	9,274,400
Less Fund Balance Included in 2008 Budget	(16,168,180)
Total Increase in 2009 Budget Over 2008 Budget	<u><u>\$3,915,560</u></u>

Several commitments from existing programs, items capital in nature, and items funded through designations are itemized below. The source of funds for these expenditures is the surplus existing at the end of 2008.

FROM FUND BALANCE

	<u>Total</u>
<u>Fund Balance-Undesignated:</u>	
Existing Programs & Commitments:	
Capital Area Transit System - Subsidy for Fuel	\$425,000
Liability Settlement - Gene Bibbens Settlement Payment 2 of 3	333,330
Arts Council:	
Sunday in the Park	35,000
Culture Candy Art Programming	30,000
Community School for the Arts/Debbie Allen	100,000
Blues Festival and FestForAll	100,000
2012 U.S. Bowling Congress - City-Parish Contribution	98,000
Human Resources - Test Validation Final Installment	60,000
Opéra Louisiane - Third Year of 3-Year Commitment	47,120
Lobbyist Contracts - Anticipated Special Sessions	30,000
District Attorney Satellite Office - Second Year of 3-Year Commitment	<u>20,000</u>
	\$1,278,450
Capital Items & Geographic Information System:	
Old Baton Rouge Junior High Building Renovation	1,390,000
Police Department Capital (50 Vehicles & Accessories)	1,204,830
Geographic Information Services Projects	239,000
Fire Department Capital (10 Motor Vehicles)	200,000
DPW Capital (\$237,000 for School Flasher System, \$42,000 for Computer Equipment)	279,000
Correctional Institution - Kitchen Equipment & Paging System	112,120
City Constable Capital (3 Motor Vehicles)	<u>57,000</u>
	<u>3,481,950</u>
Total Fund Balance-Undesignated	<u><u>4,760,400</u></u>



Total

Fund Balance - Designations:

Sewerage-Operations & Maintenance From Gaming Revenues	4,000,000	
Police (Data Modems, Computers, In-Car Video) - Accessorize 50 Public Safety Vehicles	290,000	
2012 U.S. Bowling Congress - Contributions from Other Agencies	135,000	
City Court - Inventoried Assets & Data Migration to the New Court Computer System	<u>89,000</u>	<u>4,514,000</u>
TOTAL FROM FUND BALANCE		<u><u>\$9,274,400</u></u>

**USE OF DISCRETIONARY FUND BALANCES
FROM 2005 THROUGH 2008**

During the first four years of my Administration, I have taken a conservative approach to developing the *Annual Operating Budget*. This has resulted in revenue collections in excess of budget in each of these years. These excess collections have then been appropriated in subsequent years for projects of a non-recurring nature. Approximately two-thirds of these collections came as a direct result of economic activity generated in the Baton Rouge area after Hurricanes Katrina and Rita. Economists have continually cautioned against assuming that this level of revenue collection would be sustained. All of these appropriations from fund balances were made with the support of the Metropolitan Council. As shown below, approximately 83% of these revenues have been used for infrastructure improvements and public safety, which have been a top priority of my Administration. Detailed below is a breakdown of how these funds have been programmed:

	Total 2005 - 2008	% of Total
Infrastructure Improvements	\$55,769,260	60.05%
Public Safety Enhancements	21,194,370	22.82%
Economic Development Initiatives	4,471,000	4.81%
Advances to the Airport	2,325,000	2.50%
Judgments, Settlements & Legal Services	2,119,630	2.28%
Quality of Life/Non-Profit Agency Assistance	1,864,140	2.01%
Capital Area Transit System	1,994,400	2.15%
One-Time Capital Needs or Operating Support	1,807,450	1.95%
Enhancements for Government Efficiency	<u>1,323,210</u>	<u>1.43%</u>
Total	\$92,868,460	100.00%

Budget Highlights

PUBLIC SAFETY

In keeping with my promise from four years ago, I have made the public safety of our citizens and visitors my top priority. This has been accomplished through enhancing manpower, creating efficiency through technological advancements, improving facilities and equipment, and maintaining professional standards.



Police Department

Manpower

Over the last three years, resources have been provided to put 75 additional police officers on the street. The average pay for municipal police personnel has been increased by 19% in order to attract and retain top candidates. Nineteen positions were also added in the areas of forensics, evidence handling, crime analysis, and communications.

Eight Community Resource Officers were added in 2008. These part-time civilians will monitor downtown traffic, issue tickets for parking infractions, provide information to downtown visitors, write minor crash reports, and alert police to potentially dangerous situations.

A Citizen's Academy was held in 2008 to give community members and leaders a firsthand look at how the Police Department operates and works to control crime in Baton Rouge. After completing the academy, citizens were offered additional training opportunities through the Mayor's Office of Homeland Security and Emergency Preparedness.

Other special units put in place include the Mounted Patrol and the Bicycle Patrol. The Mounted Patrol has expanded their mounts to seven horses, and auxiliary riders have been trained to supplement the four full-time officers. These two patrols add police presence and visibility at special events throughout the city.

Technology

Technological advancements have also become a major tool to enhance public safety. Laptops and air cards have been installed in each field unit to give officers the ability to retrieve information instantly on suspects involved in criminal activity. Officers can also electronically report incidents, send and receive complete wanted bulletins with pictures, conduct online record checks, view homeland security video cameras, and send or receive email from their units. The City-Parish website also provides a means of reporting up-to-date crime statistics and other information to the public.

