

Drainage Fee Development Updates





General Overview

- A complex drainage system with aging infrastructure
- The “major” drainage system includes:
 - 100 miles of open canals
 - 100 miles of closed canals and drain lines 36” or larger
 - 24 drainage pumping stations with 120 drainage pumps
 - 11 underpass pumping stations
- The “minor” drainage system includes:
 - 1,600 miles of small diameter lines
 - 46,350 drainage manholes
 - 72,000 catch basins
- **The Sewerage and Water Board of New Orleans shall be responsible for all drainage operations in the City of New Orleans. (R.S. 33:4072.B.1)**



Historic Underfunding

- Dedicated funding for drainage has remained stagnant for decades.
- In the 1990s, voters rejected the renewal of a property tax used to support the minor drainage system.
- Two past attempts were made to implement a drainage fee (1985 and 1998). Both failed.
- For decades, there has been a pattern of underfunding for the drainage system.
- Historic underinvestment in the system has resulted in deferred capital improvements and shifted the financial burden to current customers.

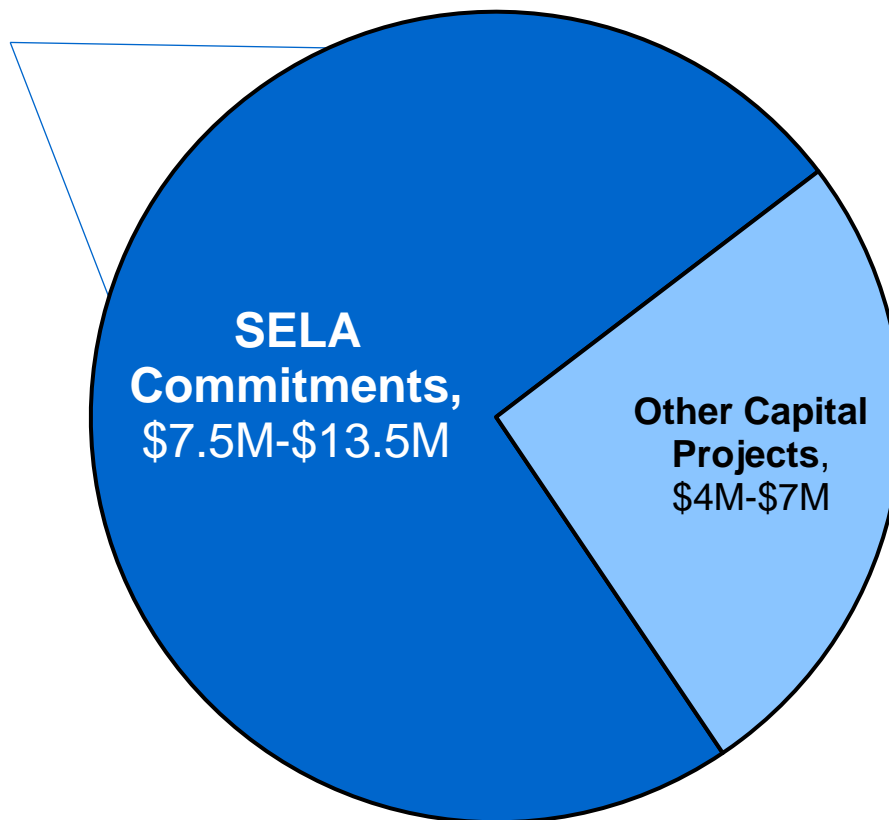
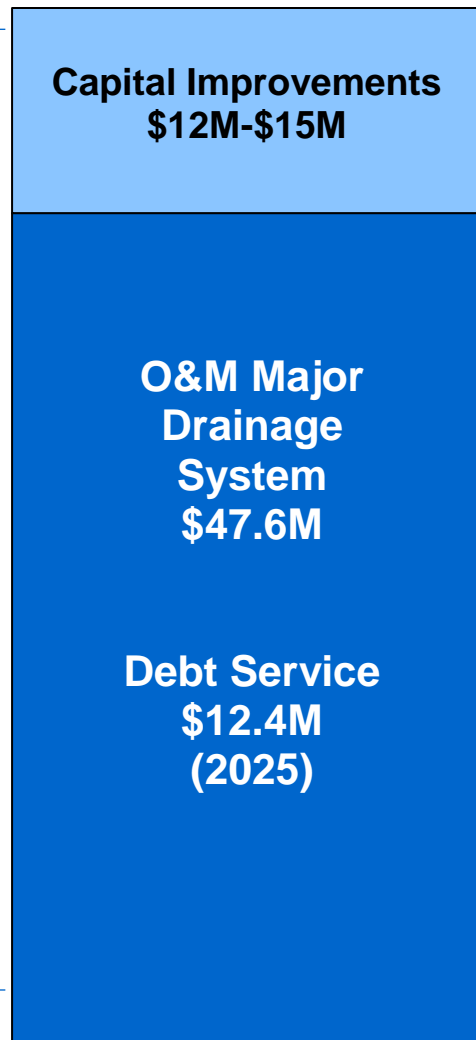


