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October 8, 1985

Dear Member,

Enclosed please find the Bureau of Governmental Research's Staff report on the Sewerage & Water Board's Drainage Charge Proposal.

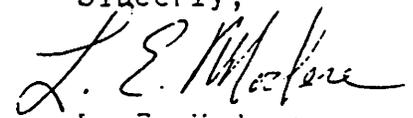
Our analysis covers the responsibilities of the Sewerage and Water Board; the Board's proposals in response to the need for improvements; the costs of the proposed improvements; current methods of funding; the means of financing the improvements and the methods rejected; and the projected costs of the improvements to the various types of businesses and residences in the city.

On October 1, 1985, the Board of Directors of the Bureau of Governmental Research met and voted unanimously to endorse the Sewerage & Water Board's Drainage Charge Proposal.

The BGR Board and I would like to urge you to support Proposition 2 and to vote "For" the drainage charge on October 19. We believe the Sewerage & Water Board's Proposal to be a "model of governmental responsiveness."

This is the first report issued since I became your Executive Director of the BGR. I trust that the report meets with your approval, and I look forward to keeping you informed on important public issues by producing many more impartial, thoughtful studies in the future.

Sincerely,


L. E. Madere

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SEWERAGE AND WATER BOARD DRAINAGE SERVICE CHARGE PROPOSAL

In New Orleans, where land is not really land, but drained marsh land protected by levees, the prospects of water up to the rooftops is not just a probability, but a certainty without an adequate drainage system. New Orleans is like a shallow saucer, surrounded by the ridges of the river and Lake Pontchartrain.

Since much of the city is below sea level, the task of removing an average annual rainfall of 58 inches (90.5 billion gallons of water) is no mean feat. This incredible amount of water must be collected from 57,545 acres, lifted up, and pumped out into Lake Pontchartrain and other nearby waterways. But, the city's drainage system has been so successful in the past that the Dutch copied it to drain the Zuider Zee.

New Orleans' drainage system is an engineering marvel, consisting of a network of 1500 miles of subsurface drain pipes, 250 miles of open and covered canals, and 21 pumping stations with a total capacity of 24.2 billion gallons per day.

But is that enough? The all too vivid memory of recent flooding in New Orleans would indicate not.

On October 19, voters in New Orleans will be asked to approve a drainage service charge (Proposition #2) that the Sewerage and Water Board has declared will be devoted to \$429 million worth of capital improvements to the drainage system. For some, the case of the proposed drainage service charge may be a case of closing the flood gates several years too late. For others, a decision not to go to the polls on October 19 will be a case of not repairing the roof while it's not raining.

One's view of the proposition may depend on where one was on May 3, 1978; April 13, 1980; or April 7, 1983. "Will I get home?" "Are the buses still running?" "What about the street-car?" "How high is the water now?" "Where will I park my car?" "Can he get to the hospital?" One's view could further depend on one's circumstances one, two, three years later--a house unsold, a fear of "the elements" unresolved, a confidence in one's local government shaken.

WHO'S RESPONSIBLE?

Who is responsible for draining the rainfall from the saucer that is New Orleans? The Sewerage and Water Board of New Orleans was created in 1899 by Act 6 of the Louisiana Legislature as a special board, independent of the city government, to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the city. In 1903, the Legislature gave the Board control of and responsibility for the city's drainage system.

The Board has independent control of its activities and finances. Subject to the approval of the City Council and the Board of Liquidation, it has control of bond issues and certain rate increases. And subject to the approval of the City Council, it has control of capital improvements over \$50 million.

The Board is composed of thirteen members, including the Mayor; the two Councilmen-at-Large; one district Councilman selected by the City Council; two members of the Board of Liquidation, appointed by the Mayor on recommendation of the Board of Liquidation; and seven citizens appointed for nine-year terms, by the Mayor, with the advice and consent of the City Council. Current citizen members are serving twelve-year terms. But the law was changed in 1984, and future appointees will serve nine-year terms. One citizen member is appointed from each councilmanic district, and two citizen members are appointed at large. All members serve without pay.

WHAT IS PROPOSED?

