

QUARTERLY REPORT OF THE INFRASTRUCTURE ADVISORY BOARD

Third Quarter 2020
(July 1, 2020 through September 30, 2020)

In accordance with its obligations under Executive Order LC 19-02 issued by Mayor LaToya Cantrell on August 6, 2019, the Infrastructure Advisory Board (IAB) respectfully submits this report of actions undertaken and recommendations offered for the third quarter of 2020.

I. Executive Summary

Since its last quarterly report, the IAB has continued to fulfill its vital role of advancing the collection of all proceeds possible under the historic Fair Share Agreement, as well as ensuring those proceeds are used for essential infrastructure projects and initiatives in our city. To this end, two of the three stalled recurring revenue streams made significant administrative progress towards generating revenue in 2020. In addition, the IAB recommended its first slate of critical infrastructure projects for funding from Fair Share proceeds.

The third quarter saw progress towards advancing both the short-term rental tax and the funding of drainage projects in the Downtown Development District (DDD). On August 6, 2020, the City Council passed an ordinance to enact the long-delayed 6.75% sales tax on short-term rentals approved by voters on November 16, 2019. The tax went into effect on September 1, with 75% of collections going into the Infrastructure Maintenance Fund (IMF) to be used by the City and the Sewerage & Water Board (S&WB) for infrastructure projects and priorities. On September 9, 2020, the Board of Commissioners of the DDD voted to approve a two-year, \$5 million Cooperative Endeavor Agreement (DDD CEA) with the City of New Orleans (the City). The DDD CEA, which is expected to receive City Council approval by November 5, 2020, allows for construction to begin on a program of downtown drainage improvements, which include the installation of permeable pavement and upsizing of small diameter drainage pipes.

The final stalled recurring revenue stream comes from the Hotel Occupancy Local Privilege Tax, which under the terms the Fair Share Agreement, was intended to be redirected from the New Orleans Tourism and Marketing Corporation (NOTMC) to the IMF. Instead, NOTMC was reconstituted as the New Orleans Tourism and Cultural Fund (NOTCF) and retained the full local privilege tax dedication. The City has publicly pledged on multiple occasions to place an amount equivalent to what the IMF would have received from local privilege tax collections directly into the IMF. However, in its latest communication to the IAB, the City now says its commitment was predicated on the City receiving the same or similar revenue from the tax. The City expects collections to fall by as much as 75%, and those proceeds will be used to pay the expenses of the NOTCF. The City has yet to provide the IAB with exact figures for 2020 Hotel Occupancy Local Privilege Tax collections or what amount, if any, is expected to be transferred into the IMF.

Thus far, the “Lost Penny” 1% sales tax on hotels* has generated the entirety of recurring revenues collected under the Fair Share Agreement, amounting to \$8,301,249 since August 2019. Prior to the pandemic, monthly collections averaged approximately \$1 million per month but have since fallen significantly to as low as \$89,956 in July 2020. Nonetheless, it is from these funds that S&WB finally received its first transfer from the IMF in the amount of \$6,225,937 on September 16, 2020, and a second transfer of \$124,241 is expected shortly. With the signing of the IMF Master Cooperative Endeavor Agreement (IMF Master CEA) between the City and S&WB on July 7, 2020, S&WB should now receive regular monthly transfers from the IMF.

Notably, at its August 6 meeting, the IAB took a major step towards ensuring the Fair Share Agreement works to substantially improve drainage, water, and sewer service in the city of New Orleans, recommending a slate of projects totaling \$10,280,625. The list of recommended projects was developed in close consultation and collaboration with S&WB in order to identify the most essential infrastructure needs of the utility. The six recommended projects range from immediate critical infrastructure repairs to developing a long-term vision for ensuring S&WB is a high-performing utility for years to come. The full slate of approved projects, each of which was recommended without objection by the IAB, is discussed in greater detail below.

II. IAB Meeting and Activities

Since its previous quarterly report, the IAB met once, convening by videoconference on August 6, 2020, in accordance with proclamations by Mayor LaToya Cantrell (Proclamation 2020-02449) and Governor John Bel Edwards (Proclamation Nos. 25 JBE 2020, 30 JBE 2020, 33 JBE 2020 and extended through the end of the COVID-19 pandemic by Emergency Proclamation 110 JBE 2020). The IAB Chair presented the agenda at the opening of the meeting, noting action items requiring a vote, and offered an opportunity for public comment. The minutes and agenda from the August 6, 2020 meeting are attached as Exhibit A, and a full recording of the meeting can be found at https://www2.swbno.org/news_boardmeetings.asp.

A. Presentation by the City of New Orleans

Chris Saucier, analyst for the City of New Orleans, provided an update on the status of funds collected. A total of \$8,301,249 in recurring revenue has been collected under the Fair Share Agreement since August 2019. The IMF Master CEA, signed July 7, 2020, provides for a 75/25 split of recurring revenues (other than DDD funds) between S&WB and the City, with S&WB entitled to a distribution of \$6,225,937 and the City entitled to \$2,075,312. However, a technical error in the IMF Master CEA required action by the City Council, which delayed the release of IMF funds to S&WB by an additional six weeks. The City’s presentation to the IAB is attached as Exhibit B.

