

SEWERAGE & WATER BOARD OF NEW ORLEANS

FINANCE COMMITTEE MEETING

TUESDAY, FEBRUARY 4, 2014

9:00 AM

COMMITTEE MEMBERS

Mr. Charles F. Webb, Chair • Ms. Kerri Kane • Mr. Wm. Raymond Manning • Ms. Loyce Pierce Wright

FINAL AGENDA

ACTION ITEMS

1. Approval of Previous Report
2. General Superintendent's Recommendations
3. Change Orders (R-024 and R-025-2014)
4. Customer Account Management Replacement System (R-020-2014)
5. Cooperative Endeavor Agreement / University of New Orleans Odor Control Study (R-027-2014)
6. Cooperative Endeavor Agreement / Parks and Parkways Green Infrastructure (R-028-2014)
7. Automobile Fleet Physical Damage Insurance
8. Authorization First Option Renewal to Prepare the Report on Operations for 2013 (R-019-2014)
9. Bond Issues Status Update & Preliminary Authorization of Resolutions
 - A. Sewerage & Water Board of New Orleans Preliminary Resolution Authorizing Water Revenue and Refunding Bonds, not to exceed (\$113,000,000)
 - B. Sewerage & Water Board of New Orleans Preliminary Resolution Authorizing Sewerage Service Revenue and Refunding Bonds, not to exceed (\$197,000,000)
 - C. Sewerage & Water Board of New Orleans Preliminary Resolution Authorizing Drainage System Improvement and Refunding Bonds, not to exceed (\$96,000,000)

INFORMATION ITEMS

10. Preliminary Unaudited Financial Results through December 2013
11. Quarterly Cash Management and Investment Report ending December 31, 2013
12. Change Order Analysis
13. FEMA Project Worksheet Status
14. 2014 Committee/Board Meeting Schedule
15. Any Other Matters
16. Reference Material (**In Binders**)
 - D. Sewerage & Water Board By-Laws
 - E. 2014 Operating & Capital Budget
 - F. Strategic Plan
 - G. Tracking Tool for Commitments to the City Council
 - H. Bond Rating
17. Adjournment

**FURNISHING, DELIVERING AND INSTALLING GPS SYSTEM FOR SEWERAGE
AND WATER BOARD OF NEW ORLEANS VEHICLE FLEET - REQ. NO. YG140007**

BE IT RESOLVED by the Sewerage and Water Board of New Orleans that twelve (12) bids were received on January 9, 2014 after advertising according to the Public Bid Law, for Furnishing, Delivering and Installing GPS System for Sewerage and Water Board of New Orleans Vehicle Fleet. The bid was hereby accepted and contract awarded therefore to **MOTIONLINK** for the total amount of **\$437,939.52**.

I, Robert Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board, duly called and held, according to law, on February 19, 2014.

ROBERT MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

FURNISHING COMPLETE FLEET TIRE SERVICE - REQ. NO. YG140003

BE IT RESOLVED by the Sewerage and Water Board of New Orleans that two (2) bids were received on December 19, 2013 after advertising according to the Public Bid Law, for Furnishing Complete Fleet Tire Service. Due to both bidders being over the estimated amount, it is recommended that all bids be rejected and this contract be rebid.

I, Robert Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board, duly called and held, according to law, on February 19, 2014.

ROBERT MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING & DELIVERING
OFFICE SUPPLIES - REQ. NO. ST 40001 (PREVIOUS REQ. NO. ST120003)**

WHEREAS, under the provisions of the contract, the Board, with the contractor's concurrence, reserves the right to renew the contract with no increase in the cost of services and no change in terms and conditions; and

WHEREAS, the contractor, **New Orleans Office Supplies, Inc.**, desires to exercise its renewal option as allowed under this contract with the total being **\$48,784.83**, for Furnishing & Delivering Office Supplies.

NOW, THEREFORE, BE IT RESOLVED that the request of **New Orleans Office Supplies, Inc.**, for this first and only renewal, effective **March 1, 2014**, is hereby approved.

I, Robert Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board, duly called and held, according to law, on February 19, 2014.

ROBERT MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING AIR
CONDITIONING AND HEATING MAINTENANCE FOR CENTRAL YARD - REQ. NO.
YO130007**

WHEREAS, under the provisions of the contract, the Board, with the contractor's concurrence, reserves the right to renew the contract with no increase in the cost of services and no change in terms and conditions; and

WHEREAS, the contractor, **Siemens Industry, Inc.**, desires to exercise its renewal option as allowed under this contract with the total being **\$58,799.00**, for Furnishing Air Conditioning and Heating Maintenance for Central Yard.

NOW, THEREFORE, BE IT RESOLVED that the request of **Siemens Industry, Inc.**, for this first and only renewal, effective **April 1, 2014**, is hereby approved.

I, Robert Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board, duly called and held, according to law, on February 19, 2014.

ROBERT MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**EMERGENCY LETTER BID PROPOSALS FOR RECONSTRUCTION OF THE FLORIDA
AVENUE CANAL BETWEEN SPAIN AND MUSIC ST.**

BE IT RESOLVED by the Sewerage and Water Board of New Orleans that three (3) bids were received on January 17, 2014 after advertising according to the Public Bid Law, for Emergency Letter Bid Proposals for Reconstruction of the Florida Avenue Canal between Spain and Music St. The bid was hereby accepted and contract awarded therefore to **Cajun Contractors, Inc.** for the total amount of **\$2,216,000.00.**

I, Robert Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board, duly called and held, according to law, on February 19, 2014.

ROBERT MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: January 27, 2014

From: Joseph Becker, P.E.
General Superintendent

To: Robert Miller
Interim Executive Director

Re: Contract 1353
Hurricane Katrina Replacement of the Boiler Pre Heaters at the Carrollton Water Purification Plant – Power Complex,
Change Order #5

Enclosed please find a recommendation from Ron Sooner, Chief of Engineering for approval of Change Order No. 5 for the above Contract.

This Change Order is in the amount of \$261,170.31 and funds are available through the \$100M Revolving Fund provided by the State of Louisiana. The assessment of this cost indicates that it will be eligible for reimbursement through FEMA.

This additional work represents the following work at the Carrollton Water Purification Plant site as detailed below:

- *Additional crane and extended overhead cost: \$261,170.31*

The Contractor (Alfred Conhagen, Inc.) has requested additional compensation for the additional use of a crane to facilitate the installation of pre-heater components that were not anticipated during the design phase of the project. The existing pre-heaters were fabricated decades ago therefore they could not be replaced in kind. Pre-heaters manufactured today include several additional components as a standard. Due to this issue, the Contractor has experienced unanticipated costs. The pre-heater vendor (Alstom) did not advise of the additional components required during the design or bid phase of this project. Post Contract award, the vendor released the actual drawings of the pre-heaters after Conhagen remitted a deposit for the equipment.

Several components of the preheaters were shipped unassembled and this was unanticipated. The Contractor attended several coordination meetings with Alstom, the Program Management team and the Design Engineers to resolve the installation of the unexpected components. During the assembly of the preheaters the Contractor also encountered flanges that had to be drilled and other components that required welding.

It is the Contractor's contention that Alstom is the only known vendor in the United States that is capable of furnishing the pre-heaters, therefore the Contractor was compelled to proceed with the equipment purchase and delivery resulting in this additional cost.

The required DBE participation goal on this contract is 6% percent and will remain unchanged through this approved change order. Previous change orders to this contract totaled \$179,434.95. This Change Order brings the cumulative total of Change Orders to \$440,605.26, which is 16% of the original bid amount of the Contract.

I would appreciate you forwarding this change order to the attention of the appropriate committees of the Board for their consideration and approval.

Joseph Becker, P.E.
General Superintendent

Cc: Madeline Goddard, Deputy General Superintendent
Jack Huerkamp, Chief of Engineering
Jason Higginbotham, Director of Emergency Management
Reid Dennis, FEMA Program Manager Supervisor

Ron Spooner, Network Department Mgr.
Alvin Porter, Acting EDB Director
Roy Thomas, CH2M HILL



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: January 27, 2014

From: M. Ron Spooner, P.E.
Chief of Engineering

To: Joseph Becker, P.E.
General Superintendent

Re: Contract 1353
Hurricane Katrina Replacement of the Boiler Pre Heaters at the Carrollton Water Purification Plant – Power Complex,
Change Order #5

- Additional crane and overhead cost: \$261,170.31

Alfred Conhagen, Inc. has requested additional compensation for the additional use of a crane to facilitate the installation of pre-heater components that were not anticipated during the design phase of the project. The existing pre-heaters were fabricated decades ago therefore they could not be replaced in kind. Pre-heaters manufactured today include several additional components as a standard. Due to this issue, the Contractor has experienced unanticipated costs. The pre-heater vendor (Alstom) did not advise of the additional components required during the design or bid phase of this project. Post Contract award, the vendor released the actual drawings of the pre-heaters after Conhagen remitted a deposit for the equipment.

Several components of the preheaters were shipped unassembled and this was unanticipated. The Contractor attended several coordination meetings with Alstom, the Program Management team and the Design Engineers to resolve the installation of the unexpected components. During the assembly of the preheaters the Contractor also encountered flanges that had to be drilled and other components that required welding.

It is the Contractor's contention that Alstom is the only known vendor in the United States that is capable of furnishing the pre-heaters, therefore the Contractor was compelled to proceed with the equipment purchase and delivery resulting in this additional cost.

This cost is considered ELIGIBLE for FEMA reimbursement. This assessment was made by S&W Board staff. The funding source determination made by staff should only be used as guidance in terms of final determination of FEMA eligibility. Please see the attached scope of changes form.

Original Contract Bid Price:	\$2,757,426.00
DBE Participation:	6%
Previous Change Orders Approved:	\$179,434.95
This Change Order Amount:	\$261,170.31
Total Cumulative Change Order % of Original Contract:	16%
Total Cumulative Dollar Change Order Amount:	\$ 440,605.26

The Engineering Department has reviewed this proposal and is recommending it for approval.

I concur:


Joseph R. Becker
General Superintendent

Date:


Jan 30, 2014

Cc:

Jason P Higginbotham, EMS Director

Ethel Williams, Finance Director

Bob Moeinian, Chief of Operations

Alvin Porter, Acting EDB Director

Hunter Hyche, Construction Mgr., CH2M HILL

M. Ron Spooner, Chief of Engineering

Reid Dennis, FEMA Program Management Supervisor

Madeline Goddard, Deputy General Superintendent

Roy Thomas, Program Manager, CH2M HILL

Dexter Joseph, Budget Director

Nolan Lambert, Special Counsel

**SCOPE OF CHANGES
WATER PROGRAM
CONTRACT 1353
(Change Order NO. 5)**

1/7/2014

ADDITIONAL ITEMS TO BE ADDED TO CONTRACT

Item #	FCO#	Detailed Description	Units	Unit Price	Quantity	Amount	Days	Comments
1	5	Additional crane, labor and extended overhead cost.	1	\$ 261,170.31	1	\$261,170.31	0	Eligible
						Total		
						\$261,170.31		

Contract DBE%	6.0%
Current DBE%	6.0%

Original	\$ 2,757,426.00
Amount of previous Change Orders	\$ 179,434.95
Amount this Change Order	\$261,170.31
Change Orders to date	\$ 440,605.26

Original Contract Days	370
Days Previously Added	410
Days this Change Order	0
Days Added to date	410

REVISED CONTRACT AMOUNT \$ 3,198,031.26

REVISED CONTRACT DAYS 780

**% OF ORIGINAL CONTRACT
AMOUNT**

This Change Order	9.5%
Previous Change Order	6.5%
TOTAL TO DATE	16.0%

Work Order Date 1/24/2012

It is mutually agreed to perform and accept the above revisions in accordance with the original contract and applicable specifications for the above price.

Proposed By:

Debra Branch
Alfred C. Enghagen of Louisiana, Inc.
Contractor Representative

1/8/2014
Date

Approved By:

M. Ron Spooner
M. Ron Spooner
Chief of Engineering

1/13/14
Date

Recommended By:

Rald Dennis
Rald Dennis
S&WB Project Manager

1/13/14
Date



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: November 18, 2013

From: Joseph Becker, P.E.
General Superintendent

To: Robert Miller
Interim Executive Director

Re: Contract 1350
Hurricane Katrina Related Repairs to Turbine 4 at the Carrollton Power Complex
Change Order 7

Enclosed please find a recommendation for approval of Change Order No. 7 for the above captioned contract.

This change order is in the amount of \$910,424.08

The change encompasses the following:

- Baffles and Tube Sheets \$345,744.39: Contractor labor and material to replace cracked and damaged tube sheets for the Turbine #4 condenser with SB-171-C464 Naval Rolled Brass. This scope also includes replacement of cracked and damaged baffles for the Turbine #4 condenser with carbon steel. This cost is eligible for FEMA reimbursement.
- Casing Repairs \$564,679.69: Repair of cracks in the casing and piping connection, repair of high pressure inner casing, repair of diaphragm inserts, repair of mounting its, repair of casing split lines, repair of seal gland faces. This cost is eligible for FEMA reimbursement.

The required DBE participation goal on this contract is 5% percent and will remain unchanged through this approved change order. Previous change orders to this contract totaled \$689,041.18. This Change Order brings the cumulative total of Change Orders to \$1,599,465.26, which is 12.54% of the original bid amount of the Contract.

I would appreciate you forwarding this change order to the attention of the appropriate committees of the Board for their consideration and approval.

Joseph Becker, P.E.
General Superintendent

cc: Madeline Goddard, Deputy General Superintendent
M. Ron Spooner, Chief of Engineering
Jason Higginbotham, Director of Emergency Management
Reid Dennis, FEMA Program Manager Supervisor
Alvin Porter, Acting EDB Director
Roy Thomas, CH2M HILL

**RATIFICATION OF CHANGE ORDER NO. 5 FOR CONTRACT 1353 -
HURRICANE RELATED REPLACEMENT OF THE BOILER PRE HEATERS
AT THE CARROLLTON WATER PURIFICATION PLANT – POWER
COMPLEX**

WHEREAS, the Sewerage and Water Board entered into Contract 1353 with Alfred Conhagen Inc. of Louisiana, in the amount of \$2,757,426.00, for the FEMA funded Replacement of the Boiler Pre Heaters at the Carrollton Water Purification Plant and Power Complex

WHEREAS, the original contract scope will be increased in the amount of \$261,170.31 to additional work associated with crane rental and extended overhead costs. These costs will be eligible for FEMA reimbursement, and

WHEREAS, this Change Order, in the amount of \$261,170.31 brings the accumulated Contract change order total to \$440,605.26 or 16% of the original Contract value.

NOW THEREFORE BE IT RESOLVED, the approval of Change Order No. 5 for Contract 1353 is ratified by the Sewerage and Water Board of New Orleans.

I, Robert Miller, Interim Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true
and correct copy of a Resolution adopted at the Regular
Monthly Meeting of said Board, duly called and held,
according to law, on February 19, 2014.

ROBERT MILLER, INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: January 20, 2014

From: M. Ron Spooner, P.E.
Chief of Engineering

To: Joseph Becker, P.E.
General Superintendent

Re: Contract 1350
Hurricane Katrina Related Repairs to Turbine 4 at the Carrollton Power Complex
Change Order 7

Enclosed please find a recommendation for approval of Change Order No. 7 for the above captioned contract.

The change encompasses the following:


- Baffles and Tube Sheets \$345,744.39: Contractor labor and material to replace cracked and damaged tube sheets for the Turbine #4 condenser with SB-171-C464 Naval Rolled Brass. This scope also includes replacement of cracked and damaged baffles for the Turbine #4 condenser with carbon steel. This cost is eligible for FEMA reimbursement.
- Casing Repairs \$564,679.69: Repair of cracks in the casing and piping connection, repair of high pressure inner casing, repair of diaphragm inserts, repair of mounting its, repair of casing split lines, repair of seal gland faces. This cost is eligible for FEMA reimbursement.

This results in a net increase in cost in the amount of \$910,424.08.

Original Contract Bid Price:	\$12,750,000.00
DBE Participation:	5%
Previous Change Orders Approved:	\$689,041.18
This Change Order Amount:	\$910,424.08
Total Cumulative Change Order % of Original Contract:	12.54%
Total Cumulative Dollar Change Order Amount:	\$1,599,465.26

The Engineering Department has reviewed this proposal and is recommending it for approval.

