



**Mayor Mitchell J. Landrieu
Remarks on the 2013 Budget**

October 29, 2012

*****Prepared Remarks*****

Good Morning.

Today, I am presenting to the City Council and the people of New Orleans our proposed 2013 budget. All over America cities are struggling to balance their books and New Orleans is no exception. Across the board, costs are rising and we have additional requirements to fund the NOPD consent decree that will make 2013 a very tough budget year.

Yes, we face significant challenges, but I've been Mayor for 912 days and can tell you we have made remarkable progress- one hard day at a time. In 2010 we pulled the city back from the fiscal cliff/and/every year since, we have focused like a laser on the people's top priorities and counted every penny to live within a balanced budget.

Across the country people can see a confident and strong New Orleans rising. Since taking office two and a half years ago, we've accomplished some big things: our bond ratings rose from sub-investment grade to strong A and B ratings. Tax revenue from sales, property, and hotels is up. Plus, we've attracted new private investments from GE Capital, Nike, Goldman Sachs and Bloomberg Philanthropies – to name a few. We are the fastest growing city in America, the number of local business startups has increased, and our schools are rapidly improving.

Our budget philosophy is grounded in the belief that government at all levels must be honest, entrepreneurial, fast, efficient, effective, smart and flexible. The strategy is actually pretty simple- cut smart with a scalpel not a hatchet, reorganize how government works so people can get the services they deserve, and invest the savings in what matters most.

This is the approach that got us out of the huge, \$100 million hole we inherited in 2010. We tightened our belt and everyone sacrificed and felt the pain- we furloughed every city employee for 11 days, including top staff, cutting pay by about 10%. We cut overtime, cut take home cars, cut millions in contracts, and practically eliminated the use of city credit cards.

We did what we had to do to keep the city moving.

In 2011, our first full year in office, we created a balanced budget. We listened to citizen priorities and did what you told us to do. We invested more in public safety, more in recreation, more in job creation, more in blight reduction, and still cut spending by over 8 percent.

That's right – in 2011, and again in 2012, we shrunk government, cutting the budget by over 8 percent, spending \$40 million less than the city did the year before I took office, all while delivering better services.

At this time last year I said that we were on the right track and that we needed to stay the course. And that is exactly what we have done.

Residents said that public safety was their top priority. So in 2012, we moved forward with our first new NOPD recruit class in years.

We launched the NOLA FOR LIFE plan, a comprehensive strategy to reduce murder.

We've beefed up the Homicide Unit, significantly increasing the number of detectives. We stood up a new NOPD Crime Lab so we can connect the dots for the DA, tie bullets to guns, solve crimes and convict violent criminals like murderer and gangster Telly Hankton, who, along with his crime organization is being prosecuted by the US Attorney's Office on the strength of NOPD Crime Lab evidence.

We also eliminated a huge backlog of rape kits and have gotten over 70 new leads on rape cases, recently arresting Charles Williams who, because of NOPD's hard work, has been linked by DNA to two different rapes. Two rape victims will now find justice that they thought slipped away forever.

We will continue to use technology to fight crime.

Now we are moving forward, we've started important reforms/and the consent decree will help those reforms take root. We are relentless and will not be satisfied until every corner of our city is safe.

Another top issue related to crime is blight. Two years ago I asked you when was the time to get tough on blight, you said, "NOW!"

I asked you, you told me, we did it. So since taking office, we focused on the worse, most dangerous blight and demolished over 3500 blighted properties with another 1300 in lien foreclosure. But our strategy is holistic- it's not just demolition, it's about rebuilding neighborhoods by bringing blighted properties back into commerce. The Greater New Orleans Community Data Center, an independent entity, has noted that we are having great success/and blight has been reduced overall by nearly 8000 properties since 2010.

Again, people are starting to take notice of New Orleans. From Harvard University to the Department of Housing and Urban Development to the BGR, our blight program has been recognized as a best practice and has won various local and national awards. It's been hard work and so much more needs to be done, but we will win the fight against blight.

We heard, "Fix our streets." Tens of millions have already gone into fixing major corridors like Holiday Drive, Claiborne Avenue, Elysian Fields Avenue, Downman Road, Robert E Lee Boulevard, and St. Charles Avenue to name a few, and we got to work filling over 44,000 potholes this year alone, nearly 20 percent above our initial goal. Plus, Public Works has cleaned 52 percent more catch basins than in 2011 and we're also coordinating closely with the Sewerage and Water Board and our federal partners

to secure tens of millions in new funds to repair interior streets in dozens of neighborhoods like Lakeview, Lower Nine, Gentilly, and Mid City.

