



CITY OF NEW ORLEANS

**2012 Proposed Budget**

*October 17, 2011*

# 2012 Budget Presentation

- **Background**

- **Performance Management/Improvement Review**

- **2012 Budget Proposal**



# Across the nation nearly every City in the U.S. is feeling pressure to become smaller and more efficient

- 90% of all cities have significantly slashed spending and or services
- Over 200 police officers and fire fighters may lose their jobs in Camden, NJ
- Dallas is cutting its workforce by 500 employees
- All American cities, including New Orleans, are dealing with increased healthcare and pension expenses

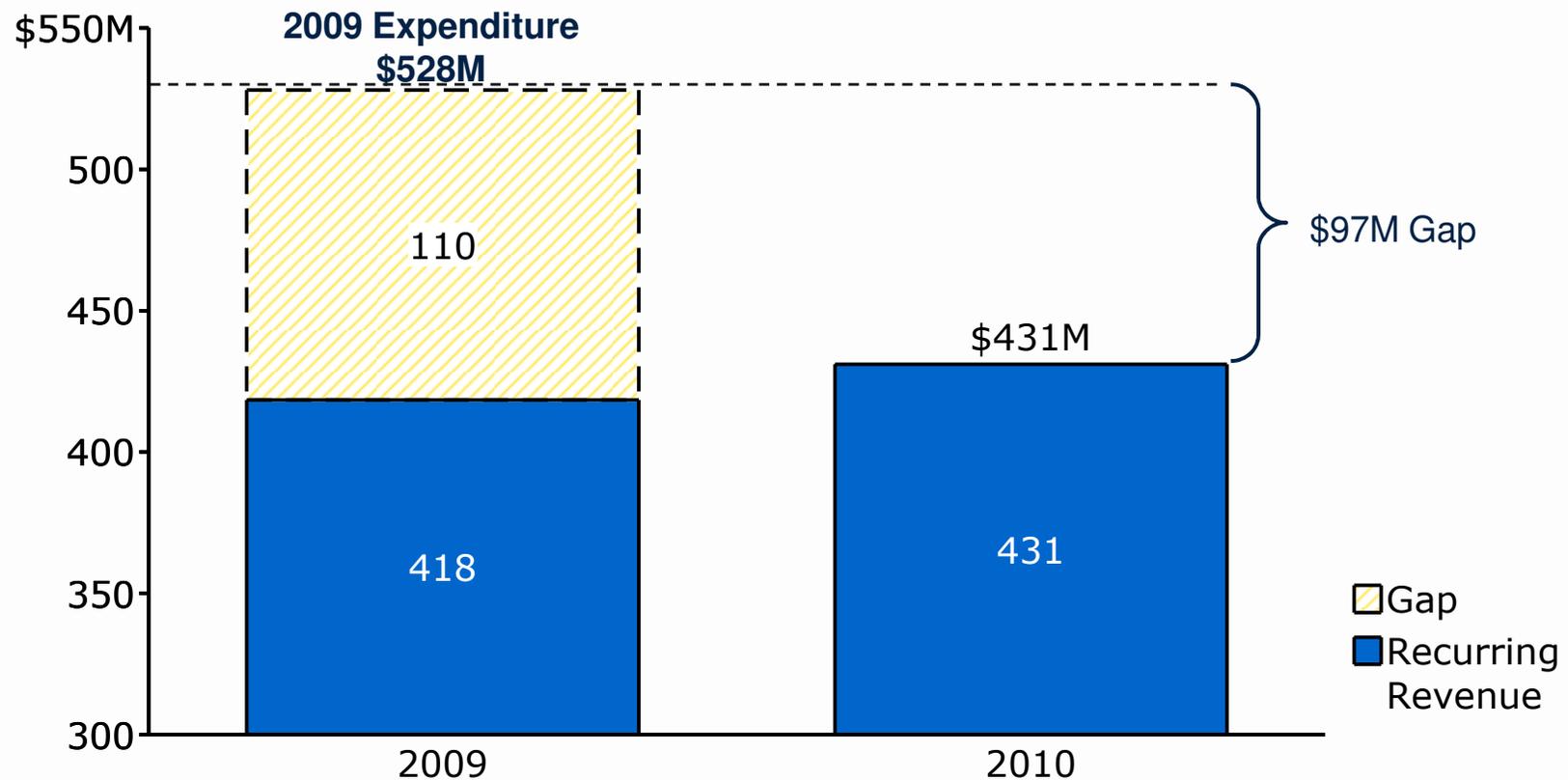


***We must take action now to be smart  
about how we get smaller***



# The Landrieu Administration inherited a \$97M spending gap

## Budget Comparison

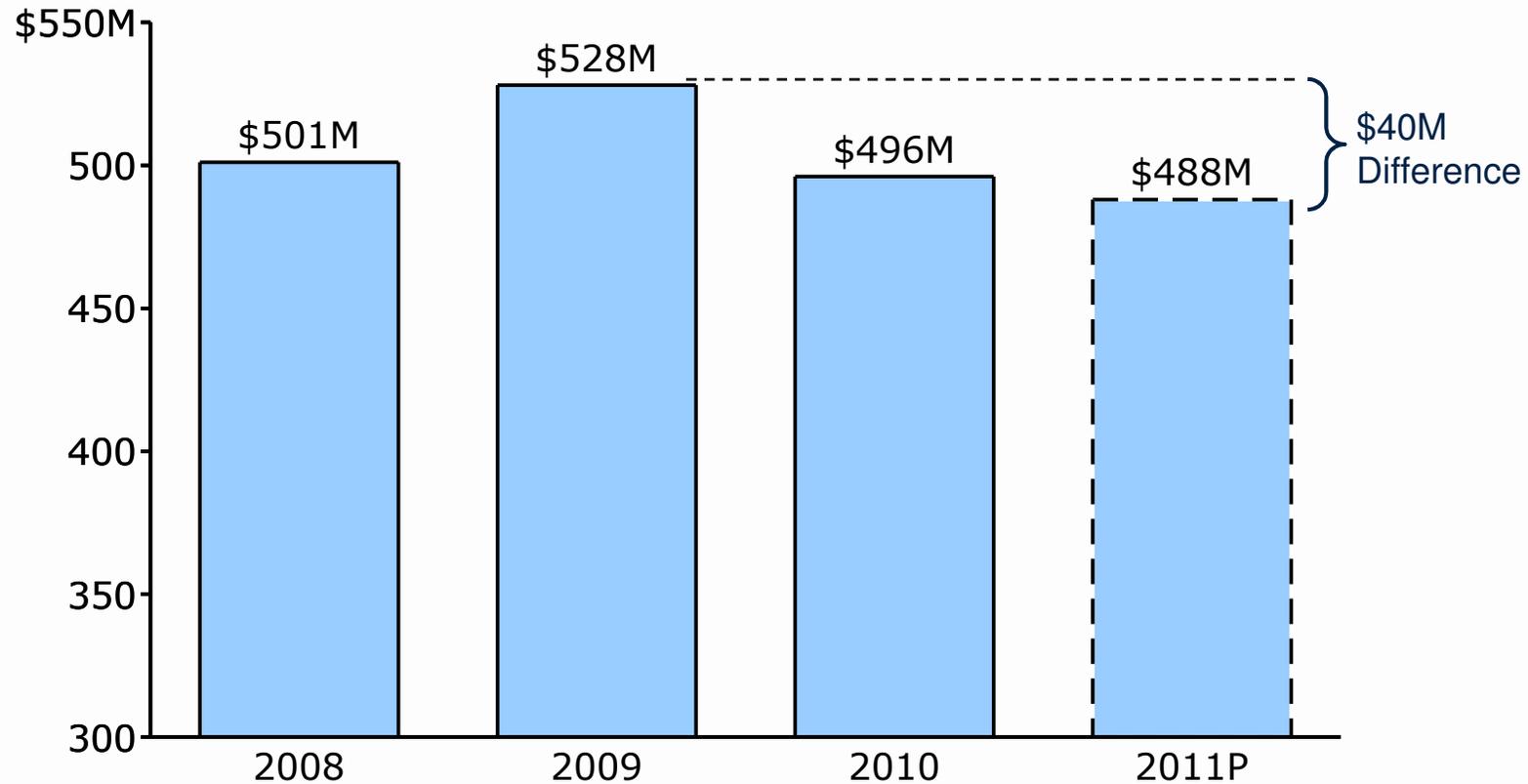


*Note: One-time revenue sources not included in chart*



# First step to eliminating gap was to reverse the spending trend

Annual Expenses

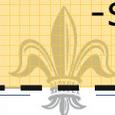


Delta to previous year

+\$28M

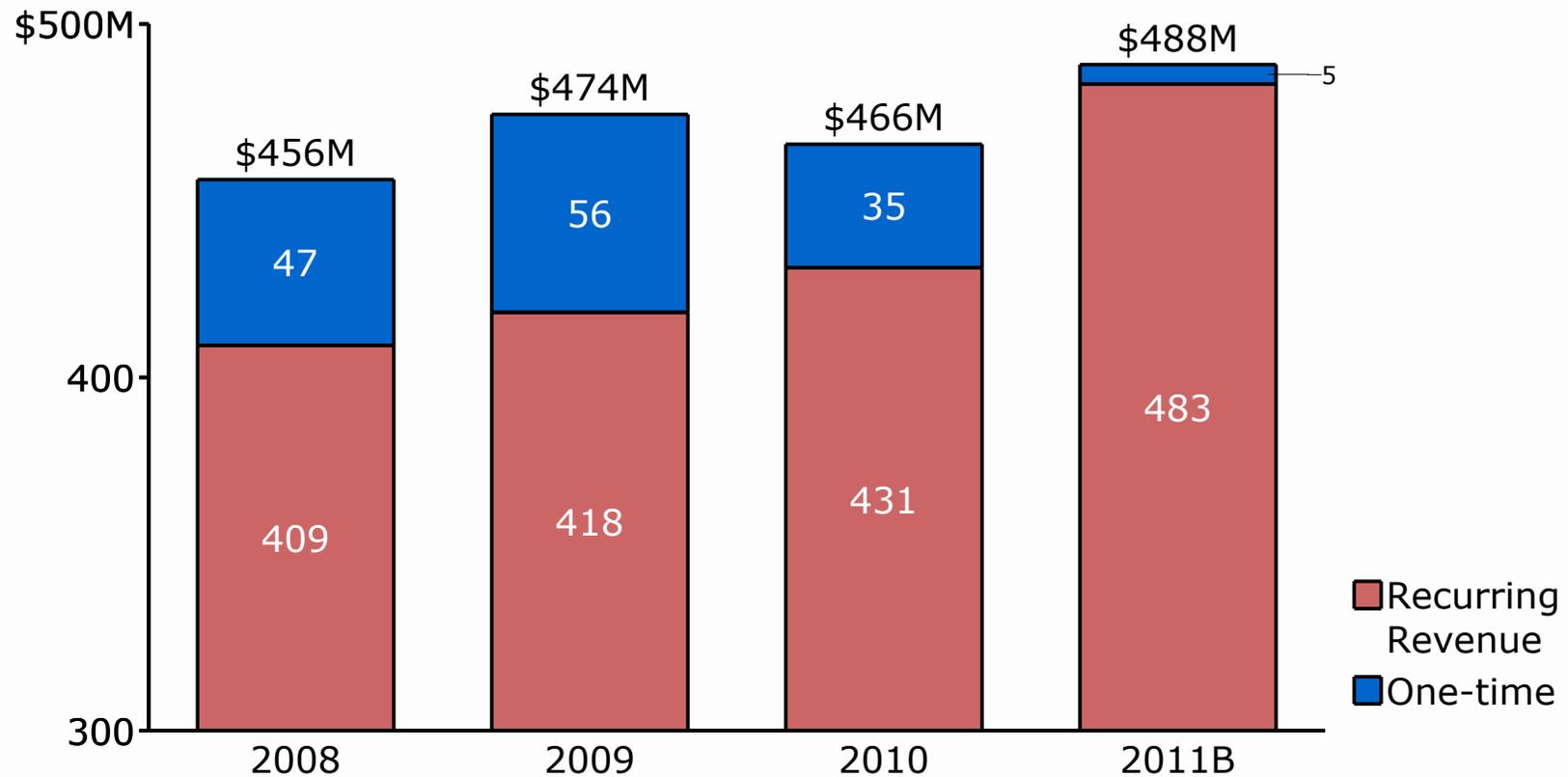
-\$32M

-\$8M



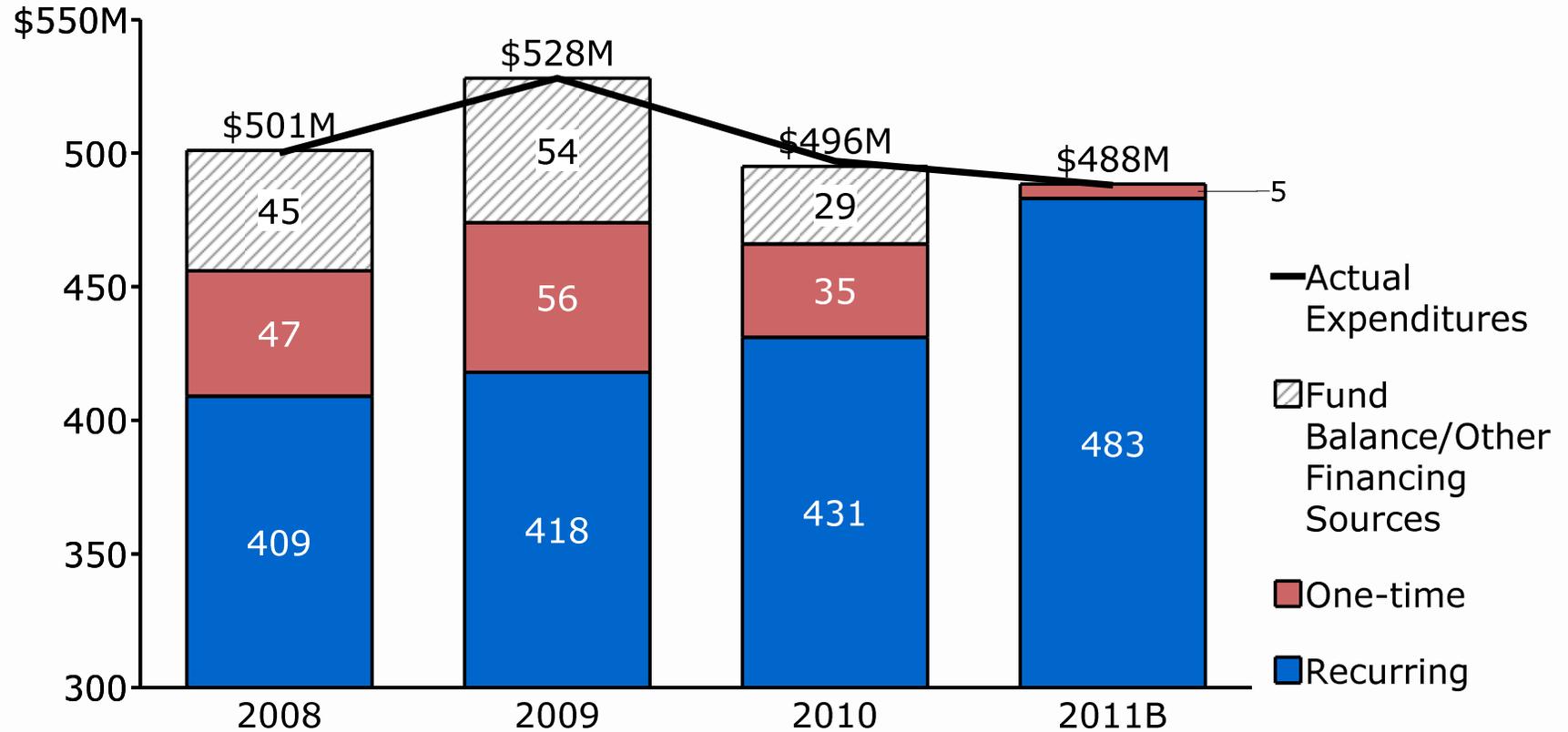
# Second step was to reduce the reliance on one-time monies to balance the budget

Annual Revenue



# We are now living within our means

Historical Expense vs. Revenue



Net change in fund balance	-\$36.605M	-\$51.643M	-\$19.412M
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*Note: Rounding causes totals not to add up; net change in fund balance includes the Library*

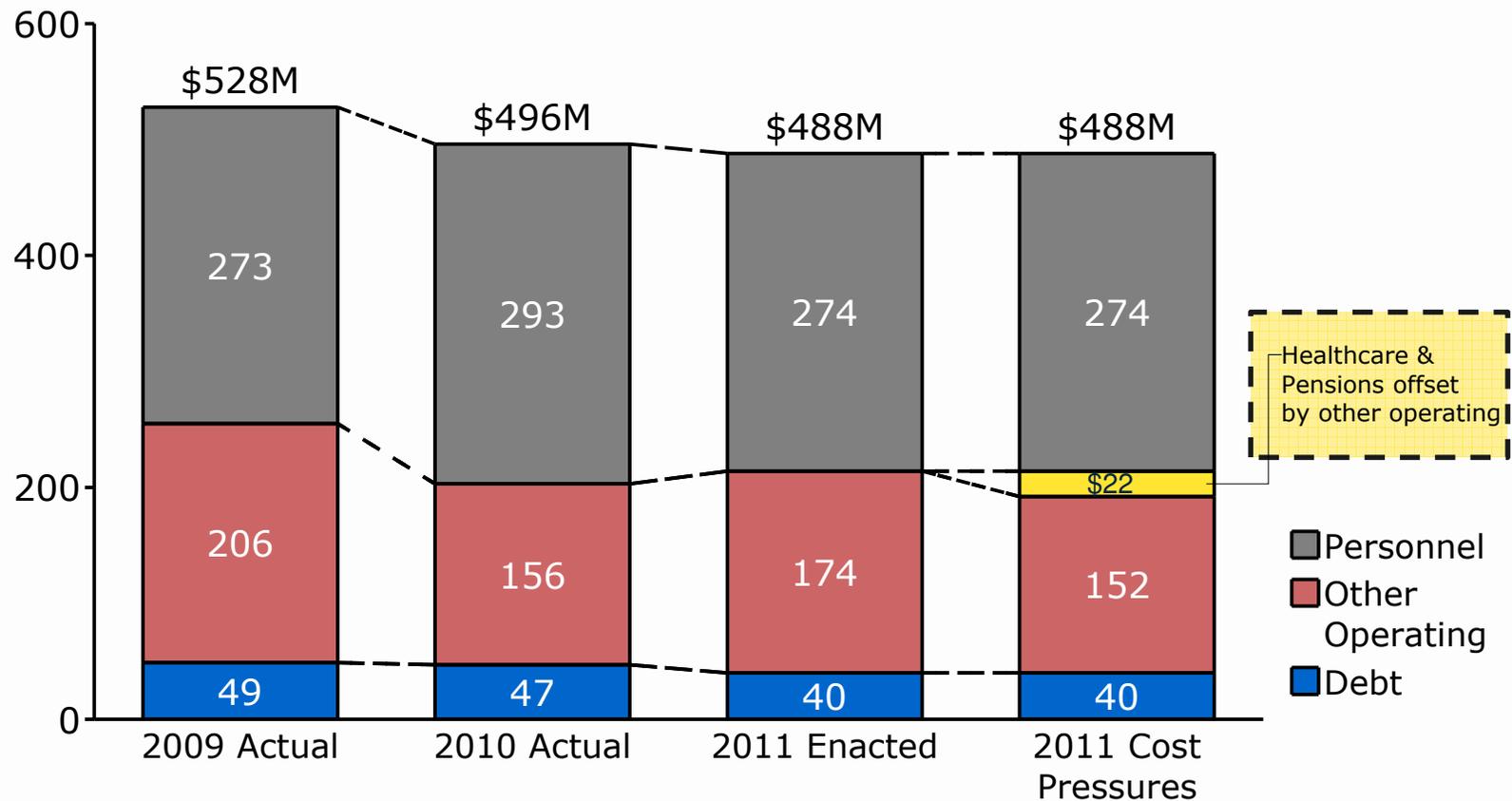


# **In 2011 we used a rigorous, cross-team collaborative approach to address variances and improve our revenue and spending forecasting**

- Healthcare – approximately \$12M issue in 2011
