

# **2020 ANNUAL REPORT OF THE INFRASTRUCTURE ADVISORY BOARD**

In accordance with its obligations under Executive Order LC 19-02 issued by Mayor LaToya Cantrell on August 6, 2019, and that Cooperative Endeavor Agreement between the City of New Orleans (the City) and the Sewerage and Water Board of New Orleans (SWBNO) dated July 7, 2020, the Infrastructure Advisory Board (IAB) respectfully submits this report of its activity for the fourth quarter of 2020 as well as its administration of the Infrastructure Maintenance Fund (IMF) for the year 2020.

## **I. Executive Summary**

At the start of 2020, no one could have anticipated the profound and tragic effects of the COVID-19 pandemic. By year's end, the virus had taken thousands of lives in the Greater New Orleans region and upended daily life as we know it. Business and commerce suffered tremendously, with workers in the tourism and hospitality industry bearing much of the economic hardship.

The Fair Share Agreement was formed with the understanding that the city of New Orleans, with its wealth of culture and attractions, should share in the revenue generated by visitors. Therefore, the Fair Share Agreement was structured to capture recurring revenue largely from hotel and short-term rental taxes, targeted to the acute needs for upgrades to critical water, sewer, and drainage infrastructure. Prior to the pandemic, estimated annual revenue was anticipated to reach \$25 million. However, due to the sharp decline in tourism and convention visitors, annual revenue only reached \$5.9 million in 2020.

Nonetheless, the IAB moved forward with its mandate in 2020 and recommended a scaled-back slate of projects for funding. These included: (1) laying the groundwork for installation of an automated metering system; (2) supporting the creation of a SWBNO Master Plan to shape investment in our drainage, sewer, and drinking water infrastructure; (3) funding water treatment plant improvements at the Sycamore Filter Gallery; (4) supporting the SELA – Algiers Drainage Project; (5) funding a stormwater management fee study; and (6) backing the purchase and installation of Turbine 7 as a long-term backup power supply solution. The total funding earmarked from the IMF for these projects is \$10.3 million, which exceeds the \$7.7 million in total IMF transfers received by SWBNO since the Fair Share Agreement began.

In 2020, the IAB also made substantial progress towards implementing all recurring revenue provisions of the Fair Share Agreement. Collection of the 1% “Lost Penny” sales tax on hotels began in 2019 and continued throughout 2020. In September 2020, collections of the 6.75% Short-Term Rental Tax, which was approved by voters in November 2019, finally began. In December 2020, the City and the Downtown Development District (DDD) reached final agreement on the terms of a cooperative endeavor agreement to govern how drainage work will proceed downtown. Finally, the IAB secured a commitment from the City to provide funds equivalent to what would

have been generated if the Hotel Local Privilege Tax had been transferred in its entirety, as originally planned, to the Infrastructure Maintenance Fund (IMF).

Although 2020 has proven to be a very difficult year on many levels, vaccine distribution is improving and the prospect for a return to a “new normal” is finally within reach. As the nation and the world begin to move towards recovery from this pandemic, New Orleans is certain to reassume its position as a top destination for business and leisure travel. Tourism revenues will recover, and Fair Share Agreement revenues will rise in tandem to help generate sorely-needed funding streams for infrastructure improvements.

## **II. Fourth Quarter 2020 IAB Meetings and Activities**

The IAB met twice during the fourth quarter of 2020, convening on October 1 and December 3 remotely by videoconference in accordance with COVID-19 proclamations by Mayor LaToya Cantrell and Governor John Bel Edwards.<sup>1</sup> The IAB Chair opened each meeting with a presentation of the agenda, noting action items requiring a vote, and offered an opportunity for public comment. The minutes and agendas from the October 1, 2020 and December 3, 2020 meetings are attached as Exhibit A, and full recordings of each meeting can be found online at [https://www2.swbno.org/news\\_boardmeetings.asp](https://www2.swbno.org/news_boardmeetings.asp).

### **A. Realization of All Fair Share Agreement Components**

The IAB is committed to fully enacting all four major recurring revenue streams of the Fair Share Agreement. As previously reported, certain components of the Fair Share Agreement faced implementation delays in 2020 due to legal restrictions and stalled negotiations among stakeholders.

As part of the Fair Share Agreement, collections from the existing Hotel Occupancy Local Privilege Tax levy in excess of existing tourism and hospitality spending commitments were meant to be transferred to the IMF on a recurring basis. However, legal restrictions on the use of Local Privilege Tax proceeds required the funds be used exclusively for tourism-related spending, preventing direct transfer to the IMF. The City’s proposed solution was to identify tourism related expenses currently paid through the General Fund which could be paid with Local Privilege Tax collections, freeing up an equivalent amount of General Fund proceeds, which could then be transferred to the IMF. Unfortunately, 2020 collections proved insufficient to cover fixed expenses and generate any surplus. Nevertheless, despite the severe financial pressures created by the COVID-19 pandemic and the lowered 2020 collections from the Local Privilege Tax, the IAB continues to advocate for an equivalent transfer from the City to the IMF at the earliest possible opportunity, as pledged by City officials.

