

BOARD OF DIRECTORS' MEETING

FEBRUARY 21, 2018

MEETING MINUTES

SEWERAGE AND WATER BOARD OF NEW ORLEANS

ROLL CALL

The Board of Directors of the Sewerage and Water Board (SWBNO) met on Wednesday, February 21, 2018 at 9:02 AM in the Board Room at 625 St. Joseph Street. The Interim Special Counsel, Ms. Jade Brown-Russell, called the roll and confirmed the following members were present: Director Andrew Amacker,

Director Ralph Johnson, Director Eileen Gleason, Director Joseph Psychaud, Director Stacy Horn Koch, Director Lewis Stirling, III, Director Poco Sloss, and Hon. Mitchell Landrieu.

The following member(s) were absent: Director Robin Barnes, Director Dr. Tamika Duplessis, and Director Marion Bracy.

Also present were: Ms. Geneva Coleman, The Hawthorne Agency; Mr. Randy Smith, Royal Engineers; Mr. Zach Monroe, Sabiston Consultants; Ms. Rita Legrand, Lakeview resident; Mr. Robert Turner, P.E., I-Team; Ms. Debbie Keel; Mr. David Wilson; Mr. Richard Briscoe; Ms. Fannie Buchart Horn; Ms. Brenda Thorton, Communirep; Ms. Brooke E. Smith, City of New Orleans.

Staff present were: Ms. Marcie Edwards, Interim Executive Director; Mr. Bruce Adams, Interim General Superintendent; Ms. Sharon Judkins, Deputy Director, Administration; Ms. Valerie Rivers, Deputy Director, Logistics; Ms. Jade Brown-Russell, Interim Special Counsel; Mr. Ronald Doucette, Deputy Director, Security; Ms. Rosita Thomas, Finance Department; Ms. Jacqueline Winston, Board Relations Staff; Ms. Chante' Powell, Internal Audit; Mr. Mubashir Maqbool; Ms. Jacqueline Shine, Customer Service; Ms. Robert Jackson, Community & Intergovernmental Relations; Mr. Willie Mingo, Purchasing.

APPROVAL OF PREVIOUS MINUTES

Since the Minutes did not reflect the call for staff to evaluate alternative options to the sound wall for the generators, Mayor Landrieu asked the staff to bring the Board an addendum and the Board would make an amendment to the Minutes. Then the Board would go back and approve the Minutes.

Director Andrew Amacker moved to amend the Minutes of December 20, 2017. Director Ralph Johnson seconded. The motion carried.

Director Lewis Stirling, III moved for approval of the Minutes of December 20, 2017. Director Johnson seconded. The motion carried.

REPORT OF THE EXECUTIVE DIRECTOR

Interim Executive Director, Ms. Marcie Edwards, presented a PowerPoint presentation on the following:

- Hard Freeze After-Action
- Power Generation
- Drainage Pumping System
- Manpower
- Emergency Costs
- Drainage & Sewerage Bonds

➤ **January 2018 Hard Freeze: Water Leak Work Orders**

Water Leaks	Before Hard Freeze (Prior to 1/16)	Hard Freeze (1/16-29)	After Hard Freeze (1/29-2/20)	Total
Open Work Orders	2,362	925	887	4,174
Closed Work Orders	-551	-485	-263	-1,299
Outstanding Work Orders (as of 2/10)	1,811	440	624	2,875

Beginning January 16, 2018, Orleans Parish began experiencing sub-freezing temperatures for prolonged periods causing breaks to water pipes and valves, as well as customers' plumbing, reducing water pressure on both the East and West Banks. As a result, a series of boil water advisories were issued. A Declaration of Extreme Emergency was issued on January 19, 2018 to procure additional contractors and equipment to make the necessary repairs. The freeze added work to the existing backlog. There are currently more water leak work orders than prior to the Hard Freeze.

The following chart shows the values of the Emergency Contracts authorized as a result of the Declaration of Extreme Emergency issued to stabilize water pressure on January 19, 2018.

