

**QUARTERLY REPORT OF THE  
INFRASTRUCTURE ADVISORY BOARD**

**First Quarter 2023**

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 first quarter of 2023 and recommendations offered for the second and third quarters of 2023.

**I. IAB Meetings and Activities**

The IAB met once during the first quarter of 2023, convening March 16 in person. The complete meeting packet for the is attached as Exhibit A, and a full recording of the meetings is available at:

<https://www.swbno.org/BoardMeetings/MeetingVideo?link=https%3A%2F%2Fwww2.swbno.org%2Fmedia%2FInfrastructure+031623.mp4&name=Infrastructure+Advisory+Board&date=3%2F16%2F2023+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 March 16, 2023 IAB meeting, available at:

[https://www2.swbno.org/documents/meetings/packets/packet\\_2094.pdf](https://www2.swbno.org/documents/meetings/packets/packet_2094.pdf)

**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 City of New Orleans presentation, available at:

[https://www2.swbno.org/documents/meetings/packets/packet\\_2094.pdf](https://www2.swbno.org/documents/meetings/packets/packet_2094.pdf)

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

The IAB works with SWBNO to identify the highest and best uses for recurring Fair Share Agreement funds, with attentiveness to 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 rescope 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, the final contract will be presented to the Board on December 14.

Phase 2 – “Deployment” – is officially underway the IAB recommended utilizing up to \$15,000,000 from the IMF to support deployment after the initial funding is exhausted. 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. As of March 2023, network infrastructure is being installed, integration with SWBNO's billing system has begun, and the customer portal implementation is imminent. The IAB recommended utilizing an additional \$2,500,000 to the original \$1,500,000 for a total of \$4,000,000 recommendation to support the consultant contract to deliver AMI.

The project team also is exploring strategies for complying with the new EPA lead line regulations, which will require provision of a water pitcher for each customer whose line is “disturbed” during the meter replacement rollout. These new regulations will increase the cost of the project by approximately \$4-5 million and may impact the timeline for residential installations.

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.

Now that the Strategic Plan is complete, SWBNO will turn toward master planning efforts for each of its three systems (water, wastewater, drainage). The utility will put out an RFP for a water system master plan, focusing on the renovation of the Carrollton and Algiers water purification plants, this year. Based on the results of the RFP, SWBNO may seek the dedication of additional Fair Share funds in this category to support the planning process.

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. Work on this project is ongoing and should be complete before summer 2023.

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. To aid that effort, SWBNO has requested a substantive update to the 2016 stormwater fee feasibility report prepared by consultant Raftelis. The updated report, slated to be complete in Q2 of 2023, will reflect current utility and community data and provide recommendations on equitable fee structure and amounts.

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.

G. *West Power Complex Construction* – The West Power Complex is comprised of an electric substation connecting SWBNO's plant directly to Entergy's transmission line, as well as a modernized backup power generation system powered by Turbines 6 and 7. Construction of the new power campus, which also includes three frequency changers, an operations center, and a “utility rack” to connect the Entergy power to SWBNO's assets, will cost around \$250 million. Funds from the project will come from numerous sources, including state Capital Outlay funds, federal earmarks, CDBG and HMPG funds, the City of New Orleans, and SWBNO's own system funds. The IAB has also committed \$20M from its recurring revenue to help fund construction in 2023. Project groundbreaking was on Monday, December 5.

### **Anticipated IAB Actions in the Coming Quarter(s)**

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