In 2009, over 80 cameras will be added to the existing surveillance cameras to protect critical infrastructure. This will bring the number of surveillance cameras to 130.

The ShotSpotter detection system covers an area of approximately eight square miles in East Baton Rouge Parish. The combination of the ShotSpotter system and the surveillance cameras make a formidable investigation tool. Gun shots can be detected within seconds and located within 40 feet of their origination. In those areas where the camera canopy is installed, video can be reviewed to determine if a crime has been committed, and video evidence is captured.

Four deployable acoustic monitoring systems have also been purchased. When mounted on a generator, these units can be deployed at special events and in areas where an extension of manpower is needed.



Facilities and Equipment

Facility improvements planned or underway include renovation of the processing area in the First District for enhanced security and to provide a separate area for processing juveniles and females, rebuilding the Fourth District, construction of a new K-9 and Special Response Team facility, and rehabilitation of office space housing Misdemeanor Investigations. Also, we are in negotiations with the State regarding the renovation of space in the Third Street Parking Garage to establish an office to create a downtown presence.

The 2009 budget includes funding to replace 50 vehicles. These vehicles are four to five years of age, with 75,000-100,000 plus miles. Additional vehicles may be replaced in 2009 by utilizing the projected surplus in the Police Department's 2008 budget. A Breath Alcohol Testing Mobile will also be purchased, through funding from the Louisiana Highway Safety Commission, to assist officers at "Driving While Intoxicated" checkpoints.

Accreditation

The Baton Rouge Police Department has been successful in maintaining its accreditation status with the Commission on Accreditation for Law Enforcement Agencies since 1996. The department was reevaluated in 2007 and recognized as an accredited police department for the fourth time, placing them in an elite group of departments across the United States. In 2009, the accreditation team will conduct a partial mock assessment of the department's 2008 compliance. In order to meet re-accreditation standards in 2010, all changes in standards must be satisfied.

Fire Department

Manpower

Since the start of my Administration, cost-of-living raises have been granted for municipal fire personnel increasing annual pay by 18.8%. Increased staffing and equipment needed to satisfy criteria in anticipation of the Property Insurance Association of Louisiana (PIAL) Rating scheduled in 2009 has been a priority. The current Class One rating shows our commitment to providing citizens with the best possible fire protection and the lowest possible insurance rates. Twenty-nine new positions have been added over the past four years. This will provide the necessary manpower for an additional aerial truck for the area serviced by the Menlo Fire Station and will enhance fire communications throughout the service area.

Training Materials and Equipment

During the 2008 budget year, the Fire Department has been able to purchase many training tools greatly needed to continue advancing departmental training. These items included interactive white boards, airway trainers, a fire pump simulator, a fire extinguisher trainer, an advanced life support manikin trainer, and a full professional fire fighters' library in compliance with PIAL standards.

Vehicle purchases in 2008 include a replacement pumper truck, an aerial truck, an additional service unit, and several replacement support vehicles. One of the support vehicles was for the education of school age children.



The 2009 budget includes funding in the amount of \$200,000 for ten replacement vehicles and \$432,200 for fire fighting equipment and other capital needs.

Facilities

Funding of approximately \$7 million has been provided since the beginning of 2006 to replace five fire stations that were built over 50 years ago. These stations include the Rosenwald Fire Station, the North Foster Fire Station, the Gus Young Fire Station, the Osage Fire Station, and the Laurel Street Fire Station.

Emergency Medical Services

Accreditation

Since the start of my Administration, pay adjustments have been granted for paramedics resulting in an increase in annual pay of approximately 14%. Twenty-eight new positions have been added, including a position for training in the 2009 budget. In 2007, the Commission on Accreditation of Ambulance Services (CAAS) awarded East Baton Rouge Parish Emergency Medical Services (EMS) full accreditation status for a three-year period. Accreditation signifies that EMS has met the "gold standard" determined by the ambulance industry to be essential in a modern emergency medical services provider. These standards often exceed those established by state or local regulation. EMS is committed to maintaining accredited status and a level of excellence that exceeds the expectations of patients and the medical community through continuous quality improvement.

Facilities

The following improvement projects are underway or being considered for facilities that house emergency personnel:

- Design for renovation of the station at the Airport is expected to be completed, with the construction contract awarded by the end of 2008 or early 2009.
- Land acquisition is nearly complete for a new station on Florida Boulevard, west of Acadian Thruway, that will be shared with the Fire Department. Planning and design will begin as soon as the acquisition is complete.
- The Independence Boulevard Station will be moving to a new location on property provided by the Baton Rouge School Board at the Westdale Junior High School. This new station will also be a shared facility with the Baton Rouge Fire Department. EMS is evaluating the feasibility of building a new medical supply facility at this location.
- EMS personnel at the Prescott and Old Hammond Highway Stations are housed in relatively small areas. These two stations are under evaluation for site identification and relocation to new larger stations within these areas.

Mayor's Office of Homeland Security and Emergency Preparedness

Hurricane Gustav Response

On September 1, 2008, nearly three years after Hurricanes Katrina and Rita devastated the Louisiana coast, Hurricane Gustav made landfall and impacted the Greater Baton Rouge Area. The Mayor's Office of



Homeland Security and Emergency Preparedness (MOHSEP) initiated plans and procedures a week in advance in preparation for a direct hit.

