



# **City of New Orleans** **2023 Operating Budget**

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**Administration of Mayor LaToya Cantrell**

October 25, 2022

# Contents

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1. Strategic Framework and 2023 Budget Priorities
2. 2023 Budgetary Considerations
3. One-Time Funds
4. 2023 Revenue
5. 2023 Expenditures
6. Closing

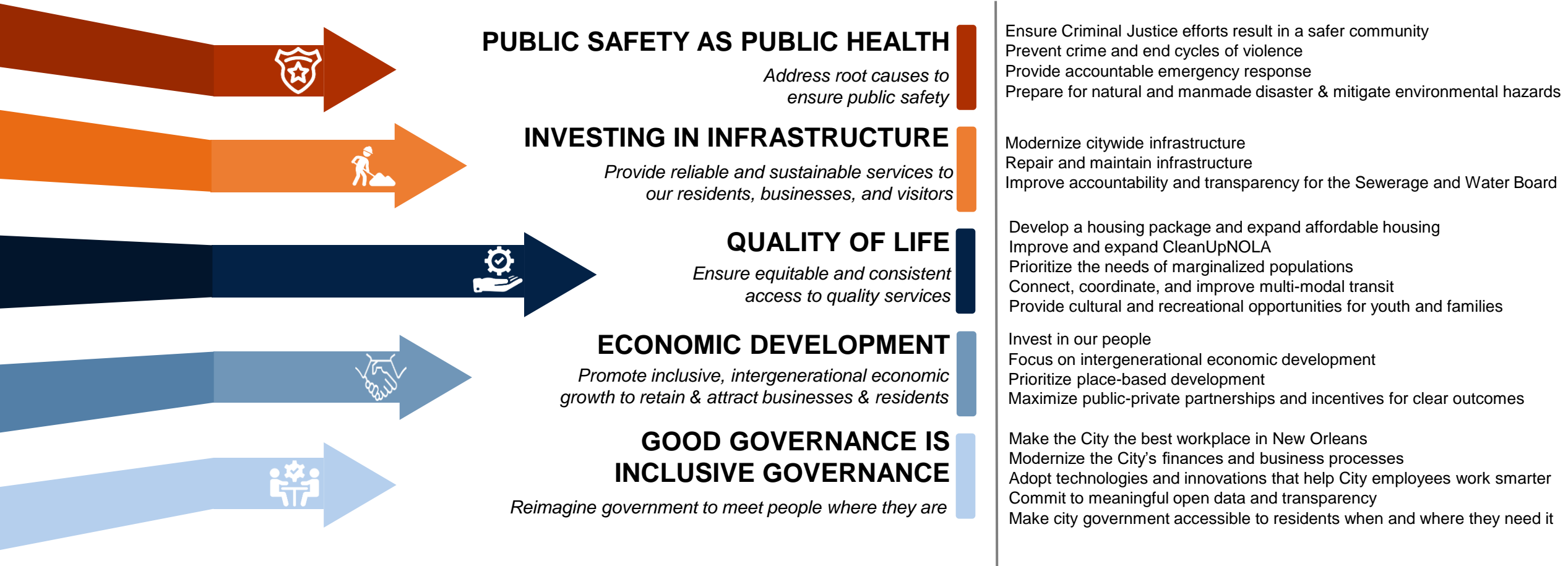


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# **Cantrell Administration's Strategic Framework and 2023 Budget Priorities**

# Forward Together - Strategic Framework

*The Cantrell Administration's Strategic Framework was designed to prioritize the issues that matter most to New Orleanians*



# 2023 Budget Priorities

*The City has identified five budget priorities for the 2023 budget*



## **Public Safety as Public Health**

*Leveraging citywide resources to address public safety concerns as a larger public health crisis allows the issue to be identified as larger than a policing problem and calls the larger community to action. Addressing public safety from this vantage point widens the lens of how we view potential solutions.*



## **Infrastructure Investment**

*The Cantrell Administration knows investments in infrastructure result in more satisfied, productive, and efficient services for our residents. The condition of the City's physical assets greatly influences the economy's ability to function and grow, as well as residents' safety, productivity, and ability to live and thrive.*



## **Quality of Life Improvement**

*The Cantrell Administration fully understands the importance of improving the quality of life for residents and visitors. The administration is focused on both the physical and philosophical difficulties through the years to clean up the City we serve and the way the City does business.*



## **Prioritizing Cultural Economy**

*Economic development is critical to the future of the City. Uplifting New Orleans' cultural community is a top priority for the Cantrell Administration. This is realized through the Mayor's Office of Cultural Economy's mission to stimulate economic activity and growth through our local culture bearers by creating opportunities for arts and creative producers to thrive.*



## **Good and Inclusive Government**

*The Cantrell Administration is working harder than ever to preserve and expand housing opportunities and adding more tools to combat the crisis – this means building partnerships, developing innovative policies, and pushing legislation at all levels of government.*

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## **2023 Budgetary Considerations**

# 2023 Operating Budget

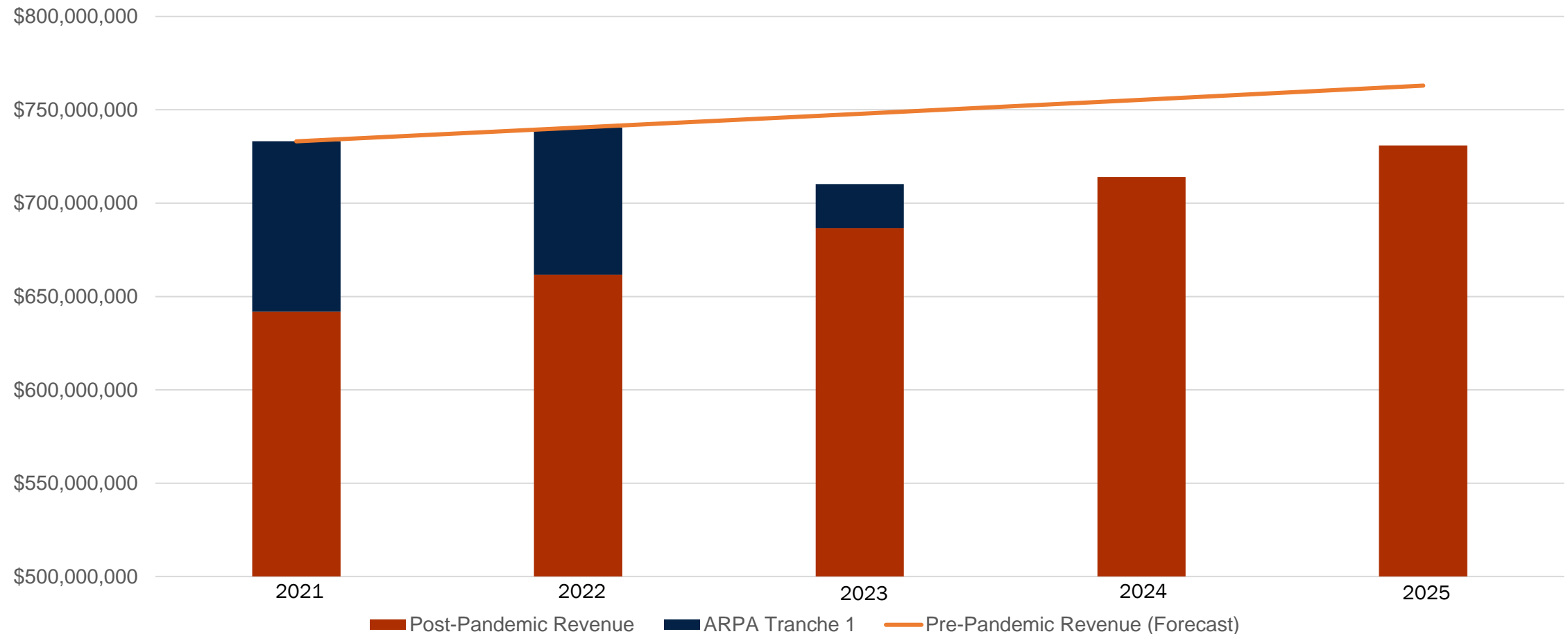
*The 2023 operating budget represents a pivotal time in the City of New Orleans' trajectory – we must redefine what “normal” means for City operations*