On October 19, New Orleanians will vote on a Sewerage and Water Board proposal for a drainage charge to fund \$429 million worth of improvements to the drainage system. Proposition #2 would allow the proceeds to be used for the operation and maintenance of the drainage system as well as for capital improvements, but the Board on August 5, 1985 adopted Resolution R-131-85 restricting all revenues derived from the charge to capital improvement construction projects. The Board adopted this policy after receiving comments at public hearings and in meetings with civic and business associations. Proposition #2 also authorizes use of the charge to fund drainage service revenue bonds.

The \$429 million worth of improvements are designed to nearly double the capacity of the drainage system.

The drainage service charge represents a careful attempt by the Board, with the aid of its consultants, Black & Veatch, to devise a funding method that would charge properties for drainage improvements on the basis of the burden those properties place on the drainage system.

Authority to levy the charge, subject to voter approval, was granted by Act 696 of the 1983 Regular Session of the Legislature.

IMPROVEMENTS NEEDED

The recommended improvements are based on the Master Plan for Orleans Parish Drainage Improvements developed by the consulting firm of Daniel, Mann, Johnson, and Mendenhall (DMJM). The plan, commissioned by the Sewerage and Water Board in 1983, is the first to include areas on the West Bank and east of the Industrial Canal. It does not, however, include drainage plans for the area east of Paris Road, for the Almonaster area, the area bounded by Bayou Bienvenue and the Mississippi River Gulf Outlet, and Lower Algiers because no master plan has been deve-

loped for these four largely undeveloped areas.

The DMJM study first analyzed the existing drainage system and adapted an Environmental Protection Agency computer simulation model to be used in the identification of flooding problems and the elaboration and selection of improvements. With the model, flooding problems and drainage system deficiencies under a variety of conditions can be identified. Volume I of the Master Plan describes the existing drainage system and the development of the computer model.

For planning purposes, fourteen sub-drainage areas were identified that correspond, in general, to the areas drained by the major pumping stations. Computer simulations were conducted for three "planning storms":

No. 1--one inch of rain per hour for the first hour and one-half inch per hour for the four successive hours (the original 1896 design capacity of the drainage system);

No. 2--one inch per hour for five successive hours (the basis used by the Sewerage and Water Board for the design of improvements since the major floods of 1978);

No. 3--five inches in five hours but with the intensity that would produce the maximum possible runoff rate. The DMJM Master Plan states that the maximum runoff rate for this synthesized storm exceeds that for the maximum storm of record, that of April 7, 1983. Thus ". . . improvements based on such a synthetic storm would produce a drainage system of sufficient capacity to accommodate the runoff from any storm that the City has experienced in the past 93 years" (Vol. II, p. 14).

Alternative sets of improvements to accommodate the runoff from each of the planning storms were developed and construction costs estimated for each alternative improvement project. These alternatives are described in Volume II of the Master Plan. A summary of the estimated costs of proposed improvements at each storm level is shown in Table 1.

Table 1.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
 MASTER PLAN FOR ORLEANS PARISH DRAINAGE IMPROVEMENTS
 SUMMARY OF ESTIMATED COSTS OF PROPOSED IMPROVEMENTS

<u>Sub-areas</u>	<u>Planning Storm No. 1</u>	<u>Planning Storm No. 2</u>	<u>Planning Storm No. 3</u>
A/B/F	\$4 Million	\$125-150 Million	\$323 Million
C/D		\$36-47	\$250
E		\$19	\$170
G	\$14	\$37-39	\$175
H		\$25-41	\$210
I		\$23-26	\$100
M		\$6-112	\$125
N		\$28	\$75
Total	<u>\$18 Million</u>	<u>\$460-623 Million</u>	<u>\$1,618 Million</u>

Source: Sewerage and Water Board of New Orleans, Master Plan for Orleans Parish Drainage Improvements, Vol. II, Table 27, page 121.

The Sewerage and Water Board selected Planning Storm No. 2 as the basis of the proposed improvement projects embodied in the Master Plan. The improvements proposed in the Master Plan should then provide protection against one inch of rainfall per hour for five successive hours.

