

SEWERAGE & WATER BOARD OF NEW ORLEANS
EXECUTIVE COMMITTEE MEETING
FRIDAY, FEBRUARY 7, 2014
9:00 AM

COMMITTEE MEMBERS

Mr. Wm. Raymond Manning, Chair • Mr. Mark Moody • Mr. Glen Pilie • Mrs. Florence Schornstein • Mr. Charles Webb

FINAL AGENDA

ACTION ITEMS

1. Approval of Previous Report
2. (Revised) Amendment to By-Laws (R-029-2014)
3. Authorization to Investigate and Acquire Property for Construction of SPS #1 (R-036-2014)

INFORMATION ITEMS

4. Customer Account Management Replacement System
5. Update United Way Campaign
6. Bond Issues Status Update & Preliminary Authorization of Resolutions
7. Tracking Tool for Commitments to the City Council
8. EEOC Activity Status Report Y.T.D.
9. Any Other Matters
10. Reference Materials (**In Binders**)
 - a. Sewerage and Water Board By-Laws
 - b. 2014 Operating & Capital Budget
 - c. Strategic Plan
 - d. Bond Rating
11. Adjournment



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

Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President
WM. RAYMOND MANNING, President Pro-Tem

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbnola.org

January 10, 2014

TO THE HONORABLE PRESIDENT AND MEMBERS OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS:

A regular meeting of the **Executive Committee** of the Sewerage and Water Board was called to order on Friday, January 10, 2014 at 9:00 AM in the Board Room at 625 St. Joseph Street.

ATTENDANCE

Present: William Raymond Manning, Committee Chair
Mark M. Moody
Glen Pilie
Florence Schornstein
Charles F. Webb

Also in Attendance: Marcia A. St. Martin, Executive Director; Robert Miller, Deputy Director; Nolan Lambert, Special Counsel; Brian Ferrara, Deputy Special Counsel; Harold Marchand, Legal Counsel; Joseph Becker, General Superintendent; Alvin Porter, EDBP Department; Bobby Nathan, Equal Employment Opportunity Director (EEOC); Jacqueline K. Shine, Revenue Administration Department; Ethel Williams, Finance Department; Brenda Thornton, CommuniRep, Inc.; John Catalanotto, MWH; Geneva Coleman, The Hawthorne Agency, Inc.

ACTION ITEMS

Approval of Previous Report

The Committee reviewed and approved the previous report from December 6, 2013.

The Committee considered the following forwarded action items of the Finance Committee Agenda as follows:

General Superintendent Recommendations

Bids

(R-003-2014) – Rebuilding and Installing Automatic Transmissions in Medium and Heavy Duty Trucks – Req. No. YG140004

Mr. Becker recommended that contract for rebuilding and installing automatic transmissions in medium and heavy duty trucks be awarded to Crescent Ford Truck Sales, Inc. for the amount of \$40,934.12.

(R-004-2014) – Furnishing Solid Wall (PVC) Pipe SDR 26 & 35 Polyvinyl Chloride (PVC) C-900 Pipe for the Water Distribution System – Req. No. YW140001

Mr. Becker recommended that contract for furnishing solid wall (PVC) pipe SDR 26 & 35 polyvinyl chloride (PVC) C-900 pipe for the water distribution system be awarded to Cimsco, Inc. for the amount of \$248,364.50.

(R-005-2014) – Furnishing Positive Displacement Type Cold Water Meters for the Meter Shop at the Main Water Plant – Req. No. MH130008

Mr. Becker stated that five (5) bids were received on November 14, 2013 for furnishing displacement type cold water meters for the Meter Shop at the main water plant. The low bidder, Zenner USA, did not submit a meter that met the contract requirement. The second lowest bidder, Neptune Technology Group did not acknowledge receipt of the addendum issued on November 6, 2013. It is therefore, recommended that the third lowest bidder, Mueller Systems be awarded the above contract for the amount of \$1,830,900.00.

(R-006-2014) – Contract 1374 – Furnishing Basin Dredge Unit

One (1) bid was received on December 19, 2013 for furnishing basin dredge unit. Mr. Becker recommended that the bid of Liquid Waste Technology, for the amount of \$166,138.00, be accepted based upon the technical review of the proposals.