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- The 2023 budget is year one of an ambitious three-year plan that will leverage the City's influx of one-time funds to “reset” the City's operations – clearing backlogs, purchasing new vehicles/equipment, and upgrading technology systems
- The proposed operating budget is funded at the level required to provide a high-level of service to residents, businesses, and tourists
- The Cantrell Administration will also use 2023 to re-evaluate how the City budgets – moving toward a more dynamic budgeting process that allows the City to put its available revenue to the highest and best use

# Projected Revenue Gap

*Projected Gap Between Post Pandemic Revenue + ARPA Tranche 1 and Pre-Pandemic Revenue*





# Pandemic General Fund Revenue Projections

*FY2018 - FY2025*

Fiscal Year	Pre-Pandemic Revenue (Forecast)	Post-Pandemic Revenue	Revenue Gap
2018	688,445,015	688,445,015	0
2019	713,014,617	713,014,617	0
2020	725,879,673	687,411,149	-38,468,524
2021	733,138,470	633,560,155	-99,578,315
2022	740,469,854	714,030,865	-26,438,989
2023	747,874,553	722,422,780	-25,451,773
2024	755,353,299	731,091,854	-24,261,445
2025	762,906,831	739,864,956	-23,041,875
<b>TOTAL</b>	<b>5,867,082,312</b>	<b>5,629,841,391</b>	<b>-237,240,921</b>

