

LATOYA CANTRELL, MAYOR
CITY OF NEW ORLEANS

March 18, 2024

The Honorable Helena Moreno
Councilmember-At-Large
1300 Perdido Street
City Hall, Room 2W40
New Orleans, LA 70112

The Honorable Jean-Paul "JP" Morrell
Councilmember-At-Large
1300 Perdido Street
City Hall, Room 2W50
New Orleans, LA 70112

The Honorable Joseph A. Giarrusso, III
Councilmember, District A
1300 Perdido Street
City Hall, Room 2W80
New Orleans, LA 70112

The Honorable Lesli Harris
Councilmember, District B
1300 Perdido Street
City Hall, Room 2W10
New Orleans, LA 70112

The Honorable Freddie King, III
Councilmember, District C
1300 Perdido Street
City Hall, Room 2W70
New Orleans, LA 70112

The Honorable Eugene Green
Councilmember, District D
1300 Perdido Street
City Hall, Room 2W20
New Orleans, LA 70112

The Honorable Oliver Thomas
Councilmember, District E
1300 Perdido Street
City Hall, Room 2W60
New Orleans, LA 70112

RE: POWER COMPLEX FUNDING - COMMISSIONING AND INSTALLATION OF STATIC FREQUENCY CHANGERS AND TURBINE 7

Dear Councilmembers:

I am in receipt of a memorandum from the Sewerage and Water Board of New Orleans (SWBNO) communicating a Power Complex funding issue that may jeopardize the timeline of this critical project. You have all shown deep support and understanding of the critical and timely need for the delivery of this project, and today we are seeking your continued support and collaboration.

As you know, SWBNO's Power Complex, which will include new turbines and a direct tie-in to Entergy-generated power through a substation, will provide New Orleans a reliable and efficient power source. According to the current timeline, Phase 1 of the project, which will allow use of the Entergy Substation, is set to be delivered in time for peak hurricane season 2025.

Recently SWBNO opened bids for a critical component of Phase 1 of the Power Complex, which includes the installation and commissioning of static frequency changers, Turbine 7, and other equipment. Their Engineer of Record, Jacobs Engineering, oversaw the bid process for this project using a pre-bid engineer's estimate based upon a competitive bid contracting method as a pricing guide. Historically, Jacobs' estimates had compared favorably with previous Power Complex contract estimates.

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SWBNO publicly bid the project in accordance with Louisiana public bid law, openly advertised the opportunity, and proactively contacted 15 firms during the pre-bid period. While six firms attended the initial pre-bid meeting, only one bid was received, which consists of two companies joining efforts under a joint venture.

In this case, with a limited pool of qualified bidders, the sole bid was far higher than anticipated—an additional \$20 million more than estimated.

SWBNO intends to award the bid as submitted, and I agree this is the best path forward to keep the project on track. While re-bidding is an option, there is no guarantee that a second round would garner multiple bids for the project, and it could negatively and financially impact the tight timeline of construction. Therefore, we are seeking resources to increase funding by \$20 million in order to maintain our ambitious timeline to complete this critical project that will provide numerous benefits to our community at large. I've asked CAO Montaña to identify a path forward and anticipate the use of reallocated Capital Budget dollars to plug the gap. He will follow up with you to discuss in the near future.

I appreciate your continued support and leadership in bringing this capital project to fruition. I look forward to working with you to identify a funding source to fill the gap and ensure Phase 1 of this project is delivered on time.

Yours in service,

A handwritten signature in blue ink, appearing to read "L. Landry". The signature is fluid and cursive, with a large initial "L" and a stylized "Landry".

Mayor, City of New Orleans

cc: Ghassan Korban, Executive Director, SWB
Gilbert Montaña, Chief Administrative Officer