

SEWERAGE & WATER BOARD OF NEW ORLEANS

EXECUTIVE COMMITTEE MEETING

FRIDAY, DECEMBER 5, 2014

10:00 AM

REVISED

COMMITTEE MEMBERS

Mr. Wm. Raymond Manning, Chair • Mr. Mark Moody • Mr. Marion Bracy • Mrs. Kerri Kane • Mr. Alan Arnold

FINAL AGENDA

ACTION ITEMS

1. Approval of Previous Report
2. 2015 Holiday Schedule
3. Bid Recommendations – DBE Participation
4. Construction Review Committee
5. Staff Contract Review Committee

PRESENTATION ITEMS

6. Committee Responsibilities By-Laws Change

INFORMATION ITEMS

7. Tracking Tool for Commitments to the City Council
8. EEOC Activity Status Report Y.T.D.
9. Topics for Future Discussions
10. Response to Questions
11. Any Other Matters
 - Temporary Closure of the Board Room

REFERENCE MATERIALS (In Binders)

- A. Sewerage and Water Board By-Laws
- B. 2014 Operating & Capital Budget
- C. Strategic Plan
- D. Bond Rating



"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.swbno.org

November 7, 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, November 7, 2014 at 9:00 AM in the Board Room at 625 St. Joseph Street.

ATTENDANCE

Present: Wm. Raymond Manning, Committee Chair
Marion B. Bracy
Kerri Kane
Alan Arnold

Also in Attendance: Cedric S. Grant, Executive Director; Nolan Lambert, Legal Counsel; Brian Ferrara, Legal Counsel; Joseph Becker, General Superintendent; Bobby Nathan, Equal Employment Opportunity Director (EEOC); Kathleen LaFrance, Executive Director's Office; Willie Mingo, Purchasing Department; Geneva Coleman, The Hawthorne Agency, Inc.; Ashleigh Gardere, Sr. Advisor to the Mayor for Strategy & Development

ACTION ITEMS

1. Approval of Previous Report

The Executive Committee received the Executive Committee Report of October 10, 2014 for review and action. Ms. Kane motioned to accept the report and Mr. Bracy seconded the motion. The motion passed.

PRESENTATION ITEMS

2. Workforce Initiative

The Executive Director, Mr. Cedric S. Grant introduced Ms. Ashleigh Gardere, Sr. Advisor to the Mayor for Development Opportunities and asked her to give an update on the Mayor's Workforce Initiative Strategy. Mrs. Gardere stated in a short amount of time, the city has been able to attract just about \$10 million worth of public and private investments to support the Workforce Initiative endeavor. The U.S. Department of Labor made recent commitments to support workforce development efforts in the region. A \$2.4 million grant went to Delgado Community College and a \$5.8 million competitive grant to the City of New Orleans Office of Workforce Development and the Workforce Investment Board to support the

creation of a sector based training program and enhance the City's ability to connect job seekers with advanced manufacturing employment opportunities.

Mr. Alan Arnold asked how does the training program work with Delgado and is it in sync with the city's Civil Service program.

Mr. Cedric S. Grant explained the training and certification processes; all certifications are recognized by Civil Service re: Delgado's training program.

Following a discussion, the committee expressed concerns of replacing the Board's aging workforce and to find ways to create exceptions to fill job needs. It was recommended by the committee to have staff conduct a compensation analysis for 2015. Staff would bring more information back to the Board.

3. Employee Healthcare Communications

Mr. Robert Miller, Deputy Director updated the committee on the employee healthcare communication process. Employees received information about the new SWBNO Employee Health Care Plan with their paystubs on October 24, 2014. Next, employees were given the health provider's website and they were able to look up information pertaining to their primary care physicians, and others who participate in the CIGNA network. Employees will receive the open enrollment package via mail on or about November 24, 2014. Lastly, employees can call the Personnel Department and speak to a staff person who will be able to assist them with questions.

4. Committee Responsibilities

Mr. Cedric S. Grant recommended changing the bylaws of the Executive Committee to include within its responsibilities strategic planning; business development; risk management; and information technology. Staff recommends these changes go before the December Board meeting for adoption.

Following a brief discussion, Mr. Wm. Manning requested for staff to arrange training sessions for the Board in 2015.

INFORMATION ITEMS

- 5. Tracking Tool for Commitments to the City Council - received**
- 6. EEOC Activity Status Report Y.T.D. - received**
- 7. Topics for Future Discussion - received**
- 8. Response to Questions**

Mr. Cedric S. Grant responded to Mr. Alan Arnold's questions that were submitted in writing. Staff would continue to review and research further information to answer all questions.

Mr. Wm. Manning made a request to the legal counsel to look into ways the board can meet to review and discuss sensitive matters outside of a public meeting.

Nolan Lambert, Special Council stated staff will give a conservative effort to see if the Board can delve into some issues, maybe in a smaller group, to satisfy the concerns; but, it has to be done within the parameters of the open meeting laws.

9. **Any Other Matters**

Mr. Robert Miller reported that the drainage bond sales take place this week and staff expects approximately \$1.5 million dollars in savings to the Board. Also a comprehensive customer service survey is underway and staff would bring back the results to the Board at the January 2015 cycle of Committee/Board meetings. Another positive note to report, the Customer Service Department has achieved 94% of customer service calls and nearly 92% of emergency calls. This is a significant improvement in the performance of the Customer Service Department.

