

REVENUE ESTIMATING CONFERENCE QUARTERLY ECONOMIC REVIEW



CITY OF NEW ORLEANS

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NORMAN FOSTER, DIRECTOR OF FINANCE

PRESENTED MONDAY, AUGUST 29TH, 2016



August 2016 Revenue Estimating Conference

- Minutes from June 3rd, 2016
- Outlook
- 2016 GF revenues
- 2017 GF Revenue Forecast
- Discussion
- City Economist Introduction
- Other matters



2016 and 2017 Outlook



2015

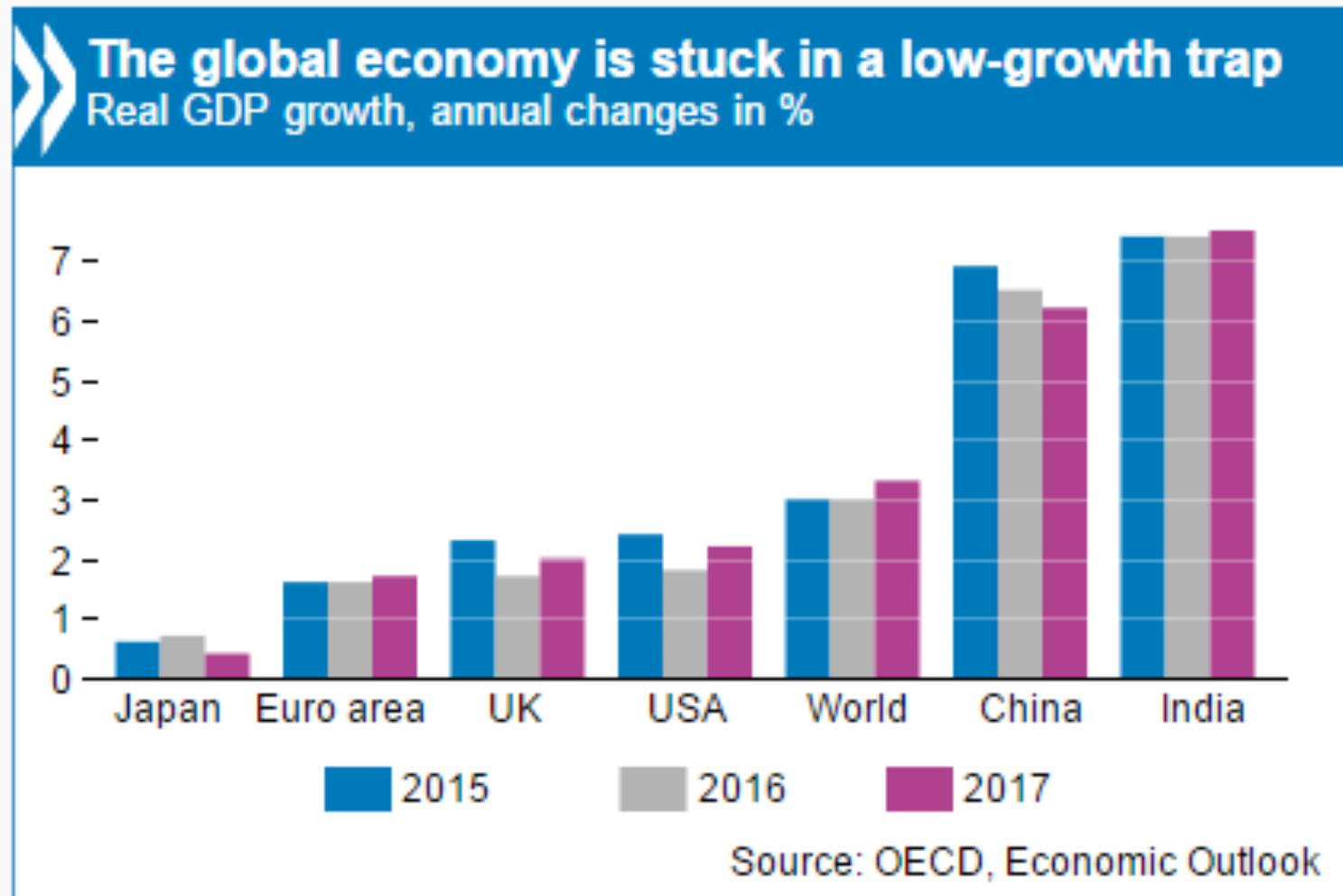
Actuals, 2015. Amended budget, August 2016.