* As part of the Fair Share Agreement, the Louisiana Legislature passed and the Governor signed HB 522, which reinstated, effective July 1, 2019, a 1% hotel occupancy tax relinquished by the City of New Orleans in 1966 to ease the burden of new taxes imposed to fund the construction of the Superdome.

B. Presentation by S&WB

S&WB Executive Director Ghassan Korban updated the IAB on the needs of the utility as well as ongoing challenges. Major near-term capital expenditures include repairs to the Sycamore Filter Gallery, which is part of the Water Treatment Plant, and the purchase and installation of a new turbine to replace the backup power generation capacity lost when Turbine 5 exploded in December 2019. In addition, S&WB seeks to overcome the persistent challenge of manually reading every water meter in the city, in the short-term, by hiring 20 additional temporary meter readers and, in the long-term, by investing in an automated metering infrastructure which will allow real-time electronic monitoring of every water meter. Planning for the future, S&WB has embarked on a new Southeast Louisiana Urban Flood Damage Reduction Project (SELA) in Algiers, begun exploring a stormwater management fee to provide a recurring source of drainage revenue, and initiated the development of a Master Plan to guide the actions of the utility by establishing long-range priorities and objectives. Each of these project is discussed in greater detail below.

IV. Status of One-Time Funds

The Fair Share Agreement contemplated approximately \$51.6 million in one-time funds for S&WB. Approximately \$35,648,650 has already been transferred to S&WB and utilized to pay overdue vendor invoices and to retire debt incurred by the drainage division. The outstanding one-time revenue consists of approximately \$16 million due to S&WB under the Hazard Mitigation Grant Program (HMGP). All required agencies have now approved Amendments 10 and 11 to the HMGP agreement, providing \$1,741,920 for weatherization and software for Turbine 6, \$12,258,080 for frequency converters, and \$2,000,000 for an emissions package.

V. Status of Recurring Revenue Under the Fair Share Agreement

As discussed in previous IAB quarterly reports, three out of four sources of recurring revenue from the Fair Share Agreement are derived directly from tourism-related tax collections. The coronavirus continues to severely impact the tourism and hospitality industry and, as a result, recurring revenue collections under the Fair Share Agreement. In addition, delays in the administrative process to enact and effect certain revenue streams have further diminished collections. A chart detailing the current status of each revenue stream of the Fair Share Agreement is attached as Exhibit C.

A. "Lost Penny" 1% Sales Tax on Hotels

Lost Penny tax receipts for the period running August 2019 through July 2020 amount to \$8,301,249. The IAB had expected the Lost Penny to generate approximately \$12 million during fiscal-year 2020, and collections were on pace to meet this target from January through March of 2020. However, the dramatic decrease in travel and the cancellation of

all conferences and events in New Orleans resulted in Lost Penny collections falling to \$366,815 in April, \$302,089 in May, \$107,637 in June, and \$89,956 in July. With conferences and events cancelled through the remainder of 2020 and travel still at historic lows, the IAB expects Lost Penny collections to remain below \$250,000 per month for the remainder of 2020.

B. 6.75% Tax on Short-Term Rentals

Voters approved the collection of a 6.75% sales tax on short-term rentals on November 16, 2019. However, the City Council was unable to pass an ordinance enabling the levy until August 6, 2020, with collections only beginning on September 1. By law, the proceeds are dedicated 75% to the IMF (which will then be split 75/25 between S&WB/City) and 25% to New Orleans & Company. Originally, the short-term rental tax was expected to generate \$7.8 million in new revenue for infrastructure each year. Based on the delayed enactment and diminished demand, the IAB estimates 2020 short term rental tax collections will likely fail to exceed \$500,000 in 2020.

C. DDD Millage

On September 9, 2020, the DDD Board of Commissioners voted to approve the two-year, \$5 million DDD CEA with the City. The agreement was the result of lengthy negotiations between the parties regarding the mechanics of funds transfers, despite the City and DDD being in substantial agreement on the workplan, which will include installing permeable paving in parking lanes and replacing undersized drainage pipes. The DDD CEA must now proceed to the City Council for approval, which is expected on November 5, 2020.

D. Rededication of Hotel Occupancy Local Privilege Tax.

As part of the Fair Share Agreement, it was agreed that NOTMC would be merged with New Orleans & Co. and the Hotel Occupancy Local Privilege Tax would be rededicated to the IMF. However, following examination of the legislation authorizing the levy, the City determined the local privilege tax must go exclusively towards funding tourism promotion (and not infrastructure). NOTMC was reconstituted as the New Orleans Tourism and Cultural Fund (NOTCF) and retains receipt of the full Hotel Occupancy Local Privilege Tax.