We heard you say, “Light up the city.” So we dedicated \$8 million in one-time federal recovery dollars to fix streetlights. Since I came into office, we’ve replaced nearly 20,000 streetlights. By the end of December, we will have completed close to 10,000 repairs this year alone. After Hurricane Isaac we doubled down on our already ramped up efforts to fix streetlights--- we’ve gone from 3 crews to 15 crews, five days a week to six days a week, 10 hours per day to 13 hours per day and we are going to succeed.

We heard, “Clean up nuisance bars and corner stores.” So our Alcohol Beverage Control Board and Law Department have been busy at work.

In 2009, there were only 32 prosecutions of problem bars and corner stores. We changed that- we targeted and shut down notorious bars like The Venue on Tchoupitoulas, Sports Vue in the 7th Ward, and Big Time Tips in Hollygrove. In the last 9 months alone, we have filed 246 prosecutions against bad actors, 7 times more than all of 2009. For problem bars and corner stores the message should be pretty clear- follow the rules because we are going to hold you accountable.

When we came into office, NORD was in shambles. We heard, “Our kids need more recreational and job opportunities.” We doubled NORD funding, tripling the number of kids taking part in camps—going from 14 to 33 kiddie camps, and this past summer, these kids had a blast- swimming, dancing and playing.

So even though this is a tough budget and NORD will get less funding than last year, we are finding ways to bring people together to get better results for our kids. Whether it’s helping the Red Cross to facilitate 52,000 hours of swim lessons for kids and adults throughout the city, or linking a major corporation like Nike with NORDC to create world class facilities at Joe Brown Park, or leveraging partnerships with the NFL, the Saints, Chevron and the Super Bowl Host Committee to rebuild 5 playgrounds. It’s all about building partnerships- facilitate, link and leverage.

Plus, we’ve also committed over \$100 million dollars to new parks and playgrounds, opened and renovated 10 parks and 12 pools- including new tennis courts at Oliver Bush in the Lower Ninth Ward. Over 25 years ago at a park very similar to Oliver Bush but in Compton, California two young sisters, Serena and Venus Williams started down their path to conquer their world. Now our wonderful young people will have the same opportunity to follow in their footsteps, find their passion and excel.

Last year, we heard, “We need more and better jobs,” and we need more retail, so in 2011, we started a public private partnership – the NOLA Business Alliance. Since taking office, we have helped generate over 3400 new jobs, including new, high paying IT jobs, jobs of the future, with GE Capital and Gameloft.

We're attracting retailers like Wal-Mart in the East and in Gentilly, Fresh Market, Costco, and a New Era Cap Co. on Canal Street and have launched big redevelopments at Algiers Plaza, Mid City Market, and the historic Circle Foods at Claiborne and St. Bernard.

We created a robust Office of Supplier Diversity because the people of New Orleans should be the ones to rebuild New Orleans, people like Dwayne Bernal, the President and CEO of Royal Engineering. A dynamic young entrepreneur, Dwayne is a great example of the terrific partnerships we have established with local and minority owned firms. So much more needs to be done, but for the first time ever we have met or exceeded DBE goals on city contracts for every quarter this year.

And we're adding jobs in film and technology. Last year in New Orleans, film productions did a half billion dollar book of business and local spending this year alone is up another 33 percent.

We heard "enforce the law, hold people accountable." So we've targeted people who owe the city money like parking ticket scofflaws. We increased the number of cars booted by 90 percent in the last two years.

We're also taking on tax cheats and making sure everyone is paying their share. We made investments in more auditors and collectors and as a result, we are up across the board in sale tax collections, hotel/motel collections, sanitation fee collections and in fees for occupational licenses. This is the philosophy- enforce the law and make sure everyone plays by the same rules.

We heard the public say, "City Hall needs better customer service." We've made huge improvements.

Now when you walk into your City Hall you are warmly welcomed by Ms. Loretta with a smile and a hello at the new help desk. We launched NOLA 311 for 4 departments, and now you can get answers, report a problem, and get a tracking number so you can check progress. And we are upping our game. By the end of the year, NOLA 311 will go a step further with mobile phone applications, and for the first time, citizens will be able to report problems online at our newly-redesigned nola.gov. It will make a huge difference.