  - In 2009, employer contribution was lowered from \$6.9k to \$4.2k creating a gap healthcare funding
- Personnel – net deficit of approximately \$4M over budget
  - Some departments (Mayor, CAO, Finance) have achieved significant savings offset by others (Police, Fire, EMS)
  - Projection has been vetted by many and accounts for millages and other anticipated spend requirements
- Police Pensions – doubled in 2011 from 2010



# Higher 2011 personnel costs are being offset by reductions in other operating



# 2012 Budget Presentation

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# OPA and Innovation teams have partnered with departments to drive most of our performance improvements

## Office of Performance & Accountability

- Stat programs have increased accountability and transparency resulting in performance improvements across the board
  - BlightStat, ReqToCheck, Quality of Life, Bottom Line Stat, Results NOLA
- ResultsNOLA Quarterly Reports Issued
- Business Planning process requires departments to document goals and develop a plan to achieve them
- Identify initiatives/opportunities for cost savings or revenue enhancements

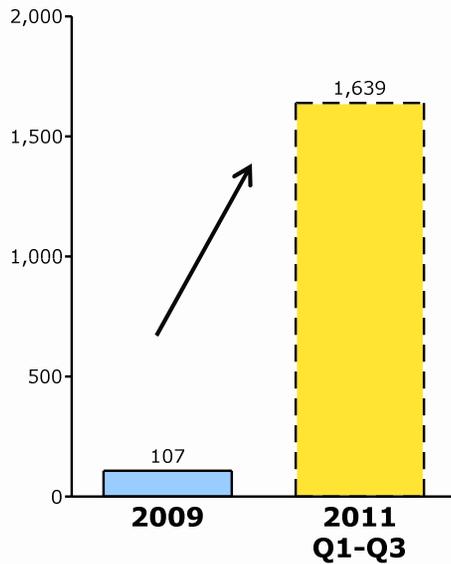
## Service & Innovation

- Focused heavily on efficiency and effectiveness opportunities throughout City Departments
  - I.e., cost savings and revenue opportunities
- Major initiatives have assisted in Citywide transformation
  - Implemented new citywide contracting system at cost of ~\$60k
    - Previous system costs exceeded a million dollars
  - Identified Healthcare funding gap and assisted in solution generation
  - Develop 911/OPCD improvement plan
  - Initiated parking collections improvement plan
  - Produced delinquent sales tax letters
  - Assisted with Health Dept transformation plan



