



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President
WM. RAYMOND MANNING, President Pro-Tem

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October 7, 2014

TO THE HONORABLE PRESIDENT AND MEMBERS OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

The Finance Committee of the Sewerage and Water Board of New Orleans met on Tuesday October 7, 2014 at 8:00 A.M. in the Board Room, 625 St. Joseph Street to consider the following matters.

ACTION ITEMS

Item 1 APPROVAL OF PREVIOUS REPORT

The report of the Regular Finance Committee Meeting held on Tuesday, August 5, 2014 was received. Upon a motion of Mr. Jacobs and second by Ms. Barnes the report was approved.

Item 2 GENERAL SUPERINTENDENT'S RECOMMENDATIONS

R-212-2014 – FURNISHING GRASS CUTTING AND DEBRIS PICK-UP OF SEWERAGE AND WATER BOARD EAST BANK CANALS – REQ. NO. Y0140052

Ms. Goddard recommended that all bids be rejected and the project is re-bid.

R-213-2014 – FURNISHING GRASS CUTTING AND DEBRIS PICK-UP OF SEWERAGE AND WATER BOARD WEST BANK CANALS – REQ. NO. Y0140053

Ms. Goddard recommended that all bids be rejected and the project is re-bid.

Mr. Ferrara stated that the bids were rejected because the bidders were non-responsive for various reasons.

Ms. Charlene Gibson of Davillier Law Group representing Metro Service Group protested the re-bid. She stated that Metro did provide references in response to an email received from the purchasing agent that the references had not been provided.

She stated that this was a public bid contract subject to public bid law.

R-214-2014 – FURNISHING CHEMICAL CONTROL OF FOLIAGE AT SPECIFIED SEWERAGE AND WATER BOARD LOCATIONS WITHIN THE CITY OF NEW ORLEANS – REQ. NO. Y0140051

Ms. Goddard recommended that Louisiana Vegetation Management, Inc. for the total amount of \$156,450.

Upon a motion by Mr. Jacobs and seconded by Ms. Barnes staff recommendations were approved.

CONTRACT RENEWAL

R-215-2014 – FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING SODIUM CHLORIDE - REQ. NO. AL130026

Ms. Goddard recommended that the Board approve this first and only renewal to Morton Salt in the total amount of \$103,191.75.

R-216-2014 – FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING PEST AND RODENT CONTROL SERVICES FOR THE SEWERAGE AND WATER BOARD REQ. NO. Y0130020

Ms. Goddard recommended that the Board approve this first and only renewal to Imperial Exterminating, Inc. in the total amount of \$28,016.00.

R-217-2014 – FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING AND DELIVERING GASOLINE AND DIESEL FUEL REQ. NO. GI140001 & gi140001

Ms. Goddard recommended that the Board approve this first and only renewal to Lard Oil Company in the total amount of \$1,960,823.00.

R-218-2014 – FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING AND DELIVERING LUBRICANT PETROLEUM PRODUCTS – REQ. NOS. YG140002 & GI140002

Ms. Goddard recommended that the Board approve this first and only renewal to Lard Oil Company in the total amount of \$123,916.35.

R-219-2014 – FIRST AND FINAL SIX MONTH RENEWAL OF EMERGENCY LETTER BIDS FOR 2013 RENTAL AND INSTALLATION OF A TEMPORARY GENERATOR AT CARROLLTON WATER PLANT

Ms. Goddard recommended that the Board approve this first and only six- month renewal to Louisiana CAT – Power Systems in the total amount of \$144,930.00.

Upon a motion by Mr. Manning and seconded by Ms. Barnes the above renewals were approved.

Item 3 CHANGE ORDERS

NONE

Item 4 R-210-2014 –2014 INDEPENDENT FINANCIAL AUDITING SERVICES CONTRACT

Mr. Miller recommended that the Board approve this second renewal option to Postlethwaite and Nettetrtville APAC for the calendar year 2014 in the total amount of \$85,000.

Upon a motion by Mr. Manning and seconded by Mr. Jacobs the contract was renewed.

