



REVENUE ESTIMATING CONFERENCE

CONFERENCE MEMBERS

HON. LaTOYA CANTRELL, MAYOR, CHAIR

HON. JOSEPH GIARRUSSO, COUNCILMEMBER DISTRICT A

HON. HELENA MORENO, COUNCILMEMBER-AT-LARGE (NON-VOTING REP.)

GILBERT MONTAÑO, CHIEF ADMINISTRATIVE OFFICER

ROMY S. SAMUEL, INTERIM DIRECTOR OF FINANCE

MARA BAUMGARTEN FORCE, TULANE UNIVERSITY

City of New Orleans

June 3, 2024

REVENUE ESTIMATING CONFERENCE

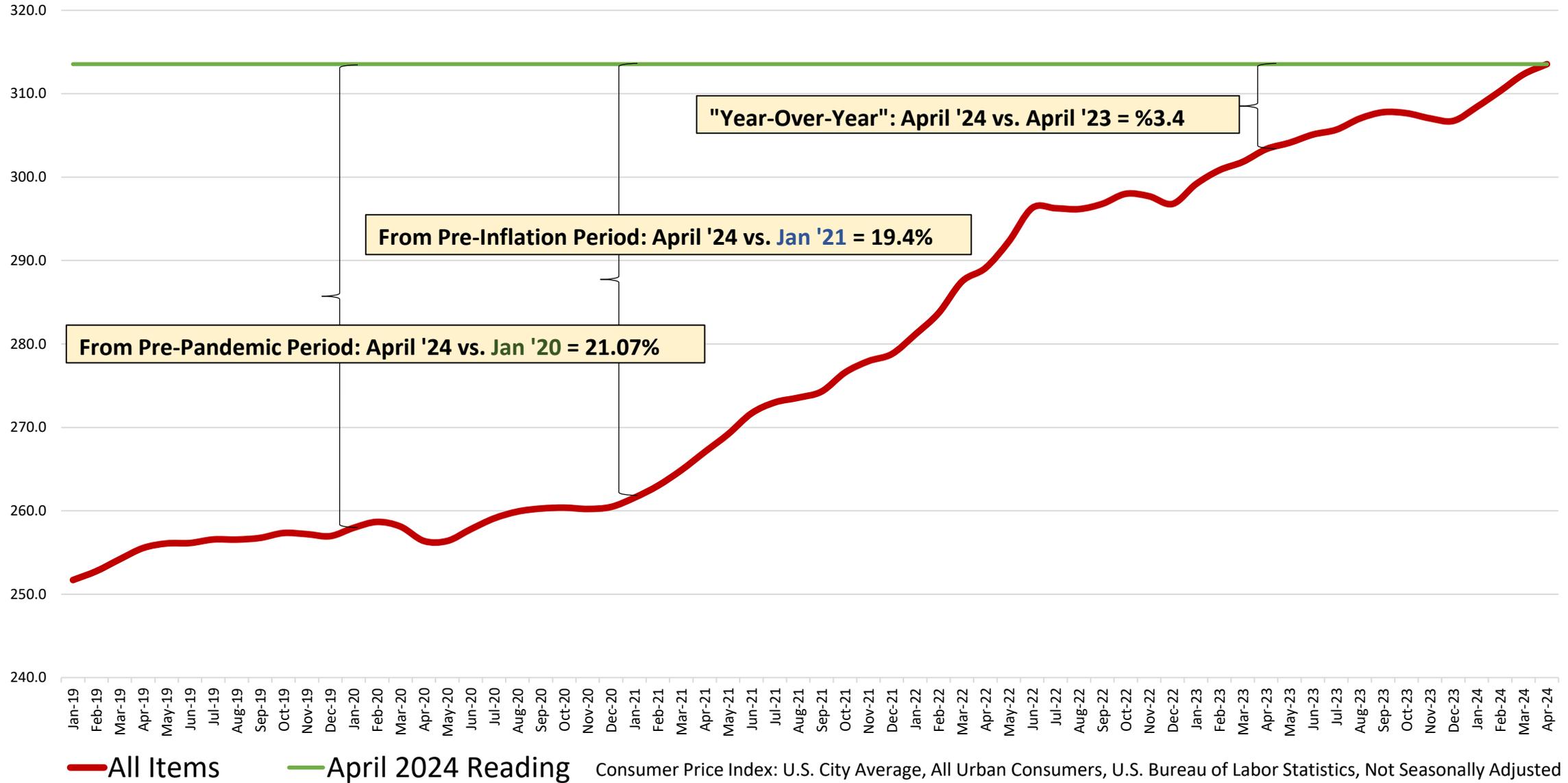
June 3, 2024

1. Adoption of Minutes from October 23, 2023 Revenue Estimating Conference
2. Discussion of 2024 General Fund Forecast
3. Discussion of 2025 General Fund Forecast

Key Risks to 2024 General Fund Forecast

- Residential STR ruling issued on Feb. 28 has lessened -\$20m risk
 - Pending Zoning ordinances related to “Non-Commercial” Short-Term Rentals still present risk to General Fund forecast
- Fiscal Risks:
 - LA Senate Bill 302: Red Light/Speed Limit Enforcement Cameras = -\$15-20m from General Fund Revenue
 - Equivalent to one month of Sales Tax Revenue
 - Permitting Process issues remain unresolved and backlog continues
 - Restrains initial permitting operations and revenues and matriculates through process
- Potential Remains for Recession
 - Local Economy and General Fund Revenues still recovering from lockdown era
 - Potential for Financial and Commercial Crisis would directly impact NOLA real estate market, commercial activity/labor market, and visitor activity and revenues