2015
Audited

Revenues	
Recurring Revenues	554,376,406
Non-Recurring revenues	50,808,626
Total Revenues	605,185,032
	<i>In</i>
Expenditures	<i>fro</i>
Recurring Expenditures	541,164,429
Non-recurring Expenditures	3,089,928
Debt Services	28,924,202
Total Expenditures	573,178,559
Excess(Deficiency) of revenues over expenditures	32,006,473
OTHER FINANCING SOURCES & PRIOR YEAR ADJUSTMENTS	
Adjusted Excess (Deficiency) Of Revenues	<u>32,006,473</u>
Net Balance for Year	32,006,473
Beginning of Year	33,308,207
Change in basis or prior period adjustments	<u>3,763,581</u>
End of Year Fund Balance before Assignment	69,078,262
Assigned fund balance for emergencies	25,000,000
[Amount as percent of recurring revenues]	4.5%
Unassigned fund balance	44,078,262



Global economy has slowed in 2016



OECD lowers U.S. economic forecast, implorers world policymakers to 'act now' to boost growth



The U.S. economy will expand 1.8% this year, down from 2.4% last year, the OECD said. The forecast is down from 2.5% in November and 2% in an interim report in February.

A worker walks before stacked containers at the Aomi International Container Terminal in Tokyo on Thursday. (Franck Robichon / European Pressphoto Agency)

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2:42 PM



La. job losses 'frightening,' says revenue forecast chairman



Greg Hilburn, USA TODAY Network

10:53 a.m. CDT May 12, 2016



(Photo: SAM KARLIN/MANSHIP)



Any hopes the economy would ramp up in time to whittle away at Louisiana's projected **\$600 million budget deficit** evaporated Thursday after Revenue Estimating Conference members heard from economists who said Louisiana remains mired in an in-state recession.

Legislative economist Greg Albrecht and the administration's economist Manfred Dix both testified Louisiana is shedding jobs and the rising price of oil isn't enough to offset sagging employment.

"The broader story is from September 2015 on employment is contracting," said Albrecht, who repeated his assertion from February's REC meeting the state is in recession.



"The most frightening figure for me is the negative (forecast) for employment," said REC Chairman James Richardson, an LSU economist.

Dix said the recession sweeps across virtually all sectors, from manufacturing to wholesale trade to professional business services to finance to telecommunications.

"They're all in the red," Dix said.

That means lawmakers must cut \$600 million from the 2016-17 budget or raise taxes in a special session in June as Gov. John Bel Edwards is requesting.