(R-007-2014) – Contract 30005 – Restoration of Existing Gravity Sewer Mains Damaged by Hurricane Katrina by Excavation and Replacement from Manhole to Manhole, CIPP Lining from Manhole to Manhole and Point Repairs at various sites throughout Orleans Parish

Mr. Becker stated that five (5) bids were received on December 20, 2013 for performing work under Contract 30005. The low bidder, Fleming Construction, was not in compliance with the EDB Program participation goal and did not submit an affidavit of a “Good Faith Effort” as required per Section 10 (7) (a) of the contract specifications. It is therefore, recommended that the low formal bid of W.C. Drennan, Inc. for the net amount of \$4,333,769.00, be accepted based upon the technical review of the proposals.

(R-008-2014) - Contract 30006 – Restoration of Existing Gravity Sewer Mains Damaged by Hurricane Katrina by Excavation and Replacement from Manhole to Manhole, CIPP Lining from Manhole to Manhole and Point Repairs at various sites throughout Orleans Parish

Mr. Becker stated five (5) bids were received on December 20, 2013 for performing work under Contract 30006. The low bidder, Fleming Construction, was not in compliance with the EDB Program participation goal and did not submit an affidavit of a “Good Faith Effort” as required per Section 10 (7) (a) of the contract specifications. It is therefore, recommended that the low formal bid of Boh Bros Construction for the net amount of \$4,759,309.00, be accepted based upon the technical review of the proposals.

Upon a motion by Mr. Pilie and second by Mrs. Schornstein, the above Items 1 through 6 were approved.

Contract Renewal

(R-009-2014) – First and Final Renewal of Contract for Furnishing and Delivering Automotive Batteries – Req. No. YG120060

Mr. Becker recommended that the first and only renewal contract for furnishing and delivering automotive batteries be awarded to NAPA Auto Parts (Covington) for the amount of \$39,761.88.

Upon a motion by Mrs. Schornstein and second by Mr. Moody, the above contract was approved.

Contract Final Acceptance

(R-010-2014) – Contract 3738 – Hurricane Related Repairs to Sewerage Pumping Station 15

(R-011-2014) – Contract 3989 – Lower Ninth Ward Area Sewer Rehabilitation, Rehabilitation No. 8

Mr. Becker recommended contract 3738 for hurricane related repairs to sewerage pumping station 15 is ready for final acceptance and close out. This contract be awarded to Alfred Conhagen, Inc. of LA.

Also, Mr. Becker recommends contract 3989 for lower ninth ward area sewer rehabilitation, rehabilitation 8 is ready for final acceptance and close out. This contract be awarded to Fleming Construction Co., LLC.

Upon a motion by Mr. Webb and second by Mrs. Schornstein, the above contracts were approved.

Algiers Lease Proposal (R-001-2014)

Mr. Miller provided background information on the proposals to lease retail office space for a new customer service location in the Algiers neighborhood of New Orleans. It is staff recommendation to accept the lease proposal for 4021 Behrman Place, Suite M-2 as the future Customer Service location servicing the Algiers neighborhood and contract be awarded to Latter & Blum for the monthly lease amount of \$5,000.00.

Upon a motion by Mr. Pilie and second by Mrs. Schornstein, the above Algiers Lease Proposal was approved.

2014 Cash Management & Investment Policy (R-002-2014)

Mr. Miller noted that the aforementioned cash management and investment policy of 2014 has remained the same and there are no changes needed for this year. It is staff recommendation to adopt the 2014 Cash Management & Investment Policy for the Sewerage and Water Board of New Orleans.

Upon a motion by Mrs. Schornstein and second by Mr. Webb, the 2014 Cash Management & Investment Policy was approved.

Contract Amendments for Bond Feasibility Study (R-012-2014 & R-013-2014)

Mr. Miller provided the committee with background information regarding the Sewerage and Water Board's issuance of water, sewer revenue bonds and drainage tax bonds re: 2014 Capital Budget and 2014-2023 Capital Improvement Plan.

It is staff recommendation to amend these existing contracts of Black & Veatch for engineering and operational reviews to \$197,000.00 and with Raftelis Financial Consultants, Inc. for financial planning to \$137,170.00.

Upon a motion by Mr. Pilie and second by Mrs. Schornstein the Amendment No. 1 to Existing Contract with Black & Veatch was approved.

Upon a motion by Mr. Moody and second by Mrs. Schornstein Amendment No. 5 to Existing Contract with Raftelis Financial Consultants, Inc. was approved.

INFORMATION ITEMS

Tracking Tool for Commitments to the City Council

The report was received.

(Revised) Amendments to By-Laws

Mr. Nolan Lambert provided an update to the committee on the revised amendments to the By-Laws of the Sewerage and Water Board. He noted that the above amended By-Laws would go before the full board for adoption at its February Board meeting.