With respect to the DDD, negotiations over the terms of a Cooperative Endeavor Agreement governing how and when DDD funds would be transferred to the City lasted

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<sup>1</sup> Cantrell Proclamation No. 2020-02449 and 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.

well over a year. Throughout the process, the IAB monitored progress and pushed for agreement among the parties as soon as possible. On December 1, 2020, the Mayor signed the CEA between the City and the DDD, unlocking \$2.5 million per year for two years to install permeable pavement in parking lanes and make other substantial improvements to the downtown drainage system. Unfortunately, the DDD has recently disclosed it will not immediately be able to make anticipated transfers to the City due to cash flow difficulties but will instead make “catch up” payments at a later date. The delay is not expected to significantly delay work in the DDD.

A chart detailing the current status of each revenue stream of the Fair Share Agreement is attached as Exhibit B.

**B. Standardized Schedule for IMF Transfers**

On September 16, 2020, SWBNO received its first disbursement of recurring revenues from the IMF in the amount of \$6.2 million. After that initial transfer, the transfer process was slowed by administrative and bureaucratic delays. The IAB pushed for simplification and standardization of the process, requesting transfers from the IMF to SWBNO on a consistent monthly basis. SWBNO and the City report subsequent transfers have proceeded much more smoothly.

**C. Monitoring of Revenue Collections**

As discussed in previous IAB reports, three out of four sources of recurring revenue from the Fair Share Agreement are derived directly from tourism-related tax collections. In light of the profound negative impact of the COVID-19 pandemic on these revenue streams, the IAB continues to closely monitor collections on a monthly basis and receives updated reports from the City on collections at each IAB meeting. In addition, the IAB seeks to identify any administrative impediments which may be further hindering implementation or collection of potential revenues. A copy of all presentations by the City to the IAB is attached as Exhibit C.

**D. Approved Slate of Projects**

At its August 6, 2020 meeting, the IAB recommended a slate of infrastructure projects to be completed by SWBNO utilizing \$10.3 million in IMF funding. The IAB closely monitors the progress of each of those projects and receives periodic updates from SWBNO. In addition, the IAB holds regular discussions with SWBNO regarding anticipated future work and financing needs once revenues return to their pre-pandemic levels. A copy of IMF revenues received and expenditures to date by SWBNO is attached hereto as Exhibit D.

**III. Status of One-Time Funds**

The Fair Share Agreement contemplated approximately \$51.6 million in one-time funds for SWBNO. Approximately \$35,648,650 has already been transferred to SWBNO and utilized to pay overdue vendor invoices and to retire debt incurred by the drainage division. The outstanding one-time revenue consists of \$16 million approved for use by SWBNO under the Hazard Mitigation

Grant Program (HMGP) for weatherization and software for Turbine 6 (\$1,741,920), frequency converters (\$12,258,080), and an emissions package (\$2,000,000). The HMGP is a reimbursement scheme, and SWBNO is in the process of submitting the documentation required for reimbursement..

#### **IV. Status of Recurring Revenue Under the Fair Share Agreement**

Recurring revenue collections for 2020 under the Fair Share Agreement were originally estimated at \$25 million. However, due to the economic impacts of the pandemic, the Fair Share Agreement generated only \$5.9 million in total recurring revenue for 2020. Additional details of each revenue stream follow:

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

Prior to the COVID-19 pandemic, Lost Penny collections averaged approximately \$1 million per month and were on track to meet annual estimates. Instead, total 2020 collections only reached \$5.6 million. Lost Penny tax receipts for the period running October 2020 through December 2020 amount to \$897,061 total and show significant improvement from summer lows. Collections are unlikely to return to their pre-pandemic highwater mark until a significant portion of the population has been vaccinated and vacation and business travel resumes. At present, it is not possible to predict exactly when the recovery will begin, but if the current pace of vaccination continues, Lost Penny revenues could possibly see near-full recovery by the fourth quarter of 2021.

##### *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, but actual collections only began in September 2020. Originally, the short-term rental tax was expected to generate as much as \$7.8 million in annual revenue in 2020. However, due to delayed implementation, the economic effects of the pandemic, and significant changes to the laws governing short-term rental registration, the three months of reported tax collections in 2020 amounted to only \$240,351. Nonetheless, collections over this period showed a significant month-on-month increase, which may provide a basis for optimism going forward.

##### *C. DDD Millage*

Following lengthy negotiations between the City and the DDD regarding the mechanics of funds transfers and work inspection, the Mayor signed the CEA governing the partnership between DDD and the City on December 1, 2020. Under the CEA, DDD will transfer to the City \$2.5 million per year for two years in order to help fund an ambitious workplan that includes installing permeable paving in parking lanes and replacing undersized drainage pipes in the downtown area. Much of this work has already begun, and the parties are in the planning stages for a larger rainwater retention project at Duncan Plaza. As

mentioned above, the DDD has recently informed the City it will be unable to make the first payment of \$2.5 million in its entirety at this time. However, the DDD anticipates fully meeting its obligations under the CEA, and the payment delay has not materially impacted progress on the DDD work program.

D. *Rededication of Hotel Occupancy Local Privilege Tax.*

As part of the Fair Share Agreement, it was agreed that 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 for infrastructure). 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 (less any already accrued tourism expenditures) were transferred to the IMF as originally intended. The City explained to the IAB at its October meeting that 2020 collections of the Local Privilege Tax will be insufficient to cover accumulated tourism expenses, let alone generate a surplus for distribution. The IAB will continue to work with City officials to ensure any and all available funds will be transferred to the IMF at the earliest opportunity.

