



City of New Orleans 2019 Operating Budget

Administration of Mayor LaToya Cantrell

November 1, 2018

Contents

1. Strategic Priorities Develop the Budget Framework
2. Budgetary Considerations
3. 2019 Revenues
4. 2019 Expenditures



1

**Strategic Priorities Develop
the Budget Framework**

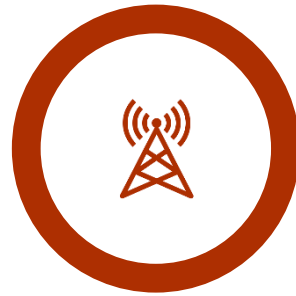
Strategic Priorities Inform Budget Framework

We designed the 2019 Operating Budget to reflect the priorities that most benefit New Orleanians



PUBLIC SAFETY AS A MATTER OF PUBLIC HEALTH

Committing to improving public safety by dedicating additional resources to first responders and prompting cultural change toward prevention by addressing inequity at the root of violence



INVESTMENT IN PHYSICAL AND HUMAN INFRASTRUCTURE

Balancing the focus between improvements to physical infrastructure and investment in human capital to create a more satisfied, productive, and high-functioning workforce



QUALITY OF LIFE INITIATIVES THAT ENGAGE THE COMMUNITY

Enhancing and enriching the quality of City government services for residents of New Orleans to secure the City's status as an excellent place to live, work, and play



ECONOMIC DEVELOPMENT AND INVESTMENT IN BUSINESS

Attracting businesses of all sizes to foster an inclusive economy where all residents have access to quality amenities in their neighborhoods, affordable housing, and good-paying jobs



Public Safety as a Matter of Public Health

Reaffirming our commitment to the short-term and long-term goals for public safety by addressing issues of public health in tandem

**Supporting
First
Responders**



**Establishing the
Office of Youth
and Family**

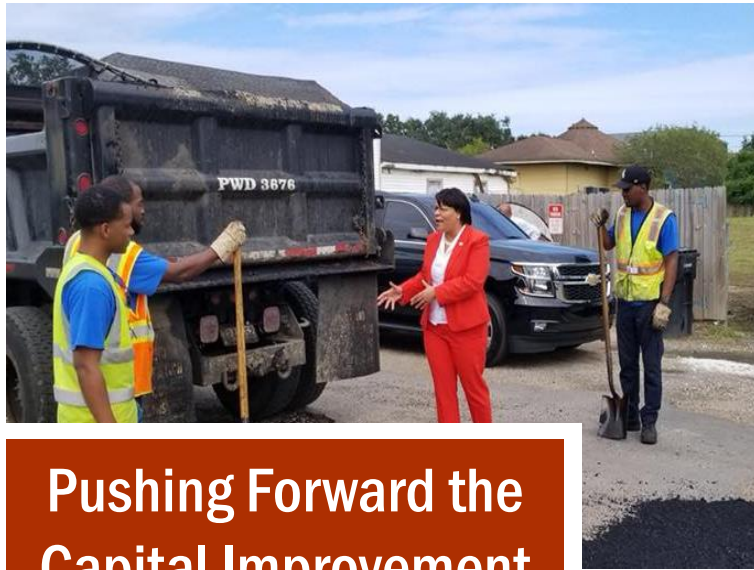


**Launching Cure
Violence Initiative
and Gun Reduction
Taskforce**



Investment in Physical and Human Infrastructure

Balancing the focus between improvements to physical infrastructure and investment in human capital



