

# REVENUE ESTIMATING CONFERENCE



CITY OF NEW ORLEANS

## **REVENUE ESTIMATING CONFERENCE MEMBERS**

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BEVERLY GARIEPY, DIRECTOR, DEPARTMENT OF FINANCE AND CFO

PETER RICCHIUTI, TULANE UNIVERSITY

Deborah Vivien, City Economist

Presented December 1, 2017

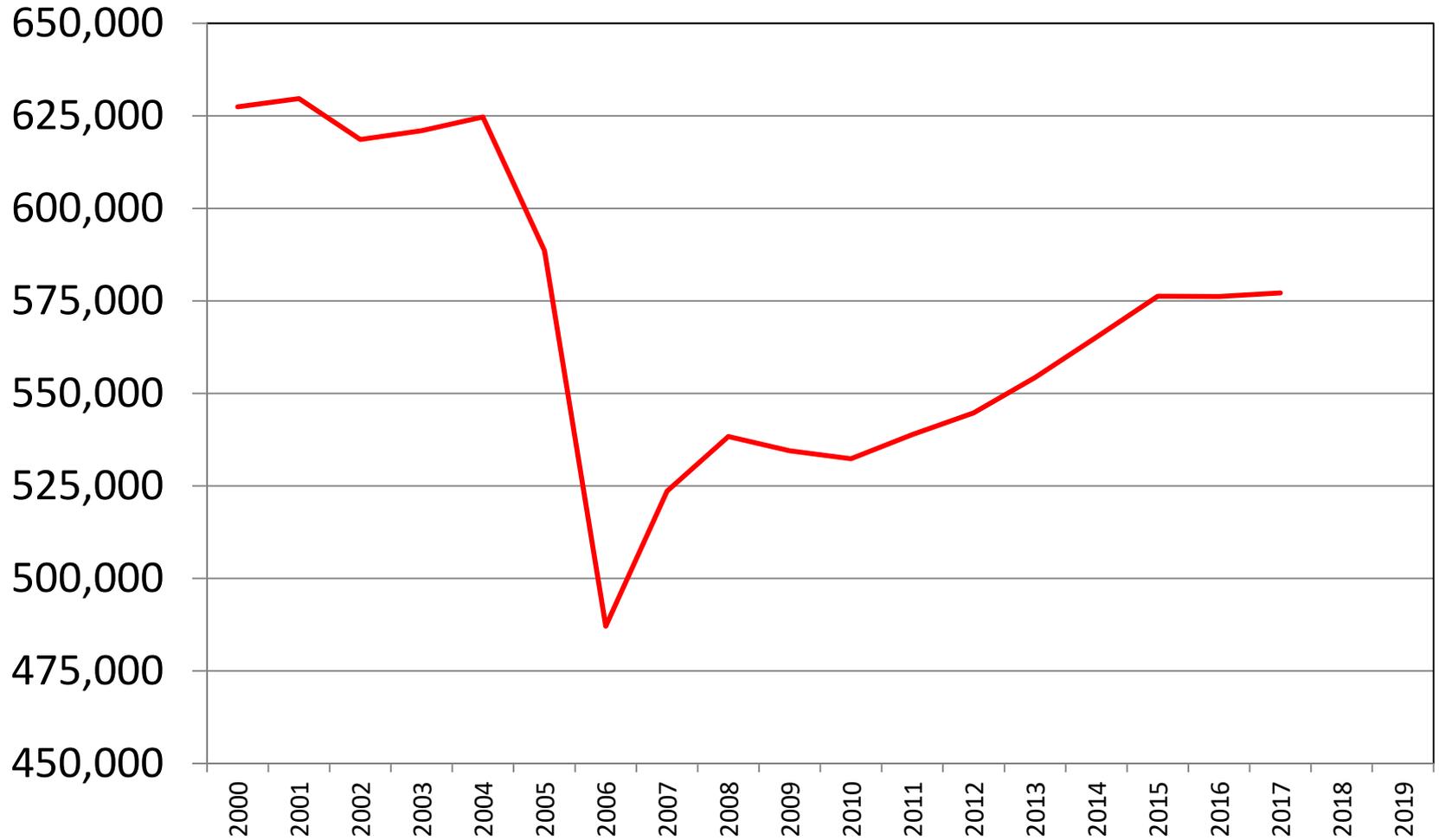
# Revenue Estimating Conference

## December 1, 2017

- 1) Economic Indicator Assumptions
- 2) Revised Estimate of 2017 General Fund Revenue
- 3) Revised Estimate of 2018 General Fund Revenue
- 4) Five Year Outlook – Fund Balance
- 5) Official Forecast Tables
- 6) Data Appendix