There being no further business to come before the Committee, the meeting adjourned at 10:12 AM.

Very truly yours,

Wm. Raymond Manning
Committee Chair

HOLIDAY SCHEDULE - 2015

BE IT RESOLVED by the Sewerage and Water Board of New Orleans that the Sewerage and Water Board does hereby adopt the same holiday schedule for calendar year 2015 that the New Orleans City Council has approved for all departments of City Government, as set forth below:

HOLIDAYS FOR CALENDAR YEAR 2015

<u>HOLIDAY</u>	<u>DATE OF OBSERVANCE</u>
1. New Year's Day	Thursday, January 1, 2015
2. Martin Luther King, Jr., Day	Monday, January 19, 2015
3. Mardi Gras	Tuesday, February 17, 2015
4. Good Friday	Friday, April 3, 2015
5. Memorial Day	Monday, May 25, 2015
6. Independence Day	Friday, July 3, 2015
7. Labor Day	Monday, September 7, 2015
8. Thanksgiving	Thursday, November 26, 2015
9. Veterans Day (Observance)	Friday, November 27, 2015
10. Christmas	Friday, December 25, 2015

I, Cedric S. Grant, Executive Director, of the 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 December 17, 2014.

Cedric S. Grant
Executive Director
Sewerage and Water Board

BID
RECOMMENDATIONS

Contract #3794: Rehabilitation of Bio-Reactor Train #1 at the East Bank Wastewater Treatment Plant

On Friday, November 14, 2014, two (2) bids were received for subject contract. The bid totals are as follows:

Industrial & Mechanical Contractors, Inc.	\$1,274,250.00
Alfred Conhagen, Inc., of LA	\$2,210,000.00

The estimated budget is \$1,350,000.00.

Twenty-one percent (21%) SLDBE participation was requested on this contract.

The apparent lowest bidder, Industrial & Mechanical Contractors, Inc., submitted EFT Diversified Inc., (eligible certified SLDBE) to transport and dispose of the removed material in a facility certified to receive municipal waste solids. Participation Totals: **\$310,000.00 – 24.33%**

The second lowest apparent bidder, Alfred Conhagen, Inc., of LA, failed to submit a SLDBE Participation Summary Sheet.

Based upon analysis of SLDBE participation, the Economically Disadvantaged Business Program recommends that the participation submitted by Industrial & Mechanical Contractors, Inc., be accepted, and that the participation submitted by Alfred Conhagen, Inc., of LA, be rejected because the company failed to submit a SLDBE Participation Summary Sheet.

Contract #6252; Installation of Transformers T2 and T3 and Construction of New Electrical Duct Bank at Carrollton Plant

On Friday, November 14, 2014, four (4) bids were received for subject contract. The bid totals are as follows:

Frischhertz Electric Co., Inc.	\$249,870.00
Wallace C. Drennan, Inc.	\$319,200.00
BLD Services, LLC	\$386,900.00
Sun Industries, LLC	\$479,547.00

The estimated budget is \$650,000.00.

Thirty-six percent (36%) SLDBE participation was requested on this contract.

The apparent lowest bidder Frischhertz Electric Co., Inc., submitted Three C's Properties, Inc., (eligible certified SLDBE) to perform civil, excavation & earthwork. Participation Totals: **\$111,533.00 – 44.64%**

The apparent second lowest bidder, Wallace C. Drennan, Inc., submitted the following subcontractors:

Balthazar Elektriks (eligible certified SLDBE) to supply electrical equipment and supplies
\$12,919.46 – 4.05%

C&M Construction Group, Inc. (eligible certified SLDBE) to perform Municipal and Public Works
Construction, concrete foundation
\$10,000.00 – 3.13%

Prince Dump Truck Service (eligible certified SLDBE) to provide sand and aggregate material
and trucking and hauling services
\$7,300.00 – 2.29%

O&C Manhole and Catchbasin, LLC (eligible certified SLDBE) to perform masonry for drainage
and manholes
\$5,600.00 – 1.75%

Participation Totals: **\$35,819.00 – 11.22%**

Based upon analysis of SLDBE participation, the Economically Disadvantaged Business Program recommends that the participation submitted by Frischhertz Electric Co., Inc., be accepted, and that the participation submitted by Wallace C. Drennan, Inc., be rejected because the company failed to meet the DBE participation goal, and did not provide documentation of Good Faith Effort and signed affidavit affixed with official seal.

Contract #8142; Repaving Open Cuts in Streets, Driveways and Sidewalks Resulting from the Repair to the Sewerage & Water Board of New Orleans' Underground Utilities

On Friday, November 14, 2014, three (3) bids were received for subject contract. The bid totals are as follows:

Fleming Construction Company, LLC	\$2,471,050.00
Wallace C. Drennan, Inc.	\$2,495,500.00
Hard Rock Construction, LLC	\$3,559,500.00

The estimated budget is \$2,000,000.00.

Thirty-six percent (36%) SLDBE participation was requested on this contract.