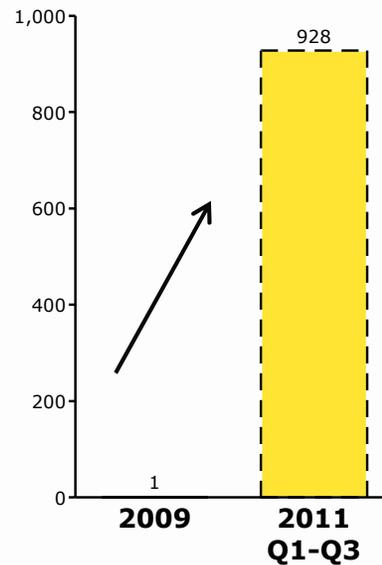
# While we have focused on reducing spend, we have also improved productivity/delivery of services in many areas: (1 of 3)

## Blight



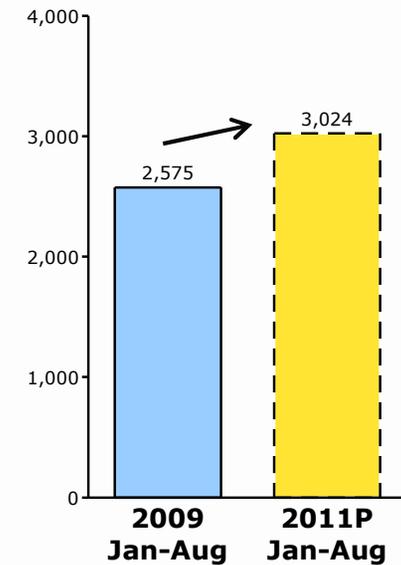
*Already 14x more Demolitions have taken place*

## Blight



*Over 900x more Code Lien Foreclosure have taken place*

## Parking Enforcement

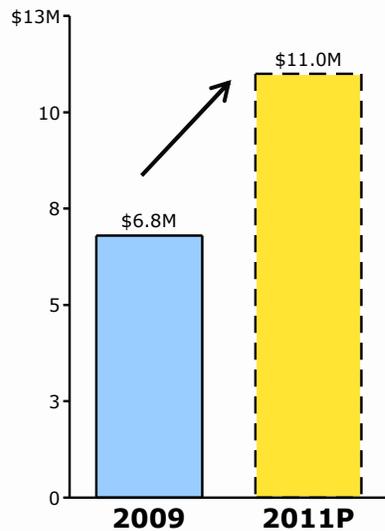


*Greater than 20% increase in cars booted*



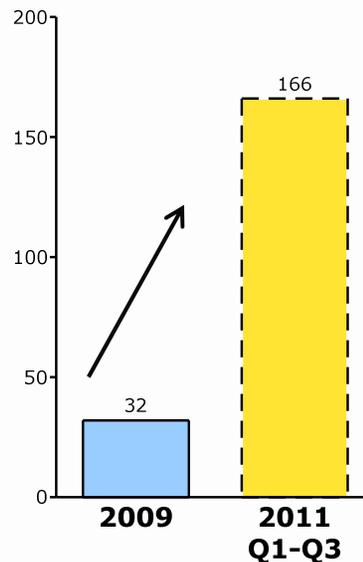
# While we have focused on reducing spend, we have also improved productivity/delivery of services in many areas: (2 of 3)

## Collections (EMS)



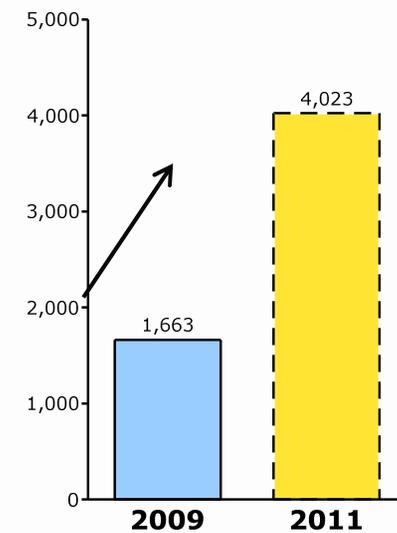
*Projected to collect over 60% higher EMS collections*