I concur:


Joseph R. Becker
General Superintendent

Date:

1/30/2014

Cc:

Jason P Higginbotham, EMS Director
Ethel Williams, Finance Director
Bob Moeinian, Chief of Operations
Alvin Porter, Acting EDB Director
Hunter Hyche, Construction Mgr, CH2M HILL
M. Ron Spooner, Chief of Engineering

Reid Dennis, FEMA Program Management Supervisor
Madeline Goddard, Deputy General Superintendent
Roy Thomas, Program Manager, CH2M HILL
Dexter Joseph, Budget Director
Nolan Lambert, Special Counsel

**SCOPE OF CHANGES
WATER PROGRAM
CONTRACT 1350
(Change Order NO. 7)**

ADDITIONAL ITEMS TO BE ADDED TO CONTRACT

Item #	FCOs	Detailed Description	Units	Unit Price	Quantity	Amount	Days	Comments
1	8	Contractor labor & material to replace cracked and damaged tube sheets for Turbine #4 condenser with SB-171-C464 Naval Rolled Brass. Scope also includes replacement of cracked and damaged baffles for Turbine #4 condenser with carbon steel.	1	\$345,744.39	1	\$345,744.39	120	FEMA Eligible
2	10	Casing Repair: Repair of cracks in the casing and piping connection, repair of high pressure inner casing, repair of diaphragm inserts, repair of mounting fits, repair of casing split lines, repair of seal gland faces.	1	\$564,679.69	1	\$564,679.69	26	FEMA Eligible
TOTAL						\$910,424.08		

Contract DBE%	5.0%
Current DBE%	5.0%

Original	\$ 12,750,000.00
Amount of previous Change Orders	\$ 689,041.18
Amount this Change Order	\$910,424.08
Change Orders to date	\$ 1,299,465.26


REVISED CONTRACT AMOUNT \$ 14,349,465.26


% OF ORIGINAL CONTRACT AMOUNT


This Change Order	7.14%
Previous Change Order	5.40%
TOTAL TO DATE	12.54%

Work Order Date: 1/18/2012

It is mutually agreed to perform and accept the above revisions in accordance with the original contract and applicable specifications for the above price.

Recommended By:  11/28/13
Reid Dettma
S&WB Project Manager

Proposed By:  11/19/13
M. Ron Spooner
Contractor Representative

Approved By:  11/28/13
M. Ron Spooner
Chief of Engineering

**RATIFICATION OF CHANGE ORDER NO. 7 FOR CONTRACT 1350 -
HURRICANE RELATED REPAIRS TO TURBINE 4 AT THE CARROLLTON
WATER PURIFICATION PLANT – POWER COMPLEX**

WHEREAS, the Sewerage and Water Board entered into Contract 1350 with Industrial & Mechanical Construction, Inc., in the amount of \$12,750,000.00, for FEMA funded repairs to Turbine 4 at the Carrollton Water Purification Plan – Power Complex and

WHEREAS, the Contractor has been requested to demolish existing equipment and furnish & install two carbon steel heat exchanger baffles and two brass heat exchanger tube sheets. Casing repairs will also be completed to repair cracks in the casing and piping connection, high pressure inner casing, diaphragm inserts, mounting fits, casing split lines and seal gland faces. The cost associated to this change order is \$910,424.08. This cost will be eligible for FEMA reimbursement and

WHEREAS, this Change Order, in the amount of \$910,424.08, brings the accumulated Contract change order total to \$1,599,465.26, or 12.54% of the original Contract value.

NOW THEREFORE BE IT RESOLVED, the approval of Change Order No. 7 for Contract 1350 is ratified by the Sewerage and Water Board of New Orleans.

I, Robert Miller, Interim Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true
and correct copy of a Resolution adopted at the Regular
Monthly Meeting of said Board, duly called and held,
according to law, on February 19, 2014.

ROBERT MILLER, INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD

Memorandum

February 3, 2014

Operations Committee
Finance Committee
Sewerage and Water Board of New Orleans
New Orleans, Louisiana

Dear Directors:

Subject: New Customer Information System

Summary. Staff recommends that the Interim Executive Director be authorized to enter into contract negotiations to establish final terms and conditions for a contract to be considered for award to Cogsdale Corporation for the new Customer Information System.

Background. The Board's current account management and billing system, CAM, is a mainframe Cobol-based system which has been in use since the late 1980's when the SWB moved to its current location on St. Joseph Street. The Board recently determined that it needed a new system which would offer additional functionality including e-billing, expanded payment methods, interfaces with GIS, IVR, AMI, and a new cashiering system. Staff began its initial investigations by reviewing three billing systems in January 2011. Three one-day seminars were held by CIS vendors to showcase the typical functionality of current server-based billing systems.

Evaluation Team. The CAM selection team was assembled consisting of the following members:

Jacqueline Shine-Utility Services Administrator, Revenue Department
Tiffany Julien, Management Development Analyst, Revenue
Gabe Bordenave, Management Development Analyst, Revenue
Melinda Nelson-Utility Services Administrator, Information Systems
Vince Stuprich-CAM Project Manager-Information Systems

This team was charged with the responsibility of utilizing acceptable public procurement methodologies to identify a Tier 2 system meeting the needs of Sewerage and Water Board within the allotted budget. The team was assisted in this process by Langham and Associates, a subcontractor to Xerox, the current information systems contractor to the Board.

Review of Statements of Qualification. In June 2013, the Board issued a Request for Statement of Qualifications for a new CIS system, IVR system, cashiering system and GIS integration. Nine responses were received and reviewed:

Advanced Utilities	INFOR
Cayenta	Itineris
Cogsdale	Systems and Software
Cusi	Vertex
Gyansys	

A two-phase scoring system allowed the team to eliminate the vendors whose systems did not conform to the Board's functional requirements and key needs.

Phase #1

Company Data Maximum Points	100
Technical Requirements Maximum Points	100
Functional Requirements	150
Maximum Points	350

Functional Requirements were scored mathematically. A minimum score of 85% on functional requirements was required to proceed further. Six vendors were eliminated due to various technicalities.

The remaining three vendors: Cogsdale, Advanced Utilities, and INFOR were invited to participate in the second phase of the SOQ and present three-day software demonstrations so the team could assess the usability and appearance of the software systems. A minimum total score of 450 points for Phase I and II was required to be able to participate in the RFP phase of the procurement. INFOR scored 404.5, failing to achieve the minimum score and was eliminated from the competition.

Phase #2

On-site Demonstration	150
Reference Checks	100
Maximum Points	250

See attached Statement of Qualifications Scoring Results for details. Following the Phase #2 results, Cogsdale and Advanced Utilities were invited to submit proposals.

Review of Proposals. RFP responses were received from Cogsdale and Advanced Utilities on January 10. Staff proceeded to perform a detailed review of the proposals with these results:

Evaluation Criteria	Max Points	Advanced Utilities	Cogsdale	Vendor	Percent of Max	Points Awarded
Prime Contractor Company Location	10	0	0	Advanced	0.00%	0
				Cogsdale	0.00%	0
Company's Experience in the Market	50	38	40	Advanced	76.00%	38
				Cogsdale	80.00%	40
Company's Size and Capability of Performing the Required Services	50	40	46	Advanced	80.00%	40
				Cogsdale	92.00%	46
Company's Proposed Personnel's Experience in the Project Area	150	90	100	Advanced	60.00%	90
				Cogsdale	66.67%	100
Company's licenses/certificates/bonds/documents required in RFP	50	50	50	Advanced	100.00%	50
				Cogsdale	100.00%	50
Previous work performed for SWBNO	40	0	0	Advanced	0.00%	0
				Cogsdale	0.00%	0
Project Statement of Work (Work Plan)	200	179	160	Advanced	89.50%	179
				Cogsdale	80.00%	160
Project Schedule in MS Project	150	145	132	Advanced	96.67%	145
				Cogsdale	88.00%	132
Functional and Technical Requirements	150	140.37	137.25	Advanced	93.58%	140.37
				Cogsdale	91.50%	137.25
Proposed Cost and Fees	150	132	150	Advanced	88.00%	132
				Cogsdale	100.00%	150
DBE Participation	Pass/Fail	Pass	Pass	Advanced	100.00%	Pass
				Cogsdale	100.00%	Pass
Total Points:	1000	814.37	815.25			

The evaluation criteria yielded nearly identical results for Cogsdale Corporation and Advanced Utilities. Staff determined that the proposal from Cogsdale Corporation was the preferred choice based upon usability, project approach, and additional available modules:

1. Company experience – Cogsdale has done 20 more CIS implementations than Advanced.
2. A majority of the Selection Team preferred the look and feel (user friendly/usability) of the Cogsdale product.
3. The Cogsdale product provides clear and obvious on-screen user warnings to avoid errors in certain business situations.

4. The Cogsdale proposal included multiple levels of executive project oversight above the onsite project manager.
5. The Cogsdale proposal included the highest number of hours allocated for system testing, which is an SWBNO priority.
6. The licensing of the Cogsdale CIS product also includes the complete perpetual licensing of a Financial Information System.
7. The Cogsdale CIS product is part of a complete enterprise software solution which includes financial, human resources, customer billing, permitting, and work order modules, which would give the SWBNO options as it begins upgrading all its core applications.
8. The Cogsdale CIS proposal includes a Permitting System which can be used by several SWBNO business units, including Plumbing and possibly the Environmental departments.
9. The Cogsdale CIS product already has an "out of the box" interface to an advanced meter infrastructure- (AMI) agnostic meter data management (MDM) system which will be helpful during the Board's implementation of the AMI meter system.
10. The Cogsdale proposal included three certified DBE vendors versus the two DBE's proposed by Advanced Utilities.
11. The Cogsdale proposal included some prototyping examples of how they would address certain specific SWBNO requirements.
12. The Cogsdale proposal included the development of a Project Charter.
13. A future release of the Cogsdale product will include "out of the box" integration with a document management system.
14. While not a part of the current purchase, Cogsdale offer a Business Intelligence Application (Executive Dashboard for on-line monitoring of KPIs) that can be added at a later date.
15. The Five Year Cost of Ownership is approximately \$500,000 (\$4,531,042 for Cogsdale verses \$5,095,630 for Advanced) less for Cogsdale.

Conclusion and Recommendation. Staff recommends that the Interim Executive Director be authorized to enter into contract negotiations to establish final terms and conditions for a contract to be considered for award to Cogsdale Corporation for the new Customer Information System.



Melinda Nelson
Utility Services Administrator
Information Systems



Jacqueline Shine
Utility Services Administrator
Revenue

Statement of Qualifications Scoring Results

PRIME VENDOR	% of Maximum	Functional Score	Elimination	Company Score	Technical Score	Phase 1 Total	Onsite Demo	Reference Check	Phase 2 Total	SOQ Total	Elimination
Systems & Software	86.58%	130	Not SQL Based	70.00	73.33	286.5	99.00	19.00	118.0	404.5	SOQ Total < 450
Gyansys	88.70%	133	No Water References								
CUSI	66.03%	99	Functional Score								
Itineris	82.30%	123	Functional Score								
Vertex	88.45%	133	Mainframe Platform								
Cayenta	81.08%	122	Functional Score								
Infor	95.45%	143									
Cogsdale	92.77%	139		67.60	83.15	289.9	129.00	76.00	205.0	494.9	
Advanced Utilities	87.18%	131		80.65	78.70	290.1	138.00	79.00	217.0	507.1	
Maximum Score	100.00%	150		100	100	350	150	100	250	600	

**Sewerage and Water Board of New Orleans
Bid Tabulation for Customer Information System**

No.	Date	Name of Bidder Bid Bond/Lic#	Participation	Total Bid	Remarks
1	1/10/2014	Cogsdale	16.53%	\$ 3,928,155.00	Recommended
2	1/10/2014	Advanced Utilities	16.44%	\$ 4,085,495.00	

CUSTOMER ACCOUNT MANAGEMENT REPLACEMENT SYSTEM

WHEREAS, the Board of Directors has previously authorized procurement for a vendor to provide a new Customer Information System (CIS); and

WHEREAS, staff has issued a Request for Statements of Qualifications and a Request for Proposals; and

WHEREAS, staff evaluated the qualifications and proposals using criteria and methods consistent with industry best practices; and

WHEREAS, staff identified Cogsdale Corporation and Advanced Utilities as finalists from among the proposals received; and

WHEREAS, the review of proposals according to the evaluation criteria yielded nearly identical results for Cogsdale Corporation and Advanced Utilities; and

WHEREAS, staff determined that the proposal from Cogsdale Corporation was the preferred choice based upon usability, project approach, and additional available modules; and

WHEREAS, the Cogsdale Corporation proposal cost of \$3,928,155 is approximately \$157,000 less than Advanced Utilities proposal cost of \$4,085,495; and

WHEREAS, the Cogsdale Corporation five year cost of ownership of \$4,531,042 is approximately \$500,000 less than Advanced Utilities five year cost of ownership of \$5,095,630; and

WHEREAS, the Cogsdale Corporation proposal cost is within the budgeted amount of \$5,750,000;

NOW, THEREFORE BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the Interim Executive Director is hereby authorized to enter into contract negotiations to establish final terms and conditions for a contract to be considered for award to Cogsdale Corporation.

I, Robert K. Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of the resolution adopted at a Regular Monthly Meeting of said Board, duly called and held, according to law on February 19, 2014.

**ROBERT K. MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: February 2, 2014

From: Madeline F. Goddard, P.E.
Deputy General Superintendent

To: Robert K. Miller
Interim Executive Director

Joseph R. Becker, P.E.
General Superintendent

Re: Agreement between University of New Orleans Department of Civil and Environmental Engineering and the Sewerage and Water Board of New Orleans for Monitoring and Odor Control Project.

Attached you will find Resolution R-027-2014 which is being presented for authorization to enter into a cooperative endeavor agreement with the Board of Supervisors of the University of Louisiana System acting for the University of New Orleans Department of Civil and Environmental Engineering for monitoring and odor control project.

Background

The Sewerage and Water Board of New Orleans (S&WB) conducted odor studies of the West Bank sewerage system in response to resident complaints from the neighborhood adjacent to the West Bank Wastewater Treatment Plant in December 2000. A similar study was conducted for the East Bank sewerage system in July 2001. The purpose of the studies were to determine if odors existed with the system, and if so, develop recommendations to control odors and to prevent migration of odors off-site. Since those studies, odor control chemicals have been fed in the sewage system ahead of the wastewater treatment plants. With the S&WB entering into a new operation, maintenance and management contract with Veolia, the timing is appropriate to again conduct baseline monitoring and odor control studies at the East and West Bank Wastewater Treatment Plants to ensure the S&WB is continuing to being a good neighbor.

Scope of Work

S&WB and the University of New Orleans Department of Civil and Environmental Engineering (UNO-CEE) desires to accomplish a valuable public purpose of monitoring odor from the East and West Bank Wastewater Treatment Plants in order to understand and improve management of odors from those treatment plants. The roles and responsibilities of the two partners are as follows:

- S&WB will purchase and install the odor monitoring equipment, including if applicable,



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

meteorological monitoring equipment, at the wastewater treatment plant, provide staff, as availability permits, to assist and/or participate in the study, provide access to the site, sewage system operational data and technical documents, and fund the first year's management and administrative efforts in the amount of \$36,000.

- UNO-CEE Department will provide guidance in the identification, purchase and installation of odor monitoring and, if required, meteorological equipment, training in calibration, maintenance and data collection, analysis and interpretation, provide short-term and long-term odor management strategies, and personnel/graduate student(s) to perform the activities

Recommendation

Request to enter into a cooperative endeavor agreement with the Board of Supervisors of the University of Louisiana System acting for the University of New Orleans Department of Civil and Environmental Engineering for monitoring and odor control project.

Please add this matter to the agenda of the Finance Committee Meeting as an action item.

Madeline Goddard, P.E.
Deputy General Superintendent

cc: Nolan Lambert, Brian Ferrera, Bob Moeinian, Ron Spooner, Felicia Figinsky

APPROVAL OF AGREEMENT BETWEEN THE UNIVERSITY OF NEW ORLEANS DEPARTMENT OF CIVIL AND ENVIRONMENTAL ENGINEERING AND THE SEWERAGE AND WATER BOARD OF NEW ORLEANS FOR MONITORING AND ODOR CONTROL PROJECT

WHEREAS, the University of New Orleans Department of Civil & Environmental Engineering (UNO-CEE) desire to accomplish a valuable public purpose of monitoring odor from the East and West Bank Wastewater Treatment Plants in order to understand and improve management of odors from those treatment plants;

WHEREAS, UNO-CEE Department is committed to conduct air quality monitoring for one year at the West Bank WWTP followed by a year at the East Bank WWTP, utilizing self-contained continuous air quality monitors, which shall be delivered to the Board at the end of the study; and

WHEREAS, UNO-CEE Department is committed to providing management of the first year of monitoring and odor control study for the amount of \$36,000.

NOW THEREFORE, BE IT RESOLVED that the Sewage and Water Board of New Orleans hereby desires to enter into a cooperative endeavor agreement for the benefit of a public purpose with the Board of Supervisors of the University of Louisiana System acting for the University of New Orleans Department of Civil & Environmental Engineering to perform a monitoring and odor control project at the wastewater treatment plants.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to execute, on behalf of the Sewerage and Water Board of New Orleans, the cooperative endeavor agreement with the Board of Supervisors of the University of Louisiana System acting for the University of New Orleans Department of Civil & Environmental Engineering to perform a monitoring and odor control project at the wastewater treatment plants.