Item 5 R-229-2014 – PUBLIC OFFICIALS AND EMPLOYEES LIABILITY INSURANCE

Mr. Miller recommended that the Board purchase Public Officials and Employees Liability insurance coverage for its operations with ACE, USA through the Board's insurance broker, Eagan Insurance, Inc. for a total amount of \$78,723.75.

Upon a motion by Mr. Jacobs and seconded by Ms. Barnes the renewal was approved.

Item 6 R-230-2014 – 2015 HEALTH INSURANCE RENEWAL

Mr. Miller recommended Health Smart as the Group Healthcare Plan Administrator for the 2015 calendar year.

Item 7 R-231-2014 – 2015 HEALTH INSURANCE EMPLOYEE/RETIREE CONTRIBUTION/DEDUCTION

Mr. Miller recommended the Healthcare Plan Rate and Contributions by employees.

Upon a motion by Mr. Jacobs and seconded by Ms. Barnes the above renewals were approved.

PRESENTATION

Item 8 FINANCIAL RESULTS THROUGH AUGUST

Mr. Miller presented the Financial Results through August 2014. Changes began in July with the sale of water and sewer bonds. There were a lot of journal entries to remove old debt and add new debt. The cost of insurance is now recorded as a current year non-operating expense. There is a lower bond reserve requirement that reduced the amount of cash that is restricted. Bond proceeds are recorded as additional designated cash. There are now reimbursements of previous capital expenditures that provide additional unrestricted cash. Gains over losses are recorded on refunding bonds as deferred resources and outflows. New debt is recorded as additional bonds payable.

In October of 2013 the Board adopted a reimbursement resolution authorizing to proceed with planning on the bond issue and permit spending and reimbursement on projects up to three months before and three months prior to the adoption of the resolution. This reimbursement resolution will allow Sewerage and Water Board to reimburse itself to a total of \$31.5 million (\$16.8 million in water and \$14.6 million in sewer). The reimbursements will immediately be available as unrestricted cash.

There is an accounting change for facility relocations. The benefiting system for the relocation will pay for the cost of the relocation.

The days of cash at August 31, 2014 were 498.1 for the water system, 541.2 for the sewer system and 298.8 for the drainage system. The debt service coverage projected for the year ending December 31, 2014 is 1.77 times the water system and 1.97 times for the sewer system.

The total net deposit in the construction fund was \$130 million. As of August 2014 we have expensed \$36.3 million, received interest of \$173 thousand with a balance of \$94.8 million left to spend.

INFORMATION ITEMS

Item 9 CHANGE ORDER ANALYSIS

The committee received the report.

Item 10 FEMA PROJECT WORKSHEET STATUS

The committee received the report.

Item 11 2014 COMMITTEE/BOARD MEETING SCHEDULE

The committee received the report.

Item 12 ANY OTHER MATTERS

None

Item 13 REFERENCE MATERIAL (IN BINDERS)

- A. Sewerage & Water Board By-Laws
- B. 2014 Operating & Capital Budgets
- C. Strategic Plan
- D. Tracking Tool for Commitments to the City Council
- E. Bond Rating

Item 14 ADJOURNMENT

Adjourned at 9:25 am

ATTENDANCE

Present:

Mr. Mark Moody
Mr. Scott Jacobs
Ms. Robin Barnes
Mr. Wm. Raymond Manning

Absent

Mrs. Kerri Kane

Also in attendance were Robert Miller, Deputy Executive Director; Joseph Becker, General Superintendent; Madeline Goddard, Deputy Superintendent; Nolan Lambert, Special Counsel; Rosita Thomas, Interim Finance Administrator; Dexter Joseph, Budget Director; Emanuel Lain, Utility Services Manager; Michele Holley, Budget Analyst; Robert Jackson, Utility Sr. Services Manager; Tiffany Carter, Utility Services Manager; Kathleen LaFrance, Executive Director Analyst; Donald G. Lambert, Jr., Hatch Mott MacDonald; Susan Nolan, MWH; Randy Smith, Royal Engineers; Brenda Thornton, Communirep, Inc.

Respectfully submitted,

Mr. Mark M. Moody, Chair