

**MEETING MINUTES**  
**REVENUE ESTIMATING CONFERENCE**  
**October 8, 2021**

**PRESENT**

Honorable LaToya Cantrell, Mayor  
Honorable Jared Brossett, Councilmember District "D"  
Honorable Helena Moreno, Councilmember-At-Large (non-voting)  
Gilbert Montañó, Chief Administrative Officer  
Norman White, Director of Finance/Chief Financial Officer  
Mara Baumgarten Force, Professor, Tulane University

**OPENING**

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

1. Chief Administrative Officer Montañó moved to adopt the minutes from the previous meeting. The motion was seconded by Councilmember Brossett and the minutes were adopted.
2. 2020 Audit  
City Economist Randall McElroy discussed the most recent updates from the 2020 audit, which show in 0.6 percent growth in General Fund revenue and an 11.5 percent decline in recurring General Fund Revenue relative to 2019. The changes relative to the adopted 2020 forecast were a 4.7 percent decline in total General Fund revenue and a 16 percent decline in recurring General Fund revenue.
3. Economic Outlook  
Mr. McElroy continued with topics addressed the previous Revenue Estimating Conference. Year-over-year payroll employment continued to increase slowly, the unemployment rate continued to trend down slowly, and the labor force was similar to the size reported at the prior meeting. Passenger traffic through the New Orleans Airport had been trending upward but was severely disrupted by Hurricane Ida.  
  
He then discussed how public health conditions continue to be the major factor in economic recovery. New Orleans has a relatively high and growing vaccination rate, but may still be affected given the lower vaccinations rates in the region. Macroeconomic conditions broadly reflect a slow but steady recovery. Local economic conditions lag the broader macroeconomy but follow similar trends. Policy uncertainty at the higher levels of government continue to be uncertain; in particular, the second round of funding through the American Rescue Plan may or may not occur.
4. Revision of 2021 General Fund Forecast  
Mr. McElroy then discussed a second revision of the 2021 General Fund forecast. Because of economic losses from Hurricane Ida, as well as a reclassification of ARP funds as a grant, the forecast was adjusted from the previous revision. Total General Fund revenue was revised down by \$202M (-24.2 percent), of which \$194M was due to the reclassification and \$8.2M was due to

Hurricane Ida. Mr. McElroy emphasized that the City is still in possession of the ARP funds outside of the General Fund. The new estimate was for \$633.6M in total General Fund revenue, of which \$611,883,034 was recurring and \$21,677,121 was non-recurring.

5. Adoption of 2021 Revised General Fund Forecast

Mr. Montañó moved to adopt the revised forecast, seconded by Chief Financial Officer White. The motion passed. Mr. McElroy read the motion into the record.

6. Discussion of Ad Valorem Assessments

Mr. McElroy then addressed a recent announcement by the Orleans Parish Assessor to reduce residential property valuations by 5% in the wake of Hurricane Ida. In addition, homeowners with damages may appeal for further reductions. Because residential parcels account for approximately 63 percent of total assessed property values in Orleans Parish, and because the full extent of new construction and hurricane damage is not yet available, the 2022 forecast will include a 4 percent overall reduction in ad valorem tax revenues. Mayor Cantrell asked for details about the assessor's timeline, to which Mr. White answered that details may not be available until after the City's budget hearings. Mr. Montañó emphasized that the reduction would be significant.

7. Savings Fund Certification

Mr. McElroy next presented for certification the calculation of the funds to be added to the Emergency Fund. The City is required to restrict 5 percent of the five-year average of General Fund expenditures for emergency use. Given the current balance of \$31.0M and the requirement of \$31.9M, \$0.9M would need to be added. Mr. Montañó moved to certify, seconded by Mr. White. The motion passed.

8. 2022 General Fund Forecast

Mr. McElroy presented the preliminary 2022 General Fund forecast. Councilmember Brossett asked about potential commercial property offsets to the reduction in ad valorem taxes, to which Mr. McElroy responded that the necessary data are not yet available to calculate the net effect. Mr. White added that the assessor has indicated that some increase in commercial values is to be expected, but that the extent is unclear and likely smaller than the reduction.

The preliminary 2022 forecast reflects an increase in total General Fund revenue of 2.9 percent over the proposed 2021 forecast to \$652M, with growth in recurring revenue at 4.5 percent to \$639.6M. The major increase is in Other Taxes, primarily sales taxes, with 9.4 growth expected. Major decreases are in Property Tax (4 percent) and Other Financing Sources (99.4 percent), the latter reflecting no anticipated use of Fund Balance. Other revenue categories reflect moderate growth back towards pre-pandemic trends.

9. Motion to Adjourn

As there were no other matters, Mr. Montañó moved to adjourn. The motion was seconded by Councilmember Brossett and passed.