

**MEETING MINUTES
REVENUE ESTIMATING CONFERENCE
OCTOBER 16, 2019**

PRESENT

Honorable LaToya Cantrell, Mayor
Honorable Jared Brossett, Councilmember District "D"
Gilbert Montañó, Chief Administrative Officer
Norman White, Director of Finance/CFO
Mara Baumgarden Force, Professor, Tulane University

ABSENT

Honorable Helena Moreno, Councilmember At Large (non-voting)

OPENING

The meeting of the Revenue Estimating Conference (REC) was called to order by Madame Mayor LaToya Cantrell.

1. Councilmember Brossett moved and Mr. White second the motion to adopt the minutes of the previous meeting.
2. Economic Outlook
Deborah Vivien, Assistant to the Chief Administrative Officer, presented information about economic conditions underlying the forecast. Payroll employment continues to grow in New Orleans at a faster rate than in the state as a whole, while unemployment continues to decline. However, wages, while increasing, are not increasing to the degree expected from the tightening labor market. The US economic expansion continues weakly, although a contraction is inevitable at some point in the future. Global market factors related to trade (e.g. tariffs on Chinese goods) and political uncertainty (e.g. Brexit) continue to be risks. Oil prices, an important factor in the regional economy, could remain stable due to large stocks.
3. 2019 Revised Forecast
Ms. Vivien then updated the official 2019 forecast after its revision at the August REC meeting. \$4M in revenue from a legal settlement will now be received and accounted for in 2020, and a second Casino Support payment of \$1.3M, the last under the previous agreement with the State, was received. Thus the forecast is reduced by \$2.7M in one-time revenue.
4. First 2020 Forecast
Ms. Vivien presented the first revenue forecast for 2020. The forecast assumes a 50% roll forward in millage values based on the Assessor's most recent official statement of reassessed property values increasing by 15.7%. The roll forward combined with base growth is expected to generate \$16.1M. Mr. Montañó explained that of this \$16.1M, \$6.9M is due to the roll forward, with \$9.2M in ad valorem taxes due to new construction. Prof. Force asked how the roll forward phase-in is accounted for, to which Mr. Montañó answered that a \$1.8M reduction in ad valorem taxes due to the phase-in was factored into the revenue projection. Councilmember Brossett asked for clarification on the percentage of the roll forward that the \$16.1M in additional property tax revenues represents. Mr. Montañó and Ms. Vivien clarified their

previous statements. Ms. Vivien continued that the revenue projection assumes 2.5% general economic growth. In response to a question from Mr. Montaña, Ms. Vivien explained that this was a conservative assumption but hedged against a slowdown in the economy. Mr. Montaña asked if this assumption could be revised in the future, which Ms. Vivien answered affirmatively. Other assumptions include: a slight reduction in revenue in Other Taxes due to the September ordinance regarding short-term rentals (\$800,000), a small increase in License & Permit revenue due to same, \$500,000 in new event fees, a reduction in Intergovernmental Revenue, a reduction in Fines & Forfeits, a reduction in Miscellaneous Revenue, and an increase in interest. In all, total General Fund revenue is projected to increase 1.2%, with recurring revenue increasing 3.9%. Mr. Brossett asked for details about residential vs. commercial property tax increases. Ms. Vivien replied that she could provide this at a later date.

Ms. Vivien explained that the forecast relies on \$6.8M of the Fund Balance due to large amounts of one-time revenue in 2018 not being replaced in 2019. Mr. Montaña emphasized that it was not necessary for the Fund Balance to be used; in 2018 \$11M of Fund Balance was budgeted but replaced by other revenues. Ms. Vivien then presented more details about one-time revenues in the forecast, as well as sources of uncertainty in 2020 revenue: adoption of the roll forward, the short-term rental market, finalized assessment values, one-time revenues, and other economic factors.

5. Millage Adjustments

Ms. Vivien presented information about the roll back of the millages within the REC's jurisdiction. In 2019 these are rated at 39.37 mils. The total would be reduced by 3.29 mils in 2020. A 50% roll forward would add back 1.65 mils. These estimates are subject to change due to action by the Board of Review. She then gave details about how these figures were calculated and provided an example estimate of annual and monthly impact of a 50% roll forward on taxpayers, as well as further explanation of the phase-in. Mr. Brossett confirmed that the estimates presented assumed a 50% roll forward. He further confirmed the extent of the millages included in the presentation.

6. General Fund Balance Planning Projection

Ms. Vivien updated the fund balance projection with an anticipated surplus of \$10.6M at the end of 2019. Combined with special fund expenditures, this is projected to increase the Fund Balance by \$5.9M, leaving the available Fund Balance at \$42.1M, or 10.1% of total expenditures. The 2020 forecast would leave this fund at \$27.7M, or 8.1% of expenditures.

7. Official Forecast

Mr. Vivien reiterated that total General Fund revenue is projected to increase by 1.2%, and recurring General Fund revenue by 3.9%. She then read the official 2020 forecast into the record. Mr. Montaña moved and Mr. White seconded the motion to adopt the forecast. The motion carried.

8. Motion to Adjourn

Councilmember Brossett moved and Mr. Montaña seconded the motion to adjourn. The motion carried and the meeting adjourned.