
REVENUE ESTIMATING CONFERENCE
Quarterly Economic Review



CITY OF NEW ORLEANS

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PRESENTED FRIDAY AUGUST 19, 2011

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FINANCIAL FORECAST

OBJECTIVE

To present the revised estimates for FY 2011 compared with the June revisions and a preliminary FY 2012 projection for the City's General Fund.

EXECUTIVE SUMMARY

Revenue collections for the first seven months of FY 2011 suggests that collections for the year will fall short of budgetary expectations by approximately \$4 million or 0.8% in relative terms.

Preliminary FY 2012 estimates have been compiled based on metric calculations and departmental estimates. However, the final assessment rolls and roll-down provisions are not available at present but will be available for the final forecast which will be presented at the October meeting. Additionally, departmental estimates must be reviewed in light of the current collection experience for 2011. All relevant information influences to some extent one's expectation for the future. A review of the preliminary 2012 departmental estimates in the light of the information presented here today may result in additional changes to those estimates.

At this intermediate stage in the process, General Fund revenues will remain flat from approximately \$484 million this year to \$482.2 million in 2012, a very modest change of \$1.8 million or by 37 basis points.

**FY 2011
REVISED ESTIMATE**

**FY 2011 BUDGET
REVISED OUTLOOK**

(as of 8/19/2011)

Table 1

REVENUE SOURCE	FY 2010 UNAUDIT 6/6/2011	FY 2011 ADOPTED/ AMENDED	Proj. 6/28/2011	proj 8/19/2011	Variance	%
TAXES	\$248,290,225	\$277,902,954	\$279,034,370	\$279,524,259	\$489,889	0.18%
LICENSES & PERMITS	\$58,117,884	\$63,397,616	\$58,190,519	\$58,838,466	\$647,947	1.11%
INTERGOV. REVENUE	\$10,140,521	\$9,273,442	\$9,917,728	\$9,795,240	(\$122,488)	-1.24%
SERVICE CHARGES	\$50,168,322	\$69,253,465	\$70,827,386	\$72,179,175	\$1,351,789	1.91%
					-	-
FINES & FORFEITS	\$31,456,288	\$36,825,370	\$41,607,925	\$36,240,098	(\$5,367,826)	12.90%
					-	-
INTEREST INCOME	\$745,421	\$2,412,757	\$1,009,018	\$704,853	(\$304,165)	30.14%
MISCELLANEOUS REVENUE	\$60,186,741	\$29,269,143	\$27,455,830	\$26,677,017	(\$778,813)	-2.84%
TOTAL GENERAL FUND	\$459,105,404	\$488,334,746	\$488,042,776	\$483,959,108	(\$4,083,668)	-0.84%

FY 2011 REVENUES

REVENUE FORECAST

TAXES

Property Tax

Property tax collections through July, 2011 amounted to \$93.5 million compared with \$72.8 million for the same period in 2010. Based on collections for the first 7 months, collections for 2011 are projected to remain at the \$99.2 million projected in June and are consistent with the historical 91.5% collection rate.

Sales Tax

Sales taxes on retail sales for the first 6 months of the year were \$56 million compared with \$53.8 million for the same period last year. It remains on pace to generate the \$135.3 million for the year reported at the last meeting.

Hotel-Motel tax collections for the first six months of 2011 were \$5.8 million an increase of \$600,000 over the \$5.2 million collected in 2010. Current trends suggest that collections for 2011 improved since June and are currently estimated at \$12.1 million for the year.

Automobile sales tax for this year is estimated to be \$9.3 million which is an increase over the \$9 million projection reported at the last meeting.

Total Taxes

Total taxes are expected to remain essentially at the June level, \$279.5 vs. \$279.0 in June.

LICENSES AND PERMITS

Occupational License

Collections through June of this year were \$8.9 million, \$600,000 over the \$8.3 million collected last year. This consistent premium over 2010 warrants the \$194,000 upward adjustment to the June forecast.

Franchise

Despite the rate reduction, collections improved significantly, undoubtedly the result of high temperatures and humidity. Estimates for the year were raised by 1.9% from the June projections.

Total Licenses and Permits

Total licenses for the first six months were \$30.8 million, approximately \$800,000 over last year. Estimated collections for the year are 1.1% over the June forecast.

