



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

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

LATOYA CANTRELL, PRESIDENT

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May 8, 2019

The Finance and Administration Committee met on Wednesday, May 8, 2019 in the S&WB's Second Floor Board Room located at 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 9:01 A.M.

## **Present:**

Director Lynes Sloss  
Director Alejandra Guzman  
Director Joseph Peychaud  
Director Dr. Duplessis

## **Absent:**

Director Ralph Johnson

## **Other Board Members Present:**

None

## **PRESENTATION ITEMS** - None

## **ACTION ITEMS**

### **General Superintendent's Report**

There were no bids or construction contracts up for consideration for the month of May 2019.

**Resolution (R-076-2019)** Ratification of Change Order No. 2 for Contract 3664 – Hurricane Related 404 Hazard Mitigation Grant Program Replacement of Sewage Pumping Station No. 8.

General Superintendent Robert Turner explained that the total value of this change order would extend the length of the contract by 144 days. The total cumulative change orders amount to \$746,040.53 to date, bringing the total cumulative contract value to \$8,763,951.73. The total contract time is 663 days and the DBE Participation Goal was 36%.

**Resolution (R-082-2019)** Ratification of Change Order No. 1 for Contract 8145 – Re-paving Open Cuts in Streets, Driveways and Sidewalks Resulting from the Repair to the S&WB Underground Utilities

Mr. Robert Turner stated that this change order represents the addition of extra line items to the contract. The original contract value is \$4,784,650.00. There is no cost for the additional line items and no time extensions. The required DBE Participation Goal is 36%. Mr. Fred Tharp stated there is 25% more efficiency due to this change order.

Director Joseph Peychaud moved to accept R-076-2019 and R-082-2019. Director Dr. Tamika Duplessis seconded.

### **PUBLIC COMMENT**

Mr. Lloyd Lazard expressed his views on change orders. Mr. Lazard stated that change orders seem to be a way to increase the contract bid.

Chairman Lynes Sloss called for the vote. The motion carried.

**Resolution (R-078-2019)** Amendment No. 3 for Professional Services for Sewer System Evaluation and Rehabilitation Program Management (SSERP) between Sewerage and Water Board of New Orleans and Stantec Consulting Service, Inc.

Mr. Robert Turner stated that this amendment was created per a Consent Decree. This amendment provides for additional funding and extends the contract date through December 3, 2021 including two (2) two-year options which can only be exercised after coming to the Board and the Board passing a resolution. Details of what the Decree requires were included in the packet.

**Resolution (R- 080-2019)** Ratification of Contract Amendment No. 11 for Professional Services between the Sewerage and Water Board and CH2M Hill Engineers, Inc. for Hurricane Related Water Restoration Projects

Mr. Robert Turner stated that this amendment provides for additional funding to complete the final closeout scope of work through December 31, 2019. The original contract was \$1,800,000. Previous contract amendments total \$11,417,197. This contract amendment is in the amount of \$115,180, bringing the total cumulative contract value to \$13,332,377. The DBE Participation Goal is 35%.

**Resolution (R-081-2019)** Contract Amendment No. 1 to the Professional Services Agreement between the Sewerage and Water Board and All South Consulting Engineers, LLC. for DPS No. 4 Canopy and Bridge Crane Addition

Mr. Robert Turner stated that all major pumps are outside at DPS No. 4. Shelters were provided for operators while they run the station. This amendment extends the contract time by one year to May 23, 2020. Construction funds were not allocated to this project. The original contract amount is \$308,305, and there have been no previous contract amendments. The DBE Participation Goal is 35%.

Director Dr. Duplessis moved to accept R-078-29-2019, R-080-2019, and R-081-2019 in globo. Director Joseph Peychaud seconded. The motion carried.

**Resolution (R-077-2019)** Final Acceptance for Contract 8139 – Hurricane Katrina Related Replacement of the Central Yard Annex Building

Director Joseph Peychaud moved to defer R-077-2019 due to DBE compliance. Director Dr. Tamika Duplessis seconded. The motion carried.

**Resolution (R-087-2019)** Final Acceptance for Contract 3664 – Hurricane Related 404 Hazard Mitigation Grant Program Replacement of Sewage Pumping Station No. 8

The General Superintendent recommended that the Board authorize final acceptance of Contract 3664. All paperwork is complete. Director Duplessis commended staff for adding the Certificate of Completion. Mr. Robert Turner stated that he would make sure to include the certificates going forward.

Director Dr. Duplessis moved to accept R-087-2019. Director Alejandra Guzman seconded. The motion carried.

