



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

Sewerage & Water Board OF NEW ORLEANS

LATOYA CANTRELL, PRESIDENT

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February 6, 2019

The Finance and Administration Committee met on Wednesday, February 6, 2019 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 A.M.

Present:

Director Lynes Sloss
Director Ralph Johnson
Director Alejandra Guzman

Absent:

Director Dr. Tamika Duplessis

Other Board Members Present:

None

Interim General Superintendent Bruce Adams discussed the Final Acceptances and Amendments and Change Orders. Chief of Engineering Ron Spooner clarified when needed.

ACTION ITEMS:

1. Final Acceptance
 - a. (R-006-2019) Ratification of Change Order No. 4 and Final Acceptance for Contract 6254 – Hurricane Related Repairs to Electrical Equipment at Garage No. 2 and Main Power Building at Central Yard

Director Ralph Johnson asked why the contractor only met 25% of the 36% DBE goal. Mr. Spooner explained the DBE subcontractor the vendor, Walter J. Barnes Electric Co. Inc., utilized either closed up shop or was unable to complete the work. Hence, the prime contractor, Barnes, finished the remaining portion of the DBE work. Mr. Johnson then asked if there were no other qualified DBEs that Barnes could have used. Mr. Spooner stated that there may have been; however, due to the sensitive nature of completing the project, and without going through the whole process, Barnes elected to finish the remainder of the work.

Director Alejandra Guzman stated the Board has received various reports in which it is very clear, on average, we have more DBE participation than is expected. Ms. Guzman felt that it is important to see the contract in comparison with the overall DBE participation that we have as a utility.

Mr. Spooner cited the EDBP Summary which gave the reason why the subcontractor did not complete the work. The summary stated that “the DBE subcontractor suspended operations of their business, no call, no show.”

Executive Director Ghassan Korban stated that a report is forthcoming to the Board describing the overall performance of the utility in terms of DBE participation.

Mr. Bruce Adams stated that he and the EDBP Director, Ms. Irma Plummer, had discussed the benefit of her making a report concurrent with the presentations of these projects going forward.

- b. (R-014-2019) Contract 8155 – Carrollton Water Plant Building Renovation
- c. (R-018-2019) Ratification of Change Order No. 16 and Final Acceptance for Contract 6247 – Generator 4 Retrofit Power Distribution Network

Director Johnson asked if it had been determined that Change Order No. 16 is eligible for FEMA reimbursement. Mr. Spooner stated that they are still making a determination as to which components of this specific change order would be eligible.

- d. (R-020-2019) Contract 30106 Rehabilitation of Bio-Reactor Train #4 at EBWWTP

Director Guzman moved to approve all Final Acceptance Statements in globo. Director Johnson seconded. The motion carried.

2. Amendments and Change Orders

- e. (R-004-2019) Professional Services Contract Amendment No. 5 for Royal Engineers – Hurricane Katrina Related Water Restoration Projects

Mr. Spooner stated that there were several amendments executed through a prior resolution. Director Johnson asked if there were additional services added to the contract. Mr. Spooner stated that the Board did add work to the contract that was not included in the original scope of services. Mr. Adams indicated that this amendment covers three (3) actual construction contracts.

- f. (R-017-2019) Ratification of Change Order No.4 for Contract 6249 – Design Build Retrofit Power Distribution Network
- g. (R-019-2019) Approval of Change Order No. 1 for Contract 30109 – Sewer Pumping Station A Structural Rehabilitation

Director Lynes Sloss asked if removing the bands from the smokestacks and replacing them would be considered routine maintenance. Mr. Spooner stated that removing the bands would not be considered routine maintenance because it is believed that the bands are 60-70 years old. Mr. Spooner explained that Station A originally was a power plant and was later converted to a sewer station; the stack is used as a vent, which vents the sewer gases into the atmosphere.

- h. (R-026-2019) Ratification of Change Order No. 1 for Contract No. 2106 – Installation on New Water, Sewer and Drain Service Connections at Various Sites throughout Orleans Parish

Chief of Networks Fred Tharp explained R-026-2019. Mr. Tharp stated that with new construction or new developments, when individuals seek to connect to our system, they may either do the connection themselves and we inspect the work, or we give them an estimate to perform the work and they reimburse us. Mr. Tharp explained that this contract is the mechanism that this utility uses to collect that money and pay contractors to do work on behalf of developments or homeowners. Mr. Tharp stated that the Finance and Administration Committee is being asked to extend the value of the contract in the amount of \$620,000 and to extend the duration of the contract 423 days. That will cover all commitments to any outstanding estimates and allows everyone to remain whole.

Director Johnson asked if the work in the amount of \$620,000 was completed. Mr. Tharp stated that the work had not been completed and that the resolution covers the potential by giving them the authority to spend and collect those dollars, even though they may not actually spend that money.

Ms. Grinstead stated that they will make sure that the language is changed from ratification to resolution because the work has not been done.

Director Johnson moved to approve R-004-2019, R-017-2019, and R-019-2019. Director Guzman seconded. The motion carried.

Director Guzman moved to approve the (R-026-2019) Resolution of Change Order No. 1 for Contract No. 2106. Director Johnson seconded. The motion carried.

EXECUTIVE SESSION

There was no Executive Session at this meeting.

PRESENTATION ITEMS

Chief Financial Officer Yvette Downs gave an update on the financial status of SWBNO. Ms. Downs stated the Financial Results through December 2018 is a preliminary report. The books have not been closed and the numbers will change. The Finance Department was in the process of closing November 2018 on February 6, 2019. There is still a lot of work to be done before closing out December 2018. Our cash-on-hand for water was 179 days, our sewer was 178 days, and our drainage was 19 days. From our bond covenant standpoint, we are required to have 90 days of cash-on-hand for water and 90 days of cash-on-hand for sewer. We did reach our target.

Director Johnson asked if the adjustment after closing out for the year would have any effect on the cash and Ms. Downs stated that the cash would not be affected. Also, it is too early to predict what that debt service number would be. Ms. Downs stated that her team is targeting to have the CAFR done in May 2019. Her team is working closely with the external auditors. Ms. Downs' team is

working very hard, given that they were delayed with the 2017 audit and has been doing a lot of work to close every month. Director Sloss and the Committee applauded the efforts of Ms. Downs' team.

Ms. Downs stated that the Finance and Administration Committee should be receiving letters shortly, since they have a part in the audit. The letters should be returned to the auditors expeditiously.

Director Sloss asked if there was anything to report on the billing. Ms. Downs stated that on February 20, 2019, at the full Board meeting, Utiliworks will come in and give the findings they have on the independent third-party review. Ms. Downs stated that progress is being made. The upgrade on the billing system (CSM) will commence in two (2) weeks and will take several months to complete. The upgrade has some benefits that we have not been able to utilize.

In addition, the backlog of transfer accounts has been reduced quite a bit, down to 500-600. The turnaround time is within 17 days from the time someone calls in. If people still believe that they have a high bill, we encourage them to go through the process. Ms. Downs stated that they are still going forward with collections.

Director Sloss asked how we are doing with accounts receivable. Ms. Downs stated that they are still a work in progress.

Director Sloss stated that the Overview of the EDB Program would be presented at the full Board meeting on February 20, 2019. Director Guzman stated that there is very positive information that the public would be interested in hearing, and that the utility is going above and beyond to be able to reach out to DBEs and offer contracts.

INFORMATION ITEMS

All information items were received.

PUBLIC COMMENT

None

ADJOURNMENT:

There being no further business to come before the Finance & Administration Committee, the meeting ended at approximately 11:07 AM.

Respectfully submitted,

Lynes Sloss, Chair