

MINUTES OF THE MEETING OF THE
CADDO PARISH COMMISSION
HELD ON THE 29TH DAY OF OCTOBER, 2009

The Caddo Parish Commission met in legal and special session on the above date at 3:30 p.m. in the Government Chamber with Mr. John Escude, Vice President, presiding, and the following members in attendance, constituting a quorum: Commissioners Baker, Dominick, Epperson, Escude, Jenkins, Pierson, Smith and Thibodeaux (8). ABSENT: Commissioners Cox, Linn, Lynch, and McCulloch (4).

The invocation was given by Mrs. Baker, and Mr. Dominick led the Commission in the Pledge of Allegiance.

The Vice President stated the purpose of the special meeting as being to received the Proposed 2010 Operating and Capital Improvements Budget for Caddo Parish, to introduce the ordinances comprising that budget and setting a date for public hearing on the budget. He asked Administrator Woodrow Wilson to come forward and make his presentation.

Mr. Wilson stated that in view of the incessant rains in the area since the beginning of the month, as well as the storms and torrential rains forecast for later in the day, he wished to call Emergency Response coordinator Todd Hopkins to present a brief update on the situation. He just came back from the Emergency Response Center where public safety officials from Caddo and Bossier Parishes were conferring on appropriate responses to the weather.

Mr. Hopkins stated that with the pending weather the area is in a situation where it can expect four to six inches of rain during the next 24 hours, with some areas getting as much as 10 inches. The Parish Public Works Department has crews ready for the coming night and the following day. High water signs have been made available throughout the Parish in known low areas. Sandbags will be available for citizens at three locations—Spring Ridge Camp, Vivian Camp and Monty Street.

Mr. Hopkins said that the forecast predicts that a coming cold front from the northwest will be preceded by high winds, which pose a particular threat to uproot trees from the already soaked soil. That front will meet a southerly front laden with Gulf moisture, producing heavy rains that will move slowly into the area and move slowly out, he said, leaving potentially heavy flooding in low areas.

Answering a question from Mr. Dominick, Mr. Hopkins said that sandbags will be available to citizens from 7 a.m. until 3 p.m. They will have to fill the bags themselves. Some filled bags will held in reserve for emergencies, he said.

Mr. Wilson said that if predictions are correct, this storm system could be comparable to the one that came to the area in 1991, which resulted in heavy rain and flooding throughout the Parish. The Parish is prepared to deal with it, he said.

At this time Mr. Wilson stated that he had distributed copies of the proposed 2010 Operating and Capital Improvements Budget, and that he would proceed with the following message:

(INSERT BUDGET MESSAGE)

TO: The Caddo Parish Commission and the Citizens of Caddo Parish:

In compliance with Article VI, Section 6.02 of the Caddo Parish Charter, the Parish Administration is pleased to submit its proposed 2010 budget document for consideration and adoption by the Caddo Parish Commission. The annual Parish budget represents one of the most important policy documents that the Commission will enact during the course of a year, and it reflects the resources, strategies and goals of the Parish in the delivery of public services to our citizens.

The accounting and budgeting format is designed to afford you an easy readable and understandable budget with a detailed breakdown of the expenditures for the various departments and funds. As it is our practice, this budget we present to you represents a balanced budget for 2010 – reflective of prudent and sound financial management, and the optimization of taxpayers' dollars, which they are investing towards the operation of our Parish government. You will find that this budget addresses our most urgent operational needs, capital improvement initiatives, support of Parish agencies, economic development and social programs. In addition, this proposed budget prepares the Parish government to meet the unique challenges that must be addressed to protect, preserve and enhance the quality of life for the citizens.

The Parish Commission and the Administration is committed to the provision of a quality service delivery program, and to that end, is proposing to continue existing programs and services at the present level. A review of the proposed budget clearly illustrates the Parish's commitment to provide those fundamental public services that are highly valued by our citizens such as public safety, road infrastructure improvements, maintaining the Parish's jail system, and recreation programs. The Parish Administration has made a concerted effort to improve its collaborative efforts with other local agencies and state government in an effort to more efficiently utilize available resources, pursue state/federal grant funding and minimize the overall tax burden of individual taxpayers. The Parish Administration will continue to

pursue strategic partnerships that will improve options and enable the staff to work smarter and more efficiently.