The City has publicly pledged on multiple occasions to deposit annually into the IMF an amount equivalent to what would have been received if the Hotel Occupancy Local Privilege Tax were transferred to the IMF as originally intended. The City has recently conveyed to the IAB that its original commitment was predicated on the City receiving the same or similar revenue from the local privilege tax. In its latest communication, the City projected a 75% reduction in the revenue generated from the local privilege tax, and the City expects to use those collections to pay the ongoing expenses of the NOTCF. The City has yet to release the exact amounts collected for 2020 and has yet to transfer any equivalent amounts into the IMF. Although the City is facing severe financial pressures

created by the pandemic, the Fair Share Agreement unambiguously calls for, and the IAB absolutely recommends, the City ensure all components of the original agreement are fulfilled as promised by the parties. To that end, the IAB expects the City to honor its commitments.

III. IAB Project Recommendations for Use of Recurring Fair Share Agreement Funds

The IAB worked closely with S&WB to identify the highest and best uses for recurring Fair Share Agreement funds. At the start of the year, it was anticipated that the Fair Share Agreement would generate \$25 million for infrastructure spending in 2020. However, it is clear the 2020 total will likely be less than half of original projections. S&WB first presented a list of priority projects at the December 5, 2019 IAB meeting. Since that time, the list has become more refined, with some projects being deemed less urgent and others deferred until 2021 in the hope that greater funding will become available.

At its August 6, 2020 meeting, the IAB recommended utilizing Fair Share Agreement revenues to fund the following projects:[†]

A. *Automated Metering Infrastructure (AMI)* - \$1,500,000 – AMI will allow S&WB to provide consistent, timely, and accurate customer billing, and it will lead to improved system management by better tracking water usage and leak detection. Phase 1 of the AMI project focuses on surveying the existing meter infrastructure and determining the proper scope for a comprehensive AMI solution. This work will form the basis for Phase 2, which includes the selection of a vendor to provide the AMI system. Phase 3 encompasses full AMI implementation and is anticipated to cost approximately \$40 million. The IAB supports the swift implementation of AMI.

B. *Master Plan* – \$500,000 –The Master Plan constitutes the blueprint for S&WB’s long-term, comprehensive, integrated, sustainable vision for managing the City’s water, sewer, and major drainage systems for years to come. The Master Plan will serve as a roadmap to guide S&WB decision-making and inform citizens of where S&WB is heading. In addition, the IAB has specifically requested the Master Plan include consideration of an Asset Management Plan, which will serve to track and manage S&WB infrastructure and other assets, enabling S&WB to maintain and extend the useful life of its assets in order to optimize costs and improve service delivery. Phase 1 of the Master Plan includes requests for information and workshops. Phase 2 includes developing a vision and strategy and engaging in community outreach. Phase 3 involves developing the master plan for water, wastewater, and drainage systems. Phase 1 is underway and is expected to be complete by the end of the year. Phase 2 is expected to run through 2021 and cost approximately \$1 million. Phase 3 is anticipated to begin in 2021 and be completed in 2022 at a cost of

[†] Note that 2020 recurring revenues will likely be insufficient to cover the projected expense of all recommended projects (\$10,280,625 total), but capital outlay from the IMF for certain projects, such as T7, will likely not be required until 2021.

approximately \$2.5 million. The IAB recognizes the significant importance of developing a comprehensive roadmap for the utility and fully endorses this project.

C. *Water Treatment Plant – Sycamore Filter Gallery* – \$3,000,000 – S&WB must complete critical repairs to structural, piping, and filter equipment that form a critical component of the drinking water plant. The work will address deferred capital maintenance by replacing 10 of 24 total filters, improving public health, and resulting in more effective operations. Recognizing the immediate need for this critical repair, the IAB recommends utilizing IMF resources to complete the work as soon as possible.

D. *SELA Algiers Drainage Project* – \$1,030,625 - S&WB has agreed to participate in a new federally funded SELA construction project on Algiers drainage canals, similar to the previous Uptown projects. Once completed, the SELA Algiers Drainage Project will provide improved drainage to Algiers and surrounding areas by increasing water storage area during rain events. As part of the agreement with the Corps of Engineers, S&WB is required to pay 5% of the project costs up-front, which is \$1,030,625, which will unlock approximately \$25 million in additional funding from the federal government. The IAB sees the SELA Algiers project as a sound investment for improving drainage in our city.

E. *Stormwater Fee Study* – \$250,000 – In addition to its ongoing water and sewerage rate study, S&WB is seeking a detailed stormwater fee study – including a full analysis of the rate structure, assessment methodology, affordability, equity, incentives, and timing of a potential stormwater management fee. The stormwater fee study will serve as the first step towards developing an equitable, sufficient, and reliable recurring revenue source for drainage projects to supplement existing millage. S&WB proposes using up to \$250,000 from Fair Share revenues to pay for the stormwater fee study. The IAB agrees a stormwater management fee provides a practical pathway to providing sustainable funding for the city’s chronically underfunded drainage system and, therefore, supports this project.

