Local Governments Do More with Less

Deputy Mayor Andy Kopplin
Chief Administrative Officer

City of New Orleans
The Landrieu Administration addressed an inherited $97M spending gap

Note: One-time revenue sources not included in chart
First step to eliminating gap was to reverse the spending trend

Annual Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$528.0M</td>
</tr>
<tr>
<td>2010</td>
<td>$496.0M</td>
</tr>
<tr>
<td>2011</td>
<td>$483.0M</td>
</tr>
<tr>
<td>2012</td>
<td>$483.4M</td>
</tr>
<tr>
<td>2013</td>
<td>$483.2M**</td>
</tr>
<tr>
<td>2014</td>
<td>$498.2M*</td>
</tr>
</tbody>
</table>

Delta to previous year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>+$28.0M</td>
</tr>
<tr>
<td>2010</td>
<td>-$32.0M</td>
</tr>
<tr>
<td>2011</td>
<td>-$13.0M</td>
</tr>
<tr>
<td>2012</td>
<td>+$0.4M</td>
</tr>
<tr>
<td>2013</td>
<td>-$0.2M</td>
</tr>
<tr>
<td>2014</td>
<td>+$15.0M</td>
</tr>
</tbody>
</table>

*$=\$498.2M$ adopted for 2014 does not include $6.7M to fund balance. Including fund balance contribution, the City proposes $504.9M in 2014.

**=\$483.2M$ budgeted in 2013 does not include $14.0M to fund balance. Including fund balance contribution, the City’s current budget for 2013 is $497.2M.
Second step was to reduce the reliance on one-time monies to balance the budget.

Annual Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted</th>
<th>Adopted</th>
<th>One-time</th>
<th>Recurring</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$474.4M</td>
<td>$474.4M</td>
<td>56.0</td>
<td>418.4</td>
</tr>
<tr>
<td>2010</td>
<td>$466.0M</td>
<td>$466.0M</td>
<td>35.0</td>
<td>431.0</td>
</tr>
<tr>
<td>2011</td>
<td>$484.1M</td>
<td>$479.1M</td>
<td>5.0</td>
<td>479.1</td>
</tr>
<tr>
<td>2012</td>
<td>$481.1M</td>
<td>$477.5M</td>
<td>3.6</td>
<td>477.5</td>
</tr>
<tr>
<td>2013</td>
<td>$497.2M</td>
<td>$488.7M</td>
<td>8.5</td>
<td>488.7</td>
</tr>
<tr>
<td>2014</td>
<td>$504.9M</td>
<td>$496.1M</td>
<td>8.8</td>
<td>496.1</td>
</tr>
</tbody>
</table>

One-time money as a % of overall budget:

- 2009: 11.8%
- 2010: 7.5%
- 2011: 1.0%
- 2012: 0.8%
- 2013: 1.7%
- 2014: 1.7%
We are now living within our means

Historical Expense vs. Revenue

Budgeted 2013 Expenditures do not include $14.0M appropriation to fund balance as that is not an expenditure on operations. Including fund balance contribution, budgeted $497.2M in 2013.
The City now has a positive fund balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-$8.7M</td>
</tr>
<tr>
<td>2010</td>
<td>-$25.1M</td>
</tr>
<tr>
<td>2011</td>
<td>-$16.8M</td>
</tr>
<tr>
<td>2012</td>
<td>-$20.0M</td>
</tr>
</tbody>
</table>

**Budgeted**

- 2014: $2.0M

**Projected**

- 2015: $12.4M
- 2016: $26.3M
- 2017: $41.5M
- 2018: $60.1M

**$15.5M reduction in fund balance deficit.**

The Landrieu administration’s budgeting practice is to...

- Eliminate services that are duplicative or better delivered through other agencies or private entities
- Reduce service level or eliminate service altogether if citizen demand is low or nonexistent

- Combine, consolidate, and or streamline departments with similar or redundant services
- Develop or increase partnerships with public and or private entities to improve service delivery

- Increase funding in services that have effective service delivery but still don’t meet citizen demands
- Fund projects that improve departmental effectiveness and efficiency
  - E.g., technology or business process improvement projects
We’ve Cut Smart...

- Citywide we continue to reduce the reliance on contractors for daily operations
  - Ended MWH contract saving $11M
  - Saved a combined $8.5M in 2011 and 2012 by renegotiating all sanitation hauling contracts and our landfill contract;
  - Saved $2M on contracted staff augmentation IT services
  - Closed Xerox copy center saving $100k in 2010 ($400k annually)

- Replaced 75% of general fund for Capital Projects with federal funding

- Transitioned delivery of primary and Dental Care to private sector, reducing health department by 48 employees

- Reduced fuel expenditures by eliminating take home cars

- Reduced debt service by refinancing

- Eliminated 16 boards or commissions

- Canceled over $6M in housing contracts

- Shifted retirees from city health care to Medicare, saving $5M per year

- Cut overtime expenditures from $29.2M in 2009 to $12.2M in 2011

- Eliminated Human Service Department management positions
We’ve Reorganized...