INTERGOVERNMENTAL REVENUES

Intergovernmental revenues are still trending over budget but \$122,000 below the June projection, principally resulting from the reduced expectations of State re-imbusement for Medicaid expenses. This revenue is very erratic and consequently very difficult to predict.

INTEREST INCOME

Interest income for 2011 remains weak as a result of the continued soft financial markets and the accelerated momentum in capital project expenditures.

SERVICE CHARGES

Health Fees

The outlook in this revenue category of which EMS fees predominate has remained essentially at the June outlook.

Sanitation Service Charge

Similarly Sanitation service charge remains at the June level.

Total Service Charges

Total Service charges are up slightly, 1.9% from June.

FINES & FORFEITURES

The revenue outlook has softened from the June expectations with revenues trending \$5.4 million under the previous forecast.

MISCELLANEOUS REVENUES

The projection for Miscellaneous revenues is down by approximately \$800,000 as a result of Harrah's recovering it's over payments made in 2010 from 2011 monthly rental payments.

GENERAL FUND OUTLOOK

General Fund revenues over the course of the first six months is on pace to average \$484 million for the year which is \$4 million or .84% under the June forecast.

**FY 2011 BUDGET
REVISED OUTLOOK**

(as of 8/19/2011)

Table 1

REVENUE SOURCE	FY 2010 UNAUDIT 6/6/2011	FY 2011 ADOPTED/ AMENDED	Proj. 6/28/2011	proj 8/19/2011	Variance	%
TAXES						
PROPERTY TAX	\$74,664,436	\$102,145,789	\$99,246,172	\$99,246,172	\$0	0.00%
INTEREST AND PENALTIES	\$5,953,171	\$6,329,402	\$3,072,512	\$2,972,443	(\$100,068)	-3.26%
SALES TAX						
GENERAL SALES-USE TAX	\$128,509,961	\$129,224,326	\$135,327,768	\$135,327,768	\$0	0.00%
9153 MOTOR VEHICLE TAX	\$7,792,305	\$7,625,721	\$8,953,260	\$9,305,879	\$352,619	3.94%
9154 HOTEL/MOTEL TAX	\$11,024,499	\$10,596,556	\$11,794,794	\$12,125,729	\$330,934	2.81%
SALES TAX	\$147,326,765	\$147,446,603	\$156,075,822	\$156,759,376	\$683,553	0.44%
UTILITY TAX	\$10,827,248	\$11,186,691	\$10,189,235	\$10,375,107	\$185,871	1.82%
PARKING TAXES	\$3,409,934	\$3,759,046	\$3,545,949	\$3,590,282	\$44,333	1.25%
DOCUMENTARY TRANSACTION TAX	\$3,602,838	\$4,401,058	\$4,111,214	\$3,736,659	(\$374,556)	-9.11%
GAMING TAX	\$1,902,299	\$1,917,418	\$1,963,643	\$1,994,713	\$31,069	1.58%
OTHER TAXES	\$603,534	\$716,947	\$829,822	\$849,507	\$19,685	2.37%
TOTAL TAXES	\$248,290,225	\$277,902,954	\$279,034,370	\$279,524,259	\$489,889	0.18%

**FY 2011 BUDGET
REVISED OUTLOOK**
(as of 8/19/2011)

Table 1

REVENUE SOURCE	FY 2010 UNAUDIT 6/6/2011	FY 2011 ADOPTED/ AMENDED	Proj. 6/28/2011	proj 8/19/2011	Variance	%
LICENSES & PERMITS						
OCCUPATIONAL LIC	\$8,668,422.71	\$9,025,546	\$9,025,546	\$9,219,786	\$194,240	2.15%
FRANCHISE	\$34,852,934	\$40,180,892	\$32,807,447	\$33,419,032	\$611,585	1.86%
BUILDING PERMITS	\$6,406,660	\$5,324,000	\$6,815,278	\$7,341,890	\$526,612	7.73%
ELEC & MECH PERMITS	\$2,230,916	\$3,138,000	\$2,385,111	\$2,281,906	(\$103,205)	-4.33%
MOTOR VEHICLES	\$2,478,695	\$2,500,000	\$2,520,311	\$2,566,604	\$46,293	1.84%
BEVERAGE PERMITS	\$1,457,528	\$1,457,528	\$1,493,446	\$1,861,360	\$367,914	24.64%
HEALTH	\$34,640	\$25,000	\$40,781	\$27,726	(\$13,055)	32.01%
9291 MAYORALTY PERMITS	\$229,984	\$240,000	\$274,090	\$310,796	\$36,706	13.39%
OTHER LICENSES & PERMITS	\$1,758,106	\$1,506,650	\$2,828,510	\$1,809,367	(\$1,019,143)	36.03%
TOTAL LICENSES & PERMITS	\$58,117,884	\$63,397,616	\$58,190,519	\$58,838,466	\$647,947	1.11%