## ABO Violations



*Already Over 5x ABO Violations filed*

## Children & Families (NORD)

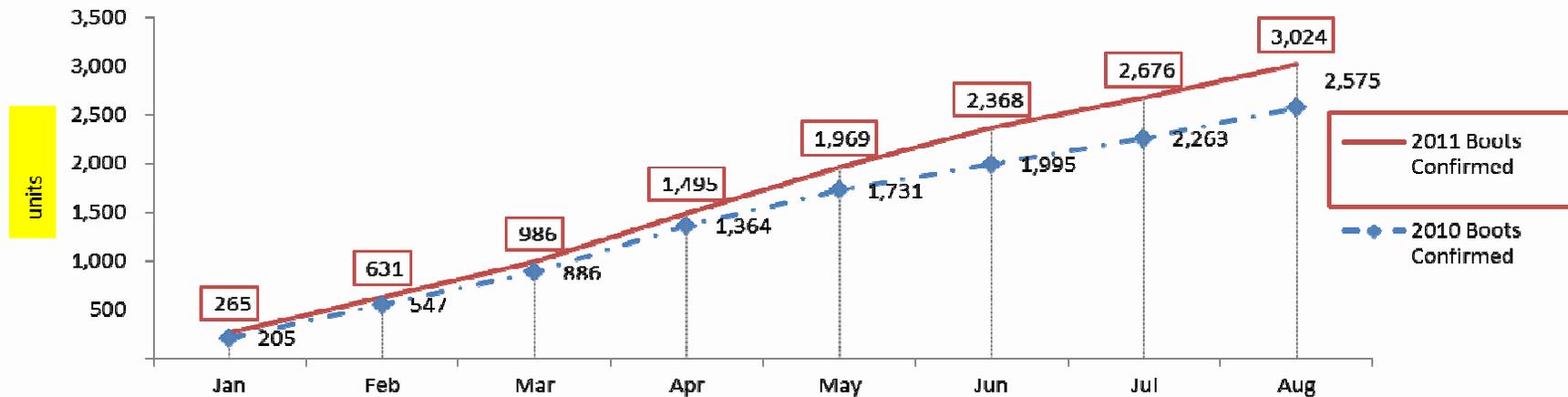


*Over 140% more Summer Camp registrants*

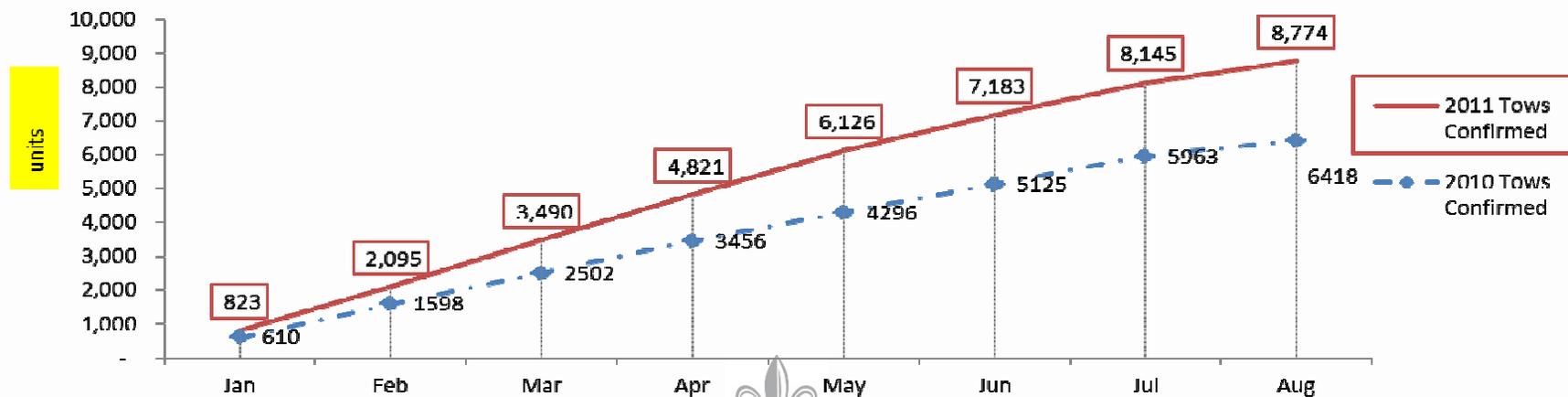


# While we have focused on reducing spend, we have also improved productivity/delivery of services: (3 of 3)

**Booting activity exceeds prior year by over 17%**

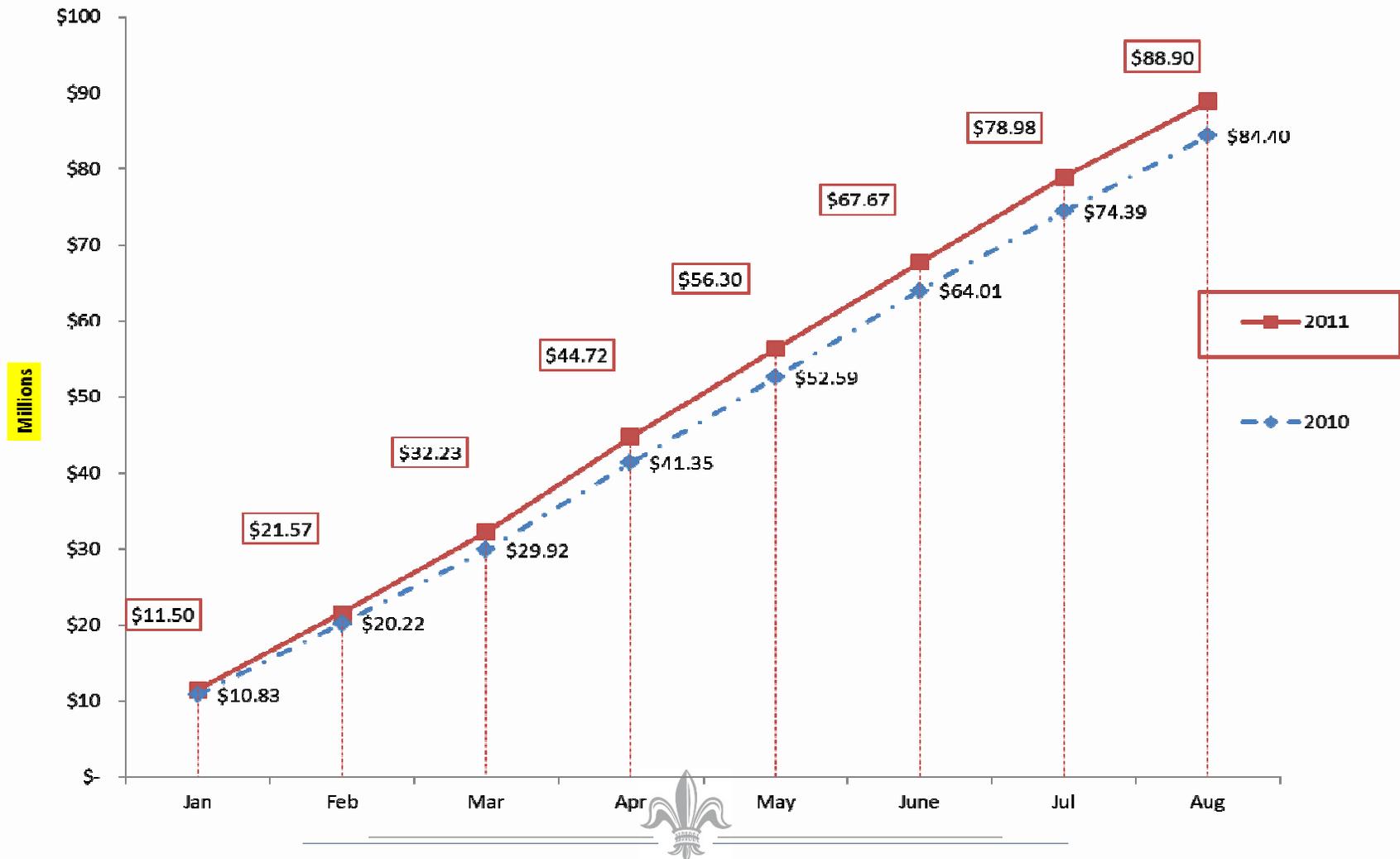


**Towing activity is greater than prior year by 36%**



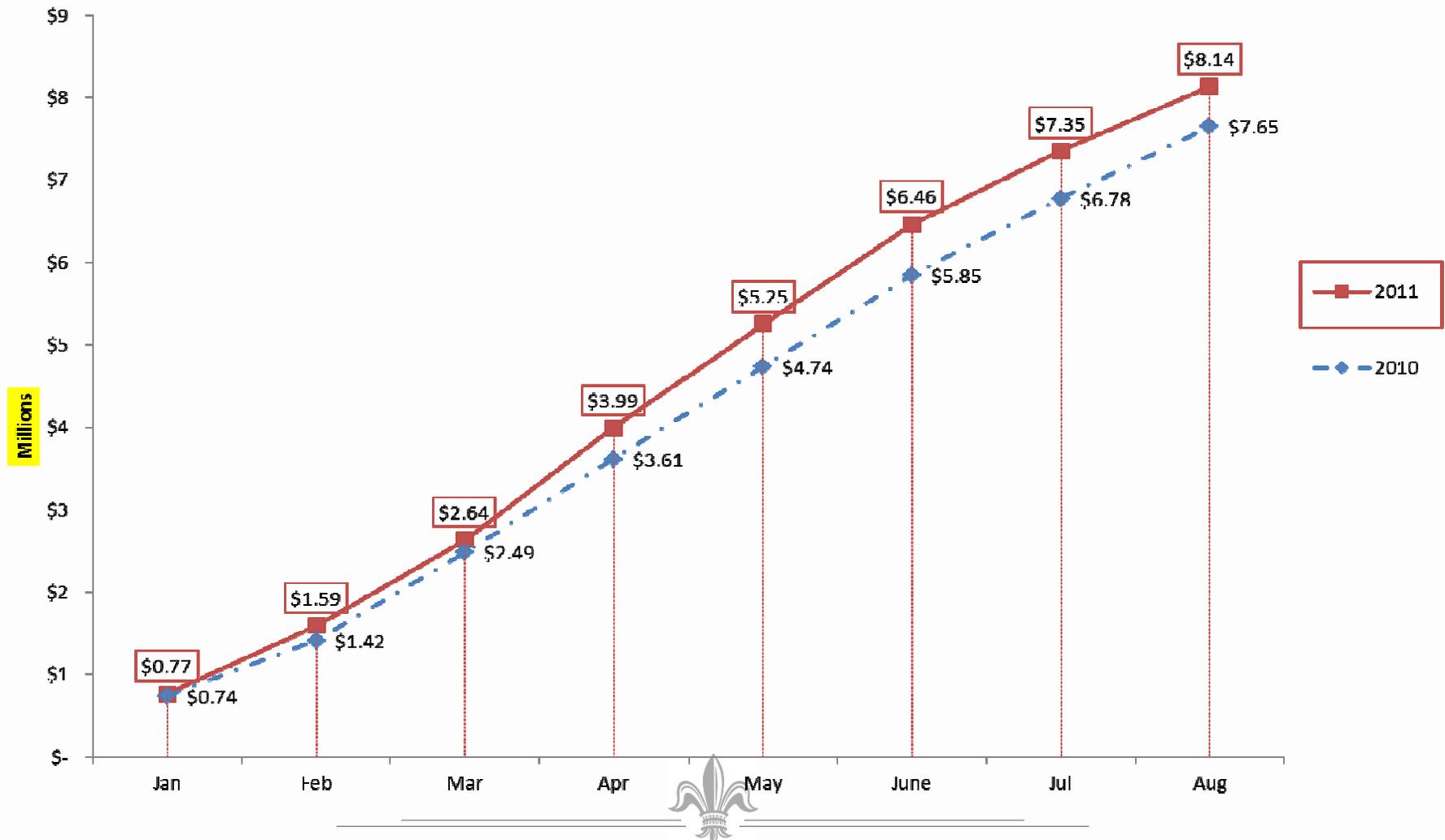
# We have invested heavily in improving collections and have begun to see results: (1 of 5)

**General Sales Taxes (excluding Vehicle and Hotel/Motel): Cumulative Collections as of August 31, 2011 are up 5.3% in 2011 vs. 2010**



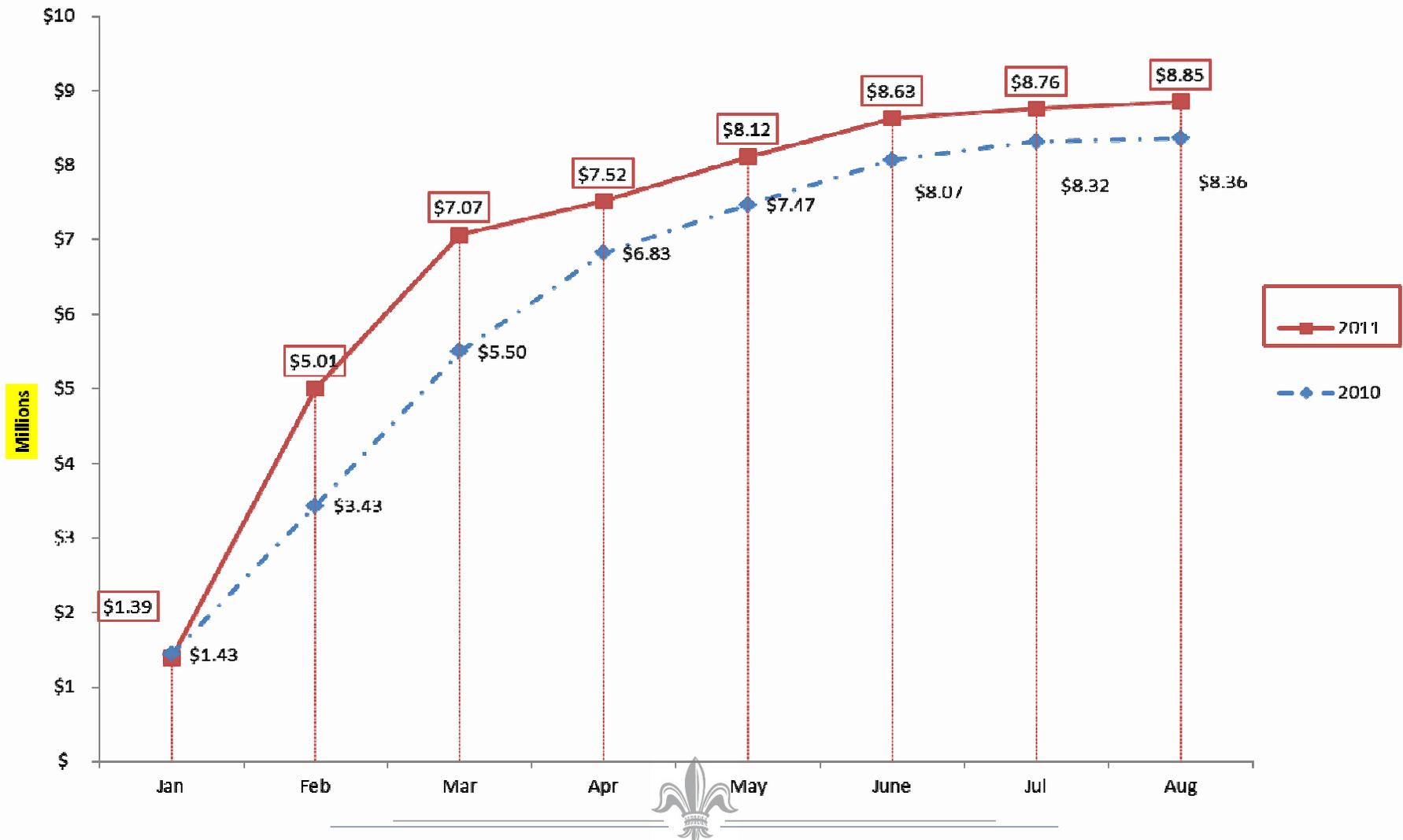
# We have invested heavily in improving collections and have begun to see results: (2 of 5)

