

REVENUE ESTIMATING CONFERENCE



CITY OF NEW ORLEANS

REVENUE ESTIMATING CONFERENCE MEMBERS

HON. MITCHELL J. LANDRIEU, MAYOR, CHAIR

HON. STACY HEAD, COUNCILMEMBER-AT-LARGE

HON. JARED BROSSETT, COUNCIL MEMBER DISTRICT D (NON-VOTING REP.)

JEFF HEBERT, DEPUTY MAYOR AND CHIEF ADMINISTRATIVE OFFICER

BEVERLY GARIEPY, DIRECTOR, DEPARTMENT OF FINANCE AND CFO

PETER RICCHIUTI, TULANE UNIVERSITY

Deborah Vivien, City Economist

Presented July 31, 2017



Revenue Estimating Conference

July 31, 2017

- 1) Initial 2018 General Fund forecast
- 2) Estimates for Individual Issues
- 3) Official Forecast Tables
- 4) Fund Balance Projection
- 5) Data Appendix

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

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Major	2018 Proposed Forecast (June)	2018 Forecast Change	2018 Proposed Forecast (July)
1A PROPERTY TAX	141,899,727		141,899,727
1B OTHER TAXES	241,988,645		241,988,645
2 LICENSES & PERMITS	66,377,160		66,377,160
3 INTERGOVERNMENTAL REVENUE	21,380,000		21,380,000
4 SERVICE CHARGES	92,381,860		92,381,860
5 FINES & FORFEITS	45,121,000		45,121,000
6 MISCELLANEOUS REVENUE	9,631,534	5,000,000	14,631,534
7 OTHER FINANCING SOURCES	16,943,000	6,662,427	23,605,427
Total General Fund Revenue	635,722,927	11,662,427	647,385,354
Non-Recurring Revenue	12,000,000	11,662,427	23,662,427
Recurring General Fund Revenue	623,722,927	-	623,722,927

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

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The \$11.7M increase to the 2018 forecast from June to July is all one-time revenue

- **\$5M in Miscellaneous Revenue due to tax sales:**
 - Sale of a large number of adjudicated properties for auction at the end of 2017 and during 2018
 - Increased payments resulting from delinquent tax sales and redemptions
- **Use of \$6.7M in Fund Balance**

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

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Major	2017 Official Forecast	2018 Proposed Forecast (July)	Annual Change	Annual Growth
1A PROPERTY TAX	140,534,792	141,899,727	1,364,935	1.0%
1B OTHER TAXES	237,256,677	241,988,645	4,731,968	2.0%
2 LICENSES & PERMITS	66,645,063	66,377,160	(267,903)	-0.4%
3 INTERGOVERNMENTAL REVENUE	20,130,000	21,380,000	1,250,000	6.2%
4 SERVICE CHARGES	90,881,860	92,381,860	1,500,000	1.7%
5 FINES & FORFEITS	42,971,000	45,121,000	2,150,000	5.0%
6 MISCELLANEOUS REVENUE	11,308,664	14,631,534	3,322,870	29.4%
7 OTHER FINANCING SOURCES	28,736,000	23,605,427	(5,130,573)	-17.9%
Total General Fund Revenue	638,464,056	647,385,354	8,921,297	1.4%
Non-Recurring Revenue	25,225,000	23,662,427	(1,562,573)	-6.2%
Recurring General Fund Revenue	613,239,056	623,722,927	10,483,870	1.7%

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

Major Annual Increases

- Property tax increases at a reduced rate of 1% due to the LA Tax Commission rule concerning 4 year assessments
- All sales tax up by \$4.7M (annual growth of 2.1%) due to an improving economy, remote sales collections and short term rentals; First full year of the dedication of state hotel sales tax on < 10 room rentals at \$2M in 2018 (IGT)
- UPL/EMS fees increased by \$1M to \$27M to due to increased public safety services for a larger Medicaid population as well as the addition of vehicles and staff
- Traffic camera enforcement increased by \$1.4M to \$23.8M to annualize the revenue from the delayed start of the new cameras in 2017
- A large number of adjudicated property sales along with collection rates at 90% for delinquent sales is estimated in total at \$5M.