# New Orleans MSA

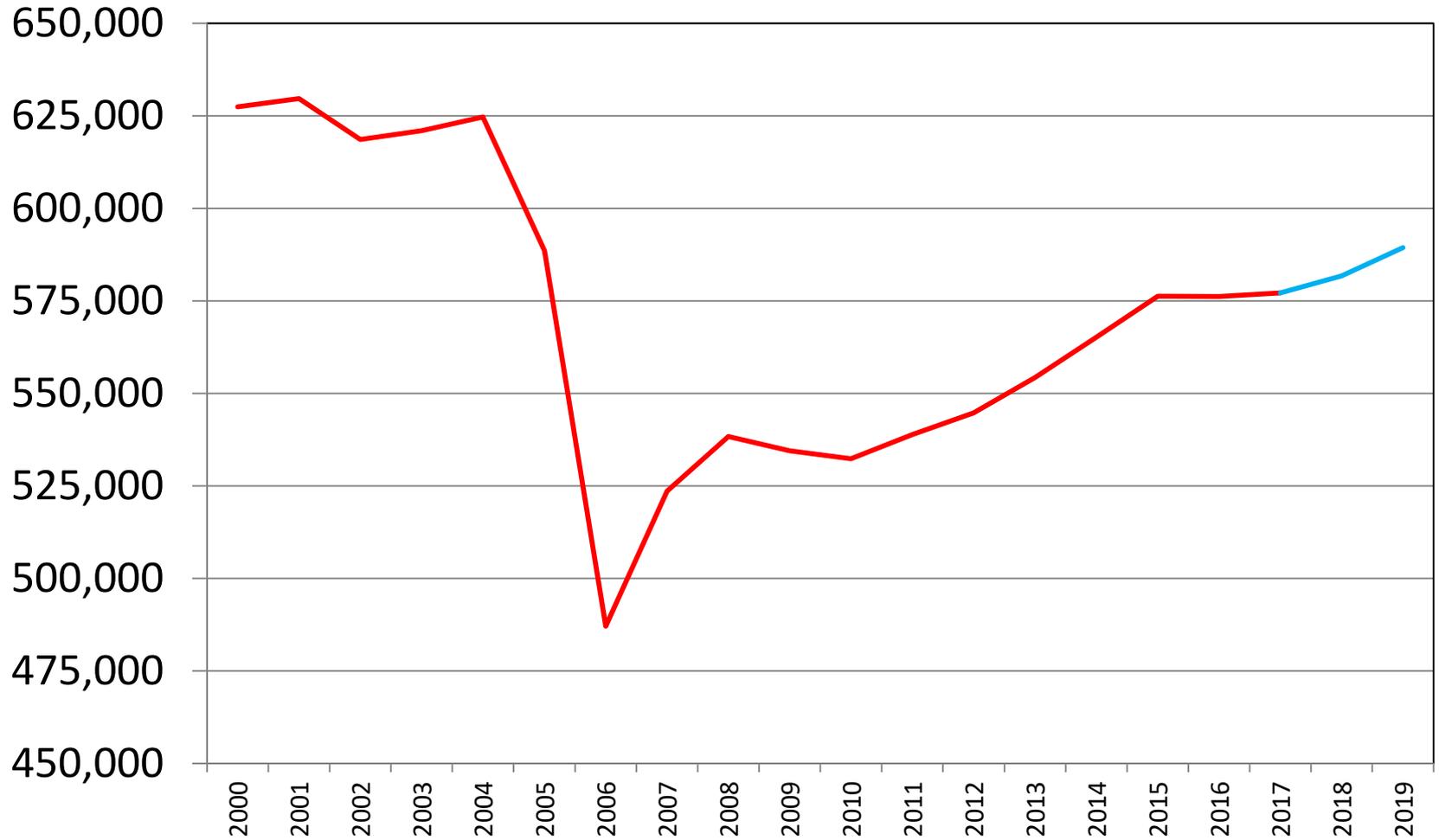
## Annual Average Total Employment SA



Source: Bureau of Labor Statistics

# New Orleans MSA

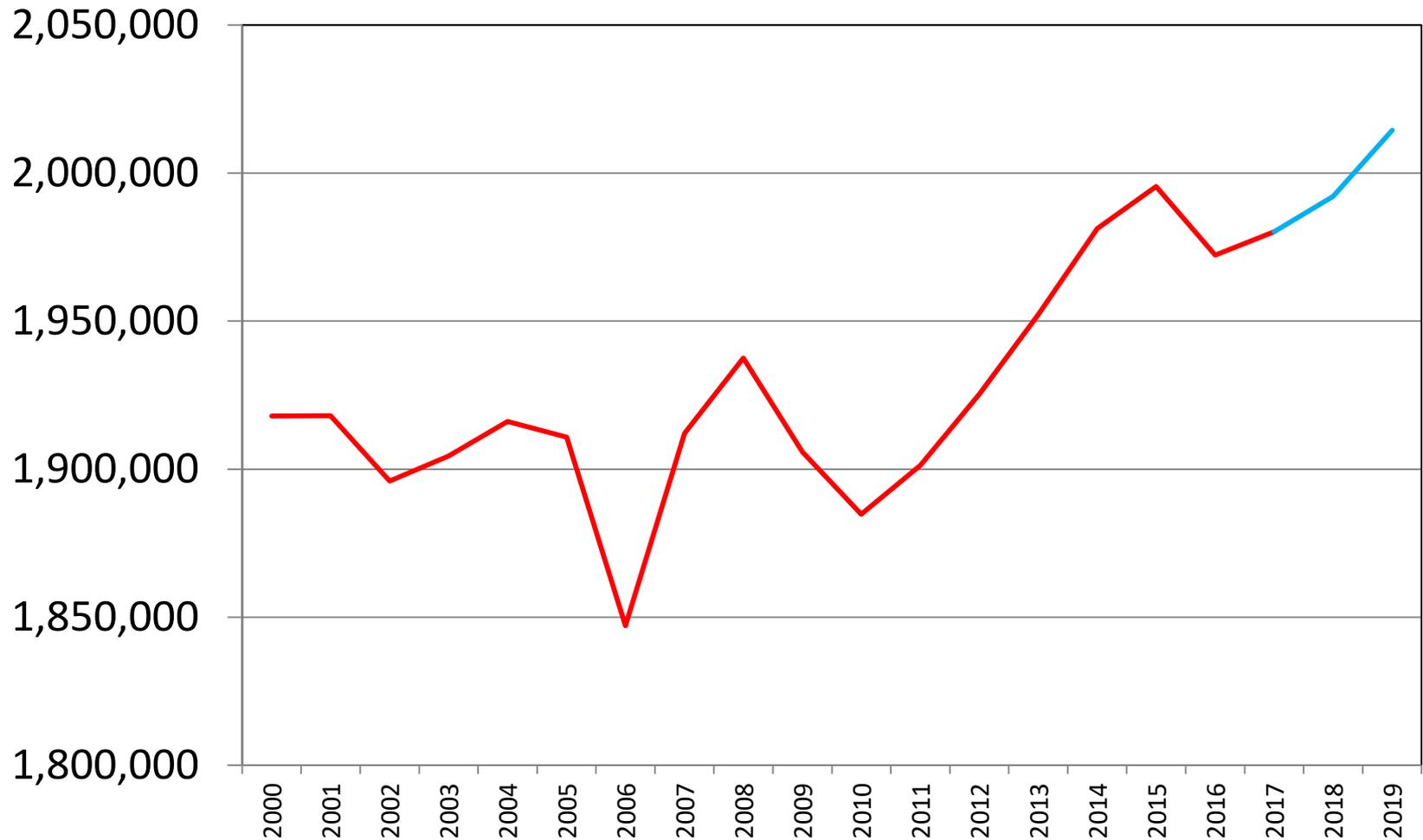
## Annual Average Total Employment SA



Source: Bureau of Labor