



**Mayor Mitchell J. Landrieu
City of New Orleans**

2017 Budget Speech

Monday, Oct. 17, 2016

***Remarks as prepared for delivery*
Embargoed until delivery**

Good morning.

Today, I present to the City Council and the people of New Orleans our administration's proposed 2017 budget.

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First, I want to thank my partners on City Council.

I look forward to working with them over the next month to pass a balanced budget that delivers on the people's priorities.

Because of our work the past six and half years, New Orleans is one of America's great comeback stories. You could see evidence of it all over our city this weekend.

By coming together, we kick-started recovery from Hurricane Katrina by fast-tracking over 100 major projects and securing billions more in federal funding to rebuild schools, hospitals, parks, playgrounds and critical infrastructure, particularly roads and drainage. Together, we brought sound fiscal management, balanced budgets and ethical contracting to City Hall, leading to the City's highest-ever credit rating and new confidence in doing business with the City.

With support from the City Council and unprecedented levels of input and participation from our residents, we have lived by a budget philosophy grounded in my belief that transparent government is crucial in order to deliver high-quality services. Our approach has been pretty simple – 1.) cut smart, 2.) reorganize, 3.) invest and 4.) grow.

Like every year since taking office in 2010, this budget was built from the ground up, not the top down.

We began our budgeting process this summer with a series of very well attended community meetings across the city to get input first from residents.

I hear a lot at these meetings, but the big takeaway is always this – Focus on the basics, make it work, and we will back you up.

The public said, double down on public safety, create jobs, rebuild infrastructure, invest in quality of life like sanitation and blight reduction, and creating affordable housing.

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Our budgets over the last six and a half years have been not only balanced, but roadmaps for the future.

Clear plans for how to deal with the problems we face.

And bit by bit over the last six years we have righted the huge, slow moving ship that is city government.

Bit by bit, we've seen less blight, more housing, more retail, more recreation, better bond ratings, higher property values, and new industries – biomedical, digital media and water management.

And this means even more jobs, more business, more revenue and in turn, more public investment.

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That's what I call a virtuous cycle, which has yielded over \$6 billion of investment since 2010 alone.

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Cut, reorganize, invest, grow – repeat.

It is how we've set a strong foundation for the future - a launching pad aimed toward 2018 and our 300th anniversary as a city.

Within the next two years we want nothing more than to create a city for the ages, a city at peace, a city of opportunity, a stronger, more resilient New Orleans.

But there is so much work still to do.

And in 2017, we need to go further and faster with a laser focus on our priorities:

Public safety

Jobs

Streets and infrastructure

Opportunities for our kids

Affordable housing and quality of life

First and foremost, we need to make our city safer.

Next year, we will spend about \$30 million more on NOPD than in 2010. Because fighting crime is the priority.

We are fully funding the most comprehensive police reform consent decree in history.

We are hiring and training a larger, more professional police force with 11 NOPD recruit classes since 2010. We have already put nearly 250 more cops on the street: 2 classes are in session now and another will begin this month.

And we are giving our officers the tools they need to reduce violent crime and provide our residents with the security we all deserve.

We're investing more for new police stations, new computer systems and equipment.

And we're increasing NOPD funding by another \$8 million in 2017.

We just gave officers a 15% pay raise and we are budgeted to hire another 150 police officers next year.

But we need more cops in our neighborhoods right now.

So, Chief Harrison restructured the department to put nearly 100 officers back on the street.

Plus, our district commanders have more overtime to flex the size of the force, adding manpower for every shift.

Because of our work, police response times have improved and crimes like armed robbery is trending down.

With help from City Council, we updated our False Alarm Ordinance to free up the equivalent of 6 full time officers for real emergencies.

In cases of non-violent property crimes like graffiti, our new online police reporting system allows the victims to file a short police report, without an officer coming to the scene.

This will be fully implemented in 2017.

And last year, our new Alternative Police Response Unit responded to hundreds of non-emergency calls, taking reports by phone saving even more police work hours on the street.

This budget also adds many additional civilian positions, from crime analysts to crime scene techs to recruitment staff.

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We want the police department to have a laser focus on violent crime.

That is why we created the NOPD led Multi-Agency Gang Unit as a part of NOLA FOR LIFE.

In the last five years this special unit has gone after our city's most violent criminals.

Thus far, 132 individuals from 14 violent gangs indicted. And there is more to come.

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But of course the police are just one part of the much larger efforts to make our city safe. Even in a tough budget, we are able to increase EMS's budget by about \$700,000 so we can increase hiring to cut down on wait times and improve availability. It will help save lives.

To keep the criminal justice system running, we are keeping the D.A., the Public Defender, our Coroner and our Courts fully funded at 2016 levels.

And it is so important to fund programs for youth, especially those who are at risk for getting involved in crime.

