

BOARD OF DIRECTORS' MEETING

MARCH 28, 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, March 28, 2018 at 9:06 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 Joseph Peychaud, Director Stacy Horn Koch, Director Lewis Stirling, III, Director Poco Sloss, Director Robin Barnes, Director Dr. Tamika Duplessis and the Hon. Mitchell Landrieu.

The following member(s) were absent: Director Eileen Gleason

Also present were: Ms. Geneva Coleman, The Hawthorne Agency; Ms. Jalence Isles; Ms. Dawn Hebert; Ms. Rita Legrand, Lakeview resident; Mr. Robert Turner, P.E., I-Team; Ms. Debbie Keel; Ms. Brenda Thorton, Communirep; Ms. Brooke E. Smith, City of New Orleans; Mr. Joseph Sensebe, I-Team.

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; Mr. Dexter Joseph, Budget Director; Ms. Jacqueline Winston, Ms. Jasmin Lawrence, Board Relations Staff; Ms. Chante' Powell, Internal Audit; Ms. Jacqueline Shine, Customer Service; Mr. Robert Jackson, Community & Intergovernmental Relations; Mr. Willie Mingo, Purchasing; Ms. Yolanda Grinstead, Legal Dept; Ms. Irma Plummer, EDBD Director; Mr. Ron Spooner, Chief of Engineering; Mr. Eric Labat, CWP; Mr. Christopher Bergeron, CWP, Engineering.

APPROVAL OF PREVIOUS MINUTES

Director Stacy Horn Koch moved for approval of the Minutes of February 21, 2018. Director Lewis Stirling, III seconded. The motion carried.

REPORT OF THE EXECUTIVE DIRECTOR

Mayor Mitchell Landrieu opened the meeting by thanking Mr. Bracy for his service to the Board on the wake of his resignation. A new appointment process will be put in place as soon as possible to make sure all positions are filled. The Mayor also thanked the entire Board for their service. The Interim Executive Director had briefed Mayor Landrieu on the need for budgetary changes based on her financial analysis and is in the process of doing a forensic assessment. The Mayor encouraged the Director to take all necessary action to gather accurate information that can support her recommendations. Going forward, the capital side as well as the financial side will have to be taken into consideration. An explanation of the Executive Director's analysis and plan were to be included in her report. Mayor Landrieu also thanked the Director and her staff for all the work that's being done, especially those who worked on the capital side.

The Interim Executive Director presented a PowerPoint presentation on the following:

- Power Generation
- Drainage Pumping System
- Customer Service/Billing Status
- Executive Director Search

The Interim Executive Director announced to the Board that Turbine 5 is not only running, but is connected to the grid. The staff worked tirelessly to make this happen. Where Turbine 5 is connected to the grid is also where the electromotive diesels (EMDs) are connected to the grid. The EMDs would be offline for a couple of days due to potential weather. When the EMDs are connected, it will put us at 59.25 MW. Turbine 3 is projected to be available in 2-3 weeks. Turbine 4 is forecasted to be ready by the end of May. Turbines 1 and 6 remain available. When Turbine 3 is up and running, we will be at 69MW-70MW. When Turbine 4 is up and running, we will be at approximately 80MW.

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 #2,3,4,5 | Available | 10 MW |
| Total | Jan. 22, 2018 | 39.25 MW |
| ▪ Turbine #5 (testing underway) | TBD | +20 MW |
| ▪ Turbine #3 (testing underway) | TBD | +12MW |
| Total | April 2018 | 71.25 MW |
| ▪ Turbine #4 | May 28, 2018 | +15 MW |
| Total | June 1, 2018 | 86.25 MW |

DRAINAGE PUMPING STATUS

- **118 of 120 pumps** are operational
 - ❖ **DPS #7: Pump C returned to service.** All 1000+ CFS drainage pumps available.
- **2 pumps out;** undergoing repairs
 - ❖ 1 drainage pump
 - ❖ 1 constant duty pump