F. *Turbine 7 (T7) Solution* - \$4,000,000 – With the explosion of Turbine 5 (T5) on December 14, 2019, S&WB lost 20MW of backup power generation capability. Presently, S&WB has a total of approximately 45 MW of power generation capacity, which is sufficient to run the drainage system at full power but provides little to no redundancy. Any long-term solution will include replacing the lost capacity from T5 with a new 20MW turbine, which will be dubbed T7. Equipment, site preparation work, and installation of T7 is expected to cost approximately \$18 million to \$20 million. Thanks to the efforts of the Mayor’s Office, working closely with the Governor, up to \$12.5 million of Community Development Block Grant funding will be available to support the procurement of T7. S&WB anticipates financing the remainder of the purchase with Fair Share Agreement revenues. The IAB believes the purchase and installation of T7 is a prudent long-term investment, which will provide a reliable power solution for the utility, and it is supportive of using IMF funds for this project.

V. 2020 IMF Revenues and Expenditures

Under the terms of the July 7, 2020 IMF Master CEA between S&WB and the City, the IAB shall provide a quarterly accounting of IMF revenues and expenditures.

	2019 Q3 (Aug.-Sept.)	2019 Q4	2020 Q1	2020 Q2	2020 Q3 (July-Aug.)
IMF Revenues	\$1,355,230	\$2,512,106	\$3,567,416	\$776,541	\$89,956
IMF Expenditures	\$0	\$0	\$0	\$0	\$6,225,937

2020 Q3 IMF Expenditures

Transfer to S&WB (9/16/2020)	\$6,225,937
TOTAL	\$6,225,937

2020 IAB Recommended Expenditures

Advanced Metering Infrastructure	\$1,500,000
S&WB Master Plan	\$500,000
Water Treatment Plant Improvements – Sycamore Filter Gallery	\$3,000,000
SELA – Algiers Drainage Project	\$1,030,625
Stormwater Management Fee Study	\$250,000
Turbine 7 Power Solution	\$4,000,000
TOTAL	\$10,280,625

VI. Anticipated IAB Actions in the Coming Quarter

In the fourth quarter of 2020, the IAB anticipates ensuring full implementation of all recurring revenue streams contemplated by the Fair Share Agreement. The lack of progress on replacing anticipated recurring revenues from the Hotel Occupancy Local Privilege Tax is of particular concern to the IAB and warrants special attention, including possibly negotiating a separate agreement with the City to provide for the full value of the Fair Share Agreement.

In addition, the IAB will closely monitor the progress of all recommended projects and whether IMF funds are being used to advance the IAB's recommendations. Finally, the IAB will be paying particular attention to its charge under Executive Order LC 19-02 to make appropriate recommendations to the Mayor, the Governor, the New Orleans City Council, and the Louisiana Legislature for any and all actions necessary to ensure that S&WB becomes a highly functioning utility.

Attachments

Exhibit A – IAB Meeting Agenda and MinutesATT-001
Exhibit B – Presentation by City of New Orleans to IABATT-009
Exhibit C –Fair Share Agreement ChartATT-017

INFRASTRUCTURE ADVISORY BOARD

Paul Flower, Chair
Elisa Speranza

Neil Abramson, Secretary
Lewis Stirling

Bill Hammack
Casey Tingle

Karen Raymond

Thursday, August 6, 2020 | 2:00 pm

Via videoconference at: <https://bcno-org.zoom.us/j/91164334193>

Via teleconference at: **(346) 248-7799**

Meeting ID: **911 6433 4193**

Pursuant to proclamation 30 JBE 2020 issued by Governor John Bel Edwards on March 16, 2020, the Infrastructure Advisory Board hereby certifies that it must conduct its August 6, 2020 meeting via telephone/video conference or would otherwise be unable to operate due to quorum requirements.

AGENDA

- I. Call to Order
- II. Roll Call
- III. Presentation of Agenda

Agenda items will be read including the matter to be discussed and the potential action to be taken. Public comments can be emailed rgroom@iabno.org or via telephone (504) 826-1116 prior to the meeting until 30 minutes after the presentation of the agenda is complete.

- IV. Presentations:
 - A. Status of Fair Share Agreement: Revenues Collected and Cooperative Endeavor Agreements
 - B. Sewerage & Water Board Projects and Priorities
 - 1. Automated Metering Infrastructure
 - a. Progress on Phase 1
 - b. Surge Hiring of Meter Readers
 - 2. Master Plan
 - 3. Underground Drainage Canal Inspections
 - 4. Sycamore Filter Gallery
 - 5. Turbine Cross-Connection
 - 6. SELA Algiers Drainage Project
 - 7. T7 Solution
 - 8. Stormwater Fee Study

- V. Public Comment
Public comments received until 30 minutes after the presentation of agenda will be read into the record.
- VI. Approval of Agenda ****Action Item****
- VII. Approval of Minutes ****Action Item****
- VIII. Approval of Meeting Schedule ****Action Item****
- IX. Approval of Quarterly Report ****Action Item****
- X. Project Recommendations (4 votes required to carry – IAB Rule 9) ****Action Item****
 - A. Advanced Metering Infrastructure - \$1,500,000
 - B. Master Plan - \$500,000
 - C. Water Treatment Plant Improvements: Sycamore Filter Gallery - \$3,000,000
 - D. SELA – Algiers Drainage Project - \$1,030,625
 - E. Stormwater Management Fee Study - \$250,000
 - F. T7 Solution - \$4,000,000
- XI. Other Business
- XII. Adjournment

**MINUTES OF THE REGULAR MEETING OF
THE INFRASTRUCTURE ADVISORY BOARD
August 6, 2020**

The regular meeting of the Infrastructure Advisory Board (IAB) was held on Thursday, August 6, 2020, via video and teleconference due to health and safety concerns and in compliance with the Governor's Proclamation 33 JBE 2020.

