

NOW

BGR's Spotlight on Local Government Issues

INBRIEF

Playing Our Cards Right: Key Steps to Safeguard Casino Cash for the City's Fiscal Recovery

WHAT IS THE PROPOSED DEAL?

- The City of New Orleans plans to raise \$102.6 million in emergency cash by selling rights to future Caesars casino lease payments to a private investor.
- To get \$102.6 million up front, the City would give up a total of \$148.8 million over 9+ years.
- The City would forgo \$46.2 million, but says interest earned on the upfront payment may recoup much of the loss.
- The City would sell \$16.3 million of its \$23.6 million yearly lease payments, keeping \$7.3 million.

WHY DOES THE CITY NEED THIS MONEY NOW?

New Orleans is facing a fiscal crisis. A key part of that is the City's emergency reserves (its "rainy day" fund) have shrunk from \$344 million at the end of 2022 to just \$35 million today. This deal would boost the reserves back to a safer level before hurricane season and reassure rating agencies ahead of upcoming bond sales.

IS THIS A GOOD IDEA?

BGR says the deal makes sense for building emergency reserves. However, given the City's rapid depletion of its reserves in recent years, BGR recommends safeguards to ensure these funds are preserved and not used for routine expenses. **Without these protections, the City risks repeating the same financial mistakes that led to the crisis in the first place.**

WHAT'S NEXT

Votes are happening this week:

Tuesday, May 5: New Orleans Building Corp., a City entity that is the landlord for the casino site, votes on the deal.

Thursday, May 7: The City Council votes on an ordinance authorizing the deal.

BGR'S BOTTOM LINE

Before the City Council votes, it must:

- **Add financial guardrails.** The Council should amend the ordinance to direct the \$102.6 million only to emergency reserves, not regular spending. After BGR raised this issue with the City in a draft of this report, the administration said it is preparing such an amendment.
- **Commit to transparency.** The Council should also amend the ordinance to require the City administration to report regularly to the council and public on its reserves and show how the City is using the deal proceeds.

Before the mayor proposes the 2027 budget, the City Council should also adopt a reserve management policy as BGR has recommended for several years. The City administration told BGR it has begun developing a formal policy on reserve size, use, and replenishment. This is a much-needed step, and the City Council should adopt it once complete.

[Click here for BGR's full recommendations.](#)