➤ **January 2018 Hard Freeze: Emergency Contracts**

- Water Leak Point Repair Contracts

Contractor	Existing Contract	Emergency Contract
Drennan	\$2,944,440	\$720,142
Fleming	\$2,336,550	\$883,500
Boh Bros.	---	\$1,172,290
Grady Crawford	---	\$1,117,409
Total	\$5,280,990	\$3,893,341

➤ **25 Hz Power Status**

- 5.0 MW Turbine #1
- 3.75 MW Turbine #6 via plant frequency changer
- 6.0 MW Carrollton Frequency Changer 1 (Generators)
- 2.5 MW Carrollton Frequency Changer 2 (Generators)
- 6.0 MW Station D Frequency Changer 1 (Generators)
- 6.0 MW Station D Frequency Changer 2 (Generators)
- 10.0 MW EMDs (Units #2, 3, 4, 5)
- 39.25 MW Total Available**

➤ **Update on Delivering Additional 25 Hz Power**

- Turbine #3** – Siemens: Assembly underway. Ext. Completion Feb. 28.
- Turbine #4** – Report review, inspections, switchgear. Est. Completion May 28.
- Turbine #5** – GE: Oil leak during test run. Est. Completion February 26.
- EMD #1** – EMD has been inspected by insurance companies. Repairs underway. Competition TBD when equip is further inspected.

Mr. Joseph Sensebe, Interim Director of Operations, gave the status of our 25 cycle power to date. We are currently at 39.25 MW, which is an improvement over the last several months as a result of the EMDs coming online in January. Turbine #5 has a revised date of March 10, 2018 due to some revisions that have to be made. EMD #1, which was damaged during testing, is still undergoing repairs, and we're working with the contractor to get those repairs underway so that that unit can come online.

➤ **25 Hz Power Assets Schedule**

Unit	Status/Expected Return to Service Date	Expected MW
▪ Turbine #1	Available	5 MW
▪ Turbine #6	Available	3.75 MW
▪ Carrollton Freq. Changer (1&2)	Available	8.5 MW
▪ Station D Freq. Changer (1&2)	Available	12 MW
▪ EMDs #2345*	Available	10 MW
Total	Today	39.25 MW
▪ Turbine #5	Feb. 26, 2018	+20 MW
▪ Turbine #3	Feb. 28, 2018	+12 MW
Total	Mar. 1, 2018	71.25 MW
▪ Turbine #4	May 28, 2018	+15 MW
Total	June 1, 2018	86.25 MW

***EMDs provide redundant power in place of turbines.**

Interim Executive Director, Ms. Marcie Edwards, complemented the Board along with I-Team leader, Mr. Paul Rainwater, for the investments made to date to stabilize this system's generation, pumps and manpower systems. Our immediate goal is to ensure that our systems are ready for the upcoming hurricane season.

For clarity, at this time, we have enough power to handle a normal rain event. The number that is required to run everything full blast is 52MW. We won't reach that number until March 2018. However, it's rare that we have needed that much power, based on the power generation history since 2007.

Mr. Sensebe also explained what a normal rain event is to the Board. A normal rain event is a 5-10 year event, which is 2-5 inches of rain over 24 hours. However, in August 2017, we had a 100 year event, where we got 5-6 inches of rain in a 2-3 hour period.

Baseload needed to power water and sewer, on average, is about 5MW. The power system for the Sewerage and Water Board was designed to accommodate rain events that require power capacity greater than 5MW baseload.

➤ **Drainage Pumping Status**

- 111 of 120 pumps currently operational
 - ❖ **DPS #12** (Pump D 1000 CFS) is available
- **9 pumps out;** undergoing emergency repairs
 - ❖ 5 drainage pumps (2 are less than 10 CFS)
 - ❖ 4 constant duty pumps

Mr. Robert Turner, with the I-Team, gave an overview on the status of the pumping stations. At least four (4) of those pumps just recently have gone out of service for minor repairs. Most of those repairs will be completed in the next two (2) weeks and will be returned to service at that time.

DRAINAGE PUMPS UNDER REPAIR

Location	Pump	Capacity (CFS)	% Complete	Scheduled Completion
DPS #5	CD #2L	40	96%	2/28/18
DPS #5	CD #2R	40	96%	2/28/18
DPS #6	CD #1	90	50%	4/2/18
DPS #7	C	1,000	70%	3/15/18
DPS #7	CD #1	70	80%	3/9/18
DPS #11	B	250	80%	3/2/18
DPS #15	#3	250	50%	3/14/18
DPS Grant	#2	8	90%	2/28/18
DPS Grant	#4	8	90%	2/28/18
Total		1,756 CFS		

There is still one major pump that needs to be repaired, Pump C at DPS #7. It is expected to be back in operation on March 15, 2018. The work is being done in house by employees of the Sewerage and Water Board.

