



City of New Orleans **2022 Operating Budget**

Administration of Mayor LaToya Cantrell

October 27th, 2021

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Impacts of COVID-19

Pandemic General Fund Revenue Projections

FY2018 - FY2025

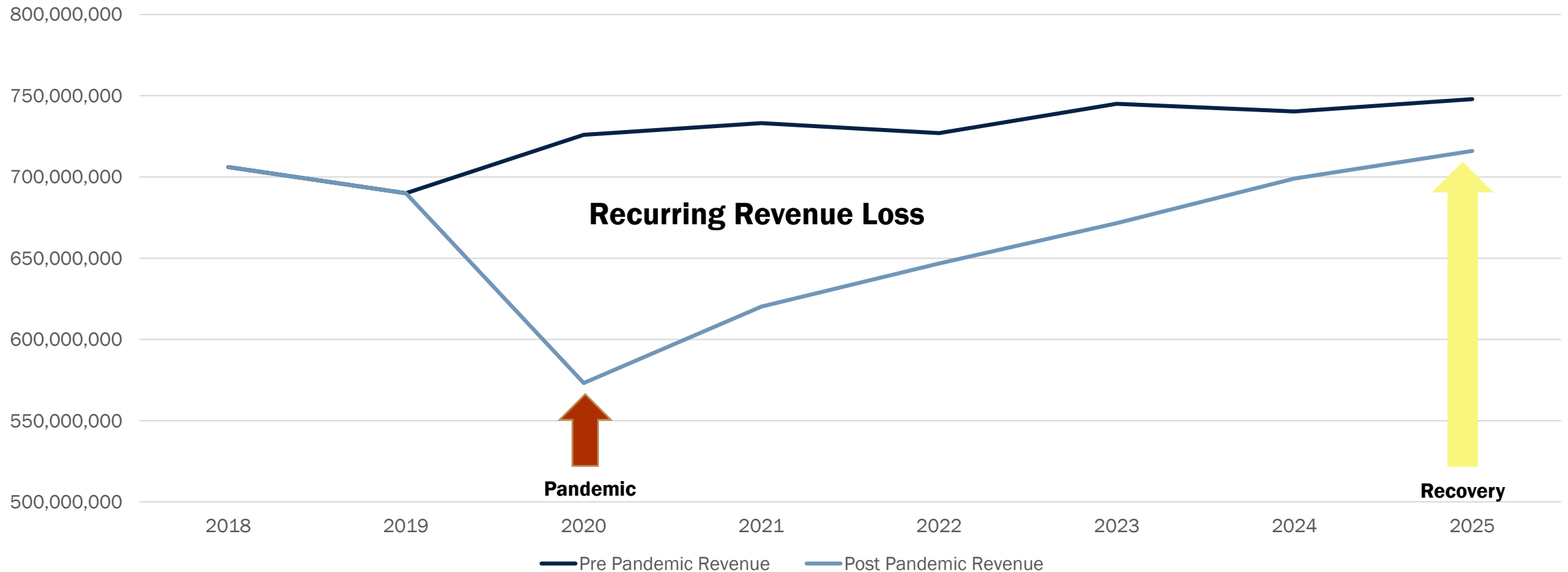
Fiscal Year	Pre-Pandemic Revenue (Forecast)	Post-Pandemic Revenue	Revenue Gap
2018	688,445,015	688,445,015	0
2019	713,014,617	713,014,617	0
2020	725,879,673	687,411,149	-38,468,524
2021	733,138,470	633,560,155	-99,578,315
2022	740,469,854	652,078,558	-88,391,296
2023	747,874,553	686,555,401	-61,319,152
2024	755,353,299	714,017,617	-41,335,682
2025	762,906,831	730,937,662	-31,969,169
TOTAL	5,867,082,312	5,506,020,174	-361,062,138