The Advanced Traffic Management/Emergency Operations Center became operational on Saturday, August 30, 2008, and continued operations until Saturday, September 13, 2008. During the activation period, MOHSEP played a critical role by handling all resource requests from various agencies within the City-Parish, supervising the two Point-of-Distribution sites that were set up within the parish, taking daily inventory and coordinating the locations of commodities that the Federal Emergency Management Agency was delivering via 18-wheeler, and coordinating logistics for in-house operations. The Emergency Operations Center also provided housing for the National Guard from Tennessee and the Air Guardsmen. Emergency personnel from the Jefferson, St. Bernard, and Plaquemines parish governments used the center as an alternate operations center until danger had passed in their respective areas.

The Administration received daily reports from first responders, hospitals, utility companies, school officials, law enforcement agencies, government officials from the cities of Baker, Zachary, and Central, and all City-Parish departments in order to hold daily press conferences to disseminate important information to the citizens in the area.

Accreditation

In 2005, MOHSEP was granted conditional accreditation by the Emergency Management Accreditation Program (EMAP), becoming only the second program in the nation to receive the conditional accreditation. In February 2007, MOHSEP was granted full accreditation by EMAP, along with only ten other accredited jurisdictions in the country. This accreditation represents a significant achievement and demonstrates tremendous leadership and commitment to the 54 national program standards. The accreditation process for the field of emergency management ensures that citizens are served by a department that can handle all phases of disasters. Accreditation is valid for five years from the date the EMAP Commission grants accreditation.

Connect-CTY Emergency Notification System

In August 2007, Baton Rouge became the first city in Louisiana to acquire the Connect-CTY emergency notification system, again positioning Baton Rouge at the forefront of utilizing emergency response related technology. With lessons learned from Hurricanes Katrina, Rita, Gustav, and Ike, communications are critical for first responder and emergency management personnel and the residents of East Baton Rouge Parish.

The system provides instant notification alerts via landline phones, cellular devices including text messages, or email in the event of an emergency impacting East Baton Rouge Parish. Residents can sign up for this system free of charge in order to stay informed in the event of an emergency.

PUBLIC WORKS AND TRANSPORTATION

Department of Public Works Neighborhood Clean-up and Blight Elimination

Operation Restore Pride is a program initiated by my Administration, which coordinates the efforts of the Department of Public Works (DPW), Constituent and Neighborhood Services, Office of Social Services, and the Police Department in intensive neighborhood revitalization projects. The goal of the program is to provide



home and neighborhood repair and revitalization services to residents, engage in outreach while promoting safe communities, and connect local employers to unemployed residents seeking employment.

Various divisions in DPW assist in the on-going activities associated with the Operation Restore Pride program. Services provided by DPW include scheduling, coordination, and notification of property owners resulting in the removal of debris on lots. In 2008, DPW has assisted in cleaning and cutting over 850 properties throughout the parish as part of this program.

Maintenance personnel also provide grass cutting services on overgrown lots and demolition services on condemned properties. The cost of providing these services on private property is passed on to negligent property owners through the legal process by placing liens on the properties. DPW has found that more services can be provided by performing some of these activities in-house as opposed to contracting all services with private companies. In 2009, the Blight Elimination Program budget includes \$53,870 for the fuel and equipment used in this program, and \$150,200 for legal services and contracts for projects that cannot be performed by DPW staff. Funding in the amount of \$153,160 has been transferred to the DPW budget to cover salaries and benefits for the employees performing these services.

Traffic Signal and Signage Improvement Initiatives

The Downtown Traffic Signal Improvement and Synchronization project is a Green Light Plan project that will upgrade 30 traffic signals and six crosswalks in the downtown area. This project is currently in the construction phase and will be completed in 2009.

The Downtown Development District (DDD) received the 2008 Outstanding Achievement Award in Transportation for the Wayfinding Signage Project. More than “just” signs, this innovative navigational system tells a story about the distinct culture of the region, while performing the critical function of helping people find their way. Through a series of 34 individually designed interpretive panels and two illuminated kiosks, local artists and designers blended color and architectural patterns with elements from our heritage to create “streetscape art.” This project was administered through a joint effort between DDD and DPW.

An additional \$237,000 is included in the 2009 budget for DPW to complete the replacement of the aging school flasher system with state-of-the-art equipment. Funding in the amount of \$400,000 has been provided for this project in prior-year budgets.

Baton Rouge Junior High School Renovation

The former Baton Rouge Junior High School building located on Laurel Street is currently under renovation and will be completed in early 2010. The building, which is on the National Register of Historic Places, will house the Planning Commission and certain Department of Public Works (DPW) divisions associated with the review and permitting of land and building construction development throughout East Baton Rouge Parish. The DPW functions performed from this location will include Engineering, Field Engineering, Subdivision Engineering, Environmental, and Architectural Services, as well as the Geographical Information Systems and Informational Services functions of DPW. Since the building is located adjacent to the DPW Permits and Inspection Division and the Parish Health Unit, citizens will be able to obtain the majority of development and construction approvals in one geographical location. Also housed in this building will be the Office of Constituent and Neighborhood Services, Veterans Affairs, and the Police Union. The total renovation cost for this building is



projected to be \$5.4 million, of which \$1,390,000 is included in the 2009 budget. The remainder of the funding has been provided through supplemental appropriations and funding previously approved for building improvement projects.

Capital Area Transit System

Funding in the amount of \$3,374,030 has been provided in this budget from the General Fund to subsidize the operations of the Capital Area Transit System (CATS). This is an increase of \$425,000 from the 2008 budget, and is proposed to assist with fuel as a result of rising diesel prices. This increase was provided through Fund Balance Undesignated and should not be considered as a recurring funding source for this agency. If fuel prices return to normal levels, this supplemental appropriation will be reevaluated and may be reduced in accordance with actual 2009 fuel prices.