Statistics; LSU 2018-19 Annual Economic Outlook

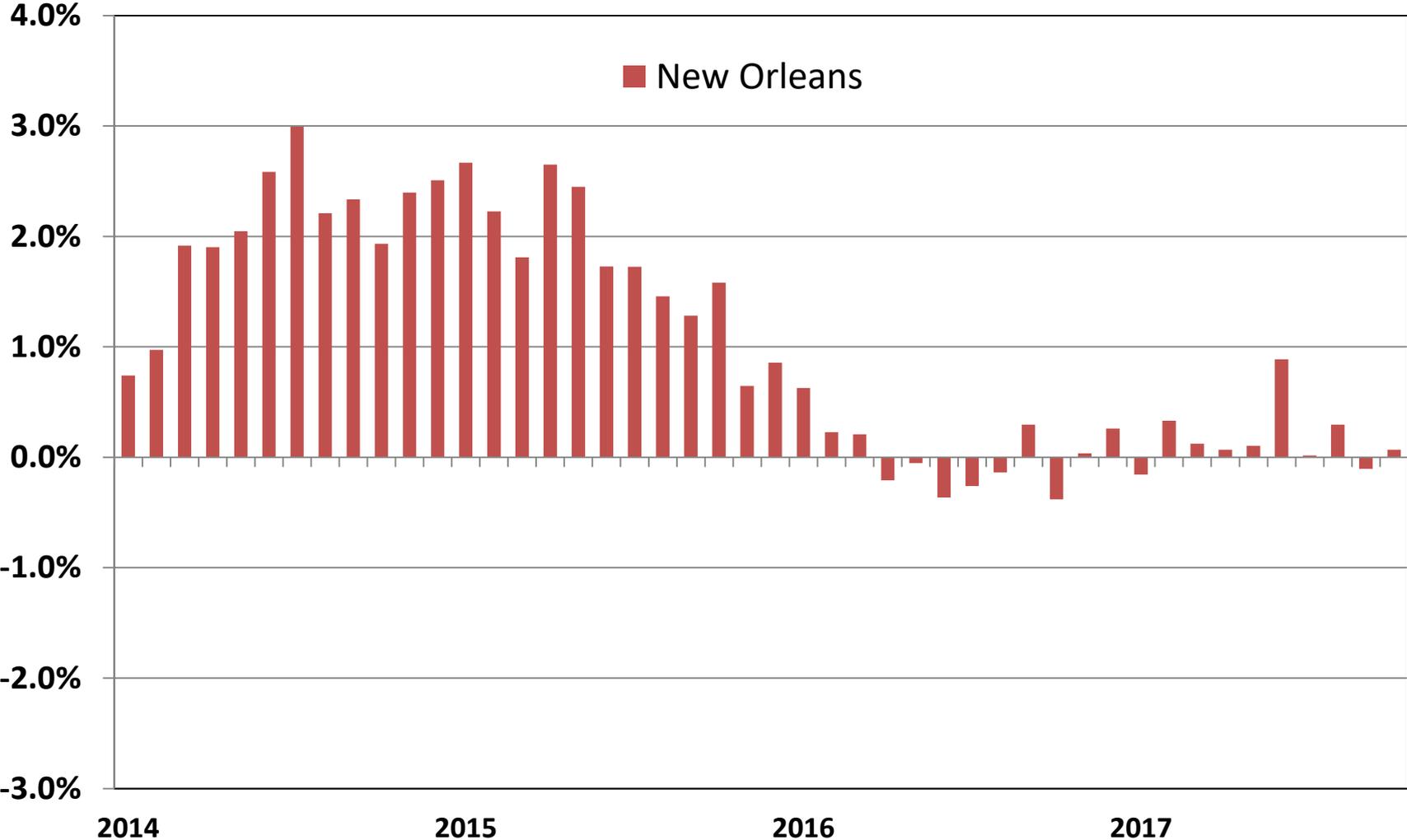
# Louisiana

## Annual Average Total Employment SA



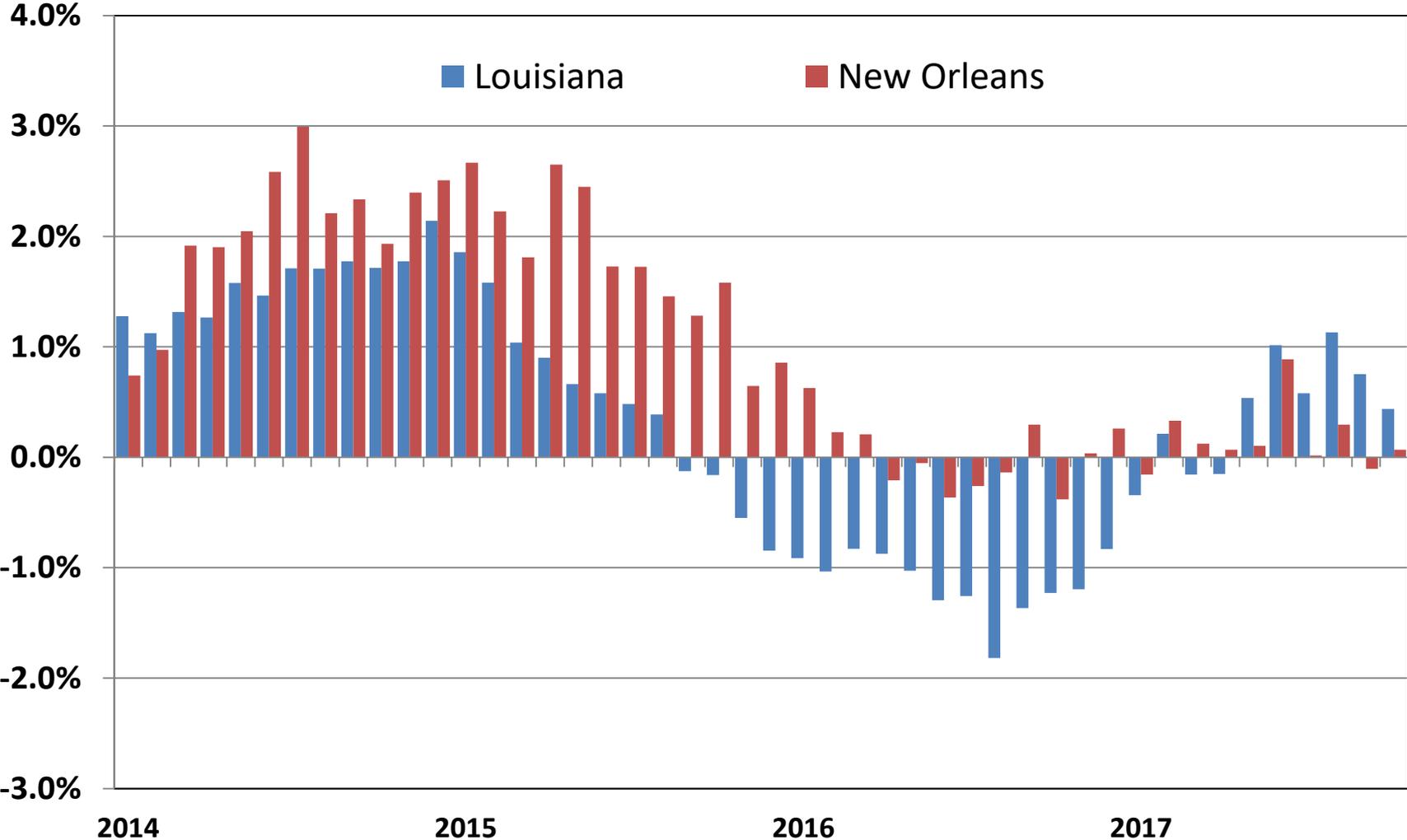
Source: Bureau of Labor Statistics; LSU 2018-19 Annual Economic Outlook

