



"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

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbno.org

February 3, 2015

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 February 3, 2015 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, January 6, 2015 was received. Upon a motion of Ms. Kane and second by Ms. Barnes the report was approved.

Item 2 FURNISHING LIMESTONE – REQ. NO. YW150003

Mr. Becker recommended SAV Trucking Services, LLC in the total amount of \$148,778.25.

THE SALE OF JUNKED AUTOMOBILES, PICKUPS, MEDIUM DUTY TRUCKS, TRACTOR TRAILERS AND OTHER EQUIPMENT – REQ. NO. YG150075

Three bids were received on sixty one junked items. Item 25 is recommended to be sold to Joe Nasello for \$511.00. Items 6, 16, 20, 28, 32, 35, 37 thru 47, 49 thru 57, 60 and 61 are recommended to be sold to Week's Auction Company for \$9,561.00. Items 1 thru 5, 7 thru 15, 17 thru 19, 21 thru 24, 26, 27, 29 thru 31, 33, 34, 36, 48, 58 and 59 are recommended to be sold to Farico Inc. for \$79,240.00.

CONTRACT 3792 – CENTRAL WETLANDS UNIT WETLANDS ASSIMILATION PROJECT – PHASE TWO

Mr. Becker recommended Industrial & Mechanical Contractor, Inc. in the total amount of \$3,389,000.00

Upon a motion by Ms. Barnes and seconded by Ms. Kane, the above bids were approved.

R-019-2015 – CONTRACT 2100 – WATER MAIN POINT REPAIR, WATER SERVICE CONNECTION, WATER VALVE AND FIRE HYDRANT REPLACEMENT AT VARIOUS SITES THROUGHOUT ORLEANS PARISH

Mr. Becker recommended final acceptance of contract 2100 to Boh Brothers in the amount of \$2,337,446.42.

R-020-2015 – CONTRACT 3781 – CENTRAL WETLANDS UNIT WETLANDS ASSIMILATION PROJECT – PHASE TWO

Mr. Becker recommended final acceptance of contract 3781 to Commander Corporation in the amount of \$285,590.00.

R-021-2015 – CONTRACT 8128 – RE –PAVING OPEN CUTS IN STREETS, DRIVEWAYS, SIDEWALKS RESULTING FROM THE REPAIR TO THE SEWERAGE AND WATER BOARD OF NEW ORLEANS UNDERGROUND UTILITIES

Mr. Becker recommended final acceptance of contract 8128 to Fleming Construction Company, L.L.C. in the amount of \$5,633,000.00.

Upon motion by Ms. Kane and seconded by Ms. Barnes, the above contracts for final acceptance were approved.

Item 3

CHANGE ORDERS

R-022-2015 – RATIFICATION OF CHANGE ORDER NO. 1 FOR CONTRACT 2105 – REPLACEMENT OF CBD/FQ WATER LINES DAMAGED BY HURRICANE KATRINA

Mr. Becker recommended the ratification of change order no. 1 for contract 2105 – Replacement of CBD/FQ Water Lines Damaged by Hurricane Katrina in the amount of \$277,053.56. This brings the total for change orders to 4.1% of the original contract.

Upon a motion by Ms. Barnes and seconded by Ms. Kane the ratification was approved.

Item 4

R-023-2015 – AWARD OF GREEN INFRASTRUCTURE PROJECT – FLORIDA AVE CORRIDOR LEARNING TRAIL TO SANKOFA COMMUNITY DEVELOPMENT CORPORATION

Ms. Goddard recommended approval of R-023-2015 for design, implementation, construction, maintenance, and monitoring of a 1000 ft. Learning Trail. The Learning Trail will include educational signs with green infrastructure features on a 3.75 acre piece of Board property at the terminus of Dubreuil and Delery Streets between Florida Avenue and Norfolk Southern Railroad property line adjacent to the Eastbank Waste Water Treatment Plant in the lower 9th Ward neighborhood. The cost of the proposal is not to exceed \$100,000.00 matched with \$66,520.00 of additional funding and in-kind donation in landscape design, volunteers, tree plantings, maintenance, and bridge installation.

