



CITY OF NEW ORLEANS

**Neighborhood Leaders Roundtable**

*June 21st, 2014*



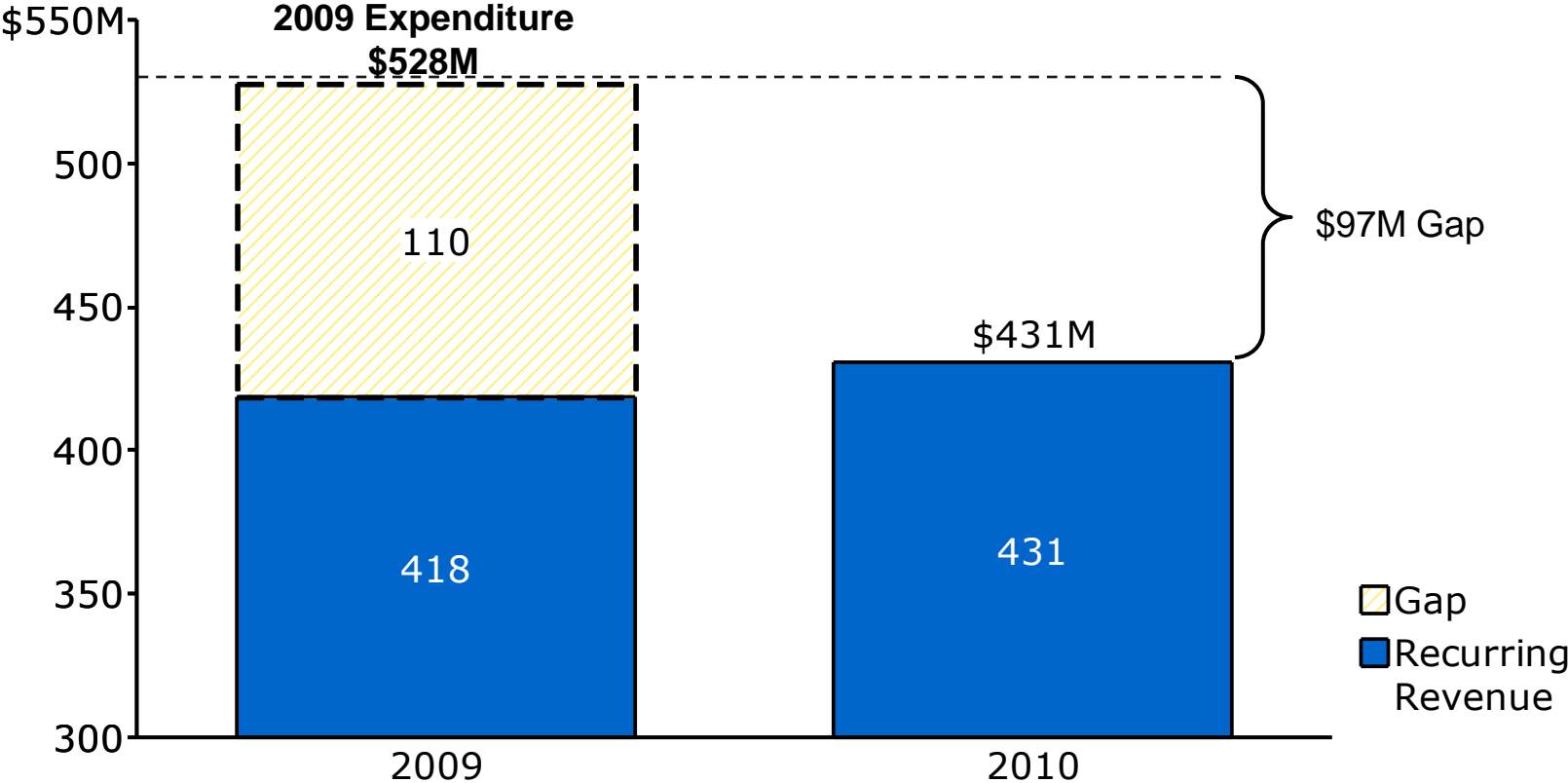
# Neighborhood Leaders Roundtable

- **Background**
- **City's Made the Tough Choices**
- **Financial Stability**
- **Building for our Future**
- **Fiscal Challenges Remain**
- **Future Looks Bright**



# The Landrieu Administration addressed an inherited \$97M spending gap

Budget Comparison

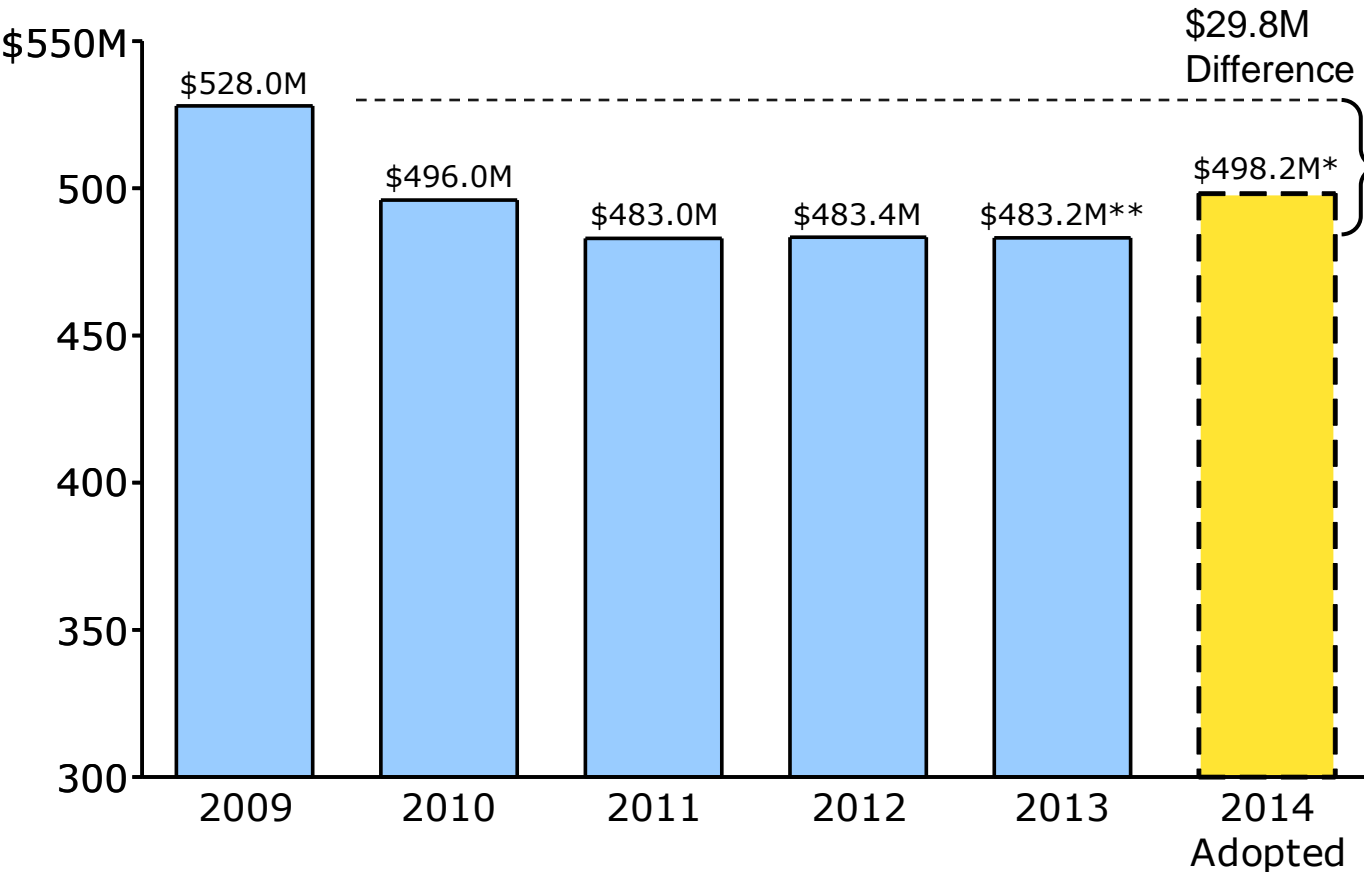


*Note: One-time revenue sources not included in chart*



# First step to eliminating gap was to reverse the spending trend

## Annual Expenses



\*= \$498.2M adopted for 2014 does not include \$6.7M to fund balance. Including fund balance contribution, the City proposes \$504.9M in 2014.