DRAINAGE PUMPS UNDER REPAIR

| Location | Pump | Capacity (CFS) | % Complete | Scheduled Completion |
|----------------|--------------|----------------|-------------|----------------------|
| DPS #6 | CD #1 | 90 | Maintenance | 4/1/18 |
| DPS #15 | #3 | 250 | Maintenance | 5/1/18 |
| | TOTAL | 340 CFS | | |

The Interim Executive Director stated that all of our major drainage pumps are now available. Pump C, the last big pump located at DPS 7, was fixed in early March. We have 118 of 120 drainage and constant duty pumps operational. The last two pumps down for maintenance are 250 CFS pumps at DPS 15 and a constant duty pump at DPS 6, which means that we are operating at approximately 98%-99%. Mayor Landrieu stated that on June 1, 2018, we will have more power than we had pre-Katrina.

The local meteorologists had forecasted heavy rain from Wednesday night, March 28 through Thursday, March 29, 2018. In preparation for that weather event, the pumping stations would be manned. The drainage pumping station in Lakeview would be manned as well as the ones determined by the drainage superintendent that need to be manned. There will be an extra 40-45 employees on the ready throughout this weather cycle.

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 #5 | CD #2L | 40 | 2/26/2018 |
| DPS #5 | CD #2R | 40 | 2/26/2018 |
| 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 #7 | C | 1,000 | 3/8/2018 |
| 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 |
| DPS Grant | #2 | 8 | 3/1/2018 |
| DPS Grant | #4 | 8 | 3/8/2018 |
| Total | | 7,561 CFS | |

BUDGET RESET

- Emergency expenses call for more conservative forecasting for the rest of the year.
- Preparing to cut 5 to 10 percent of the 2018 budget, or approximately \$11.6 - \$23.3 million

The Interim Executive Director stated that she is still working with unaudited numbers regarding the budget. Months of potential time to reallocate resources are lost by waiting for the audit. Having moved from December 17, 2017 through the last two months, the Director noticed that emergency funds spent from last year after the flood was much higher than anticipated. In addition, the funds spent after the freeze in response to all the additional leaks and issues was much higher than anticipated. Therefore, the budget needs to be more in alignment with current revenues and be a more rational projection. The Director estimated initially that we probably needed in the ballpark of \$50 million. But as we get more accurate numbers, she estimates that we need somewhere between \$11 million and \$20 million, which is the amount of the budget cut. A meeting has been scheduled internally to talk about where those cuts will be allocated to and where they will come from. The Director wanted the Board to be aware that the process of determining the allocation of cuts will be ongoing.

The Interim Executive Director stated that when she initially arrived, at first glance the budget appeared out of alignment with the actual revenues and actual funds spent because she didn't have very good numbers at the time. The Director knew that the budget needed to be reset, but she did not know the depth. Now that we have the actuals, though unaudited for a couple of months, the budget is estimated to be between \$11 million and \$20 million. The budget is never going to be exact because there are certain revenues that come in at later points. It needs to be determined whether those revenues are going to be allocated in 2017 or 2018. If we wait until the budget is exact, most of the year would be over and the hole would be deeper. It is important to act now.

In response to Director Koch's question regarding the contractors and payment for their services, the Director stated that we've had some revenue to come in over the last few months, and we're trying to expedite getting the aged invoices paid.

CUSTOMER SERVICE STATUS

➤ **Meter Readers**

- 20 new meter readers hired in 2018
- 30 in field, 13 training for 43 total
- Working to fully staff to eliminate bill estimates

We have on staff 43 out of a full cadre of 56 meter readers. Twenty (20) more were hired earlier this year. Training takes 2-3 months. Our ultimate goal is to not send out any estimated bills because that is what causes a lot of confusion and misinterpretation. As speed increases for the readers, meters are read more frequently. A recommendation to the Board of uncovering unbilled revenue is forthcoming. Unbilled revenue would include such things as water leaks and the potential for water theft (unbilled meters) by people that are connected but who don't seem to have an account. Therefore, we're going to hire that functionality and see what we can find in that area.