**Hotel/Motel Sales Taxes: Cumulative Collections as of August 31, 2011 are up 6.3% in 2011 vs. 2010**



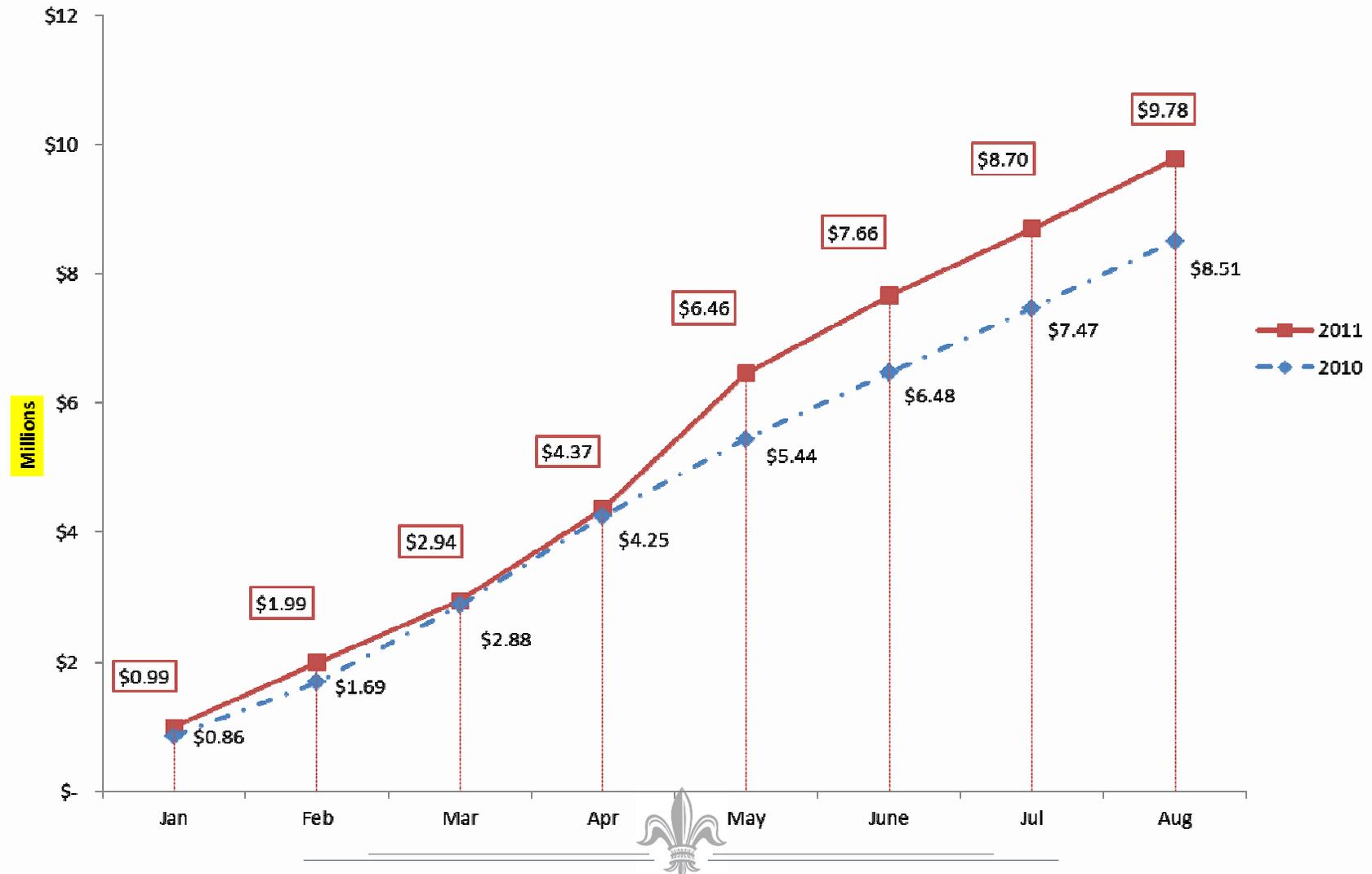
# We have invested heavily in improving collections and have begun to see results: (3 of 5)

**Occupational Licenses Revenue: Cumulative Collections as of August 31, 2011 are up 5.9% in 2011 vs. 2010**



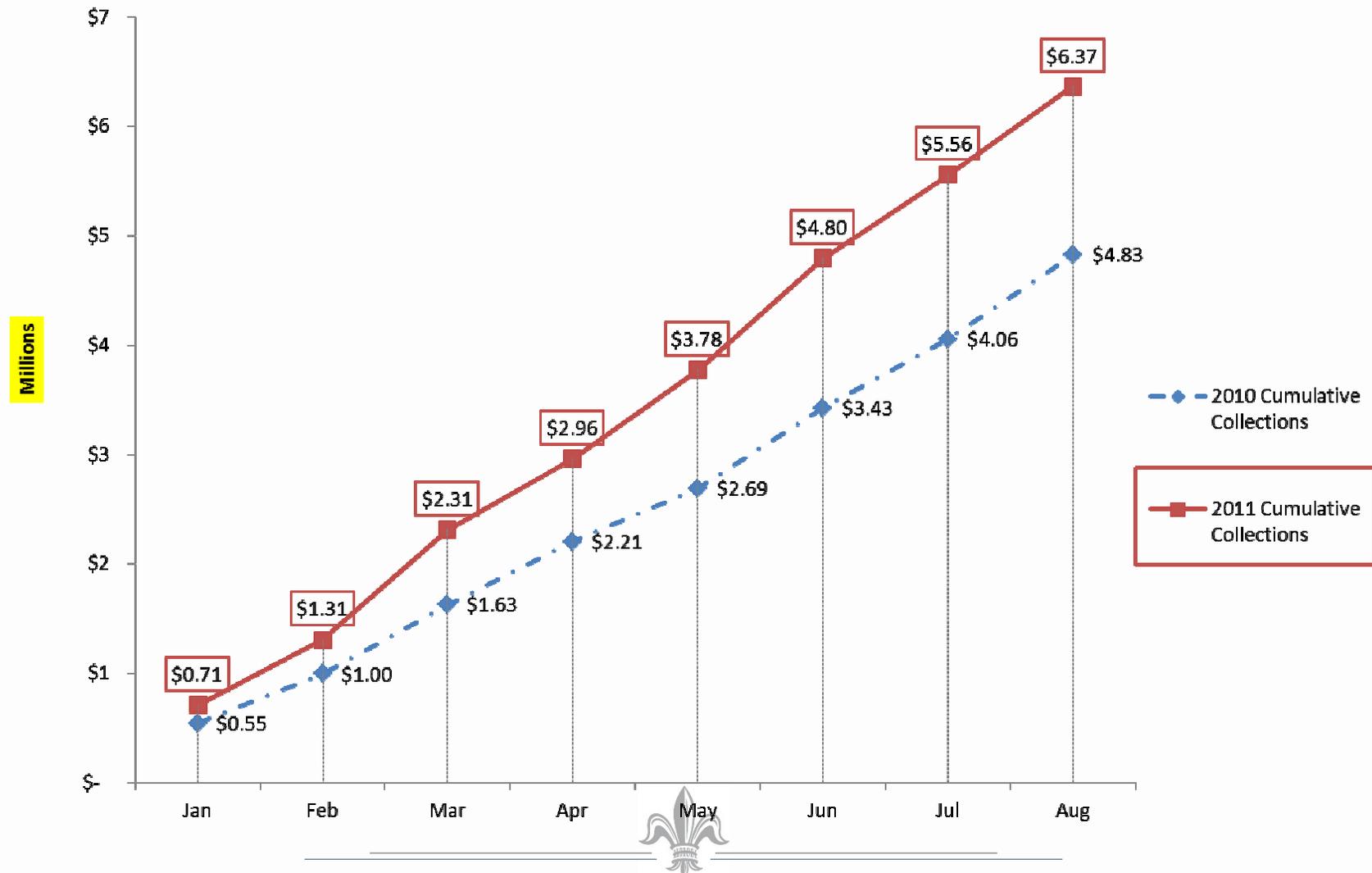
# We have invested heavily in improving collections and have begun to see results: (4 of 5)

**Other Revenues (ABO, Vehicle Sales, and Parking Tax): Cumulative Collections as of July 31, 2011 are up 15% in 2011 vs. 2010**



# We have invested heavily in improving collections and have begun to see results: (5 of 5)

**EMS: YTD Collected Revenue for All Payer Types as of August 31, 2011 exceeds prior year by 31%**



# Bandit Sign Enforcement Stepped Up

## Issue

Bandit Signs signal neglect in neighborhoods, create visual clutter, and are private use of public space for advertising

## Status

Ongoing

## Critical Parties

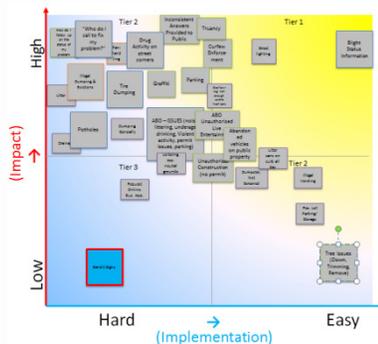
Sanitation, Parks and Parkways

## Follow-Up

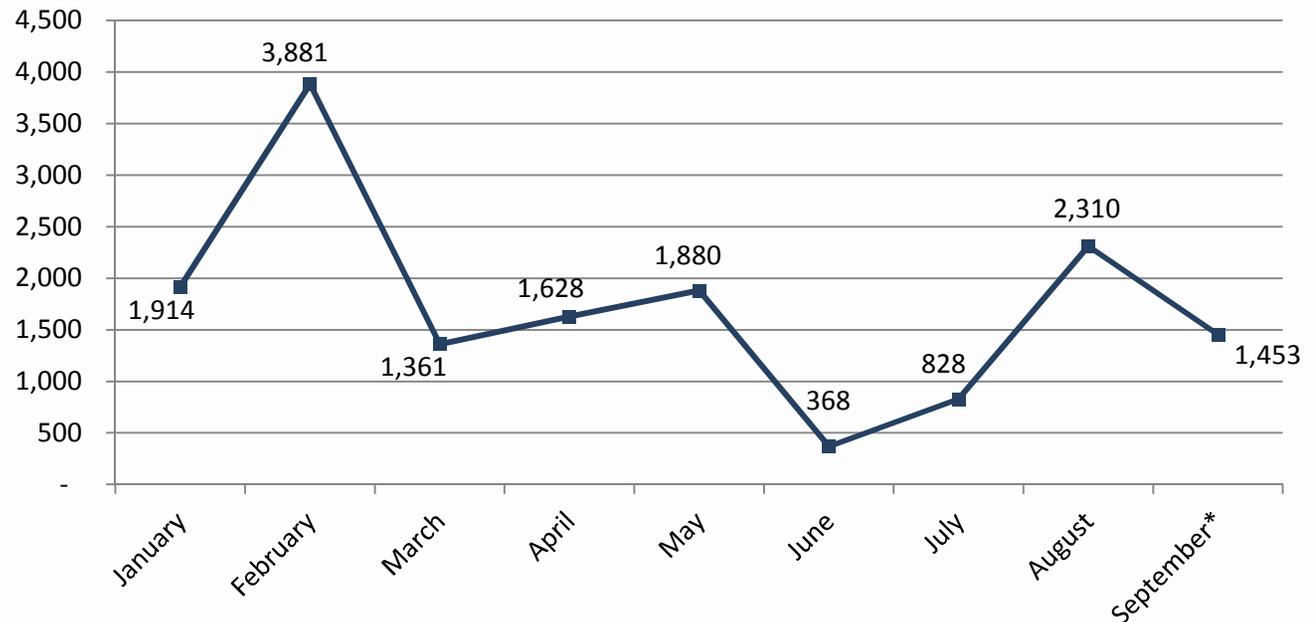
Amnesty program was underway (8/29-9/9), stepped-up enforcement began on 9/10. Sanitation attended NOPD meeting at Loyola on 9/27 to discuss enforcement.

