

**MEETING MINUTES  
REVENUE ESTIMATING CONFERENCE  
May 21, 2014**

**PRESENT**

Honorable Mitchell J. Landrieu, Mayor, Chair  
Honorable Stacy Head, Councilmember-at-Large  
Peter Ricchiuti, Professor, Tulane University  
Andrew Kopplin, First Deputy Mayor & Chief Administrative Officer  
Norman S.J. Foster, Director of Finance/CFO

**AGENDA**

1. Adopt Minutes for the November 20, 2013 Revenue Estimating Conference
2. Brief Economic Outlook
3. FY 2013 Revenue Overview
4. FY 2014 Revenue Overview

**OPENING**

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

Mr. Landrieu announced that the strategy to develop the local economy by introducing new retail opportunities is having a positive effect over the City's financial position. He noted that despite the positive results in 2013, including growth of over 9% in sales tax and strategic cost cutting initiatives to make government operations more efficient, the City is currently facing a number of pending obligations including two federal consent decrees and a civil district court decision for the fire pension. Mr. Landrieu explained that these pending obligations plus other citizen demands could potentially outstrip the City's strong growth in tax revenues.

Mr. Landrieu commended the conference for their work and the City's Finance Department for the significant improvement performing the financial closing process in a timelier manner. After his remarks, Mr. Landrieu departed in order to attend the State's legislative session in Baton Rouge.

Mr. Kopplin welcomed the Council's President Stacy Head, who is the new member of the Revenue Estimating Conference and the Chair of the Council's Budget and Audit Committee.

Mr. Ricchiuti moved the approval of the November 20, 2013 Revenue Estimating Conference minutes. Minutes adopted by unanimous consent.

**DISCUSSION**

**Brief Economic Outlook**

Mr. Husserl began his presentation covering the latest national GDP figures. Economic growth during the first quarter of 2014 was significantly weaker than expected, mostly due to a cold winter. Mr. Husserl noted that despite slower growth the unemployment rate continues to improve. In terms of the local unemployment figures, the City continues to experience a positive trend, with overall unemployment decreasing by over 1% between April of 2013 and April of 2014. Mr. Ricchiuti inquired about which sectors of the economy are mostly contributing to the growth in employment. Mr. Husserl replied that both the retail and hospitality sectors are some of the industries contributing to this growth.

## FY 2013 Revised Overview

Mr. Kopplin asked to conference to move to the third item on the agenda, the unaudited revenue results for 2013.

Mr. Husserl presented the 2013 results, which showed total general fund revenues coming at \$514.5 million or \$19.7 million higher than the last forecast. The biggest contributor to higher revenues was sales tax, which grew by over 9%. The sales tax results demonstrate that the robust retail strategy being pursued by the City is showing significant signs of success.

Another contributor to the positive results in 2013 was Entergy franchise revenue, which came \$3 million over the forecast. This revenue was driven by higher Entergy customer billings, which experienced an increase at the end of the year due to drastic changes in temperatures. Mr. Kopplin pointed out that predicting this revenue stream is probably one of the most challenging for the revenue estimating conference as it is closely tied to weather patterns and the future's market for fuel.

Building permits also contributed to the higher 2013 total revenue balance with over \$1.6 million in revenues over the last forecast. The expiration of the State's elevation program and a scheduled change in the City's building code in early 2014 resulted in higher building permit volume and revenues in 2013 than expected.

One time revenues including delinquent charges for taxes and a small settlement also contributed to higher revenues in 2013 if compared to the last forecast.

Council member Head inquired about the impact of having \$19.7 million in additional revenues on the expenditure budget. Mr. Kopplin explained that the administration and the council closely monitored cost during the year and as expenditures were coming within the original budget that no changes were made. Mr. Head noted that if the expenditure budget was not modified that the additional revenues resulted in a surplus for the year. Mr. Foster pointed out that while the figures are encouraging, the final results of the financial audit won't be announced until the end of June, which may result in a few minor adjustments. Mr. Kopplin explained that due to the positive revenue trend and the administration's cost containment efforts that for the first time since 2009 the City no longer has a negative fund balance. Mr. Ricchiuti highlighted that rating agencies closely monitor municipalities' fund balances and that the City's current path shows a lot of progress towards strengthening its financial position.

## FY 2014 Revenue Overview

Mr. Kopplin requested the conference to move to the fourth and final item on the agenda.

Mr. Husserl began by presenting the final results for 2013 and continued by showing the amended 2014 budget and the May proposed revised forecast for 2014. The May proposed forecast for 2014 shows revenue coming at \$511.4 million or \$6.2 million higher than the amended budget. The \$6.2 million includes an increase in the forecast of recurring revenues by \$9.7 million and a reduction in the forecast for non-recurring revenues of \$3.5 million.

The main contributor to the change in the forecast was taxes, with sales tax retail adjusted upwards by \$10.2 million. Mr. Husserl explained that growth in sales taxes continues to outpace the original expectation. The hotel sales tax revenue forecast was also adjusted upwards by \$1.6 million, while the property tax revenue forecast was reduced by \$3 million.

The services and charges revenue forecast was modified upwards by \$2 million, while the fines and forfeits revenue forecast was modified downwards by \$1.5 million due to a number of challenges within the parking and traffic units, which the administration is closely monitoring.

The largest reduction to the forecast was a downward revision by \$3.5 million to non-recurring revenue related to the upper payment limit program for Medicaid reimbursements for emergency medical service transports.

Mr. Kopplin inquired about the downwards change in the forecast for property taxes. Mr. Foster and Mr. Husserl explained that the change is related to a number of issues including 1) the appeals process, which tends to reduce the overall growth rate in assessments, 2) the timing of the assessment, billings and collection cycle, which presents a number of challenges when trying to forecast revenues for the following year, and 3) the fact that the City is required to pay out of gross property tax collections for a number of State mandates. These State mandates include payments to the Assessor's Retirement Fund, the Clerk of Court Retirement and Relief Fund, the Sheriff Retirement Fund, the District Attorney Retirement Fund and the Register of Voters Retirement Fund.

Mr. Kopplin commended the City's Department of Revenue for their increasing efforts encouraging compliance by tax payers.

Mr. Kopplin mentioned that he was really pleased with the positive results in 2013 and that the first few months of 2014 appear to be showing a similar trend. He noted that the 2014 proposed revised forecast for May only includes a few months of information and that the conference will wait until the next meeting to vote on the recommendation to adjust the forecast.

#### **CLOSING**

Council member Head remained all entities participating in the City's financial audit to please submit all the required documentation to the auditors in a timely manner to avoid any potential delays so that the financial report can be issued on time.

Mr. Ricchiuti inquired about the timing for the next revenue estimating conference. Mr. Foster explained that a conference usually takes place during the 3<sup>rd</sup> quarter of the year, but that its timing is dependent on the availability of data in order to develop a robust forecast.

Mr. Kopplin moved to adjourn and Mr. Ricchiuti seconded. The Revenue Estimating Conference adjourned at 11:08 AM.