



**"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"**

# **Sewerage & Water Board** OF NEW ORLEANS

LATOYA CANTRELL, PRESIDENT

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October 11, 2023

The Finance and Administration Committee met on Wednesday, October 11, 2023, in the Executive Boardroom. The meeting convened at approximately 3:00 P.M.

## **1. ROLL CALL**

### **Present:**

Director Lynes Sloss  
Director Janet Howard  
Director Joseph Peychaud  
Director Alejandra Guzman

### **Absent:**

Director Carol Markowitz

Executive Director Ghassan Korban gave an update on the saltwater intrusion. Mr. Korban stated the New Orleans water supply is not currently impacted. SWBNO will continue to monitor and track the progress of the saltwater and keep the community updated.

## **2. CASH FLOW OVERVIEW**

Mr. Grey Lewis, Chief Financial Officer, presented an update on the August 2023 financial results and liquidity position, as it is critical that SWBNO maintain sufficient cash flow levels to continue operations, and meet bond covenant requirements. The August 2023 Water and Sewer cash levels (189- and 272-Days Cash on Hand, respectively) exceed the minimum and target thresholds based on month end cash and budgeted expenses and additionally Debt Service Coverage is within the budgeted forecast. September collections were \$22.3m after August totaled \$24.5m for the month with the FY23 Monthly average thru September being \$21.6m. Past Due Accounts receivables as of August 31, 2023, were \$53.9m a decrease of 5% or \$2.7m from the prior month end.

August billed revenues (\$28.9m) were above budget (23.1m) from an increased number of customer billings in the month. Other non-operating revenues are higher in FY23 by approx. \$6m due to interest income from higher fixed interest rates on invested funds while Drainage

Millage revenues are in line with budgeted \$68m for the year. August operating expenses (\$27.8m) were lower than budgeted for the month based on conservatively budgeted FY23 amounts and higher than a year ago (\$25.2m); YTD operating expenses are \$223.9m which is less than conservatively budgeted \$277.5m thru August - management will continue to monitor as additional expenses are expected due to emergency planning.

The F&A committee also received an update on Customer Service Statistics -- Call Volumes, Customers Served and Customer payments were up in August. Total bills issued were above 135k for 5 out of the last 6 months with additional consistency with the alternative meter reading strategy. Open customer bill disputes decreased at the end of August to 4,787 from 5,286 last month. Average days to close a customer investigation increased to 129 days from 100 days last month due to closure of some of the oldest cases. Consistent collections practices continue to be a primary focus with the collection ratio over last twelve months ended August 2023 improving relative to the last twelve months ended August 2022.

There was a special presentation on the Quadrennial Millage reappraisal done by the tax assessor for the Drainage millages. The estimates provided by the tax assessor indicate a significant rise in property and assessed values (23%) attributed to market activity and general cost increases in the last 4 years. SWBNO is required by the Louisiana Constitution to automatically roll back the millage rates to calculate the same revenue that would be earned in the year preceding the reappraisal year. The calculation results in a new rate for the 3 millages of 13.73 lowered from the previous 16.23. The Agency has historically also rolled forward the rates to the maximum which returns the total millage to 16.23 (FY24) and incremental tax revenue would be earned on the higher assessed value. Rolling forward requires a 2/3 majority vote of the BOD and approval from the City Council. Management presented critical infrastructure capital needs which would be targeted with the estimated \$15m in additional millage revenue if rolled forward. A list of drainage pumping station and network of drainage piping needs was presented and if these needs are not addressed there is a greater risk for flooding each year. The existing paygo capital funding for Drainage is limited to primarily paying for SELA program with only \$2-3m in other capital spending planned while rolling forward the millage will capitalize on the existing tax rate revenue while a stormwater fee continues to be pursued given the funding challenges for Drainage. Millages are currently the only source of funding for Drainage with 1 of the 3 millages coming up for renewal in FY28. Funding challenges for the Drainage system continue to be the primary reason for rolling forward the millage as was done in the recent reappraisal years.

### 3. **ACTION ITEMS**

- Resolution (R-126-2023) Roll Back of Sewerage and Water Board Millages
  - **Director Janet Howard moved to accept R-126-2023. Director Alejandra Guzman seconded. The motion carried.**
- Resolution (R-127-2023) Roll Forward of Sewerage and Water Board Millages
  - **Director Janet Howard moved to accept R-127-2023. Director Alejandra Guzman seconded. The motion carried.**
- Resolution (R-128-2023) Ninth Supplemental Sewerage Service Revenue Bond Resolution Authorizing the Issuance of Sewerage Service Revenue Bond, Series 2023
  - **Director Janet Howard moved to accept R-128-2023. Director Alejandra Guzman seconded. The motion carried.**
- Resolution (R-129-2023) Correction to Authorization for Award of Contract for Professional Services Between Sewerage and Water Board of New Orleans and Applications Software Technology, LLC (AST) for Financial Software and Services
  - **Director Joseph Peychaud moved to accept R-129-2023. Director Janet Howard seconded. The motion carried.**
- Resolution (R-123-2023) Authorization for Renewal #2 of the Professional Services Agreement Between the Sewerage and Water Board of New Orleans and Avenu insights and Analytics for Information Systems Management
  - **Director Janet Howard moved to accept R-123-2023. Director Alejandra Guzman seconded. The motion carried.**

### **GENERAL SUPERINTENDENT'S REPORT**

#### **CONTRACT AWARDS/RENEWALS**

- Resolution (R-109-2023) Award of Contract 30253 – Carrollton Basin No. 12 Sewer Rehabilitation Between the Sewerage and Water Board of New Orleans and BLD Services, LLC.
- Resolution (R-110-2023) Award of Contract 30254 – Carrollton Basin No. 13 Sewer Rehabilitation Between the Sewerage and Water Board of New Orleans and BLD Services, LLC
  - **Director Alejandra Guzman moved to accept Contract Awards/Renewals. Director Joseph Peychaud seconded. The motion carried.**

### **CONTRACT AMENDMENT**

- Resolution (R-107-2023) Authorization of Amendment No. 5 to the Agreement Between the Sewerage and Water Board of New Orleans and Neel-Schaffer, Inc for Design and Engineering Services for Repairs to River Intake Fender Systems
  - o **Director Janet Howard moved to accept Contract Amendments. Director Alejandra Guzman seconded. The motion carried.**

### **CONTRACT FINAL ACCEPTANCE**

- Resolution (R-111-2023) Authorization of Final Acceptance and Close Out of Contract 8165 – Repaving Open Cuts in Sidewalks and Driveways at Various Locations Throughout New Orleans Between the Sewerage and Water Board of New Orleans and Wallace C. Drennan, Inc
- Resolution (R-112-2023) Authorization of Final Acceptance and Close Out of Contract 2159 – Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at Various Locations Throughout New Orleans Between the Sewerage and Water Board of New Orleans and Boh Bros., LLC.
  - o **Director Janet Howard moved to accept Final Acceptance as amended. Director Alejandra Guzman seconded. The motion carried.**

#### 4. **INFORMATION ITEMS** –

The information items were received.

#### 5. **PUBLIC COMMENT** –

None.

#### 6. **ADJOURNMENT**

There being no further business to come before the Finance and Administration Committee Meeting. The meeting adjourned at approximately 4:25 PM.