## Implementation Assessment

Small Impact, Very Difficult



## 15,623 Bandit Signs Removed as of September 30, 2011



\* September Sanitation Bandit Sign Data is still being entered as of 10/11/11

**Source:** Department of Parks and Parkways and Department of Sanitation Monthly Illegal Sign Spreadsheet, Parkways Working Sign List, Department of Sanitation Monthly Reports 9/30/11

**Contact Info**  
Phone: 658-3800  
E-mail: [sanitation@nola.gov](mailto:sanitation@nola.gov)



# Pothole Tracking Improvements are Underway

## Issue

Potholes signal neglect in neighborhoods, cause damage to cars, and increase the risk of vehicular accidents

## Status

Awaiting vendor completion of changes to Database

## Critical Parties

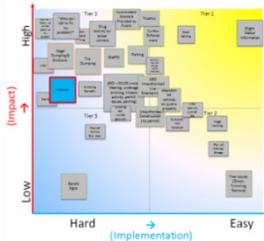
Public Works

## Follow-Up

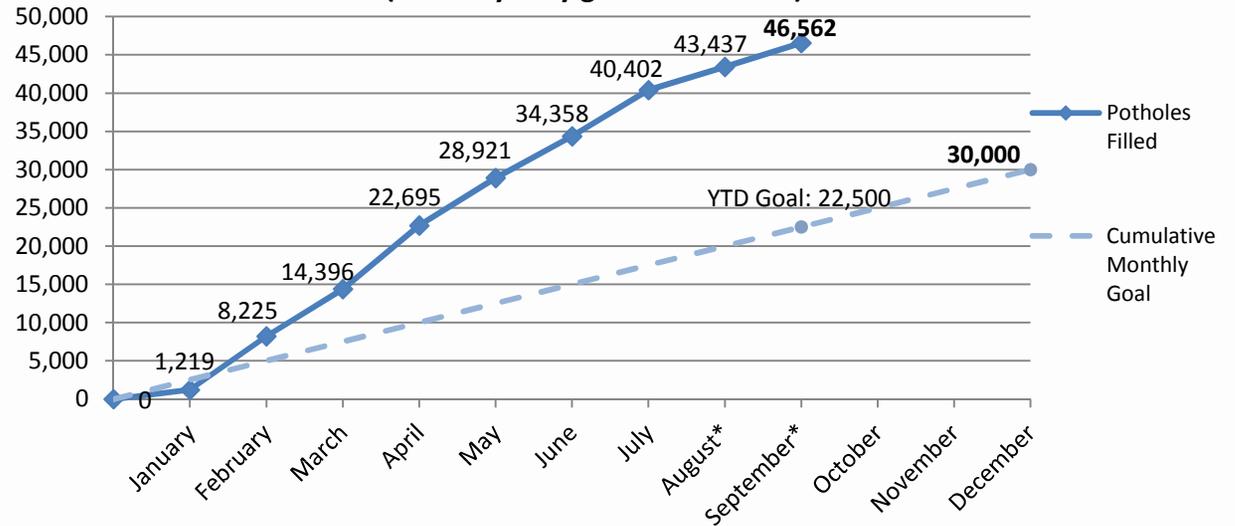
- Innovations team and DPW are working on making tracking changes to the DPW database that will allow for mapping and higher ease of work order prioritization.
- In the mean time, Pothole Killer Data is being used, but provides an incomplete picture of repairs.
- **2012 Goal has been set at 55,000.**

## Implementation Assessment

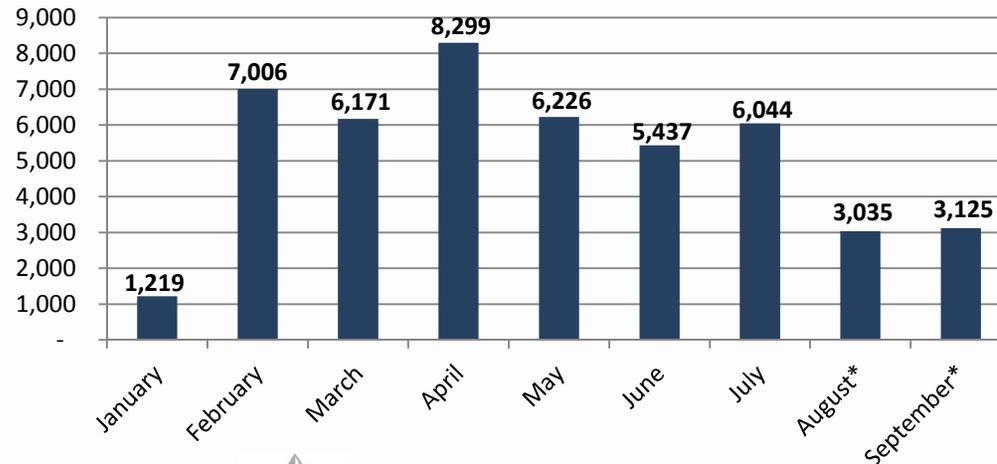
High Impact, Low Ease of Addressing



**Cumulative Potholes Filled Exceeds YTD Goal by 107%**  
(Should yearly goal be revised?)



**Potholes Filled by Month January - September 2011**



\*August & September Data only includes Pothole Killer Log

**Source:** Department of Public Works Work Orders January-July 2011;  
Patch Management Services August 2011 Report



**Contact Info: DPW 658-8150**

# Cumulative Street Light Repairs at 86% of YTD Goal (6% Higher than at the end of August)

## Issue

Street light outages contribute to perception of lack of safety/opportunity for crime, as well as unsafe driving conditions for pedestrians and drivers

## Status

Behind Schedule

## Critical Parties

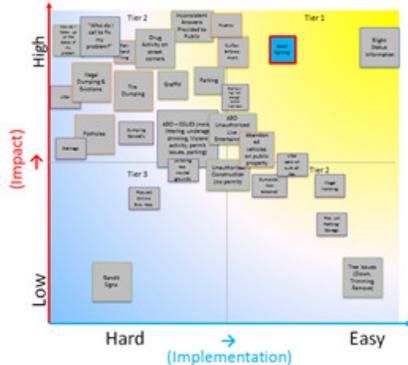
Department of Public Works - Royal Engineers and All Star Electric

## Follow-Up

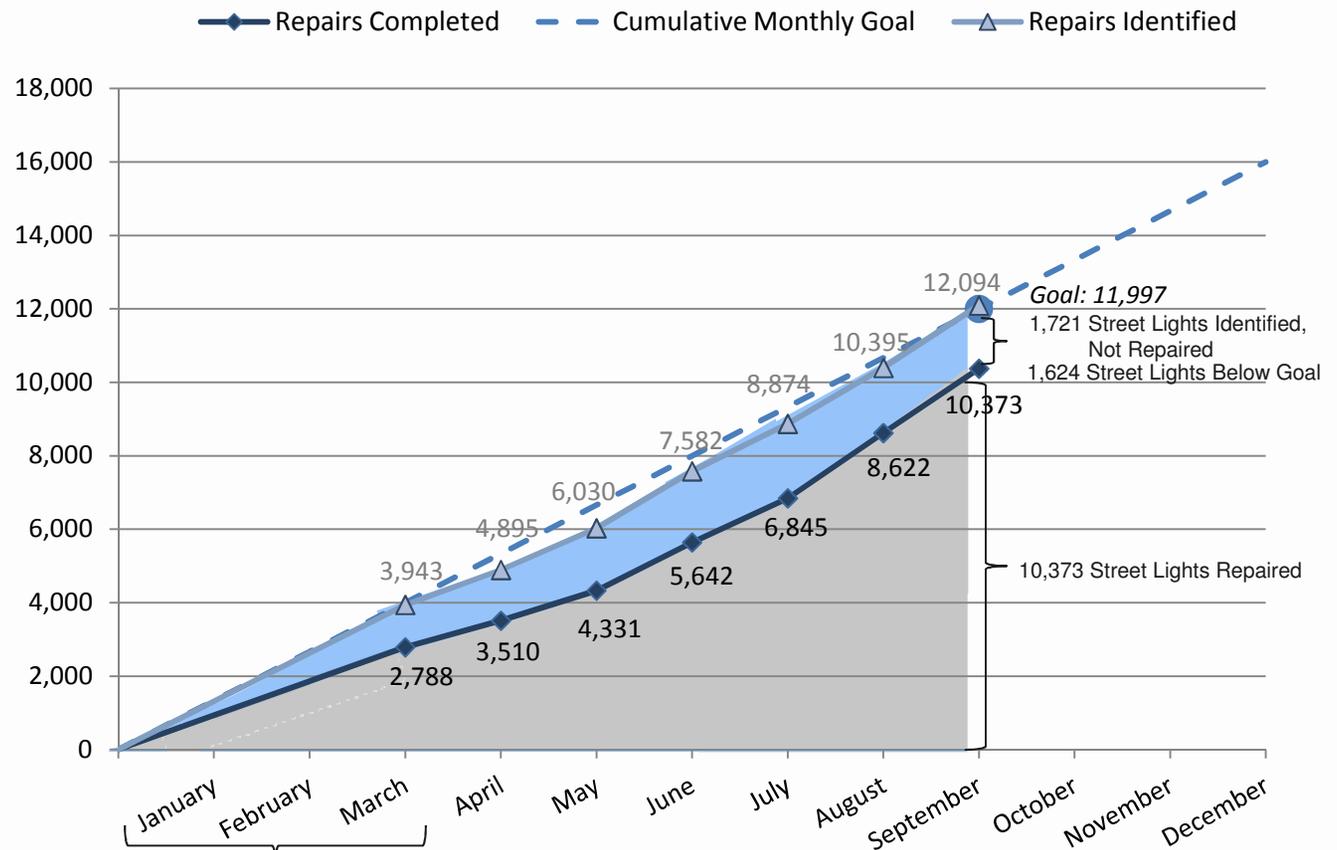
Contract was ramping up in Q1, see graph for number of repairs completed by month. How will DPW catch up to year long goal? Are there conversation going on with contractor to make sure goal is met?

## Implementation Assessment

High Impact, High Ease of Addressing



## Cumulative Street Light Repairs at 86% of YTD Goal

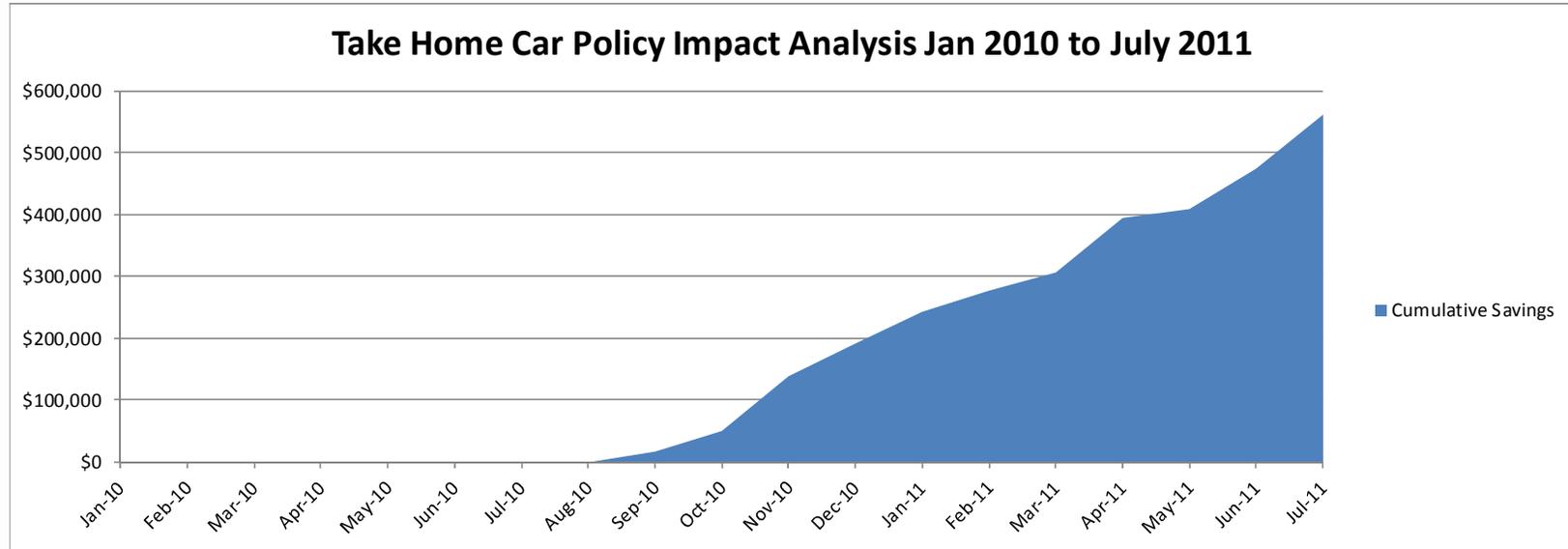


Quarter 1 data was collected in aggregate and averaged over the First 3 months for this presentation

Contact Info: DPW 658-8080

## Take Home Car Policy Cost Savings : Status Quo Vs Policy Implemented (Savings ~\$560k through July 2011)

Policy No. 5 implementation reduced the number of take home car vehicle assignments by 48.3% (541 vehicles).