Overview of Current Funding & Obligations

Revenue Source	Obligations
Drainage Property Taxes (\$72M-\$75M Annually) 3-mill tax (3.92 mills) expires 2047 6-mill tax (4.14 mills) expires 2027 9-mill tax (6.2 mills) expires 2031	\$47.6M O&M Major Drainage System
	\$12.4M Debt Service in 2025
	\$7.5M-\$13.5M SELA Capital Repayments
	\$4M-7M Capital Improvements
Various Funding Sources from City (Proposed \$18.9M in 2025)	\$25M-\$40M O&M Minor Drainage System



**\$72M-
\$75M**
Annual
Drainage
Revenue



Most revenue supports the
**operations and
maintenance of the major
drainage system**

Underfunding has **deferred
many capital
improvement projects**

Deferred Capital Needs & Impacts to Service

\$939M

Ten-year drainage
capital
improvement plan

93% unfunded



DPS 7 Discharge Bells



DPS 15 Discharge Piping



DPS 11 Screen Cleaners – Broken Rakes



Current Funding for Minor Drainage

Proposed CNO Revenue Source	Original Estimates	Actuals for 2025
ARPA Funding (one-time)	\$3.7M	\$3.7M
Electronic Traffic Enforcement Devices from 2024 (one-time)	\$1.8M	TBD
Special Fair Share Allocation (recurring)	\$5M	\$5M (Pending)
DPW Share (25%) of Infrastructure Maintenance Fund (recurring)	\$5M	\$1.8M (Through April 2025)
Electronic Traffic Enforcement Devices (recurring)	\$3.4M	TBD
TOTAL	\$18.9M	



A Drainage Fee: Fair Funding for the Future

1. Provide a financially sustainable approach where **all properties contribute** based on their use of the drainage system.
2. Improve the **level of service** provided to customers by addressing unfunded needs in the drainage system's 10-year capital plan.
3. Provide more meaningful support for the **operations & maintenance of the drainage system**.
4. Expand partnership role in the **green infrastructure space** and increase collaborations with City agencies and other green infrastructure community leaders.

Who is Raftelis?