- Created deputy mayor system
- Reorganized NOPD districts; doubled homicide unit;
- Merged Environmental Health with Code Enforcement
- Revised policies to improve sanitation fee collections

- Created OPA and STAT programs
- Addressed retirement costs by increasing city and employee contributions and making cost-saving plan changes (NOMERS and Police)
- Consolidated management of Canal Street Development Corp, Rivergate, and Piazza D’italia
- Reformed the Public Belt Railroad

- Transformed Customer Service by implementing NOLA 311 and One-Stop-Shop Permitting
- Created a public private partnership for Recreation
- Created a public private partnership for NOLA Business Alliance
...and We’ve Invested in priority areas

- Increased appropriations for Police, Fire, and EMS by 18%
  - NOPD – 16.1% increase from 2010 to 2013 ($109.2M to $126.8M)
  - NOFD – 16.8% increase from 2010 to 2013 ($72.7M to $84.9M)
  - NOEMS – 49.4% increase from 2010 to 2013 ($7.9M to $11.8M)

- Investment in NOPD Consent Decree ($11M in 2014)
- Invest in new Police Cars ($5M) with FEMA funds
- Continued investments in the Innovation Team has resulted in at least $6M in captured value
  - I.e., reduced costs or improved revenue
- Fully funded Supplier Diversity initiative
- Increased staffing of real estate office to collect leases and sell assets
- Ramped up collections initiative by increasing staff
- Invested in field agents for revenue department which led to increased revenue collections
- Increased investments in ABO prosecution
- Hired more parking control officers and tow truck drivers
City’s Bond Rating has improved

Standard and Poor's Bond Rating for the City of New Orleans (BOL) 2000 - 2013

Investment Grade

Speculative Grade
While GO debt has been decreasing, pension and legal pressures are increasing.

Long Term Liabilities to General Fund and Board of Liquidation Revenue (2013 dollars)

- Other LT Liabilities
- CDL Loan
- Pension Liability
- Bonded Debt
- Pos Benefits Liability
- Litigation Reserve
- GF + BOL Revenue

Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Other LT Liabilities</th>
<th>CDL Loan</th>
<th>Pension Liability</th>
<th>Bonded Debt</th>
<th>Pos Benefits Liability</th>
<th>Litigation Reserve</th>
<th>GF + BOL Revenue</th>
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</thead>
<tbody>
<tr>
<td>2000</td>
<td>$1,319</td>
<td></td>
<td></td>
<td>$616</td>
<td></td>
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<td></td>
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<tr>
<td>2002</td>
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<td></td>
<td>$617</td>
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<tr>
<td>2003</td>
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<tr>
<td>2007</td>
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<td>$506</td>
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<td>2008</td>
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<td>$506</td>
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<tr>
<td>2009</td>
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<td>$561</td>
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<tr>
<td>2010</td>
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<td></td>
<td>$585</td>
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<tr>
<td>2011</td>
<td>$1,542</td>
<td></td>
<td></td>
<td>$589</td>
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</tr>
<tr>
<td>2012</td>
<td>$1,662</td>
<td></td>
<td></td>
<td>$589</td>
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</tbody>
</table>
Federal CDBG Funding has decreased
City government only retains 28% of all sales tax generated in New Orleans

Note: Includes Retail vehicle sales taxes and Hotel Motel
City government only retains 12% of all Hotel sales tax generated in New Orleans.
The City’s workforce is nearly 50% of what it was 30 years ago

City of New Orleans Budgeted Workforce (1980 - 2013)
Budgeted Employees per 10,000 residents continues to decrease

Budgeted Employees per 10,000 Residents (1980 to 2013)
Approaching 300 Years
New Orleans—
Becoming
America’s
Laboratory
for Innovation
and Change
Revitalizing New Orleans Urban Core—Where 6 Historic Neighborhoods Meet
Reopening Armstrong Park
Restoring Sacred Places
Oscar Medrano Health Clinic
Creating a Primary Care Safety Net
A System of Charter Schools

Craig Charter Elementary
A P/P Partnership for Recreation
Lafitte Greenway
Connecting Historic Neighborhoods in New Ways
Rethinking Public Housing
Not Repeating the Mistakes of the Past

Old

Faubourg Lafitte

New
Not Repeating the Mistakes of the Past

Old

Choice Neighborhoods Iberville

New
VA/ UMC Hospitals
$2 Billion Hospital District in Mid-City

Old

New University Hospital

New VA Hospital
Bringing Back a Legend
Bikeways, Streetscapes, and Streetcars

- N. Claiborne & St. Bernard Ave. Streetscapes
- Galvez & N. Miro Bikeways
- Upcoming N. Rampart Streetcar Line
Investing in Infrastructure
Bringing Back Retail

![Map showing the location of Whole Foods on Broad St. and Circle Food Store.](image-url)
Repatriating Retail from Suburbs

Circle Food Store

Whole Foods Broad Street
Putting These Pieces Together

Iberville/Treme

- Faubourg Lafitte
- N. Claiborne & St. Bernard Ave.
  Streetscapes
- Galvez & N. Miro
  Bikeways
- Hunter’s Field
- Circle Food Store
- Craig Elementary
- Treme Center
- Armstrong Park
- Oscar Medrano
  Health Clinic
- VA/UMC
  Hospitals
- Whole Foods
  Broad St.
- Lemann Pool
- Lafayette Greenway
- Upcoming N. Rampart
  Streetcar Line
- Saenger Theater
- FRENCH QUARTER
Investing in Our Neighborhoods

Monthly BlightSTAT Meetings

Over 10,000 Blighted Units Removed
Attracting New Businesses and National Retailers
Making Our Streets Safe

Murder at 30 Year Low

Raising the Bar for Police; Putting More on the Street
Building A New Armstrong Airport
New Orleans – A Dynamic, Resilient City for the 21st Century