The following members were present:

1. Paul Flower, Chair
2. Neil Abramson, Secretary
3. Bill Hammack
4. Karen Raymond
5. Elisa Speranza

REGULAR ORDER OF BUSINESS

The Chair called the meeting to order at 2 p.m.

Public Comment

The Chair presented the draft agenda and opened a 30-minute period for public comment by email or by telephone. No public comment was received.

Presentations

Chris Saucier, City of New Orleans, updated the IAB on Fair Share Agreement funding. As of August 6, 2020, \$35.6 million in one-time funding had been transferred to the Sewerage & Water Board (S&WB); the outstanding \$16 million of Hazard Mitigation Grant Program funding was approved and was awaiting disbursement. All recurring revenues collected thus far have come from the 1% "Lost Penny" Hotel Tax, which generated \$8.3 million during its first twelve months of collection. The Mayor signed the Infrastructure Maintenance Fund (IMF) cooperative endeavor agreement on July 7, 2020, clearing the way for IMF proceeds to be distributed 75/25 between S&WB and the City, respectively. With the City Council's approval of a short-term rental tax levy ordinance on August 6, 2020, collections of the 6.75% short-term rental equalization tax can commence on September 1, 2020. The Downtown Development District and the City continue to negotiate towards a cooperative endeavor agreement for the provision of \$2.5 million per year for drainage infrastructure projects.

Ghassan Korban, Executive Director, S&WB, updated the IAB on the needs of the utility as well as ongoing challenges. Upon a favorable finding in the automated metering infrastructure (AMI) bid dispute, S&WB is prepared to move forward with its selected vendor for Phase 1 of the AMI project. Work continues on the Master Plan, which will establish long-range priorities and objectives for the utility. S&WB has elevated to a top priority performing critical repairs to structural, piping, and filter equipment at the Sycamore Filter Gallery at the Water Treatment Plant. S&WB has provided initial payment for a new federally funded SELA construction project to improve drainage in Algiers and surrounding areas by upgrading underground drainage canals. Due to efforts by the Mayor's Office and the Governor's Office, up to \$12.5 million of Community Development Block Grant (CDBG) funding will be available to support the procurement of a Turbine 7 power solution. Finally, S&WB is supportive of a stormwater fee study as an important first step towards securing a long-term recurring source of revenue for the drainage system.

Agenda

The agenda was unanimously approved.

Minutes

The minutes of the June 4, 2020 regular meeting were presented, and no corrections were offered. The minutes were unanimously approved.

Meeting Schedule

The IAB considered and unanimously approved a meeting schedule for the subsequent year of meetings. The meeting schedule is attached to these minutes as Exhibit A.

Quarterly Report

The IAB considered and unanimously approved its quarterly report for the second quarter of 2020.

Project Recommendations

In accordance with its obligations under Executive Order LC 19-02 issued by Mayor LaToya Cantrell on August 6, 2019, the IAB unanimously recommended IMF revenues be utilized to fund a slate of projects developed in collaboration with S&WB. The projects and recommended IMF expenditures are listed below; the full project matrix with project descriptions is attached to these minutes as Exhibit B.

- Advanced Metering Infrastructure - \$1,500,000
- Master Plan Development - \$500,000
- Water Treatment Plant Improvements, Sycamore Filter Gallery - \$3,000,000
- SELA Algiers Drainage Project - \$1,030,625
- Stormwater Management Fee Study - \$250,000
- Turbine 7 Power Solution - \$4,000,000

There being no further business, the meeting was adjourned at 3:20 p.m.

MEETING SCHEDULE

Meetings of the Infrastructure Advisory Board will be held at 2:00 p.m. on the following dates:

Thursday, October 1, 2020

Thursday, December 3, 2020

Thursday, February 4, 2021

Thursday, April 1, 2021

Thursday, June 3, 2021

Thursday, August 5, 2021

REVISED Infrastructure Maintenance Fund Projects Matrix (Recurring Revenue)