The proposed improvements, estimated to cost \$429 million, are described in Volume III of the Master Plan. The Master Plan schedules improvements as soon as possible for the Broadmoor neighborhood, "which the computer model simulations and the testimony from the public participation meetings indicate to be the most flood prone area." (Vol. III, p. 5)

Top-priority improvements parishwide recommended for earliest implementation are listed in Table 2. These are the projects recommended for Phase I implementation and by no means represent the total improvements to be funded by the proposed charge.

Table 2.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
MASTER PLAN FOR DRAINAGE IMPROVEMENTS
TOP-PRIORITY IMPROVEMENTS PARISHWIDE
RECOMMENDED FOR PHASE I IMPLEMENTATION

Additional capacity for Broad Street Drainage Pumping Station (D.P.S.) No. 1

Larger capacity and deeper Broad Canal from Lopez to D.P.S. No. 1

Additional capacity for Prentiss Avenue Drainage Pumping Station (D.P.S. No. 4)

Deeper Prentiss Canal from Paris to D.P.S. No. 4

Additional capacity for D.P.S. No. 12 (Pontchartrain at Robert E. Lee)

Larger capacity and deeper Fleur de Lis Canal from Tenth to D.P.S. No. 12

Larger capacity and deeper Prentiss Canal from Peoples Ave. to D.P.S. No. 12

Larger capacity and deeper St. Anthony Canal from New York to Pelopidas

Larger capacity and deeper Jourdan Canal from St. Claude to Florida

Larger capacity and deeper Claiborne Canal from Flood to Jourdan

Larger capacity Peoples Canal from D.P.S. No. D to Florida

Larger capacity Dwyer Pumping Station

Lakefront Airport Drainage Diversion (away from levee and directly into Lake Pontchartrain)

Larger capacity Donner Canal from D.P.S. No. 13 to Algiers Outfall

SOURCE: Sewerage and Water Board of New Orleans. Master Plan for Orleans Parish Drainage Improvements, Volume III, Table 1-7, pages 7, 11, 15, 19, 23, 27, and 32 respectively.

As already indicated, no improvements are proposed at present for the area east of Paris Road, the Almonaster area, the area bounded by Bayou Bienvenue and the Mississippi River Gulf Outlet, and Lower Algiers, because of their undeveloped state. Although major residential, commercial, and industrial developments are anticipated for these areas, no master plan or schedule is yet available on which analysis of drainage needs could be based.

ADDITIONAL REVENUES NEEDED

Present Funding

Present funding for the Drainage Department of the Sewerage and Water Board comes primarily from property taxes. The Board receives property taxes for drainage purposes from four separate levies, shown in Table 3, totaling 24.86 mills.

Table 3.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX LEVIES FOR DRAINAGE PURPOSES
AND ESTIMATED REVENUES 1985**

<u>Initial authorization and date</u>	<u>Current Millage Reflecting Millage Rollup</u>	<u>Revenues Estimated for 1985</u>
Two mills (1942)--capital	3.94	\$4,371,000
Three mills (1967)	5.92	\$6,512,000
Six mills (1978)	6.0	\$6,593,000
Nine mills (1982)	9.0	\$9,692,000

SOURCE: Sewerage and Water Board of New Orleans, Memorandum from Director of Planning to Drainage Service Charge File, September 10, 1985 and Proposed 1985-89 Capital Budget, page 10.

The two-mill ad valorem tax authorized in 1942 can only be used for capital improvements, not operating expenses. It could be used for water or sewerage system capital needs but has historically been devoted by the Board to drainage purposes. The other millages are dedicated by law to funding operation and maintenance needs first, before any of the monies generated are used for capital improvements.

Approximately \$24 million in revenues are anticipated for 1985 that can be used for either operating or capital expenses (see Table 4). About \$14 million is budgeted for operation and maintenance and about \$9 million for existing debt service, leaving somewhat less than \$1 million available for capital improvements. Actual spending for operations and maintenance is currently estimated at closer to \$11 million for 1985, because of less rainfall than budgeted for, resulting in lower overtime costs, lower fuel costs, and lower materials and supplies costs, according to the Office of the Executive Secretary.