Several pumps have been returned to service since August 20, 2017. Mr. Robert Turner explained the difference between nameplate capacity and actual capacity to the members of the Board. Nameplate capacity is the capacity at which the pump was designed. Today, however, many of those pumps are over 30 years old; therefore, they are pumping at less than nameplate capacity. The I-Team and staff are looking at those pumps now to determine what those numbers are to make sure they are reflected in the models that they are using to predict flooding in New Orleans.

Mayor Landrieu inquired as to the status of the pumps on June 1, 2018 in New Orleans. Mr. Robert Turner stated that all of the emergency repairs will have been completed. All pumps are expected to be back in service with the exception of those pumps that were taken down for minor maintenance issues. Maintenance will take approximately two weeks. Pumps are expected to be above 95% capacity.

Director Andrew Amacker inquired as to the circumstances surrounding the failure of Pump C. Mr. Turner stated that Pump C was returned to service in late August or early September under emergency repairs. A month later it suffered a significant failure of the bearing assembly for the main shaft of that pump. When the pump was put back together, there was probably some misalignment with regards to the magnetic center for the motor. As a result, when the pump was turned on, the bearings were damaged. Upon Mr. Robert Turner's recommendation, S&WB personnel proceeded to make the repairs in order to get the pumps back in service.

DRAINAGE PUMPS REPAIRED

Since Aug. 20, 2017

Location	Pump	Capacity (CFS)	Returned to Service
DPS #1	#2	225	9/14/17
DPS #1	CD #1	60	9/8/17
DPS #6	CD #1	90	11/18/17
DPS #6	CD #2	90	11/6/17
DPS #6	C	1,000	9/22/17
DPS #6	D	1,000	8/26/17
DPS #6	F	1,100	9/10/17
DPS #6	I	1,100	12/28/17
DPS #11	B	250	10/25/17
DPS #11	D	570	8/20/17
DPS #11	E	570	8/29/17
DPS #15	#2	250	11/12/17
DPS #20	#1	250	10/6/17
Total		6,555 CFS	

➤ Manpower – SWB Class/Comp Implementation

- **Phase 1** approved by Civil Service and City Council
 - ❖ Covers Operations, Facilities Maintenance, Engineering
 - ❖ SWB pay plan was effective 11/20/17 covering **334 employees**
- **Phase 2** approved by Civil Service and City Council
 - ❖ Covers Networks, Environmental, Laboratory and Plumbing
 - ❖ SWB pay plan was effective 1/15/18 covering **222 employees**
- All other S&WB classifications are under review by Civil Service as the City of New Orleans begins its class/comp implementation.

Chief Financial Officer, Ms. Marina Kahn, presented this section of the PowerPoint. In October 2017, S&WB went before the Civil Service Commission to present very specific S&WB positions for them to review and to make pay hike recommendations. Civil Service approved Phases 1 and 2 which were a number of Network positions needed at the Carrollton Water Plant. Those pay raises have been implemented.

Phase 3 pertained to the meter collectors. They were approved at the last meeting. Civil Service is now viewing positions designated as Customer Service positions. Civil Service is coming in March to observe the Customer Service representatives in order to find out the requirements necessary for those positions and will come back to us with recommendations.

Director Amacker feels that at some point, S&WB should address the private sector piece to make sure that we are competitive from that end as well. He suggested that we do a comparison for at least a select number of positions so that we can get an idea of what is the order of magnitude. A lot of that information is available via the Bureau of Labor Statistics as well as various job sites. The Mayor asked Ms. Kahn to proceed with making the comparison.

Director Gleason requested an update on the article that appeared on nola.com on February 20, 2018 about interactions with Civil Service. Ms. Kahn reported that there were three items on the Civil Service Agenda: Report #1 – Overtime Expenditures for S&WB employees; Report #2 – Delegation of Duties; Report #3 – Positions that Civil Service deemed not unclassified. The reports were submitted to Civil Service for review.

In reference to the three positions deemed not unclassified, Civil Service has determined that these positions are only FEMA positions and not direct S&WB funds and that the positions should be strictly for construction and FEMA funded positions. As a result of this decision, S&WB has transferred one of the employees to the PDU Unit which handles construction projects. A second employee is being transferred to a classified position. We're exploring opportunities for the third employee to determine whether there are any classified positions available that are suitable for this individual based on his qualifications.

More extensive discussion involving personnel matters will be discussed in the Finance & Administration Committee meeting. The Mayor stated that these were technical issues. Interim Special Counsel Russel stated that we are working with Civil Service to correct these technical issues. Deputy Director of Communications, Mr. Richard Rainey, stated that if these employees are transferred, no one will be doing the work that they were doing prior to the transfer.