Price Level: CPI Value April 2024

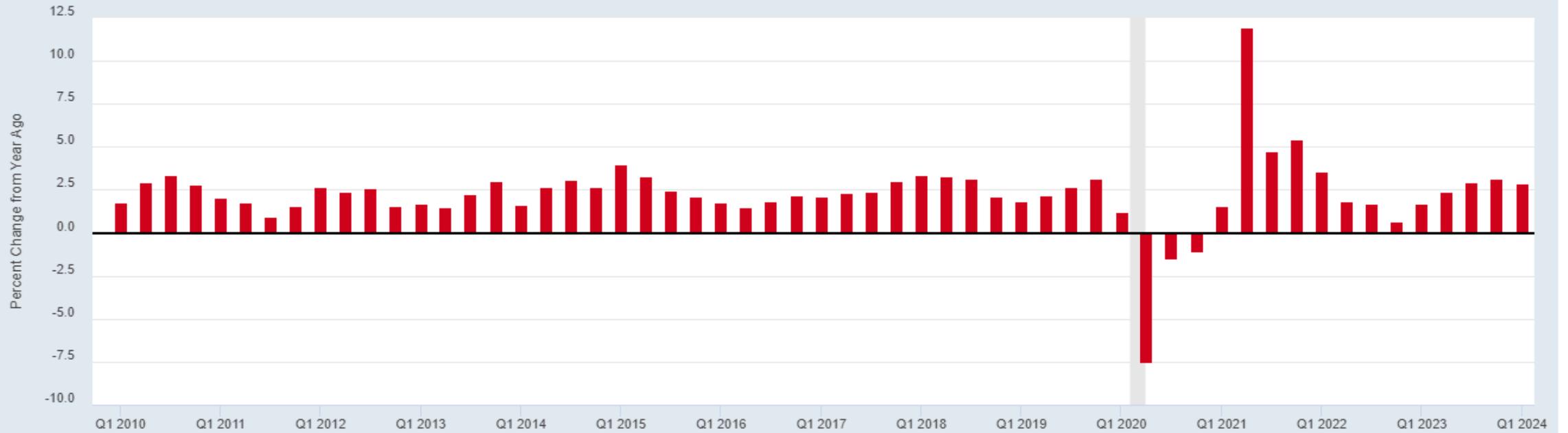


Additional Inflation Statistics

- Nationwide, All Items are +19.9% more expensive vs. Jan 2021
 - Inflation Rate has not read less than 3.0% in any month since March 2021
 - Target Inflation Rate is ~1.5% in a typical monthly reading, April rate is 2.4x higher
- On Average: what cost \$100 in 2021 = \$120 in 2024
 - Food: \$100 in 2021 = \$121 in 2024
 - Shelter: \$100 in 2021 = \$121 in 2024
 - Energy: \$100 in 2021 = \$142 in 2024
- Inflation Rate has out-paced wage increase since pandemic:
 - Real Median Household Income has fallen for three straight years (2020-2022), by 4.7% total (2023 statistics forthcoming) – *U.S. Census Bureau*
- Combination of falling income, rising interest rates, and low supply has priced half of Americans out of vehicle the market - *Experian*
 - New Vehicles – Avg. payment in 2021: \$582; 2023: \$729
 - Used Vehicles – Avg. payment in 2021: \$440; 2023: \$528



● Real Gross Domestic Product



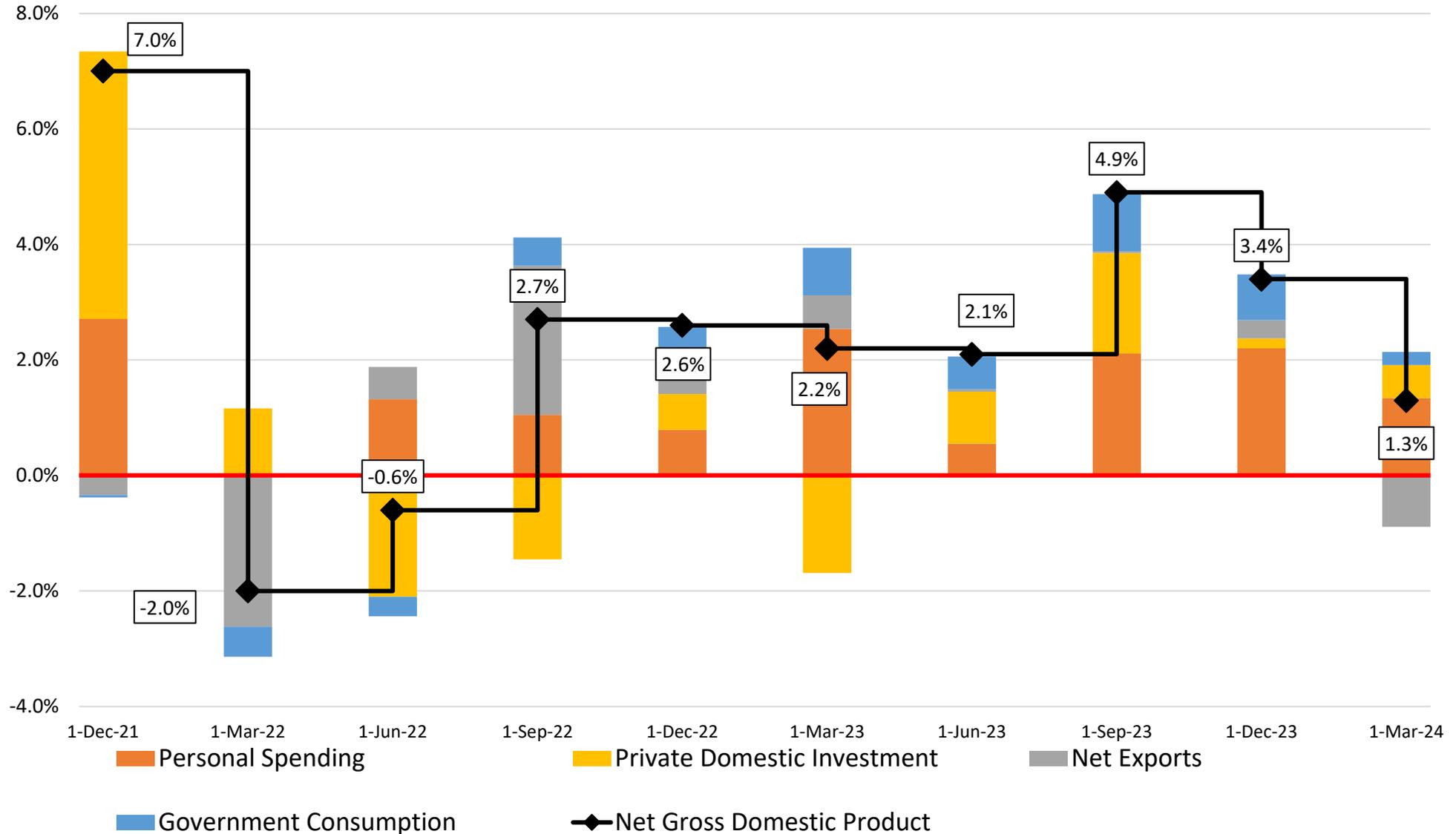
Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

