

**MINUTES OF THE REGULAR MEETING OF THE
INFRASTRUCTURE ADVISORY BOARD
SEPTEMBER 14, 2023**

The regular meeting of the Infrastructure Advisory Board (IAB) occurred on September 14, 2023 in-person at Woodward Design+Build – 2nd Floor, 1000 South Norman C. Francis Parkway, New Orleans, Louisiana.

The following IAB members were present:

1. Paul Flower, Chair
2. Casey Tingle, Vice Chair
3. Neil Abramson, Secretary
4. Bill Hammack
5. Chuck Morse
6. Karen Raymond
7. Elisa Speranza

REGULAR ORDER OF BUSINESS

Call to Order. The Chair called the meeting to order at 2:00 p.m.

Approval of Agenda. The IAB unanimously approved the agenda.

Approval of Minutes. The IAB unanimously approved as written the minutes of the June 8, 2023 regular meeting.

Approval of Quarterly Report. The IAB unanimously approved the Quarterly Report.

Presentations. In order of appearance:

Keith Readling, Executive Vice President, Raftelis, and Henrietta Locklear, Vice President, Raftelis, introduced themselves and provided a brief overview of their practice in utility financial management consulting. Ms. Locklear shared that Raftelis is currently evaluating the feasibility of a drainage fee for SWBNO, emphasizing assessing the current situation, updating financial models, and developing fair funding options. Key findings include the need for more funding, stakeholder desire for fairness, and high distrust for both SWBNO and the city. Raftelis proposes an equitable fee structure based on impervious areas, with residential tiers, credits programs, and affordability initiatives. Mr. Readling recommended increased spending on drainage operations and maintenance, suggesting a phased-in fee structure, which if implemented, would fund the current SWBNO services i.e. pumps and canals and the power master plan as well as taking over and improving operation and maintenance of the minor system (pipes under 36”), and respond to community interests in terms of workforce development, capacity, and reforestation. Ms. Locklear presented rate structure examples which would be based on impervious space on any given property as well as implementation options, including phasing in payments, millage expirations, and billing options. Mr. Readling concluded by saying that maintaining millages while introducing

a phased-in drainage fee could generate \$178M in new revenue by 2026, funding \$356M in infrastructure improvements. Following the presentation Raftelis and the Board members discussed strategic and financial considerations regarding the implementation of a fee and whether it can or should replace existing millages.

Eric Smith, Research and Special Projects Analyst for the Chief Administrative Office, City of New Orleans, and Courtney Story, Director of Administration and Planning for the Chief Administrative Office, City of New Orleans, in a slide presentation, the financial update highlighted revenue and allocations through July 2023. Collections are on track, slightly outpacing inflation, and a 6.8% increase in 2023 revenue over 2022 is expected. Regarding the outstanding \$5M from the IMF, Mr. Smith mentioned a City Council ordinance for an additional \$5M to SWBNO. Courtney Story clarified that it's an advance from the 2024 IMF funds, with Mr. Smith confirming a recurring annual budget payment of \$5M. **Sarah Porteous, Acting Director for the Department of Public Works, City of New Orleans,** updated the Board on the IMF. Almost \$26M was appropriated from the fund in 2023, with \$1.2M allocated toward personnel. Ms. Porteous explained that out of the appropriated amount, 41 positions had been funded, including 21 hires. Ms. Prteous made special note that employee retention is working well as each new hire has remained employed. Currently, there are 20 vacancies, and requisitions are in process for each vacancy. The remaining \$24.5M was used for operating expenses, with \$18M allocated to SWBNO payments, \$5M to Right of Way Repair Contracts, and \$1.4M to streetlight repairs. Mr. Paul Flower took an opportunity to acknowledge Ms. Porteous's planned departure from her current role at the city and thanked her for her dedication to her work and the city of New Orleans.