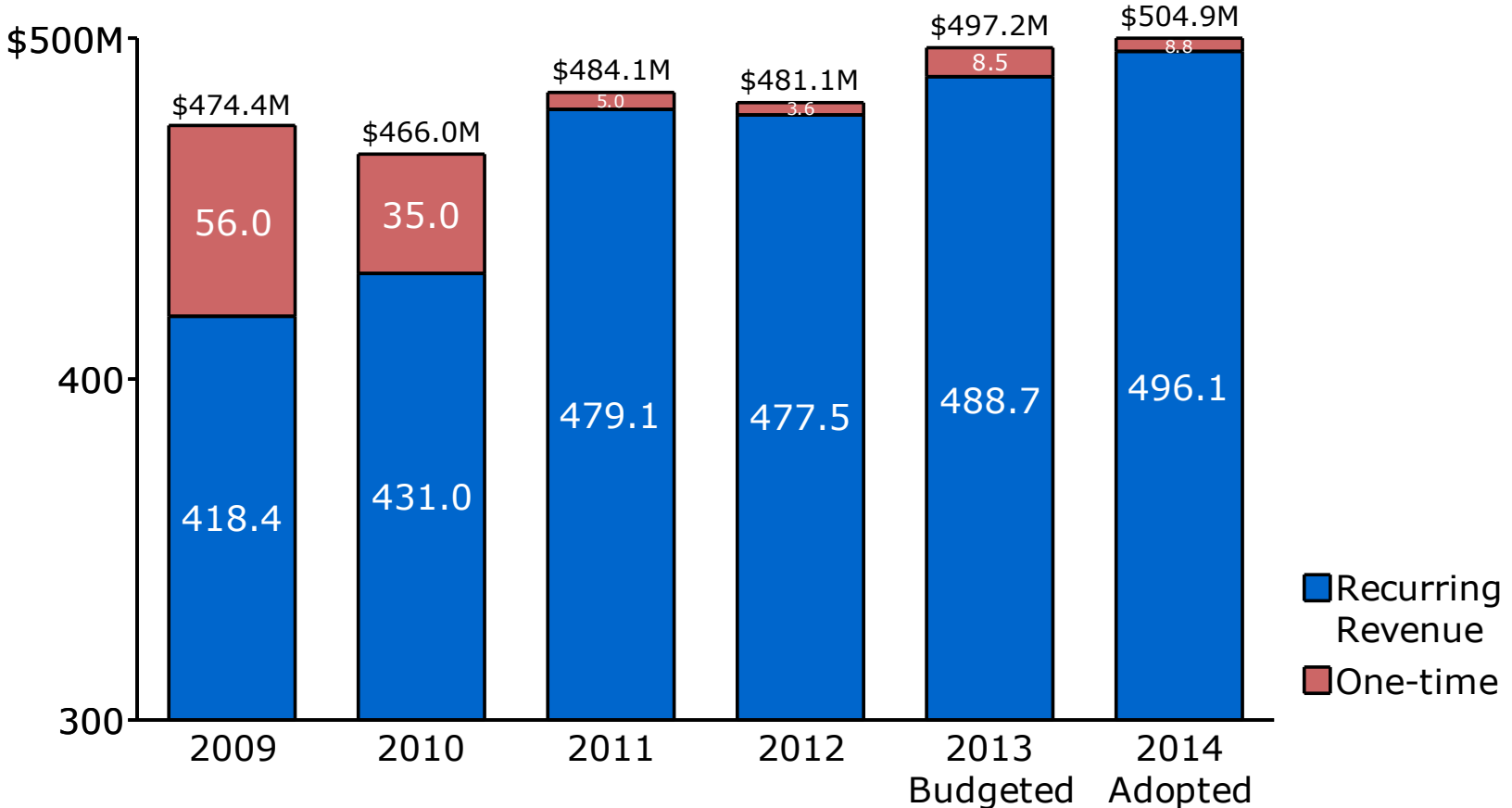
\*\*= \$483.2M budgeted in 2013 does not include \$14.0M to fund balance. Including fund balance contribution, the City's current budget for 2013 is \$497.2M.

Delta to previous year	2009	2010	2011	2012	2013	2014
	+\$28.0M	-\$32.0M	-\$13.0M	+\$0.4M	-\$0.2M	\$15.0M



# Second step was to reduce the reliance on one-time monies to balance the budget

Annual Revenue

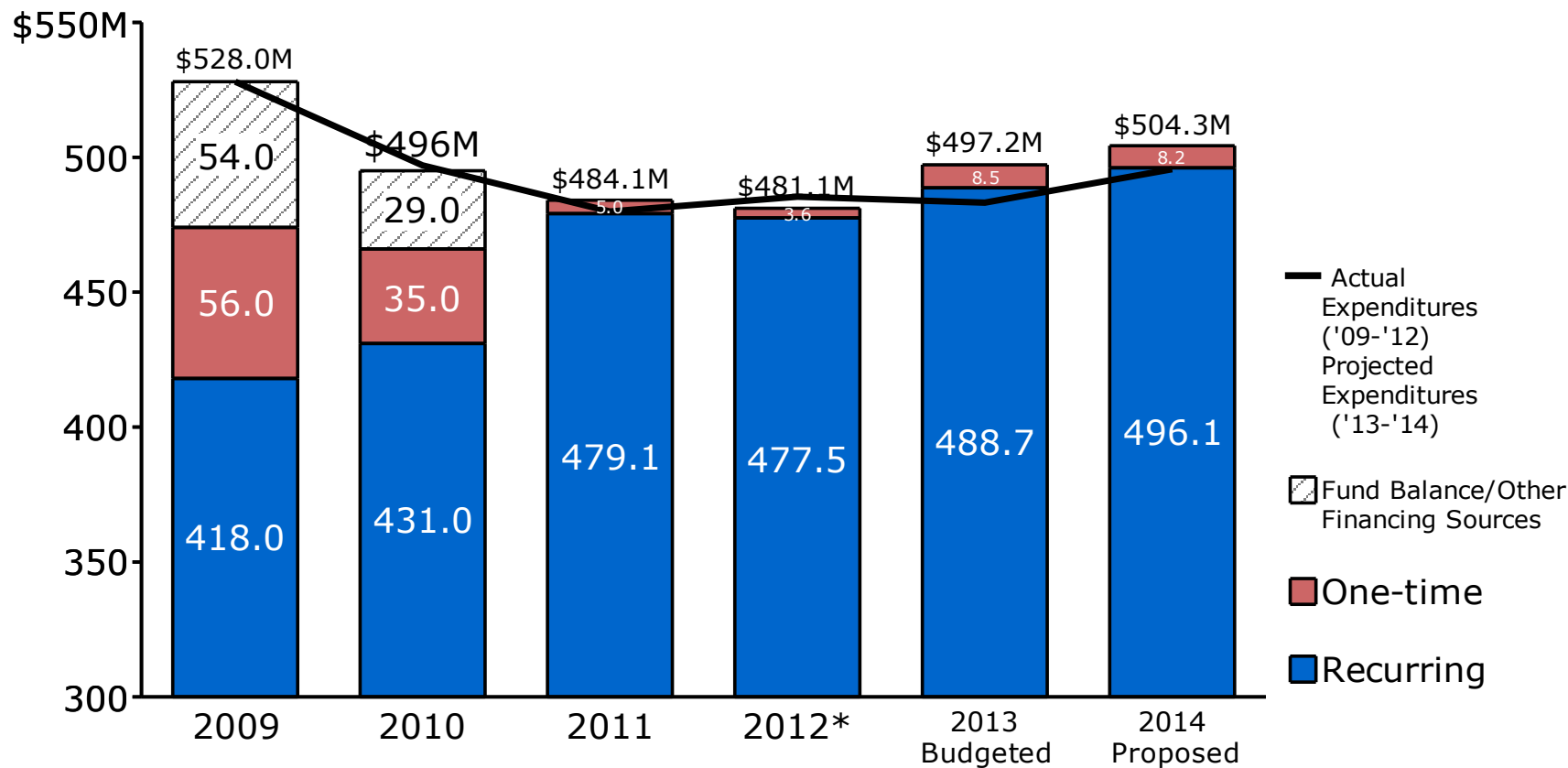


One-time money as a % of overall budget	2009	2010	2011	2012	2013 Budgeted	2014 Adopted
	11.8%	7.5%	1.0%	0.8%	1.7%	1.7%



# We are now living within our means

## Historical Expense vs. Revenue



2013 Actual Expenditure line does not include \$14.0M appropriation to fund balance as that is not an expenditure on operations. Including fund balance contribution, budgeted \$497.2M in 2013.



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# We have delivered results and found stability after major budget cuts

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- 2010 – 11 furloughs days, massive cuts, spending and hiring freezes
- 2011 – Spending freeze issued in August
- 2012 – \$13.1M in mid-year cuts
- 2013 – \$3.2M in other operating holdbacks
- 2014 – No holdbacks, no projected mid-year cuts





# The Landrieu administration budgeting practice is to cut smart, reorganize, and invest

## Cut Smart

- Eliminate services that are duplicative or better delivered through other agencies or private entities
- Reduce service level or eliminate service all together if citizen demand is low or nonexistent

## Reorganize

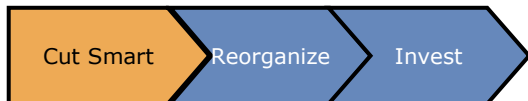
- Combine, consolidate, and or streamline departments with similar or redundant services
- Develop or increase partnerships with public and or private entities to improve service delivery

## Invest

- Increase funding in services that have effective service delivery but still don't meet citizen demands
- Fund projects that improve departmental effectiveness and efficiency
  - E.g., technology or business process improvement projects



# We've Cut Smart...



- Citywide we continue to reduce the reliance on contractors for daily operations
  - Ended MWH contract saving \$11M
  - Saved a combined \$8.5M in 2011 and 2012 by renegotiating all sanitation hauling contracts and our landfill contract;
  - Saved \$2M on contracted staff augmentation IT services
  - Closed Xerox copy center saving \$100k in 2010 (\$400k annually)
- Replaced 75% of general fund for Capital Projects with federal funding
- Transitioned delivery of primary and Dental Care to private sector, reducing health department by 48 employees
- Reduced fuel expenditures by eliminating take home cars
- Reduced debt service by refinancing
- Eliminated 16 boards or commissions
- Canceled over \$6M in housing contracts
- Shifted retirees from city health care to Medicare, saving \$5M per year
- Cut overtime expenditures from \$29.2M in 2009 to \$12.2M in 2011
- Eliminated Human Service Department management positions



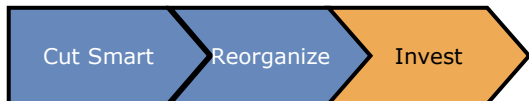
# We've Reorganized...