# Prior Year Monthly Change in Employment



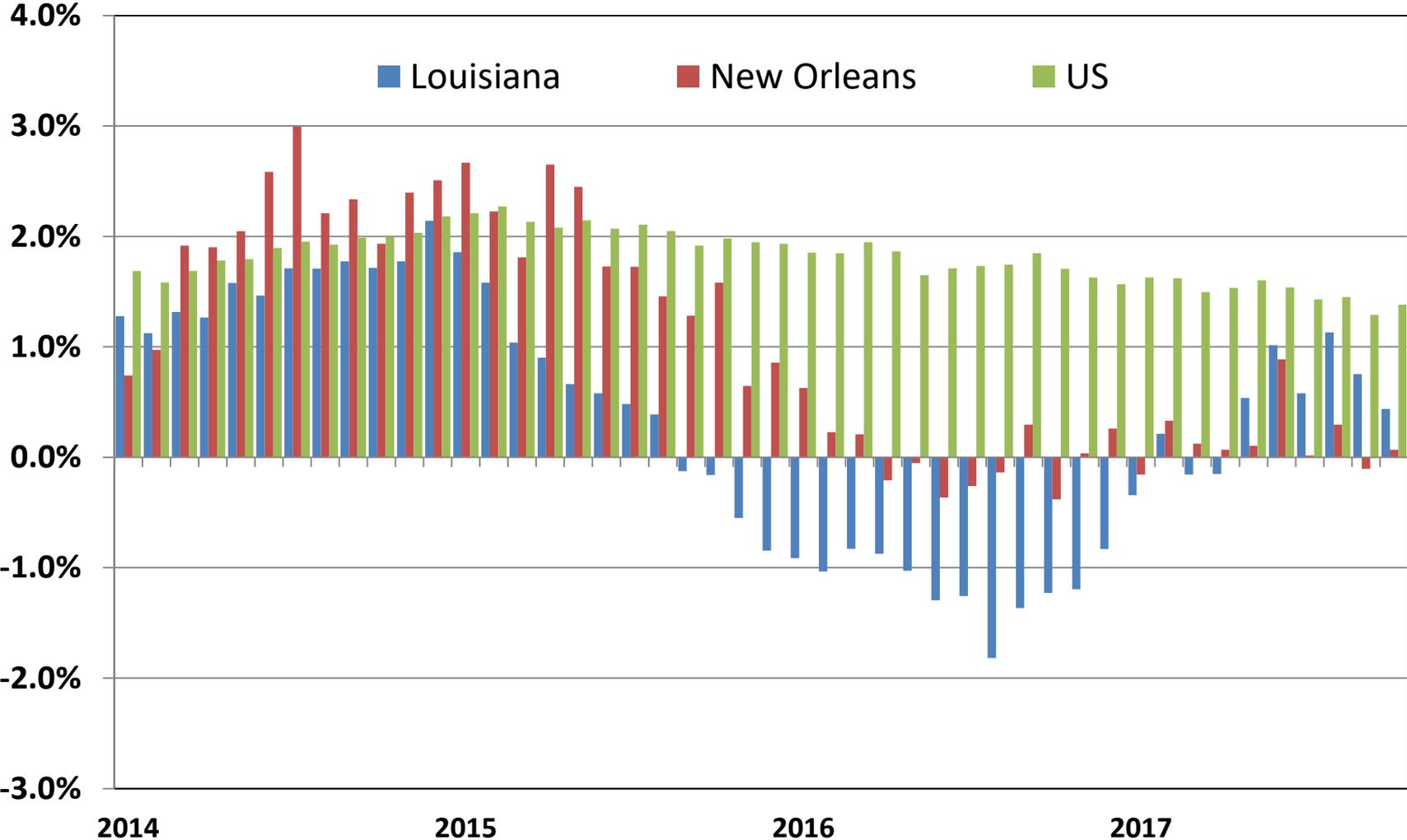
Source: Bureau of Labor Statistics

# Prior Year Monthly Change in Employment



Source: Bureau of Labor Statistics

# Prior Year Monthly Change in Employment

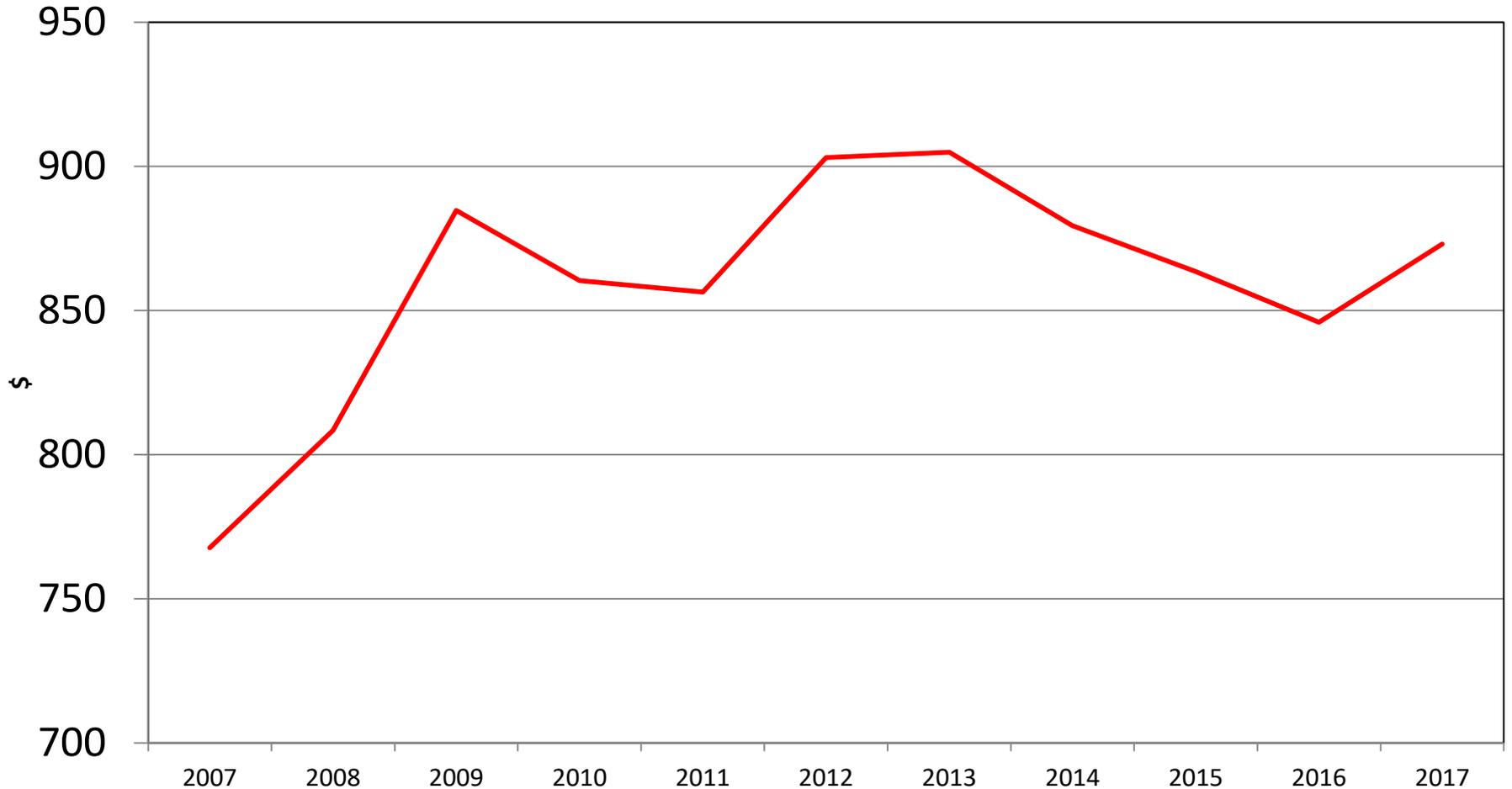


Source: Bureau of Labor Statistics

# New Orleans MSA

## Annual Average of Weekly Wages

Nominal; Not Seasonally Adjusted



Source: Bureau of Labor Statistics

# 2017 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

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	2016	2017 Current Forecast	2017 Forecast 12/1/17	Forecast Change	Forecast Growth	Annual Growth
1A PROPERTY TAX	128,694,895	140,534,792	141,940,140	1,405,348	1.0%	10.3%
1B OTHER TAXES	223,872,979	237,256,677	235,361,552	(1,895,125)	-0.8%	5.1%
2 LICENSES & PERMITS	67,708,652	66,645,063	69,944,608	3,299,545	5.0%	3.3%
3 INTERGOVERNMENTAL REVENUE	13,961,744	20,130,000	20,130,000	-	0.0%	44.2%
4 SERVICE CHARGES	89,538,830	90,881,860	89,192,880	(1,688,980)	-1.9%	-0.4%
5 FINES & FORFEITS	36,878,084	42,971,000	38,671,000	(4,300,000)	-10.0%	4.9%
6 MISCELLANEOUS REVENUE	14,407,948	11,308,664	11,645,664	337,000	3.0%	-19.2%
7 OTHER FINANCING SOURCES	52,434,234	28,736,000	51,691,127	22,955,127	79.9%	-1.4%
<b>Total General Fund Revenue</b>	<b>627,497,366</b>	<b>638,464,056</b>	<b>658,576,971</b>	<b>20,112,915</b>	<b>3.2%</b>	<b>5.0%</b>
less: One Time Revenue	(42,226,488)	(25,225,000)	(47,285,127)	22,060,127		
<b>Recurring General Fund Revenue</b>	<b>585,270,877</b>	<b>613,239,056</b>	<b>611,291,844</b>	<b>(1,947,212)</b>	<b>-0.3%</b>	<b>4.4%</b>

