



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

LATOYA CANTRELL, PRESIDENT

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June 13, 2018

The Finance and Administration Committee met on Wednesday June 13, 2018 in the S&WB's Second Floor Board Room located at 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 10:00 A.M.

Present:

Director Joseph Peychaud
Director Dr. Tamika Duplessis
Director Eileen Gleason
Director Ralph Johnson

Absent:

Director Stacy Horn Koch

Other Board Members Present:

Director Lynes Sloss

Acting Executive Director Jade Brown-Russell informed the committee that there are two of the same Resolutions (R-034-2018) and (R-062-2018) in sections 1 and 2, the General Superintendent's Report and Change Orders & Contract Amendments. The committee doesn't have to do two motions.

ACTION ITEMS:

Item 1 General Superintendent's Recommendations

Bids:

- **R-081-2018 – Contract #8159 – SWBNO Permanent Pavement Restoration Services – West Bank**
- **R-082-2018 – Contract #8160 – SWBNO Permanent Pavement Restoration Services – New Orleans East**

- **R- 083-2018 – Contract #8161 – SWBNO Permanent Pavement Restoration Services – Zone 1**
- **R-084-2018 – Contract #8162 – SWBNO Permanent Pavement Restoration Services – Zone 3**
- **R- 085-2018 – Contract #8163 – SWBNO Permanent Pavement Restoration Services – Zone 4**

Director Dr. Tamika Duplessis moved to accept the General Superintendent's Recommendations in global. Director Ralph Johnson seconded. The motion carried.

Contract Renewal

- **R-034-2018 – Contract #2126 – Water Main Point Repair , Water Services Connection , Water Valve and Fire Hydrant Replacement at Various Sites Throughout Orleans Parish**

Director Ralph Johnson moved for acceptance of R-034-2018 for Contract #2126. Director Dr. Duplessis seconded. The motion carried.

Change Orders And Contract Final Acceptance

- **R-062-2018 – Contract #6260 – Rewind of Constant Duty Motors 1 and 2 at DPS 6 and Ammortissuer Windings Replacement and Cleaning of Motor C at DPS 6 and 7**

Director Dr. Duplessis moved for acceptance of R-062-2018 for Contract #6260. Director Ralph Johnson seconded. The motion carried.

Item 2 Change Order(s) & Contract Amendments

- **Resolution (R-034-2018) Approving First Renewal of Contract #2126 – Water Main Point Repair , Water Service Connection , Water Valve and Fire Hydrant Replacement at Various Sites throughout Orleans Parish**

Director Ralph Johnson moved for acceptance of R-034-2018 for Contract #2126. Director Dr. Duplessis seconded. The motion carried.

- **Resolution (R-062-2018) Approving Ratification of Change Order No. 1 and Final Acceptance and Closeout for Contract #6260 – Rewind of C.D. Motor 1 and 2 at DPS6 and Refurbishment and Cleaning of Pump Motor “C” at DPS6 and DPS7**

Director Dr. Duplessis moved for acceptance of R-062-2018 for Contract #6260. Director Ralph Johnson seconded. The motion carried.

- **Resolution (R-072-2018) Approving Ratification of Change Order No. 4 for Contract #1369 – Hazard Mitigation Grant Project Emergency Fuel Storage Retrofit Power Plant , Main Water Purification Plant Power Complex**

Director Ralph Johnson moved for acceptance of Contract #1369. Director Dr. Duplessis seconded. The motion carried.

- **Resolution (R-073-2018) Ratification of Change Order No. 3 for Contract #30100 – Electrical Improvement to the Effluent Pump House at the East Bank Sewer Treatment Plant**

Director Ralph Johnson moved for acceptance of Contract #30100. Director Dr. Duplessis seconded. The motion carried.

- **Resolution (R-076-2018) Approving Amendment No. 2 for the Agreement with AECOM Technical Services, INC. for The Electrical Services Associated with The East Bank Wastewater Treatment Plant**

Director Ralph Johnson moved for acceptance of (R-076-2018). Director Dr. Duplessis seconded. The motion carried.

- **Resolution (R-077-2018) Approving Ratification of Change Order No. 4 for Contract #1395 – Water Hammer Hazard Mitigation – Elevated Storage Tanks**

Director Ralph Johnson moved for acceptance of Contract #1395. Director Eileen Gleason seconded. The motion carried.

- **Resolution (R-079-2018) Approving Amendment No. 5 to the Agreement Between The Sewerage and Water Board of New Orleans and Burk-Kleinpeter , INC for Program and Construction Management Services in Connection with The 404 Sewer Hazard Mitigation Grant Program**

Ron Spooner brought back before the Board this resolution because there was a typographical error last year, and they will supersede last year's amendment with this amendment, that set-up amendment #6. This will be re-updated to Amendment #5. The resolution number was corrected, but everything will remain the same. It will be noted as Amendment #5 as opposed to #6.