We heard from residents, "Government should be accountable." So we got on it and launched four regular STAT programs that are open to the public and help both me as your Mayor and you as citizens track our progress and measure performance on key issues like blight, quality of life, revenue collection and contracting. We also produce a quarterly report called ResultsNOLA where you can clearly see which departments are hitting their marks and where efforts are falling short.

In the last several weeks, we launched a new tool called BlightStatus. It's great. Go online and check it out. You just type in an address and BAM! – you have access to the

city's blight data base. You can get info about a specific house and track what happens to it.

I am proud of our work and all our accomplishments, but some of my proudest moments as Mayor were seeing the hard work and dedication of our citizens and city employees during Hurricane Isaac.

This was a big test- the nation's eyes were on us- and we passed.

More than 3000 public employees and contractors worked around the clock to help prepare, respond, and get the city back to normalcy. Every police officer reported for duty. There was law and order on the streets.

With the Fire Department and the National Guard we served ice, MREs and tarps to hundreds of thousands of residents. We opened shelters, took care of the elderly and those with medical needs, kept the pumps running, and got businesses back up and operating.

And perhaps most importantly, we kept the public informed. NOLA 311 handled nearly 23,000 calls during the storm. And our new website ready.nola.gov and social media reached tens of thousands.

At the end of the day, Isaac was a good test. We passed. Today, our hearts and prayers are with the people on the East coast who are now bracing for Sandy.

The levees held and we saw what worked, what didn't and how we can improve, not only on our emergency protocols, but on the investments we've made through this budget process. Because of those investments, city government is more flexible and better equipped to handle an emergency and we are better able to transition back to normalcy.

This is what progress looks like. We're reinventing New Orleans government. We are on the right path-- better results, less spending, leaner government.

But hear this - we must continue to change.

Here is the truth: Business as usual is simply fiscally unsustainable.

According to the National League of Cities, nearly half of cities will likely reduce their workforce. Many have delayed or cancelled long-overdue infrastructure projects. And many are cutting back on important services in public safety and quality of life.

For example, in Los Angeles, their CAO predicts over 200 jobs are going to be cut. San Bernardino, California is closing all but one library and cutting over 100 jobs including from police and fire. Chicago will likely cut nearly 275 positions. San Diego, 49 positions will be cut. Even New York City is facing down a huge budget shortfall and may have to

cut personnel. In some smaller cities, police departments are down to a handful of officers who simply don't respond anymore to minor calls for service.

On top of that, the State can't seem to get it together. Look at the unprecedented and massive cuts to higher education and health care, over 400 jobs lost at LSU Medical Center, millions in state funds taken from Delgado, University of New Orleans and Southern.

Let me be clear, this path of austerity will not lead to success. It will not make us stronger. It's outrageous, but all we see in the near future is more, deep cuts, and some even with life and death consequences.

So looking back, 2012 has been a challenging year. Like in your family, we've had to roll with the punches and tighten our belt along the way. In fact, this year to stay on budget nearly all departments took a mid-year 3.8% cut.

Now, the good news is that 2013 revenues are projected to grow to \$491.4 million, but that won't cover current expenses and we have over \$50 million in new obligations related to the NOPD consent decree over the next 5 years. Plus, across the board, costs are rising for employee health care, pensions- in particular the fire pension, and workers compensation claims.

We cannot, and I will not spend more than what we have. We will live within our means, we will balance the budget, but 2013, like 2012, is going to be a challenge.

In 2013 we must again- cut and reorganize. It is going to be tough.

With the exception of public safety entities- the NOPD, NOFD and EMS, many departments will see an 8 to 10 percent reduction from their 2012 budget.

Cuts have consequences. And these cuts will hurt. For three years we've made tough choices, and our managers have squeezed every penny and most every efficiency to get the job done. We are always working to do more with less, but in many instances, we will have to do less with less. This is what we do and we'll keep keeping on.

On top of those cuts we have scoured City Hall, looking high and low for opportunities to reorganize and create efficiencies or improve effectiveness. One opportunity for reorganization is the City's Department of Human Services.

Human Services mostly manages emergency assistance grants and handles social service referrals, but it also oversees the very important Youth Study Center for juvenile offenders.