Table 4.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE DEPARTMENT
ESTIMATED OPERATING REVENUES FOR 1985, BY SOURCE

Source	Amount
5.92 mill ad valorem tax	\$ 6,512,000
5.92 mill state revenue	730,000
Six mill ad valorem tax	6,593,000
Nine mill ad valorem tax	9,692,000
Plumbing inspection and license fees	114,000
Sanitation collection fees and other income	473,000
Total	<u>\$24,114,000</u>

SOURCE: Sewerage and Water Board of New Orleans, Proposed 1985-89 Capital Budget, page 10.

As indicated in Table 5, the millage available for only capital purposes is expected to generate about \$4.4 million in 1985 (\$3.2 million available after debt service). Additional revenues available for capital purposes in 1985 are shown in Table 5.

Table 5.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE DEPARTMENT
ESTIMATED REVENUES AVAILABLE FOR CAPITAL PROGRAM, 1985

<u>Source</u>	<u>Amount</u>
Net operating revenues from current year	\$ 804,100
3.94 mill ad valorem tax for capital improvement purposes only--net after debt service	3,187,600
3.94 mill state revenue sharing	480,000
Interest earned	6,430,200
Participation by others*	25,413,000
New balance from prior year**	51,000,000
Total	<u>\$87,312,900</u>

*Sources include the City of New Orleans, Jefferson Parish, the Orleans Levee Board, State Capital Outlay, State Department of Public Works. These items are separated out in the S&WB budget because if the funds anticipated are not received, the projects to which they are allocated do not go forward, according to the Office of the Executive Director.

**Any unused operating revenues remaining at the end of the year are rolled over to be used for capital improvements.

SOURCE: Sewerage and Water Board of New Orleans, Proposed 1985-89 Capital Budget p. 11.

Projected revenues for 1985-89, both those dedicated first to operating expenses and those available for capital improvements, are shown in Table 6. Examination of this table reveals that even without the drainage improvements embodied in the Master Plan, there is a shortfall for drainage capital needs beginning in 1986. The projected shortfall, without the recommended major improvements, approaches \$37 million for 1986 and reaches a cumulative total of \$104 million by 1989.

Proposed Method of Funding

In order to cover essential projects planned for the later years of the existing capital improvement program for drainage and to fund the new improvements designed to offer additional flood protection, the Sewerage and Water Board is proposing the levying of a drainage service charge based on the Board's cost of providing drainage service.

After considering and discarding various other funding alternatives, the Sewerage and Water Board commissioned its long-time engineering and financial consultants, Black & Veatch, to develop a rate structure for a drainage service charge.

The Black & Veatch drainage service charge study represents a careful attempt to develop a service charge based on the amount of drainage required by properties, depending on the burden their size, use, and imperviousness to stormwater runoff place on the drainage system.

The rate schedule was developed through the use of a sample of approximately 9000 properties prepared by the Sanborn Map Company. The properties were classified into various use categories. Then a rate structure was developed based on (1) area, (2) land use, (3) development density, (4) amount of stormwater runoff, and (5) the level of drainage service provided in the area by the Sewerage and Water Board.

Black & Veatch operated under certain guidelines established by the Board:

(1) that the drainage service charge be imposed only on those lands within the leveed area drained by the Sewerage and Water Board,

(2) that allowance be made for those partially drained areas under minimal pumping with limited or no subsurface drainage,

(3) that the rates be designed to recover the costs required to provide drainage service for various classifications of property,

(4) that the charge be based on the runoff and area of each parcel, and

(5) that land use classifications reflect the highest use if more than one class of land use is present on the same parcel.

(Letter Black & Veatch to Harold R. Katner, March 2, 1985, p. 2)

In order to take into account the fact that certain property surfaces can hold more water--and thus have less runoff--than others (i.e., that grassy areas hold more water and have slower runoff than do parking lots), Black & Veatch estimated runoff coefficients for various classifications of property. These coefficients reflect the percentage of rainfall which must be handled by the drainage system. A coefficient of .55 for an area

means that 55 percent of the rainfall that falls on that area must be handled through the drainage system. The runoff coefficients estimated by Black & Veatch were applied in order to determine what proportion of drainage-system costs should be charged against the various classes of property.