EEOC Activity Status Report

The status report was received.

ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 9:40 AM.

Very truly yours,

Wm. Raymond Manning
President Pro-Tem and Committee Chair

**ADOPTION OF AMENDMENTS TO THE
SEWERAGE AND WATER BOARD BY-LAWS**

WHEREAS, Effective January 1, 2014 numerous changes to the composition of the Sewerage and Water Board were enacted, in accordance with Act 345 of the 2013 regular session of the Louisiana Legislature, including changing the membership from thirteen to eleven, and

WHEREAS, the By-laws of the Sewerage and Water Board contain numerous references to the number of Board members required to establish a quorum for meetings of the Board and its committees, and the number of affirmative votes to amend the By-laws, and

WHEREAS, with the reduction of the number of Board members the quorum should be consistent with law, and the Rules of Order, and

WHEREAS, current By-laws require that any amendment be introduced at the regular monthly meeting prior to adoption;

NOW THEREFORE, BE IT RESOLVED that the amendments to the By-laws of the Sewerage and Water Board introduced at the regular January 2014 meeting are hereby adopted.

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



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: February 5, 2014
To: Robert Miller, Interim Executive Director
From: Lynn Cobette, Director of Administrative Services
Re: Property Request for SPS #1 located Cohn St., N. O., LA 70118

This is to request authorization to investigate and ultimately acquire property next to SPS #1 for construction of a new sewer station. The property directly next to the station is currently listed and available for sale. The close proximity location and size of this property makes it feasible to acquire for eventual construction. Sewer Pump Station #1 is an underground station whose below ground wet well has been restored to its pre-Katrina operational level. However the station is one of the few remaining stations that has not been elevated to the new FEMA base flood level and is still at risk for damage/ failure due to flooding. Property demographics are as follows:

- (1) 7330 Cohn St. = Lot 5, Square 33
Single – Story Residence – Lot size 30' x 90' = 2700 sq. ft.
- (2) 1823 Lowerline St. – Lot 12, Square 33
Single – Story Building – Lot size 41' x 123' = 4920 sq. ft.

Both properties are owned by the same person and are being offered as one combined sale.

If, after further investigation (title, environmental impact, and property survey and appraisal) it is in our best interest to acquire this property, staff requests authorization to move forward with the purchase. Funds for this are budgeted in the 2014- 2023 Capital Program.

Please place this item for consideration on the appropriate committee agenda for the next meeting cycle.

xc: Anita Simmons
Joseph Becker
Madeline Goddard

Attachment

**AUTHORIZATION TO INVESTIGATE AND ACQUIRE PROPERTY FOR
CONSTRUCTION OF SPS #1**

WHEREAS, the Board currently operates and maintains SPS #1 located in front of a multi family residence located at 7332 Cohn St, N. O., LA 70118; and

WHEREAS, the station and its pumping capacity has been restored as a result of flood damages from Hurricane Katrina but is still one of the few underground stations that has not been raised above ground to the new FEMA base flood elevation; and

WHEREAS, directly adjacent to the station is property that is available for sale located at 7330/ 7332 Cohn St and 1823 Lowerline St. N.O. La, 70118 and the purchase of the property would allow for construction of a new sewer station; and

WHEREAS, it is in the best interest of the Board to investigate and ultimately acquire any neighboring land that would allow for the design and construction of a new station while the opportunity exists.

NOW THEREFORE BE IT RESOLVED that the Executive Director is hereby authorized to investigate the purchase of property through title research, appraisal, property survey and environmental impact and if determined to be in the best interest of the Board to acquire the property, to acquire this land in accordance with information obtained during research for construction of a new sewer pump station for this community.

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:

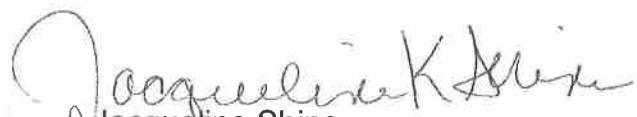
1. Company experience – Cogsdale has done 20 more CIS implementations than Advanced.
2. A majority of the Selection Team preferred the look and feel (user friendly/usability) of the Cogsdale product.
3. The Cogsdale product provides clear and obvious on-screen user warnings to avoid errors in certain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

Inter-Office Memorandum

Date: January 24, 2014

To: Marcia A. St. Martin, Executive Director

From: Lynn Cobette, Director of Administrative Services

Re: 2013 S&WB/ United Way Campaign



Attached is a summary spreadsheet itemizing the financials from the 2013 United Way Fund Raising Campaign. **Grand total of all donations for 2013 - \$55,401.76.** The United Way Campaign has been a consistent opportunity for community giving amongst board employees. More importantly it speaks to the board's core values and raises awareness from within our work force about the needs of others in our community. Employees have shown by their active participation in campaign kickoff events and other fund raising activities of their active commitment in this annual fund raising effort. More information about the United Way and its 99+ Partner Agencies can be obtained at www.unitedwaysela.org.