# 2017 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

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	2017 Forecast 6/12/17	2017 Forecast 12/1/17
Fund Balance	11,225,000	24,748,127
Certificate of Indebtedness	-	10,000,000
UPL - Medicaid	12,000,000	12,000,000
2 Canal Permit	2,000,000	200,000
Accrued Building Rent	-	337,000
<b>One Time Revenue</b>	<b>25,225,000</b>	<b>47,285,127</b>

# Use of Fund Balance

## December 2017 Revenue Estimating Conference

	2017 Forecast	2018 Forecast
Initial Budget	4,900,000	6,662,427
Sheriff	5,200,000	
Tornado Expenses	1,000,000	
Legal Settlement	125,000	
NORD Cameras	244,275	
Low Barrier Shelter Operations	1,328,852	
Emergency Drainage	11,950,000	
<b>Use of Fund Balance</b>	<b>24,748,127</b>	<b>6,662,427</b>

# 2017 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

### Major Increases

	Change	Total In Forecast
Property Tax	1,400,000	141.9M
Franchise Fees	2,650,000	36.2M
Occupational License/Premium Tax	900,000	11.6M
Other Licenses & Permits (STRs, Deputy, VCC, HDLC)	1,545,125	2.3M
Accrued Building Rent	337,000	337,000

# 2017 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

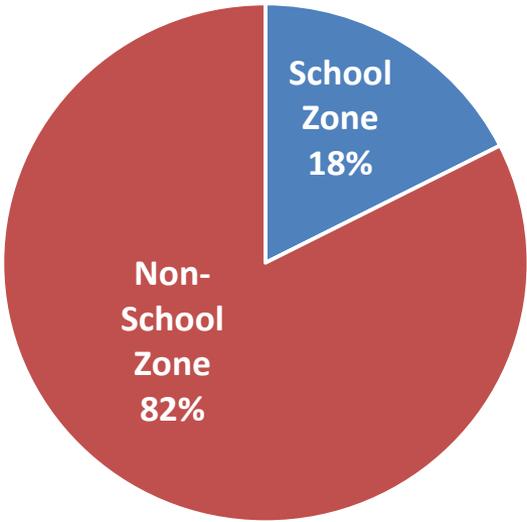
### Major Decreases

	Change	Total In Forecast
All Sales (5.3% Growth)	-1,900,000	213.8M
Building Permit (2 Canal)	-1,800,000	200,000
Brake Tags	-150,000	2.5M
Towing/Booting	-750,000	2.45M
Parking Ticket Collections	-1,000,000	14M
Municipal/Traffic Court	-2,300,000	3.1M
Sanitation Fees (Billing and Enforcement)	-2,323,964	34.5M
Traffic Cameras	-1,000,000	21.4M