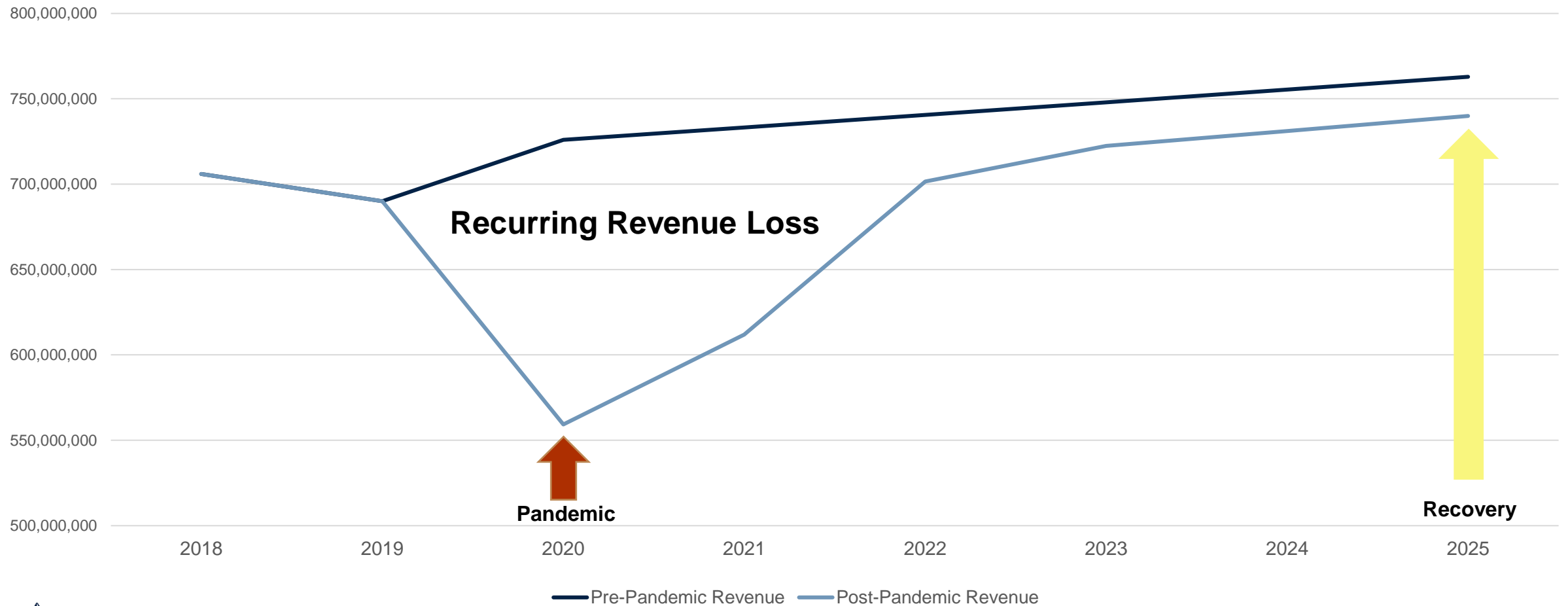
← 1st Tranche Received

← 2nd Tranche Received



# Recurring Revenue Trends

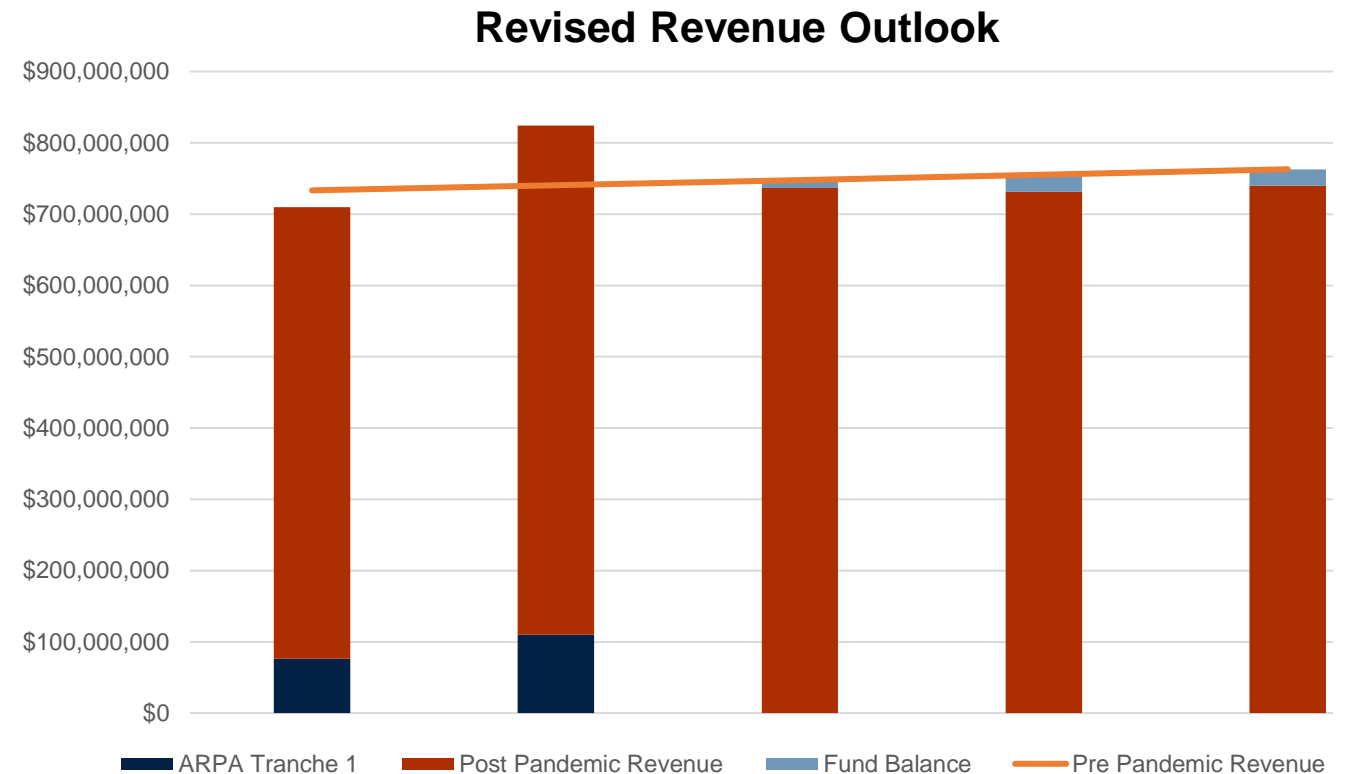
*FY2018 to FY2025 – Recurring Revenue*



# 2023 Operating Budget - Considerations

*The Administration continues to expect recurring revenue to fully recover from the pandemic in 2025*

- The City's revenues are still recovering from the pandemic
  - Because ARPA Tranche 1 was used in 2022, the fund balance created will be used the next three years to fill the revenue gap, until revenues recover to pre-pandemic levels.
- The Administration will be closely monitoring national economic conditions and evaluating how they may impact the City
  - Great Resignation
  - Inflation
  - Increased costs of goods and services



# 2023 Budgetary Highlights

*Includes operating budget, proposed ARPA allocations, and fund balance projects*

## Financial

- Funding Critical Initiatives
  - 5% raises for all employees in 2023
  - Additional Firefighter Pay Raises
  - Additional Sheriff Deputy Pay Raises
- Matching one-time expenses to one-time funding sources
  - ARPA Tranche 2
  - Fund Balance Projects
- Right-Sized Fund Balance
- Updated Approach to Personnel Spending
- Continued Revenue Impacts from COVID-19

# 2023 Budgetary Highlights Continued

*Includes operating budget, proposed ARPA allocations, and fund balance projects*

