



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

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

MITCHELL J. LANDRIEU, President

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February 15, 2018

The Finance and Administration Committee met on Thursday, February 15, 2018 in the S&WB's Second Floor Board Room located at 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 10:30 AM.

## **Present**

Joseph Peychaud  
Ralph Johnson  
Tamika Duplessis, Ph.D.  
Eileen Gleason

## **Absent**

Stacy Horn Koch

## **Other Board Members Present**

Lewis Sterling III  
Robin Barnes

## **ACTION ITEMS:**

### **1. General Superintendent's Recommendations**

#### **Bids:**

- **R-004-2018 – Furnishing Sodium Hypochlorite – Req. Nos. AL170041 & CM170039**

Director Dr. Tamika Duplessis moved to accept the General Superintendent's Recommendation as listed above. Director Eileen Gleason seconded. The motion carried.

#### **Contract Final Acceptance:**

- **R-006-2018 – Contract 3986 – Ninth Ward Area Sewer Rehabilitation No. 5**

Director Duplessis asked that the Committee defer acceptance of Contract 3986 until after the discussion of Change Order #3, Final Acceptance and Closeout for Contract 3986 further down on the agenda.

Director Duplessis moved for final contract acceptance of R-006-2018 for Contract 3986. Director Johnson seconded. The motion carried.

- **R-020-2018 – Contract 3669 – Hurricane Katrina Related 404 Hazard Mitigation Grant Program – Replacement of Sewage Lift Station #6**

Director Ralph Johnson asked for an explanation of “Date Work Accepted”. Mr. Ron Spooner explained that the Dec 2016 date was substantial completion, which is when the Board has accepted many of the major items. There were still some minor items that had to be done that went on for several months after that date. All paperwork had to be completed before bringing final acceptance to the Board.

Director Gleason suggested having a policy in place indicating a time limit when contractors can submit requests for approval, such as date of substantial completion or date of final work.

Interim Executive Director, Marcie Edwards, stated that there is not really any clarity in terms and the complexities. The Director would like to do a workflow of items and thresholds that go in between the Board and look at providing advanced information when things are delayed because the current system seems quite complex. There are a lot of fixes and there will be an attempt to try to have something ready for the next Finance & Administration meeting.

Director Johnson moved for acceptance. Director Duplessis seconded. The motion carried.

- **R-019-2018 – Contract 3796 – Replacement of Pumps at the Boulevard “X” Sewage Pumping Station**

Director Duplessis moved for acceptance. Director Johnson seconded. The motion carried.

- **R-010-2018 – Contract 30003 – Restoration of Existing Gravity Sewer Mains Damaged by Hurricane Katrina by Excavation and Replacement from Manhole to Manhole, CIPP Lining from Manhole to Manhole, and Point Repairs at Various Sites throughout the City of New Orleans**

Director Duplessis move for acceptance. Director Gleason seconded. The motion carried.

- **R-013-2018 – Contract 30016 – Restoration of Existing Gravity Flow Sanitary Sewers by Excavation and Replacement from Manhole to Manhole, CIPP Lining from Manhole to Manhole, CIPP Lining of Service Laterals and Point Repair at Various Sites throughout Orleans Parish**

Interim General Superintendent, Bruce Adams, recommended that Contract 30016 be deferred as additional paperwork is required before contract can be taken into consideration.

## **2. Resolutions (R-002-2018 through R-025-2018)**

- **R-002-2018 – Approving Contract for Furnishing Lime to the Carrollton Water Plant – Req. CM170040**

Interim General Superintendent, Bruce Adams, stated that it is customary for a company to submit two bids as an alternate. Director Gleason moved for acceptance. Director Johnson seconded. The motion carried.

- **R-003-2018 – Approving Contract for Furnishing Liquid Polyphosphate to the Carrollton Water Plant – Req. No. CM170041**

After receiving clarification about the bid from Sterling Water Technologies, Director Dr. Duplessis moved for approval. Director Johnson seconded. The motion carried.

- **R-006-2018 – Approving Ratification of Change Order #3, and Final Acceptance and Closeout for Contract No. 3986, Ninth Ward area Sewer Rehabilitation, Sewer Rehabilitation #5**

Director Duplessis moved for ratification of Change Order #3. Director Johnson seconded. The motion carried.