CATS will also receive \$1,247,200 from the Parish Transportation Fund and about \$1,300,000 from the state-shared hotel/motel tax that is dedicated to this agency by law. The combined State and local funding sources account for over one-third of the revenue stream for this agency.

The 223.5% increase in funding from the General Fund since I took office is evidence of my level of commitment to public transportation. However, we cannot continue to provide for increases that outpace inflation each year within the confines of the General Fund budget. Measures must be taken to control costs and increase the efficiency of the system. I strongly recommend that the CATS Board of Directors review efficiency issues related to the system in the areas of finance, management, operations, planning, and services.

Greater Baton Rouge Airport District

On August 13, 1948, under the United States Surplus Act of 1944, Harding Field was transferred from the United States Air Corps to the Police Jury and became a public airport for civilian use serving the Baton Rouge metropolitan area. On August 16, 2008, the Baton Rouge Metropolitan Airport hosted a celebration to commemorate this milestone of 60 years of aviation service. The event, "Air It Up," had approximately 30,000 attendees and provided a day of nostalgia and festivities for all ages.

It is a natural inclination to look back when celebrating an anniversary, but Baton Rouge Metropolitan Airport is continuing to look forward – for new routes, new innovations, and new opportunities. Since 1995, the airport has funded more than \$326 million in construction projects. With 27 new projects currently underway, the vision of growth is based on reality.

Construction on a new 500-space rental car parking garage began in the spring of 2008 and will be completed in mid 2009 at a cost of \$13 million.

In federal fiscal year 2008, over \$19 million in federal grants were approved for the Airport Capital Improvement Program. The projects funded include:

- Resurfacing of Runway 13/31
- Reconstruction of Taxiway Bravo
- Expansion of South Air-Carrier Apron
- Rehabilitation of Airfield Lighting and Guidance Signs



- Property Acquisition and Construction of Blount Road
- Noise Mitigation
- Landscaping Project
- Expansion of the Terminal Building

In 2009, renovation will begin on the police/fire station, as well as construction of a second 30,000-square-foot air cargo building. The runway safety areas and the rehabilitation of Runway 4R/22L will also be completed at a cost of \$24 million. In accordance with the recommendation from the Federal Aviation Administration, two additional positions are being added in 2009 to provide compliance management during all hours of operation.

CENTRAL SUPPORT SERVICES

Finance Department

Online Sales Tax Filing

In 2008, a centralized website came online that can be used as a tool for taxpayers throughout Louisiana to file sales and use tax returns and remittances to multi-parish taxing authorities. The system, administered by the Louisiana Department of Revenue, offers an easy-to-use registration feature that allows taxpayers to utilize system services. City-Parish personnel participated on a two-year development committee with other local and state tax officials through the Louisiana Association of Tax Administrators in order to develop the site. Baton Rouge City-Parish served as a beta testing site for this application. In the first month of operation, the City-Parish processed approximately 500 tax returns and collected \$1.8 million electronically utilizing this system. The system can be accessed through parishe-file.com. There are no fees for the use of this system.

Excellence in Budget Presentation and Financial Reporting

The Finance Department continues to demonstrate its commitment to providing high quality customer service through excellence in financial reporting.

The Finance Department received the “Distinguished Budget Presentation Award” from the Government Finance Officers Association (GFOA) of the United States and Canada for the *2008 Annual Operating Budget*. This national award is the highest professional recognition in governmental budgeting. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. This is the 18th consecutive year that the department has received this award.

The GFOA of the United States and Canada also awarded the Certificate of Achievement for Excellence in Financial Reporting to the City-Parish for the *Comprehensive Annual Financial Report* for the fiscal year ended December 31, 2006. This prestigious national award recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to receive this award, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. The reports must also satisfy both accounting standards and applicable legal requirements. The department has produced a financial report meeting these standards and received this award 31 times since 1971.



Debt Management

Our government has invested considerable effort into maintaining a working relationship with bond rating agencies and bond insurance companies over the past several years. This allows us to keep them informed concerning issues that affect our bond ratings and bond insurance premiums. Rating agencies have cited strong financial management and the willingness to take prompt corrective budgetary action when necessary as positive attributes of our government. As a result, the City-Parish enjoys favorable bond ratings such as the underlying rate on the City 2% general sales tax revenue bonds from Moody's Investors Service (Aa3), Standard and Poor's (AA), and Fitch Investors (AA). These ratings result in very reasonable interest rates on debt. The City-Parish will continue to demonstrate strong financial practices and work with the rating agencies and insurers to prove our creditworthiness and secure the highest ratings possible in anticipation of issuing bonds for our two existing major capital improvement programs in 2009.

Human Resources

Workforce Development

In 2008, the Department of Human Resources launched a Workforce and Succession Planning (WFSP) initiative. WFSP is typically summarized as "having the right people, with the right skills, in the right place at the right time." This is particularly important in light of the fact that the baby-boomer generation is beginning to retire in large numbers within the next three to seven years. The City-Parish currently stands to lose key expertise that is not easy to replace quickly. The WFSP process in 2008 included the development of a framework based on best practices nationwide for retaining and recruiting talent. This first year, heavy emphasis was placed on a smaller number of key positions statistically likely to become open in the shortest period of time. WFSP is a multi-faceted and multi-year process and is certain to prove valuable to City-Parish in the years to come. In 2009, Human Resources will work with the departments to launch an aggressive two-pronged campaign to recruit and train the next generation of leaders for the City-Parish.