On the topic of the Downtown Development District's green infrastructure project involving the installation of permeable pavement in seven City corridors, Ms. Porteous shared that Wingate Consulting Engineers, LLC, have submitted preliminary plans for all 18 blocks and Drainage Calculations. A Utility Coordination meeting occurred on August 8, 2023 to review the plans and provide comment on potential utility conflicts. Ms. Porteous confirmed that the project is on track to be put out for bidding before Mardi Gras in 2024.

Ms. Story ended the presentation with an update on the Drainage Consolidation Working Group, reminding the Board that on January 31, 2023, the CAO had submitted a preliminary Working Group Update to the City Council, which discussed: (1) actions taken by members thus far, (2) the history of drainage management in New Orleans, (3) potential opportunities of a consolidation, (4) challenges of a consolidation under SWBNO, and (5) changes required to implement consolidation under SWBNO. The continued consensus among the working group is the need to identify a recurring funding source to make consolidation a reality. The Working Group has met once in 2023 thus far. Ms. Story addressed Mr. Neil Abramson's question from the June meeting regarding if there was a plan to submit a Final Report noting that the legislation from Council does not require any subsequent reports, though she believes that once a direction has been decided on, they will submit one.

Ron Spooner, Interim General Superintendent, SWBNO, shared updates on priority projects: (1) West Power Complex. The West Power Complex is on track for an on-time delivery of the first quarter of 2024, with 90% of transmission line work complete. Mr. Spooner focused on Phase 1

of the SWBNO side of the West Power Complex detailing the process and implementation timeline. He reiterated that the SWBNO backup plant is on track for an on-time delivery in the final quarter of 2024. (2) Smart Metering. Rebecca Johnsey, Project Manager of Smart Metering, SWBNO, updated the board on Smart Metering, sharing that SWBNO has completed integration of smart metering technology and SWBNO IT systems, with initial testing completed as of this morning. Ms. Johnsey noted that over 2,000 Smart Meters have been installed as a part of operating and maintenance, including 50 large meters. Ms. Johnsey commented on the detailed communications planning and messaging that continues for this project, which includes training on the technology at city hall, residential post cards, and an online landing page with up to date information. Ms. Johnsey informed the Board that the application for a \$5M Sate Revolving Fund loan was accepted and that an additional \$4.8M has been applied for. A new physical lid was brought to the meeting and Ms. Johnsey walked the Board through its design features.

Steve Nelson, Deputy General Superintendent, Engineering and Services, SWBNO, updated the Board on 2023 paving repairs. He expressed gratitude for the approved June funding, resulting in a 20% reduction in response times compared to 2022. The goal is to decrease the backlog from 3,000 to 600-1000 by the end of 2023, currently decreasing at a rate of approximately 100 per week. The \$4M in IAB funds is supporting on-call contractors, a key factor in backlog reduction. \$1.8M has been spent from June to August, with the remaining \$2.2M expected to be spent by November. The projected completion of work orders by contractors in 2023 is over 500. Nelson highlighted DPW coordination, addressing a 4' pipe on Claiborne impacting water production at the Carrollton plant. The watermain is expected to be finished within the month, but street restoration may extend until February. Regarding surface cut repairs, Nelson clarified that initial projects exceeded estimates, resulting in an anticipated year-end cut total of 1000 instead of the projected 600. When asked about additional funding, Nelson mentioned utilizing the annual budget for the project's next phase, as it aligns closely with the year-end timeframe.

Grey Lewis, Chief Financial Officer, SWBNO, reported over \$50M revenue from Fair Share/IMF through July 2023. Expenditures include Turbine 7 design (\$1.9M), Smart Meter Program (\$2.3M), SELA Drainage Projects (\$3.5M), Sycamore Filter Gallery Rehab (\$1.7M), and West Power Complex (\$4.9M). Lewis requested an additional \$10M for Power Complex connection to Static Frequency Changer #2, adding to the existing \$20M, totaling \$30M for contracts. Mr. Hammack expressed openness but not ready to vote on the \$10M commitment. Mr. Korban confirmed the request could wait until the December meeting.