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

The IAB worked closely with SWBNO to identify the highest and best uses for recurring Fair Share Agreement funds, attempting to strike a balance between support for acute short-term needs and projects that will contribute to the longer-term sustainability of the system. At its August 6, 2020 meeting, the IAB recommended utilizing Fair Share Agreement revenues to fund the following projects:

A. *Automated Metering Infrastructure (AMI)* – The IAB recommends utilizing up to \$1,500,000 from the IMF to support AMI implementation, including the short-term engagement of supplemental meter readers, to provide more consistent, timely, and accurate customer billing. Phase 1 of the AMI project was meant to include a survey of the entire existing water meter infrastructure and determination of the proper scope of the eventual AMI solution. Due to limited IMF proceeds, SWBNO has now downsized the scope of Phase 1, moving some aspects to Phase 2, to make the project more affordable in the near term. The rescoping is a result of SWBNO's efforts to identify which aspects of Phase 1 will generate the greatest benefits. SWBNO does not expect the rescoping to affect full AMI implementation, which is anticipated to cost approximately \$40 million. SWBNO has completed negotiations with the selected Phase 1 contractor, and work is underway.

B. *Master Plan* – The IAB recommends utilizing up to \$500,000 from the IMF to support development of a Master Plan. The Master Plan constitutes the blueprint for SWBNO's long-term, comprehensive, integrated, sustainable vision for managing the City's water, sewer, and major drainage systems for years to come. The first step of

development is issuing a request for proposals for a five-year utility strategic plan, which was opened to prospective bidders with responses due by March 5, 2021.

C. *Water Treatment Plant – Sycamore Filter Gallery* —The IAB recommends utilizing up to \$3,000,000 from the IMF to support critical repairs to structural, piping, and filter equipment at the Sycamore Filter Gallery, which forms a critical component of the drinking water plant. The work was originally estimated to cost \$5 million, but SWBNO rescope the project to focus exclusively on the most critical aspects and was able to adjust the total cost to \$3 million. The project will address deferred capital maintenance by replacing 10 of 24 total filters, improving public health protection, and resulting in more effective operations.

D. *SELA Algiers Drainage Project* – The IAB has recommended utilizing \$1,030,625 from the IMF to support the Algiers drainage project. As previously reported, SWBNO is participating in a federally funded SELA construction project improving Algiers drainage canals and increasing stormwater storage during rain events. As part of the agreement with the U.S. Army Corps of Engineers, SWBNO paid 5% of the project costs up-front, amounting to \$1,030,625; this unlocked approximately \$25 million in additional funding from the federal government.

E. *Stormwater Fee Study* – The IAB recommends utilizing up to \$250,000 from the IMF to support a Stormwater Fee Study. A stormwater fee study would include a full analysis of the rate structure, assessment methodology, affordability, equity, incentives, and timing of a potential stormwater management fee. This study will allow for the design of an equitable, sufficient, and reliable recurring revenue source to support New Orleans’ drainage infrastructure and the implementation of best management practices. The IAB expects to see measurable progress towards a stormwater fee by the end of 2021.

F. *Turbine 7 (T7) Solution* – As part of an ongoing effort to address chronic shortfalls of availability of power generation to support SWBNO operations, the IAB recommends utilizing up to \$4,000,000 from the IMF to support a procurement of a new turbine dubbed “T7.” Mechanical issues have taken T3, T4, and T5 offline, leaving SWBNO reliant upon T1, T6, and portable EMD generators for all backup power generation. Repairs are underway to place T4 back in service by March 2021 and for T5 to be back in service before the 2021 hurricane season. T6 is being weatherized (it was not previously available in colder weather). Nonetheless, the system requires reliable backup power generation capacity, which will come from 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. SWBNO anticipates financing the remainder of the purchase with Fair Share Agreement revenues.

## **VI. Anticipated IAB Actions in the Coming Quarter**

Given that the recurring revenue streams of the Fair Share Agreement are largely in place and that the IAB has now recommended a substantial list of drainage and infrastructure projects, the IAB has shifted from a bi-monthly to a quarterly meeting schedule for 2021. The additional time between meetings will allow the IAB to receive and consider more comprehensive financial data as well as allow for more useful updates on the progress of infrastructure projects. The IAB will, of course, continue to closely monitor Fair Share Agreement collections as well as the progress of recommended projects between meetings.

The IAB will also continue to meet 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. To that end, the IAB expects to soon consider the desirability of consolidating management and existing funding of the drainage system under a single government entity, which would be solely responsible for drainage system operations, management, and customer service.

**V. 2020 IMF Revenues and Expenditures**

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

	2019	2020 Q1	2020 Q2	2020 Q3	2020 Q4
IMF Revenues	\$3,867,336	\$3,567,416	\$776,541	\$407,034	\$1,137,412
IMF Expenditures	\$0	\$0	\$0	\$6,225,937	\$1,090,868

2020-21 IMF Expenditures

Transfer to SWBNO (9/16/2020)	\$6,225,937
Transfer to SWBNO (10/30/2020)	\$124,241
Transfer to SWBNO (12/11/2020)	\$193,427
Transfer to SWBNO (1/21/2021)	\$283,861
Transfer to SWBNO (2/3/2021)	\$375,772
<b>TOTAL</b>	<b>\$7,316,804</b>

2020 IAB Recommended Expenditures

Automated Metering Infrastructure	\$1,500,000
SWBNO 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
<b>TOTAL</b>	<b>\$10,280,625</b>

