

MEETING MINUTES
REVENUE ESTIMATING CONFERENCE
March 15, 2024

PRESENT

Honorable LaToya Cantrell, Mayor
Honorable Joseph Giarrusso, Councilmember District "A"
Gilbert Montañó, Chief Administrative Officer
Norman White, Director of Finance/Chief Financial Officer
Mara Baumgarden Force, Professor, Tulane University

ABSENT

Honorable Helena Moreno, Council Member At-Large (non-voting)

OPENING

The meeting of the Revenue Estimating Conference (REC) was called to order by Mayor LaToya Cantrell.

1. Mayor's Remarks

Mayor Cantrell began the meeting by remarking on the state of the economy and City's fiscal recovery efforts following the COVID-19 pandemic and policies. The Mayor emphasized that while the City is financially healthy due to the accomplishments of our staff, the City remains in a recovery trajectory from a tax revenue standpoint and requires continued superb fiscal management in preparation for 2025.

2. Adoption of Minutes

Councilman Giarrusso moved to adopt the minutes from the October 2023 meeting, with a second provided by CAO Montañó, with the minutes adopted unanimously.

3. Discussion of 2024 General Fund Revenue Forecast

Chief Economist Matthew Cooper began by echoing the Mayor's remarks on the revenue and fiscal recovery factors which the City continues to experience and which creates the general assumptions underlying the 2024 General Fund Revenue Forecast. Mr. Cooper then reviewed the specific risks to the City's revenue situation by the economic environment, highlighting inflation and the labor market. He reported that due to revisions made by the US Dept. of Labor, the data showed that the local labor market began losing jobs during the second half of 2023, indicating that the local economy was struggling to recover back to a pre-pandemic level and had actually been losing ground. Citing this information, combined with the negative year-over-year revenue growth, Mr. Cooper suggested that a strong threat of budget deficit exists within the next two to three years in the absence of spending reductions or revenue recovery.

Mr. Cooper finished his presentation by asking for addition questions from the REC members. CFO Norman White asked which specific revenue source was most at risk due to the factors which were discussed, to which Mr. Cooper responded that the Sales and other Excise Tax revenues, which make up half of the recurring revenues for the City, were most at risk.

Professor Mara Force commented in agreement that the information presented certainly does require concern and a preparation for economic and fiscal risk. Mr. Cooper noted with more detail on how specifically economic and fiscal risk could potentially play out during the rest of 2024, citing the labor market, interest rates, and the commercial real estate market, and that uncertainty about the next twelve to eighteen months was a major factor driving the numbers. CFO White then requested and was provided more clarification on the commercial real estate market and how that could create a risk to the banking system if owners of commercial space failed to pay their mortgages due to a lack of commercial tenants occupying space following the pandemic and remote-work policies. Mayor Cantrell finished the discussion by noting that in the face of all of the economic and fiscal risks presented by the uncertain environment, the City has chosen over the past few years to install pay increases and other benefits for its employees.

4. Adjournment

There being no additional questions from the panel or public comment, Mayor Cantrell called for a motion to adjourn. With a motion and a second provided by CAO Montañó, adjournment was passed unanimously and executed.