



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

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

*MITCHELL J. LANDRIEU, President*

625 ST. JOSEPH STREET  
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52-WATER  
[www.swbno.org](http://www.swbno.org)

March 14, 2018

The Finance and Administration Committee met on Wednesday, March 14, 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**

Director Joseph Peychaud  
Director Stacy Horn Koch

## **Absent**

Director Dr. Tamika Duplessis  
Director Eileen Gleason  
Director Ralph Johnson

## **Other Board Members Present**

Director Lewis Stirling III  
Director Poco Sloss

## **ACTION ITEMS:**

Due to a lack of quorum, the Finance and Administration Committee could not take any action. Special Counsel, Ms. Jade Brown-Russell, stated that the Committee could do an informal deferral of items to another meeting. Therefore, the three Action Items were deferred to the meeting of the Board of Directors. The Committee Chair, Director Joseph Peychaud, stated that the Committee would hear the presentation for Item 3, Resolution (R-016-2018) Approving Acceptance of Report on Operations for 2016, and the presentation for Item 4, Preliminary December 2017 Financial Statements.

Interim Executive Director, Ms. Marcie Edwards, informed the Board that the Wednesday, March 21, 2018 Board of Directors' meeting was cancelled and rescheduled for Wednesday, March 28, 2018.

A Special Finance & Administration meeting has been scheduled for Monday, March 19, 2018. Special Counsel Russell stated that a quorum has been established for that meeting.

## **Presentation by Black & Veatch**

Ms. Anne White, a principal consultant with Black & Veatch, gave the presentation of the Report on Operations for 2016. Recognizing that some of the Board members are new, Ms. White stated that the presentation would be a little lengthy, but that it was designed to walk the members through the process so that they could understand what Black & Veatch does for this study and how they do it.

Three things that Black & Veatch cover in the Report on Operations every year are:

1. A look back at the most recent historical year to make sure that the Board is in compliance with the bond covenants associated with the 2014 bonds.
2. In addition to a 1-year look back, a 5-year look forward where a financial plan is developed for all three systems – water, sewer, and drainage. In this case, it's for 2017-2021.
3. An emergency evaluation of the three systems where onsite inspections are done of all the above-ground facilities, as well as talking to the key staff at those facilities.

## **PRESENTATION ITEMS:**

### **1. Preliminary December 2017 Financial Statements**

Chief Financial Officer, Ms. Marina Kahn, presented the information in the Preliminary December 2017 Financial Statements. Ms. Rosita Thomas, Finance Administrator, was also present to present the specifics of the report. This was a preliminary report because Finance is still gathering the accruals on both the revenues and the expenditures, as well as waiting for Treasury for the final revenues on our millage rates.

Ms. Kahn talked about the operating revenues. Overall, for 2017, there was almost a 5% increase on revenues, compared to 2016. The sale of water and delinquent fees went up 7%. Also, sewer service charges went up 4%. That was offset by plumbing inspection fees. Those requests have gone down. Other revenues are grants and interest payments, which have also decreased. So the total overall increase for operating revenues for 2017 was up 5%. However, that increase was reduced because our expenditures went up.

Total expenditures went up nearly 10%. Special Counsel went up 22% because of the need to hire outside counsel and also an increase in salary for Special Counsel. Security went up 27% due to increase in salaries and personnel and also contractual services for security at the facilities. Operations went up 20% mainly due to the need for overtime from August through December. Total increase in administration was 129%, mainly for leasing of equipment because of the emergencies in the last quarter of 2017. Our non-operating revenues (millage and interest rates from millage) remained stable. However, the interest we received from millages went down because of the reduction in interest rates. Also, as we drew down to expand on our capital funds, the funds available for investing in interest were lowered. The days-of-cash for December 31, 2017 are as follows:

Water – 153 days of cash available.

Sewer – 246 days of cash available.

Drainage – 119 days of cash available.

(The average rate for all systems was 185 days.)

## **PUBLIC COMMENT**

Ms. Iam C. Tucker, president and CEO of ILSI Engineering, appeared before the Board to make an appeal for payment for services rendered. Ms. Tucker was requesting payment so that her primes could be paid. Her company is owed \$970,000. The oldest invoice is from October 2017 for work performed in September 2017. Director Peychaud suggested that Ms. Rosita Thomas meet with Ms. Tucker to see what needs to be done and then give him an update. Ms. Tucker was amenable to the suggestion.

## **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 11:45 AM.

Respectfully submitted,

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Joseph Peychaud, Chair