Title	Description	Schedule	Benefits	2020 Amount	2020 REVISED AMOUNT
Advanced Metering Infrastructure (AMI)	To modernize and automate the SWBNO's water meter system	Phase 1— Survey/Project management Selection (2020) Phase 2— AMI Selection RFP (2021) Phase 3 – Project Implementation (2021-2023)	<ul style="list-style-type: none"> Consistent, timely, and accurate customer billing Real-time tracking of water usage and revenue Improved water system management, including leak detection Customer education Optimized system operation 	\$2,000,000	<p style="text-align: right;">\$1,500,000</p> <p>Phase 1 – Additional \$3.5M by July 2021 Phase 2 – No Cost Phase 3 - \$40M</p>
Master Plan	To implement SWBNO's first comprehensive, integrated, sustainable plan to managing the city's water, sewer, power, and major drainage systems	Phase 1— Pre-Planning: RFI's and Workshops (2020) Phase 2—Vision & Strategy: Community Outreach and Strategic Plan (2020 – 2021) Phase 3 – Systems Planning: Water, Wastewater & Drainage Master Plan development (2021 – 2022)	<ul style="list-style-type: none"> Platform for sustainable and resilient utility management Better-informed decisions on investment in system improvements Public involvement and buy-in 	\$1,500,000	<p style="text-align: right;">\$500,000</p> <p>Phase 2 – \$2M Phase 3 – \$2.5M</p>
Underground Drainage Canal Inspection Program	To inspect all underground drainage canals on a 5-year maintenance schedule, with the purpose of proactively identifying	5-year plan, beginning in 2020	<ul style="list-style-type: none"> Establish a baseline for underground canal conditions Remove obstructions to promote better drainage Reduce property and environmental damage due to flooding Establish a 5-year routine maintenance schedule 	TBD	<p style="text-align: right;">\$0 – determining in-house capacity to perform</p> <p>Each year thereafter: TBD</p>

REVISED Infrastructure Maintenance Fund Projects Matrix (Recurring Revenue)

	and addressing blockages or issues				
Water Treatment Plant Improvements: Sycamore Filter Gallery	Repairs to structural, piping, and filter equipment of a critical component of the drinking water plant	Phases 3 & 4 of 5 total phases (2020)	<ul style="list-style-type: none"> Addressing a backlog of capital maintenance by replacing 10 of 24 total filters Better public health protection More effective and efficient operations; technology improvements through SCADA Employee safety concerns 	5,000,000 Phase 3 5,000,000 Phase 4 (2020-2021)	<p>\$3,000,000</p> <p>Critical repairs with no alternative funding source</p>
Cross-Connection Phase 2 Remediation	Correction of a longstanding situation where cooling water is returned to the potable water system	Immediately	<ul style="list-style-type: none"> Enhancing public health protection State regulatory compliance Best alternative to total T4 overhaul 	1,500,000	<p>TBD – Reducing reliance on T4 by implementing T7 solution</p>
New Priorities					
SELA – Algiers Drainage Project	New federal funding and construction on Algiers drainage canals, similar to uptown projects – SWBNO required to pay 5% up-front cost	Payment due August 1; planning and work by Corps underway	<ul style="list-style-type: none"> Provides improved drainage to Algiers and surrounding areas by increasing water storage area Ongoing partnership with Corps and federal stakeholders New project 	N/A	<p>\$1,030,625</p>
T7 Solution	Purchase of a new 60Hz generator to replace T5 and work in conjunction with a new frequency changers to replace 20MW of power for our drainage system	Immediate – working on frequency changer design and implementation now; purchase of generator asap to have on site and functional by August 2021	<ul style="list-style-type: none"> Most reliable and resilient solution for replacing power lost when T5 became unavailable 60Hz equipment consistent with system modernization and power master plan Funding already available for frequency changer 	N/A	<p>\$4,000,000</p> <p>Total cost = \$17M; seeking additional funding sources and may use Fair Share funds in 2021 to supplement</p>
Stormwater Fee Study	We are seeking a detailed stormwater fee study – including	Immediate – currently considering proposals	<ul style="list-style-type: none"> Provides a full analysis on stormwater fee possibilities, including affordability, rate structure, incentives, timing 	N/A	<p>\$250,000</p>

REVISED Infrastructure Maintenance Fund Projects Matrix (Recurring Revenue)

	analysis and fee proposal – in additional to our rate study. This would begin the discussion on development of a stormwater management fee and program.		<ul style="list-style-type: none"> First step toward developing a recurring, reliable revenue source for drainage projects to supplement existing millage 		
				TOTAL:	\$10.25M*

*Conservative estimate for Fair Share funding in 2020, based on collections to date and COVID impact. IMF currently holding \$8.2M.



Infrastructure Advisory Board Meeting

City of New Orleans
August 6, 2020

Fund Collections to Date: *All Revenue*

As of 08/06/2020

-
- **One-Time Funds** - \$35,648,650 transferred to SWBNO Includes:
 - MCC Funds
 - FEMA Revolver
 - HMGP – 3 Phases (In process) - \$16M
 - Amendment 10 – (Obligated) - \$1,741,920 (No Disbursement)
 - Anti-icing System & Software
 - Amendment 11 – (Approved) Submitted to GOHSEP/FEMA (\$12,258,080 & \$2M)
 - Frequency Converter & Emissions Package
 - **Recurring Funds** - \$8.2M -1% Lost Penny in IMF Fund as reported by Comptroller
 - IMF CEA – Executed

