

NEW ORLEANS
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CITY HALL

From Answers to Action

Post-Election Policy Making: Drainage System

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BACKGROUND

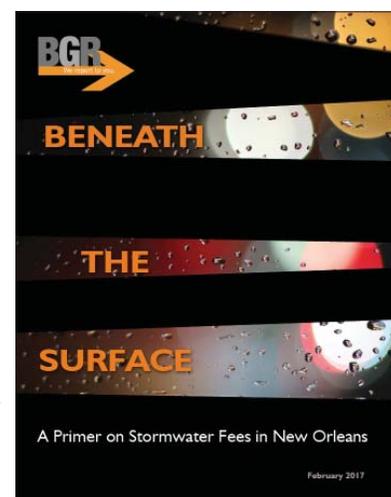
In February 2017, BGR issued a report describing the operating and capital needs of New Orleans' complex network of drainage pipes, canals and pumping stations.* Most of the funding needs take the form of local matches for federal projects or new maintenance costs generated by those projects. In addition, both the Sewerage & Water Board and the City have significant unmet maintenance needs for their portions of the pre-existing drainage system. The S&WB is responsible for the pumping stations, canals and major underground pipes, while the City manages an extensive network of smaller pipes, culverts and catch basins that channel stormwater into the S&WB's system. As of February 2017, the S&WB projected it will cost about \$55 million more per year to meet impending obligations and to properly maintain the Board's and the City's stormwater management systems. This would nearly double local spending on the systems.

With these large new cost burdens in mind, the S&WB and City were considering whether to pursue stormwater fees, rather than increasing property taxes, as a means of raising the additional revenue. BGR's report delved into stormwater fees to provide the public with a clear understanding of how they work and to begin the discussion of their potential to bridge the funding gap.

BGR found that stormwater fees are rapidly growing in usage across the country. If properly structured, a stormwater fee has numerous advantages over a property tax, including a broader payer base. A properly structured fee also creates a strong nexus between the demands a property places on the drainage system and the amount of the fee.



The report did not attempt to verify the estimates of the new drainage funding needs, and BGR has not re-examined them since the August 5, 2017 flooding that damaged many homes and businesses in New Orleans. However, it is clear that some level of new funding will be necessary. Given the advantages of a stormwater fee over a new property tax, BGR recommends that the S&WB and City consider a stormwater fee as a potential source for drainage system funding. Its report makes several recommendations for fairly structuring a stormwater fee.



* BGR, *Beneath the Surface: A Primer on Stormwater Fees in New Orleans*, February 2017, available at <http://www.bgr.org/reports/do-stormwater-fees-make-sense-for-new-orleans/>.

DRAINAGE SYSTEM

BGR sent its election questionnaires to the candidates prior to the August 5, 2017 flood. Therefore, its question to the mayoral and council candidates regarding the prospects for pursuing a stormwater fee did not specifically address that event or its aftermath. Many of the candidates, however, did address the flooding because they submitted their responses after August 5.



Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system's financial needs?

Mayor LaToya Cantrell

I think the city should continue the development of any and all proposals that could address our needs, although I am not prepared to commit to any specific proposal at any specific rate as of yet. All options should be on the table, including parcel fees and fees that are based on individual impact on the stormwater system.

We should also work to get unneeded and unwanted nonprofit and government-owned land onto the property tax rolls, so that we can expand our tax base.

Finally, I also think we should look at the potential for public-private partnerships that could tap into future cost reductions because of lower insurance and maintenance costs or future revenue growth based off increased property values.

Councilmember At-Large Helena Moreno

Potentially, but I am far more concerned with S&WB's current priorities and whether S&WB is run as efficiently and effectively as possible.

Councilmember At-Large Jason Williams

... Before we significantly reallocate funding, I believe there are a number of smaller measures that could be implemented to make our response to heavy weather events more sophisticated, not more expensive. ...

Structure of fees

I am supportive of a stormwater management fee, because every square foot of pavement is contributing to this problem that affects all of us. I am committed to exploring how to develop an equitable fee structure that helps property owners rethink pavement and drainage while building a fund for the City to repair and maintain our current systems.

Property-based solutions like on-site retention and reduction of surface paving are more sustainable ways to improve function of S&WB drainage systems, and cannot be waived like property taxes ensuring long-term benefit for the entire community. Additionally, tying these fees to the property itself (instead of a water bill) makes sense since runoff is an issue with the property itself, not a tenants use or behavior.

There are weaknesses to this approach as well, and potential for inequitable outcomes. For example, existing homes with large paved areas would face a high stormwater fee due to runoff or enormous cost to remove the pavement. ...

I am also careful not to place a burden on families and small businesses when there are sprawling big box parking lot concrete wastelands. Everyone needs to pull their weight on this, because we are all in this together.



Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system's financial needs?

Councilmember Joseph “Joe” Giarrusso, III (District A)

Unfortunately, the timing of this question is bad because people are unlikely to support additional taxes/fees after the recent flooding events. First and foremost, the public has to believe the current dollars directed to DPW and S&WB are properly spent to maintain catch basins, control draining, and ensure proper protocols are in place for protecting those assets and warning the public. To specifically answer the question, according to the BGR February 2017, the City is expected to need an additional \$54.5 million per year to meet impending obligations and maintaining its drainage systems. First, we need to address the issues above. Furthermore, we need to know and understand what the new obligations actually will be. While not advocating for any new fees or taxes, the benefit of a stormwater fee is that it would limit tax-exempt properties and can and should be applied equitably.

Councilmember Jay H. Banks (District B)

Absolutely not. The SWB deserves no more money until we understand exactly how our money is being spent and what the plan is to keep our city safe from flooding. I do not support any further money until this accounting is made public and we get a full report that details the deficiencies and the necessary changes to structure and leadership we need at SWB to ensure our safety.

Councilmember Kristin Gisleson Palmer (District C)

In light of recent events, the public has no confidence in S&WB's ability to properly manage their system. I cannot support a stormwater fee until management of the department is reviewed by an independent commission of engineers, hydrologists, and other experts.

Furthermore, any fee will have to be connected to green infrastructure initiatives.

Councilmember Cyndi Nguyen (District E)

Before we add an additional fee to the citizens to address the recent flooding situation, I believe that we need to examine how the Sewerage and Water Board has utilized taxpayers' fund. The people and business owners should not be subject to what happened a few weeks ago. We cannot keep adding fee on top of fee to our citizens when city government has not done their job.

In reference to storm water management, I feel that it is needed, however, with a top the line draining system that we recently invested, neighborhoods should not have flooded the way it did. I believe that we can support stormwater management through the current fee that citizens are already paying monthly to Sewerage and Water Board.