

**Re-Building the Water Systems of New Orleans
A Billion Dollar Program to Rehabilitate the City's Drainage
and Sewerage Systems**

Renewing a 100-Year Legacy

Mayor Ray Nagin, president of the Sewerage and Water Board of New Orleans, said today that a commitment by the U.S. Army Corps of Engineers to add a crucial canal renovation project to the SELA drainage program will help the Board improve flood protection for thousands of citizens in an area which has experienced flooding in the past.

Col. Peter J. Rowan, district engineer for the Corps New Orleans District, notified the Mayor that the \$60.5 Florida Avenue Canal Project has been added to a Cooperative Agreement for urban drainage improvements originally entered into by the Corps and the Board in 1997.

Mayor Nagin said, "This extension of our partnership with the Corps is an excellent example of how local and Federal agencies can work together for the benefit of home and business owners throughout the City. The Board's engineers identified this project as crucial, and the Corps worked hard to make this a reality.

We appreciate the opportunity to continue our partnership now and in the future."

Construction will begin in 2005, pending the availability of Federal funds.

The project consists of enlarging approximately 6,700 linear feet of the Florida Avenue Canal from the intake canal of Drainage Pumping Station No. 19 (DPS 19), located near the Inner Harbor Navigation Canal, to Deers Street.

It also includes improvements to the Peoples Avenue Canal from its intersection with the Florida Avenue Canal and extending approximately 500 linear feet north of the intersection and improvements under Desire Street, Montegut Street,

Deers Street, Eads Street, Painters Street, Abundance Street, Treasure Street and Benefit Street.

Major features of the project are: The existing Florida Avenue Canal, a 25-foot wide by 7-foot deep concrete flume, will be realigned and replaced with a 40-foot wide by 13-foot deep concrete flume from the intake at DPS 19 to the Peoples Avenue Canal.

The lower 500-feet of the Peoples Avenue Canal will be realigned and widened from existing 17-foot wide concrete flume to a 25-foot wide concrete flume.

The project will provide additional flood protection to the Peoples Area Sub-basin, approximately 7,870 acres, located in an area bounded by the Mississippi River to the south, the Inner Harbor Navigation Canal to the east, Lake Pontchartrain to the north and the London Avenue Outfall Canal to the west.

Preliminary studies estimate the total cost of construction, including engineering, at approximately \$60.5 million. The Federal Government, as part of the Southeast Louisiana Urban Flood Control Project (SELA), will pay for 75% of the total cost. The Sewerage and Water Board, the non-Federal project sponsor, will pay for 25% of the total costs.

The SELA program in Orleans Parish is estimated to cost \$256 million. Recently completed projects include new canals beneath a sections of S.Claiborne and Napoleon avenues and new pumps at Station One in Broadmoor, Projects nearly completed include canals beneath an additional section of Claiborne, new canals and a new pumping station in Hollygrove.

Work is underway for new Dwyer Road canals and a new Dwyer Pumping Station.

The Peoples Area Project, "the Florida Avenue Project", will provide additional flood protection to the Peoples Area Subbasin, approximately 7,870 acres, is

located on the East Bank of Orleans Parish in the area bounded by the Mississippi River to the south, the Inner Harbor Navigation Canal to the east, Lake Pontchartrain to the north, and the London Avenue Outfall Canal to the west.

The overall project consists of enlarging approximately 6,700 linear feet of the Florida Avenue Canal from the intake canal of Drainage Pumping Station No. 19 (DPS 19), located near the Inner Harbor Navigation Canal, to Deers Street.

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One hundred years ago, New Orleanians had the wisdom and foresight to create an infrastructure for the City to combat health and safety problems and the natural water challenges presented by nature.

The drainage system prevented the City from being engulfed in flood water, the sewerage collection and treatment systems helped eliminate disease and famine and the water system treated Mississippi River water so that we could use this nearly limitless supply for drinking water, personal use and fire fighting.

Between 1879 and 1915, New Orleanians raised and invested \$27.5 million to construct these three systems which have served us well to this generation. The Sewerage and Water Board was formed in 1899 to oversee the construction of the systems and maintain and improve them over the years to serve a growing population and expanded areas of development.

Because of the Board's work and the dreams and ingenuity of our forefathers, the City today has one of the world's most sophisticated drainage systems, an effective and reliable sewerage system and a nationally recognized water purification system.

