



**Sewerage and Water Board of New Orleans Task Force  
Report to Governor Jeff Landry**

**March 27, 2024**

Governor Appointment – Chair Paul Rainwater

Governor Appointment – Ryan Berger

Governor Appointment – Lynes “Poco” Sloss

Governor Appointment – William Vanderbrook, C.P.A.

Department of Transportation and Development – Secretary Joe Donahue

Coastal Protection and Restoration Authority – Chairman Gordon Dove

Department of Environmental Quality – Secretary Aurelia Giacometto

American Council of Engineering Companies of Louisiana – Nathan Junius, P.E.,  
P.L.S.

Louisiana Engineering Society – Byron Racca, P.E.

Louisiana Associated General Contractors – Ken Naquin

Jefferson Parish Public Works – Mark Drewes, P.E.

Greater New Orleans, Inc. – Michael Hecht

Business Council of New Orleans – Paul Flower

New Orleans & Company – Walter Leger, III

Technical Advisory Group: Roy Glapion, P.E.; David Gallo; Hilary Landry; Todd James; Chris Laishe; Mike Palamone; and Mike Pugh, P.E.

## **Note from the Chair**

*The Chair and Task Force staff greatly appreciate the immense amount of work, participation, and expertise that our Task Force and Technical Advisory Group dedicated to the mission ordered by the Governor. This hard work and positive energy has resulted in a robust set of recommended priorities and actions for the Governor and the Legislature to consider. As with any collaborative endeavor, many opinions were expressed and debated. This report may contain recommendations that do not reflect the concurrence of all Task force members or the organizations they represent. This report is purely advisory and does not signify a position of the Governor or any other elected official.*

## **Anatomy of a Flood**

On March 4, 2024 – six days after Governor Jeff Landry issued Executive Order JML 24-25 establishing the Sewerage and Water Board Task Force – the City of New Orleans flooded.

An after action report published by the Sewerage and Water Board of New Orleans (SWBNO) recorded moderate to high rainfall amounts (4.39 inches at central control) and also detailed that “between 5pm and 6pm on Monday March 4, two electrical feeders carrying power from Central Control to the drainage pumping stations experienced electrical issues, impacting pumps at DPS 1<sup>1</sup> and DPS 2. The feeder issues were resolved and the impacted pumps resumed pumping operation within 10 minutes in both instances.”

The somewhat benign and opaque engineering language was belied by citizens’ experiences on the ground in that multiple places around the City experienced flood events: Ursuline High School, Loyola University, Oak Street, Crowder Boulevard, Algiers, etc.

By our count, this was the 22<sup>nd</sup> “major” flooding event since July 22, 2017,<sup>2</sup> with multiple flooding events happening in quick succession in the past year. To the public, these problems are all the more disruptive and maddening as they come on top of a never ending billing mess, a major FBI investigation,<sup>3</sup> boil water advisories,<sup>4</sup> and inconsistent customer service at the SWBNO.

To address issues spotlighted in micro by the March 4<sup>th</sup> rainstorm and in macro by structural deficiencies, this Task Force – replete with experts well-versed in municipal infrastructure, accounting, and drainage – met three times, conducted significant outside research, and solicited hours of public input to give the Governor and the Legislature a variety of options. Here is what they found:

## **Serious Problems**

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<sup>1</sup> DPS stands for District Pump Station. DPS 1 covers Broadmoor.

<sup>2</sup> SWBNO Response to Task Force Questions from March 18, 2024. Based on 911 calls of flooding. Ex: on 7.10.2019 – there were 299 911 calls re: high water stretching from Metairie Cemetery to Joe Brown Park.

<sup>3</sup> <https://www.justice.gov/usao-edla/pr/former-sewerage-and-water-board-official-sentenced-theft>

<sup>4</sup> <https://www.swbno.org/PressReleases/> There have been ten precautionary boil water advisories in Orleans Parish since February 19, 2023.

**Low Confidence:** Judging from the public hearing this Task Force held on March 14, 2024: if there were a citywide confidence/no confidence vote on SWBNO, it might be 90% “no confidence.”<sup>5</sup> This has and has had devastating impacts on the City and region.<sup>6</sup> Low-income families and those on fixed incomes simply cannot tolerate a “surprise” high water bill.<sup>7</sup> Families that get abnormally high water bills have to dedicate a large portion of their day (or days!) to contest the issue in person at the SWBNO office on St. Joseph Street, where there is little available parking and a limited customer service area. Small businesses get squeezed, which has an adverse impact on hiring. Both large businesses that are operating in New Orleans and companies looking to relocate to New Orleans view the lack of reliable drainage and frequent boil water advisories as disincentives to invest and expand. Additionally, consistent problems with operator error<sup>8</sup> on crucial equipment undermine public confidence and undercut funding requests to both the City Council and Legislature. These issues have to be remedied quickly.

**Fractured Governance:** There is a significant “ownership problem” as SWBNO is governed in a patchwork fashion by three principal entities. The Mayor of New Orleans is the Chair of the SWBNO Board of Directors; the Legislature determines the governance structure; and the City Council controls the sources and levels of funding. Historically, governors and legislators have also provided significant state funding to SWBNO to complete large capital projects.

All parties are continually at odds with one another in regards to SWBNO. For example, the SWBNO has requested over \$180 million in capital outlay funds from the Legislature in the last two years alone (\$84 million funded). Legislators from other parts of our State must consider those requests in the context of other City capital outlay requests with the Mayor being in the middle of each.<sup>9</sup> If the Mayor were removed<sup>10</sup> from the awkward position of continually asking the Legislature for funds as head of SWBNO, it would free up other asks for the City.

Speaking of awkward positions, the City Council members are the point people for public criticism of the SWBNO. Yet, they are not charged with regulating the entity<sup>11</sup> and can only exert control by approving or disapproving millages and service rates. There is little political or practical benefit to asking an enraged citizen to pay more for terrible service. A good example of this was when

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<sup>5</sup> This is not a criticism of the individuals who are in management at SWBNO. In many ways, they are in an impossible situation as they are being asked to remedy problems that began 50 years ago without adequate funding and manpower.

<sup>6</sup> It cannot be a coincidence that the spike in SWBNO problems coincide with population loss in Orleans Parish. [https://www.nola.com/news/business/new-orleans-population-decline-is-highest-in-us/article\\_ec88bede-e2dd-11ee-8582-4fc7d9e49977.html](https://www.nola.com/news/business/new-orleans-population-decline-is-highest-in-us/article_ec88bede-e2dd-11ee-8582-4fc7d9e49977.html)

<sup>7</sup> Clarence Narcisse, 74, said he lives by himself in a two-bedroom Central City apartment and recently received a bill for \$1,600. [https://www.nola.com/news/residents-sound-off-on-swb-to-jeff-landrys-task-force/article\\_0c446f44-e2dd-11ee-b267-f7e6e9605ba5.html](https://www.nola.com/news/residents-sound-off-on-swb-to-jeff-landrys-task-force/article_0c446f44-e2dd-11ee-b267-f7e6e9605ba5.html)

<sup>8</sup> <https://www.swbno.org/PressReleases/Details/4849#:~:text=Despite%20diligent%20repair%20efforts%20by,to%20be%20manufactured%20and%20replaced>

<sup>9</sup> Former Mayor Morial only mentions SWBNO twice in an 8,500 word recap of his administration. [https://myemail.constantcontact.com/Marc-Morial---Renaissance-of-an-American-City.html?soid=1011087220895&aid=eF\\_Kxj0l0LQ](https://myemail.constantcontact.com/Marc-Morial---Renaissance-of-an-American-City.html?soid=1011087220895&aid=eF_Kxj0l0LQ)

<sup>10</sup> We should note that comments about “the Mayor” are generalized in nature and refer to the Office of the Mayor. A review of the last several years of SWBNO minutes shows that the current Mayor has attended nearly every meeting of the SWBNO. However, no Mayor of New Orleans is an SWBNO “expert” or is expected to be as there are countless other duties to perform.