I, Robert K. Miller, Interim Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a Resolution adopted at the Regular
Monthly Meeting of said Board, duly called and held,
according to law, on February 19, 2014.

ROBERT K. MILLER, INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: February 2, 2014

From: Madeline F. Goddard, P.E.
Deputy General Superintendent

To: Robert K. Miller
Interim Executive Director

Joseph R. Becker, P.E.
General Superintendent

Re: Agreement between City of New Orleans Department of Parks and Parkway and the Sewerage and Water Board of New Orleans for Green Infrastructure

Attached you will find Resolution R-028-2014 which is being presented for authorization to enter into a cooperative endeavor agreement with the City of New Orleans through the Department of Parks and Parkway for green infrastructure projects.

Background

The City of New Orleans (City) and the Sewerage and Water Board of New Orleans (S&WB) entered into the Second Modification of the Consent Decree with the U.S. Department of Justice and the Environmental Protection Agency (EPA) on April 24, 2013. One new paragraph included in the modification was to explore and pursue inclusion of green infrastructure at any location within its system. A green infrastructure plan shall also be developed and submitted to EPA by April 24, 2014.

The City and the S&WB are also co-permittees of the Louisiana Pollution Discharge Elimination System Municipal Separate Storm Sewer Systems (MS4). Other co-permittees include Jefferson Parish, Orleans Levee District, Port of New Orleans and State of Louisiana Department of Transportation and Development. The MS4 permit requires, where feasible, the use of green infrastructure or low impact development practices with development. These best management practices would help avoid water quality degradation and reduce flooding potential caused by increased runoff volumes and rates.

Scope of Work

S&WB is planning to fund development and implementation of green infrastructure projects with the Department of Parks and Parkway (PKW). The roles and responsibilities of the two partners are as follows:

- S&WB will participate in the development of conceptual design, review and approve final plans and specifications, advertise and bid the green infrastructure projects and enter into an agreement with the successful contractor and process all invoices for payments.



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

- PKW will provide staff to manage the project, including developing of conceptual design, preparation of final plans and specifications, participation in pre-bid conferences, review of bid tabs and recommendation for award, provide construction management and inspection services, review and approve payment invoices and negotiate change orders from award of contract through final acceptance.

S&WB is also planning to implement a community outreach program in which PKW shall participate, when feasible in the public works and community outreach events, provide support and expertise in development of brochures and website.

PKW is establishing an asset GIS database, and has agreed to share data, when available.

Recommendation

Request to enter into a cooperative endeavor agreement with the City of New Orleans Department of Parks and Parkway to plan and implement green infrastructure projects.

Please add this matter to the agenda of the Finance Committee Meeting as an action item.

Madeline Goddard, P.E.
Deputy General Superintendent

cc: Nolan Lambert, Yolanda Grinstead, Ann Wilson, Bradley Klammer

**APPROVAL OF AGREEMENT BETWEEN THE CITY OF NEW ORLEANS, DEPARTMENT OF PARKS
AND PARKWAY AND THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
FOR GREEN INFRASTRUCTURE PROJECTS**

WHEREAS, on April 24, 2013, the Sewerage and Water Board of New Orleans (S&WB) and the City of New Orleans (City) entered into a Second Modification of the Consent Decree with the United States Department of Environmental Protection Agency and Department of Justice;

WHEREAS, the Second Modification required the S&WB explore and pursue implementation of green infrastructure at any location within its system;

WHEREAS, the City and the S&WB as co-permittees of the Louisiana Pollution Discharge Elimination System (LPDES) Municipal Separate Storm Sewer Systems (MS4) are, where feasible, use Green Infrastructure/Low Impact Development practices that could help avoid water quality degradation as well as reduce flooding potential caused by increased runoff volumes and rates associated with development;

WHEREAS, the City through the Department of Parks and Parkway will plan and implement a component of the new green infrastructure plan.

WHEREAS, the new green infrastructure capital construction plan will be funded totally or in part by S&WB, State and/or Federal funds; and

NOW THEREFORE, BE IT RESOLVED that the Sewage and Water Board of New Orleans in exchange for the benefit of a public purpose hereby desires to enter into a cooperative endeavor agreement with the City of New Orleans Department of Parks and Parkway for planning and implementing a component of the new green infrastructure plan; and

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to execute, on behalf of the Sewerage and Water Board of New Orleans, the cooperative endeavor agreement with the City of New Orleans Department of Parks and Parkway for these green infrastructure projects.

I, Robert K. Miller, Interim Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a Resolution adopted at the Regular
Monthly Meeting of said Board, duly called and held,
according to law, on February 19, 2014.

ROBERT K. MILLER, INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



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Employee Benefits

Insurance

February 4, 2014

To: Sewerage and Water Board of New Orleans

Re: Automobile Fleet Physical Damage Insurance

Following is an illustrative proposal for S&WB Automobile Physical Damage Insurance renewal. The current coverage term is 3/20/2013 to 3/20/2014. Total Insurable Value (TIV) has increased slightly from \$18,879,000 to \$18,924,139 as noted in the illustration. The insurer, Lexington Insurance Company, is however, offering to renew coverage at relatively the same rate with no changes in terms. The proposed 12 month renewal premium of \$215,102 is slightly lower compared to the current premium of \$215,255. We are recommending Option# 2, a one-time 14 month policy, a term from 3/20/2014 to 5/20/2015 for a premium of \$251,024. Proportionately, this is not an increase. This would bring the Automobile Physical Damage coverage term concurrent with the Property coverage term (5/20/2014-5/20/2015) in 2015.

Also, note the **Markets Approached** listing. This market analysis further confirms the recommendation.

Sincerely,

Charles Kennedy, Jr., CFP
The Kennedy Financial Group
Property & Casualty Insurance Broker

Sewerage Water Board of New Orleans
Auto Physical Damage Proposal
2014-2015

	Current Coverage 03/20/2013-03/20/2014	Renewal Option#1 03/20/2014-03/20/2015	*Renewal Option#2 03/20/2014-05/20/2015
Term	03/20/2013-03/20/2014	03/20/2014-03/20/2015	03/20/2014-05/20/2015
Policy Limits			
Comprehensive- All Perils	\$18,879,000.00	\$18,924,139.00	\$18,924,139.00
Total Insured Value	\$18,879,000.00	\$18,924,139.00	\$18,924,139.00
Vehicle Limit (maximum for any one vehicle)	\$250,000.00	\$250,000.00	\$250,000.00
Deductible	\$250,000.00	\$250,000.00	\$250,000.00
Insurer	Lexington Non-Admitted	Lexington Non-Admitted	Lexington Non-Admitted
Total Annual Cost	\$215,255.00	\$215,102.00	\$251,024.00

* Recommended Quote

Sewerage and Water Board of New Orleans
Auto Physical Damage Proposal
2014-2015
Market Analysis

Markets Approached:

Lexington	Incumbent	Offered Renewal Quotes
ACE Westchester	New	Westchester must model the Auto exposure like Property to account for the CAT load. once this is combined with their standard rates, they are not competitive with current pricing
Alterra	New	Not competitive with current pricing, terms and conditions
Catlin	New	Declined. Without additional lines of coverage they are not interested in APD
Allianz Global Named	New	Declined to offer support because of the Windstorm and Flood exposure
Global Excess Partner basis	New	Declined to write APD on a stand-alone basis
Great American required	New	Not willing to include the Flood coverage
Ironshore required	New	Not interested in supplying the limit at the premium offered
Navigators	New	Declined due to the nature of the exposure
One Beacon	New	Declined due to CAT exposure

Automobile Fleet Physical Damage Insurance

WHEREAS, The Sewerage and Water Board of New Orleans desires purchase an Automobile Fleet Physical Damage Insurance policy for its fleet to cover the period March 20, 2014 – May 20, 2015; 12:01 A.M.; and

WHEREAS, the Board has maintained commercial property insurance policies in effect since 1987; and

WHEREAS, the Board requested its insurance broker, Charles Kennedy, Jr., of The Kennedy Financial Group to secure price quotations for such a policy; and

WHEREAS, the Kennedy Financial Group has obtained a property insurance quote of \$215,102.00 from Lexington Insurance for the existing coverages;

NOW THEREFORE, BE IT RESOLVED that the Executive Director of the Sewerage and Water Board of New Orleans, is hereby authorized and directed to purchase property insurance coverage Lexington Insurance through the Board's insurance broker, Charles Kennedy Jr., of The Kennedy Financial Group for a total of \$215,102.00.

I, Robert K. Miller, Interim Executive Director,
Sewerage and Water Board of New Orleans, do
hereby certify that the above and foregoing is
a true and correct copy of a Resolution adopted
at the Regular Meeting of the said Board, duly called
and held, according to law, on February 19, 2014.

ROBERT K. MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**AUTHORIZATION FOR THE FIRST RENEWAL TO AN AGREEMENT WITH BLACK
& VEATCH CONSULTANTS FOR PREPARATION OF THE REPORT ON OPERATIONS
FOR 2013**

WHEREAS, Black & Veatch has satisfactorily completed preparation of the Report on Operations for 2012; and

WHEREAS, the contract entered into with Black and Veatch for the Report on Operations for 2012 allowed for renewal of additional contracts for up to two (2) years; and

WHEREAS, this is the first of two one-year renewal options to the agreement to prepare the Report on Operations for 2013; and

WHEREAS, Black & Veatch has submitted a request to exercise the first option to prepare the Report on Operations for 2013 and with a proposed maximum fee of \$101,000; and

WHEREAS, Black & Veatch plans to utilize the services of Bruno & Tervalon, an economically disadvantaged business, to assist in the proposed study at a minimum of twenty-five (25%) of the work effort equal to approximately \$25,000 of project billings; and

WHEREAS, Black & Veatch also plans to utilize the services of Julien Engineering & Consulting Services, an economically disadvantaged business, to assist in the evaluation of the Board's Facilities at a minimum of twenty-four (24%) of the work effort equal to approximately \$24,000 of project billings;

NOW THEREFORE BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the President or President Pro Tem is hereby authorized to enter into an agreement with Black & Veatch for Preparation of the Report on Operations for 2013.

I, Robert K. Miller, Interim Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of the resolution adopted at a Regularly Monthly Meeting of said Board, duly called and held, according to law on February 19, 2014.

**ROBERT K. MILLER
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**



SEWERAGE AND WATER BOARD OF NEW ORLEANS

February 4, 2014

Finance Committee
Sewerage and Water Board of New Orleans
New Orleans, Louisiana

Dear Directors:

Subject: Bond Issues Status Update and Preliminary Authorizing Resolutions

Status Update

On November 18, 2013, and January 28, 2014, the working group (WG) consisting of the BLCD, SWBNO, co-financial advisors, bond counsel, SWBNO consultants (Raftelis), and representatives from the senior underwriting pool selected by the BLCD (Morgan Stanley, Bank of America Merrill Lynch, and Goldman Sachs) met in an effort to establish 1) a financing plan to refinance outstanding SWBNO bonds and structure new money bonds; 2) create a strategy to increase bond ratings; and 3) update the current bond resolution.

As a result of these meetings the WG has developed a strategy to refinance all outstanding bonds of the SWBNO currently estimated at an aggregate PV savings greater than the 4% threshold set by the state bond commission. It should be noted that while the estimated aggregate savings are positive and the total debt service requirements of the SWB are expected to decrease, the plan includes a negative savings component since the Sewer Service Revenue Bonds Series 2009 are not currently refundable. However, the WG believes that the benefits and flexibility to be gained by immediately replacing all of the Bonds and the existing Resolutions outweigh the incremental cost of this component. Refunding all outstanding bonds provides for the new debt to be issued under a new bond resolution.

It is the staff's recommendation to issue new money bonds in 2014 in the amounts of Water Revenue Bonds \$65MM; Sewerage Service Revenue Bonds \$27MM; and Drainage System Fund – 9 Mill \$63MM (see Raftelis report attached).

Along with a refunding of all bonds, the WG has suggested the SWBNO and BLCD consider using only two of the rating agencies (S&P and Fitch) currently rating the SWBNO outstanding debt to rate the refunding and new money bonds. This would exclude Moody's Rating from the process. This recommendation is based upon the conclusion that (1) the incremental cost of purchasing a third rating is not worth the value received, (2) investors are comfortable with having only two ratings and therefore there is not expected to be a pricing penalty, and (3) the SWBNO does not believe that Moody's has been consistent or fair in the rating assigned to the outstanding bonds.

The current financing schedule calls for the BLCD to consider the preliminary resolution at the regular monthly meeting, Wednesday, February 19, 2014, in order to make the March 2014 State Bond Commission meeting for approval of the refunding and new money bonds.

Preliminary Authorizing Resolutions

Water Revenue Bonds and Sewer Revenue Bonds

Staff recommends proceeding with a Financing Plan to refund all of the \$135,565,000 Outstanding Bonds previously issued pursuant to the 1986 General Sewerage Service Revenue Bonds Resolution and all of the \$27,655,000 Outstanding Bonds previously issued pursuant to the 1986 General Water Revenue Bond Resolution (collectively, the "Refunded Bonds").

The refunding bonds will be issued pursuant to a new 2014 Resolution designed to update and refresh the parameters of the legal framework to current market standards, improve the credit quality of the prospective debt and to provide additional flexibility for the SWBNO.

Based upon the current market interest rates, the SWBNO is expected to execute the refunding plan with aggregate debt service savings.

In addition, Staff recommends that the Board proceed with the issuance of new money bonds under the 2014 Resolution to provide \$65,000,000 for the Water System and \$27,000,000 for the Sewer System, based upon the recent Raftelis Financial Planning update dated November 26, 2013.

The Board is being asked to approve the process necessary to proceed with the Financing Plan to issue the refunding bonds and the new money bonds (collectively, the "Bonds") provided the following parameters are met:

1. Par amount Sewerage Service Revenue Bonds not to exceed \$200,000,000
2. Par amount Water Revenue Bonds not to exceed \$115,000,000
3. The total interest rate on the Bonds will not exceed 7.5%
4. The final maturity date of the Bonds will not extend beyond 6/1/2044 (30 years)

This authorization allows the Staff to proceed with a submission to request approval for the Bonds from the Board of Liquidation, the State Bond Commission and the City Council.

The Financing Team has developed a framework and outline to approach at least two of the three rating agencies to obtain a rating for the Bonds.

Staff has proceeded to engage the services of Black & Veatch to prepare a Feasibility Report related to the operations of the SWBNO. Staff has proceeded to engage the services of Raftelis to prepare the Feasibility Report related to the financial projections of the SWBNO. Both of these Reports will be necessary to market the Bonds.

The current Financing Plan schedule anticipates that the Board of Liquidation will negotiate the sale and close the Bonds in April 2014.

Staff expects to develop a set of Debt Policies in tandem with development of the 2014 Resolution which will be presented to the Board at a later date.

Drainage Bonds

Staff recommends proceeding with a plan to refund all or a portion of the \$16,205,000 outstanding Drainage System Bonds. Based upon the current market interest rates, the SWBNO is expected to achieve savings above 3%.

Staff recommends that the Board authorize proceeding with an issuance of \$63,000,000 of Drainage System Bonds for new money purposes provided that Staff determines that there is additional capacity to do so in consideration of the available special ad valorem tax ("Limited Tax") for drainage purposes which is now levied and collected at the rate of 9.71 mills.

The Board is being asked to approve the process necessary to proceed with Drainage System Bonds provided the following parameters are met:

1. Par amount not to exceed \$100,000,000
2. The total interest rate on the Drainage System Bonds will not exceed 7.5%
3. The final maturity date of the Drainage System Bonds will not extend beyond 2032, (considering the date that the Limited Tax expires (2031) and collection of those revenues during the following year).

This authorization allows the Staff to proceed with a submission to request approval for the Drainage System Bonds from the Board of Liquidation, the State Bond Commission and the City Council.



Robert K. Miller
Deputy Director

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**PRELIMINARY RESOLUTION AUTHORIZING
WATER REVENUE AND REFUNDING BONDS**

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution authorizing the issuance of not exceeding One Hundred Fifteen Million Dollars (\$115,000,000) of Water Revenue and Refunding Bonds, Series 2014 of the City of New Orleans, Louisiana; fixing the details of said Bonds; and providing for other matters in connection therewith.