**FY 2011 BUDGET
REVISED OUTLOOK**
(as of 8/19/2011)

Table 1

REVENUE SOURCE	FY 2010 UNAUDIT 6/6/2011	FY 2011 ADOPTED/ AMENDED	Proj. 6/28/2011	proj 8/19/2011	Variance	%
INTERGOVERNMENTAL REVENUE						
STATE REV. SHARING less retirement	\$1,828,411	\$1,086,797	\$1,193,269	\$1,236,665	\$43,396	3.64%
PARISH TRANSPORTATION FUND	\$3,589,649	\$4,357,503	\$4,357,503	\$4,357,503	\$0	0.00%
OTHER INTERGOV. REVENUE	\$4,722,462	\$3,829,142	\$4,366,956	\$4,201,072	(\$165,884)	-3.80%
TOTAL INTERGOV. REVENUE	\$10,140,521	\$9,273,442	\$9,917,728	\$9,795,240	(\$122,488)	-1.24%
SERVICE CHARGES						
HEALTH	\$9,410,898	\$8,973,802	\$11,317,942	\$11,405,886	\$87,944	0.78%
PARKING METERS	\$3,854,239	\$4,100,000	\$4,389,336	\$4,453,326	\$63,990	1.46%
SANITATION SERVICE CHARGE	\$17,312,145	\$34,950,402	\$32,480,437	\$32,798,629	\$318,191	0.98%
TAX COLLECTION	\$9,573,542	\$8,785,681	\$13,648,056	\$13,635,136	(\$12,920)	-0.09%
INDIRECT COSTS	\$2,348,422	\$3,600,000	\$2,000,000	\$2,000,000	\$0	0.00%
UTILITY REGULATORY FEES	\$974,975	\$1,250,400	\$997,091	\$1,023,086	\$25,995	2.61%
TOWING AND BOOTING	\$872,495	\$1,070,000	\$1,087,161	\$1,252,387	\$165,226	15.20%
OTHER SERVICE CHARGES	\$5,821,606	\$6,523,180	\$4,907,363	\$5,610,725	\$703,362	14.33%
TOTAL SERVICE CHARGES	\$50,168,322	\$69,253,465	\$70,827,386	\$72,179,175	\$1,351,789	1.91%

**FY 2011 BUDGET
REVISED OUTLOOK**

(as of 8/19/2011)

Table 1

REVENUE SOURCE	FY 2010 UNAUDIT 6/6/2011	FY 2011 ADOPTED/ AMENDED	Proj. 6/28/2011	proj 8/19/2011	Variance	%
FINES & FORFEITS						
TRAFFIC COLLECTION	\$30,984,599	\$36,332,870	\$41,078,314	\$35,730,687	(\$5,347,627)	13.02%
OTHER FINES & FORFEITS	\$471,690	\$492,500	\$529,611	\$509,412	(\$20,199)	-3.81%
TOTAL FINES & FORFEITS	\$31,456,288	\$36,825,370	\$41,607,925	\$36,240,098	(\$5,367,826)	12.90%
INTEREST INCOME						
INTEREST-OPERATING FUNDS	\$41,473	\$31,169	\$52,886	\$37,482	(\$15,404)	29.13%
CAPITAL FUNDS	\$703,949	\$2,381,588	\$956,132	\$667,371	(\$288,761)	30.20%
TOTAL INTEREST INCOME	\$745,421	\$2,412,757	\$1,009,018	\$704,853	(\$304,165)	30.14%
MISCELLANEOUS REVENUE						
GAMING	\$22,409,266	\$18,062,300	\$16,262,300	\$14,471,204	(\$1,791,096)	11.01%
OTHER MISCELLANEOUS REVENUE	\$37,777,475	\$11,206,843	\$11,193,530	\$12,205,813	\$1,012,283	9.04%
TOTAL MISCELLANEOUS REVENUE	\$60,186,741	\$29,269,143	\$27,455,830	\$26,677,017	(\$778,813)	-2.84%
TOTAL GENERAL FUND	\$459,105,404	\$488,334,746	\$488,042,776	\$483,959,108	(\$4,083,668)	-0.84%