Pushing Forward the Capital Improvement Program and Street Maintenance

Modernizing Infrastructure for a Smart City

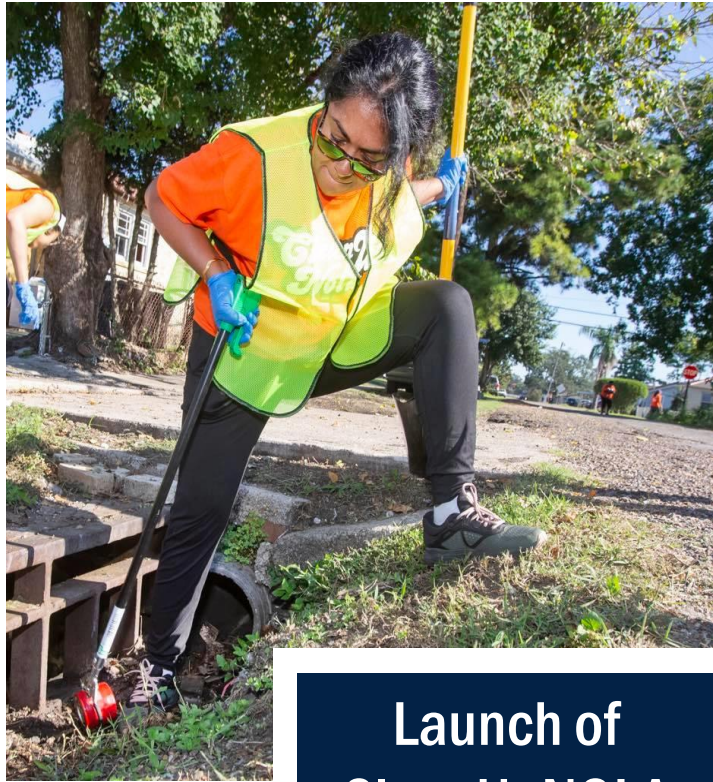


Investing in Employees



Quality of Life Initiatives that Engage the Community

Enhancing the quality of city services to secure the City's status as an excellent place to live and prioritizing community initiatives



**Launch of
CleanUpNOLA**

**Establishing the Offices
of Transportation and
Utilities**



**New Services Including
Sobering Center and
Low-Barrier Shelter)**



Economic Development and Investment in Business

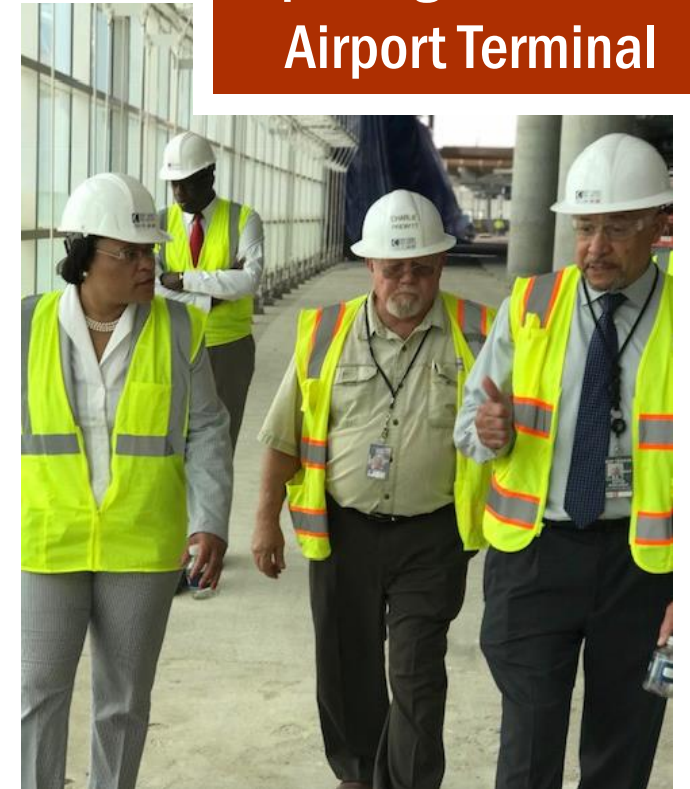
Fostering a desirable business environment to ultimately cultivate an inclusive economy with access to quality amenities and good-paying jobs