Test Validation Initiative

In order to provide vital public services it is important that the City-Parish recruit and retain a competent workforce. Professional ethics and legal mandates necessitate that candidates are ranked fairly on the basis of job-related criteria. Written examinations for potential job candidates are one of the most reliable and effective methods of assessing and comparing candidates. In 2006, the Human Resources Department began an initiative to develop new consolidated job-related examination criteria. The City-Parish entered into a professional services contract with a top consulting firm in this field to accomplish this goal. The total cost of this initiative is \$220,000. Funding in the amount of \$160,000 was provided in prior budgets, and the third and final phase in the amount of \$60,000 is funded in the 2009 budget. By the end of this phase, 53 examinations will have been validated and consolidated. The result will be 16 examinations that will ensure that the City-Parish obtains the most qualified candidates for employment. As an added measure, Human Resources formalized processes for test randomization to ensure the integrity and security of the examination process.

Employee Wellness

Human Resources held a City-Parish Health Fair in 2008, which was designed to promote awareness of the importance of health issues to our employees and their families, and to bring a new awareness of their health



into their work environment. One example of bringing health into the work environment was our partnership with the “Louisiana 2 Step” campaign where City-Parish employees were encouraged to simply “Eat Right, Move More.” Human Resources will continue to promote wellness for the City-Parish’s most important resource, our employees.

Parish Attorney

Reorganization

The Parish Attorney’s Office is implementing various personnel changes in an effort to streamline operations and increase efficiency. The reorganization will be funded through the deletion of two positions.

Safety Committee

The City-Parish is dedicated to the prevention of accidents and promotes accident prevention as a prime concern for all employees. This includes the safety and well-being of our employees, subcontractors, and the public, as well as the prevention of wasteful, inefficient operations and damage to property and equipment. All levels of the workforce are directed to make safety a priority concern, equal in importance to all other job duties and operational responsibilities. In February of 2008, a safety policy was adopted by the Metropolitan Council establishing safety goals and granting authority to the City-Parish Safety Committee.

Under the leadership of the Risk and Claims Management Division, the City-Parish Safety Committee, which is composed of representatives from all departments, will carry out this policy. The committee will also create procedures, analyze data, and make recommendations for change. Funding has been included in the 2009 budget to establish a safety awards program.

Geographic Information Services System

The Geographic Information Services system (GIS) integrates City-Parish data and service delivery through visual aids with interactive images, maps, videos, web portals and time frame animations. A real-time GIS architecture is being developed to support daily public service operations and manage emergencies. The proposed system will provide connectivity to web-based forms, which will allow for field reporting directly through cell phone technologies and global positioning system vehicle tracking services. Defining City-Parish assets as GIS features will provide the graphical backbone to manage emergencies while retaining the proper details for maintenance and repair needs. Internal and external partner committees will be established for analysis of infrastructure features, with an emphasis on communications and emergency response.

A prime example of the benefits derived from these partnerships is the interaction with the energy partners during the Hurricane Gustav restoration efforts. Real-time data sharing provided information needed for cost-effective decision making. During Gustav, the City-Parish was able to collaborate with external agencies for emergency response. The data also provided information needed for managing resources and workforce allocations during the storm. One of the goals in 2009 is to provide broadcast base maps to corporations that have utility roles within the parish. This coordinated effort with the private utility corporations will play a vital role in preparation for the 2009 hurricane season.

Funding in the amount of \$239,000 is included in the 2009 budget for web source development, licensing, and equipment needs.



QUALITY OF LIFE/CULTURAL INITIATIVES

Recognized by the White House as a Preserve America Community, Baton Rouge continues to celebrate heritage, use historic assets for community revitalization and development, and build an appreciation for the performing and visual arts, as well as cultural events. Of equal importance is the development of partnerships to promote and provide educational opportunities for our citizens. The following on-going cultural and educational initiatives support this commitment:

Cultural Initiatives

- Partnerships with non-profit agencies to provide funding and support for festivals and cultural events including the Baton Rouge Blues Festival, FestForAll, International Heritage Festival, Live After Five, Sunday in the Park, and Earth Day.
- Support for facilities and programs to enrich and promote cultural life and preserve heritage that include Opéra Louisiana, the Baton Rouge Symphony, the USS Kidd Veterans Memorial, the Louisiana Art and Science Museum, the LSU Museum of Arts, and the Arts Council of Greater Baton Rouge. The 2009 budget includes support through the Arts Council for Culture Candy Art Programming and the Debbie Allen Community Program.

Educational Initiatives

- Volunteers in Public Schools Program to allow City-Parish employees to volunteer in the public school system eight hours a month.
- Partners in Education Program to actively encourage businesses to become involved in the local school system.
- The Greater Baton Rouge Literacy Coalition to advance adult literacy in our community.
- Baton Rouge Initiative Developing the Genius in Every Student (B.R.I.D.G.E.S.) to develop standards for after-school programs and promote awareness of program availability through an interactive GIS mapping of after-school programs on the City-Parish website.
- The Mayor's Youth Council, in collaboration with the Big Buddy Program and the Baton Rouge Area Chamber, to encourage and develop leadership among high school youth.
- The Scotlandville Magnet High School Training Program for pre-engineering students to assist with data development for the City-Parish GIS system.
- The Carville Job Corps Training Academy mentoring program for youth to receive on-the-job training in skilled labor.
- The Breakfast Club to encourage positive interaction between the youth and police officers in their community.
- Third Thursday hands-on science activities designed to reward good behavior and class participation at elementary schools.