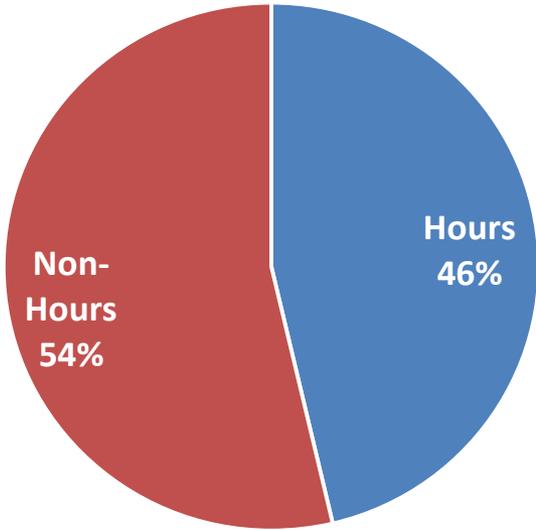
# Traffic Camera Collections

## December 2017 Revenue Estimating Conference

All Traffic Camera Collections

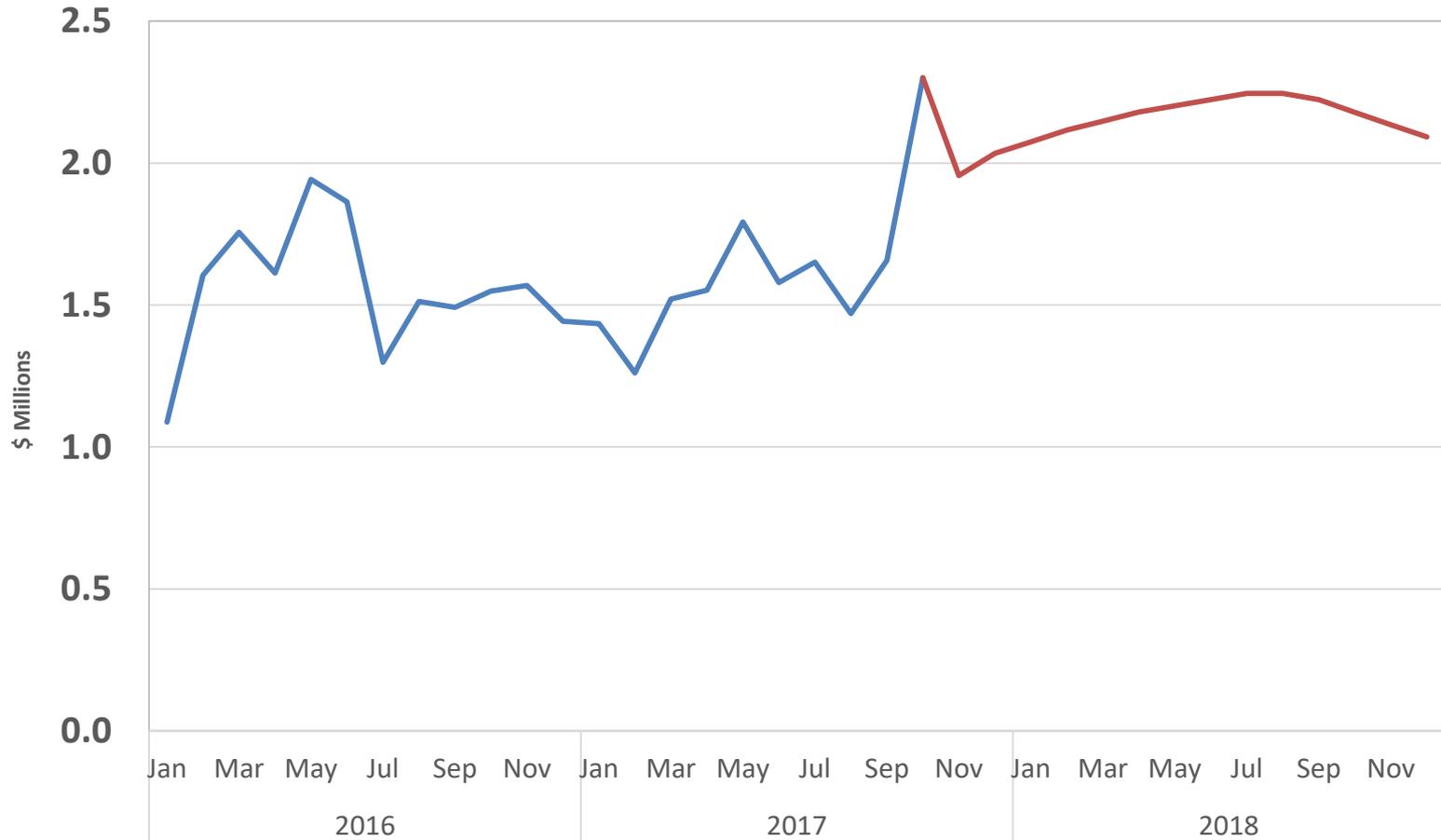


School Zone Traffic Camera Collections



# Monthly Traffic Camera Collections

December 2017 Revenue Estimating Conference



# 2018 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

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	2017 Forecast 12/1/17	2018 Current Forecast	2018 Forecast 12/1/17	Forecast Change	Forecast Growth	Annual Growth
1A PROPERTY TAX	141,940,140	141,899,727	144,069,242	2,169,515	1.5%	1.5%
1B OTHER TAXES	235,361,552	241,988,645	241,260,123	(728,522)	-0.3%	2.5%
2 LICENSES & PERMITS	69,944,608	66,377,160	71,472,088	5,094,928	7.7%	2.2%
3 INTERGOVERNMENTAL REVENUE	20,130,000	21,380,000	22,380,000	1,000,000	4.7%	11.2%
4 SERVICE CHARGES	89,192,880	92,381,860	90,432,722	(1,949,138)	-2.1%	1.4%
5 FINES & FORFEITS	38,671,000	45,121,000	42,721,000	(2,400,000)	-5.3%	10.5%
6 MISCELLANEOUS REVENUE	11,645,664	14,631,534	10,360,684	(4,270,850)	-29.2%	-11.0%
7 OTHER FINANCING SOURCES	51,691,127	23,605,427	23,605,427	-	0.0%	-54.3%
<b>Total General Fund Revenue</b>	<b>658,576,971</b>	<b>647,385,354</b>	<b>646,301,287</b>	<b>(1,084,067)</b>	<b>-0.2%</b>	<b>-1.9%</b>
less: One Time Revenue	(47,285,127)	(23,662,427)	(21,462,427)	(2,200,000)		
<b>Recurring General Fund Revenue</b>	<b>611,291,844</b>	<b>623,722,927</b>	<b>624,838,860</b>	<b>1,115,933</b>	<b>0.2%</b>	<b>2.2%</b>

# 2018 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

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	2018 Forecast 6/12/17	2018 Forecast 12/1/17
Fund Balance	6,662,427	6,662,427
UPL - Medicaid	12,000,000	12,000,000
2 Canal Permit	-	1,800,000
Adjudicated Property Sales	5,000,000	1,000,000
<b>One Time Revenue</b>	<b>23,662,427</b>	<b>21,462,427</b>

# 2018 General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

### Major Increases

- Property tax increase based on certified assessments; Annual growth is 1.5%, up from 1% in the June estimate.
- Franchise Fees are up by \$2.1M as base collections in 2017 are higher
- Traffic camera enforcement increased by \$1.4M to annualize the revenue from the delayed start of the new cameras and the extension of monthly collections assumed at the end of 2017
- General and hotel sales growth is reduced slightly to more closely match cash collections. Annual growth for general sales tax and hotel sales tax is 2.9% and 4.3%, respectively. Motor vehicle sales are down by 1.3% as replacement vehicles were accelerated in 2017
- The state dedication of Short Term Rental sales tax is expected to generate \$3M in 2018 based on YTD collections, which adds \$1M to the Intergovernmental Revenue forecast

# 2018 General Fund Revenue Forecast

## June 2017 Revenue Estimating Conference

### Major Decreases

- With an \$18.1M reduction in use of Fund Balance and the elimination of \$10M in COI, Other Financing Sources declined by \$28.1M in 2018
- Adjudicated property sales proceeds are reduced by \$4M to \$1M in response to fewer properties, sales prices and interest in existing properties (Miscellaneous Revenue)
- Sanitation is lowered by \$2.7M with an annual reduction of 1%; this is from a base decline of 2% in 2017 in response to billing and enforcement uncertainty
- Traffic/Municipal Court maintains the 2017 base reduction of \$3.1M in response to declining collections
- Parking tickets are reduced by \$750,000 to align with current collections
- TNC fees are expected to continue to grow at a reduced rate as quarterly revenue indicates activity is beginning to level off. Estimate is reduced by \$750,000
- Second Injury Fund transfers reduced by about \$500,000 based on payment schedules approved by the Board