<sup>11</sup> SWBNO is not a publically regulated utility.

SWBNO brought a much needed storm water management fee proposal to the City Council with support from the Mayor and the business community and it was denied. The Mayor did successfully advocate for “Fair Share” funding for SWBNO in 2019,<sup>12</sup> while the City Council attempted to take on the problems of SWBNO in 2022 with a series of legislative actions at both the state<sup>13</sup> and local levels that gave the City Council some regulatory authority over billing.

Mr. Naquin said it best in our second meeting, “SWBNO answers to four public entities but actually answers to none. It’s amazing they have operated as well as they have.”

**Botched Billing:** Judging from our public meeting, polling, and submitted comments and letters, the SWBNO billing crisis may very well be the single biggest hindrance on daily quality of life in New Orleans. In over two hours of public testimony on March 14<sup>th</sup>, nearly every speaker had a billing dispute. A fairly typical complaint was an inaccurate reading leading to a massive bill that was either auto drafted out of the customer’s account or double billed. This “bad bill” then leads to frustrating, extremely time-consuming back and forth between SWBNO customer service and the citizen or business. Speakers at the March 14<sup>th</sup> meeting also noted that SWBNO executives, the board, and customer service representatives rarely interact with the public outside of their St. Joseph Street headquarters.<sup>14</sup>

Overall, there is a distinct lack of clarity on the billing process. SWBNO lacks a detailed schedule of which accounts are for single-residence homes, multi-family residences, and commercial accounts. SWBNO must break down which accounts have contested bills and which are uncontested but remain unpaid. SWBNO also needs to explain why and by what means they estimate bills. How are they estimating consumption? What is the formula used? Is their software up-to-date? Are there any actual readings confirming the estimates? If so, are they accurate? Who takes the readings? Are the reading logs available to each account holder?

Lack of public confidence in billing is the cornerstone of SWBNO problems. Nothing can be remedied until billing is corrected.

**Outstanding Judgements:** The massive 2009 SELA drainage project centered on Napoleon Avenue and Prytania Street caused significant property damage to homes and businesses in that corridor. The homeowners sued<sup>15</sup> and were awarded millions in damages from SWBNO. During the public comment period, it was evident that these judgements (and millions of other judgements) had not been paid. This is one of the key reasons nearly every SWBNO job comes in well over budget: contractors have little faith that they will (1) be paid and (2) be paid correctly. That needs to be remedied immediately.

**Clogged Catch Basins / Insufficient Maintenance on Canals and Culverts:** SWBNO is tasked with maintaining the City’s canals which hold water that is subsequently pumped to Lake Pontchartrain. Unfortunately, there are several critical flaws in this relatively simple process. To

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<sup>12</sup> <https://www.bcno.org/fair-share-agreement>

<sup>13</sup> Act 711, 2022-Hilferty, S. – SWBNO Billing Advisory Committee

<sup>14</sup> One Task Force member noted the State Capitol was more accessible than SWBNO headquarters.

<sup>15</sup> <https://caselaw.findlaw.com/court/la-court-of-appeal/2113133.html>

begin with, the City has an estimated 72,000 catch basins.<sup>16</sup> The City’s Department of Public Works (DPW) is responsible for cleaning and maintaining these basins. SWBNO is not part of this cleaning/maintenance, but it is responsible for pumping the water out. This literal disconnect between DPW and SWBNO leads to staggering inefficiencies<sup>17</sup> and confusion with the net effect of catch basins not being properly cleaned or maintained and city streets being wrecked indefinitely. A stark example of this was recent reporting that \$10 million allocated for catch basin cleaning to DPW from the City Council in late 2022 has not been spent as of March 2024.<sup>18</sup>

A related challenge is the maintenance of the large drainage canals and culverts around the City. Eric Labat, a retired engineer from SWBNO told the Task Force that this is a “huge, huge, HUGE undertaking”<sup>19</sup> and SWBNO Executive Director Ghassan Korban commented that preliminary efforts to clean one drainage canal have uncovered three to four feet of mud and debris.<sup>20</sup> These remarks dovetailed with a bombshell HUD Inspector General’s report that the City of New Orleans<sup>21</sup> has not implemented a \$141 million federal resilience grant that was awarded in 2018.<sup>22</sup> Many of these resilience features are abatement projects centered in flood-prone Gentilly and New Orleans East. The difficulties in getting these projects started by the City are completely unacceptable.

**Deficient Revenues, Obsolete Equipment, and Long-Term Capital Deficit:** Following decades of mistrust and poor performance, SWBNO has not been able to secure from its investors (the City Council and, by extension, the New Orleans citizenry) the capital funds needed to update its anachronistic mechanical infrastructure.

While drinking water and sewerage are paid primarily by customers’ rates, drainage is provided via property tax revenues passed by the City Council. This means that less than half of the property owners in New Orleans (both by parcel count and by valuation) pay for 100% of the drainage. After operational expenses and debt service, the drainage account currently has approximately \$13 million per year for capital expenditure, \$10 million of which is committed to match projects currently underway by the U.S. Army Corps of Engineers. This means only \$3 million remains available in a given fiscal year to service 1,600 miles of drainage infrastructure. It is beyond debate that additional dollars are necessary to adequately operate and maintain the system. Without sufficient funding, residents, homes, and significant city and state assets will remain vulnerable to storms and flooding. The U.S. Army Corps of Engineers has invested billions of dollars to protect the City from storm surge from the sea; however, it remains unclear as to whether the pumps and power systems can adequately and reliably remove water from the City following a significant rain event. The turbines that power the system are old – one having been constructed in 1915 – and

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<sup>16</sup> Catch basins aka storm drains

<sup>17</sup> City Council Motion M-22-148 established a 2022 working group that found that DPW can realistically, at best, clean 6,000 catch basins a year under its operating budget. The working group recommended buying \$19 million worth of trucks and spending \$5.7 million in personnel costs to clean 36,000 catch basins a year.

<sup>18</sup> <https://www.wdsu.com/article/catch-basin-money-new-orleans-flooding/46652115>

<sup>19</sup> Task Force Meeting Two, March 14, 2024

<sup>20</sup> For example, the Farrar Canal in New Orleans East. There are 12 major drainage canals in New Orleans East alone.

<sup>21</sup> There is little information on the apparently just created City of New Orleans’ Office of Stormwater and Green Infrastructure that is to implement this \$141 million grant.

<sup>22</sup> [https://www.hudoig.gov/sites/default/files/2024-03/2024-fw-1002\\_508.pdf](https://www.hudoig.gov/sites/default/files/2024-03/2024-fw-1002_508.pdf)



costly; in fact: production of power by SWBNO costs four times more than purchasing power from the local utility, Entergy New Orleans. The SWBNO finds itself in a terrible conundrum: they simply must receive additional funding in order to succeed but in order to get additional funding, the SWBNO must regain the public's trust; in order to regain the public's trust, the SWBNO must receive additional funding.

### Some Successes

The sewer system is in reasonably good condition and properly funded. There is a longstanding consent decree with the federal government that has ensured funding and progress. The entire SWBNO performed marvelously during Hurricane Ida – with no service interruptions, stable drinking water, and little flooding from a major impact Category 4 storm.

### Proposed Solutions

To reiterate, these are recommendations of an advisory nature. From a statewide prospective, our intent is to give the Governor and the Legislature a menu of what we believe to be impactful changes and let them select the best path forward. On the local side, SWBNO and the City Council need to work together to come to some consensus on immediate steps to ramp up City preparations in advance of Hurricane Season.