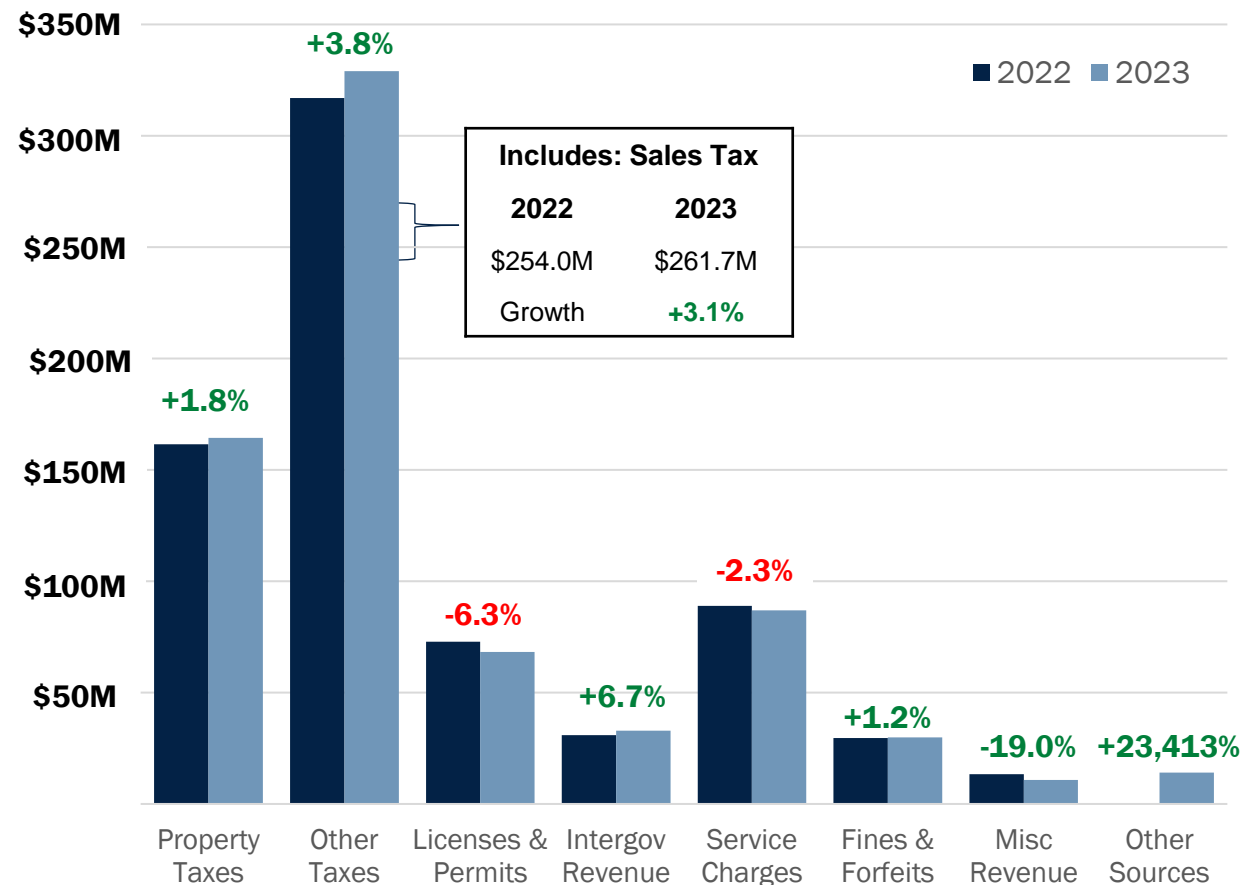
## Operational

- Critical Initiatives
  - Surface Cuts, Potholes, Streetlights
  - Catch basin cleaning, repair, and maintenance
  - Blight Remediation
  - Additional Code Enforcement Inspectors
  - Graffiti Team
  - Unhoused Population Support
- Civilianization at NOPD
- Sanitation Contracts
- Continued Technology Overhaul
  - Criminal Justice IT System
  - Document Management System
  - Revenue Collection System
  - New Permitting/Land Management System
  - Asset Management System

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**2023 Revenue**

# General Fund Revenue Forecast

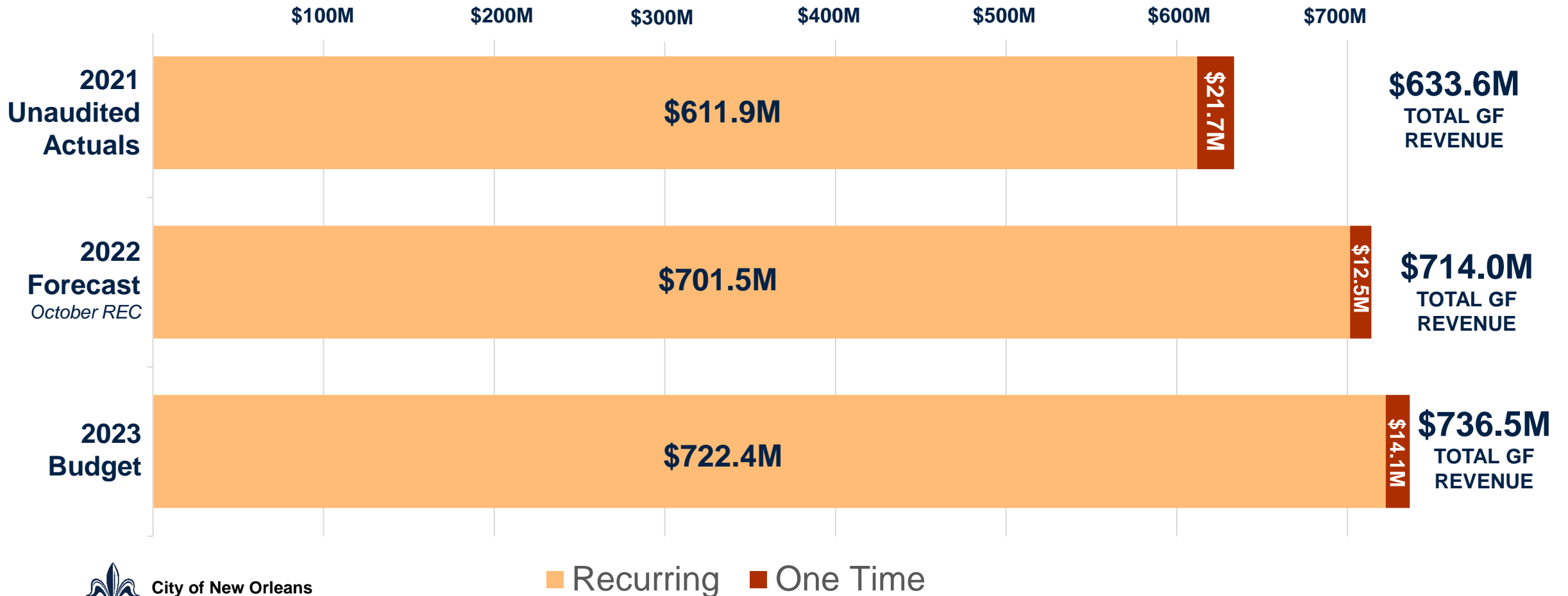


	2022 Revised Forecast <i>as of 10.14</i>	2023 Proposed Forecast	Annual Change
Property Tax	161,464,061	164,439,362	+2.97M
Other Taxes	316,934,836	329,123,642	+12.19M
Licenses & Permits	72,837,304	68,233,777	-4.60M
Intergovernmental Revenue	30,890,447	32,967,310	+2.08M
Service Charges	88,992,666	86,926,187	-2.07M
Fines & Forfeits	29,542,119	29,890,940	+349K
Miscellaneous Revenue	13,308,432	10,781,562	-2.53M
Other Financing Sources	60,000	\$14,108,141	\$14.0M
<b>Total General Fund Revenue</b>	<b>\$714,029,865</b>	<b>\$736,470,921</b>	<b>+22.4M</b>

\*Columns may not add due to rounding

# Recurring vs One-Time General Fund Revenue

*The City's use of one-time general fund revenue will increase by 12.1% in 2023, while recurring general fund revenue will increase by 3.0%.*