Helping local governments and utilities **thrive**



Stormwater Utility Development



Finance



Strategic planning/facilitation



Organization

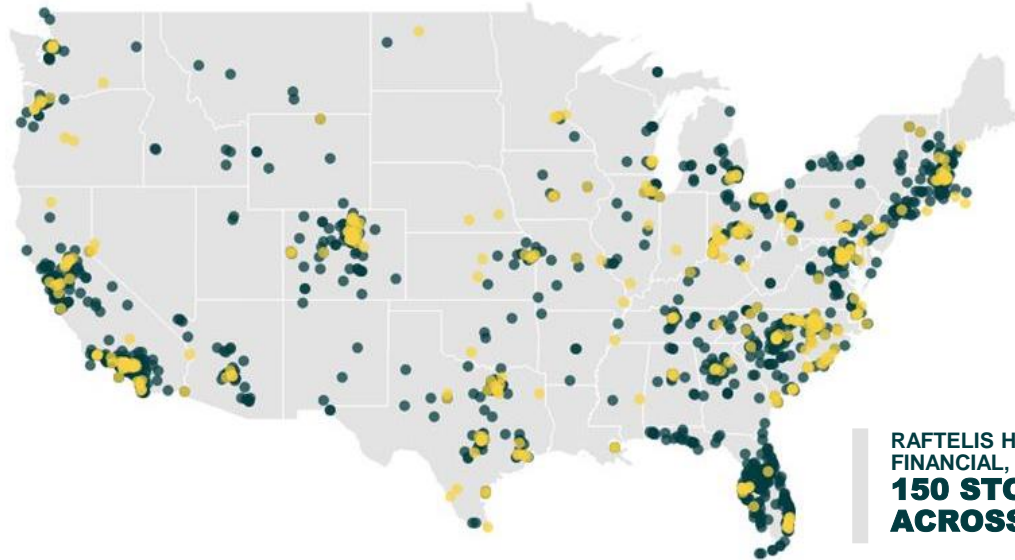


Strategic Communication and Outreach



Technology

National Experience



Firm Experience with Stormwater:

- Raftelis has helped implement 75+ stormwater/drainage fees
- Worked on more than 250 stormwater projects for over 150 stormwater clients
- Team implemented some of the first utilities in the Country

The ERU Approach

- Equivalent Residential Unit (ERU) approach is based on the typical impervious area of single-family residential properties
- Impervious area means the surface area on a parcel of property that prevents or significantly restricts the infiltration of water into the ground.
- Single-family residential properties would be tiered
 - › Properties with smaller impervious area = 0.6 ERU
 - › Properties with typical impervious area = 1 ERU
 - › Properties with larger impervious area = 1.5 ERU
- Other properties charged on a per ERU basis based on measured impervious area
- Establish a credits program to acknowledge private investment that reduces runoff
- Incorporate an affordability program

Exploration of Funding Mechanisms

Mechanisms	Overview	Benefits	Drawbacks
Property Taxes Only (Current Approach)	Fund drainage with property taxes only	<ul style="list-style-type: none"> Stable and recurring revenue source Public approval and collection system already in place 	<ul style="list-style-type: none"> Unfair as tax-exempt properties do not financially contribute Not financially sustainable
Drainage Fee Only	Let all property taxes expire, transition to a drainage fee, and fund drainage with fee only	<ul style="list-style-type: none"> Common approach used in other jurisdictions Fee is easy to calculate and communicate 	<ul style="list-style-type: none"> Raises affordability issues Requires high fee to make up tax revenue Loss of tax revenue from high-value, low impervious properties Negatively impacts low-value, high impervious properties
Combination of property taxes and drainage fee (Recommendation)	Rely on a combination of property taxes and drainage fee to fund the system*	<ul style="list-style-type: none"> Tax-exempt properties start paying for drainage with a fee Taxpayers would receive offset for drainage taxes paid 	<ul style="list-style-type: none"> More steps to calculate the fee Additional communications needed to explain the fee structure

**Further development, analysis, and refinement is currently underway.*

Other Considerations

- Tax-exempt properties would not qualify for the offset and pay the full fee
- Residential properties that qualify for the homestead exemption would receive an offset
- Connecting a drainage fee to property taxes relies on the accuracy of property assessment data
- Utilize a ramp up period to implement the fee over time and ensure affordability
- Balance property taxes and a fee in a way that is fair for all property owners

Process in Brief





Looking Ahead

- Permanent executive director joining in late July, bringing knowledge and expertise in this area
- Continue to develop and refine fee structure through Q3 2025
- Continue to meet with community and business groups
- Finalize fee structure by Q4 2025–Q1 2026 and bring final recommendation to the Board of Directors for approval
- Begin an extensive public outreach, engagement, and education effort for ballot initiative

Any Questions?