# Forecast Summary

# Forecast Growth Rates

## December 2017 Revenue Estimating Conference

	2017 Forecast	2018 Forecast
<b>Total GF Revenue</b>	658,576,971	646,301,287
	5.0%	-1.9%
<b>Recurring GF Revenue</b>	611,291,844	624,838,860
	4.4%	2.2%

- 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 from the 2017 base but at a slower rate of 2.2%, which is in line with inflationary expectations

# One-Time Revenue

## December 2017 Revenue Estimating Conference

	2017 Forecast	2018 Forecast
Fund Balance	24,748,127	6,662,427
Certificate of Indebtedness	10,000,000	-
UPL - Medicaid	12,000,000	12,000,000
2 Canal Permit	200,000	1,800,000
Accrued Building Rent	337,000	-
Adjudicated Property Sales	-	1,000,000
<b>One Time Revenue</b>	<b>47,285,127</b>	<b>21,462,427</b>

# Risks

## December 2017 Revenue Estimating Conference

- Federal and State Policy
  - Tax Reform
  - State Fiscal Cliff
- Pace of Economic Growth/Recovery - Domestic and International
- Taxpayer behavior
  - Short term rentals changing platforms or eliminating the service
  - Demand v market share for TNCs
  - Response to infrastructure issues
- Amazon third party taxation

# 2017 Official Revenue Forecast

## December 2017 Revenue Estimating Conference

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	Recurring Revenue	Non-Recurring Revenue	2017 Forecast 12/1/17
1A PROPERTY TAX	141,940,140		141,940,140
1B OTHER TAXES	235,361,552		235,361,552
2 LICENSES & PERMITS	69,944,608		69,944,608
3 INTERGOVERNMENTAL REVENUE	8,130,000	12,000,000	20,130,000
4 SERVICE CHARGES	88,992,880	200,000	89,192,880
5 FINES & FORFEITS	38,671,000		38,671,000
6 MISCELLANEOUS REVENUE	11,308,664	337,000	11,645,664
7 OTHER FINANCING SOURCES	16,943,000	34,748,127	51,691,127
<b>2017 GENERAL FUND REVENUE</b>	<b>611,291,844</b>	<b>47,285,127</b>	<b>658,576,971</b>
NON-GENERAL FUND REVENUE			431,980,627
<b>2017 TOTAL REVENUE</b>			<b>1,090,557,598</b>

# 2018 Official Revenue Forecast

## December 2017 Revenue Estimating Conference

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	Recurring Revenue	Non-Recurring Revenue	2018 Forecast 12/1/17
1A PROPERTY TAX	144,069,242		144,069,242
1B OTHER TAXES	241,260,123		241,260,123
2 LICENSES & PERMITS	71,472,088		71,472,088
3 INTERGOVERNMENTAL REVENUE	10,380,000	12,000,000	22,380,000
4 SERVICE CHARGES	88,632,722	1,800,000	90,432,722
5 FINES & FORFEITS	42,721,000		42,721,000
6 MISCELLANEOUS REVENUE	9,360,684	1,000,000	10,360,684
7 OTHER FINANCING SOURCES	16,943,000	6,662,427	23,605,427
<b>2018 GENERAL FUND REVENUE</b>	<b>624,838,860</b>	<b>21,462,427</b>	<b>646,301,287</b>
NON-GENERAL FUND REVENUE			464,406,516
<b>2018 TOTAL REVENUE</b>			<b>1,110,707,803</b>

# General Fund Balance

## December 2017 Revenue Estimating Conference

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	2017	2018	2019	2020	2021	2022
	est. as of Dec 1, 2017	est. as of Dec 1, 2017				
<b>REVENUE</b>						
Recurring Revenue	611,291,844	624,838,860	637,335,637	659,642,385	672,835,232	686,291,937
Non-recurring Revenue	47,285,127	21,462,427				
<b>Total Revenue</b>	<b>658,576,971</b>	<b>646,301,287</b>	<b>637,335,637</b>	<b>659,642,385</b>	<b>672,835,232</b>	<b>686,291,937</b>
<b>EXPENDITURES</b>						
Recurring Expenditures	586,765,747	593,627,860	608,468,557	623,680,270	639,272,277	655,254,084
Non-recurring Expenditures	34,950,000	21,462,427	5,000,000	5,000,000	5,000,000	5,000,000
BP Fund	3,000,000	3,506,501				
Debt Service	32,053,904	31,211,000	26,800,000	26,800,000	26,800,000	25,800,000
<b>Total Expenditures</b>	<b>656,769,651</b>	<b>649,807,788</b>	<b>640,268,557</b>	<b>655,480,270</b>	<b>671,072,277</b>	<b>686,054,084</b>
Excess (Deficiency) of revenue over expenditures	1,807,320	(3,506,501)	(2,932,919)	4,162,114	1,762,955	237,853
Beginning of Year	61,556,206	38,615,399	28,446,471	25,513,552	29,675,666	31,438,621
Appropriated Fund Balance	(24,748,127)	(6,662,427)	-	-	-	-
<b>Net Fund Balance Contribution/(Depletion)</b>	<b>(22,940,807)</b>	<b>(10,168,928)</b>	<b>(2,932,919)</b>	<b>4,162,114</b>	<b>1,762,955</b>	<b>237,853</b>
<b>END OF YEAR FUND BALANCE (before Assignment)</b>	<b>38,615,399</b>	<b>28,446,471</b>	<b>25,513,552</b>	<b>29,675,666</b>	<b>31,438,621</b>	<b>31,676,474</b>
Assigned Fund Balance for Emergencies	25,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000
<b>UNASSIGNED FUND BALANCE*</b>	<b>13,615,399</b>	<b>1,446,471</b>	<b>(1,486,448)</b>	<b>2,675,666</b>	<b>4,438,621</b>	<b>4,676,474</b>
End of Year Fund Balance as a percentage of recurring revenue	6.3%	4.6%	4.0%	4.5%	4.7%	4.6%
* Assumes all third party revenue materializes						