### **Priority Recommendations**

**A. SWBNO must assume DPW's drainage duties:** SWBNO (water, sewer, major drainage) is a separate entity from DPW (streets, street drainage); yet the subsurface water, sewer, and a portion of the drainage systems are in the street right-of-way. Conflicts in priority between the two systems was inevitable and ultimately lead to major inefficiencies in both systems. Pulling all lines 36" and below under SWBNO will lead not only to a unified command system in regards to catch basin cleaning, but also to less destruction of City streets. Funding that is currently allocated to DPW for clearing catch basins should be reallocated to SWBNO for this same purpose.

DOTD, SWBNO, and Jefferson Parish Public Works all commented that the vacuum cleaning trucks needed for catch basin cleaning are hugely expensive and difficult to maintain. As a result, each of these agencies only have five or six trucks and their availability is constantly in question. One potential solution is to have the City Council enter into an Inter Governmental Agreement (IGA) with DOTD, which can then subcontract to a private contractor for catch basin and drain line cleaning services, with half of the allocated funds awarded upon signature of contract and the other half awarded upon verified cleaning of catch basins and minor drain lines. Not all of the 72,000 city catch basins need cleaning, so before cleaning begins a priority process should be developed to identify the most flood prone areas and identify catch basins that need to be cleaned. Using this simple methodology, a contractor could deploy fully crewed trucks on the streets quickly, which would clear thousands of catch basins and allow water to the pumps much more efficiently, thus reducing the damaging street flooding that has plagued the city since 2017.

Another suggestion is for citizens to notify SWBNO where the pooling water is and feed that info to a real time "high water" website. [www.Streetwise.nola.gov](http://www.Streetwise.nola.gov) is a good start, but the website/app

should be set up so that a simple check of this app can immediately show the user where there is flooding during a rain event. “The water will tell us where there is a problem.” said Mr. Glapion.  
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**B. Appoint an independent arbitration panel to hear billing disputes:** SWBNO is in the process of installing SMART meters which should eliminate misreading and “estimated” bills by 2026. The SMART meters will go online as they are installed – providing real time data to the SWBNO and customers.

Until that time of 100% installation: there is zero public trust in both SWBNO and their existing billing process. There must be independent analysis and judgment on SWBNO bills and billing disputes.

SWBNO currently employs only six people to serve as hearing officers to process objections filed by customers. According to the SWBNO, \$32 million known to be contested comes from 4,500 accounts. That is an insurmountable number for six people to handle. Our proposal calls for retired judges in the region to handle the volume of contested accounts and outstanding bills. Our State’s judicial administrator is responsible for keeping a current list of all retired district and appellate court judges in the region. The former jurists have all been elected and are familiar with their constituents, most of whom are likely to be among the objecting customers. That familiarity and the judges/arbitrators dissociation from SWBNO would help rebuild confidence among consumers. The SWBNO needs to quickly identify these resources while the State/City should help pay for jurists and accountants as necessary.

Hearings should be held in accessible venues in each council district, allowing customers maximal access to the dispute process. Suggested hearing guidelines include: How to notify each account holder of date/ time/ location of hearing (text, email notifications); how much time is allocated for each hearing; how evidence should be taken; should transcriptions occur; the assignment of an SWBNO representative to each hearing location with access to detailed account, meter and billing history (n.b. nearly all of SWBNO records are paper); the authorization of billing representatives to make adjustments to a complainant’s account; the inclusion of a conclusive list to the account holder of requirements to be presented at hearing; the designation of times that hearing officers may work with walk-in objections; and the layout of the judgment form to be signed by complainant and hearing officer.

Once a judgement is rendered on the correct bill amount it must carry the force of law or should be guaranteed by the State or the City Council.

Until SMART Meters are installed, additional billing disputes will be added to the current backlog – although at a diminishing rate. To stem the influx of additional bills in dispute while arbitration is underway, SWBNO should adopt a Fixed Billings methodology. Under this approach, SWBNO would fix customers’ billings at a flat amount, equal to the average of a customer’s previous 12 months of uncontested bills. The Fixed Billings program would eliminate inaccurate bills, significantly cut back billing disputes, simplify collections thereby increasing realized revenue, and cure the severe staffing shortage of meter readers. Fixed Billings would only apply to four (4)

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<sup>23</sup> Task Force Meeting One, March 7, 2024

family and less residential customers – commercial customers and large multi-family would continue to pay-by-consumption, and residential pay-by-consumption would resume once a customer has their SMART meter installed and commissioned.

This approach should commence immediately for all bills going forward from the date this plan is instituted. Prior undisputed, unpaid bills would be due. Billings that are disputed will be covered by the arbitration process described above.

A legislative solution is needed for non-paying landlords whose tenants are current on their bills. Discontinuing service to these addresses is not fair or equitable to the paying tenants. One solution could be to give the SWBNO the legal right to lien the property for the unpaid invoice. A dispute process should be set up before the lien is placed on the property.

**C. Reform civil service requirements for SWBNO:** (1) Request that the City Council “unclassify” 50 managerial level positions at SWBNO to give present and future leaders the ability to move people in and out. The current system was designed to remove politics from hiring and firing; instead it has become completely political. (2) Request that the Legislature move 50 city civil service classified workers to state civil service classified workers.

Reformation of the entire SWBNO workforce should be considered, depending on the governance structure the Legislature selects for the future of the City’s water, sewer, and drainage utility (see below).

The SWBNO has developed a strategic plan with input from employees and is working on a “People Plan” to bring employees on board to opt out of civil service for a competent, professional human resources plan. The People Plan leaders could inform the City Council or the Legislature (or both) on which 50 positions need to be addressed to best serve SWBNO.

### **Reform Options**

**A “Recovery District” – RD – for two years.** This would be a legislatively-created eleven-member executive board to oversee SWBNO management and operations for 24 months. An RD would remove the deeply counterproductive political squabbling over governance and give existing SWBNO leadership and executive staff the latitude needed to initiative substantive change. The general approach should be people appointed on the basis of expertise rather than constituency. This approach would collate with a suspension of the existing SWBNO Board of Directors for those two years.

Given the scope of the undertaking, the RD Board should be comprised of (1) the Legislative Auditor or his/her designee; (2) the Secretary of DEQ or his/her designee; (3) the Commissioner of CPRA or his/her designee; (4) the Secretary of DOTD or his/her designee; (5) a PSC Appointee from the Association of Louisiana Electric Cooperatives; (6) a Senate Orleans Delegation Appointee from the Louisiana Associated General Contractors who is a qualified heavy civil construction contractor; (7) a House Orleans Delegation Appointee from either the American Council of Engineering Companies of Louisiana or the Louisiana Engineering Society who is a qualified civil engineer; (8) an Attorney General Appointee who is an approved register with the



Louisiana State Bar Association's Alternative Dispute Resolution Section; (9) a Treasurer Appointee from the Government Finance Officers Association of Louisiana; (10) a Mayoral Appointee from the Business Council of New Orleans and the River Region; and (11) a City Council Appointee from Greater New Orleans, Inc.

**If the legislature does not choose to constitute a RD Board; they should opt to rebrand SWBNO to the New Orleans Sewerage, Water, and Drainage Board (NOSWDB) and immediately reconstitute** with the following appointments for a 24-month term: (1) the Legislative Auditor or his/her designee; (2) the Secretary of DEQ or his/her designee; (3) the Commissioner of CPRA or his/her designee; (4) the Secretary of DOTD or his/her designee; (5) a PSC Appointee from the Association of Louisiana Electric Cooperatives; (6) a Senate Orleans Delegation Appointee from the Louisiana Associated General Contractors, who is a qualified heavy civil construction contractor; (7) a House Orleans Delegation Appointee from either the American Council of Engineering Companies of Louisiana or the Louisiana Engineering Society, who is a qualified civil engineer; (8) an Orleans Parish District Attorney Appointee who is an approved register with the Louisiana State Bar Association's Alternative Dispute Resolution Section; (9) a Mayoral Appointee from the Business Council of New Orleans and the River Region; (10) a City Council Appointee from Greater New Orleans, Inc.; and (11) a City Council President Appointee who is a consumer advocate. These final three appointees should track reforms, coordinate policy changes, communicate directly with the Governor's staff, and serve as liaisons between the City, City Council, NOSWDB and Legislature.