Since 2012, when we launched NOLA FOR LIFE, a comprehensive murder-reduction strategy, average number of murders is down nearly 20 percent to the lowest levels in decades.

That is why we will continue to support our NOLA FOR LIFE initiatives, from midnight basketball to supportive services for our young men to our re-entry strategy.

In addition to all our work with NOLA FOR LIFE, to get on the front end and invest in prevention, we have nearly tripled NORD's budget since 2010.

When we got here 6 years ago in 2010, only about 500 kids learned how to swim at 8 NORD pools.

This year over 4,600 kids learned how to swim at 15 pools, which are now open for more of the year.

In 2010, we had 1,600 kids at 4 city run camps; this year, over 4,000 kids at 53 youth and teen camps.

In 2010, we had 4 recreation centers, now we have 10 with the 11th on the way at the Milne Recreation Center. A great start, as we help our kids get ahead early and often.

Add the millions spent on these wonderful new NORD facilities to the \$1.8 billion going for 80 new, renovated, or refurbished schools.

Plus, this year, we extended hours of operation at all our libraries across the city.

Our kids are getting to learn and play in modern facilities, with better programming and better academics. We are giving them a better chance, something worthy of their promise. We are not only giving them hope, but real opportunity.

But for our kids to reach their full potential we need strong neighborhoods and that means strong families with parents who have good paying jobs.

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To create jobs, in 2010 we started the NOLA Business Alliance and helped create over 15,000 jobs and counting.

To help local business, we've also improved key city services, like the One Stop Shop for permitting, which in many instances has cut wait times from hours to about 15 minutes.

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The 2017 budget also invests heavily in our broader Economic Opportunity Strategy.

We have a new local hiring policy and are also investing money to improve our city's workforce.

It is pretty simple - this is about making sure the thousands of new jobs we are creating go to local New Orleanians.

So now whether it is millions in Sewerage and Water Board projects that are now hitting the ground or millions more in city streets or capital projects, the people of New Orleans will be the ones who rebuild New Orleans.

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In 2017, we also fund our intensive job readiness program STRIVE.

In fact, last week we celebrated the tenth class of STRIVE graduates, many of whom already have new good jobs or are working toward professional certifications.

In 2017, we'll have \$15 million for our economic development and economic opportunity efforts, with more than \$200,000 in new funding to support career development internships for high school students through Youth Force NOLA.

Furthermore, we will fully fund our new initiative BUILD NOLA, which helps train and connect local small business people to opportunities, especially at big projects like the Four Seasons at the old World Trade Center and the \$2 billion infrastructure program through Sewerage & Water Board and Public Works.

The 2017 budget will also see new resources for Civil Service, so we can ensure they can put people to work in a more efficient and effective manner.

I need Civil Service to get better fast. This has historically been a huge log jam for the City and a barrier to hiring. We need to get this done.

The point is that we must get to the root of the problem. Thousands don't have access to the skills and education to get a good job. Others need the connections to work.

We want to create pathways to prosperity and we can't leave anyone behind. The prosperity being enjoyed by some must be available to all.

And as our city's economy grows, we should be ever mindful to also ensure that people have access to affordable housing.

In recent years, more than \$1 billion in new affordable public housing has become available or is coming online.

This year, we leveraged about \$10 million for over one thousand units of housing. And at this year's State of the City, I announced the City's new five-year housing plan, Housing for a Resilient New Orleans. Our goal is to build or preserve 7,500 units of affordable housing over 5 years.

Now, our 2017 budget invests \$17 million for affordable housing programs, which include developing more affordable units, providing housing loans and grants along with rental assistance.

In the coming weeks and months, we'll also begin more robust discussion about inclusionary zoning and the creation of a rental registry to ensure that all residents live in safe, sanitary, and healthy housing.

Also, in the last seven years New Orleans has reduced homelessness by over 80% and was the first city in America to essentially end veteran homelessness.

And next year with our close partners at the Downtown Development District, UNITY of Greater New Orleans, and Metropolitan Health Services District, we will continue this progress by investing in a new best practice low barrier shelter. We have identified a good location for this facility, which will be focused on serving chronically homeless who are mostly older people with disabilities.

The goal is to lower barriers for entry. So there is no limit on length of stay and no admission fee. Instead of sleeping in neighborhoods homeless can stay at the shelter 24/7.

It will be at this new shelter where well-trained staff will engage, stabilize, shelter and rapidly move homeless towards permanent housing.

We need to make sure that all our residents have a place they can call home. But to do it, we must make small investments on the front end to save millions more on the back end.

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Beyond housing, we are also budgeting more for blight reduction and quality of life—something we heard at every budget meeting loud and clear.

We're adding more in sanitation and parkways to clean up our streets, bridges, and neutral grounds. And because we rebid the sanitation contracts, next year we will save over \$4 million.

