

**QUARTERLY REPORT OF THE
INFRASTRUCTURE ADVISORY BOARD**

Third Quarter 2021

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 third quarter of this year and recommendations offered for the fourth quarter of 2021.

I. IAB Meetings and Activities

The IAB met once during the second quarter of this year, convening on June 3, via videoconference pursuant to state and local COVID-19 proclamations. The complete meeting packet is attached as Exhibit “A”, and a full recording of the meeting is available at: https://www2.swbno.org/news_boardmeetings.asp.

The IAB cancelled its meeting scheduled for September 2, 2021 due to Hurricane Ida.

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 December 2, 2021 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 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 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.

The rescoped meter survey is complete, as is a business process analysis of all related SWBNO functions. The vendor implementation RFP is finalized and expected to be released in December 2021.

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.

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. A final draft of the strategic plan, which will cover priorities, strategies and tasks for implementation over the next five years, will be released in December of this year.

C. *Water Treatment Plant – Sycamore Filter Gallery* – The design work for this project is 80% complete, and SWBNO expected to issue an RFP for the work in July 2021. While this project remains a high priority, release of the RFP was delayed due to Hurricane Ida and competing critical needs. The RFP will be released by the end of the year, with work commencing in early 2022.

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. 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 this year.

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, 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 recommends 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, the environmental permitting process is complete, and the RFP for equipment and installation will hit the street in early December.

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 – June 3, 2021 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