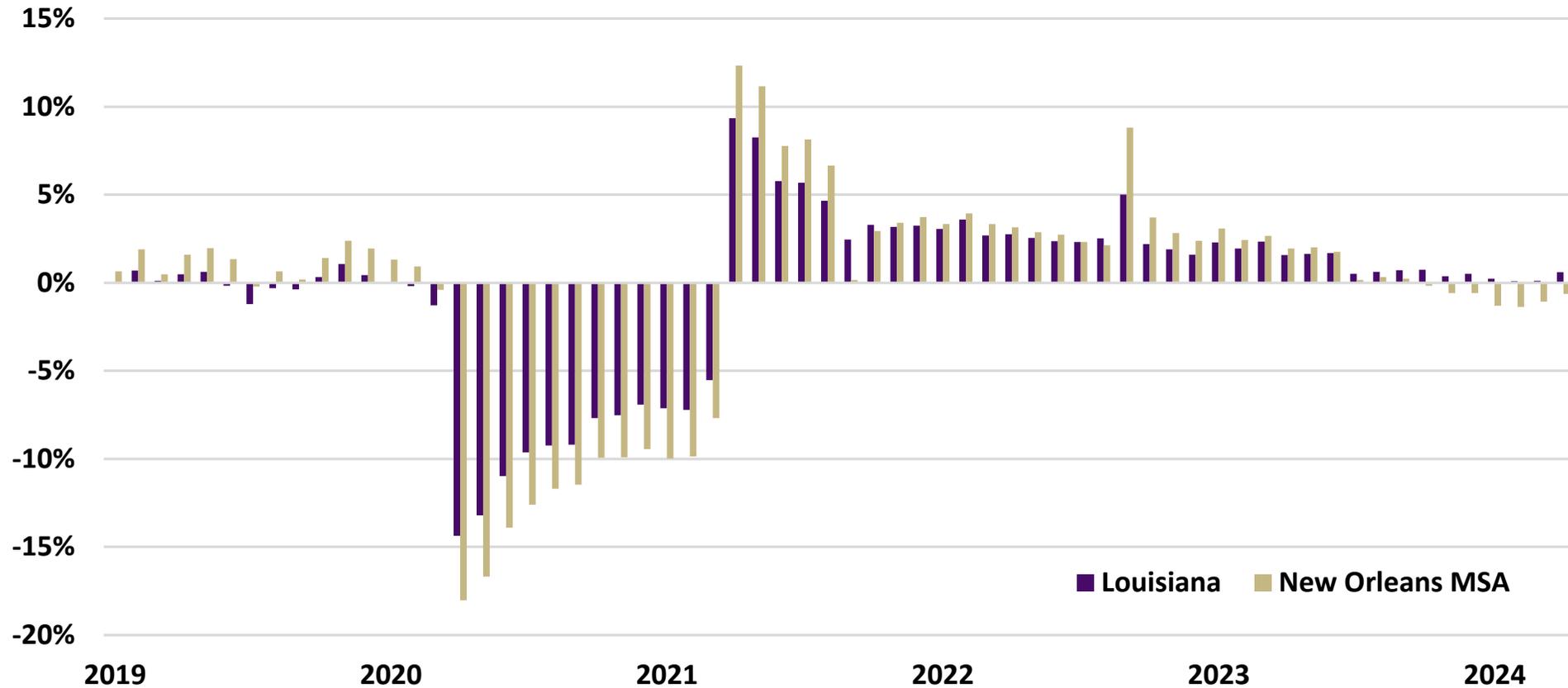
fred.stlouisfed.org



Net Contributions to Real GDP: Quarterly Change

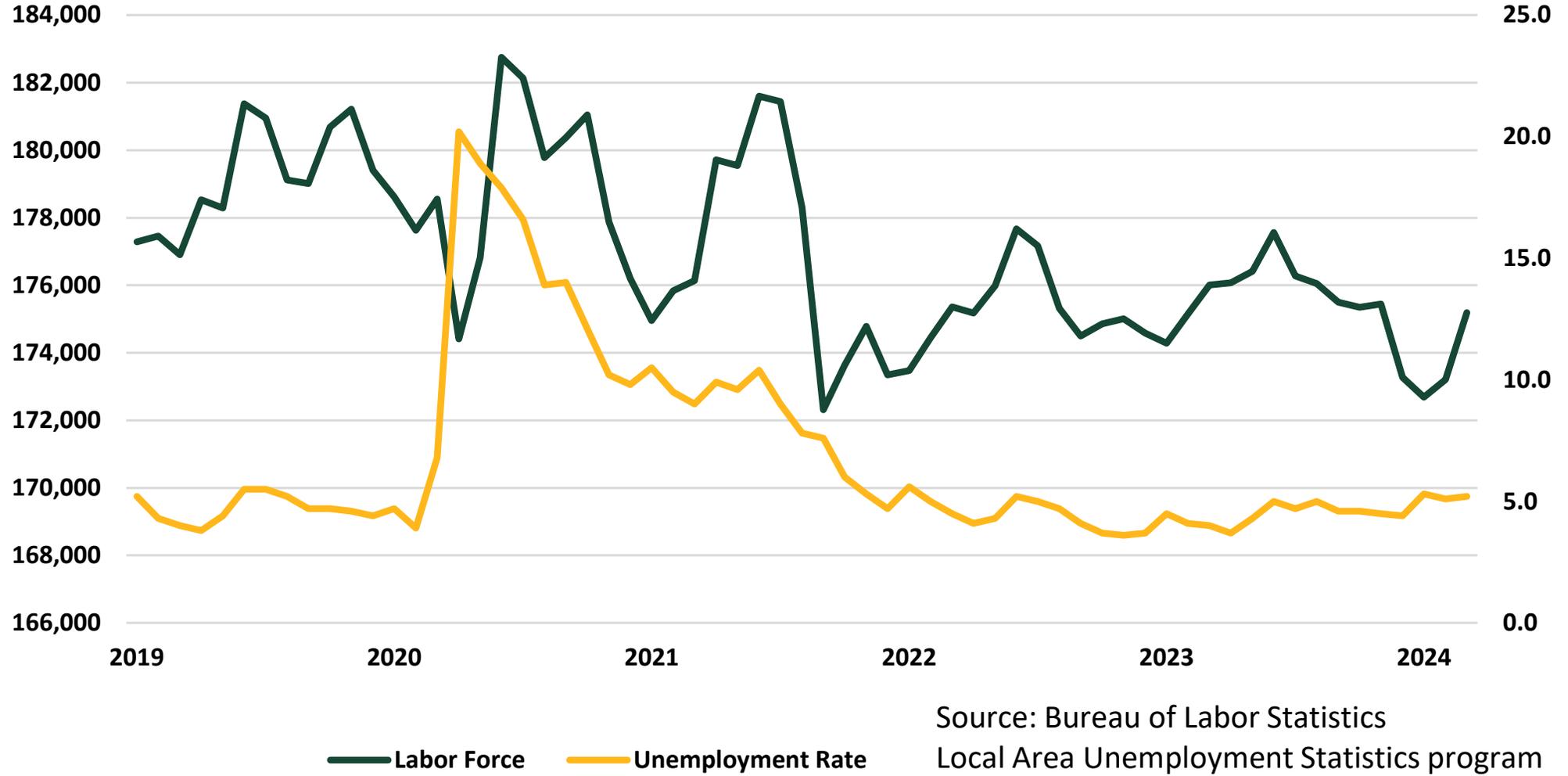


Year-Over-Year Growth: Monthly Payroll Employment - April 2024

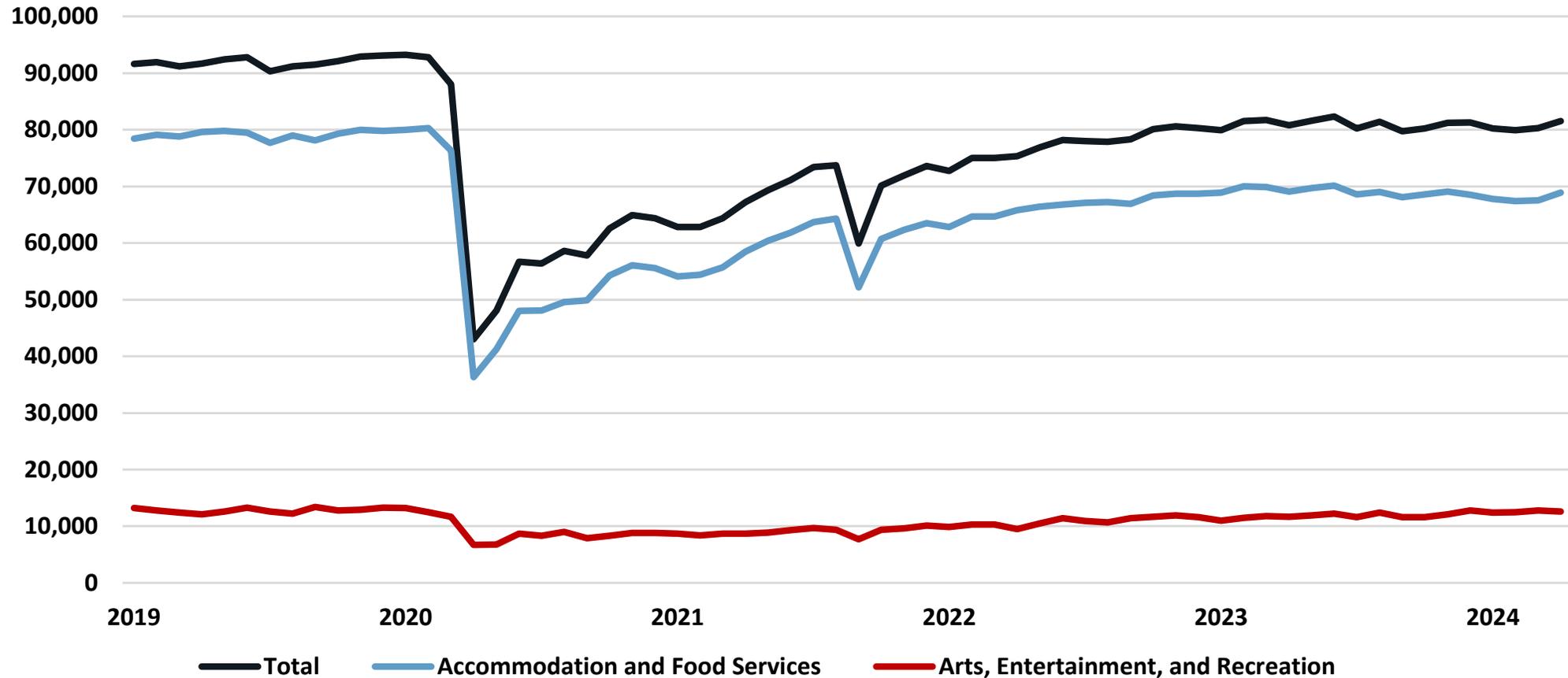


Source: Bureau of Labor Statistics