- Created deputy mayor system
- Reorganized NOPD districts; doubled homicide unit; created COCO Sergeants
- Merged Environmental Health with Code Enforcement
- Revised policies to improve sanitation fee collections
- Created OPA and STAT programs
- Addressed retirement costs by increasing city and employee contributions and making cost-saving plan changes (NOMERS and Police)
- Consolidated management of Canal Street Development Corp, Rivergate, and Piazza D'italia
- Reformed the Public Belt Railroad
- Transformed Customer Service by implementing NOLA 311 and One-Stop-Shop Permitting
- Created a public private partnership for NORD
- Created a public private partnership for NOLA Business Alliance



# ...and We've Invested in priority areas



- Increased appropriations for Police, Fire, and EMS by 18%
  - NOPD – 16.1% increase from 2010 to 2013 (\$109.2M to \$126.8M)
  - NOFD – 16.8% increase from 2010 to 2013 (\$72.7M to \$84.9M)
  - NOEMS – 49.4% increase from 2010 to 2013 (\$7.9M to \$11.8M)
- Investment in NOPD Consent Decree (\$11M in 2014)
- Invest in new Police Cars (\$5M) with FEMA funds
- Continued investments in the Innovation Team has resulted in at least \$8M in captured value
  - I.e., reduced costs or improved revenue
- Fully funded Supplier Diversity initiative
- Increased staffing of real estate office to collect leases and sell assets
- Ramped up collections initiative by increasing staff
- Invested in field agents for revenue department which led to increased revenue collections
- Increased investments in ABO prosecution
- Hired more parking control officers and tow truck drivers



# Neighborhood Leaders Roundtable

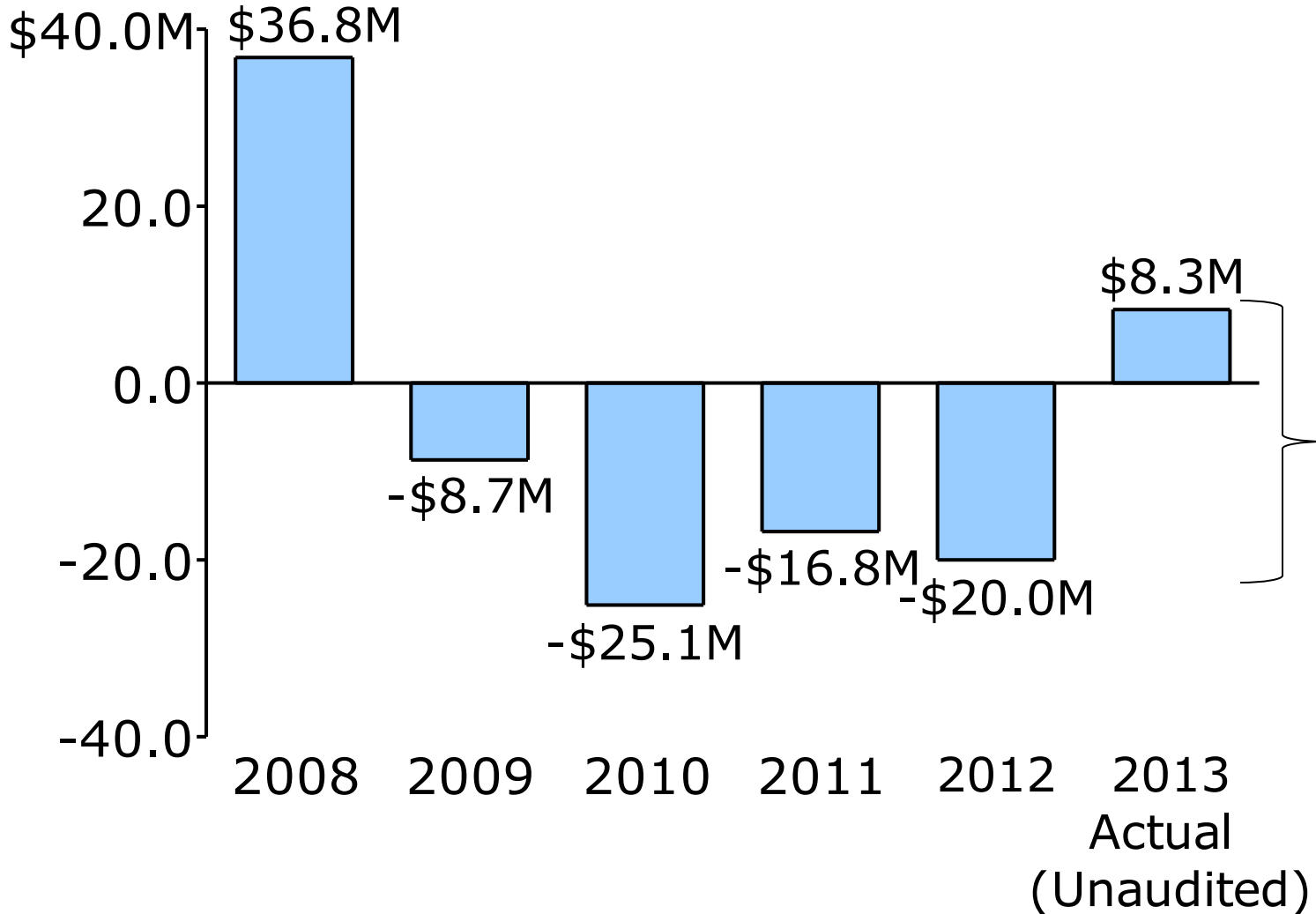
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# City far exceeded 2013 proposal to reduce its negative GF fund balance; improving by \$28.3M in 2013



Actual (Unaudited) 2013 Year End Fund Balance



Unaudited \$28.3M excess revenues over expenditures in 2013. Bringing the fund balance from (\$20.0M) to \$8.3M



# Major Financial Improvements

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- Reduced negative fund balance by \$28.3M in 2013
- Forgiveness of \$240M worth of CDL loans
  - Substantially improved City's debt posture
- Shifted retirees to Medicare reducing future liabilities from \$350M to \$166M
- Refinanced pension obligation bonds at lower interest rates, saving money while retaining the same maturation date of 2030
- Won \$11M FEMA arbitration to avoid recoupment of already expended funds
- Paid off \$10M worth of FEMA liabilities