➤ **Billing**

- Establishing an Account Review Department
- Fully staff: 40 positions are filled, 19 vacant

We are continuing to work through a series of disputed bills. We have acquired a space to accommodate 15 billers with expectations of building to 30 billers who are dedicated solely to working through the backlog because the resolution time is too long. A resolution can often take a couple of months because an investigator has to go out and check the meter. Scheduling an appointment with the homeowner can take weeks. The Interim Executive Director feels that having dedicated billers who strictly focus on resolution will drive that number down considerably.

EXECUTIVE DIRECTOR SEARCH

- Contract with Ralph Andersen & Associates executed in early March
- Preliminary meeting with recruiter held on March 27 to begin gathering information to advertise for S&WB executive positions
- Board will be directly involved in determining critical qualifications

The Interim Executive Director met with Mr. Robert Burg, the recruiter with Ralph Andersen & Associates, on Tuesday, March 27, 2018. The contracts have been signed. The recruiting firm will put together a profile using some of the information they received from S&WB. Mr. Burg, along with the Director and her staff, will be reaching out to the members of the Board independently to find out what they believe to be important qualities in an executive director.

Finance & Administration Committee

Director Joseph Peychaud reported on the action taken by the Finance and Administration Committee on March 14, 2018. Due to a lack of quorum, the Finance and Administration Committee could not take any action. The action items were deferred to the Board of Directors' Meeting. Interim Director Marcie Edwards announced that the March 21, 2018 Board meeting had been rescheduled for March 28, 2018. A Special Finance and Administration meeting had been scheduled for March 19, 2018. There was a presentation by Black and Veatch and a presentation of the Preliminary December 2017 Financial Statements. There was also one public comment. There being no further business to discuss, the meeting adjourned at 11:45 AM.

Director Stacy Horn Koch moved to accept the report of the Finance and Administration Committee. Director Ralph Johnson seconded. The motion carried.

Director Peychaud reported on the action taken by the Finance and Administration Committee on March 19, 2018. Mr. Bruce Adams presented the action items regarding the Recommendations of the General Superintendent. There were several change orders and contract amendments presented at the meeting. Resolutions were presented for discussion and approval. There were four presentations: Veolia Emergency Services Contract Outcomes & Next Steps; Integrated Stormwater Modeling Activities and CH2M Next Steps for Emergency Service Contract; Raftelis Financial Consultants on Drainage System Funding Feasibility Analysis completed in June of 2016; The Water Institute of the Gulf on Work Performed and Recommendations under Emergency Contract (Waiting on confirmation of availability.) There were no information items to receive. With no further business to discuss, the meeting adjourned at approximately 3:04 PM.

Special Counsel Ms. Jade Brown-Russell stated that "Waiting on confirmation of availability" should have been omitted from title of report presented by The Water Institute of the Gulf to read **The Water Institute of the Gulf on Work Performed and Recommendations under Emergency Contract**. Director Dr. Tameka Duplessis moved to accept the amended report. Director Poco Sloss seconded. The motion carried.

Pension Committee

Director Joseph Peychaud reported on the action taken by the Pension Committee on March 14, 2018. There was one action item – a letter to retirees which was approved. The Committee went into Executive Session to discuss a disability application. There were three presentation items: Conefry and Company's actuarial presentation, the Chief Investment Officer's presentation, and the FFC Capital Management 2017Q4 Performance presentation. There were several informational items pertaining to Black and Veatch. There being no further business to discuss, the meeting adjourned at approximately 10:25 AM.