WHEREAS, the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") is authorized to issue bonds in the name of the City of New Orleans, Louisiana (the "City"), pursuant to the provisions of Section 4096 of Title 33 and Chapter 14-A of Title 39 of the Revised Statutes of Louisiana, as amended, and other constitutional and statutory authority (collectively, the "Act"); and

WHEREAS, the Sewerage and Water Board has the following bonds outstanding under a General Water Revenue Bond Resolution adopted on August 25, 1986, as supplemented:

\$5,570,000 of outstanding Water Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), dated December 1, 1998, with a final maturity of December 1, 2018; and

\$22,085,000 of outstanding Water Revenue Bonds, Series 2002 (the "Series 2002 Bonds"), dated October 1, 2002, with a final maturity of December 1, 2022; and

WHEREAS, the outstanding Series 1998 Bonds and Series 2002 Bonds are herein collectively referred to as the "Outstanding Bonds;" and

WHEREAS, the Sewerage and Water Board desires to refund all or a portion of the Outstanding Bonds and pay the costs of improving and expanding water treatment plants, and improvements, extensions, betterments and repairs to the public water system of the City of New Orleans, Louisiana (the "Project"), through the issuance of its Water Revenue and Refunding Bonds (the "Water Revenue Bonds"), in one or more series; and

WHEREAS, the Board of Liquidation, City Debt (the "Board of Liquidation"), will be asked to approve the Water Revenue Bonds at its meeting to be held on or about February 19, 2014; and

WHEREAS, the Council of the City of New Orleans will be asked to approve the Water Revenue Bonds at a Council meeting to be held on or about March 6, 2014; and

WHEREAS, the City, acting by and through the Sewerage and Water Board and the Board of Liquidation, pursuant to the Act, and pursuant to Part XIV, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, now desires to proceed with the issuance of the Water Revenue Bonds; and

WHEREAS, the Water Revenue Bonds will be sold at negotiated sale by Board of Liquidation, acting on behalf of the Sewerage and Water Board and the City; and

WHEREAS, the Sewerage and Water Board desires to authorize the issuance of the Water Revenue Bonds, upon the terms and conditions hereinafter defined;

NOW THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans, that:

SECTION 1. Findings. This Sewerage and Water Board finds and determines that the issuance of the Water Revenue Bonds will be advantageous to the City.

SECTION 2. Authorization of the Water Revenue Bonds. In compliance with and under the authority of the Act, there is hereby authorized the issuance of not exceeding \$115,000,000 of Water Revenue Bonds for, on behalf of, and in the name of the City, for the purpose of refunding all or a portion of the Outstanding Bonds, improving or expanding the Project, funding a debt service reserve fund and other reserve funds, if required, and paying costs of issuance, such bonds to be designated "City of New Orleans, Louisiana Water Revenue and Refunding Bonds, Series 2014."

SECTION 3. Details of the Water Revenue Bonds. The Water Revenue Bonds will be issued in one or more series, in an aggregate principal amount of not exceeding One Hundred Fifteen Million Dollars (\$115,000,000) will mature not later than December 1, 2044, and will bear interest at a rate of not exceeding seven and one-half percent (7.5%) per annum. The Water Revenue Bonds shall be sold at negotiated sale, in accordance with the provisions of the Act, at a price to be determined by the Board of Liquidation to an underwriter or group of underwriters chosen by the Board of Liquidation, with the consent of this Sewerage and Water Board, as shall be finally fixed in a resolution to be adopted by the Board of Liquidation.

SECTION 4. Security for the Water Revenue Bonds. The Water Revenue Bonds, together with any any unrefunded Outstanding Bonds, if any, will be secured by the pledge of the revenues derived from the collection of charges for water, for purposes relating to the water system of the City.

SECTION 5. State Bond Commission. Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Water Revenue Bonds, and for consent and authority to proceed with the issuance and sale of the Water Revenue Bonds, as provided above, and co-bond counsel are directed to make application to the State Bond Commission in accordance with the foregoing.

SECTION 6. State Bond Commission Swap Language. By virtue of the Board of Liquidation's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Board of Liquidation understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 7. City Council Approval. A certified copy of this resolution shall be furnished to the the City Council of the City, together with a request for approval of the issuance of the Water Revenue Bonds. Bonds.

This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mitchell J. Landrieu	_____	_____	_____	_____
William Raymond Manning	_____	_____	_____	_____
Marion Bracy	_____	_____	_____	_____
Kerri Kane	_____	_____	_____	_____
Mark M. Moody	_____	_____	_____	_____
Glen Pilie	_____	_____	_____	_____
Florence Schornstein	_____	_____	_____	_____
Charles F. Webb	_____	_____	_____	_____
Beverly Wright, PhD	_____	_____	_____	_____
Loyce P. Wright	_____	_____	_____	_____

This resolution was declared adopted on the _____ day of February, 2014.

* * * * *

STATE OF LOUISIANA

PARISH OF ORLEANS

I, the undersigned Executive Director of the Sewerage and Water Board of New Orleans ("S&WB"), do hereby certify that the foregoing pages constitute a true and correct copy of the proceedings taken by the S&WB on February 19, 2014, authorizing the issuance of not exceeding One Hundred Fifteen Million Dollars (\$115,000,000) of Water Revenue and Refunding Bonds, Series 2014 of the City of New Orleans, Louisiana; fixing the details of said Bonds; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the S&WB at New Orleans, Louisiana, on this 19th day of February, 2014.

Robert K. Miller
Interim Executive Director

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**PRELIMINARY RESOLUTION AUTHORIZING
SEWERAGE SERVICE REVENUE AND REFUNDING BONDS**

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution authorizing the issuance of not exceeding Two Hundred Million Dollars (\$200,000,000) of Sewerage Service Revenue and Refunding Bonds, Series 2014 of the City of New Orleans, Louisiana; fixing the details of said Bonds; and providing for other matters in connection therewith.

WHEREAS, the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") is authorized to issue bonds in the name of the City of New Orleans, Louisiana (the "City"), pursuant to the provisions of Section 4121 of Title 33 and Chapter 14-A of Title 39 of the Revised Statutes of Louisiana, as amended, and other constitutional and statutory authority (collectively, the "Act"); and

WHEREAS, the Sewerage and Water Board has the following bonds outstanding under a General Sewerage Service Revenue Bond Resolution adopted on August 25, 1986, as supplemented:

\$8,935,000 of outstanding Sewerage Service Revenue Bonds, Series 1997 (the "Series 1997 Bonds"), dated June 1, 1997, with a final maturity of June 1, 2017;

\$8,705,000 of outstanding Sewerage Service Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), dated December 1, 1998, with a final maturity of June 1, 2018;

\$13,040,000 of outstanding Sewerage Service Revenue Bonds, Series 2000 (the "Series 2000 Bonds"), dated May 1, 2000, with a final maturity of June 1, 2020;

\$9,875,000 of outstanding Sewerage Service Revenue Bonds, Series 2000B (the "Series 2000B Bonds"), dated November 1, 2000, with a final maturity of June 1, 2020;

\$16,685,000 of outstanding Sewerage Service Revenue Bonds, Series 2001 (the "Series 2001 Bonds"), dated December 1, 2001, with a final maturity of June 1, 2021;

\$33,160,000 of outstanding Sewerage Service Revenue Bonds, Series 2002 (the "Series 2002 Bonds"), dated December 1, 2002, with a final maturity of June 1, 2022;

\$3,270,000 of outstanding Sewerage Service Revenue Bonds, Series 2003 (the "Series 2003 Bonds"), dated December 3, 2003, with a final maturity of June 1, 2023;

\$21,400,000 of outstanding Sewerage Service Revenue Bonds, Series 2004 (the "Series 2004 Bonds"), dated December 16, 2004, with a final maturity of June 1, 2024;

\$20,495,000 of outstanding Sewerage Service Revenue Refunding Bonds, Series 2009 (the "Series 2009 Bonds"), dated July 14, 2009, with a final maturity of June 1, 2029; and

\$8,589,000 of outstanding Sewerage Service Subordinate Revenue Bonds, Series 2011 (the "Series 2011 Bonds" or the "Subordinate Bonds"), dated November 23, 2011, with a final maturity of November 1, 2032;

and

WHEREAS, the outstanding Series 1997 Bonds, Series 1998 Bonds, Series 2000 Bonds, Series 2000B Bonds, Series 2001 Bonds, Series 2002 Bonds, Series 2003 Bonds, Series 2004 Bonds and Series 2009 Bonds are herein collectively referred to as the "Outstanding Bonds;" and

WHEREAS, the Sewerage and Water Board desires to refund all or a portion of the Outstanding Bonds and pay the costs of extensions, improvements, enlargements, betterments, alterations, renewals and replacements to the sewerage system of the City of New Orleans, Louisiana, including land, equipment and other real or personal properties (the "Project"), through the issuance of its Sewerage Service Revenue and Refunding Bonds (the "Sewerage Service Revenue Bonds"), in one or more series; and

WHEREAS, the Board of Liquidation, City Debt (the "Board of Liquidation"), will be asked to approve the Sewerage Service Revenue Bonds at its meeting to be held on or about February 19, 2014; and

WHEREAS, the Council of the City of New Orleans will be asked to approve the Sewerage Service Revenue Bonds at a Council meeting to be held on or about March 6, 2014; and

WHEREAS, the City, acting by and through the Sewerage and Water Board and the Board of Liquidation, pursuant to the Act, and pursuant to Part XIV, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, now desires to proceed with the issuance of the Sewerage Service Revenue Bonds; and

WHEREAS, the Sewerage Service Revenue Bonds will be sold at negotiated sale by Board of Liquidation, acting on behalf of the Sewerage and Water Board and the City; and

WHEREAS, the Sewerage and Water Board desires to authorize the issuance of the Sewerage Service Revenue Bonds, upon the terms and conditions hereinafter defined;

NOW THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans, that:

SECTION 1. Findings. This Sewerage and Water Board finds and determines that the issuance of the Sewerage Service Revenue Bonds will be advantageous to the City.

SECTION 2. Authorization of the Sewerage Service Revenue Bonds. In compliance with and under the authority of the Act, there is hereby authorized the issuance of not exceeding \$200,000,000 of Sewerage Service Revenue Bonds for, on behalf of, and in the name of the City, for the purpose of refunding refunding all or a portion of the Outstanding Bonds, improving or expanding the Project, funding a debt

service reserve fund and other reserve funds, if required, and paying costs of issuance, such bonds to be designated "City of New Orleans, Louisiana Sewerage Service Revenue and Refunding Bonds, Series 2014." 2014."

SECTION 3. Details of the Sewerage Service Revenue Bonds. The Sewerage Service Revenue Bonds will be issued in one or more series, in an aggregate principal amount of not exceeding Two Hundred Million Dollars (\$200,000,000), will mature not later than December 1, 2044, and will bear interest at a rate of not exceeding seven and one-half percent (7.5%) per annum. The Sewerage Service Revenue Bonds shall be sold at negotiated sale, in accordance with the provisions of the Act, at a price to be determined by the Board of Liquidation to an underwriter or group of underwriters chosen by the Board of Liquidation, with the consent of this Sewerage and Water Board, as shall be finally fixed in a resolution to be adopted by the Board of Liquidation.

SECTION 4. Security for the Sewerage Service Revenue Bonds. The Sewerage Service Revenue Bonds, together with any unrefunded Outstanding Bonds, if any, will be secured by the pledge of the revenues derived from sewerage service charges of the City, for purposes relating to the sewerage system of the City. The Subordinate Bonds are not expected to be refinanced, and such bonds will enjoy a parity lien with the Sewerage Service Revenue Bonds.

SECTION 5. State Bond Commission. Application is hereby made to the State Bond Commission, Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Sewerage Service Revenue Bonds, and for consent and authority to proceed with the issuance and sale of the Sewerage Service Revenue Bonds, as provided above, and co-bond counsel are directed to make application to the State State Bond Commission in accordance with the foregoing.

SECTION 6. State Bond Commission Swap Language. By virtue of the Board of Liquidation's application for, acceptance and utilization of the benefits of the State Bond Commission=s approval requested requested herein, the Board of Liquidation understands and agrees that such approval is expressly conditioned conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or

or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 7. City Council Approval. A certified copy of this resolution shall be furnished to the City Council of the City, together with a request for approval of the issuance of the Sewerage Service Revenue Bonds.

This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mitchell J. Landrieu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William Raymond Manning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marion Bracy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kerri Kane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark M. Moody	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Glen Pilie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Florence Schornstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Charles F. Webb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beverly Wright, PhD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loyce P. Wright	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This resolution was declared adopted on the _____ day of February, 2014.

* * * * *

STATE OF LOUISIANA

PARISH OF ORLEANS

I, the undersigned Executive Director of the Sewerage and Water Board of New Orleans ("S&WB"), do hereby certify that the foregoing pages constitute a true and correct copy of the proceedings taken by the S&WB on February 19, 2014, authorizing the issuance of not exceeding Two Hundred Million Dollars (\$200,000,000) of Sewerage Service Revenue and Refunding Bonds, Series 2014 of the City of New Orleans, Louisiana; fixing the details of said Bonds; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the S&WB at New Orleans, Louisiana, on this 19th day of February, 2014.

Robert K. Miller
Interim Executive Director

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**PRELIMINARY RESOLUTION AUTHORIZING
DRAINAGE SYSTEM IMPROVEMENT AND REFUNDING BONDS**

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution authorizing the issuance of not exceeding One Hundred Million Dollars (\$100,000,000) of Drainage System Improvement and Refunding Bonds, Series 2014 of the City of New Orleans, Louisiana; fixing the details of said Bonds; and providing for other matters in connection therewith.

WHEREAS, the pursuant to the provisions of Sections 4147 to 4156, inclusive, of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority, the City of New Orleans, Louisiana (the "City"), acting through the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") and the Board of Liquidation, City Debt (the "Board of Liquidation"), has the power and is authorized to issue bonds for drainage purposes payable from the proceeds of a special ad valorem tax for drainage purposes, which was originally authorized pursuant to La. R. S. 33:4147 and an election held on May 16, 1981, to be levied for a period of fifty (50) years, beginning with the year 1982, at a rate of nine (9) mills, which tax is now levied and collected at the rate of nine and seventy-one hundredths (9.71) mills (the "Tax"); and

WHEREAS, the Sewerage and Water Board has the following Drainage System Bonds outstanding:

\$3,445,000 of outstanding Drainage System Bonds, Series 1998 (the "Series 1998 Bonds"), dated December 1, 1998, with a final maturity of December 1, 2018, issued under a Basic Bond Resolution adopted by the Sewerage and Water Board on October 14, 1998, as supplemented; and

\$12,760,000 of outstanding Drainage System Bonds, Series 2002 (the "Series 2002 Bonds"), dated December 1, 1998, with a final maturity of December 1, 2022, issued under a Basic Bond Resolution adopted by the Sewerage and Water Board on August 21, 2002, as supplemented;

and

WHEREAS, the outstanding Series 1998 Bonds and Series 2002 Bonds are herein collectively referred to as the "Outstanding Bonds"; and

WHEREAS, the Sewerage and Water Board desires to refund all or a portion of the Outstanding Bonds and pay the costs of construction, improvement and extension of the drainage systems of the City of New Orleans, Louisiana (the "Project"), through the issuance of its Drainage System Improvement and Refunding Bonds (the "Drainage System Bonds"), in one or more series; and

WHEREAS, the Board of Liquidation, City Debt (the "Board of Liquidation"), will be asked to approve the Drainage System Bonds at its meeting to be held on or about February 19, 2014; and

WHEREAS, the Council of the City of New Orleans will be asked to approve the Drainage System Bonds at a Council meeting to be held on or about March 6, 2014; and

WHEREAS, the City, acting by and through the Sewerage and Water Board and the Board of Liquidation, pursuant to the Act, and pursuant to Part XIV, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, now desires to proceed with the issuance of the Drainage System Bonds; and

WHEREAS, the Drainage System Bonds will be sold at negotiated sale by the Board of Liquidation, acting on behalf of the Sewerage and water Board of the City; and

WHEREAS, the Board desires to authorize the issuance of the Drainage System Bonds upon the terms and conditions hereinafter defined;

NOW THEREFORE, BE IT RESOLVED by the Board of Liquidation, City Debt that:

SECTION 1. Findings. This Sewerage and Water Board finds and determines that the issuance of the Drainage System Bonds will be advantageous to the City.

SECTION 2. Authorization of the Drainage System Bonds. In compliance with and under the authority of the Act, there is hereby authorized the issuance of not exceeding \$100,000,000 of Drainage System Bonds for, on behalf of, and in the name of the City, for the purpose of refunding all or a portion of the the Outstanding Bonds, constructing, improving and extending the Project, funding a debt service reserve fund and other reserve funds, if required, and paying costs of issuance, such bonds to be designated "City of New Orleans, Louisiana Drainage System Improvement and Refunding Bonds, Series 2014".

SECTION 3. Details of the Drainage System Bonds. The Drainage System Bonds will be issued in issued in one or more series, in an aggregate principal amount of not exceeding One Hundred Million Dollars Dollars (\$100,000,000), will mature not later than December 1, 2032, and will bear interest at a rate of not exceeding seven and one-half percent (7.5%) per annum. The Drainage System Bonds shall be sold at negotiated sale, in accordance with the provisions of the Act, at a price to be determined by the Board of Liquidation, to an underwriter or group of underwriters chosen by the Board of Liquidation, with the consent consent of this Sewerage and Water Board, as shall be finally fixed in a resolution to be adopted by the Board Board of Liquidation.

SECTION 4. Security for the Drainage System Bonds. The Drainage System Bonds, equally with any unrefunded Outstanding Bonds, if any, will be payable solely from the revenues of the Tax, which the City is bound under the terms and provisions of law to annually impose and collect through the year 2031, together with any other amounts pledged under the resolution.