## **CHIEF FINANCIAL OFFICER'S REPORT**

Ms. Yvette Downs gave the Preliminary March Financial Report. Ms. Downs stated that the numbers are preliminary until the audit is complete because a lot of the report does not include some accrued dollars. The water and sewer revenues are about \$900,000 more than budget, putting us ahead of budget by about 1.6%. Through March 2019, we have received about \$29 million of the millages for drainage. Also, the expenses are about 23% less than budgeted. Nevertheless, there are several accruals that are not included, invoices that are still coming in and that need to accrue to that time-period.

Director Sloss asked Ms. Downs to shed a little light on why the numbers are inaccurate until the audit is complete. Ms. Downs stated that she would not say that the numbers are inaccurate, but not necessarily a full reflection of the financial condition at the time-period ending March 31, 2019. The reason being some of the accruals have not been totally completed. Also, not included is a balance sheet and a cash flow. Ms. Downs stated that the system is very old, and there are a lot of manual processes that are needed to complete some of the actions. Therefore, the Finance Department has to closeout the prior period before starting to close the next period. Hence, 2018 must be closed out. The Finance Department is still doing adjustments and until all those adjustments are in, they cannot start moving to closeout January 2019.

Ms. Downs then stated that her team is still trying to look at ways and resources to help do some workaround that maybe they can provide some additional information that is not necessarily generated straight from the system, but they are going to need some time for that. In the meantime, the Finance Department is looking for a new system because there are several things that they are refrained from doing that Best Practice says they should do, not just issuing cash flow or a balance sheet. The Finance Department is having to do a lot of manual journal entries instead of having a system that can help them do that in a more robust and efficient manner. One of the next technology improvements that is desperately needed is a new system with the ability to handle purchase orders and contracts.

Director Sloss asked Ms. Downs and her staff to look at what it would take to improve our software to produce accurate financial statements. Director Dr. Duplessis stated that the Finance and Administration Committee would support that effort. Director Dr. Duplessis then made a formal suggestion that staff look at purchasing software to bring our financial system up-to-date.

Director Sloss asked Ms. Downs to give the Committee some information on billing. Ms. Downs stated that as of April 30, 2019, there are approximately 136,000 active accounts and approximately \$24.5 million in inactive accounts. Over 1,500 accounts have been disconnected. There are approximately 3,900 disputed accounts, down from about 8,000 back in July 2018.

Director Guzman stated that the important message is that there are important measures and metrics collected to ultimately result in good collections. Executive Director Korban stated that our desired success rate is 100%. Director Dr. Duplessis stated that another helpful matrix could also be the time to resolution (just the amount of time it takes to close out an investigation). The number of

investigations, along with the number of calls answered and the number of emails that were handled are extremely important.

Ms. Downs stated that the system has a way of indicating that the resolution was handled on any given call. The Call Center also collects a lot of data.

Mr. Korban stated that, on a positive note, the city-at-large and SWBNO enjoyed a huge win earlier in the week, attributing credit in large part to our Mayor who had huge understanding and support of our mission, recognizing some shortfall in our funding and an immediate need for that funding. Mr. Korban also credited collaboration from the governor's office as well as the business community and the hospitality industry, coming together with a great one-time contribution of \$50 million that will keep us functioning very well on behalf of our citizens and keeping us in the ready position as we face the hurricane season.

In addition, Mr. Korban stated that there is recurrence of dollars in the amount of \$26 million that is yet to be deciphered in terms of who gets what. It goes into a general infrastructure fund to be divided between DPW and SWBNO appropriately. Mr. Korban stated that the funds will set us on a forward path and will keep the momentum going, allowing us to maintain our shift in our mission to make us ready. Mr. Korban was extremely grateful, indicating there will be some oversight, making sure we spend the money appropriately.

Director Sloss commended staff and the Mayor for their efforts. Director Sloss also stated that there was excellent communication on the Boil Water Advisory issued Friday, May 3, 2019.

## **INFORMATION ITEMS**

The information items were received.

## **EXECUTIVE SESSION**

Director Dr. Tamika Duplessis moved to exit Regular Session and enter Executive Session. Director Alejandra Guzman seconded. The motion carried.

Director Joseph Peychaud moved to leave Executive Session and return to Regular Session. Director Dr. Tamika Duplessis seconded. The motion carried.

Director Alejandra Guzman moved to accept Special Counsel's recommendation. Director Dr. Joseph Peychaud seconded. The motion carried.

There being no further business to come before the Finance and Administration Committee, Director Dr. Duplessis moved to adjourn. Director Alejandra Guzman seconded. The motion carried. The meeting adjourned at approximately 10:00 AM.

Respectfully submitted,

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Lynes Sloss, Chair