← **First Tranche ARPA Funds Recognized as Federal Grant**



Recurring Revenue Trends

FY2018 to FY2025 – Recurring Revenue



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ARPA Funding

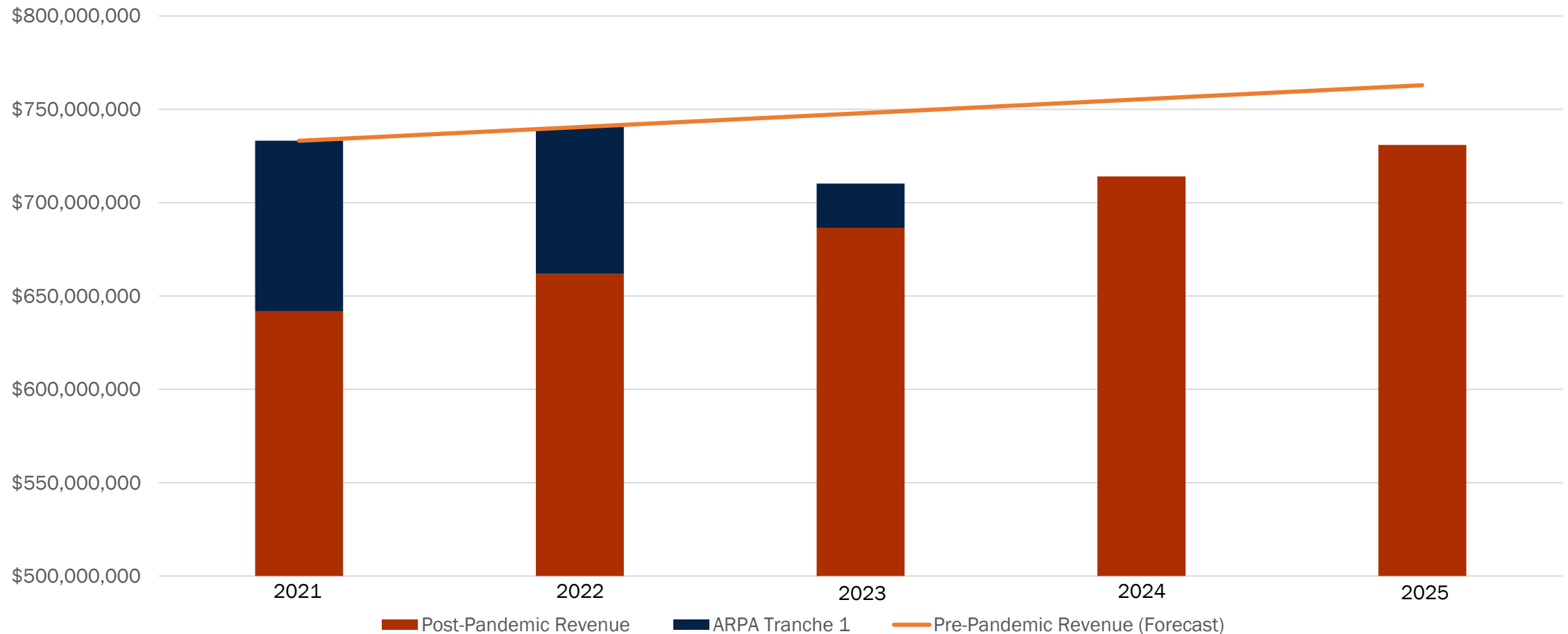
ARPA Funding

*The City has only received the first tranche of funding totaling approximately **\$155M** for the City of New Orleans and **\$39M** for Orleans Parish.*

- While the City hopes to receive an additional \$194M in ARPA funding in 2022, **this allocation should not yet be budgeted for.**
 - The City is working closely with our federal team to advocate for the appropriation of future ARPA funds.
 - After closing budget gaps, the second tranche of ARPA funding offers the City a catalytic opportunity to fund new one-time projects with resident input.
- The City is ready to meet any and all protocols established by the Federal government for use of ARPA funds, including expected reporting requirements.
 - First report on ARPA funds is available on the City's website:
<https://nola.gov/finance/american-recovery-program-financial-reports/arp-reports/cno-arp-city-funding/>