Estimate vs. Actuals: *Work in Progress*

As of 06/04/20

Designation	Target	Actual		
HMGP	\$ 16,500,000	\$ -		
MCC/FG Safety CEA	\$ 2,000,000	\$ 2,000,000	SWBNO	
MCC/Convention Center Blvd	\$ 6,000,000	\$ 6,000,000	SWBNO	
MCC Cash Reserves	\$ 20,000,000	\$ 20,000,000	SWBNO	
FEMA Revolver Forgiveness	\$ 7,450,000	\$ 7,648,650	SWBNO	
DDD Millage	\$ 2,500,000	\$ -		
Local Privilege	\$ 5,300,000	\$ -		
1% Lost Penny	\$ 12,000,000	\$ 6,158,469.47	IMF/August 2020	July 19 – June 2020
STR Equalization	\$ 7,800,000	\$ -		
Capital Outlay	\$ 7,300,000	\$ -	P5 - \$46.7M	
GO ZONE Deferral	\$ 3,500,000	\$ -		
Hotel Pilot	\$ 2,000,000	\$ -		
NOTCF Local Privilege	\$ 700,000	\$ -	Pending Transition	
NOTCF STR Equalization	\$ 2,700,000	\$ -	Pending Transition	
Total:	\$ 95,750,000	\$ 41,807,119.47		

NOTMC/NOCO Transition: *In Process*

- Possible redirection of 25% NOCO split – TBD

- Once decided:
 - Local Privilege Redirection (IMF CEA) – 100% - Office of Cultural Economy – “Culture Bearer.”
 - STR Equalization – 75% IMF / 25% NOCO (IMF CEA)
 - Then: 75% SWBNO / 25% DPW (IMF CEA)
 - Levy goes before City Council – August 6, 2020

Fair Share Agreement

Outstanding Issues

- Hotel occupancy rates and convention cancellations
- Prolonged effects of COVID-19. Economic impacts
- Changes related to SWBNO financial leadership
- Original financial estimation changes
- Continued evolution of Fair Share Agreement
- DDD CEA negotiations continued

CEA Status': Work in Progress

- **Infrastructure Maintenance Fund CEA**
 - CNO IMF CEA - Executed. (1% Lost Penny/Local Privilege/STR Equalization)
- **STR Equalization CEA (CEA with NOCO)**
 - Pending internal discussions on use of funds. Believe this is sometimes also referred to as the NOCO 25% CEA. (Note: Austin Wilty is the City's attorney for this contract)
- **CEA Amendment – Public Safety**
 - Complete
- **CEA Amendment – Traffic Configuration**
 - Complete
- **DDD CEA** – Continued negotiations
- **Electrical Substation (Power Plant) CEA – SWBNO**
 - Signed; Awaiting final BRASS Approval
- **Local Privilege CEA – IMF-CEA**
 - Dependent on NOCO-NOTMC transition
- **NOCO-NOTMC Transition**
 - My understanding is NOBC Counsel is working on this agreement
- **Race Street Transfer**
 - Complete
- **Euterpe Street CEA – FUNDS ALREADY DISTRIBUTED**
 - Draft pending internal City review, then will need to go to Convention Center

Original Estimates Revision

Recurring Revenue - *Cyber access (Department of Revenue), CEA status, Commencement of collections, COVID 19 delays.*

- **Department of Revenue access to RCS website financial data** – Back online. Department of Accounting has reconciled through June 2020. (1% Lost Penny)
- **STR Equalization** – As determined by City Council (Pending – date collections will begin). Originally, it was estimated that collections would begin on January 1, 2020. (Possibly August 2020). *Awaiting a decision from Department of Permits.*
- **STR Equalization** – Department of Permits and determination of the participants that will be removed from the platform (Eligibility). Open discussion about percentage of loss experience and timing (Q1 – Q3).
- **Local Privilege** – IMF CEA pending and decision regarding fund retention as it relates to previous obligations (Essence, Superbowl, Rockin New Year’s Eve, et al)
- **Costing in terms of transition timeline** – Originally, transition was to occur 01/01/20. Re-estimations are pending.
- **DDD CEA** – Negotiations pending. LAW finalizing proposed revisions for internal review.

Fair Share Agreement

Major Items over the next 30 days.

- Additional month of Revenue tracking for 1% Lost Penny. (July)
- Possible re-evaluation of original Revenue estimates.
- DDD conclusion of CEA for agreement.
- IAB Board member meeting.
- Office of Cultural Economy status report.
- Local Privilege resolution and Redirection update.
- Possible STR Equalization platform update. (Permit holders).
- Draw for P1 of Capital Outlay.