Phase 3 of the Class/Comp Study must be approved by Civil Service and the City Council. Ms. Sharon Judkins, Deputy Director of Administration, informed the Board that the consultant has completed all the requirements of the contract and final payment has been made. We have to decide how to implement the firm's recommendations. There is no phase beyond Phase 3 at this time. Ms. Kahn stated that almost half of the employees will be covered under Phase 3.

COMBINED EMERGENCY COSTS

Category	Amount Contract Board Approved	Amount Change Orders Approved	Total Cost
Power	\$38,870,524	\$14, 618,145	\$53,488,669
Water Pumps	\$286,028	0	\$286,028
Drainage Pumps	\$5,692,684	\$1,087,866	\$6,780, 550
Manpower	\$10,451,224	\$8,256,811	\$8,256,811
Combined	\$55,300,460	\$23,962,822	\$79,263,282

The emergency costs cover expenses from repairs that began in March and April of 2017, but became more widely known on August 6, 2017. These totals indicate where we are to date and anticipating where our current forecast is to wrap up through this emergency action.

DRAINAGE & SEWERAGE BONDS

Board of Liquidation, City Debt (BOL) Schedule of Sale

Date	Action
February 15, 2018	SWB Finance Committee Meeting
February 21, 2018	SWB consider adoption of preliminary resolution (include; apply to SBC; request Council approval (include reimbursement)
March 21, 2018	BOL adopt resolution providing for negotiated sale (include reimbursement); applying to SBC; seeking Council approval
April 4, 2018	Council preliminary approval
April 18, 2018	BOL appoint underwriters
May 16, 2018	SWB adopt Basic Bond Resolution
May 17, 2018	SBC approve bonds (April 18 th submission deadline)

June 6, 2018	Council approve Basic Bond Resolution
June 13, 2018	BOL adopt sale resolution
1st week of July 2018	Close

Will raise \$27M for Drainage System and \$87M for Sewerage System

The above schedule shows an overarching view of the timing related to the bonds. The bond issuance is further down on the agenda and will be discussed at that time.

Finance & Administration Committee

Director Joseph Peychaud reported on the action taken by the Finance and Administration Committee on February 15, 2018. There were several action items. Amendment No. 10 to the Agreement between the Sewerage & Water Board of New Orleans and Waldemar S. Nelson was approved with a proviso that it be brought to the full Board for discussion. The preliminary resolutions for the drainage and sewerage system bonds would be discussed at the February 2018 Board meeting. The Overview of Sewerage & Water Board of New Orleans Economically Disadvantaged Business Program would be presented to the full Board at a later date. There was no action taken in Executive Session. The items on the agenda for the Executive Session were to be discussed at the February 2018 Board meeting. A number of information items were received. There being no further business to discuss, the meeting adjourned at approximately 1:15 PM.

Director Gleason moved to accept the report of the Finance and Administration Committee. Director Koch seconded. The motion carried.

Pension Committee

Director Joseph Peychaud reported on the actions taken by the Pension Committee on February 15, 2018. There were no action items. Conefry and Company gave the actuarial presentation and a representative from Capital One gave the custodian presentation. The information items were provided by Conefry and Company and Ms. Janice Leumont. There being no further business to discuss, the meeting adjourned at approximately 10:16 AM.

Director Lewis Stirling, III moved to accept the report of the Pension Committee. Director Gleason seconded. The motion carried.

CORRESPONDING RESOLUTIONS

The following resolutions were adopted in conjunction with approval of the Committee reports as follows:

R-002-2018 – Furnishing Lime to the Carrollton Water Plant – REQ. No. CM170040

R-003-2018 – Furnishing Liquid Polyphosphate to the Carrollton Water Plant – REQ. No. CM170041

R-004-2018 – Furnishing Sodium Hypochlorite to the Algiers Water Plant and Carrollton Water Plant – Req. Nos. AL170041 & CM170039

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

R-007-2018 – Resolution of 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

R-008-2018 – Authorization for the Executive Director to Execute an Agreement with Entergy New Orleans (ENO) for the Payment of Temporary Relocation and De-Energizing of ENO's Electric Distribution Facilities Along and Adjacent to the Vicinity of the Florida Avenue Phase IV SELA Project

R-019-2018 – Final Acceptance and Closeout of Contract 3796 – Replacement of Pumps at the Boulevard "X" Sewage Pumping Station

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

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

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

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

The Finance & Administration Committee requested that this resolution be deferred to the full Board for consideration. The resolution is being heard outside of the consent agenda. The DBE staff has indicated that this vendor has not met its DBE goal. As a result, the DBE team requested that the Legal Department work with staff that will in turn work with the vendor to ensure that they understand the DBE participation goals, and also work with them in raising the percentage that is reflected. Ms. Valerie Rivers, Deputy Director of Logistics, stated that the DBE participation goal on this contract is 35%; however, the vendor only has 12% DBE participation. Ms. Rivers had a conversation with the vendor following the Finance & Administration Committee meeting concerning the DBE participation goals.