Current Employment Statistics program

Orleans Parish Labor Force and Unemployment Rate

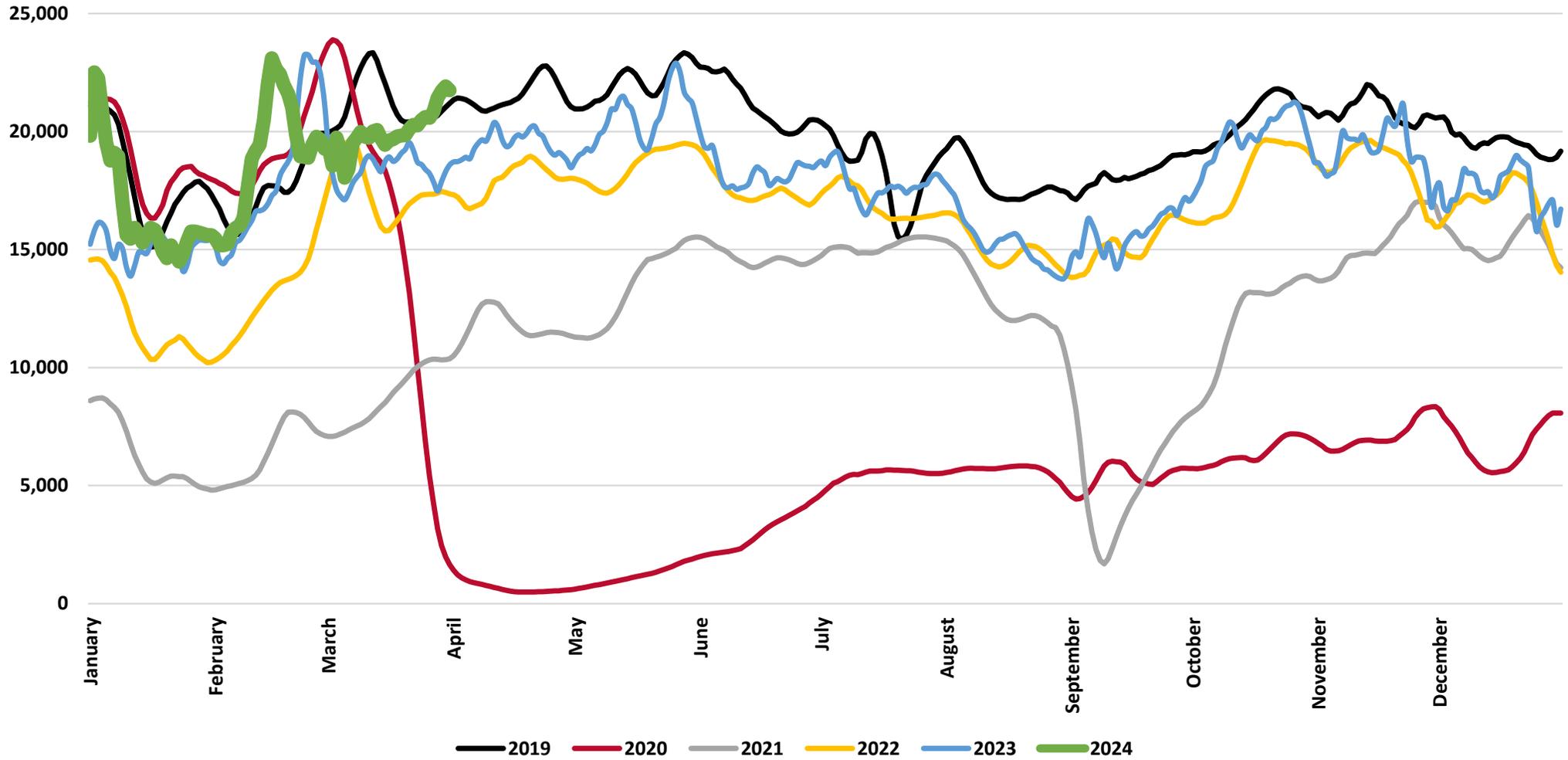


New Orleans MSA - Leisure and Hospitality Sector



Source: Bureau of Labor Statistics
Current Employment Statistics program

Louis Armstrong New Orleans International Airport Passenger Traffic 7-Day Moving Average