Throughout this economic downturn, our Parish Commission can be proud that sound fiscal planning, responsible budgeting, and reductions in expenses have allowed us, this year, to secure a bond rating of AA+ from Standard and Poor's. This particular rating is the best bond rating in the entire State of Louisiana!! We have been able to save our taxpayers, and their children, millions of dollars, over the coming years, through reduced interest rates for bond sales. Securing an AA+ rating is a testament to responsible management of the Parish's finances. Once again, the key factors that contributed to such a high bond rating are our commitment to build and maintain a strong financial reserve and our program of managed capital debt service and a low debt ratio. For the second year in a row, accolades are in order for the Commission and Administration for the commitment and foresight to safeguard those funds which has resulted in strengthening the Reserve Trust Fund for the Parish's financial future. It is our goal to achieve and maintain an AAA bonding rating!!

As we bring an end to the May 5, 2007, Bond Renewal, it has served us well and has enabled us to accelerate the completion of capital projects on our Five-Year Capital Plan, and, yet, there is still more to do. In the next few months, the Administration will be bringing forth another capital improvement project initiative to present to you and the citizens of the Parish in order for us to continue making vital infrastructure improvements in Parish resources to meet current and future demands for our services.

Most of our State's economists have stated, in newspaper articles and other publications, that Northwest Louisiana, in particular, Caddo Parish and its region, "is holding its own in spite of the economic downturn in the nation's economy". With this in mind, the Parish remains in good financial condition, and we are proud to be consistent leaders among the top parishes within the State, in regard to our low indebtedness, which is far below what one would expect for a parish of our size. The organization has consistently garnered the Government Finance Officers Association's (GFOA) budget award for the past ten years, and our exceptional financial audits are indicative of our efforts to achieve financial standards of excellence.

One of the major contributing factors which has led to our improved financial prosperity is the discovery and development of the Haynesville Shale. According to the State Department of Natural Resources Secretary, Scott Angelle, "the Haynesville Shale is a game-changer and the best geographic area in the U.S. to drill - where people want to get involved!!" The Haynesville activities have brought with it many financial benefits such as increased sales and use taxes and job opportunities. Over this past year, the Parish has received approximately \$29,000,000 in lease bonus payments. As the Commission contemplates what investment that it would make with this additional resource, I recommend that we look at putting aside some additional funds in our Reserve Trust Fund to securely position the Parish to be able to respond to contingency situations, while still maintaining the ability to use these funds for any worthwhile projects going forward. I can not understate the importance of having a solid reserve. I would like to, again, commend the Caddo Parish Commission for creating the "Oil and Gas" Reserve Fund whereby these revenues can be wisely and prudently invested in the Parish's future.

It is an exciting time to live, to work, and to invest in the Parish of Caddo. I am proud of the Parish Commission's efforts and increased interest that it has demonstrated in wanting to "be at the table" on economic development opportunities. Because of its leadership and resources, the Parish is in a very favorable position to permanently transform the landscape of the Parish for its citizens and future generations. The action that the Commission has taken to invest in supporting the creation of more Doctoral Programs at Louisiana State University in Shreveport, and the establishment of a Professor's Chair at Southern University in Shreveport, for Southern's New Business Incubator Program, will help to create a desperately needed research based institution in our community that will support the Air Force's Global Strike mission at Barksdale as well as assist emerging businesses. The Commission is to be commended for its willingness to engage local partners and groups to encourage economic development through offering local tax incentives.

Because of the Commission's prudent fiscal leadership and a relative healthy local economy, our budget is structurally sound. The Administration will continue to exercise sound fiscal management across all departments' budgets to ensure that we are prepared to rapidly respond to changing service demands within our existing resources. The overall spending forecast is projected to be consistent with priorities and needs.

Issues Impacting the 2010 Budget

The 2010 Budget represents a sustainable Work Plan that positions us to better achieve our mission and priorities in the coming year - while being ever mindful of the potentially changing economic conditions locally and across the nation. Below are three areas that have formed the development of our resource allocations.

