

**QUARTERLY REPORT OF THE
INFRASTRUCTURE ADVISORY BOARD**

Third Quarter 2022

In accordance with its obligations under Executive Order LC 19-02 issued by Mayor LaToya Cantrell on August 6, 2019, and the Cooperative Endeavor Agreement between the City of New Orleans (“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 actions undertaken during the second quarter of 2022 and recommendations offered for the third and fourth quarters of 2022.

I. IAB Meetings and Activities

The IAB met once during the second quarter of 2022, convening on July 14, via in-person and videoconference. The complete meeting packet for the meeting is attached as Exhibit A, and full recordings of both meetings are available at:

<https://www.swbno.org/BoardMeetings/MeetingVideo?link=https%3A%2F%2Fwww2.swbno.org%2Fmedia%2FInfrastructure+071422.mp4&name=Infrastructure+Advisory+Board&date=7%2F14%2F2022+2%3A00%3A00+PM>

II. Status of One-Time Funds

The status of the Fair Share Agreement one-time funds is delineated in the City’s presentation in connection with the September 22, 2022 IAB meeting attached to this report as Exhibit “B”.

III. Status of Recurring Revenue Under the Fair Share Agreement

The status of each revenue stream of the Fair Share Agreement is delineated in the attached Exhibit “B”.

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

Since its inception, the IAB has 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. The projects approved for funding utilizing Fair Share Agreement revenues are set forth in the document attached as Exhibit “C” and below:

- A. *Automated Metering Infrastructure (AMI)* – The IAB recommended 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 downsized the scope of Phase 1, moving some aspects to Phase 2, to make the project more affordable in the near term. The rescoping resulted from 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.

The rescoped meter survey is complete, as is a business process analysis of all related SWBNO functions. The vendor implementation RFP was released in December 2021, and seven vendors responded. The SWBNO selection committee met in April and awarded the contract to Aquametric. SWBNO Board of Directors approved the award in May, and, after overcoming a bid protest, final contract negotiations are nearly complete.

Phase 2 – “Deployment” – is officially underway. The Smart Meter program management team is prioritizing increased staffing for community outreach, installation of a SWBNO-owned network for signal transmission, and ordering meters and equipment to get ahead of anticipated supply chain delays. The first round of installation is scheduled to begin in March 2023.

B. *Master Plan* – The IAB recommended 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.

After a competitive proposal process, a contract for a Utility Strategic Plan—a critical step in the development of a comprehensive Master Plan—was awarded to a team led by Raftelis Financial Consultants, Inc. and approved by SWBNO Board of Directors on May 19, 2021. IAB Member Elisa Speranza served as a volunteer member of the evaluation committee.

Raftelis led an intensive and comprehensive process over the past six months that included SWBNO leadership, workforce, Board members, partner agencies and stakeholders. The strategic plan, which covers priorities, strategies and tasks for implementation over the next five years, was adopted by SWBNO Board of Directors in February. SWBNO leadership is sharing the plan with stakeholders and the community over the next several months. Implementation of strategic plan tasks began in earnest in Q2, including identification and tracking of goal-related performance metrics. A public-facing dashboard reflecting progress toward goals was unveiled at the SWBNO Strategy Committee meeting last month and will be the primary tool for metric tracking moving forward.

C. *Water Treatment Plant – Sycamore Filter Gallery* – This high-priority project is part of an effort to upgrade many aspects of the Carrollton and Algiers water treatment plants, for which SWBNO is seeking federal funding from the Infrastructure Investment and Jobs Act as well as the Water Sector Commission. The notice to proceed on this contract was issued in late May and work is ongoing, despite some supply steel industry supply chain delays. The project is scheduled to be completed by the end of the year.

D. *SELA Algiers Drainage Project* – The IAB 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. As the Corps continues to receive federal funding for this project, SWBNO is obligated to pay the matching 5% up-front cost. The IAB approved an additional \$2,486,836 for that payment in the second quarter of 2021.

E. *Stormwater Fee Study* – The IAB recommended 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, including green infrastructure. At the behest and recommendation of the IAB and SWBNO, a group of dedicated business, civic, and community organizations have begun to work collaboratively on a plan to bring the stormwater management fee to fruition.

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 recommended utilizing up to \$4,000,000 from the IMF to support a procurement of a new turbine dubbed “T7.”

T7, along with T6, will become the sources of backup power generation for the utility once the Entergy substation is constructed. In the meantime, T7 will replace the outdated steam turbine generators (T1 and T3) that are no longer reliable. Equipment, site preparation work, and installation of T7 is expected to cost approximately \$18 million to \$20 million. Funding for this project has been approved, and the environmental permitting process is complete. The RFP for equipment and installation

was released in December, and the selected vendor was approved by SWBNO's Board this spring. Design and integration work is underway.

Anticipated IAB Actions in the Coming Quarter

The IAB will continue to closely monitor Fair Share Agreement collections as well as the progress of recommended projects between meetings.

Attachments

Exhibit A – July 14 IAB Meeting Packet

Exhibit B – City of New Orleans Presentation to IAB

Exhibit C – Report of Revenue and Expenditures made pursuant to the CEA (R-079-2020) – Infrastructure Maintenance Fund