**Attachments**

Exhibit A – IAB Meeting Agendas and Minutes .....ATT-001  
Exhibit B – Fair Share Agreement Chart .....ATT-006  
Exhibit C – Presentations by City of New Orleans to IAB .....ATT-009  
Exhibit D – SWBNO Reports of IMF Revenues/Expenditures and Cashflow..... ATT-028

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## INFRASTRUCTURE ADVISORY BOARD

Paul Flower, Chair  
Elisa Speranza

Neil Abramson, Secretary  
Lewis Stirling

Bill Hammack  
Casey Tingle

Karen Raymond

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**Thursday, October 1, 2020 | 2:00 pm**

Via videoconference at: <https://zoom.us/j/95736827470>

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

Meeting ID: **957 3682 7470**

***Pursuant to 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 Infrastructure Advisory Board hereby certifies that it must conduct its October 1, 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](mailto: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. Fair Share Agreement Update – City of New Orleans
- B. Sewerage & Water Board Update
  1. Revenues and Expenditures to Date
  2. Project Spending Plan

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 Quarterly Report **\*\*Action Item\*\***
- IX. Other Business
- X. Adjournment

**MINUTES OF THE REGULAR MEETING OF  
THE INFRASTRUCTURE ADVISORY BOARD  
October 1, 2020**

The regular meeting of the Infrastructure Advisory Board (IAB) was held on Thursday, October 1, 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. Bill Hammack
3. Karen Raymond
4. Elisa Speranza
5. Lewis Sterling
6. Casey Tingle

**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 October 1, 2020, the Sewerage & Water Board of New Orleans (SWBNO) received \$35.6 million in one-time Fair Share funding, with \$16 million under the Hazard Mitigation Grant Program approved and awaiting disbursement. Fair Share recurring revenues to date amount to \$8.3 million and come exclusively from collections of the 1% "Lost Penny" Hotel Tax. On September 16, 2020, SWBNO received its first disbursement of recurring revenues from the Infrastructure Maintenance Fund (IMF) in the amount of \$6.2 million.

John Pourciau, Chief of Staff to Mayor LaToya Cantrell, updated the IAB on the status of recurring revenues related to the Local Privilege Tax. As part of the Fair Share Agreement, proceeds from the Local Privilege Tax in excess of existing tourism and hospitality spending commitments were to be transferred into the IMF. The original estimate for 2020 IMF transfers amounted to approximately \$3.6 million. However, legislative restrictions on the use of Local Privilege Tax proceeds required the funds be used exclusively for tourism-related spending, preventing the direct transfer to the IMF. The City's proposed solution was to identify existing expenses which could be paid with Local Privilege Tax collections, freeing up an equivalent amount of General Fund proceeds, which could then be transferred to the IMF. Unfortunately, 2020 collections and estimated 2021 collections have, thus far, proved insufficient to cover fixed expenses and generate a surplus.

Christy Harowski, SWBNO Chief of Staff, updated the IAB on the use of Fair Share recurring revenues to date – \$1.0 million towards SELA payments – as well as projected spending of recurring Fair Share revenues through the end of 2021 (see Exhibit A, attached). Projected Fair Share spending on SWBNO projects, which amounts to \$10.5 million, includes: SELA Payments, Advanced Metering Infrastructure, Master Plan Development, Sycamore Filter Gallery Repairs, Turbine 7 Solution, and a Stormwater Management Fee Study.

Agenda

The agenda was unanimously approved.

Minutes

The minutes of the August 6, 2020 regular meeting were presented, and no corrections were offered. The minutes were unanimously approved.

Quarterly Report

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

There being no further business, the meeting was adjourned at 3:05 p.m.

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# INFRASTRUCTURE ADVISORY BOARD

Paul Flower, Chair  
Elisa Speranza

Neil Abramson, Secretary  
Lewis Stirling

Bill Hammack  
Casey Tingle

Karen Raymond

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**Thursday, December 3, 2020 | 2:00 pm**

Via videoconference at: <https://zoom.us/j/93211602127>

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

Meeting ID: **932 1160 2127**

***Pursuant to 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 Infrastructure Advisory Board hereby certifies that it must conduct its October 1, 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](mailto: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. Fair Share Agreement Update – City of New Orleans
- B. Sewerage & Water Board Update
  1. Revenues and Expenditures to Date
  2. Project Spending Plan

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. Reconsideration of 2021 Meeting Schedule **\*\*Action Item\*\***

IX. Other Business

X. Adjournment

**MINUTES OF THE REGULAR MEETING OF  
THE INFRASTRUCTURE ADVISORY BOARD  
DECEMBER 3, 2020**

The regular meeting of the Infrastructure Advisory Board (IAB) was held virtually on Thursday, December 3, 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
6. Casey Tingle

**REGULAR ORDER OF BUSINESS**

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

Presentations

Chris Saucier, City of New Orleans, provided an update on Fair Share Agreement revenues. As of December 3, 2020, \$35.6 million in one-time funds had been transferred to the Sewerage & Water Board of New Orleans (SWBNO), which represents no change since the October IAB meeting. With respect to recurring revenues, collection of the 6.75% STR Equalization Tax began in September, with SWBNO entitled to a disbursement of \$9,508 from the first month of revenue. Collections from the 1% "Lost Penny" Hotel Tax continue to gradually improve, with October revenue posting the highest number since May. The cooperative endeavor agreement between the City and the Downtown Development District was executed on December 1, 2020, allowing drainage work in the DDD to move forward. Deputy CAO Ramsey Green added that the DDD and the Department of Public Works had already begun joint planning sessions and work could begin before the end of 2020.