- **R-007-2018 – Approving Amendment No. 3 to the Agreement between the Sewerage & Water Board of New Orleans and G.E.C., Inc. for Hurricane Katrina Related Drainage Restoration – Broad Underpass Pump Station Design**

Director Johnson moved for acceptance. Director Duplessis seconded. The motion carried.

- **R-008-2018 – Approving Entergy Agreement – Florida Avenue Phase IV Relocation**

The Committee was informed that this agreement is standard procedure on all of our SELA projects. Interim Director, Ms. Marcie Edwards, wanted some clarification on where the S&WB is obligated to pick up the \$5 million for the Relocation Project. Mr. Ron Spooner, Chief of Engineering, explained that this arrangement evolved from a change in legislation, possibly pre-Katrina. Entergy had a bill passed in the state legislature for Entergy New Orleans that any temporary relocations associated with SELA projects shall be the responsibility of the owner, the S&WB. If cost is greater than \$5 million, this project would be brought back to Committee.

Ms. Edwards suggested this committee keep an “I Want List” for legislative adjustments. This project is being born basically by our rate payers. Also, working with a private company funding a dividend, we need to potentially look at submitting suggested alternatives to the current legislation. Ms. Edwards feels that it’s a little unbalanced.

Director Duplessis moved acceptance. Director Johnson seconded. The motion carried.

- **R-009-2018 – Approving Amendment No. 10 to the Agreement between the Sewerage and Water Board of New Orleans and Waldemar S. Nelson and Company for Hurricane Katrina Related Water Restoration Projects**

Director Gleason moved for approval with the proviso that this be brought up for discussion with the full Board and not be placed on the consent agenda. Director Johnson seconded. The motion carried.

- **R-010-2018 – Item removed from Agenda**
- **R-020-2018 – Approving Ratification of Change Order No. 12 and Final Acceptance Closeout for Contract No. 3669 – 404 Hazard Mitigation Grant Program -- #6 Sewage Pumping Station**

Director Dr. Tamika Duplessis moved for approval. Director Ralph Johnson seconded. The motion carried.

- **R-021-2018 – Approving Change Order No. 1 for Contract No. 1368 – Hazard Mitigation Grant Project Oak Street Pumping Station**

Director Johnson moved for approval. Director Dr. Duplessis seconded. The motion carried.

- **R-023-2018 – Approving the Removal of Louisiana Contractors Association from Construction Review Committee**

Interim Special Counsel Russell introduced the resolution and Ms. Irma Plummer with the EDBP Department provided the details. This resolution is requesting that the Committee remove the defunct Louisiana Contractors Association from the membership of the Construction Review Committee. In so doing, the number of members will be reduced from nine to eight. The Mayor's appointments will be reduced from four to three, thereby giving the Construction Review Committee a membership of seven. The resolution includes the reduction, and the Board is being asked to immediately make its new appointments to this committee. Appointments will be made annually by the Mayor.

The Louisiana Contractors Association has been defunct since 1999. They meet monthly. The committee has been operating with a quorum in an attempt to get new members. This committee will review all contracts in excess of \$150,000.00.

Director Dr. Duplessis moved for acceptance. Director Johnson seconded. The motion carried.

- **R-024-2018 – Approving Sewerage & Water Board of New Orleans Preliminary Resolution Authorizing Drainage System Bonds**

Mr. Jason Acres made the presentation. Mr. Acres gave some commonalities between the resolutions authorizing drainage system bonds and sewerage system bonds. These two resolutions, when approved by the Board, will begin the process that's going to take about five to six months to complete. These are preliminary resolutions, meaning all that is being done at this point is setting maximum parameters that we're going to abide by throughout

the rest of the issuance process. At present, the drainage system has an A+ rating and the sewerage system has an A/A- rating.

Director Dr. Duplessis asked to see a list of the projects that can be financed by the available revenues coming from these bonds. Interim Executive Director, Marcie Edwards, stated that subsequent to this, we're not going to bring a request for approval from the Board or Committee. A draft list associated with the preliminary approval would have been beneficial at this meeting, but we will have it before final approval. For clarification, drainage and sewerage bonds are on the same time frame as far as issuance, just not in terms of duration.