The rate schedule developed by Black & Veatch, shown in Table 7, is designed to generate approximately \$20 million per year.

Table 7.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
RATE SCHEDULE FOR PROPOSED DRAINAGE SERVICE CHARGE
August 1985**

Monthly Rate per 1,000 Square Feet of Land

Type of Property	Drained	Partially Drained	Exempt
Vacant land	50 cents	10 cents	No Charge
Parks (except those owned by the City)	60 cents	10 cents	No Charge
Single Family Residences	90 cents	20 cents	No Charge
Two-Family Residences, Churches and Schools	\$1.10	20 cents	No Charge
Multi-Family Residences	\$1.15	20 cents	No Charge
All Other Property	\$1.30	30 cents	No Charge

SOURCE: Sewerage and Water Board of New Orleans, "Drainage in New Orleans: The System, the Challenge, the Needs," (August 1985).

Classes of property exempt from the charge are:

--- property owned by the City of New Orleans or the Sewerage and Water Board

--- property owned by the Orleans Parish School Board and used by the City of New Orleans for recreational or other City purposes

--- privately-owned property on which there is a drainage servitude and for which there is no other use.

Large undeveloped tracts of land will be charged at the rate for "partially drained" lands if: the land is 100 acres or more; previous or present landowners have contributed to drainage canals or pumping stations under the Sewerage and Water Board's Developers Contribution Program; and the land has sufficient surface land and ponding so that runoff does not rapidly enter the drainage system.

Property of one acre or more with different uses thereon will be considered for dual classification if the owner submits a survey by a registered surveyor or engineer showing the actual uses. Separate rates will then be assigned to the different areas of use.

The Sewerage and Water Board will collect only 25 percent of the scheduled charge from low-income elderly residents. These persons must file an application for the reduction and show that they are 65 years of age or older and had a gross income of \$10,000 or less during the prior calendar year.

It is estimated that residential property owners will pay 42 percent of the total revenues derived from the charge, commercial owners will pay 17 percent, and industrial property owners 9 percent. The remaining 32 percent is expected to come from institutions, public utilities, and the owners of undeveloped land within the levees.

Funding Methods Rejected

Four other methods of financing the proposed improvements were considered by the Sewerage and Water Board: a flat charge, a charge based on water usage, a charge based on land value, and increased millage.

The flat charge was rejected as bearing no relation to the cost of drainage service; moreover, the perceived inequities of a flat charge applied to properties of quite different sizes was expected to provoke a great deal of opposition.

A charge based on water usage was also rejected as bearing no relationship to the cost of the service being provided. The water system is entirely separate physically and mechanically from the drainage system.

A charge based on percentage of land value also would have no relation to the cost of the service provided. Given two lots of the same size and requiring the same amount of drainage, but in different locations and having quite different valuations, the drainage charge could be quite different for two lots for which the drainage costs were the same.

A property tax increase was rejected because given the numerous exemptions from the tax, the rate would have to have been set at between 50 and 60 mills--too much of an increase--and would have been paid primarily by businesses, wealthy homeowners and renters.

The Proposition on the Ballot

The proposition pertaining to the Sewerage and Water Board's proposal for a drainage charge is Proposition #2 on the October 19 ballot. It will read as follows:

Shall the Schedule of Drainage Service Charge Rates adopted by the Sewerage and Water Board of New Orleans ("the Board"), be imposed upon users of the drainage system and the same be collected from all persons who use the drainage system within the leveed areas of the jurisdiction of the Board; said charges to be used for (1) the cost of construction improvements, extensions, betterments and repairs to the drainage system, excluding street subsurface drainage systems and their appurtenances; (2) for the operation and