# Major Financial Improvements

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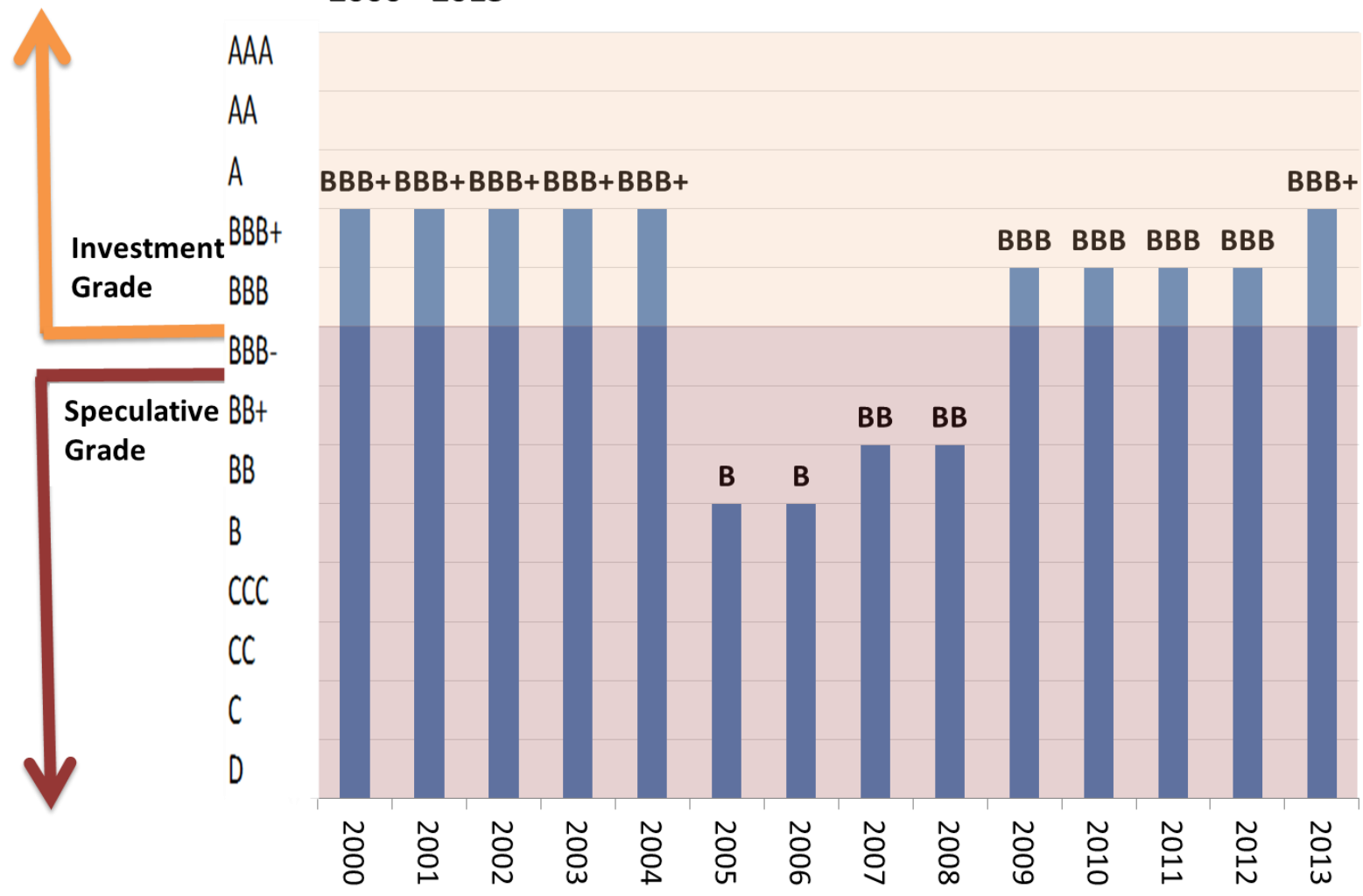
- Forgiveness of \$240M worth of CDL loans
- Shifted Medicare eligible retirees to Medicare reducing future liabilities from \$350M to \$166M
- Scheduled to reduce negative fund balance by \$15.5M in 2013
- Refinanced pension obligation bonds at lower interest rates, saving money while retaining the same maturation date of 2030
- Raised bond ratings to BBB+ status
- Won \$11M FEMA arbitration to avoid recoupment of already expended funds
- Made important changes to City, Police, and Fire pension funds
  - Extended retirement pay calculation from final 3 years to final 5 years (City, NOPD)
  - Extended retirement pay calculations from final 4 years to final 5 years (NOFD)
  - Increased employee contribution from 6.0% to 10.0% (NOFD)
  - Increased employee contribution from 4.0% to 6.0% (NOMERS)





# City's Bond Rating has Improved

Standard and Poor's Bond Rating for the City of New Orleans (BOL)  
2000 - 2013





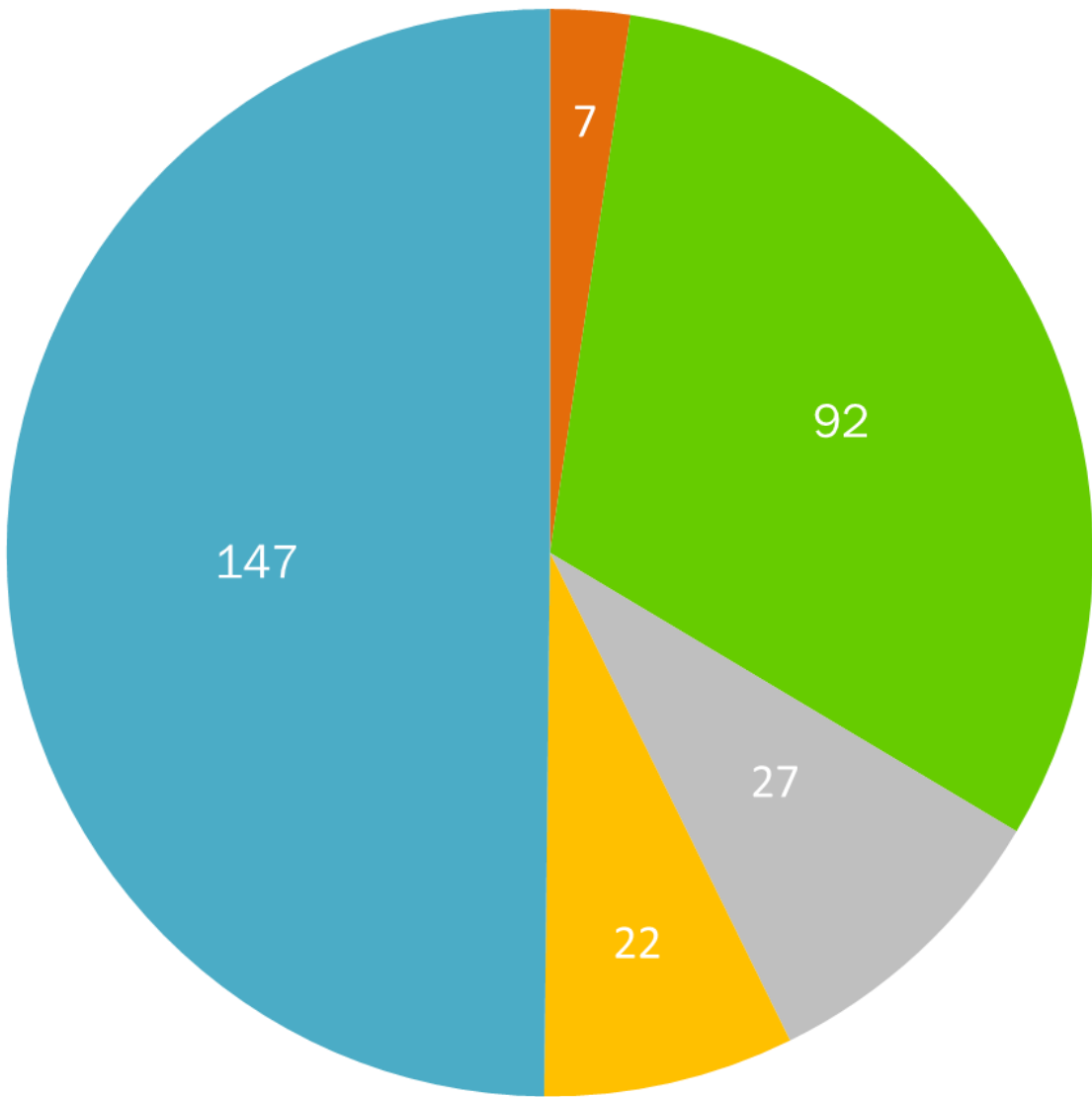
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# The Landrieu Administration has completed 147 projects since May of 2010; 148 additional projects underway