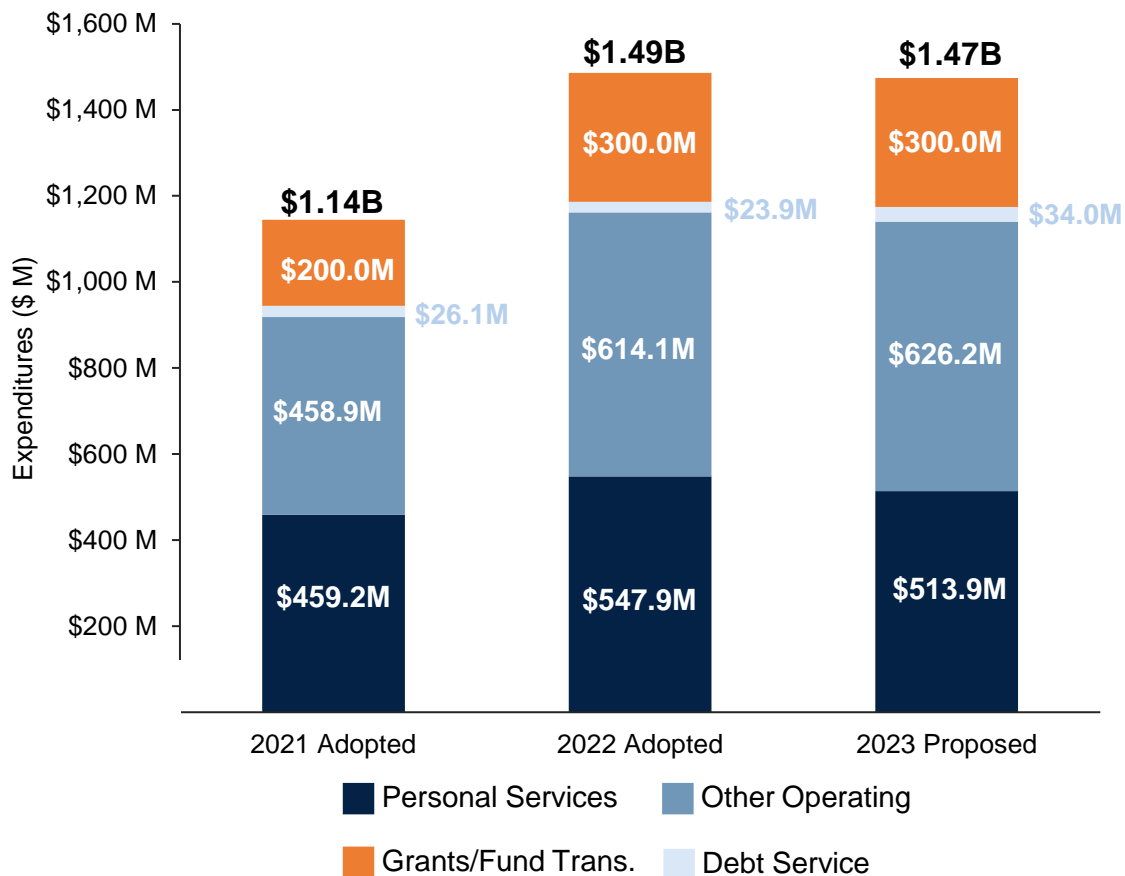


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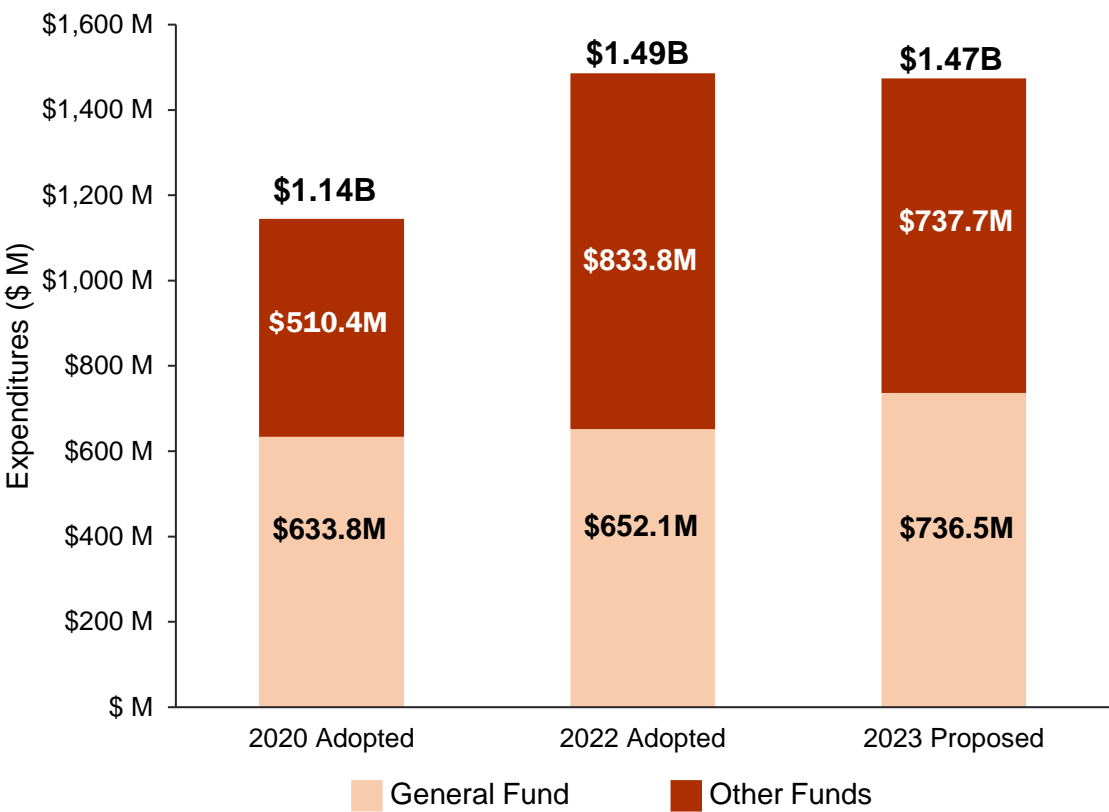
## **2023 Expenditures**

