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Kevin Davis
Parish President

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Honorable Council Chairman Stefancik and members of St. Tammany Parish Council, residents of St. Tammany Parish:

Today, I respectfully submit Ordinance Calendar Numbers 3385 and 3386, which are our proposed operating and capital improvement budgets for fiscal year 2007. These requests represent balanced budgets encompassing all parish government agencies, independent agencies such as the District Attorney's office and Registrar of Voters. These budgets represent the current funding constraints under which we must work.

The 2007 operating budget is proposed to be \$71.2 million as compared to the 2006 budget which was \$66.7 million. That is a 6.7% increase. The Parish and Council administrative budgets increased from \$14.4 million to \$15.3 million, or a 6% increase.

For the first time in a number of years, we are increasing the public works staff significantly (39) as well as adding two additional staff to each of our regulatory departments, permits, engineering and code enforcement.

Capital funds have also increased from \$14.25 million to \$36.61 million. These funds will be used to increase neighborhood road repairs (additional \$9 million over last year), drainage projects (an additional \$1 million over last year), and facility reconstruction and renovations (an additional \$15 million) much of which is funded by FEMA.

The combined total budget for 2007 is \$107.8 million.

It should be noted at this point that while we have recommended some additional staff we have only done so in those areas which have increased the need to meet public demand for post-Katrina infrastructure needs; and where the revenue stream is available to fund these over a long period of time.

The figures above do not reflect the recovery funds to any significant degree. The current status of recovery-related approved work is \$190 million. We have received \$120 million so far, or about 63% of the total set aside for St. Tammany. If we add the NRCS projects, we exceed the \$200 million. However, we have picked up 6.6 million cubic yards of roadway debris and a tremendous amount of drainage debris which included 550 white goods, 28 cars and 138 vessels.

As you already know, we have agreements with NRCS that date back right after Katrina that include a 25% match. If NRCS does not forgive that match or LRA or FEMA do not set in with the match, then we will owe NRCS about \$3.5 million. However, the LRA and Division of Administration appear to have funding of local government as one of their priorities.

I must say that NRCS has been fantastic to work with. This parish could not have a better partner than NRCS.

The second issue is whether the President and Congress will continue to provide 100% funding beyond the end of 2006. If he does not, then we will need to be prepared to fund 10% of any additional project costs. That could be a significant number for St. Tammany. While we have done very well on roadside debris pickup and projects where we have considerable authority to move forward, we have programs that require a lot of approvals before we can proceed, such as the right-of-entry and house demolition programs where completion of the projects will go beyond

the end of 2006. Thus, we have had to budget for these program funds as well.

We sold \$50 million in sales tax bonds to begin a \$147 million, five-year roadway construction program. We will be starting a significant number of roadway construction projects throughout St. Tammany Parish in 2007. It is hoped that we will have five projects under construction by January 2007 and another seven projects by April 2007.

The sales tax has increased dramatically over the past year, and has reached unprecedented levels. However, we have begun to see those numbers soften. Thus, for purposes of this budget, we have taken a conservative approach for 2007 and then projected it out to 2010 to make sure that whatever permanent positions were added to the budget that we will have the ability to fund and carry those out beyond what we see the sales tax level right now. Any funds available beyond those used in the operating budget are put into the capital budget and marked for use in our recovery program, for example, ditch reconstruction (\$8 million), road overlays (\$9 million), and contingencies in the event we have storm-related expenses again this year.

Clearly, looking back over the past year, our immediate priorities have shifted to dealing with a disaster that no one could have imagined, but showed up on our door. Our parish has dealt with the issues directly and continued to move forward. Our municipalities have taken on their duties as well, and working as a team, we have all done what we need to do to get St. Tammany residents through this. I am very proud of how we, parish council and administration, have worked together during this period.

But this budget is designed to move forward, to continue to resolve the disaster-produced issues that we will probably be dealing with for a number of years, and get ourselves back to managing growth, adding infrastructure, and maintaining the quality of living we have come to appreciate here in St. Tammany.

As always, I have enjoyed our working together in the past, and I look forward to this new year to the projects and program reflected in the 2007 budget.

Sincerely,

Kevin C. Davis
Parish President