The apparent lowest bidder, Fleming Construction Company, LLC, submitted the following subcontractors:

F P Richard Construction, LLC (eligible certified SLDBE) to perform sawcutting, removal & replacement of concrete and asphalt restoration
\$395,368.00 — 16%

Dieudonne Enterprises, Inc. (eligible certified SLDBE) to perform sawcutting, removal & replacement of concrete and asphalt restoration
\$247,105.00 — 10%

Choice Supply Solutions, LLC (eligible certified SLDBE) to provide material supplies
\$216,416.00 — 8.76%

Cooper Contracting Group, LLC (eligible certified SLDBE) to perform sawcutting, removal & replacement of concrete and asphalt restoration
\$247,105.00 — 10%

Participation Totals: \$1,105,994.00 – 44.76%

The apparent second lowest bidder, Wallace C. Drennan, Inc., submitted C&M Construction Group, Inc, (eligible certified SLDBE) to perform Municipal and Public Works Construction, fencing, and concrete and asphalt patching. Participation Totals: **\$899,000.00 – 36.02%**

Based upon analysis of SLDBE participation, the Economically Disadvantaged Business Program recommends that the participation submitted by Fleming Construction Company, LLC; and Wallace C. Drennan, Inc., be accepted.

Contract #30015: Restoration of Existing Gravity Sewer by Point Repair and CIPP Lining Sewer Mains at Various Points throughout Orleans Parish

On Friday, November 14, 2014, four (4) bids were received for subject contract. The bid totals are as follows:

Wallace C. Drennan, Inc.	\$1,988,550.00
Fleming Construction Company, LLC	\$2,491,829.25
Boh Bros. Construction Company, LLC	\$2,985,230.00
BLD Services, LLC	\$2,987,435.00

The estimated budget is \$2,500,000.00.

Thirty-six percent (36%) SLDBE participation was requested on this contract.

The apparent lowest bidder, Wallace C. Drennan, Inc., submitted the following subcontractors:

C&M Construction Group, Inc. (eligible certified SLDBE) to perform Municipal and Public Works Construction, Fencing, Concrete and Asphalt Patching
\$342,100.00 – 17.20%

Choice Supply Solutions, LLC (eligible certified SLDBE) to provide industrial pipe
\$180,000.00 – 9.05%

Prince Dump Truck Service (eligible certified SLDBE) to supply sand & aggregate material, and trucking & hauling services
\$196,217.00 – 9.87%

Participation Totals: **\$718,317.00 – 36.12%**

The apparent second lowest bidder, Fleming Construction Company, LLC, submitted the following subcontractors:

Cooper Contracting Group, LLC (eligible certified SLDBE) to perform sewer point repairs
\$124,592.00 – 5%

Hebert Trucking & Equipment Service (eligible certified SLDBE) to supply sand & rock material, and trucking services
\$448,530.00 – 18%

F P Richard Construction, LLC (eligible certified SLDBE) to perform concrete & asphalt street restoration
\$249,183.00 – 10%

Choice Supply Solutions, LLC (eligible certified SLDBE) to provide pipe materials
\$74,755.00 – 3%

Participation Totals: **\$897,060.00 – 36.00%**

Based upon analysis of SLDBE participation, the Economically Disadvantaged Business Program recommends that the participation submitted by Wallace C. Drennan, Inc.; and Fleming Construction Company, LLC, be accepted.

Furnishing Rubber P.V.C. Hip Boots and Knee Boots
REQ NO. YW 15-0001

On Thursday, November 13, 2014 one (1) bid was received for subject contract. The bid total is as follows:

Southeast Safety & Supply	\$199,999.95
---------------------------	--------------

The estimated budget is \$200,000.00.

Thirty-percent (30%) SLDBE participation was requested on this contract.

Southeast Safety & Supply submitted Assorted Products (board certified SLDBE) for the supply of hip and knee rubber safety boots \$ 62,000.00 – 31.00%.

Based upon analysis of SLDBE participation, the Economically Disadvantaged Business Program recommended that the SLDBE participation submitted by Southeast Safety & Supply be approved.

Construction Review Committee Recommendations

The Construction Review Committee met, November 19, 2014 and made the following recommendations.

Open Market Contracts

One year contract, no renewal options

- | | |
|--------------------------|---|
| 1. Contract #1381 | Furnish and Installation of Air Compressors and Associated Equipment at the Main Water Purification Plant |
| Estimated Cost: | \$175,000.00 |
| Suggested Goal: | 23% |
| Areas of Participation: | Demolition, Walkway Installation
Source of funding is Water Bond |
|
 | |
| 2. Contract #1382 | Replacement of the Filter Media at the Filters 1A, 1B, 5A and 5B at the Claiborne Filter Gallery at the MWPP |
| Estimated Cost: | \$1,000,000.00 |
| Suggested Goal: | 35% |
| Areas of Participation: | Removal and disposal of existing sand and anthracite
Source of funding is Water Bond |
|
 | |
| 3. Contract #3795 | Modifications to the North Return Activated Sludge Pump Station and Pipeline at the East Bank Wastewater Treatment Plant |
| Estimated Cost: | \$1,350,000.00 |
| Suggested Goal: | 5% |
| Areas of Participation: | Demolition
Source of funding is Water Bond |

Reviewed at Prior CRC Meeting

One year contract, one (1) one-year renewal option

- | | |
|--------------------------|---|
| 4. Contract #2110 | Water Main Line Replacements and Extensions at Scattered Locations throughout Orleans Parish |
| Estimated Cost: | \$1,000,000.00 |
| Suggested Goal: | 36% |
| Areas of Participation: | Removal, replacement, and restoration
Source of funding is Water Bond |

Staff Contract Review Committee Recommendations

The Staff Contract Review Committee met on November 18, 2014, and made the following recommendations:

Open Market Contract

Open Market, 0% SLDBE Participation, no renewal options.

