

Sewerage and Water Board of New Orleans

Drainage Fee Feasibility Update Project: Results Review

August 2023



Agenda

1. Who is Raftelis
2. What is our scope?
3. What did we learn and hear?
4. Recommendations
5. Implementation Options
6. Discussion

Who is Raftelis?

The most experienced
utility financial and
management consulting
practice in the nation.

With

160+

consultants across the U.S.

Raftelis has provided financial/
organizational assistance for

1,200+

public agencies and utilities

that serve more than

25%

of the U.S. population

including the agencies serving

38

of the nation's 50 largest cities

NATIONAL Experience

Raftelis has worked with
SWBNO for...

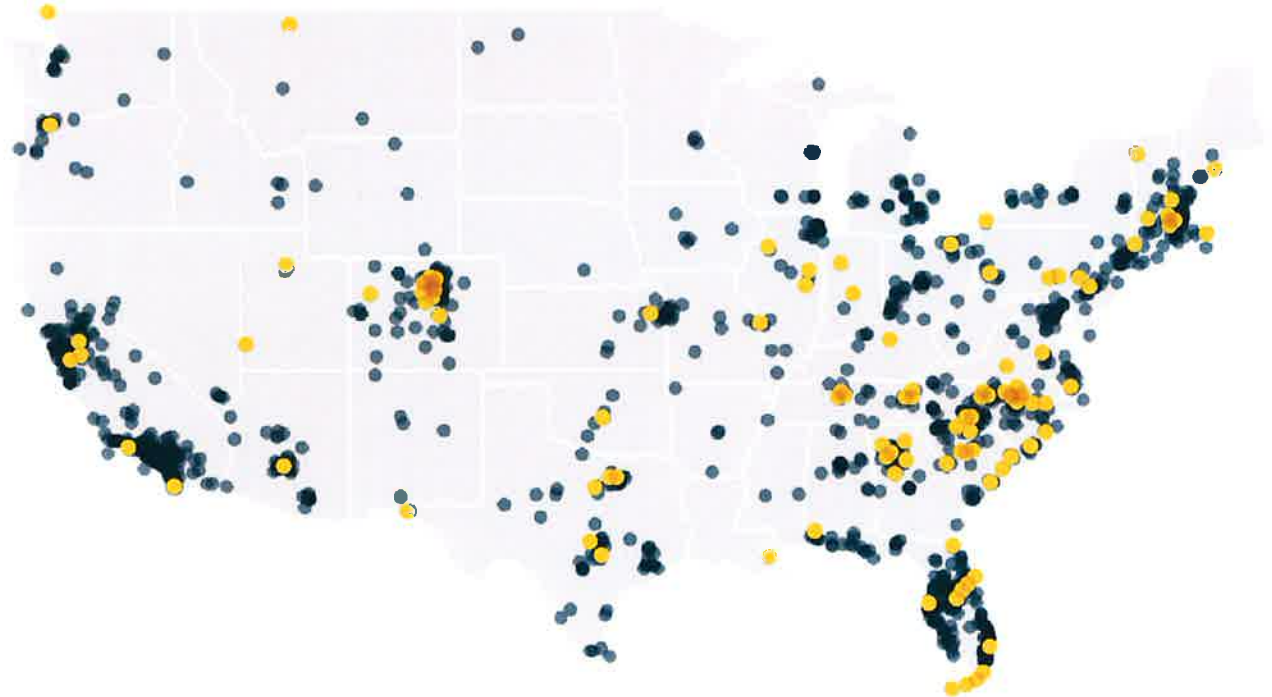
10+ Years

And worked with...

140+ Other drainage
programs in the U.S.

And helped create...

75+ Stormwater utilities



Our Scope



Project Critical Elements

HLO

Assess Current Situation

New costs, new geographic data, new perspectives from stakeholders.

Update Analyses

Create financial planning model, develop scenarios, update units of service.

Develop Options

Provide recommendations for implementation with alternatives to meet a variety of complex circumstances.

Project Scope

1. Program Components
2. Cost of Service / Revenue Requirements
3. Rate Structures
4. Data and Systems
5. Units of Service

What did we learn and hear?



Recurring themes

1 More funding is needed

Most realize it will take more money to better manage the entire system

2 Stakeholders desire fairness and equity, and want to be heard

Millages disliked by most, combo may not be feasible, credits will be important

3 Community distrust is high

SWBNO or City, major or minor system

**This approach is
responsive to
community priorities**

Definition of Equity

- 1** **Everyone Pays**
- 2** **Three Tiers for
Residential**
- 3** **Credits Program**
- 4** **Affordability Program**

Recommendations



The main points

- S&WB must spend more on drainage O&M and Capital
 - › Near-term maybe \$100M-\$110M
- For S&WB to care for minor drainage system, more funding is required, perhaps an increment of \$15-\$20M annually (included in above number)
- Gradualism and a phase-in will be needed
- Transition over time to a fairer way of charging
 - › A fee is more equitable, and typically more sustainable
- Use fee revenue “headroom” to service new debt issuances
- Rate structure - impervious area with simplified residential rates and 3 tiers, plus a credits program and an affordability program

How fees would work – single family home



How fees would work – commercial



Property: High Rise Hotel (e.g., Omni Royal Orleans Hotel)	
Parcels:	41023342, 41023343
Total Gross Parcel Area:	48,250 sq ft
Total Measured Impervious Area:	46,746 sq ft
Total ERUs:	18

How fees would work – commercial



Property: Mercedes-Benz Superdome (now Caesars Superdome)	
Parcels:	41032318, 41208598, 41208602, 41208607, 41209144, 41209330, 51001697
Total Gross Parcel Area:	1,839,639 sq ft
Total Measured Impervious Area:	1,748,001 sq ft
Total ERUs:	636

Drainage Fee Funding Areas

Drainage fee revenue will provide funds for incremental level of service in addition to current operations

Focus areas for funds provided by a drainage fee include:

Minor System

Taking over and improving operation and maintenance of minor system (< 36")

Responsive to Community

Workforce development, capacity building, reforestation, GI

Pumps and Canals

Pump station upgrade, canal dredging

Power Master Plan

Addressing Power Systems by implementing recommended PMP solutions.

Implementation and Phase-in Options



Options

- 1** **Phase in who pays**
Customer class, taxpayers vs. exempt, start small, any exemptions?
- 2** **Phase in how much customers pay**
“Starter rates”
- 3** **Millage expirations**
Options for expiration dates, possibility for caps
- 4** **Customers vs. owners, SWBNO bill vs tax bill**

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Drainage Fee

The Potential over 10 years

By keeping the millages in place and phasing in a drainage fee* to recover an additional \$35M in annual drainage revenue by 2032.

*Gains will be reduced if millages are allowed to expire.

New Revenue of \$178M

By implementing four step phase-in

Create new jobs by funding \$83M in new operations

New operations for the minor system and small-scale GI

Enhance level of service by funding \$356M in new or upgraded Infrastructure

Through new debt issuances and annual paygo capital

Discussion





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ADVISOR**

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