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

Major Annual Decreases

- With a declining reliance on fund balance, the Other Financing Sources category was reduced by \$5.1M
- Casino Support Services Fund decreased by \$1.8M due to declining revenue from the casino
- 2 Canal permit (\$2M) removed from 2018 revenue as it was assumed to be paid in 2017

Estimates of Individual Issues

Property Tax

July 2017 Revenue Estimating Conference

	2017 Forecast	2018 Proposed	Annual Change	Annual Growth
1A PROPERTY TAX Total	140,534,792	141,899,727	1,364,935	1.0%

- Payments have improved since 2015 with more timely delinquent tax and adjudicated property sales
- However, growth in 2018 slows to an estimated 1% due to Louisiana Tax Commission rule concerning 4 year assessments; Actual impact is uncertain

Traffic Camera

July 2017 Revenue Estimating Conference

	2017 Forecast	2018 Proposed	Annual Change	Annual Growth
Traffic Cameras	22,400,000	23,800,000	1,400,000	6.3%
Existing	16,000,000	16,000,000	-	0.0%
New	6,400,000	7,800,000	1,400,000	21.9%

- Expected implementation on July 1 has reduced the estimate for 2017, which assumed an earlier start date
- The estimate for 2018 is annualized at a slightly reduced rate due to learned behavior, which continues to be evaluated

Interest and Other Items

July 2017 Revenue Estimating Conference

	2017 Forecast	2018 Proposed	Annual Change	Annual Growth
Interest	653,962	326,982	(326,980)	-50.0%
Other Issues				
UPL (non-recurring)	12,000,000	12,000,000	-	0.0%
EMS Fees	14,000,000	15,000,000	1,000,000	7.1%
Casino Support	3,600,000	1,800,000	(1,800,000)	-50.0%
All Sales Tax	215,718,677	220,450,645	4,731,968	2.2%
VA Parking Revenue	100,000	600,000	500,000	500.0%

- UPL and EMS fees based on more ambulance rides and Medicaid expansion
 - Uncertainty due to proposed federal healthcare changes
- Casino Support Services Fund is down due to declining revenue at the casino
- Cannot delineate remote sales but the impact is embedded in the sales tax increase shown above along with general economic growth.
- Parking revenue from the old VA hospital

Forecast Summary

Forecast Growth Rates

July 2017 Revenue Estimating Conference

	2017 Forecast	2018 Proposed
Total GF Revenue	638,464,056	647,385,354
	3.1%	1.4%
Recurring GF Revenue	613,239,056	623,722,927
	4.3%	1.7%

- 2017 recurring revenue growth due to multiple initiatives coming to fruition, including online sales, short term rentals, TNCs, and UPL/EMS fees as well as property tax from the new 2.5 fire millage
- 2018 continues to grow but at a much slower rate as a precaution for the extended budget cycle

One-Time Revenue

July 2017 Revenue Estimating Conference

	2017 Forecast	2018 Proposed	Annual Change	Annual Growth
Fund Balance	11,225,000	6,662,427	(4,562,573)	
UPL - Medicaid	12,000,000	12,000,000	-	
2 Canal Permit	2,000,000	-	(2,000,000)	
Tax Sales	-	5,000,000	5,000,000	
One Time Revenue	25,225,000	23,662,427	(1,562,573)	-6.2%

Watch List

July 2017 Revenue Estimating Conference

- Federal and State Policy
 - Affordable Care Act
 - State Budget
 - Single Collector Act 214
 - State STR sales tax dedication Act 333 – residential only
 - Coastal issues – local jobs
- Taxpayer behavior for new initiatives
 - Short term rentals changing platforms or eliminating the service
 - Demand v market share for TNCs
 - Impact of traffic cameras and parking enforcement
 - Tax sales and timeliness of property tax payments
- Year-to-date through April 2017 to budget through December 2018
 - Forecast timeline longer than usual