1. Purchase of Sycamore Filter Gallery and Actuator Equipment at the Main Water Purification Plant

Estimated Cost: \$2,700,000.00

Percentage Goal Justification: Does not lend itself to SLDBE participation because product is a sole source item shipped directly from the manufacturer.

Funding Source:

2014 Water Revenue Bond

Renewal Contract

First renewal of five (5) one (1) year renewal options, 0% SLDBE participation.

2. Furnishing Totalizing Fluid Meters and Counting Devices Water Meters

Renewal Cost: \$1,882,165.20 + Department of Labor 2.8% Unit Price Adjustment

Prime Contractor: Mueller Systems

Percentage Goal Justification: Does not lend itself to SLDBE participation because product is a sole source item shipped directly from the manufacturer.

Funding Source:

Water and Sewer Bond Funding



SEWERAGE AND WATER BOARD OF NEW ORLEANS

November 7, 2014

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

Dear Directors:

Subject: Recommended Changes to Bylaws Article VI Section 5 Executive Committee

The rules associated with Committees of the Board of Directors of Sewerage and Water Board of New Orleans are defined in Article VI of the Bylaws. Sections 1 through 4 and 12 through 18 are common to all Committees. Section 5 defines the role of the Executive Committee.

There are key issues that may be added in order to clarify that defined role: strategic planning; business development; risk management; and information technology.

I recommend that the bylaws related to the Executive Committee be modified to specifically address these responsibilities as shown on the attached proposed update to Article VI Section 5.

Cedric S. Grant
Executive Director

BYLAWS OF SEWERAGE & WATER BOARD OF NEW ORLEANS

ARTICLE VI – COMMITTEES

EXECUTIVE COMMITTEE

Section 5:

The Executive Committee shall act in a deliberative and advisory capacity and to it may be referred any business of the Board for consideration and report, preceding official action by the Board. The following matters are illustrative of those brought before the Executive Committee for consideration: strategic planning; business development; risk management; information technology; pay plans and policies, personnel matters, including but not limited to Equal Employment Opportunity, Affirmative Action, EEO Reports, and Discrimination Complaints; leases; and in general, matters affecting all utilities (sewerage, water and drainage).

BYLAWS OF SEWERAGE & WATER BOARD OF NEW ORLEANS

ARTICLE VI – COMMITTEES

ALL COMMITTEES

Section 1:

There shall be four (4) standing Committees, to be named respectively: the Executive Committee, the Finance Committee, the Operations Committee, and the Committee on Infrastructure and Operating Systems.

In addition, a Pension Committee is established in accordance with the "Rules and Regulations of the Employees Retirement System of the Sewerage and Water Board of New Orleans."

A Plumbing Conference Committee is established in accordance with the Plumbing Code of the City of New Orleans.

Other Ad Hoc Committees may be formed by the Board or by the President of the Board.

The President of the Board shall appoint the Chairpersons and all members of the foregoing Committees. The President of the Board may appoint the Vice Chairpersons of the three (3) standing Committees. The make-up of the Committees may be re-examined periodically and new appointments made so that all members of the Board may participate in all phases of Sewerage and Water Board operations and administration. Each Board member must be assigned to serve on at least one (1) Committee.

Section 2:

The Executive Committee shall consist of five (5) members made up as follows: the President Pro Tern, who shall Chair the Executive Committee, and the Chairpersons of the other three (3) Committees, and the Chairperson of the Plumbing Conference Committee.

Section 3:

Each of the other standing committees shall consist of five (5) members of the Board, to be appointed by the President. Three (3) members of any standing committee shall constitute a quorum.

Section 4:

In the absence of the Committee Chairperson and the Vice Chairperson at any meeting of a committee, the committee may elect a Chairperson Pro Tern.

Section 12:

Any of the Committees may meet upon regular call of the Chairperson and shall meet upon ruling to that effect by the Board.

Section 13:

All reports of Committees for submission at the regular meeting of the Board shall be in writing and action thereon may be deferred to the subsequent regular meeting of the Board.

Section 14:

Both the President of the Board and the President Pro Tern shall be ex-officio members of each and all committees, both with the right to vote the same as any other member of said committees. Both the President of the Board, and the President Pro Tern, when acting as ex-officio members of a Committee in accordance with the foregoing, shall be true members in every sense and shall be counted towards the establishment of a quorum for the meeting.

Section 15:

Action taken by a Committee of the Board shall be by a majority of those present.

