

MEETING MINUTES
REVENUE ESTIMATING CONFERENCE
September 3, 2024

PRESENT

Honorable Joseph Giarrusso, Councilmember District "A"
Gilbert Montaña, Chief Administrative Officer
Romy Samuel, Director of Finance
Mara Baumgarden Force, Professor, Tulane University

ABSENT

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

OPENING

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

1. Adoption of Minutes

Prof. Force moved to adopt the minutes from the August 14, 2024 meeting, with a second provided by Finance Director Romy Samuel, with the minutes adopted unanimously.

2. Discussion of 2023 Audited Actual General Fund Revenue

Chief Economist Matthew Cooper began by stating that in the roughly two weeks since the previous REC very little had substantially changed in the economic landscape, but due to the questions and discussion regarding new lodging units and STR units in the City since the 2013 Super Bowl event there had been a slight increase in the final General Fund Forecast for 2025 from the initial presented on Aug. 14. Two specific pieces of information which had been announced during that period were highlighted by Mr. Cooper. The first was that the Federal Reserve has promised to begin reducing interest rates before the end of calendar year, citing a reduction of inflationary pressures. Also, the Dept. of Labor had announced that it would adjust downward job growth data for the period March 2023 through March 2024 by an unprecedented 818,000, altering our overall perception of past economic activity for more than a year and influencing our understanding of current and near-term economic and fiscal trends.

Mr. Cooper continued by providing an overview of the most recent inflation statistics, stating that the 2.9% inflation rate was the first reading below 3.0% since March 2021. Further illustrations of inflation were presented, once again emphasizing that while the inflation crisis was subsiding and prices were increasing slower than had been observed in the previous three years, prices had still not declined and were still increasing about twice as fast as policymakers would normally desire. Mr. Cooper again noted that wages, as a price for labor, were now increasing faster than overall prices in the economy, which is a positive sign for wealth creation, increased disposable income, and worker incentives.

The local labor market, according to Mr. Cooper, was providing additional uncertainty for the economic outlook moving into 2025, as the City continued to see the number of jobs decline as the labor force grew along with normal seasonal patterns. Speaking directly on the local Leisure and Hospitality employment sector, he noted that the number of jobs continued to decline and were still not recovered to their 2019 level. Prof. Force asked if there were declines of jobs in the Leisure and Hospitality sector, but increasing labor force, what employment sectors were growing and absorbing this additional labor force? Mr. Cooper did not have the answer at hand but promised to provide that information later. The presentation of the economic landscape concluded with the presentation of current traffic levels at Louis Armstrong International, which appeared to have declined below the same period in 2019 where previously in 2024 these data showed a recovery.

3. Discussion of Initial 2025 General Fund Revenue Forecast

The Chief Economist began the initial presentation of the 2025 General Fund Revenue Forecast by noting the variance associated with the compressed timeline for delivery of the forecast and associated budget proposal of Oct. 1st, as mandated by the voting public. Also noted was that the initial forecast of recurring revenues represented a slight decline from the 2024 forecast amount, and that was mainly due to the current trajectory of actual 2024 revenues versus forecast. Mr. Cooper then explained the calculation method for the additional one-time revenues forecast for 2025 Sales Tax and Hotel and Motel Tax due to the City hosting Super Bowl LIX this coming February, again noting that due to the discussion at the previous meeting of the REC he had been able to increase the estimate slightly due to STR and lodging unit development which had taken place in the past 11 years.

Councilman Giarrusso then inquired about the order of operations for this new forecast and budget delivery timeline and whether the process was flexible enough to accommodate a revisiting and reconsideration of the forecast closer to the end of the year. Discussion ensued, and it was determined that amending the adopted forecast would be possible, but the delivery date for the Administration's proposed budget Oct. 1 meant that the REC had to adopt a forecast before that date. CAO Montañó then discussed how that process might proceed and indicated that there was established precedent in recent years.

Mr. Cooper then concluded the discussion on the 2025 General Fund Revenue forecast by presenting and reading the final numbers as follows: Property Tax \$191,217,106; Other Taxes \$342,002,315; Licenses and Permits \$72,813,053; Intergovernmental \$30,437,785; Service Charges \$91,299,194; Fines and Forfeits \$20,546,521; Miscellaneous \$27,,721,572; and Other Financing Sources \$78,128. Total General Fund Revenues for 2025 are forecast to be \$776,115,673. CAO Montañó called for a motion to adopt the forecast – Councilman Giarrusso moved thusly and Prof. Force seconded, with the forecast being adopted unanimously by all REC members present.

4. Adjournment

Prof. Force, prior to the adjournment vote, requested additional information about how forecasts for the budget process had changed or been amended in the past, to which Mr. Cooper promised to follow the meeting with as much information as possible. CAO Montañó called for a motion to adjourn. With a motion by Councilman Giarrusso and a second by CAO Montañó, adjournment was passed unanimously and executed.