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Cc: [LaToya Cantrell](#); [Gilbert A. Montaña](#)
Subject: Department Budget Reduction Plan
Date: Thursday, April 23, 2020 1:04:51 PM
Attachments: [Expenses Template.xlsx](#)

Department Leaders –

Thank you all for your continued dedication to our city and for the significant efforts that you and your staff have made to serve our community as we work under these unprecedented conditions. As everyone is aware, cities around the country are facing significant financial challenges as a result of the magnitude of the COVID-19 public health crisis. The economic impact could not have been anticipated, and we must be honest about our new reality. New Orleans is especially vulnerable to these impacts because so much of our revenue depends upon tourism and special events. There is no question that we will need to cut spending over the next eight months in order to align our revenues with our expenditures. This is uncharted territory. We do not know how long it will last or what our budget will look like when the dust settles, but what we must provide are public safety, steady financial leadership, and continuity of government operations.

That being said, I know we have been asking for a lot of information over the last several weeks, and I appreciate the cooperation that you have given. We must recognize that the significance of this pandemic will require us to completely rethink how we budget and finance city operations. As you know, we moved swiftly to institute hiring and contractual spending freezes at the onset of this pandemic. Moreover, we have been gathering important data and developing economic scenarios in order to translate them into fiscal scenarios that we may face. We are also working to the greatest degree possible to identify alternative sources of new funding, including Federal funds from the recently passed CARES Act, while working to maintain our liquidity through our cash-flow analysis. However, we must prepare to solve these fiscal cliffs ourselves if Federal assistance, if any, is insufficient to meet our expected shortfalls.

Ultimately, what the Mayor and I are asking each of you is to develop a thoughtful and

comprehensive budget reduction plan for each of your agencies. I appreciate that each of you know your departments better than anyone, and it is vitally important to empower you to help the City of New Orleans get through this time. I ask that you rank your department's priorities to help us reach a mutual understanding of which services are essential to preserve. Taking this more nuanced approach will require a commitment of shared sacrifice from all of you. That is why I am asking you to work proactively to identify areas of potential savings within your budgets. I want to be clear: nothing is off the table. I would like you to look at your personnel and other operating expenses; I would like to know if any of your department's assets can be liquidated, or contractual spending can be decreased, just to name a few.

Attached to this email is a template that can be used to identify areas where you anticipate decreased costs as a result of post-COVID operations, as well as areas of potential efficiency savings or cuts that could be made. However, please do not let this template limit any plans or ideas that you may have so long as they are pragmatic and realistic. Most importantly, I need to know what impact these cuts will have on your operations. I understand that everyone has a mission to accomplish within their department and every program and operation is important. However, this is a time for thoughtful reevaluation, and I hope innovation that will sustain our city. This review should be done with all funding sources in mind, not only General Fund.

I am intentionally not asking each of you to propose a pre-determined amount of money or percentage to cut. Instead, I am relying upon your knowledge of your operations and your understanding of the severity of the situation that we face to propose thoughtful and surgical cuts that you believe would best serve the residents of our city. To ask for a broad stroke percentage cut across all agencies would be a disservice to the citizens of New Orleans. **I am asking you to complete this template and provide it directly to me by COB on Wednesday, April 29th or prior.** After review, I or your direct report will discuss with you the details and any questions or concerns we may have. I ask that you treat this request with a realistic, thoughtful, and solution-orientated perspective to address our budget deficit.

I know that some departments have already been working with my staff over the last two weeks to identify some areas of potential contractual savings. I thank you for the time you have put into that work, and I ask you to continue that work by also helping us to identify areas of savings in personnel and non-General Fund spending. You do not need to duplicate the information you have already compiled, but I do ask that you address the information requested that you have not previously submitted. I also know that several weeks ago, all departmental leaders worked hard to help us identify critical vs. non-critical personnel. While I do not need you to repeat that exercise in full, **I am requesting that you send any updates that you have to that list by Wednesday, April 29th or prior as well.**

Thank you all for your continued cooperation and support. I wish I did not have to write this

letter. However, all New Orleanians, including family households, small businesses, and even our largest employers are looking at their finances and budgets differently right now and so should the City of New Orleans. Difficult decisions will need to be made in the coming weeks and months, but I am confident that each and every one of you are ready to give us the information we need to make those decisions in an informed and deliberate manner that best serves our residents under these incredibly difficult circumstances. It is my hope that we can learn from this challenge and build a new paradigm so that we will come out stronger on the other end and get back to the work the Mayor has envisioned for our city.

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