ECONOMIC DEVELOPMENT

Greater Baton Rouge Economic Partnership

For the last two years, the City-Parish has partnered with the Greater Baton Rouge Economic Partnership, a non-profit affiliate of the Baton Rouge Area Chamber (BRAC), to manage a professional business development program targeting high quality job growth and increased economic opportunities for the Baton Rouge area.

In 2008, the Greater Baton Rouge Economic Partnership exceeded the 750 job recruitment, retention, and expansion goal by 144%. Business development through October of 2008 included ten business recruitment and/or expansion projects within the parish, securing 1,830 jobs with an average annual wage of \$45,970, more than \$84 million in annual payroll, and over \$163 million in new capital investment. Some of these projects are described as follows:

- A new expanded facility for **The Coca Cola Company** will become the southeastern manufacturing and distribution center for the company's Minute Maid, Vitamin Water, and Powerade products. The expansion will create 113 new jobs at an average hourly wage of \$26.47, with a projected capital investment of \$92.9 million.
- **Electronic Arts Sports**, a leading producer of digital games, is constructing a quality assurance testing facility on the Louisiana State University (LSU) South Campus. Sports games produced by Tiburon such as Madden, NCAA, and Tiger Woods will be tested at the facility. The Baton Rouge Area Digital Consortium (BRADIC), comprising of East Baton Rouge Parish, LSU, Baton Rouge Area Foundation, and BRAC, worked collectively to secure this project. It is anticipated that 220 part-time game testers will be employed at \$10.50 per hour.
- **Albemarle Corporation**, a Fortune 1,000 company, announced that it is relocating its corporate headquarters from Richmond, Virginia, to Baton Rouge. The headquarters relocation will create 30 new jobs at an average hourly rate of \$96, with a projected capital investment of over \$16 million.
- **Starmount Life Insurance** will construct a new office complex for its local headquarters in Baton Rouge. The capital investment is expected to be approximately \$8.4 million. It is anticipated that 70 employees with wages averaging \$18.42 per hour will be added.
- **The Shaw Group, Inc.**, has committed to increase non-craft, professional employment by 1,500 jobs in Louisiana, which under the current structure will add 1,200 jobs at an average salary of \$50,000 in the Baton Rouge headquarters over the next ten years. Additionally, Shaw has agreed to retain its headquarters in Baton Rouge for 15 years.

Other anticipated business expansions with substantial capital investments projected at over \$44.3 million creating 197 additional jobs include **CMC Capitol Steel, Schroeder-Williams Lumber Company, AppOne, Custom Metal Works, and US Composite Pipe South.**

The business development staff of the Chamber continues to market the City-Parish at national trade shows and site consultant events, promote the Baton Rouge area through display advertising in economic development and specialized trade publications, and serve as the "one-stop" sales office for business recruitment and expansion



prospects for community information, state and local incentive coordination, site details and visits, and project management.

BRAC, through a partnership with LSU's Department of Economics, conducts fiscal and/or economic impact analysis on all projects utilizing public incentives provided by the City-Parish to ensure that tax incentives and expenditures for business development projects provide the parish with a positive public return on investment for the use of public funds.

In order to maintain accountability and transparency, BRAC's business development team presents quarterly reports to the Administration and Metropolitan Council on projects, jobs and investment levels, and current activity. The quarterly reports keep the Council abreast of the overall activities of the team, and additional information is provided to individual Council members regarding potential projects in their districts as they arise.

In accordance with the wishes of the current Metropolitan Council, a supplemental appropriation will be brought before the Council for continuation of this professional services partnership, which serves as an invaluable and efficient economic development tool for our parish government.

Baton Rouge Film Commission

This economic development agency of the City-Parish has been tasked with increasing the diversity of business within East Baton Rouge Parish as it relates to film and television production, post production, and digital media production. The role of the Baton Rouge Film Commission is to provide location scouting assistance and script analysis, assistance in securing competitive rates on housing and accommodations through partnership with the Baton Rouge Area Convention and Visitors Bureau, assistance in securing permits, connection with production office space, and liaison services between production companies, the community, and local government throughout the entire production schedule.

More than 65 film productions have shot in Baton Rouge. These films included "I Love You Phillip Morris," "Nine Dead," "The Open Road," "Cirque du Freak," "The Librarian: The Curse of the Judas Chalice," "Yellow Handkerchief," "Middle of Nowhere," and "The Way of War." Additional photography for "Jumper," "Miracle at St. Anna," and "Cadillac Records" was also done in Baton Rouge.

Since 2007, in excess of \$100 million in economic impact can be credited to the Baton Rouge Film Commission. This budget includes \$150,000 for the operation of the Commission for 2009.

Capital Improvement Programs

We continue to make progress with our capital improvement programs, with some very significant projects beginning this next year. Details on these programs can be found in the section of the budget titled "Capital Improvement Programs." Below are selected highlights, including details of the activity that can be expected in 2008 and 2009.