Other complete financial reconciliation spreadsheets are available for your review. They are food and refreshment sales, employee game revenue and the fund raising raffle. Also the 2013 Leadership Givers and 1% Fair Share Givers Report has been compiled. If you (or Bob) would like to include this item in the February Meeting Agenda, Sabrina HICKERSON, UW Campaign Coordinator & the campaign volunteers should be recognized for their civic & charitable volunteerism to help make the 2013 fund raising drive the huge success that is has become!

Attachment(s)

Cc: Bob Miller, Deputy Director

GRAND TOTAL - 2013 ANNUAL UNITED WAY FUND RAISING CAMPAIGN



Donations from SWBNO Active Employees and Pensioners



Campaign Report Date	Amount	Event Type
10/14/2013	\$2,025.00	Raffle Proceeds - St Joe & CWP
10/25/2013	\$836.00	Regular Fund Raising - Cash, Checks, Credit Card, & bill at home
10/29/2013	\$555.00	Raffle Proceeds - St Joe & CWP
11/8/2013	\$411.00	Special Fundraisers during Campaign Kick-off Events
11/8/2013	\$726.04	Raffle Proceeds - Central Yard
11/15/2013	\$223.00	Regular Fund Raising - Cash, Checks, Credit Card, & bill at home
1/10/2014	\$45.00	Regular Fund Raising - Cash, Checks, Credit Card, & bill at home
1/22/2014	\$46,579.26	Payroll Pledges from 366 out of 1025 Active Employees - report attached
1/22/2014	\$1,727.44	Payroll Pledges from 12 out of 714 Pensioners (Retired) Employees - report attached
1/22/2014	\$2,265.00	Special Fundraiser - Food/Refreshment Sales from Kick-Off Events held @ Board Facilities
GRAND TOTAL 2013 CAMPAIGN	\$55,392.74	FROM ALL DONATION TYPES AS ITEMIZED ABOVE
2012 Campaign	\$56,209.35	Grand Total



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.

A handwritten signature in black ink, appearing to read "Robert K. Miller", written in a cursive style.

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 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 City Council of the City, together with a request for approval of the issuance of the Water 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	_____	_____	_____	_____
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 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."

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, 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 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 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	_____	_____	_____	_____
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 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 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 one or more series, in an aggregate principal amount of not exceeding One Hundred Million 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 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 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 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

www.raftelis.com

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 blue 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.



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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

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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 associated 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