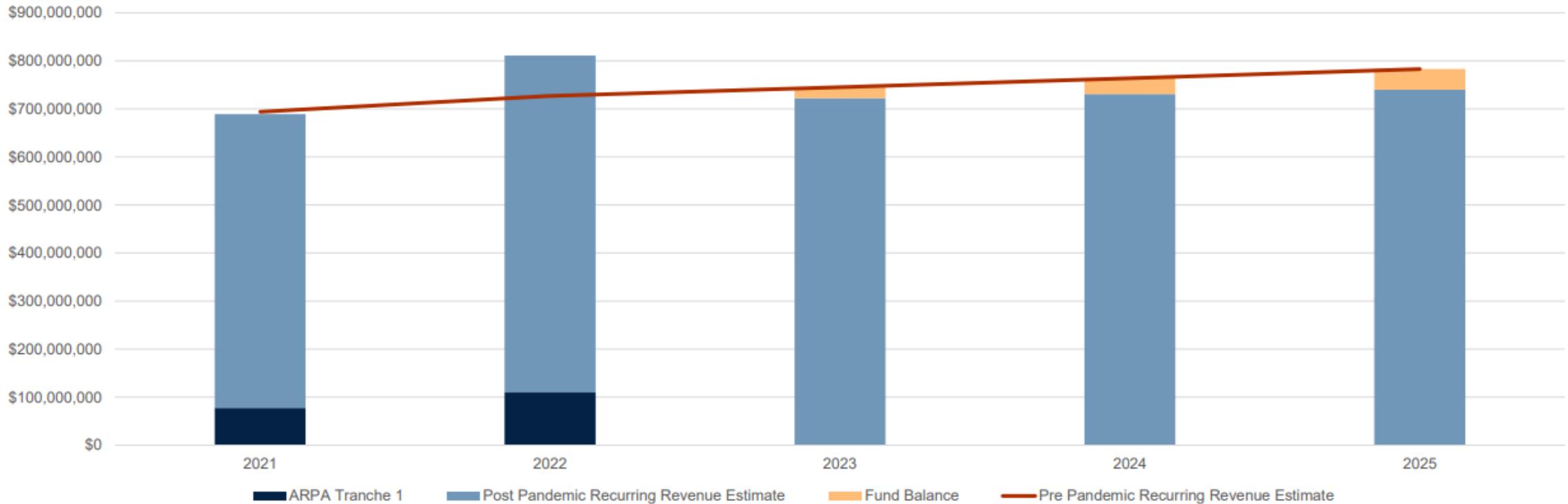


2025 General Fund Forecast Notes:

- Oct 1st delivery date of proposed budget requires a compressed timeline for General Fund forecast
 - Now only 6 months of actual 2024 revenues will be available before General Fund Forecast must be presented, compared with typical 10 months
 - Property Value Assessment for 2025 tax season will not be available
- **Estimated variance for 2025 General Fund Forecast is largest ever**
- Finance Dept. intends to create an updated 5-year General Fund Revenue Forecast for 2025 – 2030
 - Enhances our Bond Rating and compliance with GFOA best practices
 - Due to the current election year and underlying economic uncertainty, this will also carry a **significant amount of variance** until next year's revision

Revised Recurring Revenue Outlook

The Administration continues to expect recurring revenue shortfalls through fiscal year 2025.



Data Appendix
