

MAYOR HELENA MORENO
CITY OF NEW ORLEANS

July 9, 2026

Dear Governor Landry,

Thank you for your letter regarding the City's finances and for your interest in New Orleans' financial recovery. I appreciate the opportunity to explain the City's recovery plan and the significant progress that has been made during the first six months of this administration.

You asked how the City could withdraw its financing request after stating additional cash flow was needed.

The answer is straightforward: after it became clear that approval at the Bond Commission was unlikely, we developed an alternative plan to make it through the remainder of 2026 without Bond Commission approval. That does not mean the underlying cash-flow challenge disappeared. It means the City must now absorb the financial impact in other ways.

The long-term financing request was never intended to avoid difficult decisions—it was intended to spread those decisions over time. It would have allowed us to continue reducing expenditures in a deliberate and responsible manner while minimizing disruptions to essential services and our workforce.

In fact, this was not unforeseen. When the City sought approval for its Revenue Anticipation Note last year, we publicly explained at the Bond Commission meeting that additional financing would likely be necessary as part of the City's multi-year financial recovery. During those discussions, the Louisiana Legislative Auditor acknowledged that, based on the City's financial condition and recovery plan, it was anticipated we would likely return this year with another financing request. Our request this year was therefore consistent with the recovery path that had been discussed from the outset, not the result of a new or unexpected financial development.

Without that financing, we are compiling a plan that defers tens of millions of dollars in projects, implements an additional \$20 million in mid-year reductions affecting City operations, public safety and essential services, aggressively pursuing collections owed to the City, and continue utilizing furloughs and other temporary cost-saving measures



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while we stabilize our finances. This path is achievable, but it is unquestionably more painful.

Looking ahead to 2027, our recovery plan remains focused on structural improvements rather than one-time measures. That includes continuing to right-size City government, implementing recurring efficiencies, and phasing in sustainable recurring revenues, including a sanitation fee. The Louisiana Legislative Auditor is currently completing the calculation of the number of households receiving sanitation service so implementation can proceed based on accurate data.

The casino lease transaction should not be viewed in isolation. It converted a long-term revenue stream into immediate financial stability at a time when the City needed it most. It restored reserves after years of financial deterioration, ensured New Orleans entered hurricane season with meaningful emergency reserves, and provided the flexibility necessary to continue delivering essential services during this recovery.

Rather than allowing those funds to sit idle, the City invested the proceeds in the Louisiana Asset Management Pool (LAMP), currently earning approximately **3.72% interest**. Those investment earnings substantially offset the initial discount associated with monetizing the lease and, over time, significantly mitigate the cost of the transaction while preserving liquidity and strengthening the City's overall financial position.

The City's finances did not arrive at this point overnight, and they will not be restored overnight. However, in just six months, this administration has already made measurable progress toward restoring fiscal discipline.

For your convenience, I have attached a summary of the financial actions this administration has taken during our first six months in office. Financial accomplishments include:

Financial Accomplishments

- **Timely repaid the \$125 million Revenue Anticipation Note (RAN).**
- **Timely completed and submitted the City's 2025 Annual Audit.**
- **Secured approximately \$125 million in new 2026 revenues, including:**



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- Recognized **\$75 million** in additional revenues, increasing the General Fund forecast from **\$725 million to nearly \$800 million**.
- Increased revenues by **\$29 million** at the April Revenue Estimating Conference, with another **approximately \$21 million** anticipated at the third-quarter Revenue Estimating Conference.
- Aggressively pursued **\$28 million year-to-date in outstanding grant reimbursements** owed to the City.
- **Restored financial reserves** by:
 - Adding **\$100 million** to segregated fund balance reserves through the Caesars lease transaction.
 - Investing those funds in **LAMP**, currently earning approximately **3.72%**, helping offset the initial transaction discount over time.
 - Increasing total emergency unassigned fund balance reserves to approximately **\$125 million**, ensuring the City entered hurricane season with meaningful reserves available to respond to emergencies.
- **Reduced spending substantially** by:
 - Achieving approximately **\$20 million in personnel savings** through workforce reductions and organizational restructuring.
 - Reducing unnecessary travel costs by **90%**.
 - Cutting overtime spending by nearly **50%**, reducing projected overtime costs from **\$31 million in 2025 to approximately \$16 million in 2026**.
 - Eliminating the **\$24 million MPERS obligation**, generating approximately **\$2.5 million in recurring annual savings**.
 - Reducing General Fund spending by approximately **21%** compared with prior spending levels.

These are measurable actions, not promises, that demonstrate our commitment to restoring long-term fiscal stability while continuing to deliver essential services to the people of New Orleans.

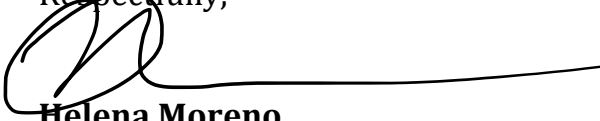
Rather than continuing to exchange public letters, I have respectfully requested that we meet. I would welcome the opportunity to walk through the City's finances line by line, including our cash flow projections, our recovery plan, and the difficult decisions we have made over the past six months. I also welcome the participation of the Louisiana Legislative Auditor so we can review the numbers together and ensure our discussion is grounded in the facts.



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I believe we share the same goal: a financially stable New Orleans that continues to provide essential services for its residents. My door remains open, and I look forward to working together toward that objective.

Respectfully,

A handwritten signature in black ink, consisting of a large, stylized 'H' followed by a long horizontal line extending to the right.

Helena Moreno

Mayor

City of New Orleans