Ghassan Korban, Executive Director, SWBNO, updated the IAB on the progress of projects recommended by the IAB for Fair Share Agreement funding. With respect to Automated Metering Infrastructure (AMI), Korban explained that the scope of Phase 1 of the project had been reduced due to a shortage of funding, but such rescoping should not significantly affect the overall timeline for AMI implementation. Work on the Master Plan is progressing, with SWBNO preparing to release a request for proposals for a five-year strategic plan, which will be a precursor to the full Master Plan. Improvements to the Sycamore Street Filter Gallery have also been reduced in scope to the most essential repairs due to funding constraints. Work towards acquisition and installation of a new Turbine 7 (T7) is progressing, with funds from an anticipated Community Block Grant combining with proceeds from the Fair Share Agreement to provide nearly all the funding required for the project. T7 is expected to be fully installed and operational by May 2022.

Public Comment

There was no public comment.

Agenda

The agenda was presented and unanimously approved.

Minutes

The minutes of the October 1, 2020 regular meeting were presented, and no corrections were offered. The minutes were unanimously approved.

2021 Meeting Schedule

The IAB reconsidered the 2021 meeting and voted unanimously to move from bi-monthly to quarterly meetings. Going forward, meetings will take place on the first Thursday of the last month of each calendar quarter. The revised meeting schedule is attached as Exhibit A.

There being no further business, the meeting was adjourned at 2:40 p.m.

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## MEETING SCHEDULE

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

**Thursday, March 4, 2021**

**Thursday, June 3, 2021**

**Thursday, September 2, 2021**

**Thursday, December 2, 2021**

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 (SWBNO)	\$20 MM	Transferred to SWBNO September 2019.	\$14MM used to pay vendor invoices and \$6MM used for "AP repayments to Sewer."
	Rededication of Convention Center Boulevard funds to SWBNO	\$6 MM	Transferred to SWBNO 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 SWBNO; 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 SWBNO	\$2 MM	Transferred to SWBNO 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 SWBNO	\$7.6 MM	Transferred to SWBNO 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).
	<b>TOTAL ONE-TIME FUNDS:</b>		<b>\$51.6 MM</b>	

Fair Share Agreement Status (cont'd)

		REVENUE STREAM	AMOUNT	STATUS	NOTES
2020 RECURRING REVENUE		"Lost Penny" 1% Sales Tax on Hotels	\$5.65 MM (2020 actual)*	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. Funds in IMF to be split 75/25 between SWBNO and City.
		6.75% Tax on Short-Term Rentals – to be split 75/25 between City of New Orleans and New Orleans & Co.	\$240,351 (2020 actual)†	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 SWBNO and 25% to City.
		Downtown Development District (DDD) Millage Increase	\$0 (2020 actual)‡	CEA between DDD and City signed December 1, 2020.	DDD Board approved \$2.5MM annual infrastructure spend in 2020 -- \$1.5MM from millage roll forward, \$1MM from cash reserves. City and DDD entered two-year \$5 million (total) CEA governing fund administration 12/1/20; Year 1 of CEA is 2021. 100% of funds to go to City for downtown drainage projects.
		Rededication of Hotel Occupancy Local Privilege Tax (Art. VIII, Sec. 150-1002)	\$0 (2020 actual)§	The Hotel Occupancy Local Privilege Tax redirected to the New Orleans Tourism and Cultural Fund (NOTCF). Administration has pledged to place an amount equivalent to expected tax receipts directly into IMF.	NOTMC Board voted on 2/10/20 to reform NOTMC as the 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 committed to finding other sources to make up for the Local Privilege Tax diversion, including possibly redirecting general funds to the Infrastructure Maintenance Fund.</i>
		<b>2020 TOAL RECURRING REVENUE:</b>	<b>\$5.89 MM (actual) vs. \$26 MM (original estimate)</b>		

\* Original 2020 estimate: \$12 MM

† Original 2020 estimate: \$7.8 MM

‡ Two-year CEA commences 2021

§ Original 2020 estimate (after payment of outstanding NOTMC obligations): \$3.7 MM

**Fair Share Agreement Status (cont'd)**

		ACTION	STATUS
<b>OTHER ACTIONS</b>		Creation of Infrastructure Advisory Board to oversee spending of Recurring Revenue	Infrastructure Advisory Board created; Paul Flower, Chair; first meeting <b>9/26/19</b> .
		Capital outlay from state general obligation bonds to pay for SWBNO power plant upgrades	2019 - HB 2 passed ( <b>6/6/19</b> ) and signed by Governor ( <b>6/28/19</b> ); \$7.3 MM in Priority 1 capital outlay funded by State Bond Commission – utilized for power plant site preparation work; \$46.7 MM in Priority 5. 2021 – HB 2 expected to be taken up by Louisiana Legislature in April 2021; draft legislation includes \$12.7 MM in Priority 1 funding; \$34 MM in Priority 5.
		Deferral of \$3.5 MM per year for five years (\$17.5MM total) of SWBNO GO Zone payments	Approved and ordered by Governor.
		Payment in lieu of taxes (PILOT) from Convention Center hotel	HB 617 passed legislature ( <b>6/2/19</b> ) and signed by Governor ( <b>6/7/19</b> ); PILOT effective upon construction of Convention Center hotel. Estimated \$2 MM per year in revenue.