SECTION 5. State Bond Commission. Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Drainage System Bonds, and for consent and authority to proceed with the issuance and sale of the Drainage System Bonds, as provided above, and co-bond counsel are directed to make application to the State Bond Commission in accordance with the foregoing.

SECTION 6. State Bond Commission Swap Language. By virtue of the Board of Liquidation's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Board of Liquidation understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 7. City Council Approval. A certified copy of this resolution shall be furnished to the the City Council of the City, together with a request for approval of the issuance of the Drainage System Bonds.

This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mitchell J. Landrieu	_____	_____	_____	_____
William Raymond Manning	_____	_____	_____	_____
Marion Bracy	_____	_____	_____	_____
Kerri Kane	_____	_____	_____	_____
Mark M. Moody	_____	_____	_____	_____
Glen Pilie	_____	_____	_____	_____
Florence Schornstein	_____	_____	_____	_____
Charles F. Webb	_____	_____	_____	_____
Beverly Wright, PhD	_____	_____	_____	_____
Loyce P. Wright	_____	_____	_____	_____

This resolution was declared adopted on the _____ day of February, 2014.

* * * * *

STATE OF LOUISIANA

PARISH OF ORLEANS

I, the undersigned Executive Director of the Sewerage and Water Board of New Orleans ("S&WB"), do hereby certify that the foregoing pages constitute a true and correct copy of the proceedings taken by the S&WB on February 19, 2014, resolution authorizing the issuance of not exceeding One Hundred Million Dollars (\$100,000,000) of Drainage System Improvement and Refunding Bonds, Series 2014 of the City of New Orleans, Louisiana; fixing the details of said Bonds; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the S&WB at New Orleans, Louisiana, on this 19th day of February, 2014.

Interim Executive Director

Robert K. Miller



1031 S. Caldwell Street
Suite 100
Charlotte, NC 28203

Phone 704 . 373 . 1199
Fax 704 . 373 . 1113

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November 26, 2013

Mr. Robert Miller
Sewerage and Water Board of New Orleans
625 Saint Joseph St.
New Orleans, LA 70165

Dear Mr. Miller:

The attached report is an updated version of the final deliverable from Raftelis Financial Consultants, Inc. related to the water and sewer system portions of the Comprehensive Financial Planning, Cost of Service, Rate Design, and Related Services project. The original version of this report was provided on November 8, 2013. It has been updated to incorporate recently modified capital plans. The objective of this report is to summarize the assumption and results of the water, sewer, and drainage financial plans and the capital financing capability for the forecast period of 2013 through 2020. Even though there are some variances from previous projections, the variances are reasonable and the financial plans indicate that the capital improvement plans contemplated can be implemented with the rate increases approved for the water and sewer systems.

The report includes three components:

1. The body of the report, which identifies the current assumptions and the resulting capital funding capability for each system;
2. The first appendix (Appendix A), which summarizes the evolution of the financial plans during the project (specifically from July 2011 through May 2012); and
3. The three financial plan appendices (Appendix B through Appendix C), which include the capital financing plan and the overall financial plan for water, sewer, and drainage.

We have appreciated the opportunity to assist the Sewerage and Water Board of New Orleans on this important project. Please contact me with any questions about this report or any of our previous deliverables related to this project.

Very truly yours,
RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in dark ink, appearing to read 'Peiffer A. Brandt', is written over the typed name.

Peiffer A. Brandt
Chief Operating Officer

Update of Sewerage and Water Board Financial Models

November 2013

Sewerage and Water Board of New Orleans (SWBNO or Board) is responsible for providing safe drinking water in Orleans Parish, removing wastewater for safe return to the environment, draining away storm water, providing water for fire protection, and providing information about its products and services. Following Notices of Material Event issued by the Board of Liquidation, City Debt for failure to meet bond covenants for debt service coverage for water and sewer system bonds, the Board engaged Raftelis Financial Consultants, Inc. (RFC) in 2010 to perform a comprehensive financial plan and rate study analysis of the water, sewerage, and drainage systems. RFC and Board staff worked together over a two and a half year period to develop financial plans that were financially sustainable for the utility and its customers and to gain approval for the necessary rate increases for the water and sewer systems from the Board of Directors, the New Orleans City Council, and the Board of Liquidation. Ultimately, in December 2012, the Board received approval for rate increases of 10% per year for water and 10% per year for sewer for 2013 through 2020. The first rate increases were implemented in January 2013.

Due to the timeframe of the study, it was necessary to modify the financial plans a number of times with updated actual and projected data. Between July 2011 and May 2012, RFC prepared five rate analyses. The modifications made during this period were summarized in a document prepared for Board staff entitled "New Orleans Model Crosswalks," a copy of which is included as Appendix A. Another iteration for the water and sewer systems, which was requested by Mayor Landrieu, was completed in September 2012. The purpose of this iteration was to lower the near term rate increases and spread the increases over a longer timeframe. The previous analyses focused on a five-year period of annual rate increases, with these increases being between 12% and 15%.

Since the conclusion of this final iteration, some of the assumptions have been refined and the audited 2012 results became available. Modified capital plans were provided in early November 2013. RFC worked with Board staff to prepare a final update to the models as of November 2013.

Typically a financial planning and rate model (Model) uses the inputs of baseline revenues, O&M expenses, and capital improvement plan expenditures to calculate the necessary rate increases. In fact, the Water Model and Sewer Model were used in this manner in September 2012 to show how eight years of 10% annual rate increases for water and sewer would be sufficient. Since rates through 2020 have been approved, the Models were updated and used in a slightly different manner for the analyses described in this report. In addition to the rate increases being known, baseline revenues based on 2012 actuals and O&M expenses based on the 2013 budget and updated assumptions for future expenses were known, so the Models were used to project the level of capital funding possible in upcoming years. The capital funding identified is consistent with the level of capital improvements originally anticipated so the economic benefits (including job creation) and system capability enhancements originally projected are anticipated to be accrued over the forecast period.



This letter report identifies the basis for the key data and assumptions in the Models and summarizes the results of the analyses.

Water

Revenues

The baseline base and volumetric charge revenues are based on the actual 2012 revenues as recorded in the 2012 Comprehensive Annual Financial Report (CAFR). These revenues are projected to increase approximately 10% per year through 2020, due to the 10% rate increases and applicable growth and drag factors. It should be noted that rate increases are expected to be implemented in January with the Board realizing 11.5 months of benefit in the initial year of the increase because usage billed after January 1 is prorated with only the portion estimated to have been used after January 1 charged at the new rates. The water system is also projected to recover additional operating revenue from plumbing and inspections fees and other sources (totaling \$1,843,903 and remaining constant through the forecast period). In addition, the water system is expected to receive an increase in other operating revenue from field account reviews beginning in 2013 (assumed to be 1% of total base and volumetric charge revenue each year) and from school system billings beginning in 2014 (assumed to be \$880,000 initially and increasing at the rate increase percentage). Non-operating revenue for 2013 is projected at \$219,089 based on 2012 actuals and is expected to remain at this level through the forecast period.

Expenses

Operating expenses for 2013 are expected to be \$62,607,776, which is lower than originally projected for 2013 in last year's financial plan. This projection reflects the reduction in operating costs as the result of less project spending because of the cancellation of FEMA point repair funding. Water operating expenses are expected to increase due to normal inflation pressure and to reach a target O&M based on industry benchmarks. Currently, operations are marginally underfunded due to cuts necessary in the aftermath of Katrina. By the end of the forecast period, O&M expenses are expected to increase a little over \$3 million annually based on this factor. Offsetting these upward pressures is the fact that there should be operational savings as O&M and capital funding levels reach appropriate levels. These savings begin in 2013 at 1.5% of O&M expenses, increase to 2.0% in 2014, and 2.5% for 2015 and beyond.

Repayments

The water system owes other City funds and claimants various amounts. The repayment schedule for these obligations is based on the best information as of October 2013. The Board may have the opportunity to utilize outstanding bond proceeds to accelerate these repayments.

- Payment to DPW - \$7,000,000 between 2013 and 2016
- Payment to Claimants - \$3,454,400 between 2013 and 2018
- Payment to Drainage - \$4,272,732 between 2013 and 2015



Growth/Escalation Rates

The Water Model includes the assumption of a number of growth or escalation rates. These assumptions include:

- Annual Capital Cost Escalation Rate – 3.00%;
- Annual O&M Escalation Rate – 3.00%;
- Annual Account Growth – 2.00%; and
- Usage Drag Factor (% decrease in revenue due to declining per capita consumption) – 3.00% for 2013, 2.00% for 2014-2015, 1.00% thereafter.

Revenue Funded Capital

The use of revenue funded capital during the forecast period is not anticipated at this time.

Debt Service

The Board currently has two outstanding water revenue bond issues (Series 1998 and Series 2002). In addition, the Board has subordinate debt in the form of a Gulf Opportunity (GO) Zone loan repayment. Previously, the Board had a Special Community Disaster Loan (SCDL) repayment, but this loan has since been forgiven so the debt service originally associated with it has been removed.

Debt service for future debt issues has been estimated based on the following assumptions:

- Two years of capitalized interest with a full year of debt service in the third year;
- 25-year term with equal annual payments;
- Interest Rate of 6.00%;
- Cost of Issuance of 1.50%; and
- Debt funding the Debt Reserve at 8.50% of the proceeds.

There has been no consideration for the potential refunding of the two outstanding revenue bond issues. The Board would like to consider refunding as much as possible of these issues, but given the size of the issues, the savings will be limited.

Results

As mentioned previously, the goal of the analysis was not to determine the magnitude of rate increases needed, but to project how much debt could be issued. Using the assumptions listed above and setting a lower bound on projected senior debt service coverage of 1.50, the Water Model was used to calculate the following bond proceeds:

- 2014 - \$65,000,000;
- 2015 - \$55,000,000;
- 2016 - \$58,000,000;
- 2017 - \$60,000,000; and
- 2018 - \$70,000,000.



Since debt service associated with an issue after 2018 would not be included in the forecast through 2020 due to two years of capitalized interest, no debt issues have been included in 2019 and 2020 though debt issues will be needed in these years. The CIP for 2014 through 2023 has \$1,179,495,000 (in 2014 dollars) in projects to be funded, with \$284,858,000 to be funded by others (such as EPA) and \$894,637,000 funded by the Board. Looking at just the 2014 through 2020 period, assuming some additional smoothing of the capital plan (the level of funding possible is not sufficient for the original structure of the CIP, but Board staff has indicated that it will be possible to smooth the CIP to be consistent with this funding approach), and escalating capital costs, the total Board funding requirement is \$380,593,143 with \$277,200,000 coming from these bond issues (after issuance costs and debt service reserve funding). The remainder of the costs will be funded by the issues in 2019 and 2020.

The capital financing plan and the summary financial plan for 2013 through 2020 are included as Appendix B to this report.

Sewer

Revenues

As with water, the baseline base and volumetric charge revenues are based on the actual 2012 revenues as recorded in the 2012 CAFR. These revenues are also projected to increase approximately 10% per year through 2020, due to the 10% rate increases and applicable growth and drag factors. It should be noted that rate increases are expected to be implemented in January with the Board realizing 11.5 months of benefit in the initial year of the increase because usage billed after January 1 is prorated with only the portion estimated to have been used after January 1 charged at the new rate. The sewer system is also projected to recover additional operating revenue from plumbing and inspections fees and other sources (totaling \$632,846 and remaining constant through the forecast period). In addition, the sewer system is expected to receive an increase in other operating revenue from field account reviews beginning in 2014 (assumed to be 1% of total base and volumetric charge revenue each year) and from school system billings beginning in 2014 (assumed to be \$1,375,000 initially and increasing at the rate increase percentage). Non-operating revenue for 2013 is projected at \$350,944 based on 2012 actuals and is expected to remain at this level through the forecast period.

Expenses

Operating expenses for 2013 are expected to be \$48,379,123. Sewer operating expenses are expected to increase due to normal inflation pressure and to reach a target O&M based on industry benchmarks. Currently, sewer operations are materially underfunded due to cuts necessary in the aftermath of Katrina. Through the forecast period, O&M expenses are expected to increase a little over \$21 million based on this factor. Offsetting these upward pressures is the fact that there should be operational savings as O&M and capital funding levels reach appropriate levels. These savings begin in 2013 at 1.0% of O&M expenses, increase to 1.5% in 2014, 2.0% for 2015, and 2.5% for 2016 and beyond.



Repayments

The sewer system owes other City funds and claimants various amounts. The repayment schedule for these obligations, which is based on the best information as of October 2013, is shown below:

- Payment to DPW - \$9,700,000 between 2013 and 2016; and
- Payment to Claimants - \$2,139,900 between 2013 and 2017.

Growth/Escalation Rates

The Sewer Model includes the assumption of a number of growth or escalation rates. These assumptions include:

- Annual Capital Cost Escalation Rate – 3.00%;
- Annual O&M Escalation Rate – 3.00%;
- Annual Account Growth – 2.00%; and
- Usage Drag Factor (% decrease in revenue due to declining per capita consumption) – 3.00% for 2013, 2.00% for 2014-2015, 1.00% thereafter.

Revenue Funded Capital

Beginning in 2014, the financial plan includes the sewer system spending \$19,000,000 in rate funded capital to reduce the level of bond funds to be issued. This practice is incorporated into every year in the financial plan ranging from \$8,000,000 to \$30,000,000, which significantly reduces the bond issuances and ultimately saves the sewer system interest costs.

Debt Service

The Board currently has several outstanding sewer revenue bond issues, which include Series 1997, 1998, 2000A, 2000B, 2001, 2002, 2003, 2004, 2009, and 2011. These issues currently result in annual debt service of approximately \$20 million. In addition, the Board has subordinate debt in the form of a GO Zone loan repayment. Previously, the Board had a SCDL repayment, but this loan has since been forgiven so the debt service originally associated with it has been removed.

Debt service has been estimated for future debt issues based on the following assumptions:

- Two years of capitalized interest with a full year of debt service in the third year;
- 25-year term with equal annual payments;
- Interest Rate of 6.00%;
- Cost of Issuance of 1.50%; and
- Debt funding the Debt Reserve at 8.50% of the proceeds.

Refunding all or a portion of the ten revenue bond issues could result in material savings for the Board. However, there has been no estimate of the potential savings included in the Sewer Model at this time.

Results

As with water, the Sewer Model was used to project how much debt could be issued. Using the assumptions listed above and setting a lower bound on projected senior debt service coverage of 1.50, the Sewer Model calculated the following bond proceeds:

- 2014 - \$27,000,000;
- 2015 - \$33,000,000;
- 2016 - \$60,000,000;
- 2017 - \$28,000,000; and
- 2018 - \$46,000,000.

Since debt service associated with an issue after 2018 would not be included in the forecast that went through 2020 due to two years of capitalized interest, no debt issues have been included in 2019 and 2020 though debt issues will be needed in these years. The sewer CIP for 2014 through 2023 has \$601,037,000 (in 2014 dollars) in projects to be funded, with \$70,512,000 to be funded by others (such as EPA) and \$530,525,000 funded by the Board. Looking at just the 2014 through 2020 period, assuming some minor smoothing of the capital plan, and escalating capital costs, the total Board funding requirement is \$383,103,028 with \$175,914,017 coming from these bond issues and \$145,000,000 coming from rate funding. The remainder of the costs will be funded by bond issues in 2019 and 2020.

The capital financing plan and the summary financial plan for the sewer system 2013 through 2020 are included as Appendix C to this report.

Drainage

Revenues

The primary funding mechanism for the drainage system is tax revenue (millage). Currently, there are three millages assessed to fund the drainage system, which account for over 90% of the total annual revenue. The revenue from the tax levies are expected to increase by 1.0% per year throughout the forecast period. Other revenue sources provide the remaining operating revenue. In 2014, total operating revenue for the drainage system is projected to be \$48,058,000. Annual non-operating revenue of approximately \$115,000 and payments from the water system through 2015 offset some cost. In addition to tax revenue, the drainage system is expected to implement a drainage fee in 2016 that is currently assumed to recover \$35,000,000. The drainage fee has not yet been developed nor has it been approved by City Council (or the voters, assuming that is necessary). It is the long-term intention of the drainage fee to be used for operation and maintenance costs, while capital costs will be recovered through tax levies. This funding mix will not be reached during the 2013-2020 forecast period.



Expenses

General operating expenses are expected to be \$33,024,808 in 2013 and projected to increase by approximately 3.75% per year. However, overall operating expenses will increase significantly more than 3.75% in coming years. More than \$15 million will be added annually by 2020 from additional O&M expenses associated with the permanent pump stations (\$5,000,000 annually starting in 2017 and escalating 3.75% per year), the West Closure project (\$1,000,000 annually starting in 2014 and escalating 3.75% per year), and the other additional drainage assets and relieving underfunding (ramping up from \$1,000,000 in 2014 to \$8,000,000 in 2018 and then escalating 3.75% per year thereafter).