# 2023 Proposed Budget

## EXPENDITURES



## FUNDING SOURCES



# 2023 Operating Budget Process

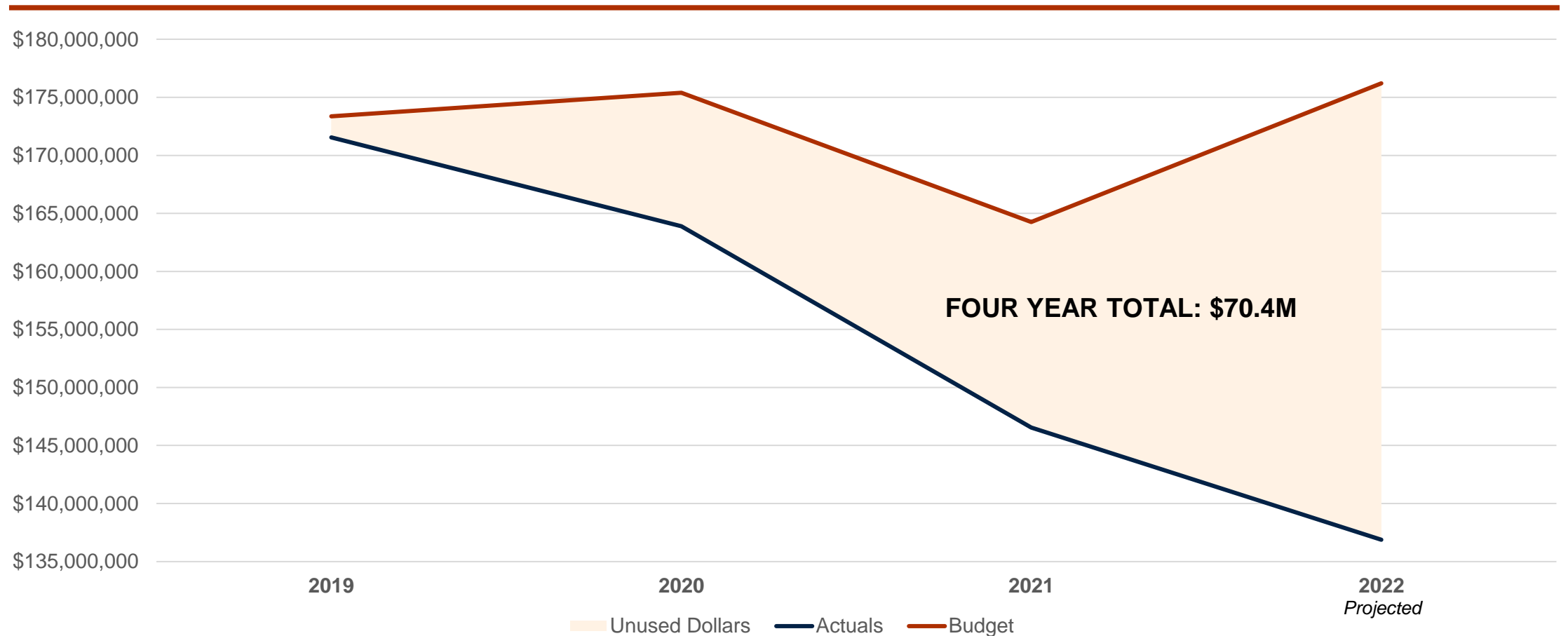
*2023 is a pivotal budgeting year for the operating budget – and the Administration is approaching it with a new lens geared toward better real time use of funds*

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- Historically, the City’s operating budgets have tied up critical dollars by funding positions that remain vacant throughout the year
- These funds are essentially “locked away” and have typically not been re-appropriated to fund critical initiatives and needs across the City
- We can now move to a new budgeting strategy that will allow the City to be more responsive to Department and Agency needs – budgeting based on the past four years of actuals + known spending increases
  - Departments must continue to hire – the Administration will make quarterly adjustments to personnel budgets to reflect actual hiring
- We are in a strong financial position to pursue this strategy as we have built a healthy fund balance that aligns with best practices and guidance received from Rating Agencies
  - 20% of general fund expenditures - \$140M
- This new process requires significantly more monitoring from the Administration, and we will propose **quarterly adjustments** to City Council

# Budgeting Based on Actuals

*Example: New Orleans Police Department – General Fund*



# Key Changes in General Fund Expenditures for 2023

*Excludes Debt Service and City Light Bill*

	Department	2022 Budget	2023 Budget	Variance	% Variance	Items of Note
Public Safety	Public Safety - EMS	\$19,813,015	\$18,914,476	(\$898,539)	-4.5%	
	Public Safety - Fire	\$119,918,240	\$127,451,786	\$7,533,546	6.3%	Firefighter Raises
	Public Safety - NOPD	\$176,199,978	\$154,895,980	(\$21,303,998)	-12.1%	
	JJIC	\$9,307,070	\$7,670,100	(\$1,636,970)	-17.6%	
	NOPD - Consent Decree	\$5,196,937	\$5,854,518	\$657,581	12.7%	
	NOHSEP + PSS	\$12,443,442	\$13,016,018	\$572,576	4.6%	
Mayor's Office	Mayor - Core	\$5,093,499	\$5,248,486	\$154,987	3.0%	
	Neighborhood Engagement	\$820,439	\$837,178	\$16,739	2.0%	
	Office of Transportation	\$322,472	\$222,486	(\$99,986)	-31.0%	
	Office of Utilities	\$141,975	\$147,965	\$5,990	4.2%	
	Youth and Families	\$3,512,215	\$622,996	(\$2,889,219)	-82.3%	ECE Millage



# Key Changes in General Fund Expenditures for 2023

*Excludes Debt Service and City Light Bill*

	Department	2022 Budget	2023 Budget	Variance	% Variance	Items of Note
Administrative	CAO	\$15,224,863	\$23,247,204	\$8,022,341	52.7%	<i>Parking adjudication, Fuel</i>
	City Council	\$12,225,645	\$14,163,486	\$1,937,841	15.9%	
	Civil Service	\$3,032,577	\$2,889,193	(\$143,384)	-4.7%	
	Finance	\$26,130,671	\$25,831,599	(\$299,072)	-1.1%	
	ITI	\$14,965,592	\$10,530,284	(\$4,435,308)	-29.6%	
	Supplier Diversity	\$692,264	\$652,057	(\$40,207)	-5.8%	
	Law	\$6,869,863	\$6,947,127	\$77,264	1.1%	
OBES	City Planning Commission	\$2,670,967	\$2,096,682	(\$574,285)	-21.5%	
	Economic Development	\$1,091,904	\$985,856	(\$106,048)	-9.7%	
	HDLC + VCC	\$1,448,006	\$1,448,136	\$130	0.0%	
	Safety and Permits	\$8,085,230	\$6,617,991	(\$1,467,239)	-18.1%	<i>STR Special Fund</i>
	Cultural Economy	\$802,773	\$851,640	\$48,867	6.1%	
	Performance & Accountability	\$508,045	\$547,714	\$39,669	7.8%	

# Key Changes in General Fund Expenditures for 2023

*Excludes Debt Service and City Light Bill*

	Department	2022 Budget	2023 Budget	Variance	% Variance	Items of Note
Infrastructure and Maintenance	Capital Projects	\$837,675	\$696,544	(\$141,131)	-16.8%	
	Public Works	\$30,774,837	\$23,302,244	(\$7,472,593)	-24.3%	IMF Special Fund
	Property Management	\$10,805,872	\$10,318,621	(\$487,251)	-4.5%	
	Resilience and Sustainability	\$264,845	\$379,316	\$114,471	43.2%	Additional Staff
	Sanitation	\$41,628,903	\$50,078,727	\$8,449,824	20.3%	Service Area 2 Contract Costs
Health and Criminal Justice Reform	Health	\$4,818,544	\$5,654,114	\$835,570	17.3%	Alternative Dispatch Program
	MTRCB	\$2,810,462	\$2,618,772	(\$191,690)	-6.8%	
	OCJC	\$2,264,029	\$2,423,401	\$159,372	7.0%	
Parks and Recreation	NORD-C	\$15,775,135	\$14,265,442	(\$1,509,693)	-9.6%	
	Parks and Parkways	\$12,183,292	\$10,665,974	(\$1,517,318)	-12.5%	