The end result of post-RD should be governance change to:

- (1) a New Orleans Sewerage, Water, and Drainage Board that is a public utility regulated by the City Council. The Mayor would get an appointment to the Board but would shift out of the chair role. The Legislature should mandate the ability of this Board to raise rates as necessary to properly fund its operations or mandate a regulator who must rationally analyze rate increase requests. \*OR\*
- (2) a New Orleans Sewerage, Water, and Drainage Board that is a public utility regulated by the Louisiana Public Service Commission. The Mayor would get an appointment to the Board but would shift out of the chair role. The Legislature should mandate the ability of this Board to raise rates as necessary to properly fund its operations or mandate a regulator who must rationally analyze rate increase requests. \*OR\*
- (3) a "Louisville" Model creating the New Orleans Water Company. The Louisville Water Company was chartered by a special act of the Kentucky State Legislature in 1854. The company began operations in 1860 as Kentucky's first public water provider. In 1906, the City of Louisville became the sole stockholder, turning Louisville Water into a quasi-municipal corporation. Louisville Water supplies water and fire protection to communities in Louisville Metro on a retail basis and parts of neighboring counties through wholesale agreements.

The Board of Water Works is the governing body of Louisville Water Company. It includes six members appointed by the Mayor of Louisville Metro, who also serves as an ex officio member. No more than three of the appointed members may be from the same political party. Board members serve staggered four-year terms and may succeed themselves. Rates

for retail customers of LWC are set by the Board of Water Works on an annual basis as a part of the regular annual budget cycle. Rates charged to wholesale customers are approved by the Kentucky Public Service Commission via application by each of the respective wholesale governing bodies. The Company is required to pay annual dividends to Louisville Metro, the sole stockholder. The 2022 dividend was \$22,438,542.

**Under each of these scenarios, the role of the Legislature in SWBNO governance would dissolve upon the creation of a permanent New Orleans Sewerage, Water, and Drainage Board in 2026.**

In addition to changes to interim governance, but not exclusive to the creation of an RD, we recommend legislative consideration of the following proposals:

**I. Drainage Consolidation:** Propose legislation to facilitate SWBNO (and other water departments around the State) access to IJA money to replace lead lines and water mains.<sup>24</sup> Potentially, the lead abatement program could be routed through DEQ and be a statewide effort. Nonetheless, the City's access to over \$70 million in available lead abatement funds should not be curtailed by existing statutes<sup>25</sup> excluding the uses of public funds on private properties.<sup>26</sup> This is but one of the major tasks that has been a responsibility of SWBNO but is not funded or staffed to execute. The aging, leaking distribution system<sup>27</sup> has approximately 400 miles of line that need to be relined or replaced. If the State can access IJA funds to do 40 miles per year, that is ten years at an average cost of about \$60 million to \$70 million per year. The RD should consider whether the City could utilize the State's Clean Water Revolving Loan Fund to repair its distribution system with low-interest debt. The RD should also examine the discrepancy between SWBNO's and Jefferson Parish's estimated per-home lead abatement cost, as SWBNO's estimate is much higher.

**II. Power Improvements and Strategy:** Evaluate the power infrastructure of SWBNO's pumping system. The RD will consult with management and industry leaders to evaluate the tradeoffs between purchasing grid power and building redundant capacity to self-power with SWBNO's own turbines. Power should be exponentially more reliable and cheaper in 18 months with 100% redundancy via two gas turbines, one new and one 15 years old. The request in capital outlay to add a third turbine in three to five years will give SWBNO 150% redundancy and should eliminate the boil water advisory problems. The RD should also evaluate the optimal contracting method for completing the substation. Phase I was recently bid and was over budget by 20% (\$20 million), with only one responsive contractor. Another entity may be able to more effectively contract this project. The RD should also consider ways to either bolster SWBNO's expertise in power management or remove SWBNO from the power business altogether.

**III. Equitable Revenue Base:** Create a storm water management plan and a fair method of long-term funding. All nonprofit properties have been exempted from this system, even though they

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<sup>24</sup> <https://www.swbno.org/DrinkingWater/LeadAwareness>

<sup>25</sup> A legislative fix is needed to allow IJA monies (public funds) to be used on private property. LA CONST 7 14 -§14. Donation, Loan, or Pledge of Public Credit.

<sup>26</sup> [https://www.nola.com/news/environment/removing-louisianas-lead-pipes-is-healthy-but-costly/article\\_77a43ec2-92ec-11ee-b6b0-3f4b2d430b1d.html](https://www.nola.com/news/environment/removing-louisianas-lead-pipes-is-healthy-but-costly/article_77a43ec2-92ec-11ee-b6b0-3f4b2d430b1d.html)

<sup>27</sup> <https://www.fox8live.com/2024/03/19/nearly-25-billions-gallons-treated-water-lost-by-swbn0-2023/>

generate storm water in the same way a resident or business does. Both basic fairness and the reality of an underfunded budget require that everyone contribute to solving this problem. Included in this issue should be how a storm water fee would be assessed, how it would be billed, and how residents and businesses may attain credits with mitigating factors (such as on-site retention, permeable pavement, etc.).<sup>28</sup>

**IV. Outflow Canal Maintenance:** As with the Catch Basins and Minor Drainage Lines, the canal maintenance process could be the same as it relates to investigations, cleaning, and contractual agreements. Specifically, the RD and the Legislature must examine how our State can assist with the enormous contracting undertaking that is maintenance of the outflow canals. Recent frustrations with contract timeliness demonstrate that this sort of public works project may be too great in magnitude for either SWBNO or the City to administer. The SWBNO or RD should enter into a MOU or CEA with DOTD for DOTD to use existing contracts to assess, estimate cost, and execute cleaning and maintenance of all major drainage canals and major drainage assets.

**V. State Contracting Assistance:** The State should request an MOU or CEA from the City for, CPRA or DOTD to execute the long-delayed HUD resiliency project once and for all. This is \$141 million in funds that could dramatically help drainage and is largely shovel-ready. Our State and the City should partner on these type of federal grants in the future.

Similarly, the State should examine the capability it has to foster cooperation between SWBNO and New Orleans City Park, as both are state subdivisions. City Park's 1,300 acres should be the linchpin of interconnected storm water management as envisioned by the Greater New Orleans Urban Water Plan. Practical considerations and quality of life for New Orleans residents must supersede any reservations City Park officials have historically had about participating in city wide drainage planning.

**VI. Regional Consolidation:** The Legislature may need to create a SELA Drainage District where St. Charles, Jefferson, Plaquemines, St. Bernard, and Orleans drainage authorities report to a single drainage leader. A very prescient observation from both Mr. Drewes and Mr. Racca was that water does not recognize a parish line; it is a massive interconnected operation. Similar State regional approaches from recent history include its creation of the SLFPA and the Louisiana Watershed Initiative. If the Legislature does not opt for a SELA Drainage District, a more basic recommendation is that the drainage leaders from the aforementioned parishes convene every two weeks at the Regional Planning Commission (perhaps with a representative from GOSHEP included) to discuss regional drainage strategy and threats like saltwater intrusion.