- **Local Economy:** The economy of Northwest Louisiana looks very promising in spite of what is taking place on a national level. Organizations such as the Northwest Louisiana Economic Development Foundation, are working very hard to bring prospective businesses to our area. The Foundation is also working on several promising projects that will have a significant economic impact on the entire region for many years to come. In addition, the Port of Shreveport-Bossier is continuing to grow and bring additional employment prospects to the area such as Pratt Industries. Although Barksdale Air Force Base was not selected for the Air Force Cyber Command Headquarters, we are happy that the Air Force decided to place the Global Strike Command Headquarters at Barksdale. The new Command will bring with it hundreds of high paying jobs and generate a local economic impact of approximately \$2,000,000,000. In addition, the Cyber Innovation Park, located in Bossier City, is well under way with its first building scheduled to be completed at the end of the year, and is 100% leased out!! The Innovation Park will have a tremendous impact on the entire region, and it will help transform our local community to a technological-knowledge driven economy.
- **Prudent Fiscal Management:** Department Heads and their staff have continued to work diligently to effectively administer their respective budgets and deliver quality services to their customers. Through continuous budget reviews by Department Heads, the Director of Finance, the Parish Administrator's Office and the Commission, the estimated year-end General Fund balance for the 2010 Budget has been determined to be approximately \$9.4 million which represents 108% of General Fund expenditures.
- **2010 Parish-wide Initiatives: The budget has been developed to address the following challenges that were identified by the Commission and Staff:**
 - Estimated \$2.3 million deficit within the Juvenile Justice Fund
 - Constantly rising medical costs at the Caddo Correctional Center (CCC)
 - Increased health claims in the Group Insurance Fund
 - Creation of a Parish Utility District to provide Parish citizens with water and sewage services
 - Infestation of Giant Salvinia Plants in area lakes
 - Economic Development Initiatives
 - Development of a Parish-wide Master Plan which takes into account the rural areas of the Parish

Budget Organization

This budget document is divided into several sections with the four major sections being: Narratives, Budget Overview, Capital Budget, and Fund Budgets. The Narratives section includes a description of each department and all Parish-funded agencies. Most departments provided a list of accomplishments for 2010, as well as, goals and objectives for the upcoming budget year. The Budget Overview section provides the reader with a "snapshot" of the Parish's 2010 budget. The Capital section represents the Parish's capital improvement plan for the 2010 budget year, and provides a detail of the planned projects for the year. Line-item appropriation details are included in the Fund Budgets section.

Budget Overview

The 2010 Budget is balanced in that revenues and fund balance reserves meet total 2010 expenditures. Fund balance is appropriated only to the extent that appropriations exceed estimated revenues. The recommendations included in the budget are guided by key principles of sound financial practices. For example, ongoing revenues are used for ongoing expenditures while one-time revenues support one-time spending.

Revenue Forecast — Projections for our most important revenues, property and sales taxes, are based on estimates of future economic conditions. The economic outlook for the coming year affects revenue estimates which determine the amount of funds available for spending. As previously noted, our economic outlook is bright. Most economists predict an excellent economic outlook for North Louisiana, especially, given the impact of the Haynesville Shale. Accordingly, the budget includes a 8.7% increase in property tax revenues from the budget of \$45.9 million in 2009 to \$49.9 million for 2010. The increase is the result of new properties added to the tax roll. The assessment has increased 9.1% since 2007. Sales taxes are budgeted at \$7.5 million for 2010 compared to the \$6.5 million budget for 2008, a 15% increase which is quite modest given the over 50% increase in sales tax collections in 2008.

Property taxes and sales taxes comprise 82% of the Parish's total revenues and both are expected to increase due to the effect of the Haynesville Shale. The Haynesville Shale will result in additional use of oil and gas equipment thereby increasing property taxes and an increase in retail sales because of the substantial lease bonuses that are being paid to residents. The Parish has conservatively estimated \$1,200,000 for its oil and gas revenue for 2010 because of the uncertainty of this revenue

source. The majority of the Parish's other revenue sources, such as gaming and state shared revenues, are expected to remain stable for 2010.

Fund Balance Reserves – One of the most important elements of a sound, comprehensive budget is to evaluate the impact of projected revenue and appropriations on fund balance reserves. Fund balances are an important mechanism to meet unanticipated expenditure requirements, major revenue shortfall, or a major emergency such as a natural disaster. The fund balance for 2010 is expected to decrease by \$10 million to \$142 million from an estimated beginning fund balance of \$152 million.