2018 Official Revenue Forecast

July 2017 Revenue Estimating Conference

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	Recurring Revenue	Non-Recurring Revenue	2018 Forecast 7/31/17/17
1A PROPERTY TAX	141,899,727		141,899,727
1B OTHER TAXES	241,988,645		241,988,645
2 LICENSES & PERMITS	66,377,160		66,377,160
3 INTERGOVERNMENTAL REVENUE	9,380,000	12,000,000	21,380,000
4 SERVICE CHARGES	92,381,860		92,381,860
5 FINES & FORFEITS	45,121,000		45,121,000
6 MISCELLANEOUS REVENUE	14,631,534	5,000,000	14,631,534
7 OTHER FINANCING SOURCES	16,943,000	6,662,427	23,605,427
2017 GENERAL FUND REVENUE	628,722,927	23,662,427	647,385,354
NON-GENERAL FUND REVENUE			459,497,632
2017 TOTAL REVENUE			1,106,882,986

General Fund Balance

July 2017 Revenue Estimating Conference

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	2016	2017	2018	2019	2020	2021	2022
	Unaudited	As of 7/31/17	As of 7/31/17				
REVENUE							
<i>CAFR</i>							
Recurring Revenue	584,229,151						
Non-recurring Revenue	30,300,000						
Other Financing Sources	16,239,422						
<i>Revenue Estimating Conference Forecast</i>							
Recurring Revenue		613,239,056	623,722,927	637,187,504	658,133,347	672,307,913	686,814,055
Non-recurring Revenue		25,225,000	17,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Revenue	630,768,573	638,464,056	640,722,927	649,187,504	670,133,347	684,307,913	698,814,055
EXPENDITURES							
Recurring Expenditures	568,392,481	577,997,895	605,184,538	617,288,229	629,633,993	642,226,673	655,071,207
Non-recurring Expenditures	16,370,090	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
BP Fund		3,000,000					
Debt Service	31,631,733	32,053,904	30,200,816	25,300,816	25,300,816	25,300,816	24,300,816
Total Expenditures	616,394,304	625,051,799	647,385,354	654,589,045	666,934,809	679,527,489	691,372,023
Excess (Deficiency) of revenue over expenditures	14,374,269	13,412,257	(6,662,427)	(5,401,541)	3,198,538	4,780,424	7,442,032
Beginning of Year	69,078,261	61,556,131	63,103,113	56,440,686	51,039,145	54,237,683	59,018,107
Appropriated Fund Balance	(21,896,399)	(11,865,275)	-	-	-	-	-
Adjusted Excess (Deficiency) of Revenue (Net Balance for Year)	(7,522,130)	1,546,982	(6,662,427)	(5,401,541)	3,198,538	4,780,424	7,442,032
END OF YEAR FUND BALANCE (before Assignment)	61,556,131	63,103,113	56,440,686	51,039,145	54,237,683	59,018,107	66,460,139
Assigned Fund Balance for Emergencies	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Assigned Fund Balance per Budget (2%)	11,684,583	12,264,781	12,474,459	12,743,750	13,162,667	13,446,158	13,736,281
UNASSIGNED FUND BALANCE	24,871,548	25,838,332	18,966,227	13,295,395	16,075,016	20,571,948	27,723,858
End of Year Fund Balance as a percentage of recurring revenue	10.5%	10.3%	9.0%	8.0%	8.2%	8.8%	9.7%

General Fund Balance

July 2017 Revenue Estimating Conference

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Once final, two ordinances adopted at the 7/26/17 Regular City Council Meeting will reduce the general fund balance estimate by a net \$1M:

- **Calendar No. 31,931**
 - Adds \$337,000 in 2017 from back rent to be paid by AT&T per a retroactive lease agreement
- **Calendar No. 31,942-943**
 - Transfers \$1,328,852 from the fund balance for operating expenses at the VA Building

Data Appendix

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

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Major	Minor	2017 Forecast	2018 Proposed	Annual Change	Annual Growth	Category/Impact Includes:
☒ 1A PROPERTY TAX	1 REAL/PERSONAL PROPERTY - CURRENT	49,054,591	49,545,137	490,546	1.0%	
	2 PRIOR YEAR PROPERTY	1,968,607	1,978,549	9,942	0.5%	
	3 POLICE/FIRE DEDICATED MILLS	70,413,149	71,117,281	704,131	1.0%	
	4 NORD DEDICATED 1.5 MILLS	4,907,611	4,956,687	49,076	1.0%	
	5 PARKWAY DEDICATED 1.5 MILLS	4,907,611	4,956,687	49,076	1.0%	
	6 STREETS DEDICATED 1.9 MILLS	6,216,371	6,278,534	62,164	1.0%	
	7 INTEREST & PENALTIES	3,066,852	3,066,852	-	0.0%	
1A PROPERTY TAX Total		140,534,792	141,899,727	1,364,935	1.0%	LTC Rule
☒ 1B OTHER TAXES	1 SALES TAX	184,226,952	188,332,445	4,105,493	2.2%	Remote Sales
	1.1 MOTOR VEHICLE TAX	12,647,500	12,773,975	126,475	1.0%	
	1.2 HOTEL/MOTEL TAX	18,844,225	19,344,225	500,000	2.7%	Short Term Rental Sales
	2 BEER & WINE TAX	620,000	620,000	-	0.0%	
	3 PARKING TAX	4,800,000	4,800,000	-	0.0%	
	4 DOCUMENT TRANSACTION TAX	4,200,000	4,200,000	-	0.0%	
	5 CHAIN STORE TAX	160,000	160,000	-	0.0%	
	6 OFF TRACK BETTING/RACING TAX	173,000	173,000	-	0.0%	
	7 UTILITY TAX	10,285,000	10,285,000	-	0.0%	
8 FAIRGROUND SLOT MACHINE 4% TAX	1,300,000	1,300,000	-	0.0%		
1B OTHER TAXES Total		237,256,677	241,988,645	4,731,968	2.0%	

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

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Major	Minor	2017 Forecast	2018 Proposed	Annual Change	Annual Growth	Category/Impact Includes:
2 LICENSES & PERMITS	01 ALCOHOLIC BEVERAGE	2,721,000	2,761,815	40,815	1.5%	
	02 CABLE TV FRANCHISE	4,400,000	4,466,000	66,000	1.5%	
	03 ENTERGY FRANCHISE	29,286,263	29,737,692	451,429	1.5%	
	04 TELEPHONE FRANCHISE	-	-	-		
	05 MISCELLANEOUS FRANCHISE	400,000	400,000	-	0.0%	
	06 OCCUPATIONAL LICENSES	10,658,025	10,817,895	159,870	1.5%	
	07 SAFETY/ELECTRICAL/MECHANICAL	2,105,500	2,137,083	31,583	1.5%	
	08 TAXI/TOURGUIDE LICENSES	4,445,000	5,107,400	662,400	14.9%	TNCs
	09 BUILDING PERMITS	8,030,000	6,150,000	(1,880,000)	-23.4%	2 Canal Removed
	10 MOTOR VEHICLE PERMITS	2,740,000	2,940,000	200,000	7.3%	
	11 STREETS & CURBS	608,900	608,900	-	0.0%	
	12 MAYORALTY PERMITS	490,000	490,000	-	0.0%	
	13 OTHER	760,375	760,375	-	0.0%	
2 LICENSES & PERMITS Total		66,645,063	66,377,160	(267,903)	-0.4%	
3 INTERGOVERNMENTAL REVENUE	3 STATE AID - VIDEO POKER	1,400,000	1,400,000	-	0.0%	
	4 STATE DEPT. OF CORRECTIONS	30,000	30,000	-	0.0%	
	5 STATE AID-MEDICAID	12,000,000	12,000,000	-	0.0%	
	6 STATE REVENUE SHARING	2,060,000	2,060,000	-	0.0%	
	7 STATE AID OTHER	750,000	2,000,000	1,250,000	166.7%	STR State Dedication Act 333
	8 PARISH TRANSP FUND: ROADS	2,290,000	2,290,000	-	0.0%	
	8 PARISH TRANSP FUND: TRANSIT	1,600,000	1,600,000	-	0.0%	
3 INTERGOVERNMENTAL REVENUE Total		20,130,000	21,380,000	1,250,000	6.2%	