Repayments

The drainage system owes other City funds and claimants various amounts. The repayment schedule for these obligations, which is based on the best information as of October 2013, is shown below:

- Payment to DPW - \$5,100,000 between 2013 and 2016; and
- Payment to Claimants - \$3,478,200 between 2013 and 2017.

In addition, the Drainage Fund is anticipated to receive a payment from the Water Fund:

- Payment from Water - \$4,272,732 between 2013 and 2015.

Growth/Escalation Rates

The Drainage Model includes the assumption of a number of growth or escalation rates. These assumptions include:

- Annual Capital Cost Escalation Rate – 3.00%;
- Annual O&M Escalation Rate – 3.75%; and
- Annual Growth – 1.00%.

Revenue Funded Capital

Beginning in 2014, the financial plan includes the drainage system spending \$9,000,000 in rate funded capital to reduce the level of bond funds to be issued. This practice is incorporated into every year in the financial plan ranging from \$6,000,000 to \$23,000,000, which significantly reduces the bond issuances and ultimately saves the drainage system interest costs.

Debt Service

The Board currently has two outstanding revenue bond issues (Series 1998 and Series 2002) that require annual senior debt service of approximately \$2.2 million each year. In addition, the Board has subordinate debt in the form of a GO Zone loan repayment.



Debt service has been estimated for future debt issues based on the following assumptions:

- Two years of capitalized interest with a full year of debt service in the third year;
- 25-year term with equal annual payments;
- Interest Rate of 6.00%;
- Cost of Issuance of 1.50%; and
- Debt funding the Debt Reserve at 8.50% of the proceeds.

There has been no consideration for the potential refunding of the two outstanding revenue bond issues. The Board would like to consider refunding as much as possible of these issues, but given the size of the issues, the savings will be minimal.

As part of the SELA project, the Board has committed to paying for a portion of the improvements based on a 30-year amortization. The exact obligation has not been determined, but the Drainage Model includes an estimated annual repayment of \$8,300,000 beginning in 2016.

Results

The Drainage Model was not updated in September 2012 when the focus was on the water and sewer rates. Therefore, there were two objectives for this update. Much like for water and sewer, the Drainage Model was used to project how much debt could be issued between 2014 and 2018. It was also used to determine the approximate amount needed from the drainage fee in 2016 (\$35,000,000, as discussed earlier). Using the assumptions listed above and setting a lower bound on projected senior debt service coverage of 1.50, the Drainage Model calculated the following bond proceeds:

- 2014 - \$63,000,000;
- 2015 - \$50,000,000;
- 2016 - \$59,000,000;
- 2017 - \$42,000,000; and
- 2018 - \$41,000,000.

Since debt service associated with an issue after 2018 would not be included in the forecast that went through 2020 due to two years of capitalized interest, no debt issues have been included in 2019 and 2020 though debt issues will be needed in these years. The drainage CIP for 2014 through 2023 has \$1,083,672,000 (in 2014 dollars) in projects to be funded, with \$605,637,000 to be funded by others (such as EPA) and \$478,035,000 to be funded by the Board. Looking at just the 2014 through 2020 period, assuming some minor smoothing of the capital plan, and escalating capital costs, the total Board funding requirement is \$408,945,132 with \$229,500,000 coming from these bond issues and \$86,000,000 coming from rate funding. The remainder of the costs will be funded by bond issues in 2019 and 2020.

The capital financing plan and the summary financial plan for the drainage system for 2013 through 2020 are included as Appendix D to this report.



APPENDIX A

New Orleans Model Crosswalks

Over the last ten months, Raftelis Financial Consultants, Inc. (RFC) has prepared five rate analyses for the Water, Sewerage, and Drainage systems of the Sewerage and Water Board of New Orleans. These analyses included:

- July 2011 Presentation at Stakeholder Meetings;
- August 2011 Presentation at Stakeholder Meetings;
- September 2011 Initial Report Release;
- February 2012 Revised Report Release; and
- May 2012 Updated Report Release.

Each analysis was based on the best available data at the time. There have been a number of changes to the assumptions during this period which have impacted the results. As a part of each analysis, RFC identified the necessary rate increases for each system. The tables below show the water and sewerage rate increases identified for each analysis. The necessary rate increases moved slightly lower through the iterations due to additional federal and state funding, lower O&M expenses, and higher initial revenues.

Table 1 – Water Rate Increases

	July 2011	August 2011	September 2011	February 2012	May 2012
2011	4.0%	4.0%	4.0%	4.0%	4.0%
2012	15.5%	15.0%	15.0%	14.0%	12.0%
2013	15.5%	15.0%	15.0%	14.0%	12.0%
2014	15.5%	15.0%	15.0%	14.0%	12.0%
2015	15.5%	15.0%	15.0%	14.0%	12.0%
2016	15.0%	15.0%	15.0%	14.0%	12.0%
2017	7.5%	7.0%	7.0%	7.0%	5.0%
2018	6.0%	7.0%	7.0%	7.0%	5.0%
2019	5.0%	6.0%	6.0%	6.0%	5.0%
2020	5.0%	6.0%	6.0%	6.0%	5.0%

Table 2 – Sewer Rate Increases

	July 2011	August 2011	September 2011	February 2012	May 2012
2011	0.0%	0.0%	0.0%	0.0%	0.0%
2012	15.3%	14.0%	14.0%	15.0%	13.0%
2013	15.3%	14.0%	14.0%	15.0%	13.0%
2014	15.3%	14.0%	14.0%	15.0%	13.0%
2015	15.3%	14.0%	14.0%	15.0%	13.0%
2016	15.3%	14.0%	14.0%	15.0%	13.0%
2017	6.2%	11.0%	11.0%	11.0%	10.0%
2018	2.5%	3.0%	3.0%	3.0%	3.0%
2019	0.0%	3.0%	3.0%	3.0%	3.0%
2020	0.0%	3.0%	3.0%	3.0%	3.0%

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For the drainage system, RFC has assumed the implementation of a drainage fee in 2013. Therefore the table shows the initial revenue required from the fee in 2013 followed by the increase in revenue needed each year after 2013.

Table 3 – Drainage Initial Fee Revenue and Revenue Increases

	July 2011	August 2011	September 2011	February 2012	May 2012
2011					
2012					
2013	\$ 12,750,000	\$ 13,950,000	\$ 13,950,000	\$ 11,750,000	\$ 11,750,000
2014	110.0%	100.0%	100.0%	100.0%	100.0%
2015	50.0%	50.0%	50.0%	50.0%	50.0%
2016	40.0%	40.0%	40.0%	40.0%	40.0%
2017	6.5%	10.0%	10.0%	12.0%	11.0%
2018	3.0%	5.0%	5.0%	6.0%	5.0%
2019	3.0%	5.0%	5.0%	6.0%	5.0%
2020	3.0%	5.0%	5.0%	6.0%	5.0%

The following sections identify the changes among the five analyses for each of the systems.

Water

Revenues

Revenue from the monthly service charge and volumetric charge for 2011 including the 4% increase that was implemented July 1, 2011 plus delinquent fees were estimated to be \$51,663,008 through the February 2012 analysis. For the May 2012 analysis, we used the preliminary 2011 audit number of \$59,890,312. The increase in revenues also increased the additional revenues recovered from the billing audit/meter change out. Additional revenues were first considered in the August 2011 analysis based on comments made at the July Stakeholder meetings. For other operating revenues and non-operating revenues, the estimates of \$511,534 and \$3,517,201, respectively, were used through the February 2012 analysis. The preliminary 2011 audit numbers of \$4,808,257 and -\$549,640 for operating and non-operating revenues, respectively, were used for the May 2012 analysis. FEMA Reimbursements for 2011 decreased by approximately 35% for each year between the July 2011 and August 2011 analyses. There was a slight increase in the 2011 number in the May 2012 analysis, but the future year reimbursements did not change.

Expenses

For the analyses through February 2012, operating and maintenance (O&M) expenses were estimated to be \$56,837,190 based on the 2011 budget. These expenses were increased to \$64,556,530 for the May 2012 analysis based on the preliminary 2011 audit numbers. The primary reason for the increase is that the budget did not include costs that were assumed to be capitalized. It was determined that these costs should be considered O&M expenses. The target O&M based on the industry benchmark did not change. Since the starting O&M was so much higher, the annual additional O&M was reduced in the May 2012 analysis while still allowing the Board to meet its O&M expense target in five years.

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Therefore, all five analyses had similar O&M expenses by 2016. There was an O&M savings component added following the July 2011 analysis due to comments raised during the Stakeholder meetings. The difference in O&M expense is due to O&M savings. Since the baseline O&M costs were higher in the May 2012 analysis, the savings were also assumed to be higher, resulting in slightly lower O&M costs in 2016.

Repayments

For the first four analyses (through February 2012), the Water system was assumed to make the following payments.

- Payment to DPW - \$7,000,000 between 2013 and 2015
- Payment to Claimants - \$5,230,000 between 2016 and 2017
- Payment to Sewerage - \$8,400,000 between 2012 and 2013
- Payment to Drainage - \$4,700,000 between 2011 and 2012

These payments were modified to the following schedule.

- Payment to DPW - \$7,000,000 between 2012 and 2015
- Payment to Claimants - \$3,548,400 between 2012 and 2017
- Payment to Sewerage - \$8,400,000 between 2012 and 2013
- Payment to Drainage - \$4,700,000 between 2012 and 2013

Capital Plan and Financing

The ten-year capital plan was \$568,837,226 for the July 2011, August 2011, and September 2011 analyses. Due to some additional federal funding, the plan was reduced by \$34,520,000 for the February 2012 analysis. In each of these first four analyses, estimated capital expenses for 2011 were \$74,318,648, but only \$20,374,785 in the May 2012 analysis, based on actual spending during 2012. With the modified capital plan and revenue financed capital assumptions, the Board's projected bond proceeds decreased from \$305,000,000 in the initial July 2011 analysis to \$277,000,000 in the May 2012 analysis.

Debt Service

The lower bond proceeds had a minimal impact on projected debt service. The biggest impact was that between the September 2011 and February 2012 analysis, the assumption changed from full debt service in the third year of capitalized interest to a half-year of debt service. This change had the greatest impact for 2015 through 2017. The other debt service relates to loans associated with Katrina (GO Zone and SCDL Repayments). For the analyses through September 2011 it was assumed that there would be no repayment until 2016. This assumption was changed in the February 2012 analysis with the shift of the GO Zone repayment forward so that it now begins in 2012. However, with the shift forward, the amount of the annual repayment has been reduced.

Beginning Cash Balance

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The beginning cash balance for 2011 was \$25,700,000 through the February 2012 analysis, but it was adjusted to be \$23,200,000 in the May 2012 analysis.

Overall Impact

The increase in revenues in the May 2012 analysis was significant, but so was the increase in expenses. Overall, the revenue increase was greater, which provided some rate relief. Also, because the expenses were higher and the benchmark remained the same, the annual O&M increases were lower than in the earlier analyses, providing further rate relief. The repayments are scheduled to occur a little earlier, but the claimant payments are lower. The capital plan was reduced in both 2011 and in future years, further providing rate relief. Combined, these modifications allowed the rate increases for entire forecast period to be decreased for the initial July 2011 analysis to the current May 2012 analysis.

Sewerage

Revenues

Revenue from the monthly service charge and volumetric charge for 2011 plus delinquent fees were estimated to be \$66,573,562 through the February 2012 analysis. For the May 2012 analysis, we used the preliminary 2011 audit number of \$69,655,799. As with the Water system, additional revenues recovered from the billing audit/meter change out were included based on comments made at the July Stakeholder meetings. These revenues were similar in all the analyses starting with the August 2011 analysis, beginning at a little under \$2.1 million in 2012 and increasing to between \$3.5 million and \$3.6 million by 2020. For other operating revenues, an estimate of \$926,265 was used through February 2012. The preliminary 2011 audit number of \$3,850,685 was then used for the May 2012 analysis. FEMA Reimbursements for 2011 were estimated to be \$6,399,298 through the February 2012 analysis. However, based on the preliminary audit, -\$35,272 was used in the May 2012 analysis. Estimated future year reimbursements did not change.

Expenses

For the analyses through February 2012, O&M expenses were estimated to be \$42,861,275 based on the 2011 budget. These expenses were slightly increased to \$43,147,794 for the May 2012 analysis based on the preliminary 2011 audit numbers. The target O&M based on the industry benchmark did not change. Beginning with the August 2011 analysis, the O&M expenses after 2011 showed a decrease from the July 2011 analysis. O&M savings, which were identified at the July Stakeholder meetings, are the reason for this difference.

Repayments

In the September 2011 analysis, the Sewerage system was assumed to make the following payments.

- Payment to DPW - \$9,700,000 between 2013 and 2015
- Payment to Claimants - \$4,830,000 between 2016 and 2017

The Sewerage system also anticipated receiving a repayment of \$8,400,000 from the Water system between 2011 and 2012.

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These payments were modified to the following schedule.

- Payment to DPW - \$9,700,000 between 2012 and 2015
- Payment to Claimants - \$2,139,900 between 2012 and 2017

The repayment from the Water system was pushed back to occur between 2012 and 2013, but at the same amount, \$8,400,000.

Capital Plan and Financing

The estimated capital expenses for 2011 and 2012 were \$93,701,308 and \$114,158,227, respectively, through the September 2011 analysis, but only \$53,662,611, based on actual spending during 2012, and \$104,008,877 for 2011 and 2012, respectively, in the February 2012 and May 2012 analysis. The estimated 2012 capital expense decreased because in the previous analyses there was the inclusion of a \$10,000,000 capital deferral from 2011 to 2012, which was removed starting with the February 2012 analysis. The capital plan for 2013 through 2020 was reduced by \$8,055,000 due to federal and state funding. Projected revenue financed capital decreased from \$183,005,506 to \$141,752,755 in the May 2012 analysis. With the modified capital plan and revenue financed capital, the Board's projected bond proceeds increased from \$303,000,000 to \$336,000,000 in the February 2012 analysis, but then decreased to \$314,000,000 in the May 2012 analysis.

Debt Service

Due to slightly larger bond issues, the debt service in the later years of the forecast is slightly higher in the February 2012 and May 2012 analyses. The bigger impact on these analyses was the decision to shift forward debt service by half a year to be consistent with how the capitalized interest was handled for the Water system. Therefore, in 2015 the Sewerage system has a half year payment associated with the 2012 bond issue. In the previous analyses, the Sewerage system was assumed to have a full year payment for the 2012 bond issue in 2016. This shift increased debt service in 2015 and 2016 significantly in the February 2012 and May 2012 analyses. The existing debt service was also modified from the September 2011 analysis to the February 2012 analysis. GO Zone repayment was shifted forward from 2016 to 2012 and a small (\$9.9 million) 2011 GO issue was included that closed in November 2011.

Beginning Cash Balance

The beginning cash balance for 2011 was \$12,400,000 through the February 2012 analysis, but it was adjusted to be \$6,148,000 in the May 2012 analysis.

Overall Impact

The Sewerage system saw a material increase in revenues from the September 2011 analysis to the May 2012 analysis, without a corresponding increase in expenses, which provided some rate relief. The capital plan was reduced in both 2011 and in future years, further providing rate relief. However, debt service increased due to shifting forward the GO Zone repayment and slightly shifting forward the

APPENDIX A

timing of revenue bond debt service. The additional revenues were significant enough to allow the rate increases for 2012 through 2016 to be decreased.

Drainage

Revenues

Tax revenue for 2011 was estimated to be \$43,611,000 through the September 2011 analysis. It was then estimated to be \$45,490,400 for the February 2012 analysis, but for the May 2012 analysis, we used the preliminary 2011 audit number of \$39,226,754. There was no roll forward revenue included in the first three analyses, but in the February 2012 and May 2012 analyses we included roll forward revenue starting in 2012 of \$1,944,500. For other operating revenue, an estimate of \$1,700,000 was used through the February 2012 analysis. The preliminary 2011 audit number of \$1,240,860 was used in the May 2012 analysis.

Expenses

For the analyses through February 2012, O&M expenses were estimated to be \$32,741,865 based on the 2011 budget. These expenses were slightly decreased to \$32,080,421 for the May 2012 analysis based on the preliminary 2011 audit numbers. The Drainage system will bear additional O&M costs associated with the operation of the permanent pump stations at Lake Pontchartrain and the west closure complex. In all the analyses, the O&M expenses associate with the permanent pump stations was \$2,000,000 in 2015 and \$10,000,000 in 2016 and beyond. The west closure complex expenses were estimated to be \$6,000,000 annually starting in 2012 through the February 2012 analysis, but then reduced to \$2,000,000 annually starting in 2013 in the May 2012 analysis. Therefore, the O&M expenses in the May 2012 analysis are materially lower than in the previous analyses from 2012 through 2020.

Repayments

In the September 2011 analysis, the Water system was assumed to make the following payments.