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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					\$ 8,084,919	\$ 8,164,151	\$ 8,244,160	\$ 8,324,953		
	2017						\$ 8,980,566	\$ 9,068,576	\$ 9,157,448		
	2018							\$ 9,975,434	\$ 10,073,193		
	2019						\$ 9,467,014	\$ 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	\$ 112,468,088	\$ 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	\$ 29,030,833	\$ 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	\$ 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	\$ 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	\$ 2,480,133	\$ 6,124,059	\$ 8,700,278	\$ 12,689,976	\$ 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	2021	
1	Revenues under Existing Rates (1)	\$ 70,650,912	\$ 70,622,652	\$ 70,594,403	\$ 71,266,228	\$ 71,864,833	\$ 72,690,284	\$ 73,402,649	\$ 74,121,995		
Additional Revenue Required											
	Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	% Increase	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	
	Mos. Eff.	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	
2	Additional Revenue from Rate Increase	6,770,712	7,062,265	7,059,440	7,128,623	7,198,463	7,269,028	7,340,265	7,412,199		
3	Total Sewer Sales Revenues	\$ 77,421,624	\$ 85,129,721	\$ 93,655,236	\$ 103,974,824	\$ 115,463,155	\$ 128,287,487	\$ 142,495,175	\$ 158,285,234		
4	Plumbing Inspection & License fees (1)										
5	Revenue Sharing (State)	343,903	343,903	343,903	343,903	343,903	343,903	343,903	343,903	343,903	
6	Other Income (1)	-	288,943	288,943	288,943	288,943	288,943	288,943	288,943	288,943	
7	Additional Revenue	-	2,113,049	2,256,906	2,418,794	2,595,980	2,789,980	3,002,460	3,013,810	3,013,810	
8	Total Operating Revenue	\$ 77,765,527	\$ 87,875,617	\$ 96,494,988	\$ 107,026,464	\$ 118,721,981	\$ 131,710,313	\$ 146,134,481	\$ 161,931,889	\$ 161,931,889	
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	\$ 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	21,276,795	21,276,795	
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)	(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	\$ 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	\$ 84,256,441	
14	Non-Operating Revenue (3)	350,944	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											
17	Senior Lien Debt Service	\$ 40,493,349	\$ 49,754,545	\$ 48,227,080	\$ 46,796,709	\$ 53,755,790	\$ 61,858,059	\$ 71,241,675	\$ 84,507,385	\$ 84,507,385	
18	Existing	20,344,419	20,346,469	20,342,937	20,353,753	20,368,251	17,885,723	15,946,029	15,953,092	15,953,092	
19	Proposed	-	-	-	2,365,576	5,256,835	10,513,671	12,966,861	16,997,101	16,997,101	
20	Total Senior Lien Debt Service	\$ 20,344,419	\$ 20,346,469	\$ 20,342,937	\$ 22,719,329	\$ 25,625,086	\$ 28,369,394	\$ 28,912,890	\$ 32,950,193	\$ 32,950,193	
21	Senior Lien Coverage	1.99	2.44	2.37	2.05	2.09	2.17	2.46	2.56	2.56	
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	\$ 6,728,028	
23	Proposed	26,663,501	27,074,599	27,071,143	29,447,574	32,352,336	35,127,611	35,641,032	36,678,222	36,678,222	
24	Total Debt Service	1.51	1.83	1.78	1.58	1.66	1.76	1.99	2.13	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	30,000,000	
26	Repayment to DPW	2,425,000	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											
28	Total Revenue Requirements	\$ 77,808,574	\$ 101,250,565	\$ 104,458,995	\$ 100,959,273	\$ 113,155,472	\$ 130,330,809	\$ 140,864,782	\$ 147,353,670	\$ 147,353,670	
Total Surplus / (Deficit)											
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	\$ 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	\$ 74,274,788	
31	Target Minimum Fund Balance	\$ 19,881,631	\$ 25,846,035	\$ 27,651,598	\$ 29,875,413	\$ 32,211,190	\$ 34,620,755	\$ 37,106,507	\$ 38,305,701	\$ 38,305,701	
Balance as Days of O&M											
		150	180	180	180	180	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	\$	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
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
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
7	Bond Issuance 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)
10	Carryforward Bond Projects			\$0	\$0	\$0	\$0	\$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%	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	25	25	25	25	25	25
	Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	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%	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%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
	Capitalized Interest	2	2	2	2	2	2	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

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

11/27/2013

Sewerage and Water Board of New Orleans

Tracking Tool for Commitments to City Council

January 2014

☒ On Target
 ☐ Not Started
 ☐ Delayed
 ☐ Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
I. Governance Practices	A. Reduce the length of Board member terms and limiting the number of terms.	October 2013	Completed. Senate Bill No. 47 reduced the term lengths from 9 to 4 years and limiting members to serving two consecutive terms.	None.	Strategy IV Tactics I.1 and I.2
	B. Establish requisite qualifications for Board members.	October 2013	Completed. Senate Bill No. 47 requires experience in architecture, environmental quality, finance, accounting, business administration, engineering, law, public health, urban planning, facilities management, public administration, science, construction, business management, consumer or community advocacy, or other pertinent disciplines, with two of the appointments as consumer advocates with community advocacy or consumer protection experience or experience in a related field.	None.	Strategy IV Tactic I.3
	C. Reduce the number of Board members.	October 2013	Completed. Senate Bill No. 47 reduced the size of the Board from 13 to 11 members.	None	Strategy IV Tactic I.4
	D. Review function and responsibilities of Board committees.	Not determined.	Senate Bill No. 47 provides that a quorum of the board shall adopt rules fixing its own meetings and procedures. Any amendments or changes to such rules shall be adopted only after approved by a quorum of the Board.	Consideration by the Executive Committee and the Board of Directors.	Strategy IV Tactic I.5
	E. Appoint Board members from recommendations submitted by university presidents.	October 2013	On target. On October 23, 2013, the Board of Directors of Sewerage and Water Board issued a Declaration of Vacancy for the ten appointed board positions effective January 1, 2014, authorized advertisement of vacancies, and authorized processing of applications for board membership.	Applications and nominations for board membership are due by January 31, 2014.	Strategy IV Tactic I.6