**TOTAL**  
**295 Projects**

**7**  
Pre-Design

**92**  
Design

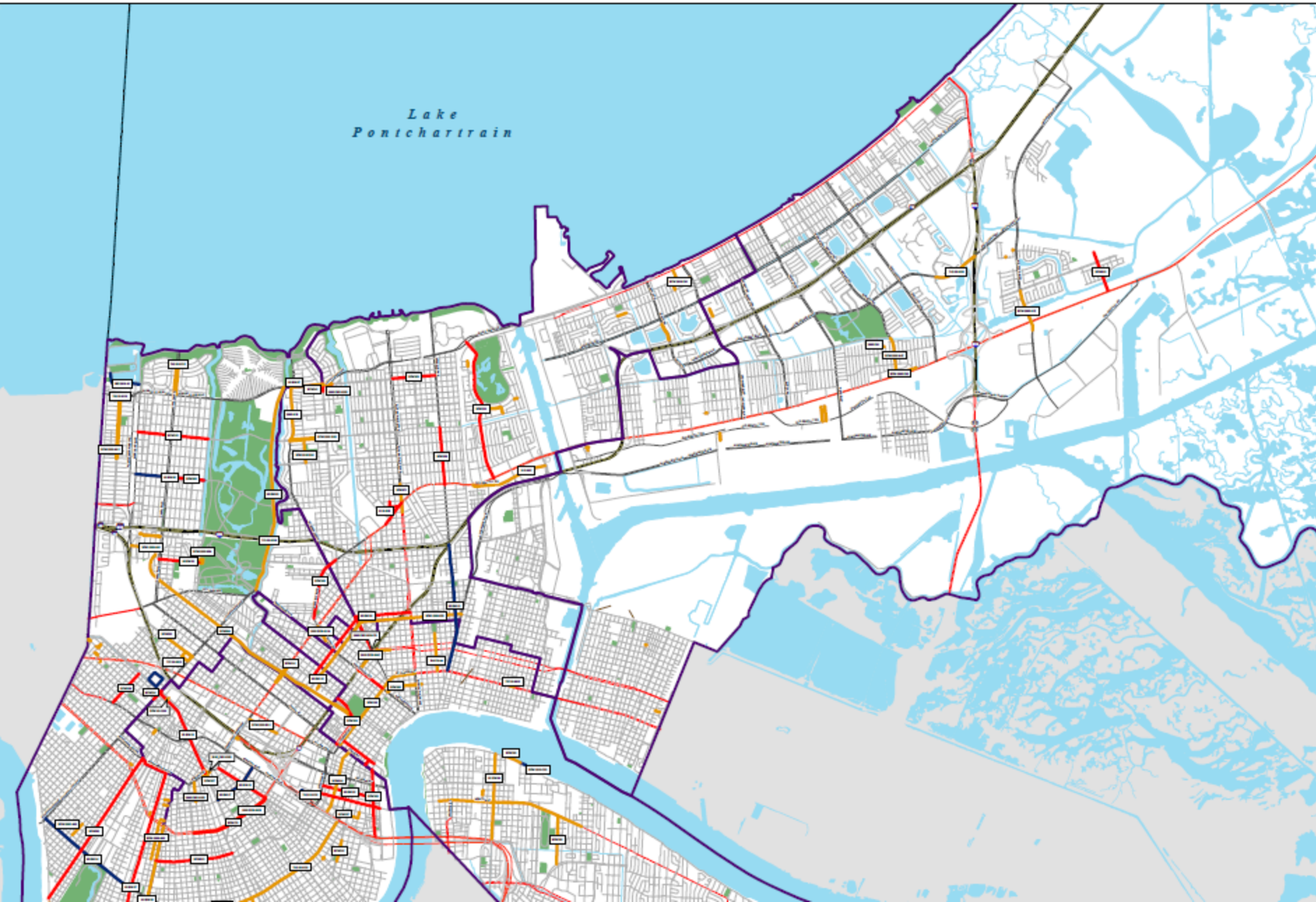
**27**  
Bid & Award

**22**  
Construction

**147**  
Complete



# City of New Orleans - Road Projects - Nov 2013





# Neighborhood Leaders Roundtable

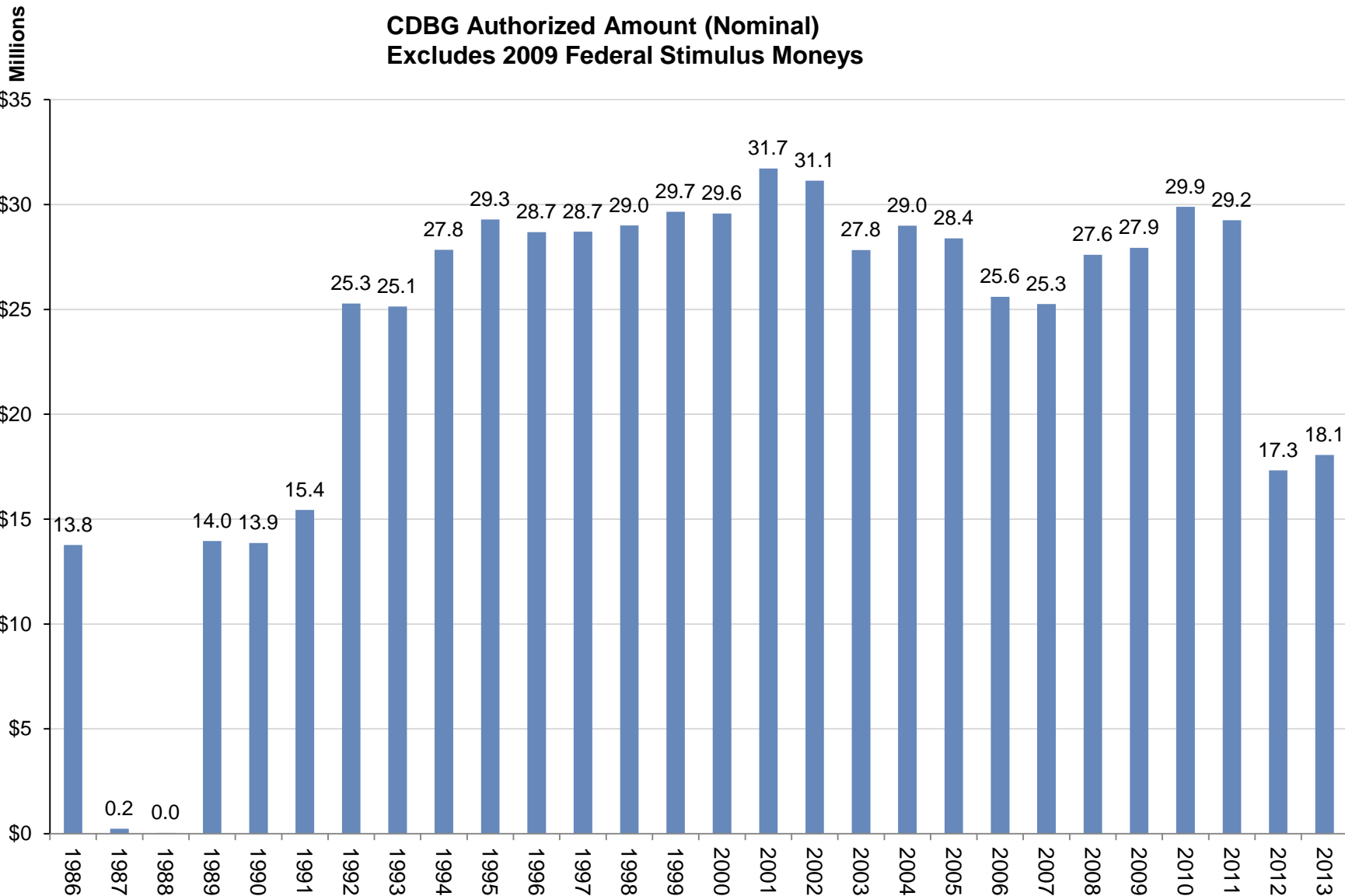
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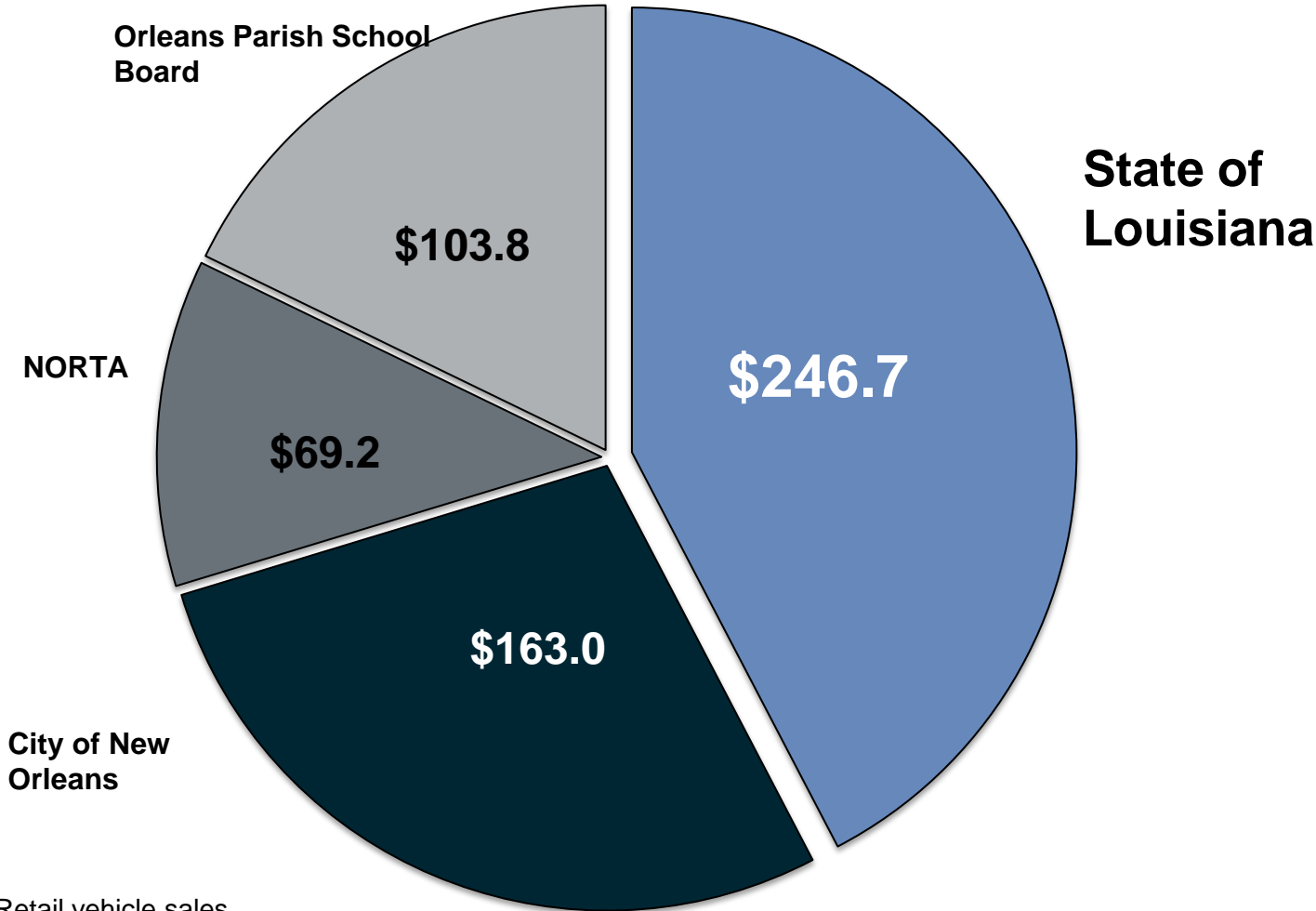