Section 16:

Except in instances where the Board shall declare a matter to be an emergency, all matters to be brought before the Board shall first be considered by a Committee of the Board.

Matters that appear before the Board under its consideration of "New Business" shall be assigned by the President or in his absence the President Pro Tem to the appropriate Committee of the Board.

Section 17:

Whenever there is an absence of a quorum required for a Committee of the Board to meet, the Executive Director shall reschedule the Committee Meeting to the next available date and time at which a quorum can be reasonably anticipated. Absent a quorum, there shall be no meeting of the Committee, however, the members present may, if they so desire, receive information or reports pertaining to matters on the agenda for such meeting.

Section 18:

Items not acted upon by the Committee to which they were originally assigned, due to that Committee not meeting because of a lack of a quorum, may, at the discretion of the President or President Pro Tem be placed temporarily upon the agenda of the Executive Committee. If there is no final action taken on the item by the Board, or if the entire matter addressed thereat is not disposed of, any further action regarding the item shall be considered by the Committee to which the item was originally assigned.



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

DATE: November , 2014

FROM: Bobby L. Nathan, EEO/Grievance Manager

TO: Cedric S. Grant, Executive Director

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

I. Federal Equal Employment Activity

There were no new EEOC cases filed in November. A case of "Race Discrimination" and "Work" reported to the EEOC earlier are still being processed.

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

All Cases Year-to-Date:

There have been sixteen (16) General Grievances filed by Sewerage and Water Board employee's year-to-date.

III. Conference/Office Activity:

1. Telephone Calls:

There were twenty (20) telephone conferences held with employees, concerning/involving a job related issue in October 2014. Field investigations are conducted when necessary.

2. Office Visits

Office Conference, counseling of employment issues, and/or non-employment issues can be made by appointment or by walk-in there were eight (8) such consultations held during October 2014.

3. Grievance Committee Hearings

There are two (2) cases pending.

Bobby L. Nathan
Equal Employment Opportunity Officer

EEO Grievance Status 2014 Y.T.D:**October 2014**

Case#	Grievance	Status
01	(Promotion)	Closed
02	(Promotion)	Closed
03	(Promotion)	Closed
04	(Retaliation)	(No Cause Found) Closed
05	(Promotion)	Closed
06	(Harassment) – Employee is working with supervisor	Closed
07	(Harassment) – No follow up by employee	Closed
08	(Harassment) – No follow up by employee	Closed
09	(Harassment) – Case being processed by EEO	Closed
10	(Race Discrimination) – Case being processed by EEO	Open
11	(Work) – Employee complained about a Pension Committee	Closed
12	(Harassment) – Employee complaint, No follow up	Closed
13	(Harassment)	Grievance Committee Hearing <i>Pending</i>
14	(Harassment)	Grievance Committee Hearing <i>Pending</i>
15	(Race Discrimination)	Case being processed by EEOC <i>Pending</i>
16	(Work) - Denied equipment needs	Case being processed by EEOC <i>Pending</i>

Sewerage and Water Board of New Orleans Tracking Tool for Commitments to City Council November 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.	On target. 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.	Staff developing recommendations for consideration by Committees and the Board of Directors.	Strategy IV Tactic I.5
	E. Appoint Board members from recommendations submitted by university presidents.	October 2013 original May 2014 revised	Completed. New board members appointed on May 22, 2014.	None.	Strategy IV Tactic I.6
	F. Establish dedicated independent oversight of Sewerage and Water Board determined by the City Council.	Not determined.	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

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

■ On Target
 ■ Delayed
 ■ Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
II. Customer Service Improvements	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.	December 2016	On target. Request for Information issued to potential vendors. Information submitted by ten vendors reviewed by staff and interviews conducted. Requests for proposals issued by other utilities being reviewed. A revised standard for purchasing new meters has been completed. Project will be fully initiated following implementation of new billing system.	Continue replacement of existing manual-read meters with electronic-read meters. 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. Confirm targeted completion date following implementation of new customer account management 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.	December 2013 original December 2014 revised	Delayed. Alternatives identified and evaluated in New Orleans East.	Original request for proposals was for unimproved space. Contract change order negotiated for move-in-ready space. Evaluate public space alternative prior to proceeding.	Strategy III Tactic H
	C. Replace existing billing application with new software that includes online customer account management capabilities.	January 2015 original March 2016 revised	On target. Customer Account Management System from Cogsdale Corporation implementation underway.	Project implementation began September 2014.	Strategy III Tactic C
	D. Replace existing work order application with new software that includes online work order tracking and appointment scheduling capabilities.	December 2017	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
	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
III. Service Assurance Program	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.	Increase in funding completed January 2013. Focus on improved customer awareness.	Strategy III Tactic I.1