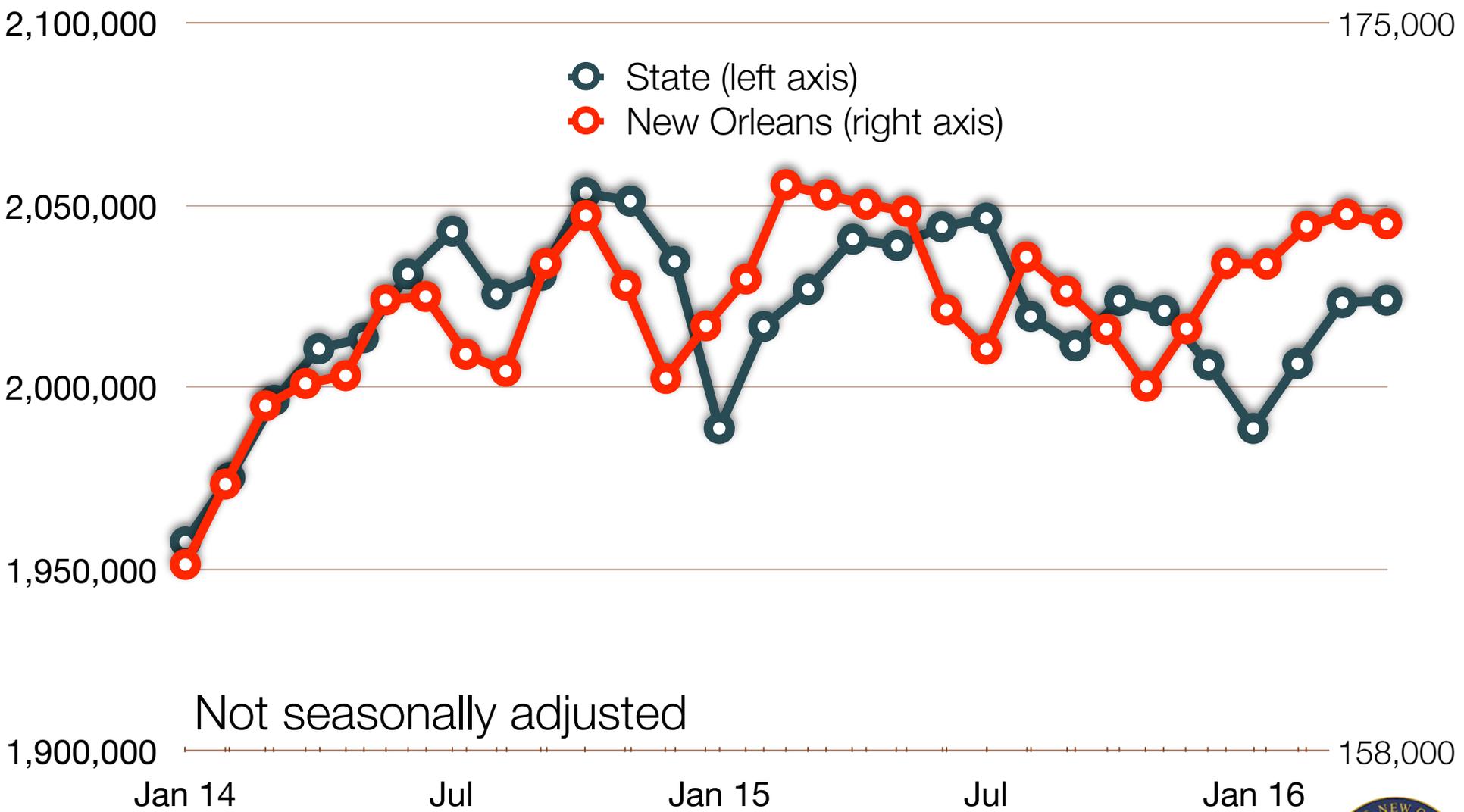


August update on national economy

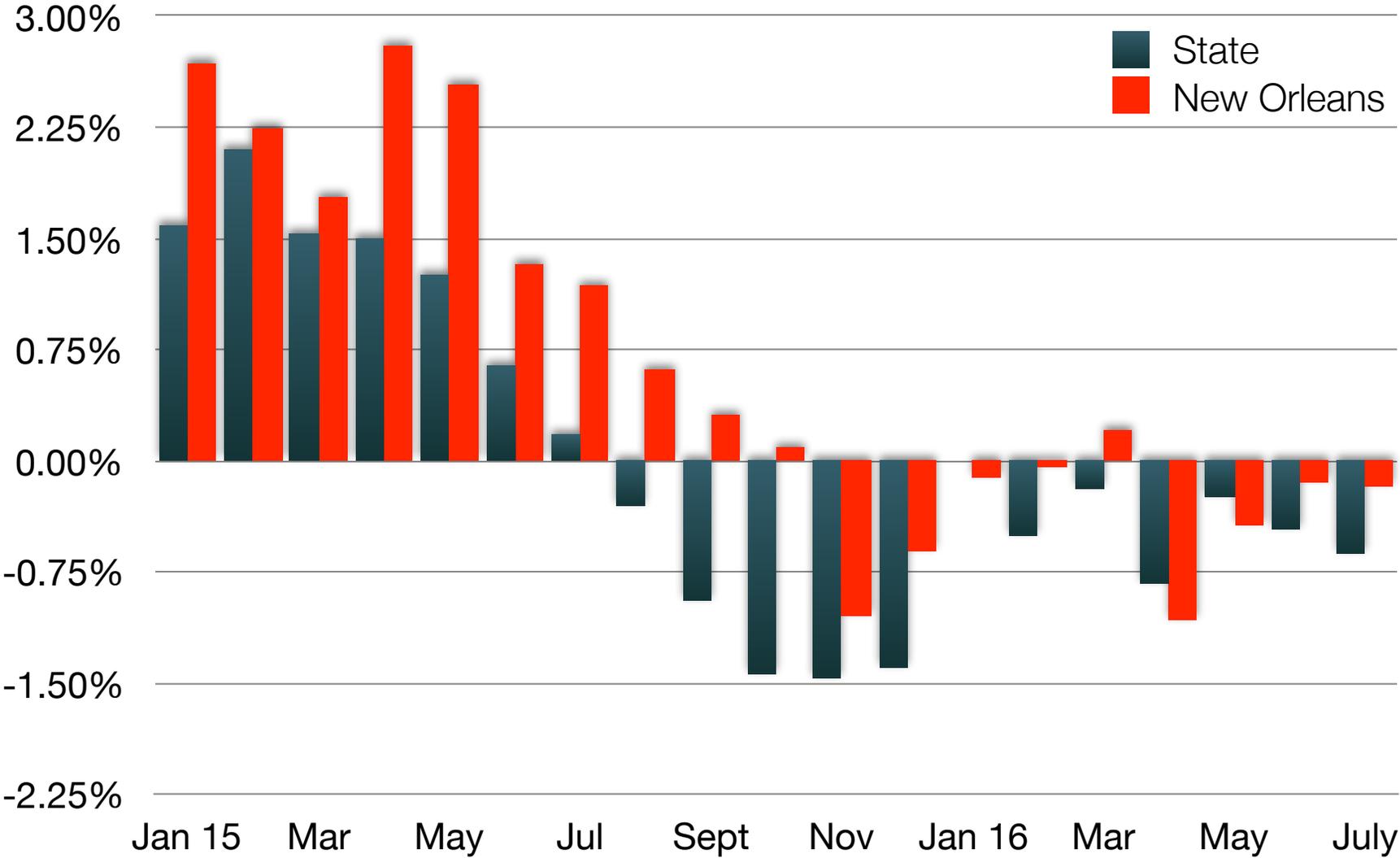
- August 26th: Commerce Department reported that US second quarter growth reduced to 1.1 percent from initial estimate of 1.2 percent (1st quarter was 0.8 percent; first half of 2016 is now 1.0 percent)
- Consumer spending is growing at 4%+ annualized rate; inventory run-down by businesses is a major drag on growth (-1.26% impact)
- National employment growth continues to be positive
 - July change in employment was +255,000
 - Wages up 2.6% over last year
 - Unemployment rate at 4.9%
 - Labor force participation still low but improving (62.8%, up 0.2% over '15)
- Federal Reserve hinting at interest rate changes, and looking at “tools”



