



**2011 Operating Budget
Budgeting for Outcomes**

Mitchell J. Landrieu, Mayor



2011 Budget Challenges

Long-term Structural Challenges

- Pension Obligations
- Inefficient Delivery of Services
- Revenues for Services not Aligned with Costs

Current Challenges

- Increasing Pension Obligations
- Increasing Healthcare Costs
- Unfulfilled Demand for Basic Services
- No Fund Balance
- No CDLs





Community Meetings

What We Heard

What we Heard

- Public Safety
- Eliminate Blight
- NORD – Opportunities for Children and Families
- Streetlights
- Streets and Potholes
- Drainage
- Economic Opportunities
- Customer Service/Effective Government
- Tax Fairness





Framework for a Sustainable Budget

- Mayor Landrieu's Core Principles for Budgeting
 - Cut Smart
 - Reorganize
 - Invest for the Future
- Budgeting for Outcomes Process
 - Sets Priorities
 - Evaluates Options
 - Funds Priorities
- Budget Rules
 - One time money for one time expenses
 - Surplus revenues go to build reserve funds totaling 10%





Result Areas

- **Public Safety**

Ensures the public's safety and serves our citizens with respect and integrity.

- **Children and Families**

Promote the health and well-being of youth and families by ensuring quality educational, economic, health, and recreational programming opportunities are available for all.

- **Economic Development**

Spur the growth of a diverse economy that creates good-paying jobs and provides equal access to economic prosperity.

- **Sustainable Communities**

Support sustainable communities that integrate quality housing, transportation, schools, commercial development, energy efficiency, parks and green space, flood protection and cultural assets.

- **Open and Effective Government**

Ensure sound fiscal management and transparency, promote effective, customer-driven services, and foster active citizen engagement in City government.

- **Innovation**

Fund to develop and implement innovative programs that transform the City and City government, improve City service, and promote efficiency.





Budget Highlights



Major Budget Assumptions

Across All Results

- Challenging managers to restructure departments through:
 - Departmental reorganization to be completed by end of first quarter
 - Requires Civil Service approval without bumping
 - Established savings targets
 - Six departments began significant restructuring this year
 - NOPD, ITI, Health, Project Delivery Unit, Law, Code Enforcement and Environmental Health
- Pension systems funded at level that requires reforms:
 - Municipal
 - Fire





Public Safety

Police Reorganization and Restructuring

- Maintain a full force of uniformed officers
 - 1,430 officers
 - 1,235 vehicles
- Budget honestly for overtime costs - \$4.5 million in scheduled overtime
- Fund one new class of NOPD trainees
- Funded at \$109.4 million in 2011





Public Safety

- Fire Department
 - \$39.6 million in 2011
 - 78 positions funded with Safer grant
 - Fire pension funded at \$33 million (\$19 million – Old Fund; \$14 million – New Fund)
- EMS Department
 - Budgeted for current operating levels at \$9.0 million
- Sheriff's Office
 - Funded at \$22.7 million which includes mandatory costs and a per diem for a reduced population of 2,000 inmates due to summonses and diversion programs





Public Safety

- District Attorney
 - Funded at \$6.2 million (\$5.6 million in 2010)
- Alternative Sentencing
 - Electronic monitoring provided by Sheriff
- Vehicles
 - Funded fuel, repairs and current lease payments based on reductions made in 2010





Children & Families

- Double financial support of NORD (\$10 million) as well as substantially expand and diversify NORD programs
- Increase collaboration between Museums, Public Libraries, Nonprofits and NORD to improve services and programs available (e.g. Books and Balls)
- Increase employment opportunities for youth through NORD and Job 1 (700 youth)
- Restructuring of the Health Department (Saving \$700,000)
 - Includes health clinics run as community partnerships by existing providers
 - Focus on access to care, public health and wellness, and education





Economic Development

- NOLA Business Alliance at \$1.5 million
- Arts Council funded at \$315,000
- All Tax Increment Financing Districts at \$3.5 million





Sustainable Communities

- Double the number of catch basins cleaned in 2011 (from 3,300 to 8,000)
- \$14 million for roadway maintenance and fill 30,000 potholes and 12 miles of roads rehabilitated in CDBG area
- Launch an aggressive, citywide blight strategy (\$3.9 million)
 - Blight policy coordinator
 - Consolidated Blight inspections
 - Streamlined Blight hearing process
 - Sheriff's Sales
 - Goal:
 - 19,000 Inspections
 - 1,500 Lots Cut
 - 1,000 Demolitions
 - 1,000 Sheriff Sales