# Key Changes in General Fund Expenditures for 2023

*Excludes Debt Service and City Light Bill*

	Department	2022 Budget	2023 Budget	Variance	% Variance	Items of Note
<b>Courts</b>	Civil Court	\$14,400	\$14,400	\$0	0.0%	
	Clerk of Criminal District Court	\$4,896,322	\$4,881,308	(\$15,014)	-0.3%	
	Criminal District Court	\$6,157,398	\$6,157,398	\$0	0.0%	
	District Attorney	\$7,314,089	\$9,561,389	\$2,247,300	30.7%	
	First City Courts	\$6,000	\$6,000	\$0	0.0%	
	Juvenile Court	\$2,504,279	\$2,916,314	\$412,035	16.5%	
	Municipal and Traffic Court	\$8,872,375	\$9,479,223	\$606,848	6.8%	
	Public Defender	\$6,295,195	\$7,795,195	\$1,500,000	23.8%	
<b>Outside Agencies</b>	Coroner's Office	\$3,543,743	\$4,088,285	\$544,542	15.4%	
	Ethics Review Board	\$260,177	\$292,395	\$32,218	12.4%	
	Municipal Participation Grants	\$4,326,826	\$4,706,682	\$379,856	8.8%	<i>Increase for LASPCA</i>
	New Orleans Museum of Art	\$305,851	\$305,851	\$0	0.0%	
	Office of Independent Police Monitor	\$1,041,414	\$1,169,582	\$128,168	12.3%	
	Office of the Inspector General	\$3,581,753	\$4,120,794	\$539,041	15.0%	
	Registrar of Voters	\$408,756	\$436,811	\$28,055	6.9%	
	Sheriff	\$55,749,864	\$55,749,864	\$0	0.0%	<i>Raises for deputies</i>





# 2023 Operating Budget Summary

*Major changes to operational budget*

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- Personnel budgets were right-sized to reflect actual spend over the past 4 years
- Personnel budgets include 5% raises for all employees
  - Additional 2.5% raises for all employees planned in 2024 and 2025
- Additional raise for Fire Fighters
- Additional raise for Sheriff Deputies
- Includes funding for Alternative Dispatch Program and Sanitation Contracts

**5**

## **One-Time Funds**

# Availability of One-Time Funds

*While not included in the 2023 Operating Budget, the City has access to an unprecedented amount of one-time funds from ARPA and fund balance.*

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## American Rescue Plan Act (ARPA)

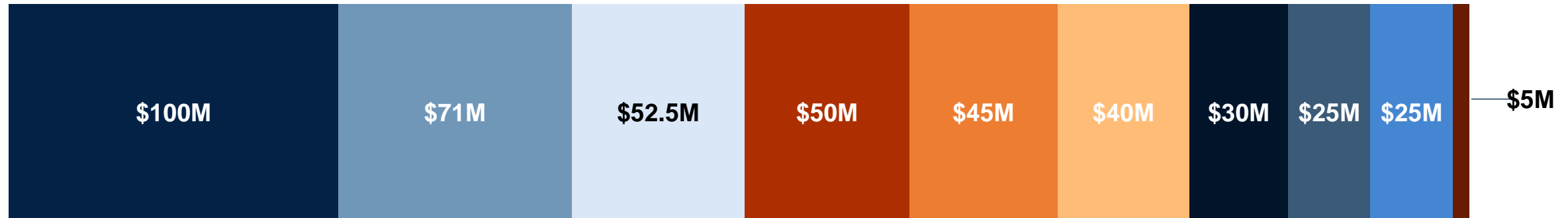
- **Tranche 1 - \$193.7M received**
  - \$188.6M spent
  - \$5.1M remaining
- **Tranche 2 - \$193.7M received**
  - Projects were selected based on Director, Community, and Council input
  - Plan to present full plan to Council in the coming weeks, with the goal of adoption in December

## Fund Balance

- **Increase Emergency/Disaster Fund from \$36M to ~\$140M**
  - Protects the City's financial position - follows recommendations from Rating Agencies
  - Addresses the significant cash flow needs required by the City related to grant dollars (FEMA, HUD, etc)
- **Prioritize critical one-time projects**
  - The goal of these projects is to “reset” various departments, so departments can focus on maintaining operations
- **All fund balance project numbers are estimates only and will be finalized once the 2021 audit is completed in December**