Fair Share Agreement Status

	REVENUE STREAM	AMOUNT	STATUS	NOTES
ONE-TIME FUNDS	Transfer of unobligated cash reserves from Morial Convention Center to the Sewerage & Water Board (S&WB)	\$20 MM	Transferred to S&WB September 2019.	\$14MM used to pay vendor invoices and \$6MM used for "AP repayments to Sewer."
	Rededication of Convention Center Boulevard funds to S&WB	\$6 MM	Transferred to S&WB December 2019.	Council approved (7/25/19) and Mayor signed (7/31/19) Ordinance 32,714 authorizing CEA amendment and transfer \$6 MM of funds previously dedicated to Convention Center Boulevard maintenance to S&WB; New Orleans Exhibition Hall Authority (NOEHA) delayed transfer until certain public streets were rededicated to NOEHA; CPC recommended transfer (9/25/19); City Council approved Act of Revocation of Public Dedication of Street Right-of-Way (12/19/19).
	Transfer of Public Safety and Homeland Security funds to S&WB	\$2 MM	Transferred to S&WB December 2019.	NOEHA board authorized Executive Director to amend public safety CEA with City of New Orleans (6/26/19); NOEHA delayed transfer until certain public streets were rededicated to NOEHA; CPC recommended transfer (9/25/19); City Council approved Act of Revocation of Public Dedication of Street Right-of-Way (12/19/19).
	Transfer of unspent FEMA revolver loan funds from Division of Administration to S&WB	\$7.6 MM	Transferred to S&WB August 2019.	Full amount used to pay vendor invoices.
	Transfer of Hazard Mitigation Grant Program funding	\$16 MM	Pending transfer.	Amendment 10 - \$1,741,920 for weatherization and software for Turbine 6 (approved and awaiting disbursement). Amendment 11- \$12,258,080 for frequency converter; \$2,000,000 for emissions package (approved and awaiting disbursement).
	TOTAL ONE-TIME FUNDS:		\$51.6 MM	

■ COMPLETED
 ■ IN PROGRESS
 ■ SUSPENDED

Fair Share Agreement Status (cont'd)

	REVENUE STREAM	AMOUNT	STATUS	NOTES
RECURRING REVENUE	"Lost Penny" 1% Sales Tax on Hotels	\$12 MM* (annual est.)	Receipts currently being collected and deposited into Infrastructure Maintenance Fund (IMF).	HB 522 passed legislature (6/1/19) and signed by Governor (6/7/19); law effective 7/1/19. CEA governing distribution of IMF funds signed 7/7/20. \$8.3MM from 1% sales tax collected from 7/2019 to 5/2020. Funds in IMF to be split 75/25 between S&WB and City.
	6.75% Tax on Short-Term Rentals – to be split 75/25 between City of New Orleans and New Orleans & Co.	\$7.8 MM* (annual est.)	Collections began September 1, 2020.	HB 43 passed legislature 5/30/19 and signed by Governor 6/7/19. Tax approved by voters 11/16/19. Tax levy ordinance introduced 2/6/20; City Council approved 8/6/20. Collections to be split 75% to IMF and 25% to New Orleans & Co. Funds deposited into IMF are split 75% to S&WB and 25% to City.
	Downtown Development District (DDD) Millage Increase	\$2.5 MM (annual)	Awaiting approval of CEA by City Council, expected November 5, 2020.	DDD Board approved \$2.5MM for infrastructure for 2020 -- \$1.5MM from millage roll forward, \$1MM from cash reserves. City and DDD have reached agreement on a two-year \$5 million CEA governing how funds will be administered. 100% of funds to go to City for downtown drainage projects.
	Rededication of Hotel Occupancy Local Privilege Tax (Art. VIII, Sec. 150-1002)	\$5.3 MM** (annual est.)	NOTMC voted to rededicate the Hotel Occupancy Local Privilege Tax to support the cultural economy of New Orleans. The Administration has promised to place an amount equivalent to expected tax receipts directly into IMF.	NOTMC Board voted on 2/10/20 to reform NOTMC as the New Orleans Tourism and Cultural Fund (NOTCF), dedicated to supporting the cultural economy of New Orleans. The full amount of the Hotel Occupancy Local Privilege Tax will be used to support the NOTCF. <i>The Administration has stated publicly that it plans to find other sources to make up for the Local Privilege Tax, including possibly redirecting general funds to the Infrastructure Maintenance Fund.</i>
TOAL RECURRING REVENUE:		\$27.6 MM (annual est.)*		

* Represents pre-COVID revenue estimate.

† After payment of outstanding NOTMC obligations, 2020 total estimated at \$3.68MM

Fair Share Agreement Status (cont'd)

		ACTION	STATUS
OTHER ACTIONS		Creation of Infrastructure Advisory Board to oversee spending of Recurring Revenue	Infrastructure Advisory Board created; Paul Flower, Chair; first meeting 9/26/19 .
		Strategic marketing plan and transition study for the merger of NOTMC and New Orleans & Co.	NOTMC Board voted on 2/10/20 to reform NOTMC as the NOTCF, dedicated to supporting the cultural economy of New Orleans.
		Capital outlay from state general obligation bonds to pay for S&WB power plant upgrades	HB 2 passed (6/6/19) and signed by Governor (6/28/19); Priority 1 (\$7.3 MM) funded by State Bond Commission – S&WB beginning power plant site preparation work October 2020; Priority 5 (\$46.7 MM) TBD.
		Deferral of \$3.5 MM per year for five years (\$17.5MM total) of S&WB GO Zone payments	Approved and ordered by Governor.
		Payment in lieu of taxes (PILOT) from Convention Center hotel	HB 617 passed legislature (6/2/19) and signed by Governor (6/7/19); PILOT effective upon construction of Convention Center hotel. Estimated \$2 MM per year in revenue.