- Payment to DPW - \$5,100,000 between 2013 and 2015
- Payment to Claimants - \$10,930,000 between 2016 and 2017

The Drainage system also anticipated receiving a repayment of \$4,700,000 from the Water system between 2011 and 2012.

These payments were modified to the following schedule.

- Payment to DPW - \$5,100,000 between 2012 and 2015
- Payment to Claimants - \$3,479,200 between 2012 and 2016

The repayment from the Water system was pushed back to occur between 2012 and 2013, but at the same amount, \$4,700,000.

Capital Plan and Financing

APPENDIX A

It is not possible to compare the 2011 capital expenses for the Drainage system because the number used through the February 2012 analysis of over \$1.1 billion included significant federal and state construction dollars. The capital plan for 2012 through 2020 was reduced by \$39,660,000 starting in the February 2012 analysis. Projected revenue financed capital increased from \$118,500,000 to \$124,227,892 in the May 2012 analysis. With the modified capital plan and increased revenue financed capital, the Board's projected bond proceeds decreased from \$337,000,000 to \$287,000,000 in the February 2012 analysis and then to \$283,000,000 in the May 2012 analysis.

Debt Service

Due to the reduction in needed bond proceeds, the proposed debt service decreased from the September 2011 analysis to the February 2012 analysis, and then decreased slightly more for the May 2012 analysis. There was no change to the proposed repayments for the SELA projects.

Beginning Cash Balance

The beginning cash balance for 2011 was \$48,400,000 through the February 2012 analysis, but it was adjusted to be \$54,514,020 for the May 2012 analysis.

Overall Impact

The decrease in revenues was offset by the decrease in expenses from the west closure complex. The reduction in capital plan provided minor rate relief as did the lower claimant repayment. These modifications allowed the initial fee amount in 2013 to decrease to \$11,750,000 with the additional revenue increases remaining at approximately the same percentages.

APPENDIX B

Sewerage & Water Board of New Orleans Water Financial Plan Model CIP Financing Schedule

Fiscal Year ending December 31								
	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Unspent Bond Proceeds	\$ -	\$ -	\$ 5,260,000	\$ 170,000	\$ 385,900	\$ 842,277	\$ 813,784	\$ (44,135,909)
Sources								
Revenue Financed Capital Contributions	\$ 94,574,000	\$ 138,178,000	\$ 18,982,900	\$ 19,573,605	\$ 20,160,813	\$ 20,793,775	\$ 21,417,589	\$ 22,089,967
Revenue Bond Proceeds	\$ -	\$ 65,000,000	\$ 55,000,000	\$ 58,000,000	\$ 60,000,000	\$ 70,000,000	\$ -	\$ -
Total Available Funds	\$ 94,574,000	\$ 203,178,000	\$ 79,242,900	\$ 77,743,605	\$ 80,546,713	\$ 91,636,052	\$ 22,231,372	\$ (22,045,942)
Uses								
Capital Improvement Plan	\$ 94,574,000	\$ 191,418,000	\$ 73,572,900	\$ 71,557,705	\$ 73,704,436	\$ 83,822,269	\$ 66,367,281	\$ 81,347,201
Bond Issuance Costs	\$ -	\$ 975,000	\$ 825,000	\$ 870,000	\$ 900,000	\$ 1,050,000	\$ -	\$ -
Debt Service Reserve	\$ -	\$ 5,525,000	\$ 4,675,000	\$ 4,930,000	\$ 5,100,000	\$ 5,950,000	\$ -	\$ -
Ending Unspent Bond Proceeds	\$ -	\$ 5,260,000	\$ 170,000	\$ 385,900	\$ 842,277	\$ 813,784	\$ (44,135,909)	\$ (103,393,143)
Carryforward Bond Projects		\$ 0	\$ 18,269,000	\$ 37,004,000	\$ 27,531,000	\$ 3,538,000	\$ 38,774,000	\$ 88,401,000
Interest Earned on Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Assumptions - Senior Lien Revenue Bonds								
Years of Principal + Interest Payments	25	25	25	25	25	25	25	25
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cost of Issuance	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Interest Earnings on Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt Reserve	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Capitalized Interest (Whole Years Only)	3.0	2	2	2	2	2	2	2
Total Principal Amount	\$ -	\$ 72,800,000	\$ 61,600,000	\$ 64,960,000	\$ 67,200,000	\$ 78,400,000	\$ -	\$ -

APPENDIX B

Sewerage & Water Board of New Orleans
Water Financial Plan Model
Financing Plan

		Fiscal Year ending December 31									
		2013	2014	2015	2016	2017	2018	2019	2020		
1	Sales of Water and Delinquent Fees (1)	\$ 59,617,587	\$ 59,593,740	\$ 59,569,903	\$ 60,153,688	\$ 60,743,194	\$ 61,338,477	\$ 61,939,594	\$ 62,546,602		
2	Additional Revenue Required										
	Year										
	Rate Increase										
	Months in Effect										
	2013	\$ 5,713,352	\$ 5,959,374	\$ 5,956,990	\$ 6,015,369	\$ 6,074,319	\$ 6,133,848	\$ 6,193,959	\$ 6,254,660		
	2014		\$ 6,282,173	\$ 6,552,689	\$ 6,616,906	\$ 6,681,751	\$ 6,747,232	\$ 6,813,355	\$ 6,880,126		
	2015			\$ 6,907,627	\$ 7,278,596	\$ 7,349,926	\$ 7,421,956	\$ 7,494,691	\$ 7,568,139		
	2016				\$ 7,672,854	\$ 8,084,919	\$ 8,164,151	\$ 8,244,160	\$ 8,324,953		
	2017					\$ 8,522,852	\$ 8,980,566	\$ 9,068,576	\$ 9,157,448		
	2018						\$ 9,467,014	\$ 9,975,434	\$ 10,073,193		
	2019							\$ 10,515,770	\$ 11,080,512		
	2020								\$ 11,680,707		
	2021										
3	Total Sales of Water and Delinquent Fees	\$ 65,330,939	\$ 71,835,288	\$ 78,987,209	\$ 87,737,412	\$ 97,456,962	\$ 108,253,245	\$ 120,245,539	\$ 133,566,340		
4	Plumbing & Inspection Fees (1)	\$ 343,903	\$ 343,903	\$ 343,903	\$ 343,903	\$ 343,903	\$ 343,903	\$ 343,903	\$ 343,903		
5	Other Revenue (1)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000		
6	Additional Revenue	\$ 653,309	\$ 1,598,353	\$ 1,757,872	\$ 1,942,174	\$ 2,145,850	\$ 2,370,940	\$ 2,619,704	\$ 2,894,637		
7	Total Operating Revenues	\$ 67,828,152	\$ 75,277,543	\$ 82,588,984	\$ 91,523,489	\$ 101,446,715	\$ 112,488,088	\$ 124,709,146	\$ 138,304,880		
8	Operating and Maintenance Expense (2)	\$ 62,607,776	\$ 69,945,108	\$ 74,751,709	\$ 77,498,365	\$ 80,352,625	\$ 83,318,979	\$ 86,402,113	\$ 89,606,918		
9	Additional Operating and Maintenance	\$ -	\$ 440,250	\$ 880,500	\$ 1,320,750	\$ 1,761,000	\$ 2,201,250	\$ 2,641,500	\$ 3,081,750		
10	Operating and Maintenance Savings	\$ -	\$ (1,497,292)	\$ (1,918,405)	\$ (1,982,110)	\$ (2,049,002)	\$ (2,082,974)	\$ (2,160,053)	\$ (2,240,173)		
11	Total Operating and Maintenance Expense	\$ 62,607,776	\$ 68,888,066	\$ 73,713,804	\$ 76,837,004	\$ 80,064,623	\$ 83,437,255	\$ 86,883,560	\$ 90,448,495		
12	Operating Income (Loss)	\$ 5,220,376	\$ 6,389,478	\$ 8,875,180	\$ 14,686,485	\$ 21,382,091	\$ 29,050,833	\$ 37,825,587	\$ 47,856,385		
13	Non-Operating Revenues (3)	\$ 219,089	\$ 219,089	\$ 219,089	\$ 219,089	\$ 219,089	\$ 219,089	\$ 219,089	\$ 219,089		
14	FEMA Reimbursements										
	Water Contract										
	Water Force Account										
15	Net Revenues Available for Debt Service	\$ 5,439,465	\$ 6,608,567	\$ 9,094,269	\$ 14,905,574	\$ 21,601,180	\$ 29,249,922	\$ 38,044,676	\$ 48,075,474		
16	Existing Revenue Bond Debt Service	\$ 3,928,380	\$ 3,919,043	\$ 3,964,043	\$ 3,893,700	\$ 3,886,615	\$ 3,877,530	\$ 3,881,750	\$ 3,872,000		
17	Coverage	\$ 1.38	\$ 1.69	\$ 2.29	\$ 3.83	\$ 5.56	\$ 7.54	\$ 9.80	\$ 12.42		
18	Proposed Revenue Bond Debt Service	\$ -	\$ -	\$ -	\$ 5,694,905	\$ 10,513,671	\$ 15,595,279	\$ 20,852,114	\$ 26,985,089		
19	Coverage	\$ 1.38	\$ 1.69	\$ 2.29	\$ 1.55	\$ 1.50	\$ 1.50	\$ 1.54	\$ 1.56		
20	Existing Subordinate Debt Service	\$ 640,836	\$ 640,836	\$ 640,836	\$ 640,836	\$ 640,836	\$ 640,836	\$ 640,836	\$ 640,836		
21	Coverage	\$ 1.19	\$ 1.45	\$ 1.97	\$ 1.46	\$ 1.44	\$ 1.45	\$ 1.50	\$ 1.53		
22	Revenue Financed Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
23	Repayment to DPW	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ -	\$ -	\$ -	\$ -		
24	Repayment to Claimants	\$ 716,800	\$ 716,800	\$ 716,800	\$ 436,000	\$ 436,000	\$ 436,000	\$ -	\$ -		
25	Repayment to Drainage	\$ 1,424,244	\$ 1,424,244	\$ 1,424,244	\$ -	\$ -	\$ -	\$ -	\$ -		
26	Repayment to Sewer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
27	Net Surplus / (Deficit)	\$ (3,020,794)	\$ (1,842,356)	\$ 598,347	\$ 2,490,133	\$ 6,124,059	\$ 8,700,278	\$ 12,669,976	\$ 16,577,550		
28	Beginning Cash Balance	\$ 31,851,033	\$ 28,830,239	\$ 26,987,883	\$ 27,586,230	\$ 30,076,363	\$ 36,200,422	\$ 44,900,700	\$ 57,570,676		
29	Ending Cash Balance	\$ 28,830,239	\$ 26,987,883	\$ 27,586,230	\$ 30,076,363	\$ 36,200,422	\$ 44,900,700	\$ 57,570,676	\$ 74,148,226		
30	Target Fund Balance (180 days of O&M)	\$ 31,303,888	\$ 35,192,679	\$ 37,816,104	\$ 39,409,557	\$ 41,056,813	\$ 42,760,115	\$ 44,521,806	\$ 46,344,334		

APPENDIX C

Sewerage & Water Board of New Orleans Sewer Financial Plan Model CIP Financing Schedule

	Fiscal Year Ending December 31									
	2013	2014	2015	2016	2017	2018	2019	2020		
Beginning Unspent Bond Proceeds	\$ -	\$ -	\$ 703,879	\$ 1,225,767	\$ 125,629	\$ 396,902	\$ 704,578	\$ (19,587,049)		
Sources of Funds										
Current Revenue Funded Capital	\$ -	\$ 19,000,000	\$ 18,000,000	\$ 8,000,000	\$ 15,000,000	\$ 25,000,000	\$ 30,000,000	\$ 30,000,000		
Revenue Bond Proceeds	-	27,000,000	33,000,000	60,000,000	28,000,000	46,000,000	-	-		
Participation by Others	75,943,000	53,812,000	6,386,000	1,273,080	1,311,272	1,463,161	1,507,056	1,552,268		
Total Sources	\$ 75,943,000	\$ 99,812,000	\$ 58,089,879	\$ 70,498,847	\$ 44,436,901	\$ 72,860,063	\$ 32,211,635	\$ 11,965,219		
Uses of Funds										
Capital Improvement Program	\$ 75,943,000	\$ 96,591,000	\$ 53,787,630	\$ 64,779,615	\$ 41,429,651	\$ 67,867,056	\$ 51,798,684	\$ 74,154,230		
Debt Issuance Costs	-	405,000	495,000	900,000	420,000	690,000	-	-		
Revenue Bond Reserve	-	2,112,121	2,581,482	4,693,603	2,190,348	3,598,429	-	-		
Total Uses	\$ 75,943,000	\$ 99,108,121	\$ 56,864,112	\$ 70,373,218	\$ 44,040,000	\$ 72,155,485	\$ 51,798,684	\$ 74,154,230		
Ending Unspent Bond Proceeds	\$ -	\$ 703,879	\$ 1,225,767	\$ 125,629	\$ 396,902	\$ 704,578	\$ (19,587,049)	\$ (62,189,011)		
Carryforward Bond Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,382,000	\$ 104,185,000		
Capital Financing Assumptions - Senior Lien Revenue Bonds										
Term (years)	25	25	25	25	25	25	25	25		
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		
Cost of Issuance	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%		
Interest Earnings on Fund Balance	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%		
Debt Reserve	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%		
Capitalized Interest (Whole Years)	2	2	2	2	2	2	2	2		
Total Principal Amount	\$ -	\$ 30,240,000	\$ 36,960,000	\$ 67,200,000	\$ 31,360,000	\$ 51,520,000	\$ -	\$ -		

APPENDIX C

Wastewater System Financial Plan
Sewer Cost of Service Study
Financing Plan Schedule

	Fiscal Year Ending December 31								
	2013	2014	2015	2016	2017	2018	2019	2020	
1 Revenues under Existing Rates (1)	\$ 70,550,912	\$ 70,522,552	\$ 70,594,403	\$ 71,285,228	\$ 71,984,833	\$ 72,690,284	\$ 73,402,649	\$ 74,121,995	
Additional Revenue Required									
Year	2013	2014	2015	2016	2017	2018	2019	2020	
% Increase	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	
Mos. Eff.	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
2 Additional Revenue from Rate Increase	6,770,712	14,507,070	23,010,834	32,688,597	43,508,323	55,597,203	69,096,526	84,163,239	
3 Total Sewer Sales Revenues	\$ 77,321,624	\$ 85,129,721	\$ 93,605,236	\$ 103,974,824	\$ 115,493,155	\$ 128,287,487	\$ 142,499,175	\$ 158,285,234	
4 Plumbing Inspection & license fees (1)	343,903	343,903	343,903	343,903	343,903	343,903	343,903	343,903	
5 Revenue Sharing (State)	-	-	288,943	288,943	288,943	288,943	288,943	288,943	
6 Other Income (1)	-	2,113,049	2,256,906	2,418,794	2,595,980	2,789,980	3,002,460	3,013,810	
7 Additional Revenue	77,765,527	87,875,617	96,494,388	107,026,464	118,721,981	131,710,313	146,134,481	161,331,889	
8 Total Operating Revenue	\$ 77,765,527	\$ 87,875,617	\$ 96,494,388	\$ 107,026,464	\$ 118,721,981	\$ 131,710,313	\$ 146,134,481	\$ 161,331,889	
9 Baseline O&M Expense (2)	46,071,462	47,587,072	49,154,823	50,776,614	52,454,416	54,190,277	55,986,326	57,844,772	
10 Additional O&M Expense	2,768,375	5,536,750	8,305,125	11,073,500	14,174,080	17,367,677	20,657,083	24,276,795	
11 O&M Savings	(460,715)	(713,806)	(983,096)	(1,269,415)	(1,311,360)	(1,354,757)	(1,399,658)	(1,446,119)	
12 Total O&M Expense	\$ 48,379,123	\$ 52,410,016	\$ 56,476,852	\$ 60,580,699	\$ 65,317,136	\$ 70,203,198	\$ 75,243,750	\$ 77,675,448	
13 Operating Income (Loss)	\$ 29,386,405	\$ 35,465,601	\$ 40,018,136	\$ 46,445,765	\$ 53,404,846	\$ 61,507,115	\$ 70,890,731	\$ 84,256,441	
14 Non-Operating Revenue (3)	350,944	350,944	350,944	350,944	350,944	350,944	350,944	350,944	
15 FEMA Reimb. (Contract)	10,756,000	13,938,000	7,858,000	-	-	-	-	-	
16 FEMA Reim. (Force Account)	-	-	-	-	-	-	-	-	
Net Revenues for Debt Service	\$ 40,493,349	\$ 49,754,545	\$ 48,227,080	\$ 46,795,709	\$ 53,755,790	\$ 61,858,059	\$ 71,241,675	\$ 84,607,385	
17 Senior Lien Debt Service									
18 Existing	20,344,419	20,346,469	20,342,837	20,353,753	20,368,251	17,885,723	15,946,029	15,953,092	
19 Proposed	-	-	-	2,365,576	5,256,835	10,513,671	12,966,861	16,997,101	
20 Total Senior Lien Debt Service	20,344,419	20,346,469	20,342,837	22,719,329	25,625,086	28,399,394	28,912,890	32,950,193	
21 Senior Lien Coverage	1.99	2.44	2.37	2.05	2.09	2.17	2.46	2.56	
Subordinate Debt Service									
Existing	\$6,319,082	\$6,728,130	\$6,728,206	\$6,728,245	\$6,727,250	\$6,728,217	\$6,728,142	\$6,728,028	
Proposed	-	-	-	-	-	-	-	-	
22 Subordinate Debt Service	6,319,082	6,728,130	6,728,206	6,728,245	6,727,250	6,728,217	6,728,142	6,728,028	
23 Total Debt Service	26,663,501	27,074,599	27,071,043	29,447,574	32,352,336	35,127,611	35,641,032	39,678,222	
24 Total Coverage	1.51	1.83	1.78	1.58	1.66	1.76	1.99	2.13	
Other Uses									
25 Revenue Funded Capital	-	19,000,000	18,000,000	8,000,000	15,000,000	25,000,000	30,000,000	30,000,000	
26 Repayment to DPW	2,425,000	2,425,000	2,425,000	2,425,000	-	-	-	-	
27 Repayment to Claimants	340,950	340,950	486,000	486,000	486,000	-	-	-	
Total Revenue Requirements	\$ 77,808,574	\$ 101,250,555	\$ 104,458,955	\$ 100,939,273	\$ 113,155,472	\$ 130,330,809	\$ 140,864,762	\$ 147,353,670	
28 Total Surplus / (Deficit)	\$ 11,063,858	\$ 913,695	\$ 244,937	\$ 6,438,136	\$ 5,977,453	\$ 1,703,448	\$ 5,800,544	\$ 14,929,163	
29 Beginning Cash Balance	27,436,113	38,500,011	39,414,007	39,658,944	46,097,079	52,014,533	53,744,981	59,345,624	
30 Ending Cash Balance	38,500,011	39,414,007	39,658,944	46,097,079	52,014,533	53,744,981	59,345,624	74,274,788	
31 Target Minimum Fund Balance	19,881,831	25,846,035	27,851,598	29,875,413	32,211,190	34,620,755	37,106,507	38,305,701	
Balance as Days of O&M	150	180	180	160	180	180	180	180	