To me, it didn't make much sense to have Human Services manage grants or referrals for programs that are mostly related to the Health Department or other state and federal programs.

And it didn't make much sense for the Youth Study Center to be managed by a department whose core mission and competencies are not public safety, education or corrections. So we're proposing eliminating the department. And the Youth Study Center will continue to be overseen by Superintendent Glenn Holt.

From there, we will also further cut and reorganize city boards and commissions, last week I announced the elimination of 11 government boards or commissions, representing a 17% decrease in boards created by the City. In total, 19 boards and commissions have undergone or will undergo changes to achieve additional efficiencies. This will save both time and money.

Everyone will have to tighten their belt even further, including the Mayor's Office. The core Mayor's Office is taking a 25 percent cut. We are leading by example. We all will share in the pain and I believe we can do so without massive layoffs or furloughs.

Cut, reorganize, invest.

Only with these tough cuts and reorganizations can we afford the key investments we absolutely must make. We remain committed to funding citizen priorities. We are once again proposing a balanced budget that funds the priorities we all share.

Fighting crime is our top priority and we have to completely reform the NOPD. Even in tough economic times, this budget protects public safety, and unlike many other cities we will NOT have layoffs at NOPD.

We will turn around the NOPD, and with the federal consent decree we signed with the Department of Justice, New Orleans is on the best and only path forward. And so our budget will fund the immediate costs of the consent decree in 2013 – to the tune of \$7 million.

The 2013 budget will fund things like cameras in every cop car. No longer will it be 'he said, she said' - everything will be right there, on tape.

The 2013 budget funds new training for officers and a federal monitor who day in and day out will help oversee NOPD improvements. We will also fully launch the Office of Police Secondary Employment which will be housed outside the police department and be responsible for completely reforming the police detail system.

In this budget, NOPD is funded at 1260 total sworn officers; if we get below that number we will start a new recruit class. And we will be able to promote our police officers, and lieutenants and sergeants.

So while many other cities across the country are laying off cops, this budget includes no layoffs for NOPD. And with the help of federal recovery money, we will be able to purchase 100 new police cars to begin to replace our aging fleet.

But we all know that the proof will be in the pudding. The new NOPD will continue to work day in and day out to earn your trust and to help make our city safe.

Of course, the police are not the only part of the New Orleans criminal justice system. We worked with the District Attorney to ensure that even in this tough budget climate he has the resources needed to fight crime. The coroner's budget will remain at 2012 levels.

And although the \$8.5 million federal SAFER grant for the Fire Department has ended, but we will ensure that there are no layoffs or firehouse closures at the NOFD. However, as firefighters retire the department will shrink, but we will be able to maintain strong fire protection and prevention services.

We will fund the Tulane Towers program so we can get on the front end of crime and help our young people succeed. We will continue to fully fund the Youth Study Center, where programming continues to improve, and where we will soon be in full compliance with the consent decree.

Important NOLA FOR LIFE initiatives such as the group violence reduction strategy, SOS NOLA Midnight Basketball, mentoring and CeaseFire will all continue.

Because investment in our kids is critical to our effort to stem the violence, we will still heavily invest in NORDC and in our summer jobs program.

Plus, the City Planning Commission, the Historic District Landmarks Commission and Vieux Carre Commission will maintain their same budgets. After all, they each absorbed a cut last year. It is critically important that these land use commissions operate efficiently and effectively so businesses, developers, and property owners can get the permits they need to continue the progress in our city.

In 2013, we are going to stretch our every dollar even further. Using neighborhood housing improvement funds and CDBG dollars, we are going to fully fund our blight program.

We'll continue to expand our highly successful Lot Maintenance Program, which hires locals to cut grass on blighted property. And there's funding to keep up our aggressive use of code lien foreclosures, which is an important tool in getting properties back into commerce.

To help keep the streets clean, we'll purchase 6 new street sweepers and other equipment. And those funds will help tackle commercial blight neighborhood by neighborhood- from Algiers to New Orleans East to Gentilly.

Indeed, the 2013 budget will keep us on pace to reduce blight by over 10,000 properties by 2014.

In 2013, our budget will also help us continue the progress we've made on customer service and help expand NOLA 311. And we'll fully shift to One Stop Shop permitting. This is a big deal.

But we still need to make some choices.

