

**MEETING MINUTES
REVENUE ESTIMATING CONFERENCE
NOVEMBER 30, 2011, 10:00 AM**

OPENING:

The meeting of the Revenue Estimating Conference is called to order by First Deputy Mayor and Chief Administrative Officer, Andrew Kopplin.

PRESENT:

Honorable Jacquelyn Clarkson, Councilmember-at-Large
Honorable Jon Johnson, Councilmember, District
Andrew Kopplin, First Deputy Mayor & Chief Administrative Officer
Peter Ricchiuti, Professor, Director of Research, Tulane University
Norman S.J. Foster, Director of Finance/CFO
Jerome Lomba, Chief Economist

ABSENT:

Honorable Mitchell J. Landrieu, Mayor, City of New Orleans

APPROVAL OF MINUTES:

Andrew Kopplin moved to accept and approve the minutes for the October 17, 2011 meeting, motioned by Councilmember Johnson and seconded by Peter Ricchiuti and unanimously approved.

Mr. Kopplin stated that there was one item on the agenda and that was the issue of the casino support payments from the State of Louisiana. Contractually, the state is obligated to reimburse the city \$3.6 million for public services provided to the casino. However, only \$1.8 million is budgeted because that is all that was remitted to the city in 2011.

Mr. Kopplin asked if there were any other issues which the members would like to discuss and recognized Mr. Ricchiuti.

Mr. Ricchiuti asked Mr. Lomba if the Euro-Zone financial problems would have an effect on the projected revenues.

Mr. Lomba responded that the Euro-Zone problems are very worrisome and could impact the national recovery, directly and indirectly by introducing greater uncertainty neither of which would be good for the forecast.

Mr. Kopplin asked when we would be able to see the effects of the BCS and Final Four which have been included in the budget.

Mr. Lomba responded that revenues for the BCS would not be collected until the end of February, and would not be known until mid-March. Sales taxes generated in one month are not due until the 20th of the following month and requires some additional time to be reconciled and recorded. The Final Four straddles two months and would not be observable until May-June.

Mr. Kopplin asked what would be the impact if Congress does not renew the payroll tax reduction.

Mr. Lomba replied that it would have two consequences: one it would reduce disposable income, and therefore reduce consumer spending and thereby slowing the national recovery; secondly it would reduce local spending for the same reason. So it would have a macro effect on the national level and a direct impact on the local level affecting the projected sales tax.

Mr. Lomba responded to Mr. Kopplin's question regarding where casino support payments are recorded by stating in Miscellaneous Revenues.

Councilmember Clarkson stated that casino support payments to the city were negotiated back in the 1990's while she and Councilmember Johnson were in the legislature and wanted to know what happened.

Mr. Kopplin replied that the Mayor has had a bill to take the casino support payments out of the general appropriation and have it deducted directly from Harrah's payments to the state and the Governor vetoed the bill twice.

Councilmember Clarkson responded that we must lobby for its enactment to which Kopplin responded that the Administration, with the support of the Council will try again. Mr. Kopplin recommended that \$1.8 million be added to the budget but not be spent until we receive it.

Councilmember Johnson stated that he understands the Governor's motivation because it keeps the city dependent on him, but we need to be assured that the money will be there. Since the state's fiscal year starts in July, we should know if the money is there by the time the legislatures ends its session.

Mr. Ricchiuti stated that that it would be fiscally prudent to hold it in reserve and he could support such an action.

Mr. Kopplin stated that this Committee must recommend the best estimate and it is my job as Chief Administrative Officer to not overspend and that the money will be held in reserve. He stated that this is not a special case, rather a routine practice to hold back some spending until we are sure that there is sufficient revenue to support it. The budget is a dynamic process.

Mr. Kopplin and Councilmember Clarkson discussed the procedure for amending the budget.

Mr. Kopplin motions to amend miscellaneous revenues by \$1.8 million; Councilmember Clarkson seconds the motion and the motion is unanimously adopted.

Councilmember Johnson motions to adjourn meeting and seconded by Councilmember Clarkson.