But as we assess the needs for the next century, just like our forbears did at the end of the 19th Century, it is clear that our aging systems need much work and modernization if they are to remain reliable and meet the safety and public health challenges of the City's next 100 years.

As it prepares for the next Century, it is evident to the Sewerage and Water Board that the drainage and sewerage systems demand immediate and highest priority attention--a challenge requiring billions of dollars.

New Orleans Sewerage and Drainage in the 21st Century

The Sewerage and Water Board has a master plan, formulated by its own experienced engineers and teams of expert consulting engineers, to re-build,

renovate and expand the sewerage and drainage systems during the next 20 years.

Just to meet mandates imposed by the U.S. Environmental Protection Agency (EPA), the Board must find some \$200 million in revenue over the next 10 to 15 years to repair and upgrade the sewerage collection system. Renovation of the drainage system will require another \$800 million.

If the Board can provide matching funds of \$600 million, the Federal Government is committed to \$400 million to assist with the renovations through a plan designed by Mayor Marc Morial, the City Council, the Louisiana Congressional Delegation and the Board. The Board must act in a timely and orderly manner to qualify for the funds and demonstrate that its rate and tax structure can adequately fund the improvements in drainage and sewerage.

To accomplish this monumental effort, the Sewerage and Water Board is proposing an increase in sewer rates and a fee-for-service approach for drainage, whereby all citizens share in the provision of services based on the benefits they receive from the continued use of drainage and sewerage services. Should we decide not to make the commitment to the sewerage system now, New Orleans faces the potential of millions of dollars in EPA fines on top of the funds needed for renovations. The Federal Government has the power to freeze all Federal appropriations to the City unless the improvements can be funded and implemented.

On the drainage side, if we are unable to provide matching funds for the extensive work underway and planned by the U.S. Army Corps of Engineers, the Federal funds earmarked for New Orleans could be made available to Jefferson or St. Tammany parishes. In both cases we are faced with a classic, "Pay me now or pay me later" dilemma.

Funding A \$600 Million Improvement Program Through Fee-For-Service Rates

No new or increased fee is ever going to be cheered by citizens who may already perceive that they are paying more than they should for services. In this case, however, there are no options. In fact, the sewerage rate increases could double if EPA fines were imposed.

Sewerage & Drainage Service Fees: Estimated Typical Bill

Change In Dollars (\$)

	SEWERAGE	SERVICE	DRAINAGE	SERVICE
Year	Residential	Commercial	Residential	Commercial
1998	1.19	19.25		
1999	2.39	38.50	4.18	7.06
2000	3.18	51.90	5.73	9.64
2001	3.65	57.00	6.82	11.47
2002	4.25	63.45		

With this in mind, the Board suggests that sewer service rates for residential customers be gradually increased by \$4 over five years. The average commercial customer, using 65,000 gallons of water per month, would see an increase of \$63.45 per month over five years.

The Sewerage and Water Board is also proposing a service fee for drainage to be brought to the City Council this fall for consideration. Over a three-year period, the drainage fee for homes would go from \$4.18 to \$6.82 and would appear on the monthly Sewerage and Water Board bill. The fee for commercial customers would begin at \$7.06 and go to \$11.47 per month after three years.

The fees would become a permanent part of the S&WB bill to provide for the maintenance, repair and expansion of the two systems and help us be prepared

for the expected demands and challenges facing our increasingly urban-developed, 21st Century City.

What Will We Get For One Billion Dollars?

The topography of New Orleans presents unique challenges for drainage and wastewater collection and treatment. Because the City is below sea level, every drop of rain that falls must be pumped out for the City to remain dry. Because of heavy rain and because the City was built in marshy areas, the influences on subsurface soils have extracted enormous pressure on the underground drainage and sewerage infrastructure. As a result, multiple breaks have occurred in the underground pipes, causing the sanitary system to be overwhelmed by stormwater flows.