Affordable Housing Programs



Economic Development Fund

Opening of the New Airport Terminal



2

Budgetary Considerations

Unfunded Expenses from Carryover Budgeting

Demands from pre-obligated expenses and unfunded demands hinder the City's ability to fully fund all budget requests

Budget Amendments in 2018

- Decline in...
 - Self-generated revenues for courts (Criminal, Muni/Traffic)
- Increase in...
 - Contractual costs (security, janitorial)
 - Demand for toxicology services
- Radio lease payments
- Judgments

2019 Mid-Year Adjustment

- Sheriff's operations and medical services
- Expansions of services for Youth Study Center
- Street maintenance funding for Public Works



Monitoring of Expenses and Conservative Spending

City's revenues and expenditures will be monitored on a more frequent basis to proactively mitigate financial emergencies

- Revenue collections will be continuously and thoroughly evaluated
 - CAO ability to lock department spending if revenue collections are lower than estimate
- Fifth quarter budgeting as a management control
 - CAO ability to quarantine funding so that they are unavailable for access by departments
 - Funds can be released at CAO's discretion



Shifting Pressures from Operating to Capital Budget

Eliminating the City's use of operating funds for capital expenses aligns with best practices and will free up funding for departmental use

- Issue remaining \$50M of general obligation bond funds
- \$2M dedicated to funding for City vehicles, technology, and equipment
- City of New Orleans' credit ratings
 - *Standard & Poor's*: AA-
 - *Moody's*: A3
 - *Fitch*: A+

	Proposed Total
Public Works	\$31,764,500
Parks & Recreation	\$2,380,000
Public Safety	\$5,143,000
Property Management	\$2,300,000
Other	\$8,412,500
Total	\$50,000,000



Other Funding Sources for the Capital Budget

With more than 200 individual projects, every neighborhood will feel a positive impact from the Capital Budget

- Multiple funding sources:
 - FEMA-funded road / waterline work and FEMA-funded Hazard Mitigation Grant Program (HMGP) projects
 - HUD-funded National Disaster Resiliency Competition (NDRC) grant projects
 - SWB-funded Sewer System Evaluation and Rehabilitation Program (SSERP)
- Prioritizing the complete closeout of FEMA projects
- Aggressive project schedules coordinated to minimize construction-related impacts
- Work will create thousands of construction jobs across the city and maximize economic opportunity for the City's small and disadvantaged businesses
- Execute DPW-SWB Joint Infrastructure Recovery Request Program (JIRR)



Traffic Camera Safety Program

Beginning in 2019, City will shut down 20 out of the 31 non-school zone cameras and turn off cameras in school zones outside of school hours

- Changes for 2019:
 1. Phasing out 20 of the 31 non-school zone cameras
 2. Full elimination of camera enforcement in school zones outside of school hours
- 2019 revenue forecast estimates accounts for a \$4 to \$6 million reduction in traffic camera ticket revenue
- Consistent and diligent monitoring of program



Framework for a Sustainable Budget

After the completion of the 2019 budget process, the City will immediately begin working toward a zero-based budgeting method for 2020

- **Zero-based budgeting:** each department starts with a “zero base” and expenditures are added based on specific programs or functions
- Allows the City to...
 - Evaluate departments, programs, and initiatives from the ground up
 - Ensure money is being efficiently and effectively spent
 - Verify that departments and programs are meeting or exceeding their performance metrics
- Implementation will begin with the largest departments in January 2019