Employment trends, LA vs Orleans Parish



Employment trends, LA vs New Orleans MSA



Summary of economic outlook

- National economy growing but weaker than expected
- Louisiana economy is challenged
- State budget balancing will reduce govt spending or raise revenues
- New Orleans economy is relatively healthy, with more modest progress ahead given recent growth and national economic environment

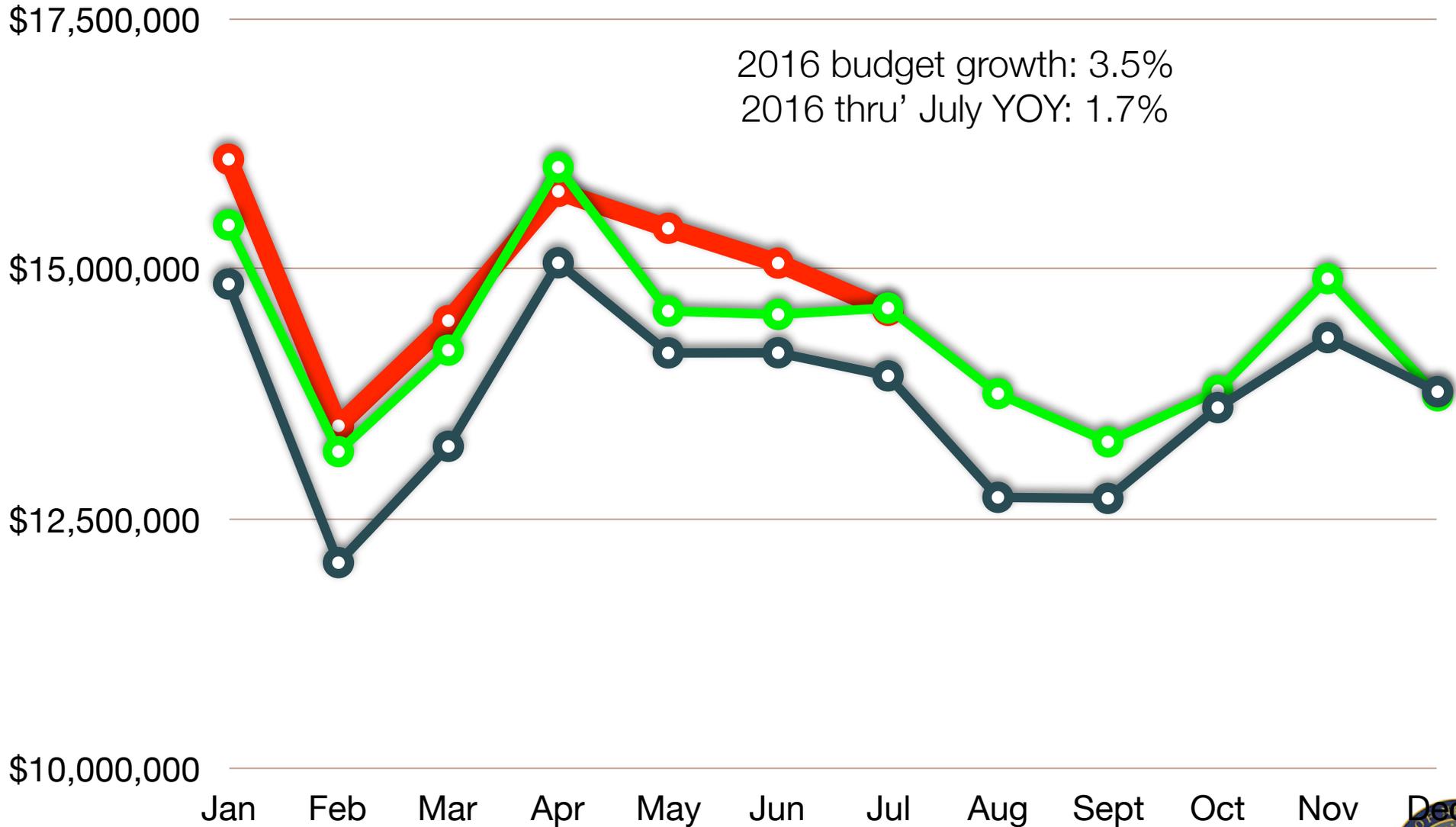


2016 GF Revenues



Sales taxes, City GF, cash, 2014 - 16

- 2014
- 2015
- 2016



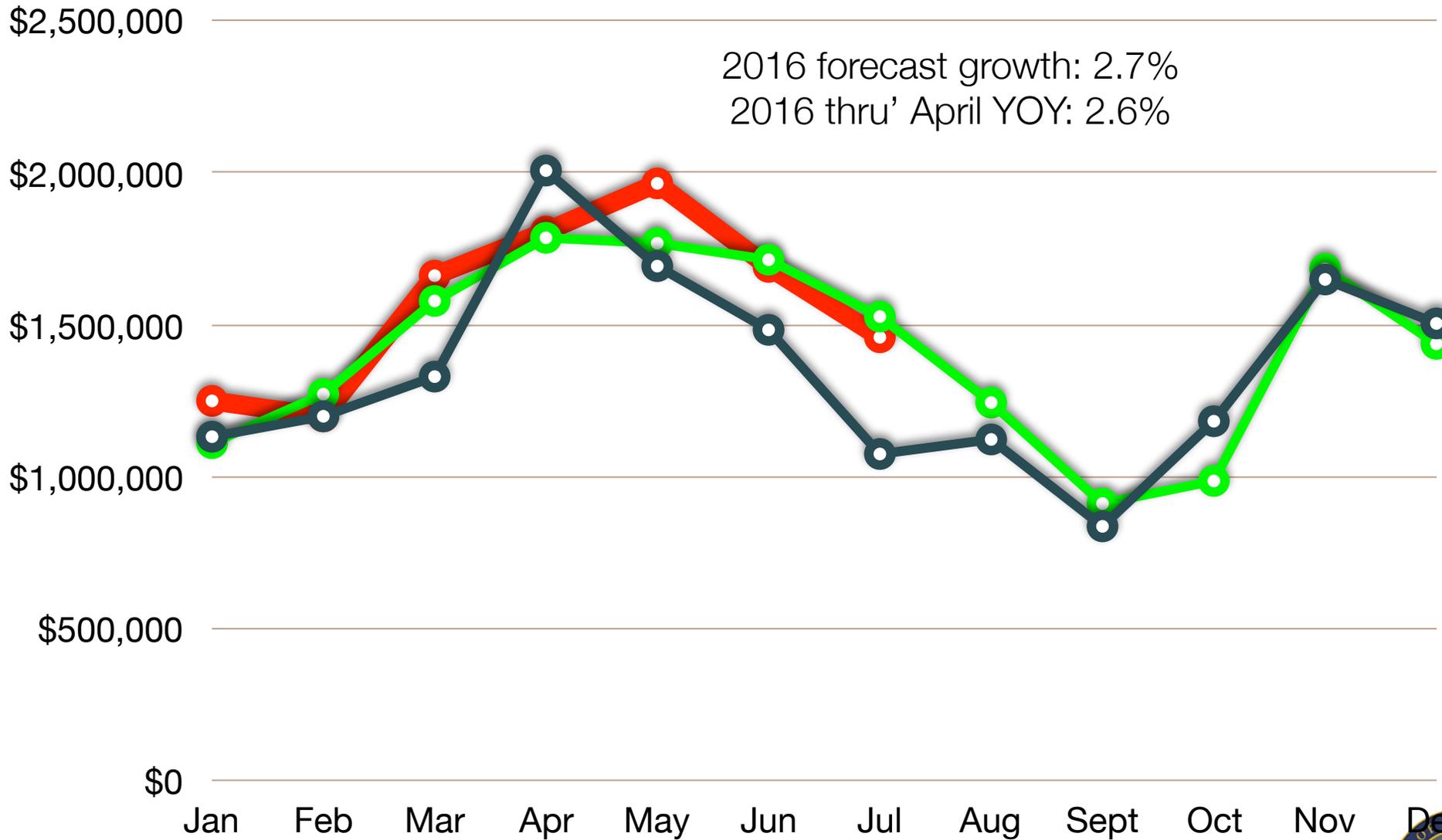
Revenue Estimating Conference

City of New Orleans



Hotel/Motel taxes, cash, City GF, 2014 - 16

- 2014
- 2015
- 2016



City of New Orleans General Fund Revenues Through July 2016

Row Labels	Unaudited 2015 Mar '15	2015 July YTD	2016 REC, June '16	2016 July YTD	Collected/Actual or REC		Change in Collections
					2015	2016	
1A PROPERTY TAX Total	120,368,113	115,891,597	126,386,519	126,915,657	96%	100%	11,024,061
1B OTHER TAXES							
1 SALES TAX	174,092,330	100,255,481	180,124,463	104,826,459	58%	58%	4,570,978