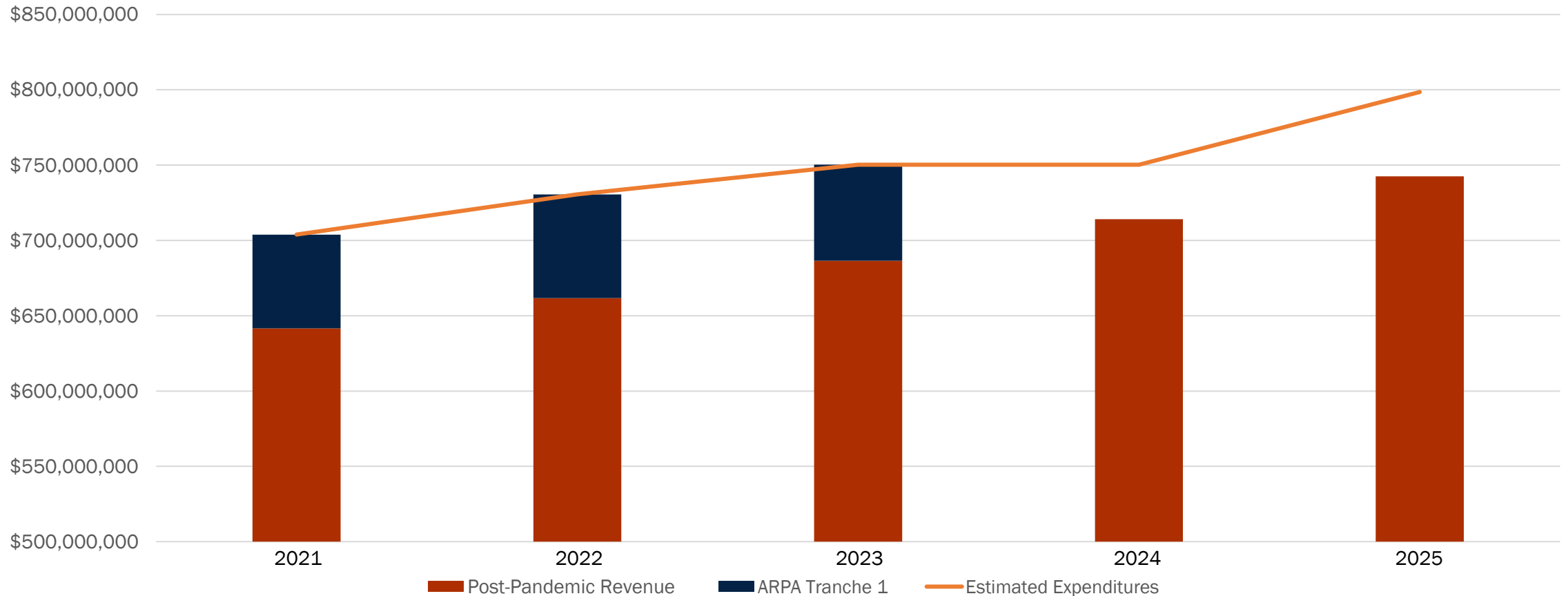
Revenue Gap

Gap Between Post Pandemic Revenue + ARPA Tranche 1 and Pre-Pandemic Revenue



Expenditure Gap

Gap Between Post Pandemic Revenue and ARPA Tranche 1 and **Expenditures**

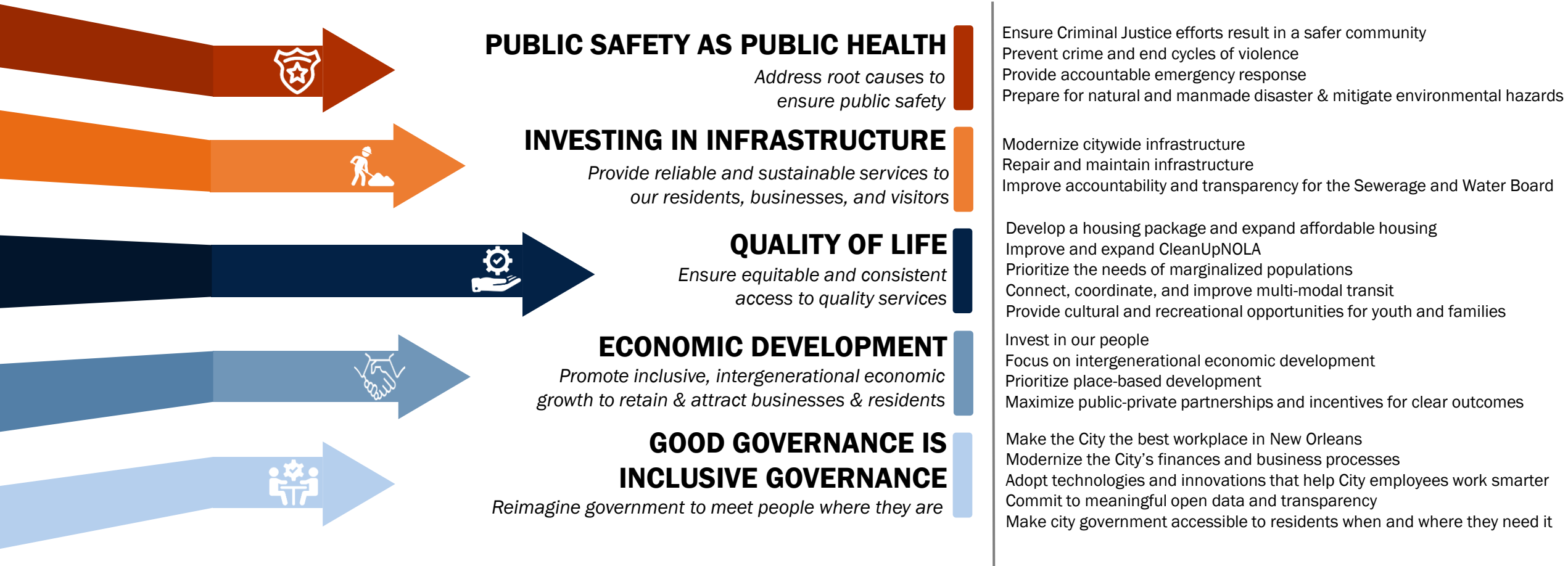


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Cantrell Administration's Strategic Framework and 2022 Budget Priorities

Forward Together - Strategic Framework

The Cantrell Administration's Strategic Framework was designed to prioritize the issues that matter most to New Orleanians



2022 Budget Priorities

The City has identified six budget priorities for the 2022 budget



COVID-19 Pandemic Economic Recovery

As we approach our second year of living with COVID-19, our focus will shift to making a strong economic recovery. The City will continue to make decisions based on data and the science and because of our COVID-19 guidelines we have become one the safest places to live and visit in the United States.



Public Safety

Leveraging citywide resources to address public safety concerns as a larger public health crisis allows the issue to be identified as larger than a policing problem and calls the larger community to action. Addressing public safety from this vantage point widens the lens of how we view potential solutions.



Infrastructure Investment

The Cantrell Administration will continue to make investments in infrastructure that will shape our future. The 2020 bond sale of more than \$300M is the largest, one-time new money bond sale in our city's history and will function as a local stimulus to rebuild infrastructure and infuse funding into our economy.



Quality of Life Improvement

The Cantrell Administration fully understands the importance of improving the quality of life for residents and visitors. The administration is focused on both the physical and philosophical difficulties through the years to clean up the City we serve and the way the City does business.



Climate Change and Equity

The Cantrell Administration remains committed to serving as the frontline for climate change initiatives - the sustainability and future of New Orleans depends on collective action around the world to help slow climate change, and learn how to adapt to unprecedented conditions



Expanding Affordable Housing

The Cantrell Administration is working harder than ever to preserve and expand housing opportunities and adding more tools to combat the crisis – this means building partnerships, developing innovative policies, and pushing legislation at all levels of government





Resident Vaccination Rates

New Orleans remains a leader in vaccination rates. As of October 2021, 67.1 percent of New Orleanians have had their first shot and 60.1 percent are fully vaccinated. The City will continue to make decisions based on data and the science and because of our COVID-19 guidelines we have become one the safest places to live and visit in the United States. This has enabled us to continue to attract economic development to New Orleans.

Six Flags Redevelopment

This fall, the City selected TKMT/Bayou Phoenix as a partner to develop the 6 Flags/Jazzland site. Additionally, developer KiernanWest and S.H.I.E.L.D. 1 acquired over 60 acres of land, also in New Orleans East, to begin development of a distribution and logistics center. The City has established a development team through the Office of Business and External Services (OBES) to support both projects which are expected to provide significant economic impact and aid in our recovery.



Breeze Airlines at MSY

In May, the City and the Louis Armstrong New Orleans International Airport (MSY) announced that Breeze Airways, the new U.S. carrier from JetBlue founder David Neeleman, would be locating one of their regional hubs to New Orleans with air service to 10 destinations throughout the southeastern United States. Air services began in July 2021, highlighting MSY as a prominent gateway and aviation hub for the Gulf South and for investment in New Orleans.



Alternative Dispatch Program

The Alternative Dispatch Program will provide 24/7 Mobile Crisis Outreach teams to respond to non-violent mental health-related calls for service. Data from the Orleans Parish Communications District in 2019 suggests that there are at least 3,000 calls that would likely be appropriate for an emergent response that do not require immediate NOPD presence. By sending social workers and other mental health professionals, individuals can be properly triaged and have their needs addressed.