3

2019 Revenues

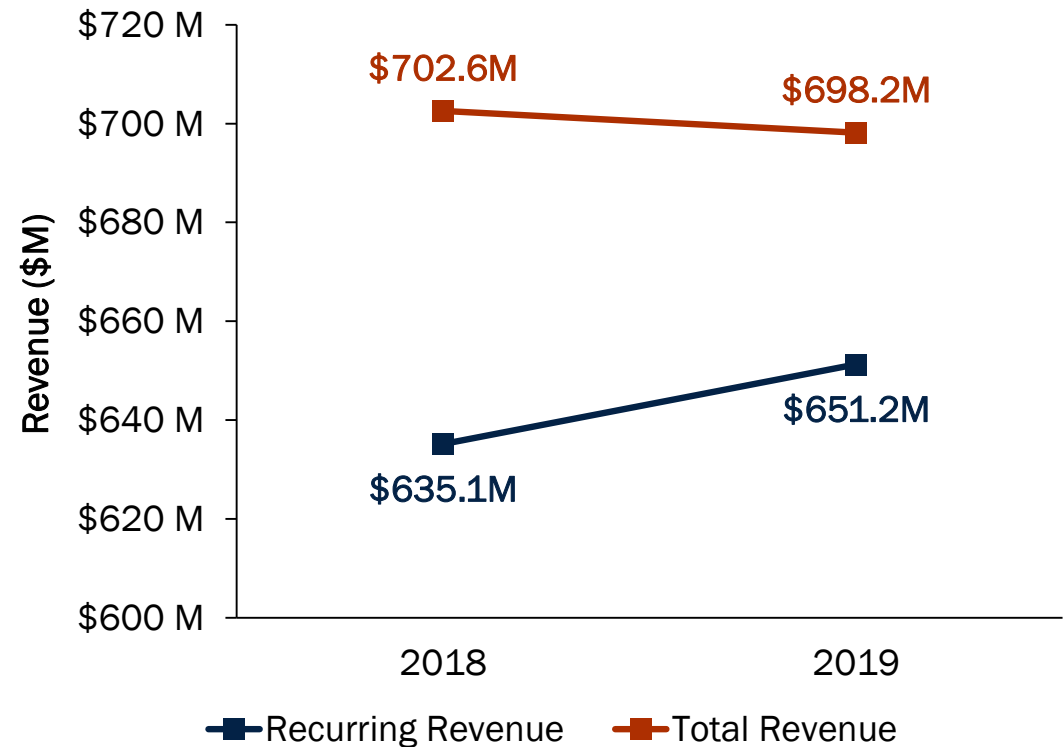
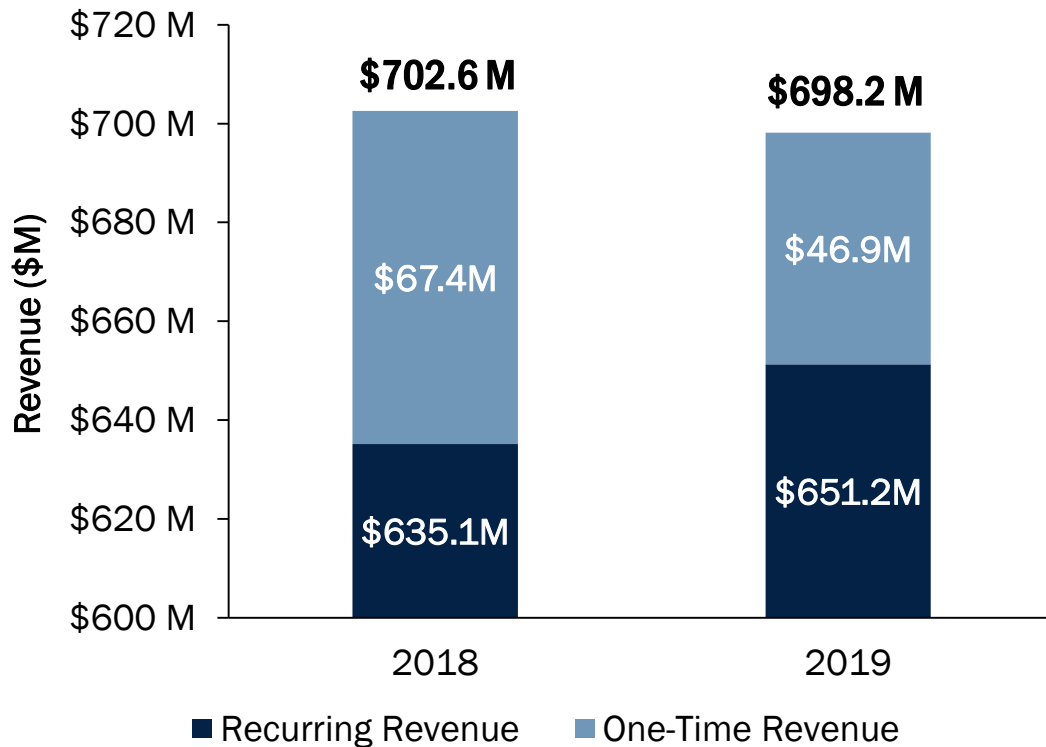
2018 vs. 2019 General Fund Revenue