Sewerage and Water Board of New Orleans

Tracking Tool for Commitments to City Council

January 2014

Status Key On Target Not Started Delayed Needs Attention

Topic Commitment Target Date Status Next Steps Strategic Plan Reference

F. Establish dedicated independent oversight of Sewerage and Water Board determined by the City Council.

On target. Staff presents to Public Works Committee of City Council as scheduled on identified questions and concerns.

Continue to prepare detailed written status reports on the plans and reforms listed in Exhibit B Amendment to Water and Sewer Rates Resolution as well as status of construction projects by City Council district.

Strategy IV Tactic M

A. Acquire and implement Advanced Metering Infrastructure. Replace existing mechanical meters with new electronic meters and an automated meter reading system that will provide more accurate readings, enhanced leak detection on customer lines, and improved account monitoring. The new meters will be installed for the residential and small commercial customer base.

On target. Request for information issued to potential vendors during March 2013. Information submitted by ten vendors reviewed by staff in April 2013 and interviews conducted in May 2013. Requests for proposals issued by other utilities being reviewed. A revised standard for purchasing new meters has been completed.

Confirm funding availability to meet accelerated completion date. Determine if outside expert assistance will be needed in project management. Develop a preliminary implementation plan and issue a request for proposals for change-out of residential and small commercial meters and installation of automated meter reading capabilities. This project will be challenging to coordinate with the simultaneous implementation of the new billing system.

Strategy III Tactic B

B. Open Additional Customer Service Center to provide convenient access to full service capabilities for customers without travelling to the downtown location.

On target. Alternatives identified and evaluated in New Orleans East. Request for proposals have been issued and proposals have been received and are being evaluated.

Finalize selection, establish contract, and determine furnishings.

Strategy III Tactic H

C. Replace existing billing application with new software that includes online customer account management capabilities.

On target. Request for Proposal issued in June 2013. Responses to received in August. Interviews conducted with three finalists in September. Narrowed to two finalists following interviews. RFP issued in November. Recommendation will be ready for the final selection by February 2014.

Interview vendors and develop recommendation for award of contract. Finalize arrangements for project team facility.

Strategy III Tactic C

D. Replace existing work order application with new software that includes online work order tracking and appointment scheduling capabilities.

Not started.

Next steps to be determined as part of the development of an Information Technology Strategic Plan.

Strategy III Tactic D and E
Strategy IV Tactic D

II. Customer Service Improvements

Sewerage and Water Board of New Orleans Tracking Tool for Commitments to City Council January 2014

Status Key  On Target  Not Started  Delayed 

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
III. Service Assurance Program	E. Improve efficiency and reliability of Customer Service processes. Reduce the volume of calls by increasing perceived accuracy of bills. Ensure meter reading and billing edits are worked diligently. Improve the customer experience when questioning a bill and resolve more issues during the first call. Provide more effective appeals process.	Ongoing	On target. Customer Service Improvement Plan updated and reported to Operations Committee monthly.	Continue focus on obtaining readings to avoid estimated bills. Improve accuracy of readings. Improve efficiency of meter reading routes. Continue training on proper review of meter reading and billing edits. Reduce call waiting time. Improve coordination between Customer Service and Networks departments. Continue walk-in customer service survey. Implement telephone customer service survey. Document and report improvement results.	Strategy III Tactics A, F, and G
	A. Provide additional funding for bill payment assistance through the Water Help program.	January 2013	Completed.	Funding for bill payment assistance through the Water Help program increased from \$60,000 to \$240,000 in January 2013.	Completed January 2013. Strategy III Tactic I.1
	B. Expand Water Help program to provide assistance with plumbing repairs.	June 2013	Completed.	Authorized by Board of Directors in July 2013. Process for identification of participating plumbers completed. Program for plumbing assistance implementation underway.	Staff recommended that the program be expanded to include up to \$250 for plumbing repairs on the customer's portion of the service line. Strategy III Tactic I.2
	C. Pursue legislative change to allow adjustments for water lost through customer leaks.	March 2013 original July 2013 revised	Delayed.	Recommendations developed for consideration by Board of Directors currently under review by Legal Department.	Staff recommended that water and sewer charges for leakage be charged at fifty percent of the regular rate for one occasion of leakage lasting not more than two regular billing periods every two years. These changes are being reviewed for compliance with existing legislation and interpretation by the state attorney general. Strategy III Tactic I.3
	D. Evaluate waiver of service charges based on means testing for qualifying low-income elderly and disabled customers.	June 2013	Completed.	Recommendations accepted by Board of Directors in July 2013.	Staff recommended that the Board not adopt a waiver of these service charges based on means testing and that the overall effectiveness of the service assurance program be reviewed prior to reconsideration of this matter. Strategy III Tactic I.4