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

Status Key  **On Target**  **Not Started**  **Delayed**  **Needs Attention**

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
	B. Expand Water Help program to provide assistance with plumbing repairs.	June 2013 original March 2014 revised	Underway. Program provides up to \$250 for plumbing repairs on the customer's portion of the service line. Participation by customers is significantly lower than anticipated.	Allocation of funding completed January 2013. Focus on improved customer awareness.	Strategy III Tactic I.2
	C. Pursue legislative change to allow adjustments for water lost through customer leaks.	March 2013 original August 2014 revised	Completed. Staff evaluated several different alternatives to allow adjustments for water lost through customer leaks. However, these recommendations did not comply with existing interpretations of the Louisiana Constitution by the state attorney general.	None.	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. Staff recommended that the Board not adopt a waiver of these service charges based on means testing. Recommendations accepted by Board of Directors in July 2013.	None.	Strategy III Tactic I.4
	E. Evaluate reduction in late payment fee, disconnect fee, returned check fee, and deposits.	March 2013 original June 2013 revised	Completed. Because of the significant revenue loss associated with a reduction in late payment fees and disconnected fees, staff recommended that consideration of changes to these fees be deferred until after the first full year of revenues have been received from the new rates in order to ensure that revenues from the new rates are sufficient to allow for this offsetting reduction in fees while still accomplishing other financial objectives. Revenues from the new rates have not been sufficient to allow reduction in fees.	None.	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 underway for frontline employees. Performance measures being reviewed and developed.	Process documentation, analysis, and improvement objectives combined with cost reduction are included in several senior management goals. Document and report improvement results.	Strategy II Tactic D Strategy IV Tactics B and H Strategy IV Tactic M

IV. Operational Reforms

Sewerage and Water Board of New Orleans

Tracking Tool for Commitments to City Council

November 2014

Status Key  On Target  Not Started  Delayed  Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
	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 2013 by 11.0%. School system billing initiated for consumption beginning July 2013. No changes to related laws were initiated for 2014 Louisiana legislative session.	Continue work with property administrators at municipal facilities to identify opportunities for reduced consumption. Coordinate with revenue-producing agencies to pursue legislative relief from burdensome requirements for free service.	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 work 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. The amount written off as uncollectable has reduced from 10.23% in 2010 to 1.52% in 2013.	Perform analysis to identify additional tactics to improve performance in this area.	Strategy IV Tactic G
	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. Complete audit for 2013. Improve measurement capabilities for water production volumes. Monitor results of water line replacement program for reductions in water loss.	Strategy IV Tactic K
	G. Enhance long range planning by developing a Facilities Plan for 2015-2035.	December 2014	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

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

Status Key					Needs Attention	
On Target					Delayed	
Not Started					Needs Attention	
Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference	
V. Economic Opportunities	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, resulted in \$379,539 additional sewer revenue in 2013.	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 remaining obligation owed to the Department of Public Works in three equal installments beginning December 2014.	Strategy II Tactic E	
	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 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. 2014 Capital Budget fully funded. Progress on capital projects will be reported as part of Item VII.G below.	Continue execution of capital improvement program.	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. 2014 Capital Budget fully funded. Progress on capital projects will be reported as part of Item VII.G below.	Continue execution of capital improvement program.	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	

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

Status Key On Target Not Started Delayed Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
	B. Implement a systematic approach to process documentation, analysis, and improvement.	June 2013	On Target	On target. Training program developed and contract for training delivery awarded. Departmental training plans developed in March 2014 and business skills training began in April 2014. Improvement initiatives identified by training participants.	Strategy II Tactic D Strategy IV Tactic H
	C. Perform follow-up reviews to document results and efficiencies achieved.	January 2014 original <i>December 2014 revised</i>	On Target	Status report underway.	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.	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.	Strategy IV Tactic M
	F. Initiate annual meetings with citizens of each council district to regularly report on organizational performance results.	May 2014 original <i>December 2014 revised</i>	On Target	Status report underway.	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

Presented for your careful consideration by Board Member Alan Arnold

Management responses shown in bold below. October 2014

ANALYSIS OF NET ASSETS ON BALANCE SHEET

all numbers in this request for answers to questions are in thousands

	2004	2009	2013
	1,826,416	2,248,235	2,891,420
Depr	(546,973)	(643,843)	(783,552)
Net	1,279,442	1,604,392	2,107,837
Unrestricted Cash available	3,043	21,159	30,326
Free Cash Flow(exc grants)	58,991	26,051	52,972
% rate of return on assets	4.6	1.6	2.5
Long Term Debt	270,900	228,878	170,255
% of Assets	21.1	14.3	8.1

Of the \$828,395 increase since 2004, how much was contributed capital from Fed, State or other sources?

Essentially all capital improvements made between 2005 and 2013 were funded by contributed capital from federal and state programs.

Of the work completed, how much was repair of damage from the storm at market rate and how much was new construction?

Essentially all capital improvements made between 2005 and 2013 were for construction related to damage following Hurricane Katrina.

The 5 year Capital Budget in 2004 was 1.9 billion. Of the items listed in that budget, which ones have actually been constructed?

Management has not analyzed the 2004-2008 Capital Improvement Plan to determine which projects have been constructed as that plan was made irrelevant by the damage following Hurricane Katrina. Instead, a new capital improvement plan was developed based upon the new needs that existed as a result of the storm.

Isn't a budget supposed to reflect capital needs THAT WILL BE MET in each year or is it just a Capital Needs Statement?

Prior to 2014, management used the Capital Improvement Plan to identify capital needs and the preferred schedule for constructability, noting that funding was not available at that time to fully execute the plan. Beginning in 2014, the Capital Improvement Plan was developed to provide for full funding within the constraints of the program of water and sewer rates adopted for 2013-2020.