Green Light Plan

In October of 2005, the citizens of East Baton Rouge Parish approved an extension of the current one-half percent (1/2%) sales and use tax for street and road improvements. With this vote, the tax that was previously referred to as the “pot-hole” tax was extended until the year 2030. The tax proposition called for 70% of the proceeds to be used for transportation improvements, including all costs associated with construction of new roads, widening of existing roads, and intersection and signalization improvements. The projects funded through this portion of the tax are part of the Green Light Plan (GLP). Twenty-seven percent of the proceeds of the tax are being used to continue the road rehabilitation program and the remaining three percent will be used for beautification and street enhancement projects. All sales taxes collected in the municipalities of Baker and Zachary are distributed directly to the municipalities. The City-Parish is currently holding Central’s transportation improvement portion of this tax to be used to accelerate the Sullivan Road project.

At the time of the vote, it was estimated that the street and road improvement portion of the tax, interest earnings, and the issuance of road improvement sales tax bonds would generate over \$755 million dollars for the program. Thirty of the priority projects were in the active status during 2008, with projects valued at \$172 million dollars. Five of these projects were in the planning and design study phase, and 16 projects were under final design and contract execution.

The following six projects are under or will be under construction by the end of 2008:

- Burbank Drive (Segment 2, Bluebonnet Boulevard to Highland Road/Siegen Lane)
- Lobdell Improvements (Goodwood Boulevard to Florida Boulevard)
- North Harrell’s Ferry Road (Sharp Road to South Sherwood Forest Boulevard)
- Highland Road (Perkins Road to Airline Highway)
- Downtown Signal Synchronization (approximately 30 Signals)
- Coursey Boulevard at South Sherwood Forest Boulevard Intersection Improvements

Veterans Memorial Boulevard Extension (Harriet Quimby to Blount Road) was completed in October and is open to traffic. Burbank Drive (Segment 2, Bluebonnet Boulevard to Highland Road/Siegen Lane) is expected to be completed and open to traffic by the end of 2008.

In 2009, ten additional GLP projects are expected to reach construction in addition to other program activities for an estimated program value increase of \$140 million dollars. Two projects will be in the planning and design study phase, and five projects will be under final design and/or contract execution.

The following ten projects will be under construction by the end of 2009:

- O’Neal Lane (Segment 1, South Harrell’s Ferry Road to I-12)
- South Harrell’s Ferry Road (Segment 2, Millerville to O’Neal Lane)
- Jones Creek Road (Segment 3, South Harrell’s Ferry Road to Coursey Boulevard)
- Staring Lane Extension I (Highland Road to Burbank Drive)
- Brightside Lane (River Road to Nicholson Drive)
- Pecue Lane Realignment at Perkins Road
- Perkins Road at Stanford Avenue/Acadian Thruway Intersection Improvement



- Sullivan Road
- Siegen Lane (Highland Road/Burbank Drive to Perkins Road)
- Foster Drive at Government Street Intersection Improvement

The following five projects will be completed and open to traffic by the end of 2009:

- Burbank Drive (Segment 1, West Lee Drive to Bluebonnet Boulevard)
- North Harrell's Ferry Road (Sharp Road to South Sherwood Forest Boulevard)
- Lobdell Improvements (Goodwood Boulevard to Florida Boulevard)
- Coursey Boulevard at South Sherwood Forest Boulevard Intersection Improvement
- Pecue Lane Realignment at Perkins Road

The following projects in the 1997-2002 and the 2002-2007 programs are currently under construction:

- Central Thruway (Comite and Beaver Bayou Bridges, No.1)
- Comite Drive (Clearing and Grubbing)

The current financial model, as prepared by the Finance Department and the GLP Program Management Team of DPW and program manager CSRS, Inc., assumes the need for a bond issue within the first quarter of 2009.

Sanitary Sewer Overflow Capital Improvement Program

The Sanitary Sewer Overflow Capital Improvement Program (SSOCIP) has made progress in 2008 and will continue to go forward in 2009. This program, mandated by a consent decree with the United States Environmental Protection Agency and the Louisiana Department of Environmental Quality, is under the management of CH2M HILL. Sixty projects are scheduled to be under design and/or under construction by the end of 2009. The total value of these projects is approximately \$404 million.

In 2008, work has progressed on 30 projects in the form of design engineering, bidding services, or actual construction. The total value of the projects that were begun in 2008 is \$132 million.

Five rehabilitation projects will be under design by the end of 2008. One of the five rehabilitation projects, Jefferson Highway-Hoo Shoo Too Road, has already begun construction three months ahead of schedule. All other rehabilitation projects are on target or have been scheduled to meet the 2014 consent decree deadline.

Nineteen capacity projects will be underway by the end of 2008. The various stages of these projects are as follows:

- One capacity project, Gurney Road – Joor Road, was bid in September 2008.
- Design services for four capacity projects will be advertised by the end of 2008.
- Thirteen capacity projects are in various phases of design.
- One capacity project, Group Project 2 – Small Pump Stations, was advertised and the contract awarded in October.



There are three remedial measures action plan projects – Kleinpeter Area Upgrades, Pump Station 136 Area Upgrades, and the Industriplex Area Upgrades – that are very near construction. The Kleinpeter project has been bid and is scheduled to begin construction in November of 2008. The Pump Station 136 project was advertised in October, and the Industriplex project is scheduled to advertise for construction in December of 2008.

Three projects relating to wastewater treatment were scheduled for 2008. Of those projects, two projects, the North Wastewater Treatment Plant Odor Control Project and the South Wastewater Treatment Plant Immediate Action Plan Project, will start construction by the end of the year or the first quarter of 2009, and a design consultant has been selected for the remaining project, Phase I of the South Wastewater Treatment Plant Wet Weather Improvements. All wastewater treatment projects are on schedule as planned.