# Infrastructure Advisory Board Meeting

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**City of New Orleans**  
October 1, 2020

# Fund Collections to Date: *All Revenue*

*As of 10/01/20*

- 
- **One-Time Funds** - \$35,648,650 transferred to SWBNO
    - MCC Funds – (\$28M Disbursed).
    - FEMA Revolver – (\$7.5M Disbursed).
    - HMGP – 3 Phases (In process) - \$16M – SWBNO working on disbursement.
      - **Amendment 10** – (Obligated)
        - Anti-icing System & Software - \$1,741,920
      - **Amendment 11** – (Approved)
        - Frequency Converter - \$12,258,080 & Emissions Package - \$2,000,000
  - **Recurring Funds** - \$8,301,249 Total Collected for 1% Lost Penny
    - 1% Lost Penny in IMF Fund as reported by Comptroller (\$6,225,937 Disbursed to SWBNO – 75% ).

# Estimate vs. Actuals: *Work in Progress*

As of 10/01/20

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	
<b>ONE-TIME FUNDING:</b>		\$ -		<b>Total: \$35,648,650</b>
DDD Millage	\$ 2,500,000	\$ -		
Local Privilege	\$ 5,300,000			
1% Lost Penny	\$ 12,000,000	\$ 8,301,249	\$6,225,937 transferred to SWBNO – 09/16/20 – 75% Split.	July 19 – July 2020
STR Equalization	\$ 7,800,000	\$ -		
<b>RECURRING FUNDING:</b>				<b>Total: \$8,301,249</b>
Capital Outlay	\$ 7,300,000	\$ -	P5 - \$46.7M	Other Funding
GO ZONE Deferral	\$ 3,500,000	\$ -		Other Funding
Hotel PILOT	\$ 2,000,000	\$ -		Other Funding
<b>Total:</b>	<b>\$ 92,350,000</b>	<b>\$ 43,949,899</b>		

# Fair Share Agreement

*Outstanding/New events*

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- Capital Outlay logistics flow. Awaiting the State (FP&C).
- Hotel occupancy rates and convention cancellations
- Prolonged effects of COVID-19. Economic impacts
- Original financial estimation changes. Ex. STR Equalization and Local Privilege.
- Continued evolution of Fair Share Agreement – Structural and other possible changes to produce revenue generation.
- Implementation of new revenue tax revenue stream (STR Equalization).

# CEA Status: Work in Progress

---

- **Infrastructure Maintenance Fund CEA**
  - Complete
- **STR Equalization CEA (CEA with NOCO)**
  - Complete
- **CEA Amendment – Public Safety**
  - Complete
- **CEA Amendment – Traffic Configuration**
  - Complete
- **DDD CEA**
  - *Awaiting City Council approval/Negotiations are complete*
- **Electrical Substation (Power Plant) CEA – SWBNO**
  - *Signed; Awaiting final BRASS Approval. (Entergy)*
- **Local Privilege CEA**
  - To be discussed
- **Race Street Transfer**
  - Complete
- **Euterpe Street CEA**
  - *Awaiting MCC approval*

# Original Estimates Revision

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

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- **Department of Revenue access to RCS website financial data** – Back online. Department of Accounting has reconciled through August 2020. (1% Lost Penny) - **\$124,241.16** for August.
- **STR Equalization** – Tax collection form 8010STR-R/C has been completed and will be utilized for collections to be realized beginning 10/20/20. Reporting will be take place on the 10<sup>th</sup> of every month going forward
- **STR Equalization** – Collections began **09/01/20** with similar distribution format as 1% Lost Penny.
- **Local Privilege** – Re-estimation of 25% of the original funding amount.
- **Costing in terms of transition timeline** – Originally, transition was to occur 01/01/20. Re-estimations are complete. Example is the completion of the re-estimate of STR Equalization.
- **DDD CEA** – Agreement reached. Timeline and logistics will be discussed.

# Fair Share Agreement

*Major Items over the next 30 days.*

---

- Additional month of Revenue tracking for 1% Lost Penny. (August) - **\$124,241.16**
- Office of Cultural Economy status report. Decrease in debt obligation forecast. Beginning of a new CEA in process between NOTCF and CNO to handle distribution and clearly outline tasks for each entity per Lisa Alexis of The Office of Cultural Economy.
- Local Privilege – Final estimation numbers have been agreed upon.
- Possible STR Equalization platform update. (Permit holders).
- Continued collaboration with all departments regarding new developments and implementation of any updated information.

# Capital Outlay

*Update on sequence of events*

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- The City is awaiting the State (FP&C) to take action on the Request for Concurrence to the SWBNO proposed contract with Cycle Construction. (Pending response).
- The Request was sent and confirmed received on September 23, 2020 by the (FP&C).
- The State will now sign off on the Concurrence Request and the SWBNO can ratify the contract and issue a Notice to Proceed when they are ready.

# DDD – Negotiations are complete

## *Fair share Revenue Stream*

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- The DDD CEA was filed at the September 17<sup>th</sup> City Council meeting
- The filing should appear on the **October 1<sup>st</sup>** City Council Agenda
- There may be a motion for a Committee meeting to discuss before formal approval. (Per Councilman Banks request).
- If all concerns are addressed, the City Council should vote at the Mid-November Regular Council Meeting.