	Monthly Savings	Cumulative Savings
Sept	\$17,397	\$17,397
Oct	\$33,123	\$50,521
Nov	\$88,530	\$139,051
Dec	\$52,423	\$191,473
Jan	\$51,088	\$242,562
Feb	\$34,596	\$277,157
Mar	\$29,314	\$306,471
Apr	\$87,997	\$394,468
May	\$14,438	\$408,907
Jun	\$65,577	\$474,483
Jul	\$86,841	\$561,324

**\*Assumptions**

Average Gas Price \$2.40 in 2010

Average Gas Price \$2.92 from Jan-March 2011/ \$3.15 April - July

Savings on repairs =

(Average fuel consumption (January - August 2010))-(Average Fuel Consumption (September 2010-July 2011))

10MPG for take home car average fuel efficiency \* 5% (IRS reimbursement related to repairs and maintenance)

Average insurance claim cost \$1,169 January - December 2010

Average insurance claim cost \$779 January - July 2011

Monthly Employee contribution of \$96.16 for using a take home car.

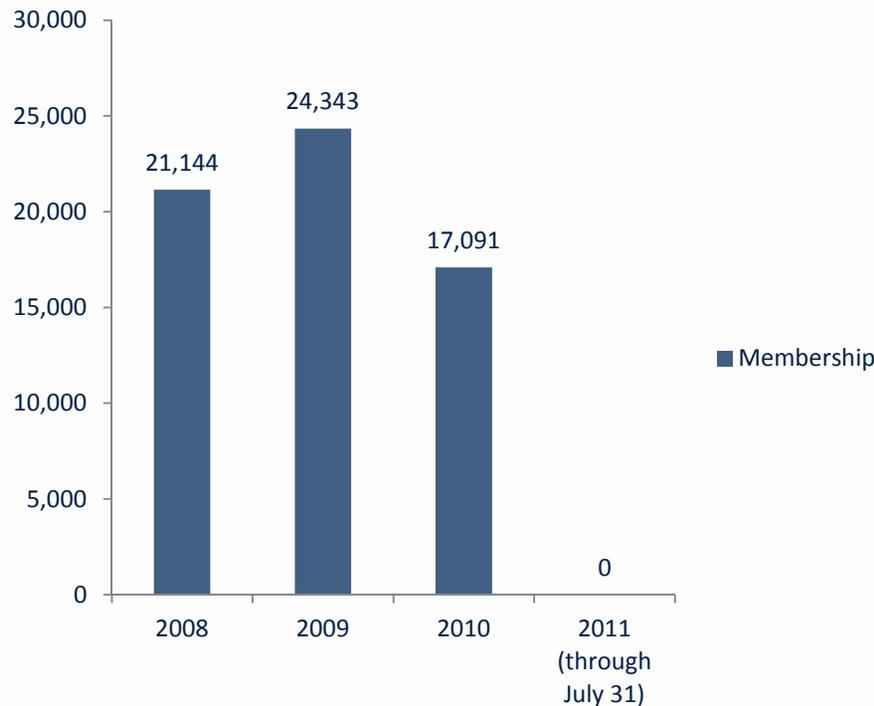
Source : EMD and OPA



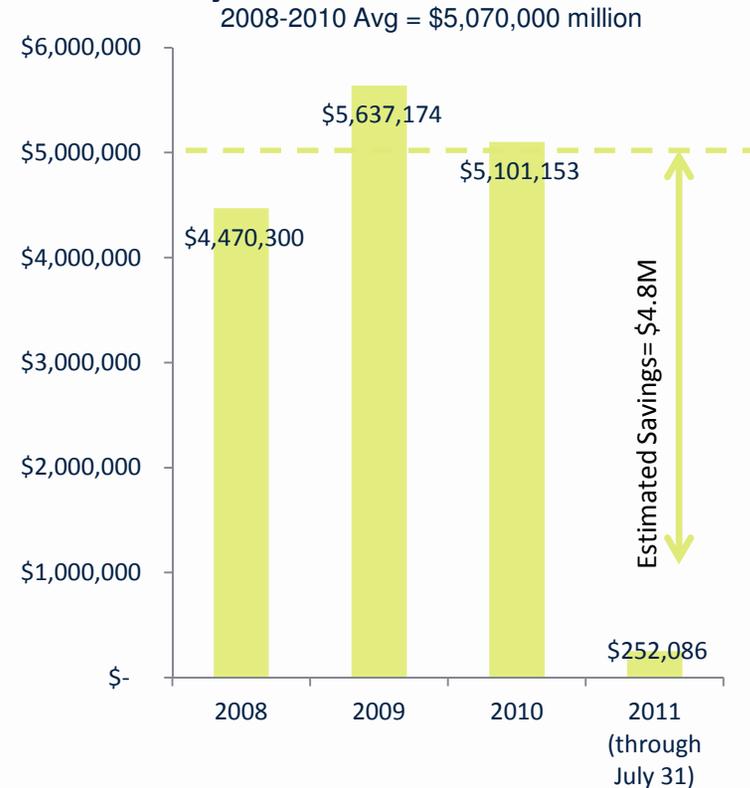
# Savings from Policy Changes to City Healthcare Plan

## Save \$5M annually

### Post-65 Retiree Hospitalization Membership



### Payments for Post-65 Retirees



- Approximate Savings YTD: \$4.8 million (adjusted by projecting 2011 YTD spending for full year)
- In the policy change, the medical coverage for post-65 retirees (all coverage except pharmaceuticals) was transferred to federal Medicare program



# We also introduced new services and increased focus on streets

- Nearly 32k people have signed up for and are receiving **curbside recycling**
- We have removed over 15k **bandit signs**
- We are also working on many **street improvements** across the City
  - 46k potholes filled over
  - Over 10k streetlights repaired
  - Cleaned over 1,000 catch basins



***Continual performance improvement is our focus  
in the delivery of City Services***



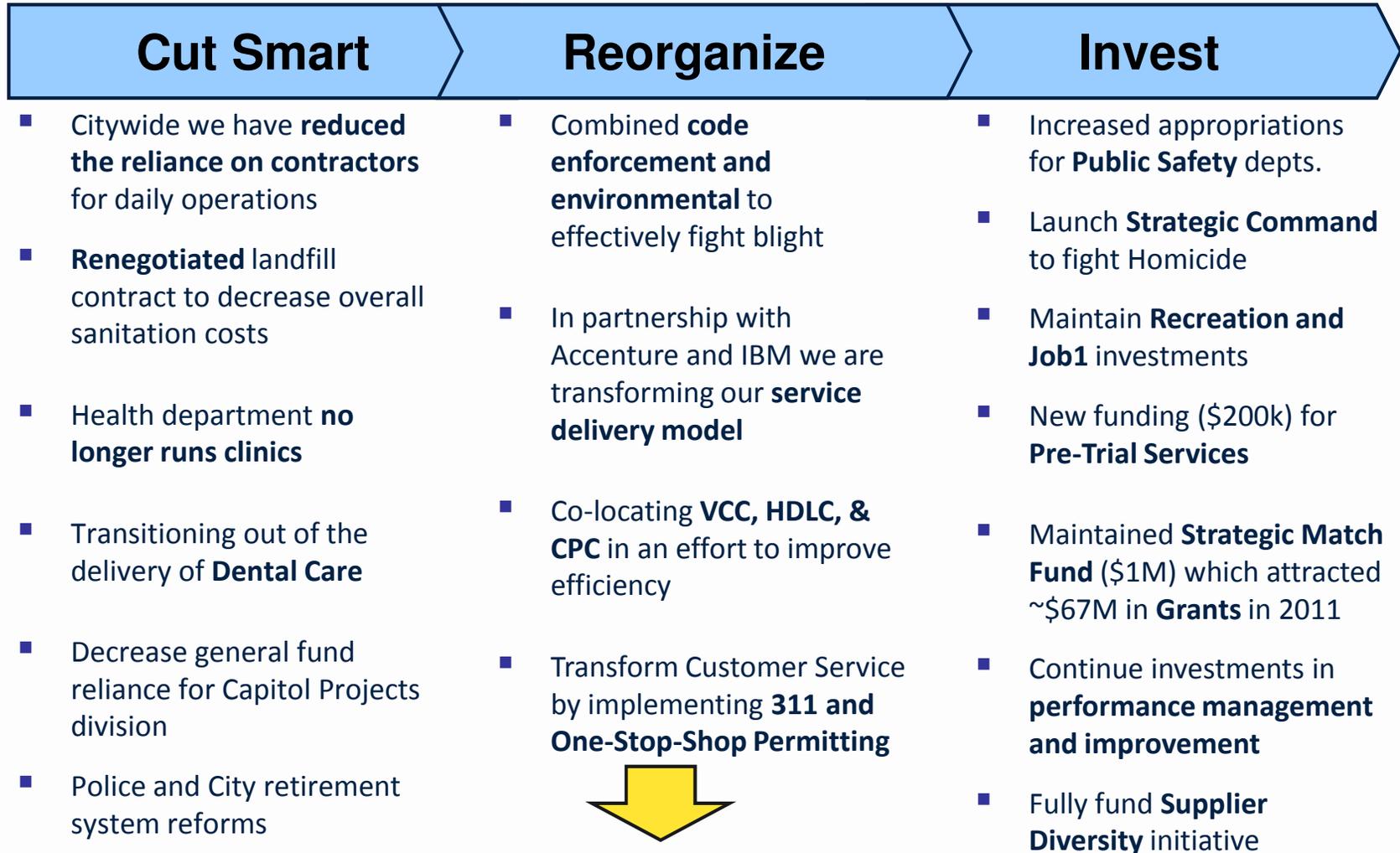
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- **Performance Management/Improvement Review**