1.1 MOTOR VEHICLE TAX	12,904,587	7,313,749	13,250,000	7,583,488	57%	57%	269,739
1.2 HOTEL/MOTEL TAX	17,152,090	10,805,215	17,344,225	11,027,595	63%	64%	222,381
Other	22,011,427	12,501,777	21,908,000	12,067,351			
1B OTHER TAXES Total	226,160,434	130,876,221	232,626,688	135,504,893	58%	58%	4,628,672
2 LICENSES & PERMITS Total	60,889,703	39,504,302	60,792,788	41,170,504	65%	68%	1,666,202
3 INTERGOVERNMENTAL REVENUE Total	11,262,089	6,627,182	12,801,000	4,824,916	59%	38%	-1,802,266
4 SERVICE CHARGES Total	84,065,006	49,693,330	84,147,361	54,570,958	59%	65%	4,877,628
5 FINES & FORFEITS Total	33,383,445	19,177,301	38,096,000	21,810,711	57%	57%	2,633,410
6 MISCELLANEOUS REVENUE Total	53,958,970	9,383,681	11,365,050	6,613,401	17%	58%	-2,770,280
7 OTHER FINANCING SOURCES Total	14,018,335	11,917,998	39,337,250	6,207,032	85%	16%	-5,710,965
Grand Total	604,106,095	383,071,610	605,552,656	397,618,072	63%	66%	14,546,462



2016 City of New Orleans GF Revenues

- Adopted Budget was \$601.552 million
- June REC adjusted by \$3.901 million to \$605.553 million (0.6%)
- August Monthly report (July with accruals) is on pace with June forecast