The majority of the decrease is associated with the funding of capital projects. The Parish issued \$30,000,000 in general obligation bonds from 2007 to 2009 to acquire, equip, construct or improve major capital facilities. Capital projects increased from \$15.6 million in 2009 to \$19.4 million in 2009. Bond proceeds will be used to fund \$8.4 million of the capital projects. Capital improvements comprise 24% of the Parish's budget. The five-year Capital Improvement Plan identifies the future capital needs of the Parish. The majority of the capital improvements are related to roads and bridges and building renovations.

Expenditures – The Parish's 2010 proposed expenditures, excluding the Shreve Memorial Library and the Biomedical Research Center, which are not managed by the Caddo Parish Commission, is \$62,220,336, an increase of 7.4%, over the 2009 budget. A summary of each fund's budget is detailed on **A-6**.

The following items address the factors associated with the increase:

- **Salaries** – Increases in operating expenses are typically associated with changes in compensation, benefits, and staffing levels. The 2010 budget provides for an average of a 5% pay adjustment. Merit increases are provided for up to 3% with the majority of the employees expected to receive a 2% increase and a cost of living adjustment is provided at 3%. Total budgeted positions, including parish funded agencies, is 441, a net decrease of 3 positions. The Parish lost six positions when the STAR Boot Camp program was eliminated and gained three positions, two for CCC and one for Juvenile Detention.
- **Health Insurance** – The premiums for the group medical program are projected to increase 10%. This is attributable to the increase in healthcare costs. Claim payments for 2009 are estimated at \$3 million and the 2010 budget for claims is \$3.5 million. All departments and participating agencies have also been allocated an additional charge to cover the increase. The additional allocation is \$300,000. The 10% increase in premiums affects the employees as well as the Parish.
- **Prison Operations** – Expenditures related to the operations of the Caddo Correctional Center (CCC) and the Juvenile Detention Center are estimated to increase 9%. The increase is the result of higher costs for medical, feeding/housing, transportation and clothing for inmates at CCC due to an increase in the prison population.
- **Juvenile Justice** – Revenues in the Juvenile Justice Fund are anticipated to be \$3.7 million with expenditures of \$6.0 million, resulting in appropriations exceeding revenues by \$2.3 million. The Criminal Justice Fund will provide an operating subsidy totaling \$2.3 million to offset this deficit. The Juvenile Justice Fund simply does not have an adequate revenue base to fund its current level of expenditures, but the rededication of the public works property tax millage has allowed the Parish to allocate more funds to the Criminal Justice Fund thereby increasing the operating subsidy to the Juvenile Justice Fund which allows for a balanced budget in the Juvenile Justice Fund.
- **Debt Service** – Debt service expenditures are expected to decrease 52%. The Parish paid off the debt for Government Plaza and the debt for CCC. The decrease in debt service reflects the decrease in principal and interest payments. The Parish obtained approval from the voters in May 2007 to issue \$30 million in bonds to fund various capital projects; the last \$10 million of the \$30 million was issued in 2009. The additional debt service payments for these bonds are reflected in the 2010 budget. The Parish has 1.95 mills dedicated to the payment of debt service principal and interest.
- **Capital Improvements** – The Parish has increased the Capital Outlay Program by \$3.8 million in 2010 over 2009. The increase in the Capital Outlay Program includes an increase in the Road Treatment Program of \$1,000,000 and improvements to Parish building facilities including remodeling the fifth floor of the Parish Courthouse (\$1.5 million) and total upgrade of the fire alarm system in the Juvenile Court (\$1.2 million).