We're putting \$15 million in code enforcement and NORA to fight the blight.

This work is important. These are your top priorities. It's the basic work of government.

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Last, but certainly not least, we need to fix our crumbling infrastructure.

It's something we have heard loud and clear from residents across New Orleans.

Since 2010, we've repaired more streets and streetlights than during any six and a half year period in New Orleans history.

Six and a half years – over 270,000 potholes filled, over 122 miles of streets fixed, over 60,000 streetlights repaired.

In 2017, there's \$3 million for pothole repairs and catch basin cleaning. Another \$3 million for streetlight repairs.

And we have \$3 million in new funding to catch up on the backlog of drainage point repairs.

Prior to Katrina we would spend about \$19 million per year on streets—between maintenance and construction.

Right now, over \$200 million of road construction has been completed in 2016 or is in progress.

That is about ten times more street work than we used to do. And we have the scars to prove it.

And there is more to come at double that rate.

This year, we finalized a historic \$2 billion settlement with FEMA for repairs to roads and sewerage and drainage infrastructure.

On top of our operating budget, we are projecting a record \$480 million in 2017 for street, drainage, water, and sewer construction in our capital budget. And that's for 2017.

That includes dozens on neighborhoods' interior streets and money for resilience-building projects like the Gentilly Resilience District.

We are not just building back to where we used to be, but rebuilding stronger, more resilient than ever before.

And so you can track it all, we just launched the new and improved RoadWork.nola.gov, so residents can see where the work is being done now and where we are going next.

However, more needs to be done and our Fix Our Streets Working Group will to begin to make recommendations for the future.

One critical piece is a drainage millage renewal that funds our drainage and flood protection system. It is on the ballot this December.

It is NOT a new tax and is critical to our entire system so we protect you from flooding.

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This is what you told our team at the community meetings.

This is what I hear from you when you stop me on the street or when you see me at the ball park or when you catch me at the grocery or at the cleaners.

You say – make the city safe. Fix streets. Create jobs. Fix the basics.

Even though we have aggressively cut, reorganized, invested, and grown - the 2017 budget is still balanced on a knife's edge.

Our hard-won new revenue from better collections, rising property values, and the retail and development boom is under cut by rising costs.

More federal mandates, and longstanding liabilities. We also had \$20 million of one-time money in the 2016 budget that is not available next year.

Plus, in this budget we must dedicate \$50 million to fully fund the fire fighters pension fund's requests in 2017 as part of our landmark settlement in 2015 with the NOLA firefighters union and pension board on a decades long back pay lawsuit and pension lawsuit.

And we are allocating nearly \$53 million, including nearly \$45 million direct contribution, to operate the Orleans Parish Prison, which is nearly double what we spent in 2010.

With the new jail compliance director in place making reforms and saving money, we believe it will be more than enough to run a constitutional jail.

To address some of the City's long-term legal liabilities, we will borrow \$10 million in the latter half of 2017 to pay off looming federal liabilities and old judgments.

Together with money from a 2016 loan, we will invest \$20 million to address these liabilities. It's the right thing to do and it's what we have to do,

but just imagine how much more we could invest in streets or recreation or police if not for these obligations.

But instead, in 2017 to keep the budget balanced we are imposing cuts on many administrative offices across government from the Mayor's Office to the CAO's Operation's Office; IT, our Innovation Delivery Team, and the Department of Finance.

These smart cuts will allow us to best fund your priorities first. We have also proposed adding \$1.5 million of more revenue to the mix with a local occupational license on liquor at the whole sale level.

Now, to add to our challenge and to be fiscally prudent, with all of our budget pressures, we have to remain steady.

That is why we became the first administration to ever create an official city rainy day fund with the goal of having it reach 10% of our total General Fund budget.

In 2017, we must protect this fund balance, which we have set at \$44 million.

Indeed, our fund balance is one of the primary reasons for our major credit rating upgrades.

The well-respected publication The Bond Buyer noted that the City's rating is now at an all-time high.

This is an especially big deal in comparison to the financial management at the state level over the last decade.

But it can all be undone if we do not hold firm on budgeting wisely.

There's no doubt, we are on the right path.

The successes we have had, to a large degree, can be attributed to the sound budgets we have created since taking office, so we must stay the course.

Now is the time to hold steady.

To focus on fixing the basics- and focus on quality of life. To invest in public safety, creating jobs and fixing our infrastructure.

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The mandate from the public when I got elected was clear.

Turn the city around, get the recovery back on track, and get our fiscal house in order.

And get the city moving in the right direction.

This budget and the previous six that this one follows, deliver on that promise.

This is the strongest financial position and the strongest condition this city has been in for a generation.

We have a long way to go, but if we continue on the right track, our city is positioned for even more growth and prosperity in the future.

Thank you.