2016 GF Revenues and Expenditures



	2015	2016
<i>Actuals, 2015. Amended budget, August 2016.</i>	Audited	Amended
Revenues		
Recurring Revenues	554,376,406	574,752,656
Non-Recurring revenues	50,808,626	32,062,652
Total Revenues	605,185,032	606,815,308
		<i>Includes \$16.5M from Fund Balance</i>
Expenditures		
Recurring Expenditures	541,164,429	553,031,102
Non-recurring Expenditures	3,089,928	23,162,652
Debt Services	28,924,202	28,766,035
Total Expenditures	573,178,559	604,959,789
Excess(Deficiency) of revenues over expenditures	32,006,473	1,855,519
OTHER FINANCING SOURCES & PRIOR YEAR ADJUSTMENTS		(16,500,000)
Adjusted Excess (Deficiency) Of Revenues	32,006,473	(14,644,481)
Net Balance for Year	32,006,473	(14,644,481)
Beginning of Year	33,308,207	69,078,262
Change in basis or prior period adjustments	3,763,581	
End of Year Fund Balance before Assignment	69,078,262	54,433,781
Assigned fund balance for emergencies	25,000,000	25,000,000
[Amount as percent of recurring revenues]	4.5%	4.3%
Unassigned fund balance	44,078,262	29,433,781



2017 GF forecast

- Back out one-time revenues in 2016
 - \$15 million from Fund Balance for Fire longevity payment
 - \$4.65 million for Adjudicated auction proceeds in 2015
 - \$2.0 million in Building permits
 - \$2.9 million in Convention Center transfer
- Department estimates for non-tax revenues
 - Net change small from 2016 June forecast
 - Sanitation — 4 percentage points change
- Taxes
 - 3% growth from 2016 June forecast for sales tax
 - 4% growth on property tax, some adjustments to prior years (3.3% net)



CatMajorSort	2016 REC June 2016	2017 REC Aug 2016	Change
1A PROPERTY TAX	126,386,519	130,550,290	3.3%
1B OTHER TAXES	232,626,688	237,147,004	1.9%
2 LICENSES & PERMITS	60,792,788	60,889,688	0.2%
3 INTERGOVERNMENTAL REVENUE	12,801,000	12,781,000	-0.2%
4 SERVICE CHARGES	84,147,361	87,513,090	4.0%
5 FINES & FORFEITS	38,096,000	38,071,000	-0.1%
6 MISCELLANEOUS REVENUE	11,365,050	10,940,202	-3.7%
7 OTHER FINANCING SOURCES	39,337,250	16,787,250	-57.3%
Grand Total	605,552,656	594,679,524	-1.8%

One-time items removed from 2016 (24,550,000)

Subtotal 581,002,656 594,679,524 2.4%

13,676,868 Dollar change YOY



City of New Orleans General Fund Revenues 2017 forecast vs. 2016 forecast (August 2016)

CatMajorSort	CatMinorSort	2016 REC June 2016	2017 REC Aug 2016	Change	Comment
1A PROPERTY TAX	1 REAL/PERSONAL PROPERTY - CURRENT	46,438,901	48,296,457	4.0%	
	2 PRIOR YEAR PROPERTY	2,868,673	2,581,806	-10.0%	
	3 POLICE/FIRE DEDICATED MILLS	58,401,653	60,737,719	4.0%	
	4 NORD DEDICATED 1.5 MILLS	4,645,927	4,831,764	4.0%	
	5 PARKWAY DEDICATED 1.5 MILLS	4,645,927	4,831,764	4.0%	
	6 STREETS DEDICATED 1.9 MILLS	5,884,901	6,120,297	4.0%	
	7 INTEREST & PENALTIES	3,500,536	3,150,482	-10.0%	
1A PROPERTY TAX Total		126,386,519	130,550,290	3.3%	
1B OTHER TAXES	1 SALES TAX	180,124,463	183,726,952	2.0%	
	1.1 MOTOR VEHICLE TAX	13,250,000	13,647,500	3.0%	
	1.2 HOTEL/MOTEL TAX	17,344,225	17,864,552	3.0%	
	2 BEER & WINE TAX	470,000	470,000	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	193,000	193,000	0.0%	
7 UTILILITY TAX	10,585,000	10,585,000	0.0%		
8 FAIRGROUND SLOT MACHINE 4% TAX	1,500,000	1,500,000	0.0%		
1B OTHER TAXES Total		232,626,688	237,147,004	1.9%	
2 LICENSES & PERMITS	01 ALCOHOLIC BEVERAGE	2,721,000	2,721,000	0.0%	
	02 CABLE TV FRANCHISE	4,400,000	4,400,000	0.0%	
	03 ENTERGY FRANCHISE	27,095,263	27,095,263	0.0%	
	04 TELEPHONE FRANCHISE	191,000	191,000	0.0%	
	05 MISCELLANEOUS FRANCHISE	400,000	400,000	0.0%	
	06 OCCUPATIONAL LICENSES	10,658,025	10,658,025	0.0%	
	07 SAFETY/ELECTRICAL/MECHANICAL	2,404,000	2,405,500	0.1%	
	08 TAXI/TOURGUIDE LICENSES	1,198,500	3,660,000	205.4%	Rideshare fees
	09 BUILDING PERMITS	8,020,000	6,030,000	-24.8%	\$2M one-time
	10 MOTOR VEHICLE PERMITS	2,300,000	2,090,000	-9.1%	
	11 STREETS & CURBS	445,000	408,900	-8.1%	
	12 MAYORALTY PERMITS	290,000	290,000	0.0%	
	13 OTHER	670,000	540,000	-19.4%	
2 LICENSES & PERMITS Total		60,792,788	60,889,688	0.2%	
3 INTERGOVERNMENTAL REVENUE	3 STATE AID - VIDEO POKER	2,600,000	2,600,000	0.0%	
	4 STATE DEPT. OF CORRECTIONS	50,000	30,000	-40.0%	