# Infrastructure Advisory Board Meeting

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**City of New Orleans**  
December 3, 2020

# Fund Collections to Date: *All Revenue*

*As of 12/01/20*

- 
- **One-Time Funds** - \$35,648,650 transferred to SWBNO
    - MCC Funds – (\$28M Disbursed).
    - FEMA Revolver – (\$7.5M Disbursed).
    - HMGP – 3 Phases (In process) - \$16M – SWBNO working on disbursement.
      - **Amendment 10** – (Obligated)
        - Anti-icing System & Software - \$1,741,920
      - **Amendment 11** – (Approved)
        - Frequency Converter - \$12,258,080 & Emissions Package - \$2,000,000
  - **Recurring Funds** – Initial STR Equalization disbursement (October) \$9,507.96
    - 1% Lost Penny in IMF Fund as reported by Comptroller (\$6,647,664.20 Disbursed to SWBNO – 75% ).

# Estimate vs. Actuals: *Work in Progress*

As of 12/01/20

Designation	Target	Actual – 75%		
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	
<b>ONE-TIME FUNDING:</b>		\$ -		<b>Total: \$35,648,650</b>
DDD Millage	\$ 2,500,000	\$ -		
Local Privilege	\$ 5,300,000			
1% Lost Penny	\$ 12,000,000	\$ 6,647,664.20		July 19 – Oct 2020
STR Equalization	\$ 7,800,000	\$ 9,507.96		October 2020
<b>RECURRING FUNDING:</b>				<b>Total: \$6,657,172.16</b>
Capital Outlay	\$ 7,300,000	\$ -	P5 - \$46.7M	Other Funding
GO ZONE Deferral	\$ 3,500,000	\$ -		Other Funding
Hotel PILOT	\$ 2,000,000	\$ -		Other Funding
<b>Total:</b>	<b>\$ 92,350,000</b>	<b>\$ 42,305,822.16</b>		

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# Fair Share Agreement

## *Outstanding/New events*

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- Capital Outlay logistics flow. Awaiting reimbursement from FP&C
- Hotel occupancy rates (Increase) and convention cancellations
- Prolonged effects of COVID-19. Economic impacts
- Original financial estimation changes. Ex. STR Equalization and Local Privilege. (October STR Equalization numbers.)
- Continued evolution of Fair Share Agreement – Structural and other possible changes to produce revenue generation.
- Implementation of new revenue tax revenue stream (STR Equalization). October

# DDD – CEA

## *Fair share Revenue Stream*

---

- The DDD CEA was filed at the September 17<sup>th</sup> City Council meeting
- The filing appeared on the **October 1<sup>st</sup>** City Council Agenda
- CEA was executed **December 1<sup>st</sup>**
- DPW and DDD have initiated the planning phase coordination for work to begin in 2021 (Year 1 of the CEA)

# Fair Share Agreement

## *Recurring Revenue Collections*

<u>Actuals - Collection of Recurring Revenue</u>	<u>As of 12/01/20</u>	
<u>Month</u>	<u>SWBNO 75% Disbursement</u>	<u>STR Equalization</u>
	<u>Averages</u>	<u>SWBNO 75% Disbursement</u>
August	\$ 527,082.00	
September	\$ 489,340.50	
October	\$ 683,592.75	
November	\$ 935,960.39	
December	\$ 264,526.50	
(2020) January	\$ 1,114,721.25	
February	\$ 808,308.34	
March	\$ 752,532.10	
April	\$ 275,111.20	
May	\$ 226,566.75	
June	\$ 80,727.75	
July	\$ 67,467.20	
August	\$ 124,241.16	
September	\$ 113,567.16	
October	\$ 183,919.15	\$ 9,507.96
	\$ -	
<b>Grand Total:</b>	<b>\$ 6,647,664.20</b>	<b>\$ 9,507.96</b>

# CEA Status: Work in Progress

---

- **Infrastructure Maintenance Fund CEA**
  - Complete
- **STR Equalization CEA (CEA with NOCO)**
  - Complete
- **CEA Amendment – Public Safety**
  - Complete
- **CEA Amendment – Traffic Configuration**
  - Complete
- **DDD CEA**
  - Complete - executed
- **Electrical Substation (Power Plant) CEA – SWBNO**
  - Signed; Awaiting final BRASS Approval. (Entergy)
- **NOCO STR CEA**
  - City Council introduction by December 17<sup>th</sup>.
- **Race Street Transfer**
  - Complete
- **Euterpe Street CEA**
  - Awaiting MCC approval

# 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** – Department of Accounting has reconciled through October 2020. (1% Lost Penny) - **\$183,919.15** for October.
- **STR Equalization** – Tax collection form 8010STR-R/C has been completed and will be utilized for collections to be realized beginning 10/20/20. Reporting will be take place on the 10<sup>th</sup> of every month going forward. Collections began 09/01/20.
- **NOCO STR CEA** – Expected introduction to City Council by December 17<sup>th</sup>.
- **Local Privilege** – Re-estimation of 25% of the original funding amount.
- **Costing in terms of transition timeline** – Originally, transition was to occur 01/01/20. Re-estimations are complete. Example is the completion of the re-estimate of STR Equalization.
- **DDD CEA** – CEA has been executed.