	2018 Proposed	2019 Proposed	Annual Change	Annual Growth
Property Tax	\$146.1 M	\$146.9 M	\$730 K	+0.5%
Sales Tax	\$190.9 M	\$199.1 M	\$8.2 M	+4.3%
Other Taxes	\$54.1 M	\$55.2 M	\$1.1 M	+2.0%
Licenses & Permits	\$73.8 M	\$77.6 M	\$3.8 M	+5.1%
Intergovernmental Revenue	\$26.6 M	\$21.6 M	\$(5.0) M	(18.7)%
Service Charges	\$90.1 M	\$93.6 M	\$3.5 M	+3.9%
Fines & Forfeits	\$42.9 M	\$41.5 M	\$(1.4) M	(3.2)%
Miscellaneous Revenue	\$46.3 M	\$26.9 M	\$(19.4)M	(41.9)%
Other Financing Sources	\$31.7 M	\$35.8 M	\$4.1 M	+12.9%
Total General Fund Revenue	\$702.6 M	\$698.2 M	\$(4.4) M	(0.6)%



Recurring vs. One-Time General Fund Revenue

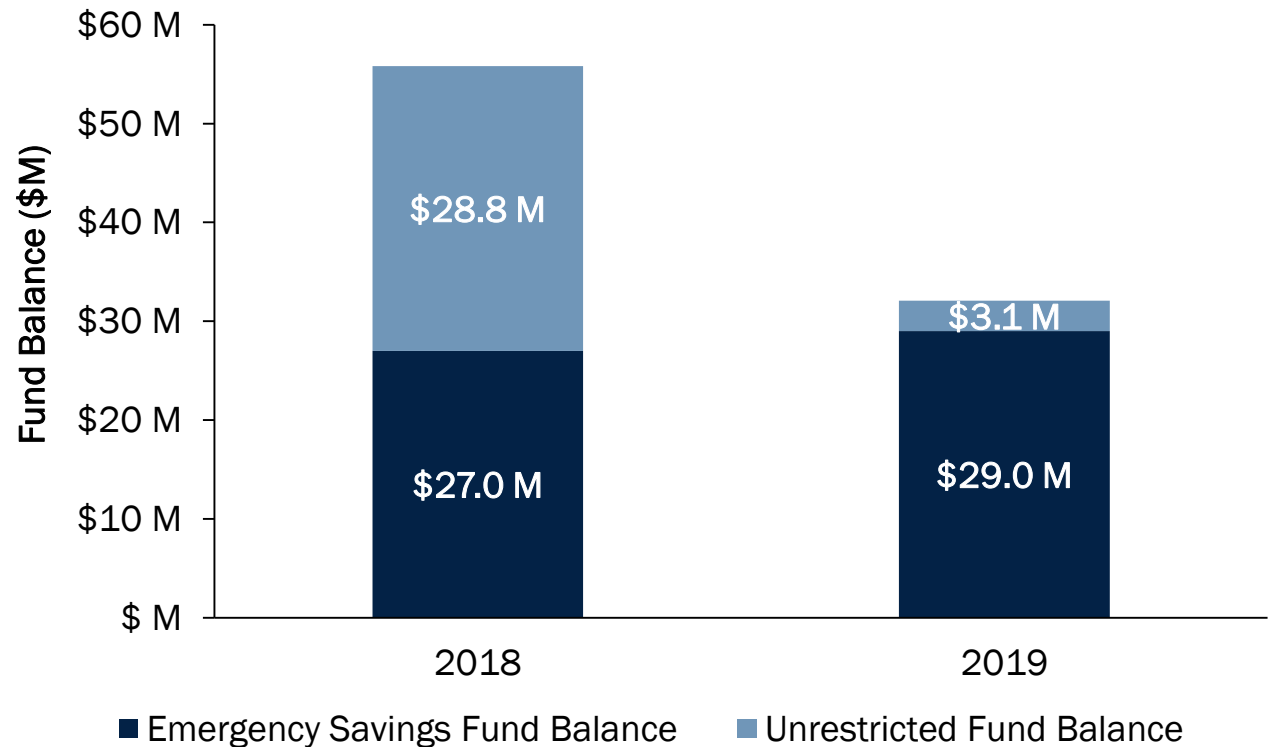
Although total revenue is projected to decrease (0.6)% from 2018 to 2019, recurring revenue is expected to increase +2.5% year over year