CatMajorSort	CatMinorSort	2016 REC June 2016	2017 REC Aug 2016	Change	Comment
	5 STATE AID-MEDICAID	3,601,000	3,601,000	0.0%	
	6 STATE REVENUE SHARING	2,060,000	2,060,000	0.0%	
	7 STATE AID OTHER				
	8 PARISH TRANSP FUND: ROADS	2,290,000	2,290,000	0.0%	
	8 PARISH TRANSP FUND: TRANSIT	2,200,000	2,200,000	0.0%	
3 INTERGOVERNMENTAL REVENUE Total		12,801,000	12,781,000	-0.2%	
4 SERVICE CHARGES					
	1 GENERAL GOVERNMENT	15,329,629	15,206,956	-0.8%	
	2 PUBLIC SAFETY	18,856,426	20,809,397	10.4%	
	3 STREETS PARKING METERS	9,000,000	8,958,000	-0.5%	
	4 STREETS OTHER	3,534,400	3,584,000	1.4%	
	5 SANITATION	35,186,406	36,834,237	4.7%	Four percentage points
	7 PARKS AND PARKWAY	30,000	14,000	-53.3%	
	7 STATE AID OTHER	185,000	85,000	-54.1%	
	8 INDIRECT COSTS	2,000,000	2,000,000	0.0%	
	9 OTHER	25,500	21,500	-15.7%	
4 SERVICE CHARGES Total		84,147,361	87,513,090	4.0%	
5 FINES & FORFEITS					
	1 TRAFFIC FINES & VIOLATIONS	6,606,000	6,606,000	0.0%	
	2 RED SIGNAL LIGHT/CAMERA ENFORCEMENT	16,000,000	16,000,000	0.0%	Held level
	3 PARKING TICKET COLLECTONS	15,000,000	15,000,000	0.0%	Held level
	4 ADMIN. ADJUDICATION FEES	65,000	50,000	-23.1%	
	5 MUNICIPAL COURT FINES & COSTS	300,000	290,000	-3.3%	
	6 IMPOUNDED/ABANDONED VEHICLES	125,000	125,000	0.0%	
5 FINES & FORFEITS Total		38,096,000	38,071,000	-0.1%	
6 MISCELLANEOUS REVENUE					
	1 INTEREST - OPERATING & CAPITAL	40,000	40,000	0.0%	
	2 RENTS & ROYALTIES	1,160,000	1,155,500	-0.4%	
	3 CONTRIBUTIONS AND OTHER	3,771,000	3,771,000	0.0%	
	5 MISCELLANEOUS REIMBURSEMENT	6,394,050	5,973,702	-6.6%	
6 MISCELLANEOUS REVENUE Total		11,365,050	10,940,202	-3.7%	
7 OTHER FINANCING SOURCES					
	2 TRANSFER FROM OTHER FUNDS	24,337,250	16,787,250		Adjudicated auctions
	3 FUND BALANCE	15,000,000	0	-100.0%	Fire longevity payment
7 OTHER FINANCING SOURCES Total		39,337,250	16,787,250	-57.3%	
Grand Total		605,552,656	594,679,524	-1.8%	
	One-time items removed from 2016	(24,550,000)	594,679,524		
	Subtotal	581,002,656	594,679,524	2.4%	
			13,676,868	Dollar change YOY	



Discussion