APPENDIX D

Sewerage & Water Board of New Orleans
Drainage Cost of Service Model
CIP Financing Plan

		Fiscal Year ending December 31							
		2013	2014	2015	2016	2017	2018	2019	2020
1	Beginning Unspent Bond Proceeds	\$ -	\$ -	\$ 168,000	\$ 765,980	\$ 492,850	\$ 1,074,705	\$ 633,524	\$ (13,100,748)
Sources									
2	Revenue Financed Capital	\$ -	\$ 9,000,000	\$ 6,000,000	\$ 23,000,000	\$ 15,000,000	\$ 12,000,000	\$ 11,000,000	\$ 10,000,000
3	Contributions	\$ 30,605,799	\$ 369,905,000	\$ 10,720,240	\$ 2,215,159	\$ 62,351,003	\$ 152,337,617	\$ 463,710	\$ 477,621
4	Revenue Bond Proceeds	\$ -	\$ 63,000,000	\$ 50,000,000	\$ 59,000,000	\$ 42,000,000	\$ 41,000,000	\$ -	\$ -
5	Total Available Funds	\$ 30,605,799	\$ 441,905,000	\$ 66,888,240	\$ 84,981,139	\$ 119,843,853	\$ 206,412,322	\$ 12,097,234	\$ (2,623,127)
Uses									
6	Capital Improvement Plan	\$ 30,605,799	\$ 435,437,000	\$ 61,122,260	\$ 78,588,289	\$ 114,569,148	\$ 201,678,798	\$ 25,197,981	\$ 90,822,006
7	Bond Insurance Costs	\$ -	\$ 945,000	\$ 750,000	\$ 885,000	\$ 630,000	\$ 615,000	\$ -	\$ -
8	Debt Service Reserve	\$ -	\$ 5,355,000	\$ 4,250,000	\$ 5,015,000	\$ 3,570,000	\$ 3,485,000	\$ -	\$ -
9	Ending Unspent Bond Proceeds	\$ -	\$ 168,000	\$ 765,980	\$ 492,850	\$ 1,074,705	\$ 633,524	\$ (13,100,748)	\$ (93,445,132)
10	Carryforward Bond Projects		\$0	\$0	\$0	\$0	\$0	\$21,336,000	\$96,998,000
11	Interest Earned on Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Assumptions - Revenue Bonds									
Term (years)		25	25	25	25	25	25	25	25
Interest Rate		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cost of Issuance		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Debt Reserve		8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Capitalized Interest		2	2	2	2	2	2	2	2
Total Principal Amount		\$ -	\$ 70,560,000	\$ 56,000,000	\$ 66,080,000	\$ 47,040,000	\$ 45,920,000	\$ -	\$ -
13	Additional Debt Service	\$ -	\$ -	\$ -	\$ 5,519,677	\$ 4,380,696	\$ 5,169,222	\$ 3,679,785	\$ 3,592,171

APPENDIX D

Sewerage & Water Board of New Orleans
Drainage Cost of Service Model
Drainage Financing Plan

	Fiscal Year ending December 31									
	2013	2014	2015	2016	2017	2018	2019	2020		
1 Existing Tax Revenues (1)										
Current 3 mill levy	\$ 12,623,000	\$ 12,749,000	\$ 12,876,000	\$ 13,005,000	\$ 13,135,000	\$ 13,266,000	\$ 13,399,000	\$ 13,533,000		
Current 6 mill levy	\$ 12,757,000	\$ 12,885,000	\$ 13,014,000	\$ 13,144,000	\$ 13,275,000	\$ 13,408,000	\$ 13,542,000	\$ 13,677,000		
Current 9 mill levy	\$ 19,123,000	\$ 19,314,000	\$ 19,507,000	\$ 19,702,000	\$ 19,899,000	\$ 20,098,000	\$ 20,299,000	\$ 20,502,000		
2 Mill Levy 'Roll Forward'										
Roll Forward	\$ 1,984,000	\$ 1,984,000	\$ 2,004,000	\$ 2,024,000	\$ 2,044,000	\$ 2,064,000	\$ 2,085,000	\$ 2,106,000		
5 Additional Drainage Fee Revenue										
Revenue Increase										
Year	2013	2014	2015	2016	2017	2018	2019	2020		
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
6 Other Revenues (1)	\$ 5,392,347	\$ 1,126,000	\$ 1,137,000	\$ 1,148,000	\$ 1,159,000	\$ 1,171,000	\$ 1,183,000	\$ 1,195,000		
7 Total Operating Revenues	\$ 51,859,347	\$ 48,058,000	\$ 48,538,000	\$ 49,023,000	\$ 49,508,000	\$ 50,000,000	\$ 50,498,000	\$ 50,998,000		
11 Baseline Operating and Maintenance Expense (2)	\$ 33,024,808	\$ 34,285,585	\$ 35,556,107	\$ 36,898,463	\$ 38,294,873	\$ 39,747,647	\$ 41,259,202	\$ 42,832,059		
12 Additional O&M Expense	\$ -	\$ 1,000,000	\$ 2,000,000	\$ 4,000,000	\$ 6,000,000	\$ 8,000,000	\$ 10,000,000	\$ 12,000,000		
13 Additional Permanent Pump Stations O&M Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
14 Additional West Closure O&M Expense	\$ -	\$ 1,000,000	\$ 1,037,500	\$ 1,076,406	\$ 1,116,771	\$ 1,158,650	\$ 1,202,100	\$ 1,247,179		
15 Total Operating and Maintenance Expense	\$ 33,024,808	\$ 36,285,585	\$ 38,593,607	\$ 41,974,869	\$ 45,411,644	\$ 49,006,297	\$ 52,761,302	\$ 56,579,159		
16 Operating Income (Loss)	\$ 18,834,539	\$ 11,792,405	\$ 9,944,393	\$ 42,048,131	\$ 37,454,523	\$ 38,102,785	\$ 40,773,209	\$ 43,788,051		
17 Non-operating Revenue (3)	\$ 111,000	\$ 112,000	\$ 113,000	\$ 114,000	\$ 115,000	\$ 116,000	\$ 117,000	\$ 118,000		
18 Payment from Water	\$ 1,424,244	\$ 1,424,244	\$ 1,424,244	\$ -	\$ -	\$ -	\$ -	\$ -		
19 Net Revenue Available for Debt Service	\$ 20,369,783	\$ 13,328,649	\$ 11,481,637	\$ 42,162,131	\$ 37,569,523	\$ 38,218,785	\$ 40,890,209	\$ 43,906,051		
20 Existing Debt Service	\$ 2,624,302	\$ 2,661,040	\$ 2,628,240	\$ 2,630,472	\$ 2,637,682	\$ 2,643,852	\$ 2,649,022	\$ 2,654,192		
21 Coverage	\$ 7.76	\$ 5.01	\$ 4.37	\$ 16.03	\$ 14.24	\$ 14.46	\$ 15.47	\$ 16.56		
22 Proposed Debt Service	\$ -	\$ -	\$ -	\$ 5,519,677	\$ 9,900,373	\$ 15,069,595	\$ 18,749,380	\$ 22,341,551		
23 Coverage	\$ 7.76	\$ 5.01	\$ 4.37	\$ 5.17	\$ 3.00	\$ 2.16	\$ 1.91	\$ 1.76		
24 SELA Capital Repayment	\$ -	\$ -	\$ -	\$ 8,300,000	\$ 8,300,000	\$ 8,300,000	\$ 8,300,000	\$ 8,300,000		
25 Coverage	\$ 7.76	\$ 5.00	\$ 4.36	\$ 2.56	\$ 1.80	\$ 1.46	\$ 1.37	\$ 1.31		
26 Revenue Financed Capital	\$ -	\$ 9,000,000	\$ 6,000,000	\$ 23,000,000	\$ 15,000,000	\$ 12,000,000	\$ 11,000,000	\$ 10,000,000		
27 Repayment to DPW	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000	\$ -	\$ -	\$ -	\$ -		
28 Payments to Claimants	\$ 357,600	\$ 357,600	\$ 357,600	\$ 921,000	\$ 921,000	\$ -	\$ -	\$ -		
29 Net Surplus / (Deficit)	\$ 16,112,851	\$ 35,009	\$ 657,396	\$ 515,981	\$ 810,467	\$ 205,338	\$ 197,808	\$ 613,757		
30 Beginning Cash Balance	\$ 25,513,730	\$ 37,348,264	\$ 37,383,273	\$ 38,040,669	\$ 38,556,650	\$ 39,367,117	\$ 39,572,455	\$ 39,770,261		
31 Ending Cash Balance	\$ 37,348,264	\$ 37,383,273	\$ 38,040,669	\$ 38,556,650	\$ 39,367,117	\$ 39,572,455	\$ 39,770,261	\$ 40,384,019		
32 Target Fund Balance (180 days of O&M)	\$ 16,512,404	\$ 17,632,797	\$ 18,296,804	\$ 18,987,435	\$ 22,205,822	\$ 23,046,899	\$ 23,921,666	\$ 24,831,548		



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: January 27, 2014

From: Ethel H. Williams *E. Williams*
Financial Administrator

To: Marcia St. Martin, Executive Director
Robert Miller, Deputy Director

Re: Quarterly Cash Management and Investment Report
As of December 31, 2013

Attn: Anita Simmons

Attached is the above referenced Cash Management and Investment Report, for the quarter ending December 31, 2013. This report reflects the investment activities and trends for the above referenced quarter.

The average Board's daily systems deposit for the quarter totaled \$660,645.16, reflecting an increase of \$29,003.41 from \$631,641.75, compared to last quarter ending September 30, 2013.

Would you place this report on the Finance Committee agenda as an informational item for the February 4, 2014 meeting and full Board.

For further inquiry, please contact me at 585-2356 or Steve Woolridge at 585-2320.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CASH MANAGEMENT AND INVESTMENT REPORT
DECEMBER 31, 2013

BOARD FUNDS INVESTED BY:

Board of Liquidation, City Debt

Drainage System Fund 3 Mill Tax
Drainage System Fund 6 Mill Tax
Drainage System Fund 9 Mill Tax
Drainage System Bond Proceeds 9 Mills
Sewerage Service Revenue Bond Account
Water Revenue Bond Account

The Board of Liquidation (BOL) purchases Money Markets. Money Markets are liquid investments that can be cashed in whole or in part without penalty.

Sewerage & Water Board

Customer Deposits
Health Insurance Reserve
Operating Funds:
Water
Sewerage
DOM-Reimbursements
(Misc.-repairs/
Reimbursement for operations
DPS #11
DPS # 6
LAMP-Operating Funds
LAMP-DROP Restricted

Average daily System Fund deposits through Board Cashiers \$660,645.16.

Some reasons for investments:

The average system fund collections increased by \$29,003.41 per day. This is due to an expanded customer base, and an increase in the water and sewer rate increases beginning in January of 2013. The System Water funds' investments are augmented due to water funds healthier state; as of the last quarter in 2011 The Board continues to invest some Water Funds, until these funds are needed.

Customer Deposit and customer refund liability Funds are held in restricted money market investment accounts, where applicable. Health Insurance Reserve is restricted and invested in long term Money Mutual Funds.

100% of S&WB investments are in Money Markets as a result of higher earnings on Money Markets as opposed to Certificates of Deposits.

Investments at present are with: Capital One, J.P. Morgan Chase and Louisiana Asset Management Pool (LAMP).

Sewerage & Water Board of New Orleans
Cash Management and Investment Report
As of and thru December 31, 2013

The following are investment statistics for 2013:

Board of Liquidation Funds:

Investment Balances	Interest Received
Drainage System Fund 3 Mill	22,052.56
Drainage System Fund 6 Mill	31,067.88
Drainage System Fund 9 Mill	7,052.52
Sewer Service Revenue Bond Account	2,985.16
Water Revenue Bond Account	2,327.73
<u>18,200,217.89</u>	<u>65,485.85</u>

S&WB FUNDS:

Customer Deposit Fund	27,650.16
Health Insurance Reserve	11,421.11
Water System Fund	13,496.91
Sewer System Fund	21,113.05
Drainage Operating Maintenance Fund	25,477.40
Drainage Pumping Station #11	0.00
Drainage Pumping Station #6	0.00
LAMP Operating Funds	9,192.09
LAMP Drop Restricted	7,129.21
<u>67,009,793.04</u>	<u>115,479.93</u>

Average Investment Activity and Interest Rate

	Average Investment Activity per month	Average interest rate per month
Drainage System Fund 3 Mill	78,815.00	2.33%
Drainage System Fund 6 Mill	1,039,867.83	0.25%
Drainage System Fund 9 Mill	132,177.79	0.44%
Sewer Service Revenue Bond Account	154,680.04	0.16%
Water Revenue Bond Account	111,144.17	0.17%
<u>1,516,684.82</u>	<u>193.98</u>	<u>5,457.15</u>
Average Investment Activity per month		
Customer Deposit Fund	1,037,747.79	0.22%
Health Insurance Reserve	476,120.57	0.20%
Water System Fund	664,892.13	0.17%
Sewer System Fund	770,171.29	0.23%
Drainage Operating Maintenance Fund	1,024,623.00	0.21%
Drainage Pumping Station #11	0.00	0.00
Drainage Pumping Station #6	0.00	0.00
LAMP Operating Funds	500,583.33	0.15%
LAMP Drop Restricted	1,110,011.31	0.05%
<u>5,584,149.42</u>	<u>766.01</u>	<u>594.10</u>
		<u>9,623.33</u>

Board Funds Invested by: Steve Woolridge

SEWERAGE AND WATER BOARD OF NEW ORLEANS

CHANGE ORDER ANALYSIS SUMMARY FOR FISCAL YEAR 2013

As of January 28, 2014

	<u>Total Active</u> <u>Contracts (\$)</u>	<u>Total Change</u> <u>Orders (\$)</u>	<u>Percentage</u> <u>Contract</u>
WATER			
Construction	\$ 173,483,936	\$ 3,360,365	1.9%
Design	\$ 26,943,526	\$ 6,336,437	23.5%
Total: Water	\$ 200,427,462	\$ 9,696,802	4.8%
SEWERAGE			
Construction	\$ 164,644,422	\$ 1,840,467	1.1%
Design	\$ 71,297,772	\$ 9,077,566	12.7%
Total Sewerage	\$ 235,942,194	\$ 10,918,033	4.6%
DRAINAGE			
Construction	\$ 61,051,880	\$ 1,340,465	2.2%
Design	\$ 48,035,133	\$ 1,823,986	3.8%
Total Drainage	\$ 109,087,013	\$ 3,164,451	2.9%
Total Program	\$ 545,456,669	\$ 23,779,285	4.4%