Is it the intention of this Board to budget capital needs each year based on greatest need and ability to pay?

It is management's intent to recommend a capital budget each year based upon priority, constructability, and funding availability.

Would it not be helpful if the Board was furnished comparative statistics such as rate of return and debt to equity and other metrics from systems that are similar to ours?

Comparative financial statistics are particularly helpful when establishing water and sewer rates to achieve particular financial objectives. The key financial metrics used between the occasions for establishing water and sewer rates are the debt service coverage ratio and the days of unrestricted cash on hand.

The drainage department would have to be treated separately since at present it is supported only by property taxes. Water and sewer can be treated as a single unit since there are many publicly owned systems that are supported only by fee for service.

ANALYSIS OF MAJOR LIABILITIES OTHER THAN DEBT

	2,004	2,009	2,013
Pension	0	1,855	15,430
Post Ret Health	0	24,474	54,778

The pension plan is presently under scrutiny by the Pension Comm. However the question is why the liability of \$15,430,000 on the Balance Sheet is different from the unfunded liability amount reported in the Actuarial Report? That amount for 2013 is \$62,379,320.

This information will be provided under separate cover.

The Post Retirement Health Benefit plan has had a dramatic increase. The cost curve appears to be out of control. This is a defined benefit plan like the pension plan. In my two years this activity was never reported on by the Finance Comm who must have had the oversight responsibility. I was on the Pension Comm and it was not included in its duties of oversight. This matter needs immediate attention. The questions are too numerous for this report. Isn't the Pension Comm with its employee members better suited to handle this issue?

Post-retirement health benefits are paid on an annual cost basis. The difference between the annual cost basis and the actuarial basis is a non-cash expense recorded as a long-term liability. Changes to the funding for post-retirement health benefits are appropriately considered by the Finance Committee according to the Sewerage and Water Board bylaws. The cost of these benefits is not paid from Pension Fund assets.

A copy of the actuarial report should be furnished to the appropriate committee. Regardless, I request a copy of the report ASAP.

A copy of the actuarial report as of January 1, 2014 has been provided to the Finance and Pension Committees and will be provided to other members of the Board of Directors upon request.

ANALYSIS OF OPERATING EXPENSES

2004

2009

2013

Total (exc depr&amor) major increases	115,938	130,574	144,693
Adm & Gen	14,978	13,504	17,333
Payroll related	18,794	35,085	34,928

Payroll expenses for other than adm & gen are included
in the costs of the other general department categories

Comparing these line items from the annual report with the OPERATING BUDGET is not possible because different categories are used. Payroll Related is only \$10,573 in the BUDGET.

Of the \$28,785 increase from 2004 to 2013, \$18,561 was due to these two categories or 64.5%. An explanation is requested especially because of the change in the head count.

Until 2007, the Board recognized the cost of providing post-employment medical benefits as an expense when the benefit premiums were due. Adoption of GASB Statement 45 ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS changed how the cost was computed to an actuarial basis, making the numbers reported in the 2004 CAFR no longer comparable to the corresponding numbers reported in 2013.

Personnel head count	1,118	836	871
Payroll			
regular	30,165	29,947	29,706
overtime & other	8,886	15,795	17,319
Total	39,051	45,742	47,025
reg per person av	27	36	34
total per person av	34.9	54.7	53.9
PAYROLL RELATED per emp	16.8	41.9	40.1
Total	51.7	96.6	94.0

There is a sizable difference between the headcount in the 2013 annual report and the Black & Veatch report of April 2014. It states the head count at 1,028. What is the basis of the difference?

The 2013 CAFR report headcount is as of December 31, 2013. The Black & Veatch report headcount is as of the time when their review was performed.

Have we hired 157 new employees since Jan 1 2014?

Sewerage and Water Board has hired approximately 130 employees since January 1, 2014. However, approximately 110 employees have terminated service since that time.

It states 189 additional employees need to be hired to fill vacancies. Is that report an accurate

picture of personnel?

Yes, that is a reasonable estimate.

What part of the 2013 payroll was sick pay, vacation pay, and overtime?

This information will be provided under separate cover.

Please break down the components of PAYROLL RELATED.

This information will be provided under separate cover.

Of the net 247 employees released after the storm, how many had vested pensions and what was the average length of their employment?

Management did not perform an analysis of the pension status and average length of employment for employees who terminated service following Hurricane Katrina.

What was the value of their regular salaries?

Management did not perform an analysis of the value of their regular salaries for employees who terminated service following Hurricane Katrina.

Of the new employees hired since the storm, how many were working for city and brought their retirement vesting rights with them?

Management did not perform an analysis of the employees hired following Hurricane Katrina who had previously worked for the city and brought their retirement vesting rights with them. Note that any employees who joined Sewerage and Water Board after previous service with City of New Orleans also brought their retirement contributions with them.

Does civil service give special preference to employees working for the city over other civil service workers in state or public systems?

No.

In general does civil service give preference to civil service workers over those in the private sector if qualifications are similar??

For jobs that are original entry positions, there is no preference given between civil service workers and private sector applications. For jobs that are promotional positions, there are no applications received from outside the civil service system.