**VII. Increased Penalties and Enforcement for Illegal Dumping:** Illegally dumped material (tires, cars, concrete, etc.) invariably end up in drainage canals, culverts, and catch basins. A citizen sent in photos of what he claimed was illegal dumping by SWBNO itself. Regardless of who is doing it, this build up is clogging up the canals and fouling the environment. We recommend (1) increased cooperation between DEQ, the local district attorneys, and the Attorney

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<sup>28</sup> A storm water drainage fee has been proposed twice in the last 40 years, once in 1985 and another in 1998. The first time it failed due to a rejection by the voters, and the second time it failed because the City Council took no action.

General on enforcement;<sup>29</sup> and (2) A DEQ-led unit to aggressively go after polluters/dumpers in Southeast Louisiana.

**VIII. “Pump to the River” from Monticello/17<sup>th</sup> Street Canal:** This project would be developed in conjunction with the U.S. Army Corps of Engineers, Jefferson Parish, and Orleans Parish. Pumping water to the Mississippi River from the base of the 17<sup>th</sup> Street canal (one mile) could quickly remove nearly 39% of the storm water in the massive basin that is Lakeview, Old Metairie, and Old Jefferson south of the Huey Long Bridge.

Pump to the River should be included as part of a larger discussion around the most efficient and cost-effective ways to move water out of the City’s outflow canals. All pump stations should be evaluated for redundant power, redundant capacity, automation capabilities, SCADA capabilities, and standard operating procedures (SOPs). Future capital improvements must be accompanied by these SOPs and defined maintenance plans to ensure that new equipment purchased functions for the entirety of its designated lifespan.

**IX. Operations Audit:** Direct the State Inspector General (or, alternatively, an accredited independent forensic auditor) to audit SWBNO’s contracting and personnel practices and recommend changes to the RD. Recent audits and investigative reports have condemned SWBNO’s contracting practices,<sup>30</sup> caught personnel falsifying work products<sup>31</sup> and water loss.<sup>32</sup> While we recognize that many of these issues predate the current SWBNO management, we recommend that the State IG reexamine ‘former’ problem areas to identify whether sufficient progress has recently been made to rectify previous deficiencies. Contracting practices to examine should include record retention, quality assurance, compliance with public bid laws, and payment procedures. Personnel files should be similarly audited to ensure that performance is appropriately reviewed and that non-performance results in employee discipline when appropriate.

**X. New Revenues:** The RD/SWBNO must find a way to pay judgements and outstanding bills to recruit more willing contractors. To remedy this, it is important to address SWBNO’s need for alternative funding sources and strategies for cost reduction. With the impetus of the RD, several practical options could be pursued to significantly improve SWBNO’s financial situation:

*Increased Capital Outlay Funding from the State*

The Governor’s New Orleans Transition Council specifically included a goal to “support capital outlay funding for the critical SWBNO power plant project.”<sup>33</sup> The 2023 Capital Outlay bill, Act 465 of the 2023 Regular Session, included \$76,700,000 of capital outlay funding for the new power plant.<sup>34</sup> Moving forward it is incumbent upon SWBNO to make sure their requests are regularly submitted to the Legislature so they can be included in capital outlay discussions. SWBNO then also needs to make sure to follow up by sending representatives to

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<sup>29</sup> The Orleans Parish District Attorney has a small intergovernmental team working on this issue.

<sup>30</sup> <https://s3.documentcloud.org/documents/5080805/LLA-Audit-of-SWBNO-Nov-12-2018.pdf>

<sup>31</sup> <https://www.fox8live.com/2023/11/08/tapped-out-investigation-reveals-swb-employees-skipped-falsified-drinking-water-tests/>

<sup>32</sup> <https://council.nola.gov/getattachment/Committees/Public-Works-Sanitation-and-Environment-Committee/Exhibit-1A-SWBNO-Water-Audit-FY-2017.pdf/>

<sup>33</sup> <https://oneteam.la/2024/01/26/the-new-orleans-transition-council/>

<sup>34</sup> <https://legis.la.gov/legis/ViewDocument.aspx?d=1333454>

the meetings of the State Bond Commission to ensure that its funding is properly contained within the allocations of general obligation bond funds. Continued capital improvements like the power station will – over time – significantly lower operating expenses of SWBO, freeing up large amounts of capital.

#### *Bonding/Tax-Exempt Private Activity Bonds*

Repairing the billing process is also needed to stabilize (and thus restart) SWBNO's bonding capacity.<sup>35</sup> If the bonding issue is not remedied, it will cost much more money to fix things that are broken in the future. SWBNO's asset management systems are insufficient to non-existent. State "Fair Share" money has been apportioned to fund a study to start this process but an RFP has not yet been issued. If granted an allocation by the Governor, SWBNO could use some of the tax-exempt bonds as part of the State's volume cap for private activity bonds. Sewerage facilities automatically qualify. Because of the tax benefits of these bonds, they are highly sought after and would provide for a cheaper way to borrow additional funding.

#### *Additional State and Federal Grants*

SWBNO has received several allocations of FEMA money in the past five years, and SWBNO should make serious efforts to maximize funds recovered from FEMA. These tranches and their spending (or non-spending) remain murky and should be looked at by the audit described in section IX.

#### *Millages*

Current millages for SWBNO provide the funding for the major drainage system. If SWBNO were to assume control of the minor drainage system as we recommend, the funding for that would need to be adequately laid out. SWBNO is required by the Louisiana Constitution to automatically "roll back" the millage rates to calculate the same revenue that would be earned in the year preceding the reappraisal year, unless SWBNO and the City Council approve a roll-forward of the millage rate. A roll-forward of the millage rate would provide additional revenues. Some members of the Task Force pointed out that this would only be possible *after* the RD has concluded and public trust restored. To that point, one of the three millages which provide revenue to SWBNO is up for renewal in Fiscal Year 2028, when a renewal and roll-forward would significantly improve SWBNO's financial position.

#### *Submitted Claims (Legal Liabilities) to USACE Following their Standard Operating Procedures for Payment of SELA-Related Claims*

We did not see evidence of any SELA litigation claims being submitted to the U.S. Army Corps of Engineers (USACE). The USACE credits payments by SWBNO (dollar for dollar) for damage to property from the SELA Project toward SWBNO's cost share requirements. To obtain credits, SWBNO must submit claims/judgments to the USACE through the SOP. These credits result in no net loss for SWBNO for payment of SELA judgments. Further, these credits would proportionally reduce SWBNO's more than \$200 million dollars owed to the USACE, reducing liabilities and improving SWBNO's bonding capacity.

#### *Other Considerations for Further Potential Cost Savings*

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<sup>35</sup> Meeting Three: Flower: SWBNO has no more bonding capacity at this time.

- Electricity supply improvements: As SWBNO transitions to a less costly power system, through a significant amount of capital improvement already appropriated, SWBNO will experience significant cost savings of millions of dollars per year spent on electricity. Additional capital improvements to infrastructure could lead to other significant savings in operational expenses.
- Legal expenses and judicial interest: SWBNO needs to engage in prudent risk management practices to clear its docket. Unsettled ongoing litigation leads to significantly increased costs which could be minimized by settlements and agreements to pay by engaging with judgment creditors to resolve these claims. Continuing to litigate cases after clear guidance by the courts as to liability and damage calculation only increases legal expense without achieving any ultimate financial benefit. Not paying judgments and not reaching payment agreements only leads to a burdensome accumulation of judicial interest damaging the balance sheet and thereby bonding capacity. Paying outstanding judgments would decrease the burden they place on future budgets. Hopefully, SMART meters and billing arbitration will reduce billing litigation by providing more accurate readings.