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

CORRESPONDING RESOLUTIONS

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

R-027-2018 – Contract Amendment No. 2 to the Agreement between the Sewerage and Water Board of New Orleans and Arcadis U.S., Inc Consulting Services, for Design and Engineering Services for Sycamore Filter Gallery Backwash Facility

R-030-2018 – Contract Amendment No. 4 to the Agreement between the Sewerage and Water Board of New Orleans and HNTB Corporation for Design and Engineering Services for Water Tank Storage Mixing and Repair Project and Algiers Water Purification Plant Improvement Project

R-032-2018 – Ratification of Change Order No. 13 for Contract 6247 – Hazard Mitigation Grant Project Retrofit of Generator 4 at the Carrollton Water Purification Plant/Power Complex

Director Joseph Peychaud moved to adopt corresponding resolutions. Director Dr. Tamika Duplessis seconded. The motion carried.

Director Lewis Stirling, III moved to accept the recommendations of the Interim General Superintendent. Director Stacy Horn Koch seconded. The motion carried.

Mayor Landrieu requested that a lot more time be spent up front on specifications to minimize change orders.

Resolution (R-016-2018) Approving Acceptance of the Report on Operations for 2016

Ms. Anne White, principal consultant with Black & Veatch, gave a brief overview of the methodology and the conclusions of the report since she gave a very detailed presentation at the March 19, 2018 Finance and Administration Meeting. Black & Veatch reached the following conclusions: Board is in compliance with the General Resolutions; Financial analysis indicates additional analysis for Drainage is necessary to confirm that bonds can be issued in 2018; Engineering evaluation indicates that the systems have issues that are being addressed.

Director Robin Barnes inquired as to how aligning the reset of the budget would impact this report. The Interim Executive Director expressed a concern that the 2016 data is stale due to all the impacts. The Director does not want to move forward with borrowing until we tune that back up, including our planned reset. Ms. Anna White stated that Black & Veatch will do a 2017 Report on Operations that will reflect the new numbers.

Mayor Landrieu instructed staff to go back and reassess every assumption that has been made on the capital side as well as the operating side, so that we can start over again with accurate numbers. The Mayor reiterated that since 1985, we have not had enough funding for drainage improvements necessary to keep this city safe. Sewerage and water are in much better shape. Whereas, drainage never has been. We must find a revenue stream that will allow us to invest in the kind of infrastructure that we need to keep our city dry.

INFORMATION ITEMS

The following items were submitted for informational purposes only:

- FEMA Project Worksheet
- Executive Director's Approval of Contracts of \$1,000,000 or less
- Monthly Human Resources Amended Activity Report for Period Jan. 1 – Jan. 31 & Feb. 1 – Feb. 28, 2018
- Report of the General Superintendent
- Report of the Special Counsel
- SELA Litigation
- DBE Participation on Contracts

PUBLIC COMMENTS

Ms. Jalence Isles appeared before the Board to file a complaint regarding repair work that was done in front of rental property owned by Ms. Isles. After repair work was done, the workers failed to return to clean up. Mayor Landrieu instructed S&WB to deal with the issue of coming back to clean up the street in front of the customer's rental property. Attorney James Thompson will assist Ms. Isles with her Public Records Request.

Ms. Dawn Hebert appeared before the Board to file a complaint on behalf of her relative concerning her street that is in need of repair. In addition, Ms. Hebert wanted to call attention to the high water bills in New Orleans East and the vegetation in canals along Lake Forest Blvd. The Mayor instructed the Interim Executive Director to make sure there is a contact person assigned to deal with the billing issue. The Mayor informed Ms. Hebert that billing issues are being addressed internally.

Director Robin Barnes felt that the number one concern is communication – the call backs and the attitude of the customer service representatives on the phone. Mayor Landrieu also mentioned that there is a constant flow of communication between S&WB and DPW all the time.

The Mayor acknowledged that S&WB crews have been cleaning the debris out of the canals next to Xavier University. There is grass in the canals; however, there are a lot of things in the canals that have to be removed because residents use the canals to dispose of things for which they no longer have use. This is additional work for the S&WB crews. There needs to be a long-term strategic plan for cleaning the canals.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at approximately 10:09 AM.