Restorative Justice and Municipal Court Mental Health

Through the District Attorney, the Restorative Justice (RJ) Diversion Program will offer a viable, evidenced-based, and cost-effective solution to current criminal justice processes by redirecting cases that would otherwise result in criminal charges into a community-based resolution process. Through the Public Defender, the Municipal Court Mental Health Program will provide intensive, individualized and holistic representation for people suffering from mental illness in Municipal Court, reducing the use of incarceration as treatment for mental illness.



Focus on Front Line Personnel

Starting with the mid-year adjustment, the City has restored overtime for public safety agencies and taken steps to recruit and retain our frontline public safety employees. The Administration has also implemented programs (such as Alternative Dispatch) that allow public safety personnel to focus on their core mission, taken steps to reopen the Sobering Center, and negotiated a Cooperative Endeavor Agreement to provide additional public safety resources in the French Quarter.

INFRASTRUCTURE INVESTMENT



2020 Bond Sale

Throughout this year and last, the City has continued to make critical investments in infrastructure that shape our future. Our 2020 bond sale of more than \$300M (part of the \$500 million voters approved in 2019) is the largest, one-time new money bond sale in our city's history and will function as a local stimulus to rebuild infrastructure and infuse funding into our economy all at the same time. These bonds will allow us to use existing millage rates to repair our streets and drainage lines, build stormwater management projects and affordable housing, as well as improve our public spaces

FEMA Funded Infrastructure

Since May 2018, we have completed 157 vertical and horizontal infrastructure projects with an estimated value of \$428.6 million. In 2020, our Capital Projects Administration completed 15 projects at a value of \$63.2 million, and this year 17 projects are under construction valued at more than \$111.3 million.

Between maintenance projects and RoadworkNOLA (Joint Infrastructure Program), we currently have 69 Department of Public Works (DPW) projects under construction at an estimated value of more than \$600 million.



Green Infrastructure

We completed the \$15.5 million Pontilly Neighborhood Stormwater Network, which can store up to 8.9 million gallons of storm water and reduce flooding as much as 14 inches during a 10-year rain event. We also substantially completed the \$7.1 million Hagan Lafitte project this winter, which can reduce localized flooding by storing up to 1.3 million gallons of storm water. In partnership with NORA, we have completed more than 134 residential stormwater management improvements through the Gentilly Resilience District Community Adaptation Program.



Re-imagining Waste Collection

The City has begun the process of selecting a new sanitation vendor by issuing a Request for Interest to determine the universe of competent waste collectors. This will help develop a bid request that speaks to re-imagining waste collection and environmental sustainability. The goal is to select a company that has competency, financial resources and is willing to address collection in a safe and effective manner.

CleanUpNOLA

The City has expanded its network of crime cameras to enhance surveillance of areas where illegal dumping takes place but now the City will shift these efforts to CleanUp NOLA to allow NOPD officers to shift their focus back to their core mission. The City plans to develop and launch substantial efforts to educate residents about trash litter regulations and enforce the concept that we all must help beautify our city. Additionally, the City is looking to select and improve sites on the West Bank, East Bank, and in New Orleans East for convenience stations to enhance available legal dumping options.



Illegal Dumping

Mayor Cantrell is focused on eliminating the backlog of illegal dumping cases within the Sanitation department. In the FY2022 budget, the administration is looking to funnel additional resources to eliminate the backlog of beautification needs in the city.. As a part of these solutions, the Cantrell Administration is looking to create opportunities for more efficient and consistent enforcement of dumping violations

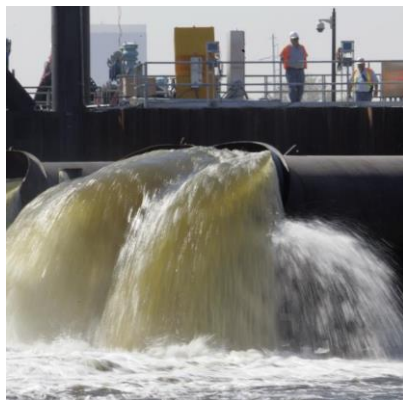


C40 Mayor's Climate Leadership

New Orleans remains a C40 Innovator City, and Mayor Cantrell remains a member of the C40 Mayor's Climate Leadership group, and has signed on to C40's Deadline 2020 to align our actions with the goals of the Paris Agreement. The Administration continues to work with the Climate Action Equity Working Group to embed equity in New Orleans's recently updated Climate Action Plan.

Blue-Green Job Growth & Stormwater Management

The existential threat of climate change has never been more apparent than in the aftermath of Hurricane Ida, especially on top of the impact on our communities from the ongoing COVID-19 pandemic. Investment in infrastructure to keep us safe, dry, and thriving means investing in our people and creating more jobs in blue-green sectors installing stormwater management systems, manufacturing solar panels and batteries to keep our homes powered up, and maintaining the system of levees and pumps that kept us safe and dry.



Investments in Catalytic Projects

The Administration remains laser focused on leveraging our limited financial resources to make investments that create a more equitable and sustainable economy, and delivering on catalytic projects to reduce flood risks, slow subsidence, and improve air, earth and water quality. Working with Finance New Orleans, the Administration is bringing partners and resources to the table to implement interventions at every scale, across every sector, throughout our homes, businesses, and communities.



Emergency Rental Assistance

The City has expended over \$18 million in rental assistance funds and there have been more than 18,000 applicants. We expect to receive an additional \$33 million from state and federal agencies. The City was recognized as a high-performing government grantee because of the success in expending more than 75 percent of the Emergency Rental Assistance funding received. Several in-person rental assistance events have been held to assist people with applications.

Soft-Second Down Payment Program

We are focusing on increasing our capacity for our soft-second down payment assistance award making \$7,600,000 available for homebuyers. The award has been increased from \$55,000 to \$65,000, plus \$5,000 for closing costs to keep up with the rising cost of real estate.