• **2012 Budget Proposal**



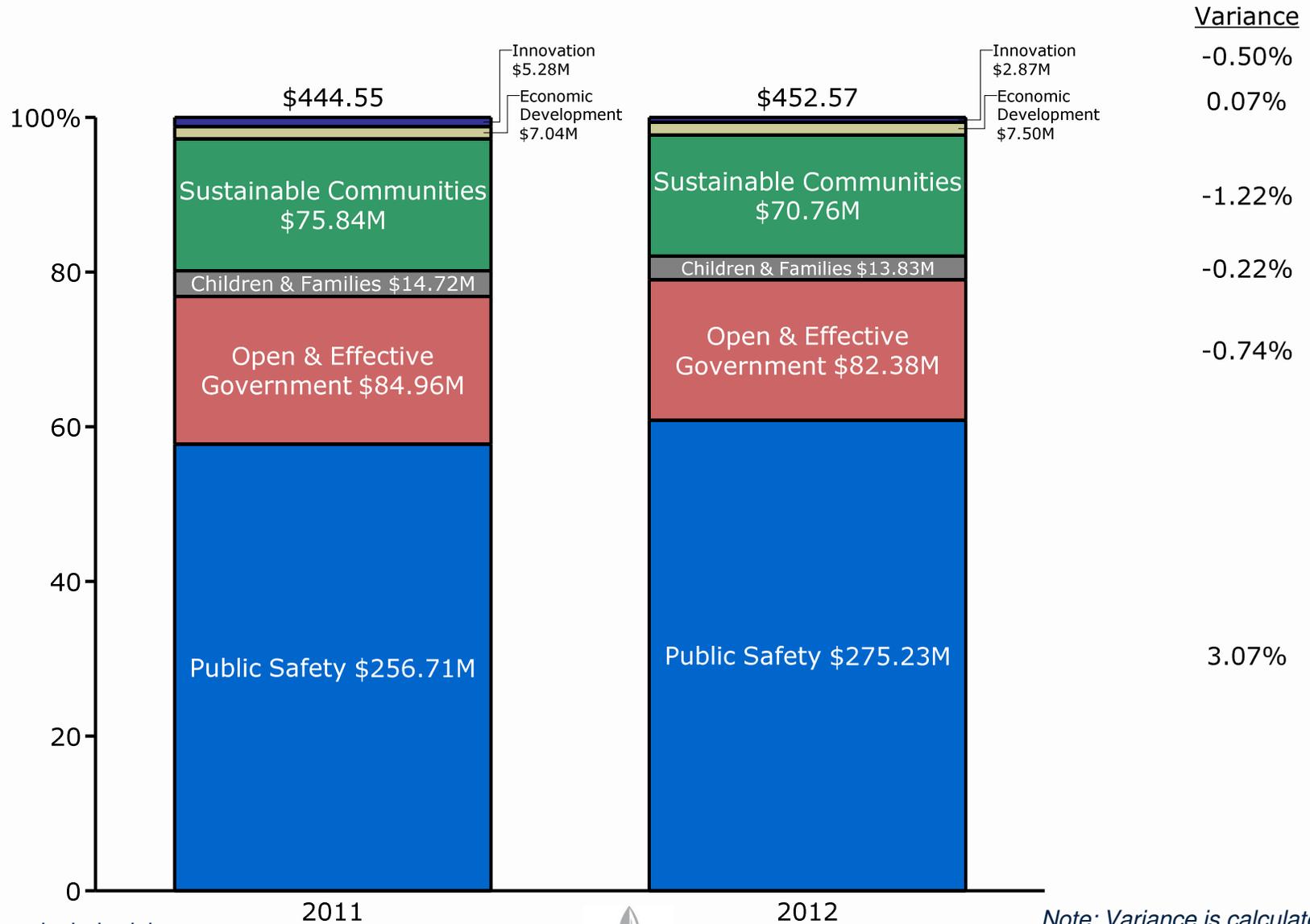
# We are staying true to our strategy of cutting smart, reorganizing and investing



***2012 budget continues many of the investments we initiated in 2011***



# Proposed budget by Mayoral Priorities



Note: Does not include debt or Office of Inspector General



Note: Variance is calculated as the difference in the percent allocation from year to year 29

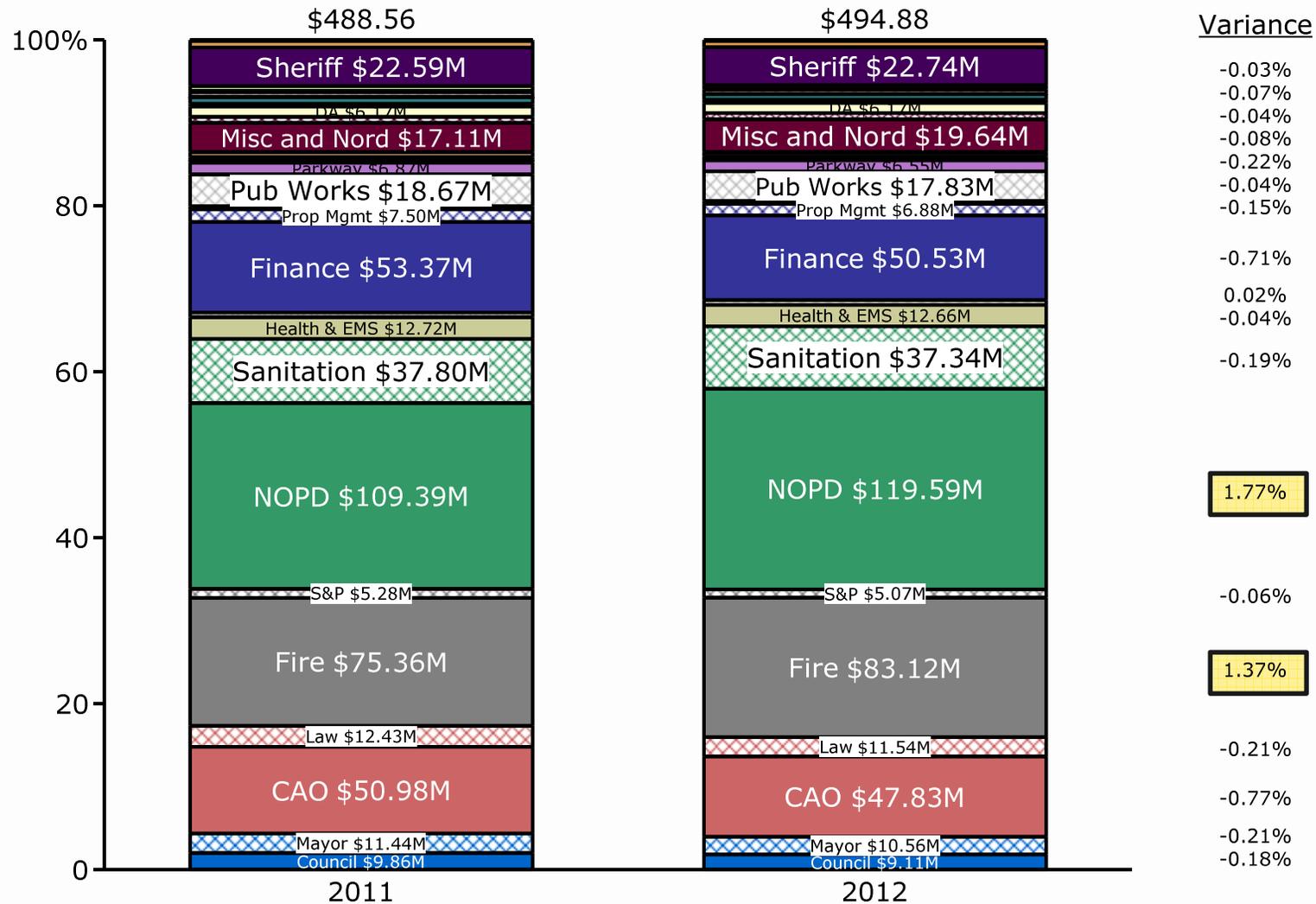
# Proposed budget detail

## General Fund Expenditures

Department	2012 Proposed	% Change	Department	2012 Proposed	% Change
Council	\$9,105,519.00	-7.64%	ABO	\$1,500.00	0.00%
Mayor	\$10,561,825.00	-7.67%	CPC	\$1,353,489.00	-24.57%
CAO	\$47,826,114.00	-6.18%	MTCB	\$2,322,893.00	-12.21%
Law	\$11,538,408.00	-7.14%	NOMA	\$167,772.00	-14.40%
Fire	\$83,117,621.00	10.29%	Misc and Nord	\$19,641,990.00	14.78%
S&P	\$5,068,128.00	-4.02%	OIG/ERB	\$3,683,961.00	1.33%
NOPD	\$119,592,395.00	9.32%	DA	\$6,166,265.00	0.00%
Sanitation	\$37,336,189.00	-1.21%	Coroner	\$1,677,525.00	13.45%
Health & EMS	\$12,659,389.00	-0.46%	Juvenile	\$3,565,890.00	-10.00%
Hum Services	\$2,884,678.00	5.76%	City Ct	\$6,000.00	0.00%
Finance	\$50,534,339.00	-5.31%	Civil Ct	\$14,400.00	0.00%
Prop Mgmt	\$6,877,287.00	-8.29%	Municipal Ct	\$2,566,323.00	-8.35%
Civil Service	\$1,618,202.00	-9.87%	Traffic Ct	\$354,356.00	-62.62%
Pub Works	\$17,828,353.00	-4.50%	Crim Dist Ct	\$2,214,832.00	-22.56%
Parkway	\$6,548,798.00	-4.64%	Sheriff	\$22,744,000.00	0.66%
Library	\$0.00	-100.00%	Clerk CDC	\$3,738,777.00	-2.90%
HDLC	\$643,149.00	-35.34%	ROV	\$407,890.00	-15.02%
VCC	\$347,970.00	-29.97%	Jud Retirement	\$162,477.00	-0.80%
<b>Total</b>				<b>\$494,878,704.00</b>	<b>1.29%</b>



# In 2012 we propose continuing our investments from 2011



# 2012 Budget Highlights

- New class of Police Officers starting in January
- Partnership between Park & Parkways and NORD to better allocate grass cutting resources
- Major decrease in general funds for Capitol Projects
- Fire Department partnership with NASA to bring in \$1.2M
- \$400k to Sheriff to cover full cost of security at Criminal Court
- Two-year phase-in of health care cost from the DA
- Increased allocations to Coroner, Youth Study Center, and Public Defender's office
- Co-location of VCC, HDLC, and CPC
- Launch of One-Stop Permitting Shop
- Launch of 311
- Launch Payroll and Sales Tax Sections as first steps of ERP



# We are taking additional steps to ensure we live within our means and deliver on our 2012 goals

- Departmental action plans have been created to ensure delivery of goals
- Continue to improve Stat programs to proactively track and monitor operations
- As identified by IBM & Accenture, key initiatives will be managed and tracked through a new program/project management office
- Regularly scheduled department budget review and monitoring
- Publishing data (at <http://data.nola.gov/>) to provide transparency on performance and budget