**IX. Capital Improvement Plan:** The SWBNO purification plant, even with recent maintenance, will need modernization in the next three to five years at an estimated cost of \$250 million. This immediate need, combined with much greater deferred capital expenditure looming, highlights an urgency to stabilize SWBNO’s funding and to build greater short-term bonding capacity. As several members of the Task Force reiterated during our final meeting, outstanding deficiencies in deferred maintenance and capital expenditure cannot be addressed until the SWBNO’s stakeholders gain confidence that the funds flowing to the entity are spent efficiently with due accountability. Solutions to billing and internal controls should be considered as a prerequisite step to proposals which result in net inflows to the City’s drainage system. To that end, once a complete audit is performed and billing issues are resolved, the SWBNO or the RD must develop and publish both (1) a Capital Improvement Plan and (2) an accompanying Maintenance Plan. Stakeholders must clearly see the cost-benefit analyses of capital expenditures and the assurances that these capital expenditures will be properly deployed and cared for. These recommendations in tandem will strengthen the public’s willingness to invest in system improvements.

**X. State of Emergency:** As an absolute last resort, the Mayor and/or the Governor could declare a minor State of Emergency to resolve these issues so that work could begin immediately prior to Hurricane Season. This may allow federal funding to become available and reduce the barriers between funding and the commencement of work.

### **Conclusion**

In his monumental book *Draining New Orleans*, Richard Campanella writes “because of the legal authority needed and sheer scope of the effort, the state legislature intervened in city affairs by creating the New Orleans Drainage Commission through Act No. 114 of its 1896 session. That act set forth the new commission’s composition, its contractual and financial machinations, it’s ‘cooperation’ with the Orleans Parish Levee Board and its mission, to ‘have charge of the



construction and administration of the system of drainage of the city, as one of the most important public bodies to which the future welfare of New Orleans has been committed.”<sup>36</sup>

128 years later – the Legislature, the Mayor, the City Council, the SWBNO, the business community, and the citizens stand at the same crossroads. On one path lies the status quo, a deeply dysfunctional and patchwork water system that should have been overhauled in 2013 and was appallingly exposed in 2017 as being insufficient to meet the needs of the populace. On the second path lies a bold and visionary attempt to not only reform SWBNO, but also reform the way we deliver basic services to the people of Louisiana.

Mr. Leger used the example of the state driven Coastal Restoration Master Plan as a framework for what is needed. That process was arduous, but resulted in a plan that the public could rally behind. The same processes are needed for water in South Louisiana – its use, its collection, its cost, its treatment, and its drainage. SWBNO’s customers deserve a massive, holistic effort in which all stakeholders come together to nullify past grievances and build a comprehensive Water Plan for South Louisiana.

Our work has also made clear that there are immense challenges hidden in the current structural relationship between state and local government. As a remedy, can we look at processes where state capital outlay is block granted to parishes with a proven track record of getting major projects completed? Conversely, can we lock in a process by which state agencies can be directly contracted with by local government if a job is over and above the manpower/expertise needed by the parish?

Along the same vein, if a constitutional convention were held this would be the ultimate venue to rewrite the archaic civil service rules that encumber 21<sup>st</sup> century workforce flexibility at agencies like the SWBNO; both in New Orleans and other large Louisiana cities. There needs to be a more detailed statewide discussion about workforce challenges and fixes related to civil service employees and the need for more multi-talented employee classifications, residency requirements and flexible pay.

Overall, the Sewerage and Water Board of New Orleans Task Force recommends stepping boldly down the path of sweeping change to ensure a vibrant New Orleans metro area in 2152 – 128 years from today.

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<sup>36</sup> Campanella, Richard. *Draining New Orleans: The 300-Year Quest to Dewater the Crescent City*. LSU Press, 2023. Page 127

## Appendix

### *Task Force Meeting Minutes*

#### MEETING ONE

March 7, 2024

University Medical Center New Orleans

Conference Room J

Commenced at 4:00 PM. Adjourned at 6:40 PM.

Task Force Members Attending: Rainwater (Chair), Flower, Berger, Leger, Hecht, Drewes, Sloss, Vanderbrook, Racca, Boyle (appearing for Donahue), Giacometto, Naquin, and Ledet (appearing for Dove).

Technical Advisory Group Members Attending: Glapion, Pugh, Palamone, H. Landry, and Laiche.

Rainwater: We have a directive to make recommendations to the Louisiana Legislature; while we only have 30 days, it feels like many of us have been working on this for 30 years. The work you see in public will be complemented by research and discussions in between meetings by Members of the Task Force.

Flower: History of SWB. 50 years of poor leadership and underfunding has led to aging/failing infrastructure. Gave detailed history of SWB issues from 2017 to present day. A complex Governance structure, IJJA money, inaccurate billing, and water treatment plan are all issues. Submitted 2024 Progress Report from the Infrastructure Advisory Board. Recommends: address complex governance structure, increase customer assistance pipelines, examine conflict of interest between City and Board, mandate drainage funds, give SWB Board of Directors reasonable authority to raise rates (with regulatory approval), Analyze current system structures to determine best practices moving forward, Move \$29MM for West Power Complex to Priority 1, Increase IJJA and water revolving funds.

Korban: New Orleans has most active drainage system in United States. 150 employees short. 4 entities govern the SWB, in different capacities. Outdated power sources lead to capacity issues. Trying to move to green infrastructure. Smart meters installation should be complete by 2026.

Glapion: We need to take immediate action on the drainage problem. DPW/SWB uncoordinated. DPW controls catch basins; they are clogged so water can't get to SWB culverts. We should create a team to drive around the City during weather events to determine where backups are occurring. Recommends that drainage be put under the control of the SWB.

Racca: It's all an interconnected system. Water doesn't start or stop at parish or city line. A management plan needs to be in place for any improvements that are made.

Sloss: Billing is a major issue. Tens of millions in dispute. Millage set to expire in 2027; \$15MM. A lot of people working hard on this but undermanned. Strike team in place. Major leaks in system

are going undetected. 60MM past-due customer accounts. Issues with landlords; can we get legislation to lien properties for non-paying owners? SWB is manually looking at 13,000+ bills a month.

Hecht/Leger: “Ownership Problem” as SWB governed by three entities – Mayor of New Orleans is Chair of SWB Board of Directors, Legislature determines the structure, City Council controls funding. Potential fix might be one board with sole authority/control.

Leger: Many legislators have offered bills while he was in legislature to fix, all failed to accomplish the mission. Need to be open to bold solution as status quo isn’t serving anyone.

Drewes: Jefferson Parish set up quite differently; he is one person with 8 public works departments under him. Answers to Parish President and Council. They have built in redundancies, 24-hour operators in addition to automation, spare parts warehouse-recommend working together to pump to the river; would take huge amount of pressure off of shared system.

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Next meeting is Thursday, March 14, 2024 at the University Medical Center New Orleans in Conference Room J.

## **MEETING TWO**

March 14, 2024

University Medical Center New Orleans

Conference Room J

Commenced at 4:00 PM. Public Comments from 4:00 PM to 5:47 PM. Task Force Comments began at 5:48 PM. Adjourned at 7:00 PM.

Task Force Members Attending: Rainwater (Chair), Flower, Berger, Leger, Hecht, Drewes, Sloss, Vanderbrook, Racca, Donahue, Junius, Giacometto, Naquin, and Dove. Technical Advisory Group Members Attending: Glapion, Pugh, Palamone, Landry, Laiche, Gallo, and James.