Affordable Housing

17 affordable housing projects supported by over \$22M in funding are currently in the project pipeline. Seven million is currently available for multifamily affordable housing development through a Notice of Funding Availability released in October 2021.

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2022 Budgetary Considerations

Ongoing Financial and Operational Considerations

The Administration has undertaken efforts to mitigate the impacts of COVID-19 revenue losses while maintaining City Operations.

Financial

- Shifting pressures from operating to capital
 - Shifted \$4M+ in operating budget requests from Department eligible for bond funding
- Hurricane Ida
 - Estimated \$94M cost to the City and \$8M revenue loss
 - Property tax adjustment
- Tranche 2 ARPA funding
 - Catalytic opportunity to fund projects with citizen input
- Continued revenue impacts from COVID-19
- Expiring millages
 - Street and Traffic Control Devices (1.77 mills)
 - Capital Improvements and Infrastructure (0.56 mills)
- Critical Initiatives
 - Living Wage
 - Parity for the Public Defender

Operational

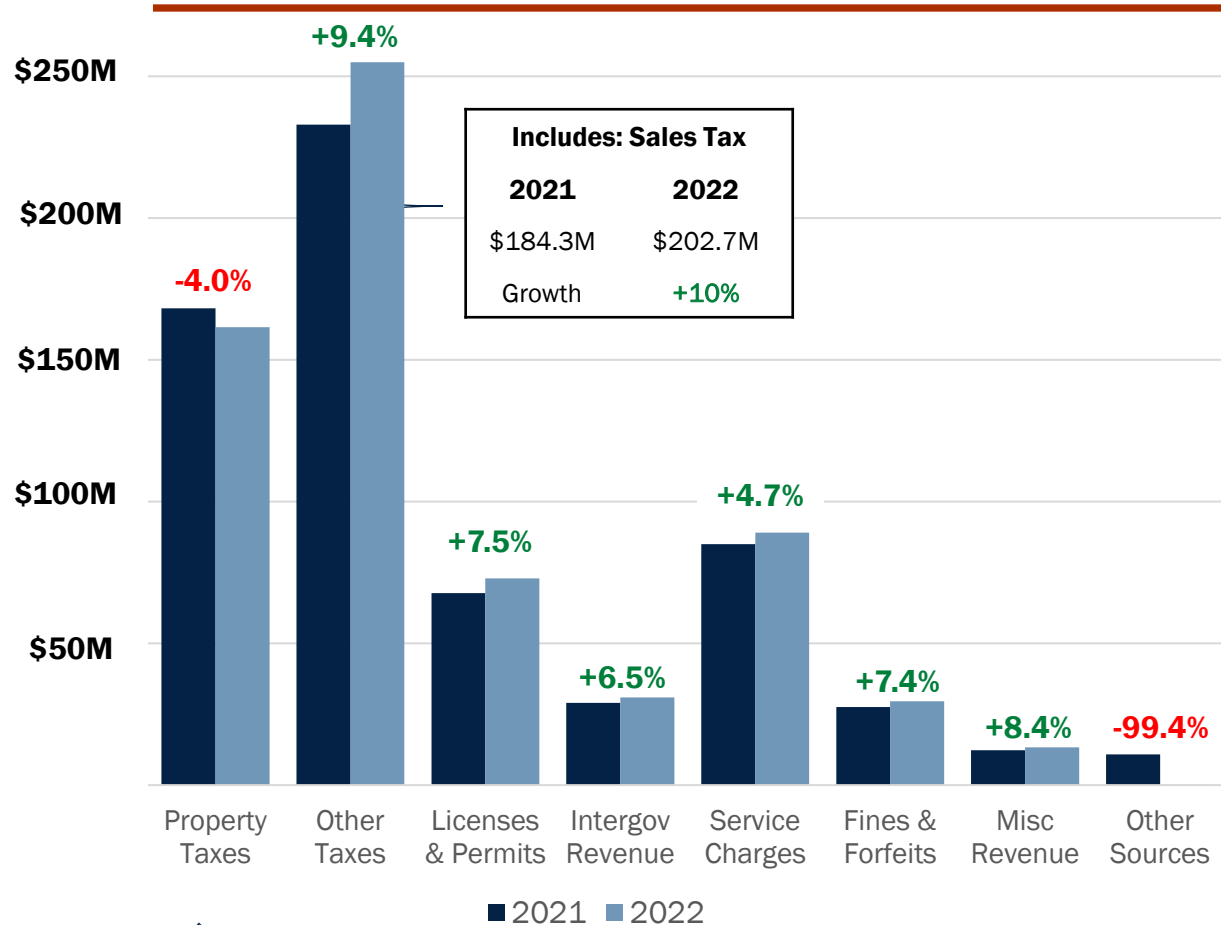
- Sanitation Contract
- Plan for Generational Economic Transformation
 - Six Flags Redevelopment
- Allowing NOPD to focus on core mission
 - Alternative Dispatch Program
 - Restorative Justice Program
 - Municipal Court Mental Health
- Technology upgrades through bond funding
 - Asset management system
 - Sales tax system
 - ITI data center
- Identifying Operational Efficiencies
 - Licensing and Regulation
 - Fleet management