Director Ralph Johnson moved for adoption. Director Eileen Gleason seconded. The motion carried.

R-013-2018 – Approving Contract 30016 – Restoration of Existing Gravity Flow Sanitary Sewer 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

There was a technical error. Additional paperwork and change orders are needed prior to bringing this resolution to the Board.

Director Lewis Stirling, III moved to defer R-013-2018 to the Finance & Administration Committee. Director Andrew Amacker seconded. The motion carried.

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

Mr. C. Grant Schluter with Foley & Judell Bond Counsel explained the resolution. This resolution is approving not exceeding \$27 million of drainage system bonds. Mr. Schluter stated that these are limited tax bonds as secured by a property tax millage for drainage that the voters approved back in 1981. This resolution will permit the Board to make application to the City Council for approval and process approval with the State Bond

Commission in May 2018 with a view, if approved, to proceed with delivery of the bonds by mid-July and having funds available for projects at that time. The Board of Liquidation will sell the bonds. The City Council must approve the sale that would be processed for approval at the meeting on April 4, 2018. A Bond Commission would be scheduled on May 17, 2018. The bond rating is in the A category, and the interest rate would be in the 3%+ range.

Director Lewis Stirling, III moved to approve the SWBNO Preliminary Resolution Authorizing Drainage System Bonds (R-024-2018). Director Ralph Johnson seconded. The motion carried.

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

Mr. C. Grant Schluter with Foley & Judell Bond Counsel explained the resolution. This resolution is approving not exceeding \$87 million of sewerage system bonds that are secured by the sewerage service charge that is paid by the customers of the system. The Board must go to the City Council and State Bond Commission. The current bond ratings are A (S&P) and A- (Fitch). The issuance of these bonds is not expected to have an impact on the current rating of the sewerage bonds.

Director Eileen Gleason moved to approve the SWBNO Preliminary Approval for 2018 Sewerage System Bonds (R-025-2018). Director Poco Sloss seconded. The motion carried.

A spreadsheet was provided that detailed the list of projects for both drainage and sewerage bond issuances that have to be done now. So that the public would know what projects would be funded by that \$114 million, Mayor Landrieu requested that this information be placed on the website. The Mayor also requested that the new Board members be briefed on what fees and what millages are supporting what debt service.

Resolution (R-026-2018) Approving Authority of the Executive Director to Approve Contracts up to \$1,000,000

Ms. Jade Brown-Russell, Interim Special Counsel, read the substitute resolution that was distributed to the Board. The purpose of the resolution was to reissue authority to the Executive Director by title and not by name. However, any change order exceeding the \$1 million threshold would have to come back to the Board.

Director Eileen Gleason moved for approval. Director Stacy Horn Koch seconded. The motion carried.

EXECUTIVE SESSION

Director Stacy Horn Koch moved to exit Regular Session and go into Executive Session. Director Poco Sloss seconded. The motion carried.

Director Eileen Gleason moved to exit Executive Session and return to Regular Session. Director Stacy Horn Koch seconded. The motion carried.

Director Stacy Horn Koch moved to accept Counsel's recommendations. Director Eileen Gleason seconded. The motion carried.

INFORMATION ITEMS

The following items were submitted for informational purposes only:

- Update of Cash-Days on the Preliminary December 2017 Finance Statements
- Executive Director's Approval of Contracts of \$1,000,000 or less
- Monthly Human Resources Activity Report for Period Jan. 1 – Jan. 31, 2018
- FEMA Project Worksheet Status

- Report of the Interim General Superintendent
- Report of the Special Counsel
- DBE Participation on Contracts

ANY OTHER MATTERS

Lakeview resident, Ms. Rita Legrand, made a public comment. Also, Ms. Chante' Powell and Mr. Mubashir Maqbool, Sewerage & Water Board of New Orleans employees, made a public comment.

ADJOURNMENT

There being no further business to come before the Board, Director Ralph Johnson moved to adjourn. The meeting adjourned at approximately 11:24 AM.