Public Comments:

A. Elder (New Orleans): Billing Dispute

A. Elder (Mid City): Water Quality Problems/Lead

B. Ortiz (New Orleans East): Billing and Drainage Issues

L. Coleman (New Orleans East): Billing Dispute

C. Jones (Warehouse District): Billing and Revenue Issues

L. Ochsner (Uptown): Damages to Property/Restitution

R. Mowbray (BGR): Recommendations

C. Robertson (SWBNO Employee): Recommendations, SMART Meters

L. Huelly (Algiers): Drainage Issues

G. Jackson (7<sup>th</sup> Ward): Billing, Meters, and SWBNO Personnel

T. Antrup (Treme – SWBNO Board Member): Recommendations

J. Betty (Upper 3100 Block of Calhoun/Tulane Stadium): Dangerous Construction and Drainage Issues

M. Gray (Uptown): Damages to Property/Restitution

K. Galloway (Algiers): Recommendations

BREAK

D. Russell: Billing and SWBNO Customer Service Problems

J. Tobias (Faubourg Delassize): Billing Issues

M. Bernside (Central City): Drainage Issues and Water Quality

A. Chalk (7<sup>th</sup> Ward): Drainage Issues

W. Calhoun, Jr. (9<sup>th</sup> Ward): Billing Issues

D. Gilmore (Gretna): Fee Disputes

A. Barnes (Central City): Billing Issues

P. Slodovich (Uptown): Damages to Property/Restitution

M. Moby: Recommendations

R. Bell (Lower 9<sup>th</sup> Ward): Billing Issues and Drainage

Rainwater: Opened conversation for more questions and comments on the Stormwater management fee.

Gallo: BCNO Water Management Task Force has been working on these issues, he shared some of their initiatives and findings. Create a Stormwater Management Plan throughout the City, using four basic principles: (1) create a fee that is based on production of storm water to which all property owners contribute; (2) incentivize owners to put green infrastructure and water retention on property; (3) put all drainage under one entity; and (4) complete West Power Complex and get SWBNO out the power business. 40% of properties (non-profits, schools, hospitals) in the City do not pay taxes and therefore do not pay into the Stormwater Management Fee. The SWBNO has hired a consultant to recommend some options to evaluate commercial and residential properties, and the best method to be taxed according to impervious cover.

Public Comment from City Councilman Eugene Green: 60% of the properties in the City does not pay property tax. Overall, SWBNO responds quickly and effectively to emergency calls.

Glapion: There are up to 80,000 catch basins. In 2 years, 6000 basins have been cleaned. There are funds to take care of this service, however many providers do not have confidence in the SWBNO that they would get paid for their services. Recommends finding a way to cut through the bureaucracy to be able to spend these funds to minimize these drainage concerns. Estimates that you would need \$20 million to do initial cleaning of catch basins. After which you would need to establish a maintenance program.

Korban: Currently have 2 to 4 feet of sediment and debris in our canals. Clearing this out would require substantial funding of this specific project. Currently, the money that we bring in from millages to support drainage can only be used for maintenance and operation, but cannot be used for such a large project. This endeavor would fall under a Capital Improvement, and would require heavy equipment. SWBNO has also been working on customer service, billing, and addressing

customers in a professional and timely manner. Currently, there is \$57 million (25,000 accounts) in unpaid water bills and an additional \$32 million (4,500 accounts) in disputed bills.

Submitted question from State Representative Stephanie Hilferty: Can the modern Corps pumps at the London Avenue canal and 17th Street canal be used for both power and pumping capacity?

Korban: The pumps are each powered by diesel engines when they are needed. Seldom used. Not feasible to hook these diesel generators to the main power system.

Submitted question from State Representative Stephanie Hilferty: Can you expand on the pump to the River concept and how it would work?

Drewes: The drainage basin for the 17th Street/Monticello canal is in both Orleans and Jefferson Parish. In order for the Corps of Engineers to fund a pump to the River, they need a cost benefit ratio that exceeds one. The way things are set up now, they can only look at the benefit for one parish, but not both. This pump station is the largest and takes more drainage, with the biggest area from Orleans. If you could build another pump station, you could greatly assist pump station No. 6 with capacity problems.

Rebecca Mowbray: The Bureau of Governmental Research (BGR) has conducted research on the governance structure of the SWBNO. There is a large discrepancy between operational responsibility and funding control. City Council control funding for the SWBNO, which hinders their ability to operate efficiently and in a timely manner. This has resulted in cycles of underfunding, deferred maintenance, deteriorating infrastructure, and then crisis-driven ratemaking. At this time, City Council does not have a formal process by which to evaluate the SWBNO's funding proposals. The Council is also limited to areas specified in State statutes. BGR recommends that a process for objective review of funding proposals should have at a minimum: (1) independent expert analysis of SWBNO funding requests; (2) opportunities for public comment; and (3) clear timelines, requirements, and criteria for evaluating and approving proposals. Also recommends a comprehensive oversight process should include, at a minimum: (1) regular review of strategic and financial plans and reports; (2) updates on operations; and (3) regular monitoring of system performance, with goals and measurable outcomes.

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Next meeting is Thursday, March 21, 2024 at the University Medical Center New Orleans in Conference Room J.

### **MEETING THREE**

March 21, 2024

University Medical Center New Orleans

Conference Room J

Commenced at 10:00 AM. Adjourned at 12:32 PM.

Task Force Members Attending: Rainwater (Chair), Flower, Berger, Leger, Drewes, Janet Howard (appearing for Sloss), Vanderbrook, Scott Boyle (appearing for Donahue), Giacometto, Dove, and Junius. Technical Advisory Group Members Attending: Pugh, Palamone, Landry, Gallo, and James.

Motion for representatives to act as proxies: Moved by Flower, Second by Vanderbrook.

Motion to allow chair to make recommendations to the Legislature: Moved by Dove, Second by Flower.

Rainwater: Noted some of the main issues that have been expressed at these meetings are Billing, Catch Basins and pipes, the Classification of Civil Service positions, and Governance. Asked Task Force to present their recommendations as well as to get some clarification on topics that have been discussed as previous meetings. Stated for the record that he is a lobbyist for City of New Orleans but was chosen for Chair because of extensive experience with SWBNO and other water systems both in and out of state.

Motion to accept minutes for Meeting Two: Moved by Flower, Second by Giacometto.

Clarifications:

1. Turbine No. 4/Power

a. Flower: We are about one year away from having primary power through a substation that will be operated by Entergy. Power will be taken from transmission lines, which is the most reliable method available and will be less expensive than the current power delivery system. Will have two to three turbines backing that up as a resiliency power supply. Will start with Turbine 5, 6, and 7 (and eventually Turbine 8). Presently, the only back-up power we have is emergency generators after the 2017 flood. These backup generators cost \$60MM and depleted the reserve fund. This should come online mid-2025. If we receive the \$29MM for capital outlay (currently Priority 5, would like this to be moved to Priority 1), the drainage and water distribution system will operate on this main power system. Will create reliable and less expensive power saving the SWB \$4MM to \$10MM a year. New Turbines will be automated eliminating human error.

b. Steve Nelson, SWBNO General Superintendent: We currently generate our own power. With this new power station, that responsibility will transfer over to Entergy and become much more reliable. With the issue of Turbine No. 4, a standard operating procedure was not followed. There was a lubrication issue and a bearing on Turbine 4 has been damaged and will be back in service in five to seven weeks. Completing an internal investigation and also have a third-party company investigating.

2. Bonding Capacity

a. Flower: SWBNO has no more bonding capacity at this time. This could be increased with a clear and scheduled rate increase. If they are able to show that they will get increased revenue to keep up with inflation, they would be eligible. Current millages bring in \$65MM, but the revenue needed to fund the system properly is \$110MM.