# Data Appendix

# General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

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Major	Minor	2017 Forecast	2018 Forecast	Change	Growth	Category/Impact Includes:
<b>1A PROPERTY TAX</b>	1 REAL/PERSONAL PROPERTY - CURRENT	49,348,918	50,288,314	939,395	1.9%	
	2 PRIOR YEAR PROPERTY	2,560,959	2,087,170	(473,789)	-18.5%	
	3 POLICE/FIRE DEDICATED MILLS	70,835,628	72,184,040	1,348,412	1.9%	
	4 NORD DEDICATED 1.5 MILLS	4,937,057	5,031,037	93,981	1.9%	
	5 PARKWAY DEDICATED 1.5 MILLS	4,937,056	5,031,037	93,981	1.9%	
	6 STREETS DEDICATED 1.9 MILLS	6,253,669	6,372,712	119,043	1.9%	
	7 INTEREST & PENALTIES	3,066,852	3,074,931	8,079	0.3%	
<b>1A PROPERTY TAX Total</b>		<b>141,940,140</b>	<b>144,069,242</b>	<b>2,129,103</b>	<b>1.5%</b>	<b>LTC 4 Yr Assessment Rule</b>
<b>1B OTHER TAXES</b>	1 SALES TAX	182,691,827	187,911,922	5,220,095	2.9%	Remote Sales
	1.1 MOTOR VEHICLE TAX	13,062,500	12,890,500	(172,000)	-1.3%	
	1.2 HOTEL/MOTEL TAX	18,069,225	18,847,706	778,481	4.3%	Short Term Rental Sales
	2 BEER & WINE TAX	570,000	570,000	-	0.0%	
	3 PARKING TAX	4,650,000	4,650,000	-	0.0%	
	4 DOCUMENT TRANSACTION TAX	4,350,000	4,350,000	-	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	10,356,995	71,995	0.7%		
8 FAIRGROUND SLOT MACHINE 4% TAX	1,350,000	1,350,000	-	0.0%		
<b>1B OTHER TAXES Total</b>		<b>235,361,552</b>	<b>241,260,123</b>	<b>5,898,571</b>	<b>2.5%</b>	
<b>2 LICENSES &amp; PERMITS</b>	01 ALCOHOLIC BEVERAGE	2,775,420	2,775,420	-	0.0%	
	02 CABLE TV FRANCHISE	4,855,000	4,855,000	-	0.0%	
	03 ENTERGY FRANCHISE	31,286,263	31,286,263	-	0.0%	
	04 TELEPHONE FRANCHISE	95,000	95,000	-	0.0%	
	05 MISCELLANEOUS FRANCHISE	500,000	500,000	-	0.0%	
	06 OCCUPATIONAL LICENSES	11,558,025	11,673,605	115,580	1.0%	and Premium Tax
	07 SAFETY/ELECTRICAL/MECHANICAL	2,105,500	2,105,500	-	0.0%	
	08 TAXI/TOURGUIDE LICENSES	4,445,000	4,607,400	162,400	3.7%	TNCs
	09 BUILDING PERMITS	6,230,000	7,950,000	1,720,000	27.6%	2 Canal Transferred to 2018
	10 MOTOR VEHICLE PERMITS	2,590,000	2,719,500	129,500	5.0%	
	11 STREETS & CURBS	708,900	708,900	-	0.0%	
	12 MAYORALTY PERMITS	490,000	490,000	0	0.0%	
	13 OTHER	2,305,500	1,705,500	(600,000)	-26.0%	STR Permits, Deputies, VCC & HDLC permits
<b>2 LICENSES &amp; PERMITS Total</b>		<b>69,944,608</b>	<b>71,472,088</b>	<b>1,527,480</b>	<b>2.2%</b>	

# General Fund Revenue Forecast

## December 2017 Revenue Estimating Conference

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Major	Minor	2017 Forecast	2018 Forecast	Change	Growth	Category/Impact Includes:
<b>3 INTERGOVERNMENTAL REVENUE</b>	3 STATE AID - VIDEO POKER	1,400,000	1,400,000	-	0.0%	Prisoner Housing
	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%	STR State Dedication Act 333
	7 STATE AID OTHER	750,000	3,000,000	2,250,000	300.0%	
	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%	
<b>3 INTERGOVERNMENTAL REVENUE Total</b>		<b>20,130,000</b>	<b>22,380,000</b>	<b>2,250,000</b>	<b>11.2%</b>	
<b>4 SERVICE CHARGES</b>	1 GENERAL GOVERNMENT	16,988,940	17,073,885	84,945	0.5%	AVT Collection Fees
	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%	Towing/Booting
	4 STREETS OTHER	3,190,000	3,190,000	-	0.0%	
	5 SANITATION	34,510,273	34,165,170	(345,103)	-1.0%	
	7 PARKS AND PARKWAY	14,000	14,000	-	0.0%	
	7 STATE AID OTHER	85,000	85,000	-	0.0%	Public Safety
	8 INDIRECT COSTS	2,000,000	2,000,000	-	0.0%	
	9 OTHER	21,500	21,500	-	0.0%	Burial Fees
<b>4 SERVICE CHARGES Total</b>		<b>89,192,880</b>	<b>90,432,722</b>	<b>1,239,842</b>	<b>1.4%</b>	
<b>5 FINES &amp; FORFEITS</b>	1 TRAFFIC FINES & VIOLATIONS	2,806,000	2,806,000	-	0.0%	
	2 RED SIGNAL LIGHT/CAMERA ENFORCEMENT	21,400,000	25,200,000	3,800,000	17.8%	
	3 PARKING TICKET COLLECTONS	14,000,000	14,250,000	250,000	1.8%	
	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%	
<b>5 FINES &amp; FORFEITS Total</b>		<b>38,671,000</b>	<b>42,721,000</b>	<b>4,050,000</b>	<b>10.5%</b>	
<b>6 MISCELLANEOUS REVENUE</b>	1 INTEREST - OPERATING & CAPITAL	653,962	326,982	(326,980)	-50.0%	Interest on Bond Proceeds
	2 RENTS & ROYALTIES	1,605,500	1,605,500	-	0.0%	Elimination of Waivers
	3 CONTRIBUTIONS AND OTHER	3,249,000	1,971,000	(1,278,000)	-39.3%	Casino Services Support
	5 MISCELLANEOUS REIMBURSEMENT	6,137,202	6,457,202	320,000	5.2%	WC Subrogation, RTA Transfer, Adjudicated Property Sales
<b>6 MISCELLANEOUS REVENUE Total</b>		<b>11,645,664</b>	<b>10,360,684</b>	<b>(1,284,980)</b>	<b>-11.0%</b>	
<b>7 OTHER FINANCING SOURCES</b>	2 TRANSFER FROM OTHER FUNDS	16,943,000	16,943,000	-	0.0%	Casino Lease
	3 FUND BALANCE	24,748,127	6,662,427	(18,085,700)	-73.1%	
	4 PROCEEDS FROM COI	10,000,000		(10,000,000)	-100.0%	
<b>7 OTHER FINANCING SOURCES Total</b>		<b>51,691,127</b>	<b>23,605,427</b>	<b>(28,085,700)</b>	<b>-54.3%</b>	
<b>Grand Total</b>		<b>658,576,971</b>	<b>646,301,287</b>	<b>(12,275,684)</b>	<b>-1.9%</b>	