Director Dr.Duplessis moved for acceptance of (R-079-2018). Director Ralph Johnson seconded. The motion carried.

- **Resolution (R-080-2018) Approving Contract #170065 – Leak Detection and Fire Flow Testing Services at Various Sites throughout Orleans Parish**

Chief of Networks Steve Bass clarified that this is an award and not a change order, renewal or final acceptance. He stated that two proposals were evaluated and the high scoring proposal was submitted by Echologics, LLC in the amount of \$975, 000. The participation goal for the contract is 15%.

Director Joseph Peychaud asked if the contract was budgeted under Operations and Maintenance (O&M) for one million dollars and that it came in under that amount. Mr. Steve Bass stated that Mr. Peychaud was correct.

Director Ralph Johnson asked if Echologics, LLC was the lowest bidder. Mr. David Cappel, in Networks Administration, informed Mr. Bass that the other bid was \$950,000. Mr. Bass stated that the cost was not a ranked factor because of the professional services.

Director Tamika Duplessis noted that the paperwork was not the typical paperwork that the committee would receive. Attorney Yolanda Grinstead stated that the paperwork was a Request for Proposal (RFP). She explained that for RFPs and Request for Qualifications, the award is based upon the proposal and not necessarily price and at a later date, price can be negotiated, once the particular proposal is accepted. Ms. Grinstead also stated that this contract may be executed by the Executive Director because it is under \$1 million. However, if there are renewals that exceed \$1 million, that must come to the Board for approval.

Director Dr. Duplessis moved for acceptance of Contract #170065. Director Ralph Johnson seconded. The motion carried.

PRESENTATION ITEMS

➤ Financial Results through March and April 2018

Ms. Marina Kahn gave the report on revenues and expenses. First, she went through all system funds. The operating revenues for all systems in March compared to 2017 only increased by 4.9%, but in the revenue projections last year, they actually projected a 10% increase. This indicates that the collections are down. The projection was that because they did the rate increase, that they would actually receive anywhere between 10% and 11% increase in 2018 for their revenues. The expenditures in March compared to 2017 increased by 18.4%. The expenditures to date are increasing even though the revenues are reducing. She stated this is a problem they are having and they are taking steps to reduce their expenditures and increase the revenues.

Director Joseph Peychaud asked Acting Executive Director Jade Brown- Russell to briefly summarize what those steps being taken for the committee are, so they can know where they are going and what direction the committee is headed in.

Acting Executive Director Jade Brown-Russell stated they recently met with their leadership team here on reducing their expenses and what those strategies look like. They have had conversations with the operations team to discuss what they will move forward with, what their priorities are, and what necessities are at this point. She stated those things are not absolute priorities to move forward with. These projects are not absolute priorities and they are going to hold back on those at this time in order to right size their revenues. On the expenses side, they are making some aggressive actions on reduction of expenses across the system. On the revenue side, they have had a moratorium on shut-offs, whether it's actual or perceived, and this is why they have seen a drastic decline in the revenues of the Board, which have a direct effect on the numbers shown in reports. They are working now and it's a careful balance that we have to strike. She stated we have to restore public morale, and confidence in our ability to deliver accurate bills to customers, and are working very collaboratively

with the city on insuring that we can do two things: Decrease the backlog of overbill disputes that we have in a way that sets folks up to pay their past due bills, but also have confidence they will have accurate bills going forward. Acting Executive Director Jade Brown-Russell and staff are working on a strategy that we can reveal to not only the Board but the general public very soon. That will lead to us being in a better position to reinstitute shut-offs, which is an absolute priority and a very careful balance.

Director Joseph Peychaud stated that he asked that question because he wanted it to be known to the committee members and to the public in general because it shows a real proactive posture in moving forward and elements of communication that will be critical in understanding the trust factor being recaptured.

INFORMATION ITEMS:

Interim General Superintendent Bruce Adams gave an oral report on the “White Paper” that was submitted on the Change Order Sub-committee Framework. Mr. Adams stated that there had been some discussion among staff and a couple of the Board members on the committee about how to move forward. Several meetings back, an exception was noted to the number of change orders and on certain types of contracts and with certain vendors. Mr. Adams stated that the goal is to work with the sub-committee and have the sub-committee offer comments back to staff on a routine basis, reviewing activities such as field change orders, change orders in general, scopes of contracts, why contracts were change orders as opposed to new solicitations, and things of that nature.

Director Peychaud stated that the “White Paper” is still a working document and Mr. Adams concurred.

Director Eileen Gleason raised a point of order. She wanted to know if there needed to be a motion to take this matter up for discussion or whether they would treat it as an information item. Ms. Grinstead stated that this would be considered informational. Therefore, no action was required.

All other Information items were received.

ADJOURNMENT:

There being no further business to come before the Finance & Administration Committee, the meeting ended at approximately 11:22 A.M. .

Respectfully submitted,

Joseph Peychaud, Chair