There are 30 projects scheduled for 2009 and they include nine rehabilitation projects, 19 capacity improvement projects, and two wastewater treatment projects. The total value of the projects that will begin in 2009 is \$272 million.

The financial model that has been developed for the sewer system, and reviewed by our financial team, indicates that, under present day assumptions, the City-Parish can fund all of the requirements of the SSOCIP estimated at \$1.2 billion. In November of 2008, the Metropolitan Council will be presented with a proposed supplemental appropriation requesting approximately \$70 million of pay-as-you-go funding to begin projects for 2009. In the early summer of 2009, it is anticipated that a bond issue of approximately \$170 million will be sold and an additional pay-as-you-go appropriation of \$32 million will be requested to fund the remaining projects for 2009.

Riverfront Development

As Downtown Baton Rouge continues its remarkable transformation, new investments are shaping the Mississippi Riverfront. The vision for the riverfront is captured in several recent plans and will be manifested in many current and planned development projects. Downtown has seen over \$1.7 billion of investments over the past decade, and the riverfront alone will be the focus of an additional \$1 billion in planning and construction in 2008 and 2009.

In 2009, many of the plans for the downtown riverfront will become reality. The expansion of the Shaw Center for the Arts will open with a new mixed-used building and an elegant restaurant in the historic Stroube's building. The renovation of the historic Hotel King will begin. The design for the North Boulevard Town Square, which will link the downtown riverfront and serve as the gateway to the Arts and Entertainment District, is presently underway, and construction is set to begin in 2009. The bike and pedestrian path atop the Mississippi River levee will be extended an additional 2.5 miles to connect downtown to BREC's Farr Park.

The Mississippi River is a tremendous asset to our community and enhancing the riverfront will provide for the betterment of the Greater Baton Rouge area.

Library Improvements

After numerous meetings and workshops, a site concept plan has been developed for a new 115,000-square-foot Main Library in Independence Park. This plan is the result of a joint process led by The Library Design



Collaborative, which incorporated community input, as well as staff involvement from the East Baton Rouge Parish Library and the Baton Rouge Recreation and Parks Commission (BREC). The new Main Library will be built to the immediate north of the existing facility.

This library will create a community space that will be full of energy, both functional and beautiful, and will build on the synergy between the library and the park. The plans include access to new and established gardens, a free-standing cyber café, and a “Thought Square.” The “Thought Square,” reminiscent of a town plaza, will be a multi-use activity area that will serve as a gathering space for the Independence Community Park. A drive-thru window will allow patrons to pick up or drop off materials. A portion of the costs associated with these amenities related to the park will be funded by BREC.

This concept plan will serve as the template for the next stage of design development of the project. The anticipated groundbreaking for the new Main Library will be in 2009, with construction to take approximately 18 months.

Funding in the amount of \$3,845,280 is included in the 2009 budget for the new Main Library in the Park, bringing total appropriations to date for the project to \$33.2 million.

Another project currently under consideration is the renovation or expansion of the River Center Branch Library. Trahan Architects is currently in the process of preparing a feasibility study.

Baton Rouge Loop Project

The *Baton Rouge Loop Implementation Plan*, funded by East Baton Rouge Parish, was completed this summer. This phase was the first step toward the actual construction of the loop around the City of Baton Rouge to relieve traffic congestion in the growing region. The plan recommends corridors for the best route around the city, the best river crossings for the two new Mississippi River bridges, and the best financing model for taking advantage of the new options the Louisiana Legislature passed in 2006 to allow creative methods of paying for new road projects.

The process will continue to be managed by the Loop Executive Committee, which consists of the Parish Presidents of Ascension, East Baton Rouge, Iberville, Livingston, and West Baton Rouge. A key component of the success of the Baton Rouge Loop is the public outreach plan and community involvement to assure that all phases of this project include input from the five parishes impacted. Public meetings have been and will continue to be held throughout the five parishes to assure that the interests and needs of the communities within these parishes are carefully considered.

Among the reasons Louisiana has not constructed bypasses has been the lack of funding for large public infrastructure projects in Louisiana. State and federal gas taxes, which are the traditional financing sources for transportation projects, have been unable to keep up with transportation demands, a common national trend for large highway projects. In communities such as Baton Rouge, which has a high growth rate and ever-increasing traffic congestion, the need is critical for new financing models. East Baton Rouge Parish and surrounding parish leaders recognize this situation and are exploring new models of finance, including tollways.



Utilizing state funding, a contract for the federally mandated environmental phase will be executed in the near future. Once completed, design and construction of this project can move forward. The Baton Rouge Loop is going to be a reality that citizens and visitors to the surrounding area can be driving on within the next decade.

Conclusion

The budget we submit reflects the priorities set by this Administration and we will continue our philosophy of providing an open public process for decision-making and full cooperation with the Metropolitan Council in the next term. I sincerely appreciate the commitment and dedication of the Council members who have worked with our Administration and supported the initiatives that keep our parish moving forward. With some of the current Council members completing their final terms of office, I would also like to take this opportunity to express my appreciation to them for their service to the people of East Baton Rouge Parish.

In closing, I would like to personally thank each employee of this City-Parish for his or her work, dedication, and contribution to our community. It is with their commitment and support that we are building America's Next Great City and a parish that can compete with any region on the national stage.

Sincerely,

A handwritten signature in cursive script that reads "Melvin L. 'Kip' Holden".

Melvin L. "Kip" Holden
Mayor-President