The rehabilitation work includes:

Sewerage System: \$200 Million (\$100 Million Federal Grant)

- * Computerized Sewerage Collection system Model (CCTV) Close Circuit Television Inspection of the Sewer Collection Pipe
- * Structural Rehabilitation of Sanitary Sewerage Collection Pipe
- * Structural Rehabilitation and Expansion of Sewerage Pump & Lift Stations
- * Structural Rehabilitation of Sewer Force Mains
- * Removal of Obstructions from Sewer Lines

Drainage System: \$ 810.5 Million (\$300+ Million Federal Grant)

- * Southeast Louisiana Urban Flood Control Program (SELA).....\$440.5 Million
- * Infrastructure Program\$180 Million
- * Power System Program\$190 Million

SEWERAGE AND WATER BOARD OF NEW ORLEANS

20 YEAR GRADUATED PAYMENT SCHEDULE PROPOSED DRAINAGE FEES (COST PER 1000 SQUARE FEET)

GRADUATED PAYMENT SCHEDULE	Pay As You Go		
	YEAR 1(ONE)	YEAR 2(TWO)	YEAR 3 THRU 20
		16.6M*	22.8M*
	14.9M	21.2M	25.6M
COMBINATION			
Property Classification	\$/1000 SF	\$/1000 SF	\$/1000 SF
Property Classification	Monthly Fees	Monthly Fees	Monthly Fees
Single and Two Family Residential	\$0.76	\$1.04	\$1.24
Multi Family Residential	\$0.97	\$1.33	\$1.58
Commercial	\$1.12	\$1.53	\$1.82
Industrial	\$1.12	\$1.53	\$1.82
Institutional - Church	\$0.93	\$1.27	\$1.51
- Government	\$1.11	\$1.52	\$1.81
- Hospital	\$1.14	\$1.57	\$1.87
- Levee Board	\$1.13	\$1.55	\$1.84
- Parks	\$0.48	\$0.66	\$0.79
- Port of N.O.	\$1.13	\$1.55	\$1.84
- Public Schools	\$0.93	\$1.27	\$1.51
- Other Schools	\$0.93	\$1.27	\$1.51
- Other	\$1.12	\$1.53	\$1.82
Public Facilities- City	\$0.00	\$0.00	\$0.00
- S&WB	\$0.00	\$0.00	\$0.00
Vacant Land	\$0.46	\$0.63	\$0.75
Vacant With Parking	\$1.12	\$1.53	\$1.82
Public Utilities - Electric	\$0.96	\$1.31	\$1.56
- Gas	\$0.98	\$1.34	\$1.59
- Railroads	\$0.73	\$1.00	\$1.18
- Transit	\$1.15	\$1.58	\$1.88

* Includes 7.5% for uncollectibles and
administration and billing charges

Sewerage Department Existing Sewerage Rates

(Effective January 1, 1986)

Monthly Sewerage Service Charge:	
Meter Size <hr style="width: 50%; margin: 0 auto;"/> (in)	Amount <hr style="width: 50%; margin: 0 auto;"/> \$
5/8	5.60
3/4	7.45
1	10.00
1-1/2	17.50
2	24.50
3	58.00
4	96.00
6	190.00
8	280.00
10	375.00
12	435.00
16	575.00
Monthly Quantity Charge:	
Charge per 1,000 gallons:	\$1.26
Surcharge Rates:	
BOD charge per pound	\$0.0947
TSS charge per pound	\$0.0273

Sewerage Department Proposed Sewerage Service Charges

Readiness To Serve Charge:

Proposed Monthly Service Charge

Meter Size	1998	1999	2000	2001	2002
Inches	\$	\$	\$	\$	\$

5/8	5.60	5.60	5.60	5.80	6.05
3/4	7.55	7.70	7.85	8.15	8.50
1	10.35	10.75	11.15	11.60	12.05
1-1/2	18.40	19.30	20.25	21.05	21.90
2	26.20	27.90	29.60	30.80	32.05
3	61.90	65.85	69.80	72.60	75.50
4	103.00	110.05	117.10	121.80	126.65
6	204.35	218.70	233.10	242.40	252.10
8	303.00	326.05	349.10	363.05	377.55
10	405.75	436.50	467.30	486.00	505.45
12	470.15	505.30	540.45	562.05	584.55
16	625.40	675.80	726.25	755.30	785.50

Quantity Charge per 1,000 Gallons of Contributed Volume

Total Volume	1.53	1.80	1.98	2.04	2.12
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Excess Strength Charge per pound

BOD	0.1176	0.1405	0.1634	0.1699	0.1767
TSS	0.0508	0.0743	0.0978	0.1017	0.1058

Total Sewerage Service Charge

The total sewerage service charge shall consist of (1) a Readiness-to-serve charge, (2) a Quantity charge, and (3) an Excess Strength Sewerage charge for all contributed volume which exceeds the following strength limits: biochemical oxygen demand 285 mg/l; total suspended solids 395 mg/l.