# Federal CDBG Funding has decreased

**CDBG Authorized Amount (Nominal)**  
**Excludes 2009 Federal Stimulus Moneys**



# City government only retains 28% of all sales tax generated in New Orleans

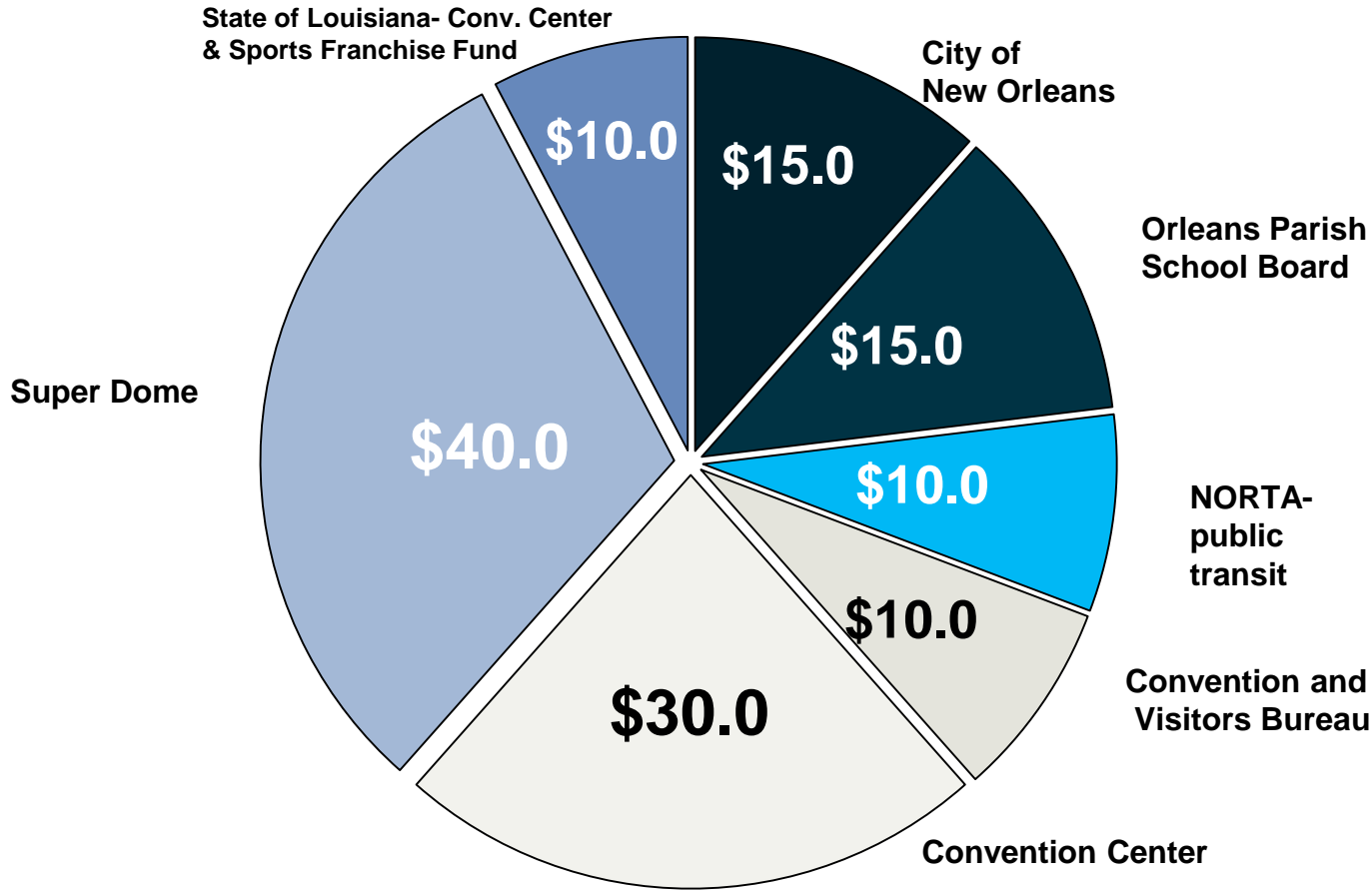


**Note:** Includes Retail vehicle sales taxes and Hotel Motel

# City government only retains 12% of all Hotel sales tax generated in New Orleans



## 2012 Hotel Sales Tax Distribution for Economic Activity in Orleans Parish

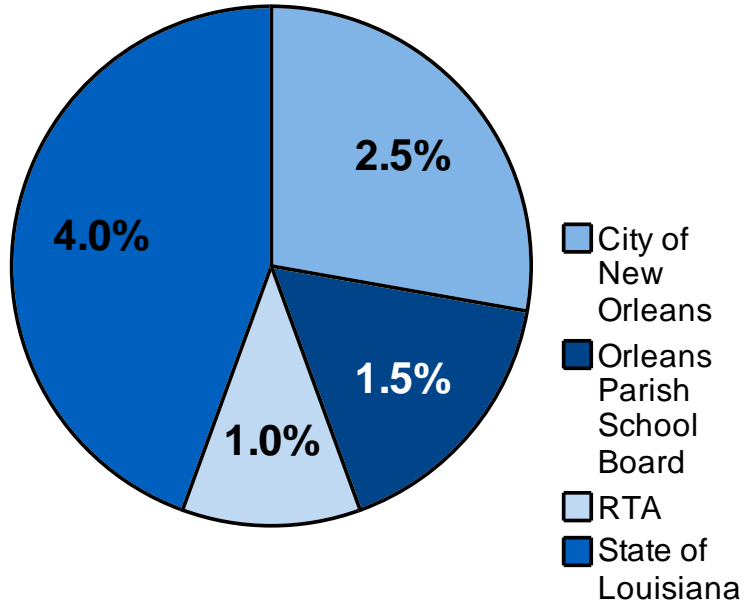




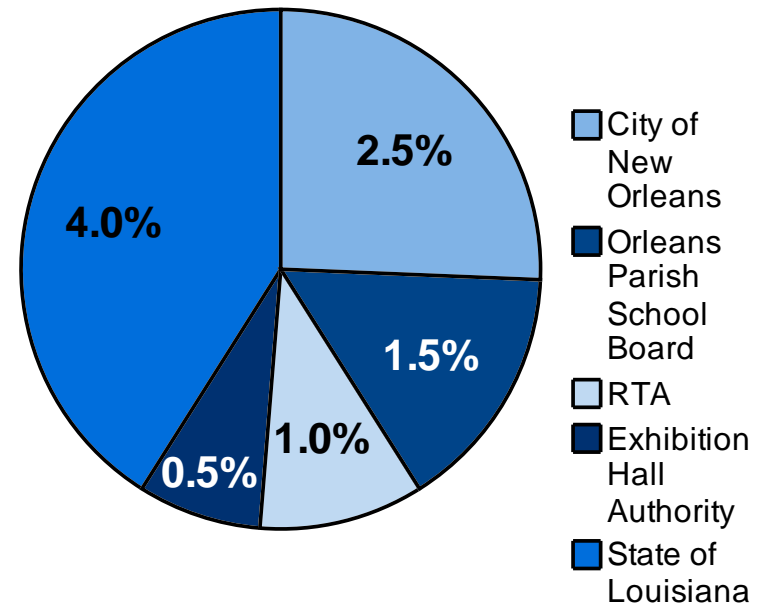
# City government's share of other sales taxes generated in New Orleans is small