Fund Balance

Major difference in usage of emergency savings fund balance and the unrestricted fund balance for 2019

- Emergency savings fund was established in 2017
- In 2019, \$23.7 million will be appropriated from the unrestricted fund balance, leaving \$3.1 million

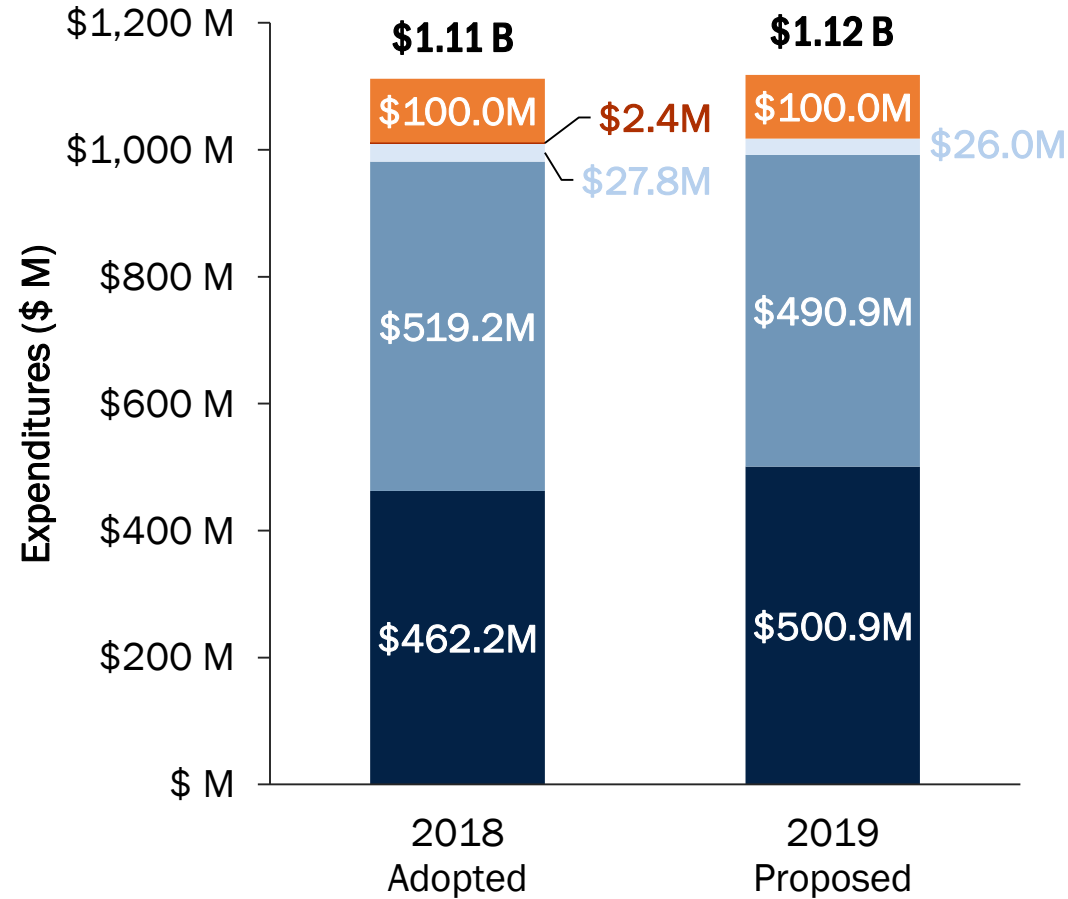




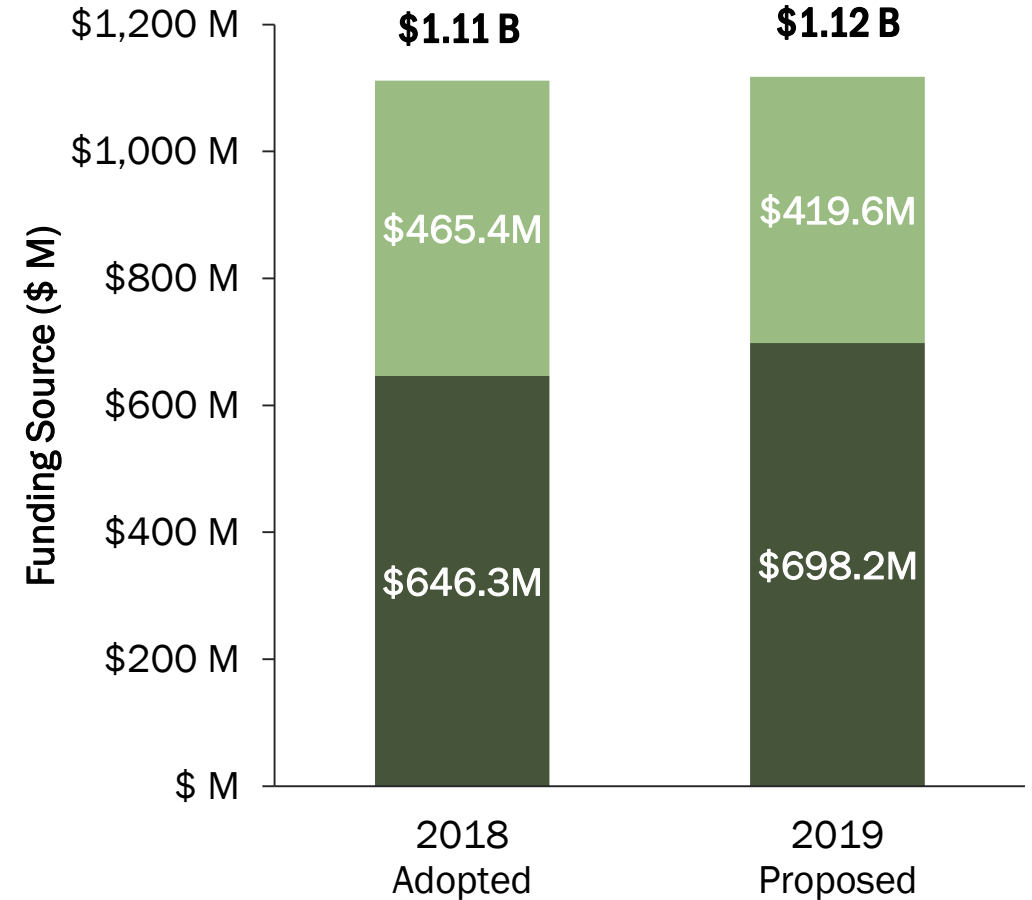
2019 Expenditures

2019 Budget

EXPENDITURES



FUNDING SOURCES



■ Personal Services
 ■ Other Operating
 ■ Debt Service
■ Reserves
 ■ Grants/Fund Trans.