Upon a motion by Ms. Kane and seconded by Ms. Barnes R-023-2015 was approved.

Item 5

R-024-2015 AWARD OF GREEN INFRASTRUCTURE PROJECT – HOLLYGROVE GREENLINE – A WATER MANAGEMENT AND COMMUNITY EDUCATION INITIATIVE TO TULANE CITY CENTER

Ms. Goddard recommended approval of R-024-2015 for design, implementation, maintenance, and monitoring of a unique roof and rain bladder system to collect rainwater and distribute to nearby trees and rain garden, grading and site improvements, and educational signage on Board property at the corner of Forshey and Monroe Streets, located in the Hollygrove neighborhood. The cost of the proposal is not to exceed \$100,000.00 matched with \$77,000.00 in-kind donation in volunteers, landscape design, tree planting, drainage, groundscape, and bench installation.

Upon a motion by Ms. Barnes and seconded by Ms. Kane R-024-2015 was approved.

Item 6 **R-025-2015 – AWARD OF CONTRACT TO PROVIDE DESIGN AND ENGINEERING SERVICES FOR THE EAST BANK WASTEWATER TREATMENT PLANT EFFLUENT PUMP STATION**

Ms. Goddard recommended approval of R-025-2015 to enter into an agreement between the Sewerage & Water Board of New Orleans and AECOM Technical Services, Inc. to provide design and engineering services for the East Bank Wastewater Treatment Plant Effluent Pump Station. The cost of the proposal is not to exceed \$299,737.00.

Upon a motion by Ms. Kane and seconded by Ms. Barnes R-025-2015 was approved.

Item 7 **R-026-2015 – RENEWAL OF THE AGREEMENT FOR MS4 STORMWATER ANNUAL REPORT/WATER SAMPLING SERVICES WITH VEOLIA WATER NORTH AMERICA – SOUTH, LLC**

Ms. Goddard recommended approval of R-026-2015 to enter into an agreement between the Sewerage & Water Board of New Orleans and Veolia Water North America – South, LLC to extend the Agreement for another year from February 18, 2015 to February 17, 2015 (3rd extension) in the amount of \$62,500.00.

Upon a motion by Ms. Barnes and seconded by Ms. Kane R-026-2015 was approved.

Item 8 **R-027-2015 – AWARD OF CONTRACT TO PROVIDE DESIGN AND ENGINEERING SERVICES FOR HVAC SYSTEM IMPROVEMENTS AT THE ST. JOSEPH STREET BUILDING**

Ms. Goddard recommended approval of R-027-2015 to enter into an agreement between the Sewerage & Water Board of New Orleans and Infinity Engineering Consultants, LLC to provide design and engineering services for improvements to the HVAC system at the St. Joseph Street building in phases.

Upon a motion by Ms. Kane and seconded by Ms. Barnes R-027-2015 was approved.

Item 9 **R-028-2015 – AUTHORIZATION TO AMEND CONTRACT WITH CH2M HILL, INC. FOR PROGRAM MANAGEMENT SERVICES FOR HURRICANE RELATED WATER RESTORATION PROJECTS TO ASSIST THE BOARD WITH ADMINISTRATIVE WORK ON PUBLIC ASSISTANCE SUBGRANTS**

Ms. Goddard recommended approval of R-028-2015 to enter into an agreement between the Sewerage & Water Board of New Orleans and CH2M HILL, Inc. to provide staff support for assistance with administrative tasks for public assistance projects at a rate not to exceed \$140.00 per hour.

Upon a motion by Ms. Barnes and seconded by Ms. Kane R-028-2015 was approved.

Item 10

R-029-2015 – AMENDMENT TO AGREEMENT WITH CH2M HILL, INC. FOR DESIGN AND ENGINEERING SERVICES FOR THE RETROFIT POWER PLANT HAZARD MITIGATION GRANT PROJECT

Ms. Goddard recommended approval of R-029-2015 to increase the fee of the Program Management Services agreement with CH2M HILL, Inc. for Retrofit Power Plant Hazard Mitigation Grant Project by \$1,124,600.00.