### 9% General Sales Tax Breakdown



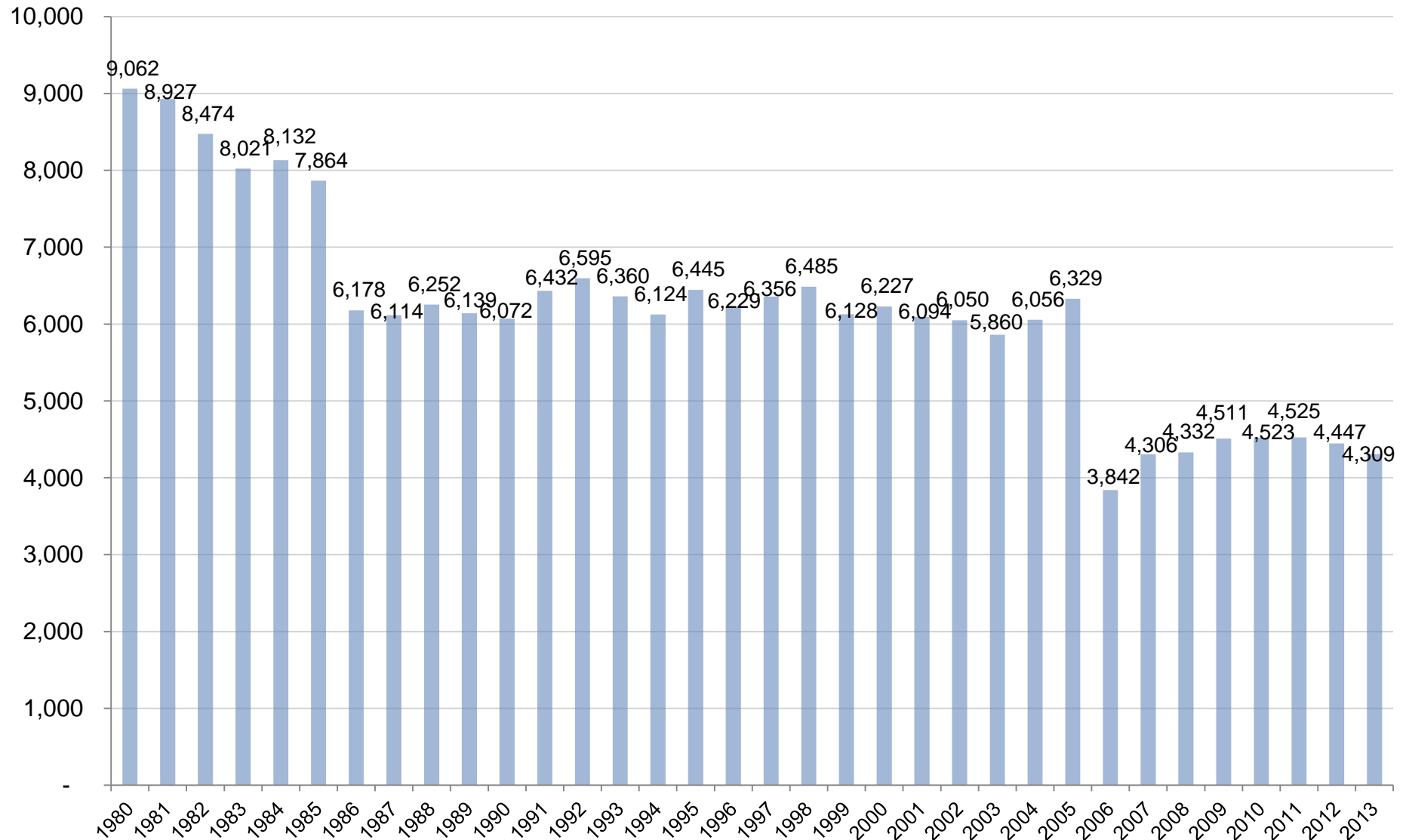
### 9.75% Food & Beverage Sales Tax



# The City's workforce is nearly 50% of what it was 30 years ago



## City of New Orleans Budgeted Workforce (1980 - 2013)



# 2015 Mandates and Immediate Needs for Citizen Priorities Total \$63M+



- NOFD Pension Fund - \$17.5M+
- OPSO Consent Decree - \$22.0M
- 200 Additional Officers - \$15.0M
- Streetlight Funding - \$5.0M - \$10.0M
- Debt Payment Increase - \$3.5M
- **Total Required Funding = \$63M - \$68M**



**Does not include major citizen priorities and infrastructure repairs– needs well exceed \$100M**

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**Does Not include:**

- **Library**
- **NORDC (recreation)**
- **City Park**
- **Street Repairs**
- **Drainage**
- **Additional Mental Health Services**



# Budget Mitigation Strategies Depend Primarily on Public Support

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- Revenue Growth (\$10M)
- Sheriff's Law Enforcement District Tax Swap (as much as \$7.5M)
- Including Streetlight Replacement and Maintenance in Entergy's Ratebase (\$5M)
- Police Millage (\$15M)
- Fire Millage (\$15M)
- Library Millage
- Street Millage



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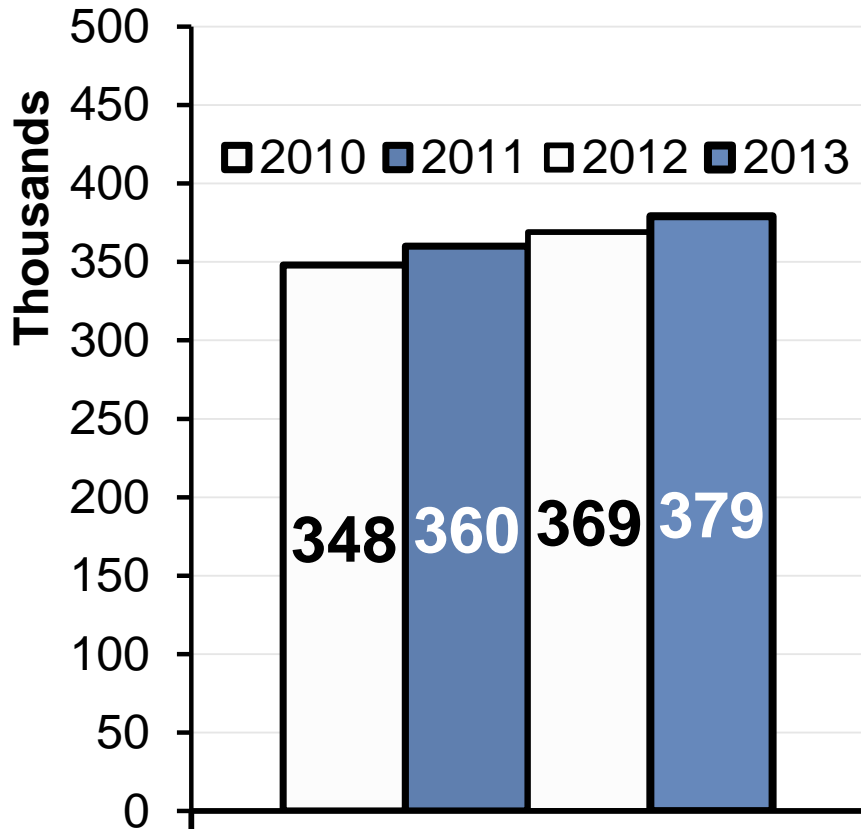
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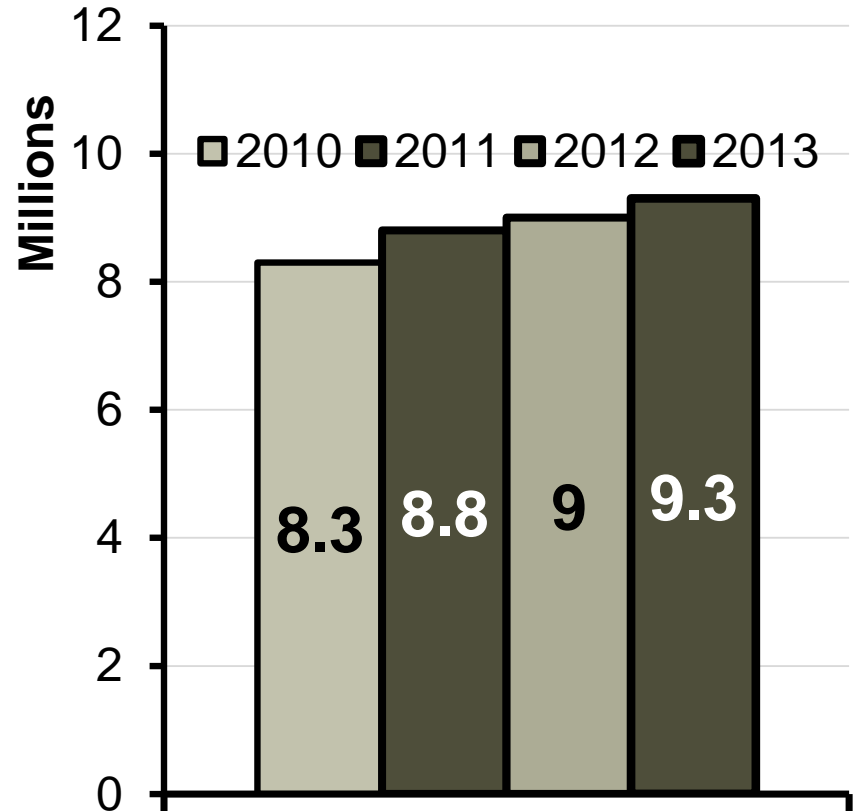
# The Future Looks Bright