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January 2014

				<div> <div>On Target</div> <div>Not Started</div> <div>Delayed</div> <div>Needs Attention</div> </div>	
Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
IV. Operational Reforms	E. Evaluate reduction in late payment fee, disconnect fee, returned check fee, and deposits.	March 2013 original <i>June 2013 revised</i>	On target.	Recommendation to maintain existing schedule of fees pending review of first full year of revenues approved by Board of Directors in July 2013.	Strategy III Tactic I.4
	A. Improve operations through performance measures, improved framework, and follow-up reviews to reduce future rate increases.	December 2017	On target.	Training program developed and delivered for pilot group of senior management. Performance measures being reviewed and developed.	Strategy II Tactic D Strategy IV Tactics B and H Strategy IV Tactic M
	B. Reduce free water and sewer service provided to municipal accounts by fifty percent from a baseline of 2010 usage.	December 2017	On target.	Quantity of free service reduced from 2010 to 2012 by 19.7%. No changes to related laws were initiated for 2013 Louisiana legislative session. Potential changes for 2014 currently under review.	Strategy II Tactic F
	C. Improve coordination between Sewerage and Water Board and Department of Public Works.	Not determined.	A joint team of Sewerage and Water Board engineers and Department of Public Works engineers has already begun working together in coordination of planning and construction for the FEMA Recovery Roads program.	Determine feasibility of performing street drainage maintenance work on a fee-for-service basis, subject to identification of funding requirements, establishment of a funding stream, and gaining necessary legislative authorizations.	Strategy I Tactics A.1, B.1, and C.4
	D. Improve ratepayer collections.	Not determined.	Plans to improve collections have recently focused on ensuring close compliance with schedules for non-payment turn-offs.	Perform analysis to identify additional tactics to improve performance in this area.	Strategy IV Tactic G

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Status Key On Target Not Started Delayed Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
	E. Develop a long-term staff succession and training program.	Not determined.	A partnership between Delgado Community College, the Sewerage and Water Board of New Orleans and the JOB1 Business and Career Solutions Center has launched a worker training program aimed at increasing the pool of certified water and wastewater treatment personnel to meet the anticipated demand for workers to operate the systems. Delgado has applied to become a certification testing site.	In conjunction with the City's JOB1 program and Sewerage and Water Board, Delgado Community College will develop training to increase the pool of certified personnel to meet the needs of the capital improvement program. Knowledge management and succession planning objectives have been added to several senior management goals.	Strategy V Tactic G
	F. Perform annual water audit to measure progress and critical needs.	Ongoing.	On target. Water Audits have been performed for 2008 through 2012 as part of the 2013 update of the 2011-2020 Financial Plan.	Completed.	Strategy IV Tactic K
	G. Enhance long range planning by developing a Facilities Plan for 2015-2035.	December 2013	On target. Contract awarded in November 2013.	Consultant to develop a Water Purification Facilities Plan for 2015-2035 to identify the capital investments that will be needed beyond the immediate needs identified in the current capital improvement program.	Strategy I Tactic F.1
	H. Develop new sources of funding other than water and sewer rate increases.	Ongoing.	On target. New revenue stream established for handling wastewater from mobile containers, such as portable toilets and shipping containers.	Analyze opportunities for providing wholesale water service over long distances.	Strategy II Tactic I
	Repay funds owed to Department of Public Works.	December 2016	On target. Sewerage and Water Board repaid \$4,763,858.77 to Department of Public Works at year-end 2013. Amount was lower due to lower-than-forecast obligation by drainage system.	Pay estimated obligation of \$21.8 million owed to the Department of Public Works in four equal installments beginning December 2013.	Strategy II Tactic E