Public Comment There was no public comment.

Other Business. There was no new or other business raised by the attendees.

Adjournment. The IAB adjourned the meeting at 3:38 PM.

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**QUARTERLY REPORT OF THE
INFRASTRUCTURE ADVISORY BOARD**

Third 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 third quarter of 2023 and recommendations offered for the fourth quarter of 2023.

I. IAB Meetings and Activities

The IAB met once during the third quarter of 2023, convening September 14 in person. The complete meeting packet 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+091423.mp4&name=Infrastructure+Advisory+Board&date=9%2F14%2F2023+2%3A00%3A00+PM>

The IAB continues to monitor Fair Share Agreement collections as well as the progress of recommended projects.

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 14, 2023 IAB meeting, available at:

https://www2.swbno.org/documents/meetings/packets/packet_2126.pdf

II. 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_2126.pdf

III. 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 incorporated in the packet linked above.

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.

B. 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 2022 and awarded the contract to Aquametric. SWBNO Board of Directors approved the award in May, and, after overcoming a bid protest, the final contract was approved by the Board on December 14.

Phase 2 – “Deployment” – is officially underway. For Phase 2, 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 September 2023, sufficient network infrastructure has been installed to begin meter installation, integration with SWBNO’s billing system is underway, and commencement of a slow start of meter installations has occurred. The customer portal integration is planned to begin in Q1 2024 with deployment in Q3 2024. . The IAB has 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.

C. *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 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.

D. *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 was substantially completed in the early fall.

E. *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.

F. *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. A synopsis of the update was presented by Raftelis at the September 14 meeting and covered a general consensus on the need for additional funding, a phased in or gradual approach to transition over time to a more equitable fee based revenue stream and the need to raise capital through issuance of bonds to fund additional investments in the Drainage program using fee revenue to service new debt.

G. *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 have been decommissioned. 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 2021, and the selected vendor was approved by SWBNO's Board in early 2022. The manufacturing of T7 has been completed and shipped for storage in Houston, TX along with other ancillary parts.

H. *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 including Contracts 1440 and 1427 for transformer and auxiliary power support, and

contract 1447 for boiler room fan modifications. Project groundbreaking was on Monday, December 5, 2022.

I. *Bulk Chemical Feed and Storage Facility* – The Carrollton Water Plant currently lacks adequate bulk storage facilities with capacity and modernization to more efficiently purchase water purification chemicals. The lack of adequate storage facilities causes more frequent delivery and dependency on trucked in chemicals. The IAB has committed \$4M from the IMF to start the demolition and site preparation stages of the overall project.

J. *Asset Management System* – As part of technology modernization in the Strategic Plan of SWBNO developing a needs assessment and RFP for a new modern work order and asset management system will greatly enhance SWBNO ability to perform preventative maintenance activities. The IAB committed funding of \$1.65 million to allow for the pursuit of the needs assessment/RFP and ultimate purchase and implementation of a new system with a consultant being pursued through a list of qualified engineering consulting firms with expertise in technology and asset management systems.

K. *Acceleration of External Contractor Paving Contracts* – Open surface cut backlog throughout the City has persisted due to a lack of funding with multiple efforts being undertaken in 2023 with assistance from DPW, 2 external paving contractors and an internal SWBNO paving crew. Additional IAB funding was committed from the IMF fund of \$4m to augment the number of paving work orders which can be addressed by the external contractors based on their proven performance at reducing the work order backlog with additional funding committed to their contracts. SWBNO has expended 55% of allocated funding and been able to reduce backlog at a rate of approximately 100 work orders each week from ramping up contractors and adding internal resources. The goal is to have the backlog reduced to 1,000 by year end. SWBNO also reported a 20% reduction experienced over 2022 response times for paving repairs via utilization of the funding, additional equipment investments and DPW separate paving contract.