	2009 Budget	2010 Budget	Percent Change
General Fund	\$7,997,381	\$8,605,663	7.6 %
Special Revenue Funds			
Public Works	6,840,892	6,986,782	2.1 %
Building Maintenance	3,419,051	3,585,737	4.9 %
Detention Facilities	7,368,093	8,009,531	8.7 %
Parks and Recreation	1,104,818	1,166,664	5.6 %
Solid Waste	2,204,300	2,297,453	4.2 %
Juvenile Justice	5,688,190	5,961,916	4.8 %
Health Tax	2,902,978	2,965,569	2.2 %
Riverboat	1,096,275	694,785	(36.6)%
Criminal Justice	217,709	272,908	25.4 %
Oil and Gas	31,735	37,035	16.7 %
Economic Development	230,915	336,321	45.6 %
Law Officers Witness	59,157	64,789	9.5 %
Reserve Trust	9,839	10,241	4.1 %
Capital Project Funds			
Criminal Justice Facility	-	-	-
Capital Improvement	-	29,268	100.0 %
Capital Outlay	15,584,592	9,380,264	24.4 %
Debt Service Fund	3,185,204	1,807,808	(43.2)%
Total Parish Operations	57,941,129	62,212,734	7.4 %
Other Special Revenue Funds			
Biomedical	2,361,098	2,594,635	9.9 %
Shreve Memorial Library	13,462,768	15,175,463	12.7 %
Total All Funds	\$73,764,995	\$79,982,832	8.4 %

Future Outlook

The challenge of providing services within available resources will continue to be an issue for Caddo Parish for years to come. The Commission, along with the Caddo Parish Administration, must address short and long-term financial concerns to ensure resources are available to meet future needs and allow for continuity of services.

It is true that our future is bright; however, the key to taking advantage of future opportunities will be our resolve to make wise investments in our future. It is very important that we plan ahead by anticipating the tremendous opportunities the revenues from the Haynesville Shale and the completion of Interstate 49 will bring. For this reason, it is paramount that we engage our local partners in effective community planning and development through the creation of a Parish-Wide Master Community Development Plan, which takes into account smart growth and infrastructure support.

Another matter that our future demands is that we address the issue of having a sufficient water supply for all areas of the Parish. With the uncertainty of the ground water situation, we must aggressively address future options that will ensure safe drinking water for all citizens of the Parish. Perhaps, this might lead to the development of a regional concept, process, and distribution of water.

I applaud the Parish for taking the lead in bringing all of the community leaders to the table to plan the Parish's future. We have to come to an understanding that we can no longer think in isolated terms and move towards a regional perspective as to "what is good for the region is good for everyone." If we stall and fail to grasp this concept, we find ourselves fighting for the same resources, which will ultimately impede our progress as a community and region.

Finally, we must position ourselves and our resources to be ready to make the most of economic opportunities when they come our way. We can not afford to "fall asleep at the wheel" on this matter and expect to arrive at the future of abundance and excellence in the quality of life for our citizens. Economic viability for the entire region must be our focus.

Acknowledgments

This year's budget development process has been a team effort. Department Heads, the Caddo Parish Commission, the Caddo Parish workforce, and Parish agencies deserve recognition for demonstrating collaboration and creativity in developing this budget, which will be used as our work plan in 2010.

Mrs. Erica Bryant and Mrs. Hayley Barnett, along with their staff, are once again commended for their assistance in completing the 2010 budget. In addition, I appreciate the spirit and cooperation that Parish agencies demonstrated, as well.

Conclusion

The Parish of Caddo is financially sound and continues to practice prudent financial management to present to you a budget that is balanced within available resources. The 2010 budget reflects the Commission's financial discipline to ensure that funds are available for current and future community needs. Your leadership has allowed us to better align our resources towards those most important priorities.

Thank you for your continued support of our efforts to effectively serve our community.

/s/ _____
Woodrow Wilson, Jr.
Administrator & CEO

/s/ _____
Erica R. Bryant
Director of Finance/Human Resources

Vice President Escude asked if there were any members of the public who wished to make any comments, and there were none. He said that a public hearing on the budget will be set.

It was **then moved by Mr. Pierson**, seconded by Mr. Epperson, *that the budget ordinances comprising the Caddo Parish 2010 Operating and Capital Improvements Budget, those being Ordinance Nos. 4927 through 4040, be introduced.* Motion carried.

It was **moved by Mr. Dominick**, seconded by Mrs. Baker, *that a public hearing on those ordinances be held on November 19, 2009, with their final adoption at a special meeting to be held on December 10, 2009.* Motion carried.

There being no further business to come before the Special Meeting, the meeting was adjourned at 4:05 p.m

/s/ _____
John Escude
Vice President

/s/ _____
Jerry C. Spears
Commission Clerk