Positive Trend in Population Growth and Visitors Continues



**New Orleans  
Population**

US Census Bureau



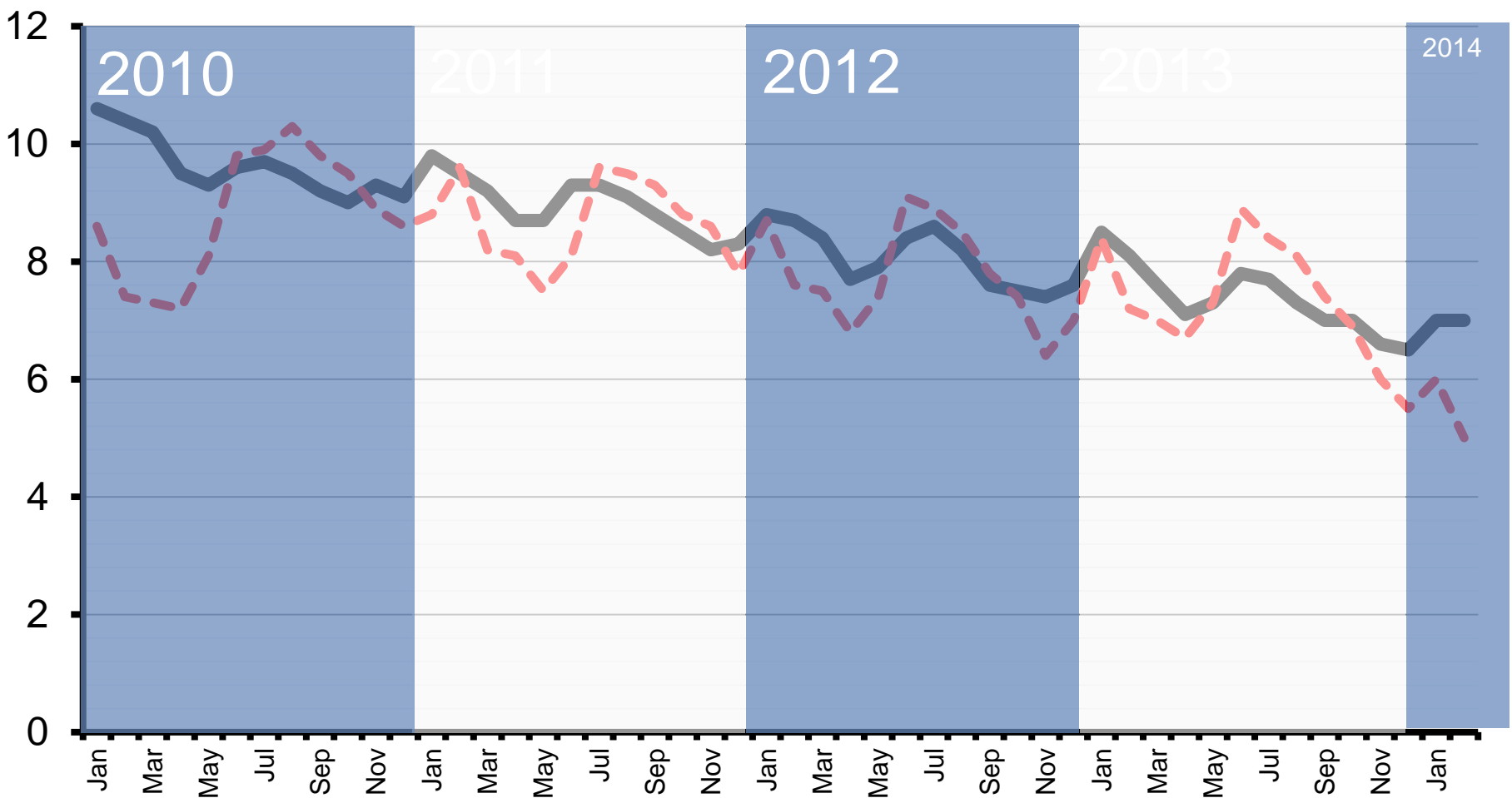
**New Orleans Visitors**

Hospitality and Research Center UNO



# The Future Looks Bright

Local unemployment rate below the national rate



Not Seasonally Adjusted Unemployment – Orleans Parish and US - BLS



# The Future Looks Bright

## Economic Development Announcements

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- GE Capital
- Gameloft
- TCI
- Costco
- Wal-Mart New Orleans East
- Wal-Mart Gentilly
- Mid-City Market
- Whole Foods on Broad Street
- Riverwalk
- Historic Circle Food Store
- Algiers Plaza
- Fresh Market Uptown



# Unaudited Revenues: General Fund 2013

(In \$ Millions)	November 2013 REC Projection	2013 Final Revenues (unaudited)	Difference
1 TAXES	\$ 298.2	\$ 307.7	\$ 9.5
2 LICENSES and PERMITS	57.1	63.0	5.9
3 INTERGOV. REVENUE	12.7	13.1	0.4
4 SERVICES and CHARGES	71.6	78.5	6.9
5 FINES and FORFEITS	28.0	27.8	(0.2)
6 MISCELLANEOUS REV	10.9	8.5	(2.5)
7 OTHER FINANCING SOURCES	16.3	15.9	(0.4)

## GRAND TOTAL

\$ 494.8	\$ 514.5	\$ 19.7
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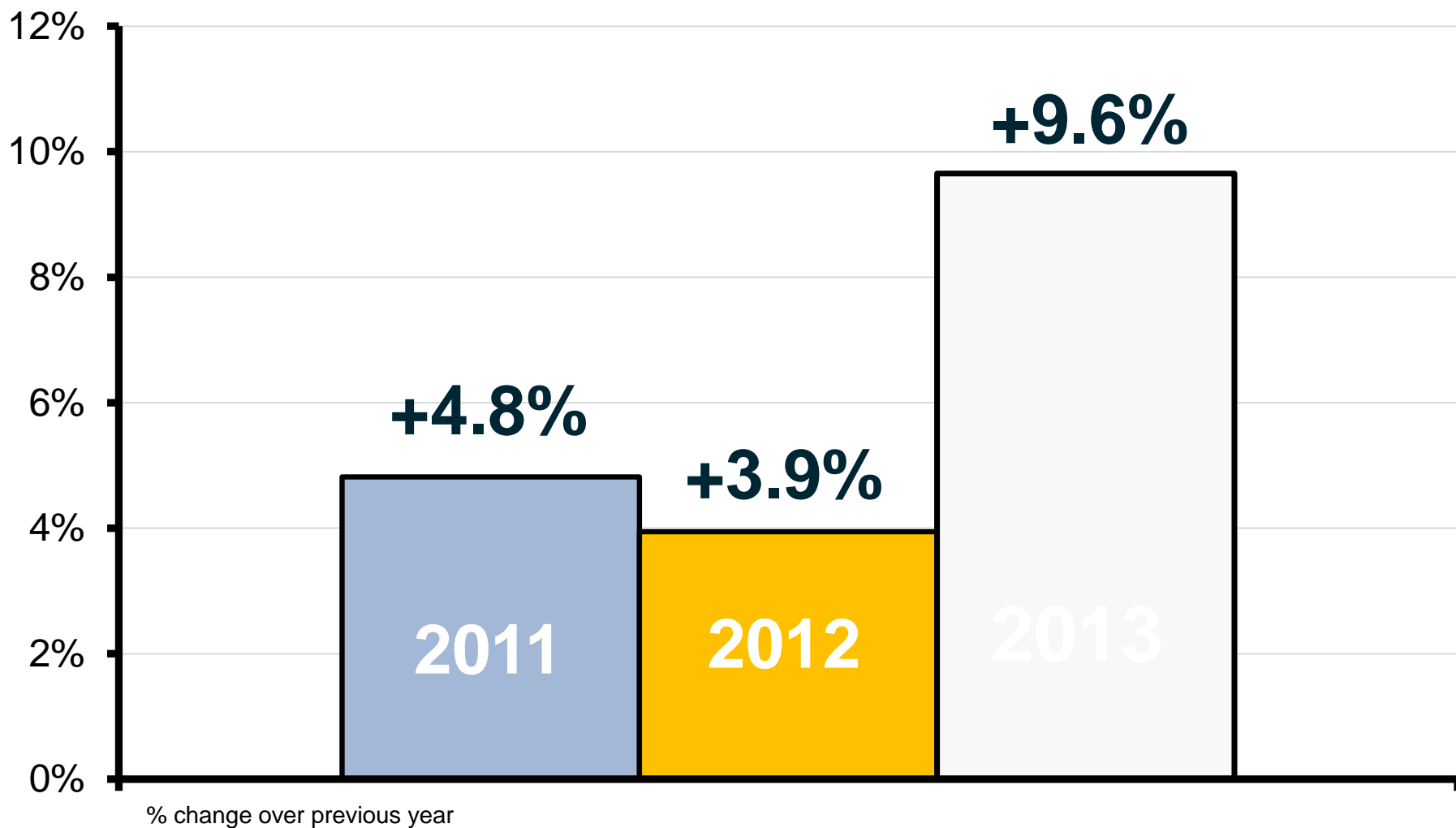
**Non-Rec. Rev (Included in total above)**

8.5

11.5



# Sales Taxes – Growth Rate 2011-2013



# Sales Taxes: Special Events and Economic Development Efforts





# Projected Revenues: General Fund 2014

(In \$ Millions)	2014 Adopted Budget	Change	2014 Forecast REC May
1 <b>TAXES</b>	<b>\$305.5</b>	<b>\$ 8.8</b>	<b>\$ 314.3</b>
2 <b>LICENSES and PERMITS</b>	<b>55.9</b>	<b>(0.0)</b>	<b>55.9</b>
3 <b>INTERGOV. REVENUE</b>	<b>13.3</b>	<b>(3.2)</b>	<b>10.2</b>
4 <b>SERVICES and CHARGES</b>	<b>73.2</b>	<b>2.0</b>	<b>75.2</b>
5 <b>FINES and FORFEITS</b>	<b>28.6</b>	<b>(1.5)</b>	<b>27.2</b>
6 <b>MISCELLANEOUS REV</b>	<b>11.3</b>		<b>11.3</b>
7 <b>OTHER FINANCING SOURCES</b>	<b>17.3</b>		<b>17.3</b>
<b>GRAND TOTAL</b>	<b>\$505.2</b>	<b>\$ 6.2</b>	<b>\$ 511.4</b>



## In coming months, New Orleans must decide...

What do we want to pay for?

- More police officers
- Recreation
- Libraries with more hours
- Streetlights
- Constitutional jail
- Fire protection

And how do we want to pay for it?

- Revenue Growth
- Property tax
- ~~Tobacco tax~~
- ~~Hotel/motel tax~~
- ~~Economic Dev. District~~
- Other taxes and fees
- Cuts and reorganizations