# Fair Share Agreement

*Major Items over the next 30 days.*

---

- Additional month of Revenue tracking for 1% Lost Penny. (October) - **\$183,919.15**
- Office of Cultural Economy status report. Decrease in debt obligation forecast. Beginning of a new CEA in process between NOTCF and CNO to handle distribution and clearly outline tasks for each entity per Lisa Alexis of The Office of Cultural Economy. (Development plan just released).
- Local Privilege – Final estimation numbers have been agreed upon.
- Possible STR Equalization platform update. (Permit holders).
- Continued collaboration with all departments regarding new developments and implementation of any updated information.

# Capital Outlay

*Update on sequence of events*

---

- The State has signed off on the Concurrent Request and the SWBNO has awarded the contract
- Awaiting the contractor to generate an invoice that can be submitted to FP&C for reimbursement.
- Once reimbursed – the process can begin

# EXHIBIT D

**Report of Revenue and Expenditures made pursuant to the CEA (R-079-2020)  
Infrastructure Maintenance Fund  
As of 11/30/2020**

**REVENUES**

	Submitted		Total
	Received	to City	
9/16/2020 Infrastructure Maintenance Fund Receipt from City - through July 2020 (IMF001)	6,225,937		6,225,937
10/30/2020 Infrastructure Maintenance Fund Receipt from City - August 2020 (IMF002)	124,241		124,241
11/18/2020 Infrastructure Maintenance Fund Receipt from City - September 2020 (IMF003)	113,567		113,567
11/24/2020 Infrastructure Maintenance Fund Receipt from City - October 2020 (IMF004)		193,427	193,427
<b>TOTAL REVENUES</b>	<b>6,463,745</b>	<b>193,427</b>	<b>6,657,172</b>

**EXPENDITURES**

	Paid	Committed	Total
7/24/2020 5% cash payment required to match current year federal funding for the SELA Program, due 8/1/2020			
<i>Pursuant to the third project participation agreement between the USACE and the local sponsor. The initial Project Cooperation Agreement (PCA) was between the USACE and S&amp;WB in 1997 and covered projects that were constructed prior to Hurricane Katrina. This agreement called for 75% federal/25% local funding, with the S&amp;WB responsible for providing the local funding. The local funding may be provided as work in kind or cash payments, but a minimum of 5% of the project cost must be in cash</i>	1,030,625		1,030,625
<b>TOTAL EXPENDITURES</b>	<b>1,030,625</b>		<b>1,030,625</b>

<b>Net Available 2020 Infrastructure Maintenance Fund Revenues for Approved Projects</b>	<b>5,433,120</b>		<b>5,626,547</b>
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Report of Revenue and Expenditures made pursuant to the CEA (R-079-2020)  
 Infrastructure Maintenance Fund  
 As of 9/30/2020

REVENUES

9/16/2020 Infrastructure Maintenance Fund Receipt from City 6,225,936.67

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**TOTAL REVENUES 6,225,936.67**

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EXPENDITURES

7/24/2020 5% cash payment required to match current year federal funding for the SELA Program, due 8/1/2020

*Pursuant to the third project participation agreement between the USACE and the local sponsor. The initial Project Cooperation Agreement (PCA) was between the USACE and S&WB in 1997 and covered projects that were constructed prior to Hurricane Katrina. This agreement called for 75% federal/25% local funding, with the S&WB responsible for providing the local funding. The local funding may be provided as work in kind or cash payments, but a minimum of 5% of the project cost must be in cash*

1,030,625.00

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**TOTAL EXPENDITURES 1,030,625.00**

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**Net Available 2020 Infrastructure Maintenance Fund Revenues for Approved Projects 5,195,311.67**

Sewerage and Water Board  
 Infrastructure Maintenance Fund "Fair Share" Cashflow  
 9/24/2020

	Approved Amounts	2020			2021			
		Pre Q3	Q3	Q4	Q1	Q2	Q3	Q4
Beginning Balance		2,748,931.78	8,974,868.45	8,068,484.61	7,318,484.61	4,818,484.61	2,068,484.61	(831,515.39)
Deposit		6,225,936.67	124,241.16					
Draw/Encumbered		-	(1,030,625.00)	(750,000.00)	(2,500,000.00)	(2,750,000.00)	(2,900,000.00)	(2,250,000.00)
Available Balance		8,974,868.45	8,068,484.61	7,318,484.61	4,818,484.61	2,068,484.61	(831,515.39)	(3,081,515.39)
<b>PROJECTS</b>								
SELA Payments	1,000,000		1,030,625.00				1,650,000.00	
Advanced Metering Infrastructure (AMI)	1,500,000			250,000.00	375,000.00	375,000.00	375,000.00	125,000.00
Master Plan	500,000				125,000.00	125,000.00	125,000.00	125,000.00
Underground Drainage Canal Inspection Program	-							
Water Treatment Plan Improvements: Sycamore Filter	3,000,000				1,500,000.00	1,500,000.00		
Cross Connection Phase 2 Remediation								
T7 Solution	4,000,000			500,000.00	500,000.00	500,000.00	500,000.00	2,000,000.00
Stormwater Fee Study	500,000					250,000.00	250,000.00	
	-							
<b>Total</b>	<b>10,500,000</b>	<b>-</b>	<b>1,030,625</b>	<b>750,000</b>	<b>2,500,000</b>	<b>2,750,000</b>	<b>2,900,000</b>	<b>2,250,000</b>