Table 6.
SEWERAGE AND WATER BOARD OF NEW ORLEANS
ESTIMATED REVENUE AVAILABLE FOR 1985-1989 CAPITAL PROGRAM

<u>OPERATING REVENUE</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>TOTAL</u>
5.92 Mill Ad Valorem Tax Revenue	6,512,000	6,707,000	6,908,000	7,115,000	\$ 7,328,000	\$ 34,570,000
5.92 Mill State Revenue Sharing	730,000	730,000	730,000	730,000	730,000	3,650,000
Six Mill Ad Valorem Tax Revenue	6,593,000	6,791,000	6,995,000	7,205,000	7,421,000	35,005,000
Nine Mill Ad Valorem Tax Revenue	9,692,000	9,983,000	10,283,000	10,591,000	10,909,000	51,458,000
Plumbing Inspection & License Fees	114,000	114,000	114,000	114,000	114,000	570,000
Sanitation Collection Fees and Other Income	<u>473,000</u>	<u>473,000</u>	<u>473,000</u>	<u>473,000</u>	<u>473,000</u>	<u>2,365,000</u>
<u>Total Operating Revenue</u>	24,114,000	24,798,000	25,503,000	26,228,000	26,975,000	127,618,000
Less: Operation & Maint. Exp.	14,084,500	12,002,900	13,887,500	16,120,100	18,538,000	74,633,000
Less: Debt Service - existing	9,225,400	9,208,300	9,202,900	9,215,300	9,204,800	46,056,700
Less: Proposed Debt Service	-0-	-0-	2,011,500	2,340,200	2,808,600	7,160,300
Less: Reserve Prepayment for Debt Service	<u>-0-</u>	<u>-0-</u>	<u>923,200</u>	<u>-0-</u>	<u>-0-</u>	<u>923,200</u>
<u>NET OPERATING REVENUE</u>	804,100	3,586,800	(522,100)	(1,447,600)	(3,576,400)	(1,155,200)
Plus: Interest Earned	6,430,200	3,364,100	1,129,400	1,520,200	1,520,200	13,964,100
Plus: Other Revenue						
3.94 Mill Ad Valorem Tax	4,371,000	4,502,000	4,637,000	4,776,000	4,841,000	23,127,000
Less: Debt Service	<u>1,183,400</u>	<u>1,065,400</u>	<u>1,064,900</u>	<u>872,300</u>	<u>879,200</u>	<u>5,065,200</u>
Net 3.94 Mill Revenue	3,187,600	3,436,600	3,572,100	3,903,700	3,961,800	18,061,800
3.94 Mill State Revenue Sharing	480,000	480,000	480,000	480,000	480,000	2,400,000
Plus: Participation by Others	25,413,000	8,609,000	5,000,000	---	---	39,022,000
Plus: Sale of 3, 6 and 9 Mill Tax Bonds	-0-	-0-	15,300,000	2,500,000	2,900,000	20,700,000
Plus: Net Balance from Prior Year	<u>51,000,000</u>	<u>5,273,900</u>	<u>(36,704,600)</u>	<u>(44,725,200)</u>	<u>(73,335,400)</u>	<u>51,000,000</u>
<u>TOTAL FUNDS AVAILABLE FOR CAPITAL</u>	87,314,900	24,750,400	(11,745,200)	(37,768,900)	(68,049,800)	143,992,700
<u>CAPITAL PROGRAM</u>	<u>82,041,000</u>	<u>61,455,000</u>	<u>32,980,000</u>	<u>35,566,500</u>	<u>35,945,500</u>	<u>247,988,000</u>
<u>BALANCE FORWARDED</u>	<u>\$ 5,273,900</u>	<u>\$(36,704,600)</u>	<u>\$(44,725,200)</u>	<u>\$(73,335,400)</u>	<u>\$(103,995,300)</u>	<u>\$(103,995,300)</u>

SOURCE: Sewerage and Water Board of New Orleans, Proposed 1985-89 Capital Budget, December 12, 1984.

maintenance of the drainage system of the City of New Orleans; (3) for the construction of the said system; (4) for the establishment of a replacement fund; and (5) for the payment of the interest on and the principal of any drainage service revenue bonds which the Board may issue pursuant to the provisions of Section 90.17 of Title 38 of the Louisiana Revised Statutes of 1950, including payments required to be made into sinking funds and debt service reserve funds; said Schedule of Drainage Service Charge Rates to become effective on a date selected by the Sewerage and Water Board of New Orleans after approval by the electors, and which Schedule of Drainage Service Charge Rates is to be as follows:

**DRAINAGE SERVICE CHARGE RATES
FOR \$20 MILLION ANNUAL REVENUE**

<u>Classification</u>	<u>Cost per Month for each 1,000 sq. ft. of Drained Area</u>	<u>Cost per Month for each 1,000 sq. ft. of Partially Drained Area</u>
Single Family Residence	\$0.90	\$0.20
Two Family Residence	1.10	0.20
Multi-Family Residence	1.15	0.20
Commercial	1.30	0.20
Industrial	1.30	0.30
Institutional		
Church	1.10	0.20
Government	1.30	0.30
Hospital	1.30	0.30
Levee Board	1.30	0.30
Parks	0.60	0.10
Port of N.O.	1.30	0.30
Schools	1.10	0.20
Other	1.30	0.30
Public Facilities-City & Sewerage and Water Board	-0-	-0-
Vacant Land	0.50	0.10
Vacant Land With Parking	1.30	0.30
Public Utilities	1.30	0.30
Other	1.30	0.30

SHOULD THE PROPOSITION BE APPROVED?

A decision to approve or reject the proposition should be based on a judgment on whether improvements to the drainage system are needed, whether the improvements proposed are the ones most needed, whether additional revenues are needed by the Drainage Department of the Sewerage and Water Board in order to fund any needed improvements, whether the proposed funding method is adequate, and whether it is appropriate.

COMMENT

The Sewerage and Water Board and citizens of New Orleans alike had already determined that improvements to the drainage system were needed by the time the Master Plan for Orleans Parish Drainage Improvements was commissioned. The proposed plan for and their financing improvements was developed in a manner that appears to be sound technically and that certainly provided adequate opportunity for review by interested parties. Review of recent reports of Sewerage and Water Board operations indicates that additional funds are needed if existing capital improvement plans are not to be curtailed, let alone additional improvements undertaken. The proposed improvements are expected to be financed directly by the proceeds of the charge; no issuance of bonds to be funded by the proposed charge is anticipated at the present time.

A drainage service charge that will recover from properties in the city an apportioned share of the cost of providing drainage to those properties is an appropriate method of funding, particularly since allowances are made for the low-income elderly. The service charge is, moreover, an ingenious way of recovering revenues from properties that would escape the Sewerage and Water Board's traditional method of funding drainage needs, the exemption-riddled property tax. In an environment in which the volume of property-related demands on government bears little relation to the volume of property taxes collected, the appropriateness of the Sewerage and Water Board's current approach is difficult to challenge.

RECOMMENDATION

If the great rains of May 3, 1978; April 13, 1980; and April 7, 1983 and their ensuing floodwaters are any indication, improvements to New Orleans' drainage system are very much needed.

The question, then, before the voters on October 19 is whether or not the Sewerage and Water Board's plan for capital improvements and its proposed method--the drainage charge--of financing the improvements are both sound and appropriate.

The Bureau of Governmental Research finds the Board's proposals to be both "sound and appropriate" and enthusiastically endorses Proposition 2.

The Bureau believes that the Board's Executive Director, Harold Katner, and his Director of Planning, Maureen, O'Neill, followed an exceptionally thorough process to develop the Master Plan for Orleans Parish Drainage Improvements.

In addition to the scientific and technical elements required for sound planning, a series of public hearings were held with the various neighborhood associations throughout the city to discuss the different levels of possible improvements to the drainage system and their respective costs.

The process required interested citizens to see the relationship between their demands for public service and their willingness to pay for the service. Such demonstrations are needed over and over again in New Orleans' political and fiscal environment.

Various policies determining the collection and use of the proposed drainage charge were enacted by the Sewerage and Water Board after public hearings were held on the study by Black & Veatch, The Board's consultants. The Board, then, proved itself to be very responsive to the interested public.

Taken as a whole, the Sewerage and Water Board's efforts in putting together this drainage service proposal (the development of the Master Plan for drainage improvements and the drainage service charge) represent a model of governmental responsiveness to the forces of nature, to technical requirements, to citizens in need of service, to financial requirements, and to the realities of the New Orleans fiscal and political environment.

The Bureau of Governmental Research urges support for Proposition 2.