Sustainable Communities

- Streetlights
 - \$5 million for streetlight repair and replacement
Funds will be targeted to address outage of 400 streetlights per week and replace 5,000 streetlights with energy efficient technology

- Sanitation Contracts
 - \$33.7 million in 2011 from \$37.6 million in 2010
 - Assumes successful renegotiation based on City's current position

- Animal Control funded at \$1.5 million





Open & Effective Government

- Leverage of additional auditors and field agents resulting in increased sales tax collection of \$2.4 million
- Emphasis on leveraging technology to improve processes citywide
 - Stabilize all critical infrastructure
 - Customer service training
 - IT Disaster recovery
- Municipal Pension funded at \$13.5 million, which requires plan changes to bend the cost curve
- Restructure employee healthcare system to save \$10 million
 - Negotiate more effectively with providers
 - Shift retirees (65+) to Medicare as primary insurer
 - Adjust premiums, co-pays and deductibles





Innovation

- Ask NOLA! – provides 311 service; phased implementation with first services launched in the 2nd quarter 2011
- ERP – business process redesign and technology to improve city finance and HR to begin implementation in the 4th quarter
- NOLAStat – citywide system to promote accountability and data transparency, and promotes a culture of performance improvement and management
- Performance Improvement Internal Consulting Team
- Consolidation of HR Resources – creates a centralized, more efficient HR operation

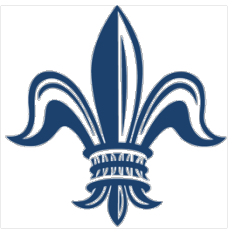




Revenue Options

Millage Roll Forward	\$ 23,069,848
Sanitation Fees	11,550,630
Sales Tax Collection Efforts	2,400,000
Sheriff's Sales of Blighted Property	3,750,000
Intergovernmental Transfers to PDU	<u>644,899</u>
	\$ 41,415,377

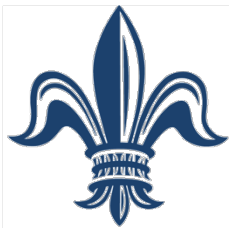




Millage Adjustment

	Market Value	Mills		
		Current 139.84	Adjustment 8.74	Proposed 148.58
Homeowner	\$150,000	\$1,117.73	\$75.15	\$1,192.88
	\$250,000	\$2,516.13	\$162.55	\$2,678.68
	\$350,000	\$3,914.53	\$249.95	\$4,164.48
	\$500,000	\$6,012.13	\$381.05	\$6,393.18
Commercial (Land Only)	\$500,000	\$6,992.00	\$437.00	\$7,429.00
	\$1,000,000	\$13,984.00	\$874.00	\$14,858.00
	\$2,000,000	\$27,968.00	\$1,748.00	\$29,716.00
Commercial (Land 20% Improvement 80%)	\$500,000	\$9,788.80	\$611.80	\$10,400.60
	\$1,000,000	\$19,577.60	\$1,223.60	\$20,801.20
	\$2,000,000	\$39,155.20	\$2,447.20	\$41,602.40





Sanitation Service Charge

Increasing Sanitation Service Charge

- New Orleans currently charges \$12 per household per month for curbside sanitation service. The service charge was last increased in 2000.
- This monthly service charge covers only a small part of the budget for curbside sanitation services. Even with a 100% collection rate, these service charges would cover less than half of the cost of sanitation.
- The cost not covered by the service charge is subsidized by the City's General Fund. Raising the monthly service charge to \$20 is more in line with the cost of providing this service and will reduce pressure on the General Fund, allowing the City more flexibility in providing other essential services.





Mayor Landrieu's Core Principles for Budgeting

Cut Smart

- Reduction in Major Contracts
- Sanitation, IT, Project Delivery Unit, Law
- Restructure Healthcare Benefits to Save \$10 Million
- Bend the Cost Curve on Pensions
- Take Home Cars
- Personnel Reductions

Reorganize

- Restructure Major Departments
 - ITI, NOPD, Health, Law, Project Delivery Unit
- Require Business Plans of All Departments to Achieve 5% Efficiency
- Spin off Health Clinics
- Consolidate Code Enforcement
- Consolidate HR

Invest for the Future

- Double NORD Budget
- Maintain Streets, Streetlights, Drains
- Public Safety
- Blight Eradication Strategy
- Accountability: Ask NOLA! NOLAStat
- NOLA Business Alliance
- Customer Service and Performance