2022 Revenue

General Fund Revenue Forecast



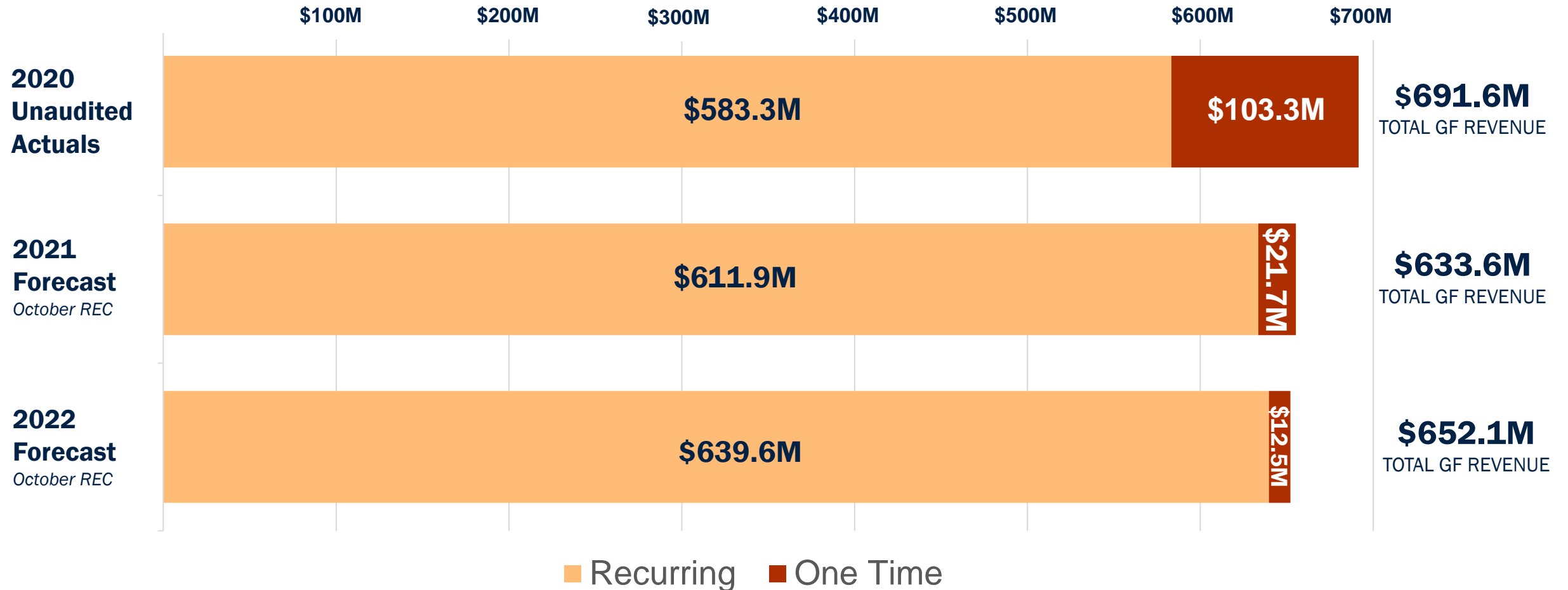
	2021 Forecast	2022 Forecast	Annual Change
Property Tax	168,192,771	161,465,058	-6.73M
Other Taxes	232,970,155	254,982,529	+22.01M
Licenses & Permits	67,734,124	72,837,302	+5.10M
Intergovernmental Revenue	29,002,990	30,890,448	+1.89M
Service Charges	85,009,135	88,992,665	+3.98M
Fines & Forfeits	27,508,589	29,542,118	+2.03M
Miscellaneous Revenue	12,280,432	13,308,433	+1.03M
Other Financing Sources	10,861,959	60,000	-10.8M
Total General Fund Revenue	633,560,155	652,078,553	+18.52M

*Columns may not add due to rounding



Recurring vs One-Time General Fund Revenue

The City's availability of one-time general fund revenue will decrease by over 42% in 2022, while recurring general fund revenue will increase by 4.5%.



Fund Balance Planning Projections

The Administration continues to protect the fund balance, in order to preserve the fiscal health of the City in 2022 and beyond.

General Fund Balance Planning Outlook						
	2020 Forecast	2021 Forecast	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Anticipated GF Surplus/(Deficit)	5,633,747	131,780,310	(68,855,524)	(63,735,886)	(36,273,670)	(19,353,62)
Beginning Balance	53,866,929	59,500,676	180,479,027	111,623,503	47,887,617	11,613,947
TOTAL USE OF FUND BALANCE	-	(10,801,959)	-	-	-	-
NET CHANGE TO FUND BALANCE	5,633,747	120,978,351	(68,855,524)	(63,735,886)	(36,273,670)	(19,353,625)
Adjusted Fund Balance	59,500,676	180,479,027	111,623,503	47,887,617	11,613,947	(7,739,678)
Obligated to Savings Fund	(30,826,766)	(31,135,034)	(31,446,384)	(31,760,848)	(32,078,456)	(32,399,241)
Adjusted Fund Balance Less Savings Fund	28,673,910	149,343,993	80,177,119	16,126,769	(20,464,510)	(40,138,919)