■ General Fund
 ■ Other Funds

Increases in Department Budgets from the General Fund

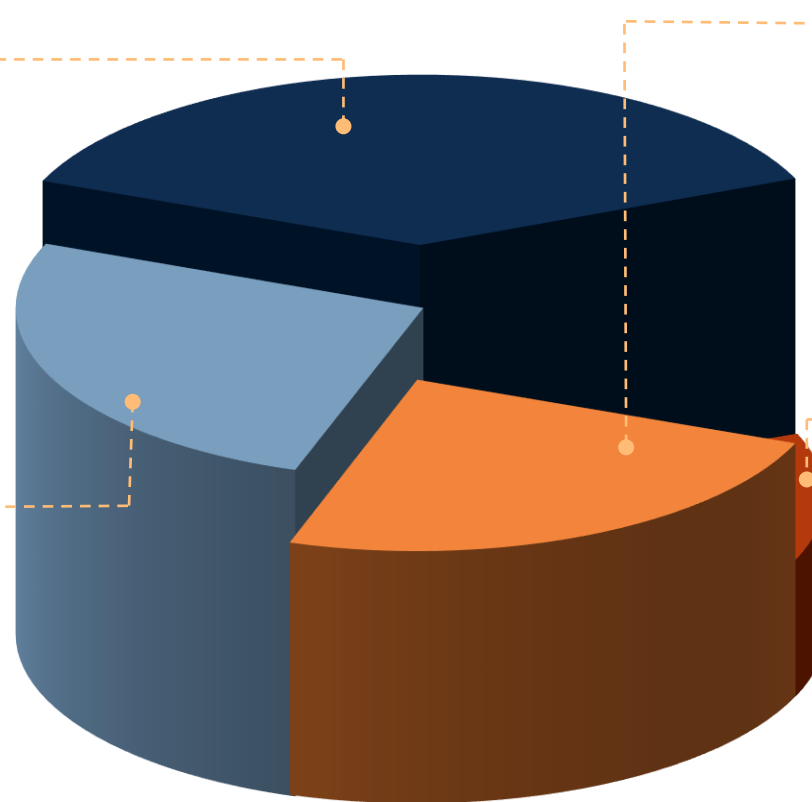
\$36.4 million in additional funding will be awarded to 20 departments for specific initiatives in 2019

\$14.2 MILLION PUBLIC SAFETY

NOPD, NOHSEP, EMS, NOFD, and Coroner

\$9.9 MILLION INFRASTRUCTURE

Pay Raises, Finance, Property Management, Parks & Parkways, and City Planning Commission



\$7.7 MILLION QUALITY OF LIFE

Mayor's Office, Sanitation, and City Council

\$4.2 MILLION COURTS

Criminal District Court, District Attorney, Municipal and Traffic Court, and Juvenile Court



Key Increases in Expenditures for 2019

	Proposed Budgetary Increase
NOPD <i>Additional recruits, adjustments to pension obligations and milage payout</i>	\$8,164,373
Pay Raises <i>All classified employees received a 10% increase</i>	\$6,744,914
Criminal District Court <i>Operations due to revenue depletion from federal mandates</i>	\$3,244,877
CleanUpNOLA <i>Funding for the Departments of Sanitation, Parks & Parkways, Safety & Permits</i>	\$1,900,000
EMS <i>Additional personnel</i>	\$1,520,000
New Departments <i>Office of Transportation, Office of Youth and Families, Office of Utilities</i>	\$1,221,582
Coroner <i>Additional personnel and funding for services for opioid cases</i>	\$815,146





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