2018 General Fund Revenue Forecast

July 2017 Revenue Estimating Conference

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Major	Minor	2017 Forecast	2018 Proposed	Annual Change	Annual Growth	Category/Impact Includes:
4 SERVICE CHARGES	1 GENERAL GOVERNMENT	15,959,956	15,959,956	-	0.0%	
	2 PUBLIC SAFETY	22,000,500	23,500,500	1,500,000	6.8%	EMS Fees
	3 STREETS PARKING METERS	10,382,667	10,382,667	-	0.0%	
	4 STREETS OTHER	3,584,000	3,584,000	-	0.0%	
	5 SANITATION	36,834,237	36,834,237	-	0.0%	
	7 PARKS AND PARKWAY	14,000	14,000	-	0.0%	
	7 STATE AID OTHER	85,000	85,000	-	0.0%	
	8 INDIRECT COSTS	2,000,000	2,000,000	-	0.0%	
	9 OTHER	21,500	21,500	-	0.0%	
4 SERVICE CHARGES Total		90,881,860	92,381,860	1,500,000	1.7%	
5 FINES & FORFEITS	1 TRAFFIC FINES & VIOLATIONS	5,106,000	5,856,000	750,000	14.7%	Combined Court Fees
	2 RED SIGNAL LIGHT/CAMERA ENFORCEMENT	22,400,000	23,800,000	1,400,000	6.3%	
	3 PARKING TICKET COLLECTONS	15,000,000	15,000,000	-	0.0%	
	4 ADMIN. ADJUDICATION FEES	50,000	50,000	-	0.0%	
	5 MUNICIPAL COURT FINES & COSTS	290,000	290,000	-	0.0%	
	6 IMPOUNDED/ABANDONED VEHICLES	125,000	125,000	-	0.0%	
5 FINES & FORFEITS Total		42,971,000	45,121,000	2,150,000	5.0%	
6 MISCELLANEOUS REVENUE	1 INTEREST - OPERATING & CAPITAL	653,962	326,982	(326,980)	-50.0%	Capital Spending
	2 RENTS & ROYALTIES	1,605,500	1,605,500	-	0.0%	
	3 CONTRIBUTIONS AND OTHER	3,249,000	1,971,000	(1,278,000)	-39.3%	Casino Services Support
	5 MISCELLANEOUS REIMBURSEMENT	5,800,202	10,728,052	4,927,850	85.0%	VA Parking and Adj. Sale
6 MISCELLANEOUS REVENUE Total		11,308,664	14,631,534	3,322,870	29.4%	
7 OTHER FINANCING SOURCES	2 TRANSFER FROM OTHER FUNDS	16,943,000	16,943,000	-	0.0%	
	3 FUND BALANCE	11,793,000	6,662,427	(5,130,573)	-43.5%	
7 OTHER FINANCING SOURCES Total		28,736,000	23,605,427	(5,130,573)	-17.9%	
Grand Total		638,464,056	647,385,354	8,921,297	1.4%	