Upon a motion by Ms. Kane and seconded by Ms. Barnes R-029-2015 was approved.

Item 11

R-030-2015 – APPROVAL FOR THE SEWERAGE AND WATER BOARD OF NEW ORLEANS TO SUBMIT A PROPOSAL FOR THE EPA ENVIRONMENTAL EDUCATION LOCAL GRANTS PROGRAM

Ms. Goddard recommended approval of R-030-2015, which is a grant to further develop and expand water literacy education projects throughout the City of New Orleans aligns with Ripple Effect's desire to train more teachers and reach additional schools and students with the Ripple Effect model for science education. The amount of the grant is not to exceed \$121,333.00 of which \$30,333.00 is the Board's matching cost share.

Upon a motion by Ms. Barnes and seconded by Ms. Kane R-030-2015 was approved.

Item 12

R-031-2015 – AWARD OF CONTRACT TO PROVIDE DESIGN AND ENGINEERING SERVICES FOR KANSAS STREET AND JOURDAN ROAD SEWER FORCE MAINS

Ms. Goddard recommended approval of R-031-2015 to enter into an agreement between the Sewerage & Water Board of New Orleans and Royal Engineers & Consultants, LLC to provide design and engineering services for the installation of 2,450 feet of 20" sewer force main in Kansas Street from Seine Street to Vesparian Street and 10,400 feet of 12" sewer force main in Jourdan Road from I-10 to Hayne Road. The contract is not to exceed \$659,110.00.

Upon a motion by Ms. Kane and seconded by Ms. Barnes R-031-2015 was approved.

Item 13

R-032-2015 – RESOLUTION TO APPROVE ENGINEERING FIRMS TO PROVIDE FORENSIC ENGINEERING SERVICES

Mr. Lambert recommended approval of R-032-2015 for acceptance of the Statement of Qualifications and proposals submitted by Quick & Associates, Inc., U.S. Forensic, Kenall, Inc., and Denson Engineers to provide forensic engineering services for the Board.

Upon a motion by Ms. Barnes and seconded by Ms. Kane R-032-2015 was approved.

Item 14**R-033-2015 – 2014 HEALTH INSURANCE RUN-OUT CLAIMS**

Mr. Grant recommended approval of R-033-2015 to enter into an agreement between the Sewerage & Water Board of New Orleans and Blue Cross Blue Shield of Louisiana for processing and paying the 2014 run-out claims for the Employee and Retiree Health Insurance for 15% of the amount of claim payment.

Upon a motion by Ms. Kane and seconded by Ms. Barnes R-033-2015 was approved.

Item 15**EXECUTIVE SESSION**

Upon a motion by Ms. Barnes and a seconded by Ms. Kane, the Finance Committee moved into an executive session at 8:40 a.m. During the executive session, Tommie Lee Jordan, et al v. Arthur M. Thomas, Sewerage and Water Board of New Orleans, et al, Civil District Court No. 2009-11302, Div. D was discussed. Upon a motion by Ms. Kane and a seconded by Ms. Barnes, the Finance Committee moved to return to regular session at 8:50 a.m. Ms. Kane motioned to accept recommendations on the Tommie Lee Jordan case. This was seconded by Ms. Barnes. The motion was passed.

PRESENTATION ITEMS**Item 16****FINANCIAL RESULTS THROUGH DECEMBER 2014**

Mr. Miller presented the Financial Report through December 2014, noting that the preliminary unaudited year-end financial results demonstrate the Board's ability to achieve its financial plan objectives, provide adequate debt service coverage, and maintain adequate liquidity. We have an estimated 180 days of cash for water, 180 days of cash for sewer, and 150 days of cash for drainage, with an estimated 2 times coverage on water and sewer debt service.

Mr. Arnold requested that the number of customer accounts be placed in the comprehensive annual report in a manner consistent with how it was presented in the bond official statements. He suggested that we breakdown the different customer account classifications by single family, multi family, commercial, and industrial to track demand lag and serve as the basis for future projections. He stated that he is concerned that the Board may not be achieving a two percent growth factor in accounts as it has projected it will, as he believes that this will hurt future revenue projections that the Board may rely on for future projects and endeavors. He wants the Board to be aware that, at some point as water rates increase, the Board should take into account delinquent accounts and assistance with those accounts as affordability issues may affect our future revenue projections. He also stated that the Finance Committee should report on water pumped compared to water billed.