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Status Key			On Target	Not Started	Delayed	Needs Attention	
Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference		
V. Economic Opportunities	A. Create economic opportunities consistent with City of New Orleans programs for participation by economically disadvantaged and local business enterprises.	Not determined.		For contracts with DBE participation January to November 2013: Goods and Services \$275,314 or 30.0%, Construction \$13,452,287 or 37.6%, and Professional Services \$4,374,213 or 35.0%.	Sewerage and Water Board will continue to create economic opportunities for participation by economically disadvantaged and local business enterprises through Construction Review Committee and Staff Contract Review Committee recommendations and DBE vendor support and training.	Strategy IV Tactics F and L	
VI. Capital Improvement Program	A. Water System Improvements Replacement and rehabilitation of water purification plant facilities. Replacement and rehabilitation of water pumping facilities. Replacement of water system transmission and distribution mains. \$277,000,000	December 2020		On target. Progress on capital projects will be reported as part of Item VII.G below.	Complete bond feasibility study. Revise bond covenants. Issue water system revenue bonds.	Strategy I Tactic A.1 through A.5	
	B. Replacement and rehabilitation of sewer system collection pipes required by Federal Consent Decree. \$314,000,000	December 2020		On target. Progress on capital projects will be reported as part of Item VII.G below.	Complete bond feasibility study. Revise bond covenants. Issue sewer system revenue bonds.	Strategy I Tactic B.1 through B.3	
VII. WaterStat Reporting and City Council Oversight	A. Establish performance measures and targets as well as reporting methodology.	March 2013		On target. Measurements framework adopted, initial measurements identified, and measurements training delivered to senior management. Collection of performance data in progress. Additional graphs created.	Create capabilities for higher level strategic planning support and performance measures.	Strategy IV Tactics A and B	
	B. Implement a systematic approach to process documentation, analysis, and improvement.	June 2013		On target. Training program developed and contract for training delivery awarded.	Systematic approach adopted March 2013. Training delivery to begin in first quarter 2014.	Strategy II Tactic D Strategy IV Tactic H	
	C. Perform follow-up reviews to document results and efficiencies achieved.	January 2014		Not started.	Document and report improvement results.	Strategy IV Tactic B	
	D. Provide maps showing maintenance work completed, capital projects completed, and planned capital improvements.	January 2013 and Ongoing		On target. Maps have been printed, but processes for maintaining maps are time-consuming and manual.	Completed and ongoing.	Strategy IV Tactic M	
	E. Document FEMA receipts and uses of funds.	January 2013 and Ongoing		On target. Summary of FEMA receipts and uses of funds is provided to Board committees each month.	Completed and ongoing.	Strategy IV Tactic M	

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☒ On Target
 ☐ Not Started
 ☐ Delayed
 ☒ Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
	F. Initiate annual meetings with citizens of each council district to regularly report on organizational performance results.	May 2014	Not started.	Prepare detailed written status reports on the plans and reforms listed in Exhibit B Amendment to Water and Sewer Rates Resolution as well as status of construction projects by City Council district.	Strategy IV Tactic M
	G. Provided written updates to the Clerk of the City Council.	Quarterly and As Requested.	On target.	This document serves as the detailed written status reports on the plans and reforms listed in Exhibit B Amendment to Water and Sewer Rates Resolution as well as status of construction projects by City Council district.	Strategy IV Tactic M



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

DATE: January 27, 2014

FROM: Bobby L. Nathan, EEO/Grievance Manager

TO: Marcia St. Martin, Executive Director

RE: The Equal Employment Opportunity Division
Activity Status Report for January 2014 Y.T.D.

I. Federal Equal Employment Activity

During the month of January 2014, there were no new Federal EEOC charges filed by S&WB employees. Two charges of Discrimination are still being processed by EEOC. One from 2012 of Sexual Harassment and one from 2013 of Race Discrimination.

II. Status of the General Grievance Policy #26, The Equal Employment Opportunity Policy #86 and the Workplace Harassment Policy #87.

There was one (1) new Grievance filed in January. The total grievances filed Y.T.D. is thirty-two (32). Discrimination (6), Harassment (11), Pay (3), Promotion (5), Suspension (2), Termination (1), Work (1), Unfairness (1), Transfer (1), and FMLA (1).

III. Conference/Office Activity

1. Telephone calls:

There were five (5) telephone conferences held with employees, concerning/involving a job related issue in December. Field investigations are used when necessary.

2. Office Visits

Visits were made by appointment or walk-in for the purpose of conference or counseling, employment issues or non-employment issues. There were seven (7) such consultations held in office during this period.

IV. Grievance Committee Hearings this period:

There was no Grievance Committee Hearing held.

Bobby L. Nathan
Equal Employment Opportunity Officer