- **R-025-2018 – Authorizing Sewerage & Water Board of New Orleans Preliminary Approval for 2018 Sewerage System Bonds**

Director Eileen Gleason moved for approval of R-024-2018 and R-025-2018. Director Dr. Duplessis seconded. The motion carried.

### **PRESENTATION ITEMS:**

#### **3. Overview of Sewerage & Water Board of New Orleans Economically Disadvantaged Business Program (Verbal)**

There were three items on the agenda under the Executive Session, and one of the Board members would be leaving. To keep from losing a quorum, this presentation will be scheduled at a later date. Director Joseph Peychaud, Chair, made an official request to have this item scheduled at another time in order to give due diligence to the presentation. The Committee will establish a time with the EDBP staff.

#### **4. Financial Results through November 2017 and Update of Cash-Days on Preliminary December 2017 Financial Statements**

Ms. Rosita Thomas, Finance Administrator, made the presentation on the financial results. As of February 6, 2018, there are 21 cash-in days for drainage, which means the funds are extremely low. Chief Financial Officer, Ms. Marina Kahn, stated that the other concern is draw-down for FEMA funds. We need to know the backlog on draw-downs because we have to front it, and that affects the cash we have. We're trying to find out where they are as far as reimbursements from FEMA.

Ms. Marcie Edwards stated that she is concerned about the trend lines and will have to sit with staff to look at it more incrementally. Director Peychaud asked to be advised as to how much the I-Team has spent for services as soon as possible.

#### **5. Customer Billing and Dispute Resolution**

Ms. Marina Kahn and Ms. Jacqueline Shine, Customer Service Manager, made the presentation. Ms. Kahn went through the major events that occurred in 2016 and 2017. The public interpreted what they read in the media to mean no one's service would be cut off before March 2016 and not just the accounts under investigation.

Ms. Edwards stated that that is one of the things you want to look at when considering declining revenues. There has been an increase in customers not paying because the public understood that no one was going to be cut off. However, not all problems are strictly in Customer Service. Some of those are interface points potentially elsewhere in the organization that are creating problems. Staff is trying to quantify problems. Ms. Edwards would like this item to be a standing item on the agenda each month.

## **EXECUTIVE SESSION**

Director Eileen Gleason moved to leave the Regular Session and enter into Executive Session. Director Dr. Tamika Duplessis seconded. The motion carried.

Director Gleason moved to return to Regular Session. Director Johnson seconded. The motion carried.

For the record, no action was taken in Executive Session. Director Dr. Duplessis moved to accept Counsel's recommendations. Director Johnson seconded. The motion carried. Director Ralph Johnson left the meeting.

Director Peychaud stated that no action was required on the remaining presentations. Mr. Peychaud informed the Committee that Board members have experienced an increase in calls regarding the customer billing process and asked how we could communicate to the public where we are in terms of the process itself in addressing these concerns. Director Peychaud felt that the public would react differently or more positively if they were better informed. The public would see the Board as being transparent.

Director Dr. Duplessis asked Ms. Kahn if she would get back to the Committee on the impact of the freeze as far as billing issues are concerned.

### **6. Public Utility Staff Operations Management and Support Services RFQ**

Interim General Superintendent, Bruce Adams, gave a quick summary. The Committee's position is for Procurement to move forward with the advertisement for the RFQ.

## **ADDITIONAL COMMENTS**

Ms. Jade Brown Russell, Interim Special Counsel, stated that in the past, we had a contingency fee built into certain contracts, but they usually come from the contractors themselves.

Interim Executive Director, Ms. Marcie Edwards, stated that we should, within our specifications, set some type of need to budget and bid for unforeseen activities because change order processes end up costing everybody time, money, and analysis, a lot of times more than they're worth.

## **INFORMATION ITEMS:**

A number of information items were received.

## **ADJOURNMENT:**

There being no further business to come before the Finance & Administration Committee, the meeting adjourned at approximately 1:15 PM.

Respectfully submitted,

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Joseph Peychaud, Chair