PRELIMINARY FY 2012 GENERAL FUND FORECAST

GENERAL FUND PRELIMINARY FORECAST

DESCRIPTION	FY 2009 AUDITED	FY 2010 UNAUDITED 6/6/2011	FY 2011 PROJECTED	FY 2012 PROJECTED
PROPERTY TAXES	\$72,807,638	\$74,664,436	\$99,246,172	\$99,246,172
SALES TAX	\$133,867,940	\$147,326,765	\$156,759,376	\$161,147,514
OTHER TAXES	\$31,199,920	\$26,299,024	\$23,518,711	\$23,518,355
TOTAL TAXES	\$237,875,499	\$248,290,225	\$279,524,259	\$283,912,041
LICENCES & PERMITS	\$54,091,490	\$58,117,884	\$58,838,466	\$57,478,613
INTERGOVERNMENTAL	\$8,909,466	\$10,140,521	\$9,795,240	\$9,467,550
CHARGES FOR SERVICES	\$47,937,129	\$50,168,322	\$72,179,175	\$71,120,193
FINES & FORFEITS	\$24,544,748	\$31,456,288	\$36,240,098	\$37,751,500
INTEREST INCOME	\$2,259,361	\$745,421	\$704,853	\$704,853
MISCELLANEOUS REVENUES	\$42,784,459	\$60,186,741	\$26,677,017	\$21,733,673
GENERAL FUND RECURRING REVENUE	\$418,402,152	\$459,105,404	\$483,959,108	\$482,168,424
GROWTH %	5.52%	9.73%	5.41%	-0.37%

GENERAL FUND FY 2012 OUTLOOK

PROPERTY TAX

Every four years every assessor must re-assess all properties and FY 2012 is a re-assessment year. The assessor has the added burden of identifying that portion of the total assessment which is attributed to re-assessment and that portion which is attributable new value resulting from new construction activity. The assessor must submit his roll to the Board of Review in September and the Board must certify the rolls in October.

Since there is no reliable way to estimate the two components of assessments independent of the assessor's roll, FY 2012 is assumed at the estimated FY 2011 value.

SALES TAX

Sales taxes consist of taxes on retail purchases, hotel room sales and auto purchases. Total sales tax is projected to grow by \$5.6 million from FY 2011 on the basis of continued strength in tourism and the local economy which continues to outperform the U. S. economy.

OTHER TAXES

Other taxes consist of a myriad of items the largest being Utility tax, Parking tax and Documentary transaction tax. The combined revenue in this category is projected to remain essentially flat.

LICENSES AND PERMITS

Revenues are projected to decline slightly as the rate of new building activity tapers. This anticipated moderation in new permit activity is not a reflection of any weakness in the local economy but rather it's approaching the limits of its capacity.

INTERGOVERNMENTAL REVENUES

Revenues from this source basically emanate from the state and are anticipated to decline some as a result of the inclusion of additional payments to the Clerk of Court retirement fund and limitations of the state budget.

SERVICE CHARGES

Sanitation and EMS fees comprise the largest items in this category and just like the majority of revenue items in this category are unit based charges. As such, growth is constrained and is projected to remain flat.

FINES & FORFEITS

Revenues are anticipated to increase by \$1.5 million by 2012. Since this revenue is dependent on fixed fees per offense, the growth potential is limited.

MISCELLANEOUS REVENUE

Rent payments from Harrah's casino is the largest item in this category but also consists of a number of inconsistent items which defy projection and experience wide swings from year to year. Although revenues are anticipated to decline by \$5 million, it is not uncommon to observe significant shifts in revenues during the course of the year.

