

MEETING MINUTES
REVENUE ESTIMATING CONFERENCE
OCTOBER 19, 2020
MEETING HELD VIRTUALLY (ZOOM)

PRESENT

Honorable LaToya Cantrell, Mayor
Honorable Jared Brossett, Councilmember District "D"
Honorable Helena Moreno, Councilmember-at-Large and Council Vice President (non-voting)
Honorable Cyndi Nguyen, Councilmember District "E" (non-voting)
Honorable Kristin Gisleson Palmer, Councilmember District "C" (non-voting)
Gilbert Montaña, Chief Administrative Officer
Norman White, Director of Finance/CFO
Mara Baumgarden Force, Professor, Tulane University

ABSENT

Mara Baumgarden Force, Professor, Tulane University

OPENING

The meeting of the Revenue Estimating Conference (REC) was called to order by Chief Administrative Officer Gilbert Montaña.

1. Introduction
Due to the COVID-19 pandemic, the meeting was held virtually. Roll call was taken by Mr. Montaña. Pursuant to guidelines established by the Attorney General of Louisiana, the agenda was read in full and then a 20-minute recess was taken to allow for public comment in the virtual format.
2. Return from Recess
After the recess period, Mr. Montaña resumed the meeting. He explained the function of the Revenue Estimating Conference and reviewed the agenda, mentioning that agenda item #3, adoption of the minutes from the previous meeting, was being deferred. He then introduced the City Economist, Randall McElroy.
3. Economic Outlook
Mr. McElroy discussed the economic background of the 2020 revised forecast. Year-over-year monthly changes in employment in the New Orleans Metropolitan Statistical Area were strongly negative beginning in April. The New Orleans labor force showed slight deviations from recent historical trends. The unemployment rate spiked in April and declined slightly afterwards. Average weekly earnings in the New Orleans MSA and in Louisiana continued on trend. Finally, real GDP growth declined in Q1 and was historically low in Q2.
4. Review of 2019 General Fund Revenue

Mr. McElroy compared 2018 actual revenue and 2019 unaudited actual revenue. Total General Fund Revenue declined by 2.3%. One-time Revenue declined by 54.4%. Recurring General Fund Revenue increased by 2.9%.

He then compared the 2019 forecast to 2019 unaudited actual revenue. Total General Fund Revenue was 3.3% lower than anticipated. One-time revenue was down 38.9%, due mainly to state payments that were recalculated or superseded. Recurring General Fund Revenue was 0.7% lower than in the forecast. Major increases and decreases from 2018 to 2019 were discussed; the largest increase was \$10M from the NOBC transfer payment, and the largest decrease was from the \$33M World Trade Center lease advance in 2018.

5. 2020 General Fund Revenue Forecast Revision

Mr. McElroy discussed the changes between the initial 2020 forecast and the revision presented for adoption. Due to the global pandemic, the revision presented was significantly lower than the original forecast; major changes include a \$69.6M decline in Other Taxes, concentrated in sales and hotel taxes, and a \$30M decline in Fines and Forfeits, concentrated in lower red light camera ticket and parking ticket collections. Higher than expected one-time payments totaling \$120.7M were counted, but Total General Fund Revenue decreased from \$725,879,669 to \$680,003,013 (-6.3%) and Recurring General Fund Revenue decreased from \$694,253,118 to \$559,330,493 (-19.4%) between estimates. Mr. Montañó emphasized the importance of the decreases to the city's budget and noted the arrival of Mayor Cantrell and Councilmember Palmer. Mr. White discussed how the overall decrease in sales tax receipts included some increases in online shopping and grocery store purchases.

Mr. McElroy presented some of the major changes in the revised 2020 forecast and non-recurring revenues. The largest were Harrah's payments and the CARES Act funds. He then discussed the reasons for uncertainty in 2020 and 2021 revenue, including public health conditions, macroeconomic conditions, public behavior, and other policies.

6. Public Health

The director of the Health Department, Dr. Jennifer Avegno, discussed the public health outlook for the near future, and emphasized that controlling the COVID-19 virus is the key factor in resuming normal life in New Orleans.

7. General Fund Balance Planning Projection

Mr. McElroy presented an example projection of effects of future revenues and expenditures on the city's fund balance. Current projections anticipated an approximately \$3M deficit in 2020, leaving an unassigned fund balance of \$11.9M (6.3% of total expenditures and 7.6% of recurring revenue). Councilmember Brossett clarified that the current unaudited 2019 estimated fund balance use was \$1M, and Mr. White explained that this was due to lower than anticipated one-time revenues in 2019.

8. Official 2020 Forecast Revision

Mr. McElroy read into the record the official forecast revision in the amount of \$680,003,013 in Total General Fund Revenue and \$559,330,493 of Recurring General Fund Revenue. Mr. White moved to adopt the revision, seconded by Councilmember Brossett. The motion carried unanimously.

9. Savings Fund Certification

Mr. McElroy explained the provision for the savings fund certification, and presented the amount to be certified as \$30,826,766. Mayor Cantrell moved to certify the amount, seconded by Mr. White. The motion carried unanimously.

10. Closing Remarks and Adjournment

Mr. Montaña recapitulated the city's financial position and the potential difficulties in 2021. Mr. White then motioned to adjourn, seconded by Mayor Cantrell. The motion carried and the meeting adjourned.