# One-Time Funds for Highest Priority Items

*By Priority*



■ Emergency/Disaster Fund

■ Public Safety and Public Health

■ Infrastructure

■ Blight Remediation and Beautification

■ Youth Services

■ Vehicles, Equipment, Technology Upgrades

■ COI Repayment

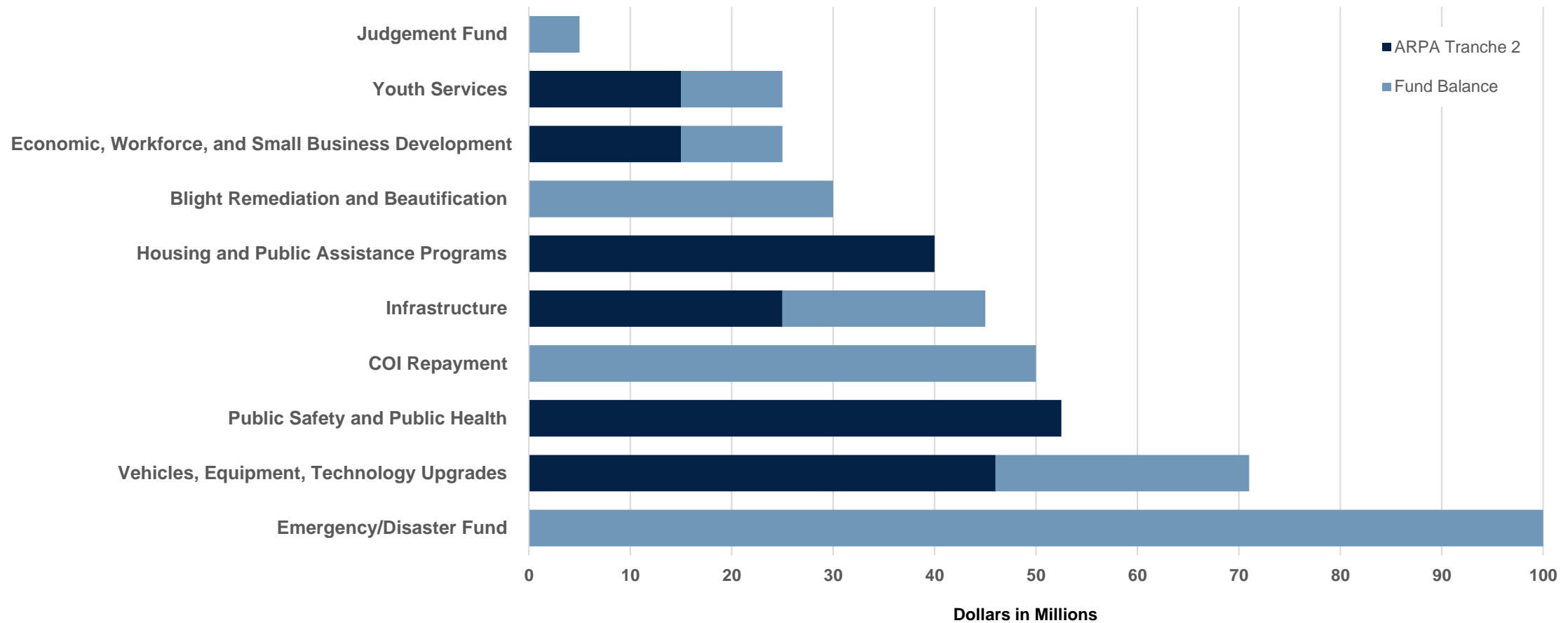
■ Housing and Public Assistance Programs

■ Economic, Workforce, and Small Business Development

■ Judgement Fund

# One-Time Funds for Highest Priority Items

*By Funding Source*



# Vehicles, Equipment, and Technology

*Total One-Time Investment: \$71M*

## ARPA Tranche 2

- **Criminal Justice IT System Overhaul (\$30M)**
  - Jail Management System
  - Case Management System
  - Record Management System
- **City IT System Overhaul (\$8.5M)**
  - Revenue sales tax system
  - Document management system
  - Enterprise workorder management system
  - New permitting system
- **Public Safety Equipment (\$7.5M)**
  - NOPD Crime Lab, NOPD Training Academy, Fire Station Alerting System, NOEMS Medical Supplies and Rescue Tools

## Fund Balance

- **Public Safety Vehicles (~\$25M)**
  - Police cars, ambulances, fire trucks, heavy equipment, etc.



# Public Safety and Public Health

*Total One-Time Investment: \$52.5M*

## ARPA Tranche 2

- Public Safety Recruitment and Retention (**\$37.5M**)
  - Retention
  - Recruitment
- Unhoused Populations Program (**\$5M**)
- Public Health Programs (**\$10M**)
  - Maternal/Child Home Visiting Program, firearm safety campaign, health and hygiene programs, domestic violence program expansion, Covenant House, Sexual Trauma Awareness and Response, CASA New Orleans, Sobering Center, Expanded Ground Patrol Program

# Infrastructure

*Total Investment: \$45M*

## ARPA Tranche 2

- **Catch Basin Cleaning (\$10M)**
  - Will address 24,000 catch basins
- **SWBNO Substation (\$15M)**

## Fund Balance

- **Right of Way Improvements (~\$20M)**
  - Surface cuts
  - Filling potholes
  - Streetlight repairs
  - Traffic signal repair
  - Sign replacement/repair
  - Striping streets and sidewalks



# Housing and Public Assistance Programs

*Total One-Time Investment: \$40M*

## ARPA Tranche 2

- Homeownership Programs (**\$22M**)
  - Home for Good Pilot Program
  - 100 Homes in 100 Days
  - Double Up! Duplex Pilot Program
- Public Assistance Programs (**\$10.5M**)
  - Property Tax and Utility Assistance
  - Down payment assistance for teachers and first responders
  - Hurricane Deductible Assistance Program
  - Green Mortgage Program
- Targeted Homeowner Rehabilitation Loans & Grants (**\$7.5M**)
  - Including small landlord rental housing rehab

# Blight Remediation and Beautification

*Total One-Time Investment: \$30M*

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## Fund Balance

- **Blight abatement and grass cutting (~\$10M)**
- **Temporary enhanced contractual support to address backlogs and wait times (~20M)**
  - Code enforcement – clear title research backlog
  - Safety and Permits – decrease permit issuance and inspection times
  - Forestry backlog – eliminate existing 14-month backlog
  - Illegal Dumping backlog – eliminate illegal dumping backlog

# Economic, Workforce, and Small Business Development

*Total One-Time Investment: \$25M*

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## ARPA Tranche 2

- **Small Business Support (\$8M)**
  - Building repair and maintenance funds, support opening new store fronts
  - Financial coaching for DBEs
- **Workforce Development (\$7M)**
  - Increase access to quality jobs, address inequalities and grow a stronger and more resilient regional economy

## Fund Balance

- **Economic Development (~\$10M)**
  - Includes supporting the City's Cultural Economy

# Youth Services

*Total Investment: \$25M*

## ARPA Tranche 2

- **Workforce development, technical training and wraparound services for youth ages 14-24 (\$8.5M)**
- **Juvenile probation, parole, and diversion pilot program (\$5M)**
- **STEM NOLA Innovation Hub (\$1.5M)**

## Fund Balance

- **Youth Support (\$10M)**
  - Summer Programming
  - NORD-C Facility Upgrades
  - E-sports Complex
  - Supporting community organizations offering support for youth

# Additional Fund Balance Projects

*Stabilize the City's financial position and pay additional settlements from the City's judgement list*

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- Emergency/Disaster Fund (~\$100M)
- COI repayment (~\$50M)
- Judgement List (~\$5M)



**Closing**

# 2023 Budget Summary

*The 2023 budget we are presenting represents one-year of a broader three-year plan to reset the City*

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- The 2023 operating budget reflects the first step in moving the City of New Orleans to a new normal after two years of uncertainty
  - The Operating Budget is funded at a level to provide services to residents while raising salaries and improving the working environment for employees
  - Identified one-time funds through ARPA and Fund Balance will help “reset” the City and create an environment where Departments and Agencies can successfully maintain operations
- Changing the approach to budgeting in 2023 will set us up for success in future years
  - This new process will require monthly monitoring from the Administration and will result in more frequent adjustments to the budget throughout the year
- Maintaining a healthy emergency fund - above the required savings fund - protects the City’s financial position for years to come



**Questions?**

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