- b. Howard: We currently receive \$13.5MM for drainage, \$10MM of that is committed to repaying the federal government for the CELA loans. Leaving \$3.5MM for drainage capital improvements each year.
  - c. Drewes: Jefferson Parish recently instituted a rate increase over the next 20 years, part of which was to obtain bond money for immediate needs. To do this, they took projected revenue for 20 years based upon the rate increase, looked at what capital improvements needed to be done, and what current debt is. Increases are codified.
  - d. Grey Louis, SWBNO CFO: There are \$1.8B in current SWBNO assets. This includes pump stations, turbines, equipment, drainage canals, etc. Current bond rating is "A-". Millages are currently set to repay debts and these millages currently have expiration dates. Any extensions would need City Council approval.
3. Catch Basin Cleaning
- a. Nelson: Current budget to maintain drainage system is \$3.5MM for a \$2B system.
  - b. Howard: As of the last report, cleaning out of the catch basins would cost \$20MM. City Council has noted that it has funds and can release to SWBNO for drainage.
  - c. Boyle: Average cost to clean is \$675 per catch basin. Keeping the drains clean is very maintenance intensive.
  - d. Drewes: Hardest part is doing the initial cleaning of the drains. However, once that is done funds will be needed to maintain the system.
4. Plan to Replace 1900-era Pumps and Lead Lines
- a. Flower: We have to access IJA funds to change the lead lines. Currently, legislation does not allow work to be done on the portion of lead lines that is located on private property. Meaning, we are allowed to replace the lead pipes that lead up to a home or business, but not allowed to replace the pipes on the home side of the property.
5. Storm Water Drainage Fee
- a. Flower: Trying to find a fair way to go from the current \$65MM we have to operate the system to the \$115MM that is actually needed for this to run correctly. Need all tax payers to pay their fair share into the Storm Water fee, including the schools, hospitals, and 501c3's that currently pay nothing. 40% of property owners in the City are not currently paying property tax and therefore do not contribute to this fee.
  - b. Gallo: SWBNO has engaged a consultant to figure out the best way to implement a new fee structure. Specifically focusing on a consumption based fee, which would factor in usage, square footage of a property, and carbon footprint.

Recommendations:

Landry: Retired Judges should be called upon to assist with billing hearings. Road repairs also need to be factored in once a pipe is replaced. The current software system for meters needs to be updated. Recommends clear messaging from SWBNO on what they are doing.

Berger: Special master for billing; consolidate drainage under SWBNO, emphasized need to change governance (Regional utility or Public Benefit Corporation) and move to fixed metering until SMART meter installation is complete.

Boyle: Stressed the importance of road repair once an improvement has been finished. Temporary gravel filling on streets leads to more severe problems.

Giacometto: Volunteered to work with City, utilizing DEQ assets to stop dumping with the idea that illegal dumping is fouling/plugging drainage canals all over Southeast Louisiana.

Vanderbrook: Need audit of SWBNO – (1) Consolidation of authority (structure) and accountability of management, (2) Establish trust of customers (taxpayers) is essential before any new taxes or fees, and (3) Streamline the process of billing appeals by customers (taxpayers).

Junius: Need to look at a recovery district. Palamone: Support this; need an expert-led Recovery District to restore public trust and give existing SWBNO leadership space to reform.

Dove: Review HUD \$141MM grant. Get state agency help to city on this project and others. Hire outside auditing firm to look at where SWBNO funds are being spent and what can change.

Leger: Need urgency, Hurricane Season starts June 15<sup>th</sup>, need to incorporate City Park/Parks and parkways into drainage planning, need collaboration between stakeholders – multi-parish approach on things like drainage/saltwater intrusion; much like the State of Louisiana built a nonpartisan, science driven, when Chairman Gordy Dove and I were in the Legislature, our community deserves a forward looking infrastructure long term masterplan that the public can look to for guidance on the massive investment needed in coming decades.

Drewes: Rate/fee increase proposals should require a 20-year projection that details annual revenues versus annual operating/maintenance costs, capital costs, debt payments, and emergency reserve funding while accounting for inflation. Capital costs should be broken down into appropriate categories with individual cost estimates. Need SOP and master list of parts for all pumps.

Laiche: Equipment needs dedicated funds for the maintenance of machinery. Need catch basin services immediately.

Gallo: Need to sort out the contracting problems with SWBNO to get more competitive bids.

James: Maintenance, catch basins, contracting all need to be fixed.

Pugh: Need urgency; need action from legislature or else will have been pointless exercise

Palamone: Need a Recovery District board with expertise as a priority-engineers, accounting, customer service-a similar critical introspection has been a great thing for St. Charles Parish under President Matt Jewell.

Racca (submitted prior to meeting): Need cross parish-coordination to mirror successful water systems in other parts of the State.

Naquin (submitted prior to meeting): Need streamlined governance.

Flower:

1. P1 status for \$29MM for final phase of the West Power Complex. If we do not get water distribution system will not be powered off the substation.
2. Address the core issue that has the SWBNO in the shape it is today. Eliminate the conflict of interest on the board and align responsibility to make sure the utility is well maintained and operated with the ability to fund it as reasonably needed. Create a sustainable income stream that will allow proper operations and maintenance of the utility.
3. Legislation to create access to IJA money to replace lead lines.
4. Fund a strike force to help resolve the remaining billing issues that exist. Estimated cost is \$500,000.
5. Reclassify the attached list of positions to be exempt from civil service. Do not move SWBNO to state civil service.
6. Require the funding to allow all drainage to be consolidated under the SWBNO. Clearly DPW does not have the ability to manage. Requires \$20MM per year.
7. Facilitate water main replacement by increasing the water revolving fund.

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### ***Bibliography/Source Material***

As the footnotes indicate there is a wealth of open source information on the New Orleans Sewerage and Water Board and related matters. *The Times Picayune*, *WDSU*, *WVUE*, *WGNO*, *WWL*, *WWL Radio*, *Gambit*, *The Lens*, and *Louisiana Illuminator* all have covered the agency extensively.

There are multiple studies and reports that were very helpful to the Task Force:

**The Water & Sewerage System Advisory Group** compiled a detailed series of reports for the use of the City of New Orleans in 2012. This effort was funded by Gary N. Solomon and organized by Jeffrey J. Thomas, JD. Key findings were to consolidate governance of all stormwater assets with Sewerage & Water Board, institute a single, prorated drainage fee towards all city storm water infrastructure based on property size, run-off potential, and property conservation features, move away from 25hz power and reduce storm runoff from private properties to ease stress on drainage infrastructure.

**Stormwater Drainage System Root Cause Analysis Report** by ABS Group in October 2018 is quite technical but provides the clearest window into the collapse of the SWBNO in the summer of 2017. A particularly telling paragraph:

*On March 13, 2017 before the S&WB's Finance & Administration Committee and again on March 15, 2017 before the full S&WB Board of Directors, Mayoral representatives and the general public via video recording; S&WB's Executive Director and General Superintendent sought Board ratification of a proposed emergency declaration to use funds without normal procurement processes to address significant problems with S&WB's turbines, which began on March 7. The*

*seriousness of the problem is clear in the statements offered by senior staff to the Board and Mayoral representatives. Specifically, in seeking emergency ratification, the S&WB Executive Director explained to the Board that “fairly serious issues” were afoot with “Turbines 1, 3,4 and 5;” having “lost ability to generate 25-cycle power on March 7, 2017.” As further noted to meeting attendees by the S&WB General Superintendent: “We were headed for a blackout. For a time, we did not have the ability to generate power at the Sewerage and Water Board.”*

**Waterworks in Progress: Reassessing the Sewerage & Water Board’s Governance Problems and Potential Paths to Long-Term Improvement- BGR.** A comprehensive, well organized look at different SWBNO governance models and reform options that was released in 2023.

**The Greater New Orleans Urban Water Plan** by David Waggonner et al. Released in 2013 this visionary planning document provides a blueprint for instituting a modern urban water plan for the east bank of the Mississippi River from the spillway to St. Bernard Parish. <https://wbae.com/projects/greater-new-orleans-urban-water-plan-2/>

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