Mr. Miller noted that the Board is in the process of compiling a monthly report that will breakdown water consumption for various accounts that will aid the Board in its future projections for accounts. He explained that growth in the number of customers has offset the decrease in consumption per account. Because of this, he doesn't anticipate a problem with the future projections of the Board. He also stated that the financial reporting and budget variances should continue to improve as a result of a closer working relationship of the Budget and Finance departments during his tenure as Interim Executive Director. The

Deputy Director also stated that the reason for the difference of the numbers of 2004 versus 2014 retirement figures is that the Governmental Accounting Standards Board issued a change in the standard in 2006 that requires the Board to report in a different way making it a totally different comparison. As for collections, he related that that through 2013, the Board is collecting 98.5% of billed revenues. The collection numbers for 2014 are not yet available but are expected to be about the same. He emphasized that the Board is achieving its financial objectives as set forth in the strategic plan and as set forth in the long term financial plan.

Mr. Jacobs recommended that the 2016 Budget should be more reflective of all we learn from the variances in the 2015 Budget, so that the Board Members at the Governance level can govern and allow the Management to manage the daily operations.

Mr. Grant said he is open to amend the Budget monthly if necessary or at least quarterly. He also stated that he is working on engaging the New Orleans Data Center in sharing data and data points on growth to better estimate revenues. He discussed there is commercial and residential growth occurring in New Orleans which is unprecedented in America.

The Director stated that according the U.S. Census with people returning to New Orleans since Hurricane Katrina and the new development of vacant lots like, Loyola and Poydras into a multi-story commercial building as opposed to being a parking lot for years we are anticipating growth in revenues and customer accounts in the future.

Item 17 TOPICS FOR FUTURE DISCUSSIONS

None

Item 18 RESPONSE TO QUESTIONS

None

INFORMATION ITEMS

Item 19 CHANGE ORDER ANALYSIS

The committee received the report.

Item 20 FEMA PROJECT WORKSHEET STATUS

The committee received the report.

Item 21 2015 COMMITTEE/BOARD MEETING SCHEDULE

The committee received the report.

Item 22 ANY OTHER MATTERS

The Special Counsel recommended that R-033-2015 should be amended to authorize the Executive Director to enter into an agreement with Blue Cross of Louisiana to process 2014 run-out claims for the Employee and Retiree Health Insurance for 15% of the amount of claim payment. Upon a motion by Ms. Kane and seconded by Ms. Barnes, the amendment was approved.

ADJOURNMENT

Ms. Barnes moved for adjournment and Ms. Kane seconded. The Finance Committee adjourned at 9:40 a.m.

REFERENCE MATERIAL (IN BINDERS)

- A. Sewerage & Water Board By-Laws
- B. 2015 Operating & Capital Budgets
- C. Strategic Plan
- D. Tracking Tool for Commitments to the City Council
- E. Bond Rating

ATTENDANCE

Present:

Ms. Kerri Kane
Ms. Robin Barnes
Mr. Scott Jacobs

Absent

Mr. Mark Moody
Mr. Wm. Raymond Manning

Also in attendance were Cedric S. Grant, Director; Robert Miller, Deputy Executive Director; Joseph Becker, General Superintendent; Madeline Goddard, Deputy Superintendent; Nolan Lambert, Special Counsel; Anthony Stewart, Attorney 4; Yolanda Grinstead, Attorney 4; Rosita Thomas, Interim Finance Administrator; Emanuel Lain, Utility Services Manager; Jason Higginbotham, Utility Sr. Services Manager; Mr. Alan Arnold, Board Member; Brenda Thornton, CommuniRep, Inc.; Randy Smith, Royal Engineers; Katie Carter, Infinity Engineering

Respectfully submitted,

Mr. Scott Jacobs, Acting Chair