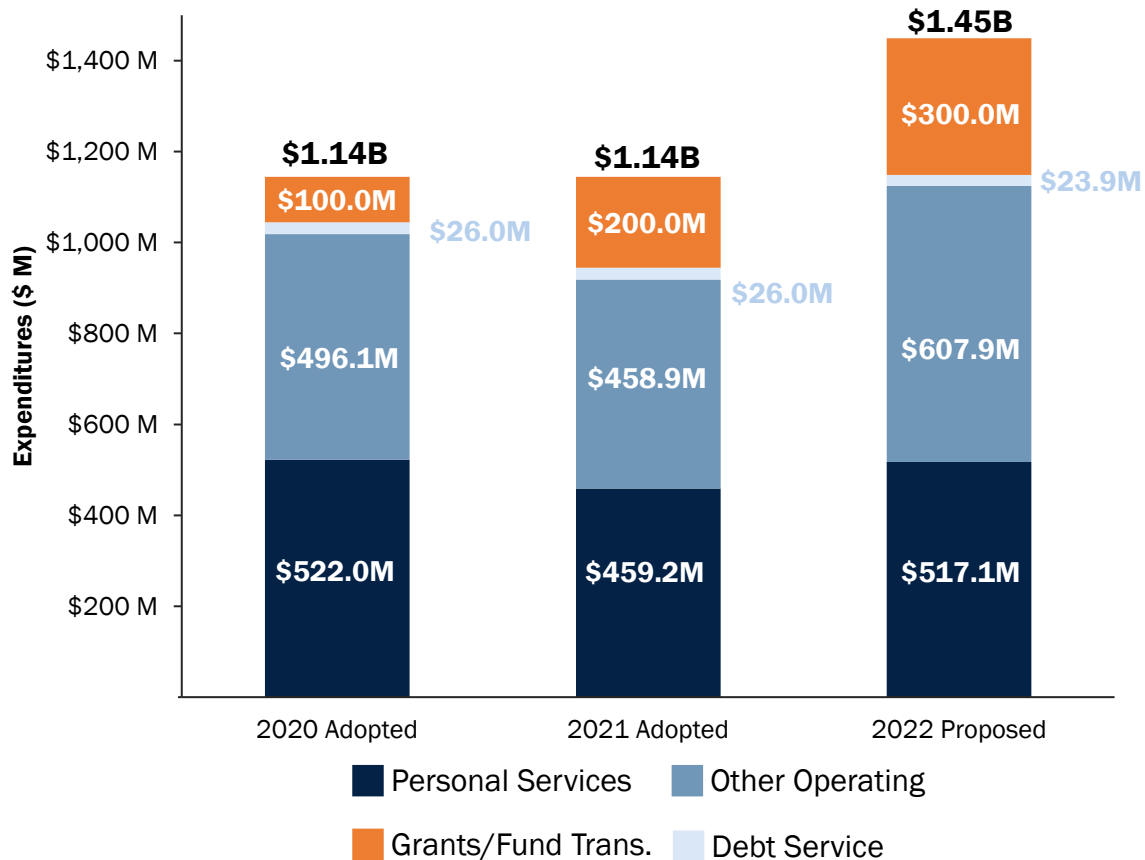
THESE CALCULATIONS ASSUME ALL REVENUES AND EXPENDITURES MATERIALIZE. ACTUAL PERFORMANCE WILL DETERMINE THE END OF THE YEAR SURPLUS/(DEFICIT)

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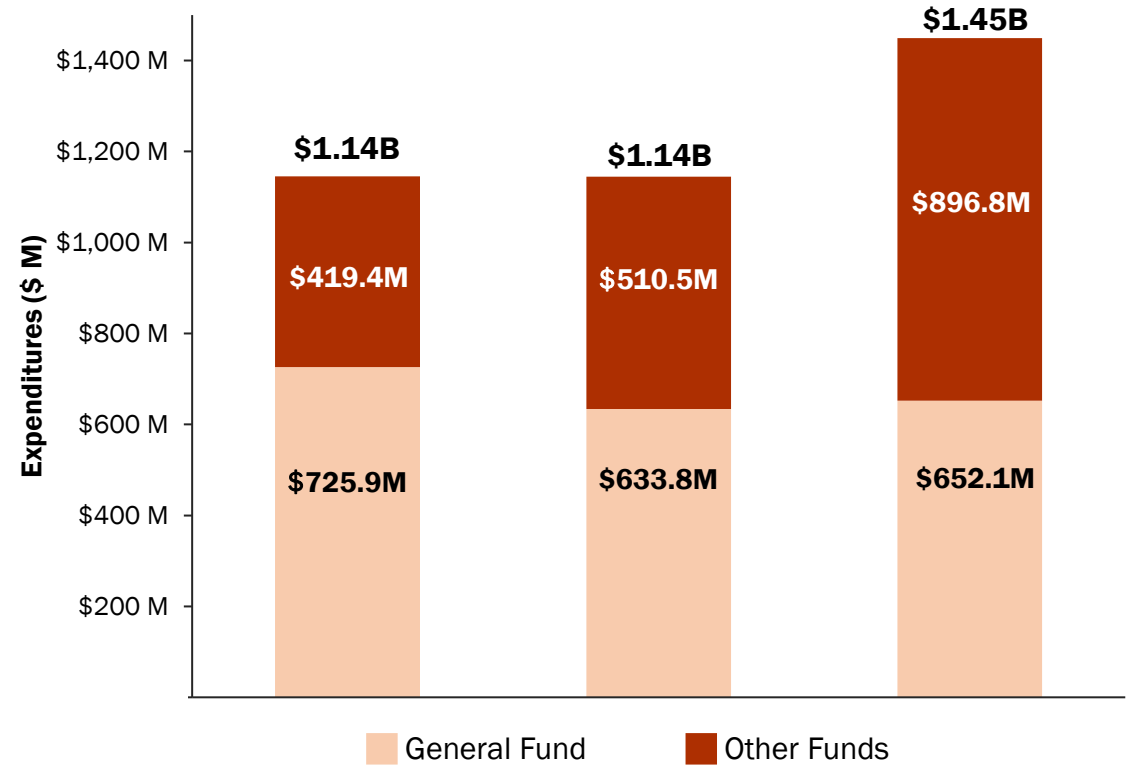
2022 Expenditures

2022 Proposed Budget

EXPENDITURES



FUNDING SOURCES



Key Changes in General Fund Expenditures for 2022

Excludes Debt Service and City Light Bill

	Department	2021 Budget	2022 Budget	Variance	% Variance	Items of Note
Public Safety	Public Safety - EMS	\$16,674,150	\$19,813,015	\$3,138,865	18.8%	<i>Mid-Year Adjustment</i>
	Public Safety - Fire*	\$117,016,984	\$127,137,488	\$10,120,504	8.6%	
	Public Safety - NOPD	\$164,249,786	\$177,786,466	\$13,536,680	8.2%	
	NOPD - Consent Decree	\$4,599,401	\$5,196,937	\$597,536	13.0%	
	NOHSEP	\$7,707,702	\$11,943,442	\$4,235,740	55.0%	<i>Public Safety Radios</i>
Mayor's Office	Mayor - Core	\$3,930,413	\$5,093,499	\$1,163,086	29.6%	
	Neighborhood Engagement	\$552,966	\$820,439	\$267,473	48.4%	<i>New Programing</i>
	Office of Transportation	\$283,276	\$322,472	\$39,196	13.8%	
	Office of Utilities	\$120,773	\$141,975	\$21,202	17.6%	
	Youth and Families	\$2,136,191	\$3,696,419	\$1,560,228	73.0%	<i>ECE Seats</i>