To pay for streetlight repairs, for instance, we have budgeted \$10 million in disaster CDBG funds for 2013. This one-time money cannot and will not be replenished. Because streetlights are so important, we could take this recovery money from already committed projects, but there is a better plan to keep the lights on. I am asking the Council for a 2 percent Entergy franchise fee adjustment. This adjustment would appear on your Entergy bills. It will cost most households about \$2 to \$3 per month, which will be a sustainable funding source, dedicated to street light repairs for now and the future.

This is about sound fiscal management. No more robbing Peter to pay Paul.

Just as we did with the sanitation fee, we ought to pay as we go, and what we pay ought to align with the actual cost of the service. This long-term solution will enable us to modernize and maintain our streetlights for future generations.

If the City Council chooses not to pass this fee adjustment, we will still fund streetlight repair for 2013, but the problem will just be kicked down the road to be dealt with next year and the year after, and the year after, and the year after. Not what we want.

Another choice we have to make.

This budget funds sanitation costs at nearly the same rates as 2012. Unfortunately, the newest house count has determined that there are some new addresses that the city needs to start paying for. It's going to cost more.

This new expense is not currently in the 2013 budget. To pay for it, we want the City Council to give us and the Sewerage and Water Board more leverage to aggressively pursue those who refuse to pay their sanitation fee. Since we've been in office, the collection rate for the sanitation fee has improved, but some residents still refuse to pay for the service they use to get their trash picked up.

You said you wanted more enforcement. I'm asking the city council for the authority to collect what is owed from people who will not pay.

By amending current law, we want to allow S&WB to be able to turn off water when the sanitation fee bills become delinquent. The same as is done with water bills. With this new power to enforce the law, we can more than offset the new sanitation costs. Otherwise, we will have to ask the City Council to identify cuts elsewhere to fully fund sanitation.

In streetlights and sanitation we have long-term solutions for ongoing, annual funding challenges.

We continue to pursue pension reforms so our long-term liabilities are manageable. This is especially important with the firefighters pension.

So next legislative session, we will once again ask that firefighters like police and other employees, pay their fair share. Right now, the system is not balanced and the taxpayers are on the hook, and unfortunately, the decisions made by the Firefighter's Pension Board have been poorly considered and high risk.

This is not a game of monopoly. If an investment in a high risk hedge fund in the Cayman Islands goes bad, or a golf course in Texas goes belly up, and they lose millions, then the General Fund – your money, money we need for police, fire, EMS, recreation, and blight – makes up the difference.

We love our firefighters and the NOFD is one of the only departments that will not see a cut in our proposed budget. But the current situation with the pension is unfair to taxpayers, it's unfair to firefighters- in fact, it's crazy.

We also have great opportunities to continue our investments in roads and infrastructure.

Today we will also present to the council a capital budget with \$104 million to be used for rebuilding this great city in 2013.

Since I took office, we have met with FEMA 365 times. The result is a true partnership and now we have nearly \$544 million in new recovery dollars for the City and Sewerage and Water Board, and much of that is for street repair across New Orleans.

In 2013, we are budgeted to move forward with renovations on dozens of public facilities, from Jackson Square to the Library's Main Branch. This is already on top of our ongoing committed projects like Joe W. Brown Memorial Park in the East, Behrman Park in Algiers, pools in St. Roch and Gert Town, Harrell Center in Hollygrove, Lyons Center, Rosenwald Center in Central City, St. Roch Market, Stallings St. Claude Center, the Milne Boys Home in Gentilly, Brechtel Park on the West Bank, Municipal Yacht Harbor in West End, the Sanchez Center in Lower Nine, the new Juvenile Justice Center that will replace the Youth Study Center, a new Coroner's Complex, and streets across the city.

We'll also use a \$40 million bond issuance for new streets.

These are just a few of the investments we are making so we can continue to move New Orleans forward.

We're going to keep our nose to the grindstone to create the best, most flexible, entrepreneurial, fastest, forward leaning City Hall in America so we can get the biggest bang for the buck and deliver the best services we possibly can. To reach that goal we must cut smart, reorganize and invest.

So although times are tough and we're cutting, getting smaller, we're going to keep moving forward. The 2013 budget will be balanced and fund your top priorities. In the coming weeks, every department, board, commission or other governmental entity funded by the City of New Orleans will participate in a robust series of public hearings in City Council chambers. I hope citizens will join us. I look forward to working with Council and hearing from citizens.

Thank you. I'll be happy to take a couple of questions.