*Total budget across all funds (including ARPA)



Key Changes in General Fund Expenditures for 2022

Excludes Debt Service and City Light Bill

	Department	2021 Budget	2022 Budget	Variance	% Variance	Items of Note
Administrative	CAO	\$35,673,874	\$41,099,650	\$5,425,776	15.2%	
	City Council	\$8,889,854	\$12,225,645	\$3,335,791	37.5%	
	Civil Service	\$2,415,534	\$3,032,577	\$617,043	25.5%	
	Finance	\$26,185,089	\$25,908,216	-\$276,873	-1.1%	<i>Reduction in Debt Service</i>
	ITI	\$10,293,968	\$10,367,575	\$73,607	0.7%	
	Supplier Diversity	\$573,065	\$692,264	\$119,199	20.8%	
	Law	\$4,801,478	\$6,920,545	\$2,119,067	44.1%	<i>2 STR Attorneys & Prof Services</i>
OBES	City Planning Commission	\$1,504,326	\$2,004,171	\$499,845	33.2%	<i>Mid-Year Adjustment</i>
	Economic Development	\$543,959	\$477,871	-\$66,088	-12.1%	
	HDLC + VCC	\$1,011,891	\$1,031,158	\$19,267	17%	
	Safety and Permits	\$6,384,871	\$8,177,951	\$1,793,080	28.1%	
	Cultural Economy	\$571,477	\$802,773	\$231,296	40.5%	<i>Supporting Culture Bearers</i>
	Performance & Accountability	\$411,324	\$508,045	\$96,721	23.5%	



Key Changes in General Fund Expenditures for 2021

Excludes Debt Service and City Light Bill

	Department	2021 Budget	2022 Budget	Variance	% Variance	Items of Note
Infrastructure and Maintenance	Capital Projects	\$778,305	\$837,675	\$59,370	7.6%	
	DPW	\$27,247,080	\$30,774,837	\$3,527,757	12.9%	
	Property Management	\$8,313,361	\$10,678,243	\$2,364,882	28.4%	<i>Mid-Year Adjustment</i>
	Resilience and Sustainability	\$58,860	\$264,845	\$205,985	350.0%	<i>Grant Positions Moved to GF</i>
	Sanitation	\$31,630,088	\$41,628,903	\$9,998,815	31.6%	<i>Mid-Year Adjustment</i>
Health and Criminal Justice Reform	Health	\$1,995,570	\$4,604,210	\$2,608,640	130.7%	<i>Alternative Dispatch</i>
	JJIC	\$7,215,960	\$9,307,070	\$2,091,110	29.0%	<i>Electronic Monitoring</i>
	MTRCB	\$2,173,926	\$2,810,462	\$636,536	29.3%	
	OCJC	\$2,124,169	\$2,264,029	\$139,860	6.6%	
Parks and Recreation	NORD	\$12,103,623	\$15,775,135	\$3,671,512	30.3%	
	Parks and Parkways	\$9,390,338	\$11,933,292	\$2,542,954	27.1%	

Key Changes in General Fund Expenditures for 2021

Excludes Debt Service and City Light Bill

	Department	2021 Budget	2022 Budget	Variance	% Variance	Items of Note
Courts	Civil Court	\$14,400	\$14,400	\$0	0.0%	
	Clerk of Criminal District Court	\$4,350,605	\$4,896,322	\$545,717	12.5%	
	Criminal District Court	\$5,529,598	\$6,157,398	\$627,800	11.4%	
	District Attorney	\$5,442,423	\$7,014,089	\$1,571,666	28.9%	
	First City Courts	\$6,000	\$6,000	\$0	0.0%	
	Juvenile Court	\$2,159,788	\$2,504,279	\$344,491	16.0%	
	Municipal and Traffic Court	\$6,059,103	\$8,872,375	\$2,813,272	46.4%	8 additional FTEs
	Public Defender	\$3,426,442	\$5,960,195	\$2,533,753	73.9%	Parity + Mid-Year
Outside Agencies	Alcoholic Beverage Control Board	\$1,500	\$1,500	\$0	0.0%	
	Coroner's Office	\$2,631,449	\$3,543,743	\$912,294	34.7%	
	Ethics Review Board	\$253,420	\$260,177	\$6,757	2.7%	
	Municipal Participation Grants	\$3,084,121	\$4,190,402	\$1,106,281	35.9%	LASPCA Mid-Year
	New Orleans Museum of Art	\$305,851	\$305,851	\$0	0.0%	
	Office of Independent Police Monitor	\$1,013,681	\$1,041,414	\$27,733	2.7%	
	Office of the Inspector General	\$3,484,529	\$3,581,753	\$97,224	2.8%	
	Registrar of Voters	\$308,756	\$328,756	\$20,000	6.5%	
Sheriff	\$50,049,864	\$56,049,864	\$6,000,000	12.0%		



2022 Budget Summary

The 2022 budget we are presenting thoughtfully leverages one-time dollars to being restoring critical services across the City.

- The 2022 budget eliminates furloughs, funds critical public safety and quality of life initiatives, and restores services to residents.
- The Cantrell Administration has spent the last three years working diligently to stabilize and strengthen the fiscal position of the City.
 - We are at an extremely consequential point in time in our City's financial trajectory.
 - **As we look forward to 2023, one of the most important factors to consider is that the City will not carry a structural deficit into 2023.**
- The City is being conservatively optimistic for the 2022 fiscal year, however, as economic conditions change, we will adjust our financial projections and operations accordingly.



Questions?