Are sick days and vacation earned a function of Civil Service or is discretion allowed to the employer?

The allotment of sick days and vacation days is part of the Civil Service rules and regulations.

Every employee earns a maximum of 13 sick days per year.
What was the total number of sick days cashed in 2013?

This information will be provided under separate cover.

What was the average per employee?

This information will be provided under separate cover.

As stated in the annual report except for a few individuals hired before Jan 1, 1979 all employees earn 13 vacation days per year. Bonus days are earned for length of service up to a maximum of 20 days for 20 years of service. However only a maximum of 45 days can be cashed and only at separation. If that is correct, what is the average amount of vacation days cashed in a year at separation?

This information will be provided under separate cover.

Is this also purely a function of Civil Service regulations or is any discretion allowed?

The limitation on days which may be earned during service and cashed upon termination is part of the Civil Service Rules and Regulations.

In 2013 what was the highest amount of overtime earned by one employee and what was the average and the mean for all employees?

This information will be provided under separate cover.

How many employees (excluding top mgmt) collected no overtime?

This information will be provided under separate cover.

What amount of overtime is attributable to covering vacation, sick days and holidays?

Industry best-practices indicate that utility-wide overtime of approximately 7% to 8% as compared to regular time is for covering vacation, sick days, holidays, and the twenty-first shift of round-the-clock schedules as well as for completion of jobs begun on regular time but completed most efficiently by the same workers.

What amount is attributable to understaffing?

The amount in excess of the 7% to 8% would be attributable to understaffing.

Are essential employees rotated so weekends are not overtime?

Yes.

Of the other expenses, Maintenance of General Plant needs an explanation.
It has increased from \$10,764,000 in 2004 to \$27,647,127 in 2013. Is that a number that is

expected to grow at least at the inflation rate or has much of that been catch up and covered by FEMA reimbursement and will begin a reversal to the mean?

Maintenance of General Plant has increased due to: repair of storm-related damage of existing infrastructure; ongoing age-related maintenance of existing infrastructure; increased costs following Hurricane Katrina; temporary facilities to be maintained such as temporary sewer bypass pump stations; and new facilities to be maintained such as backup power generators and drainage and sewer pump stations. While storm-related damage of existing infrastructure will eventually be completed; the remaining maintenance will continue on an on-going basis.

In conclusion the staffing problem is the most important issue facing the Board now that the capital needs are being addressed. The 2014 Black & Veatch report highlights that fact in its report.

It lists three main problems to solving the problem: 1) Lack of Qualified Candidates 2) Cumbersome Hiring Process 3) Pay Limits and Residency Requirements. My analysis suggests that our current compensation system is a product of the past. To compensate for low salaries the Board adopted a very generous benefits program that pushed the costs into the future just as it did with the Capital Program. Those costs are now damaging the system and will hamper a solution to the staffing problem.

It is imperative that we design a pay system that we can afford without jeopardizing the 10 yr Capital Program. Fairness to the existing loyal hard working employees is important however difficult to define but we must try. It is clear to me that changes to both the pension plan and the post retirement benefits is necessary. That process cannot be done in a piecemeal fashion. It request immediate attention and very careful analysis.

ANALYSIS OF REVENUE AND BUDGET ESTIMATES OF REVENUE

Revenue is going up due to the increase in rates. However the projected increase in the number of customers appears to be high based on available estimates from reliable sources like the Community Data Center of New Orleans. It uses mail addresses and Entergy connections to determine growth patterns. Observers also point out that there is very little in the way of new single housing being created. Most of the action is in renovation. In that case a unit may have already been counted, than goes offline during renovation and then comes back on when finished.

The description and numbers of units is not in the annual report. A five year history and projection is included in the Official Statement for the bond sale which projects a 2% annual increase in both single family and multi family units for the next five years. This projection is critically important to the budget process for estimating future revenues. It also projects commercial units to increase by 2%.per yr and industrial is flat. From 2008 to 2013 multi family increased at 1.5% per yr. Commercial units increased 1% per year.

In 2014 YTD we are below budget for revenue. A thorough analysis of the revenue budget process is requested. Outside data sources and organizations will be needed in the process.

This report also is flawed in that it gives a false picture of the market that the S&WB serves. The 2010 census states that approximately 47% of the population estimated at 379,000 in 2013

live in owner occupied housing, therefore 53% are renters.

Management respectfully disagrees that the report is flawed.

The table shows, as a defined term ,106,039 Single Family residents as customers. It lists 4,508 as Multifamily Residential customers. It lists the sales per customer in the single family unit as 51,000 gallons per year. That is an average of 4,250 gal per customer per mth. That is less that the average of 5,300 per mth published in the Official Statement which projects affordably and ranking among regional peers. The cost of that average amount is \$63.52 per month. I live in a 3600 sq. ft. home uptown. My youngest son lives with us while renovating his first time home purchase, an old shotgun double in the Carrollton area. My S&WB bill from Jan-Aug averaged \$80 for the three of us. We do have grass and plants to water. Therefore it is reasonable to assume that an average of 3 persons live in each unit. That suggests that 318,117 people live in the category Single Family Residents. The average multifamily consumption is 147,000 gal. That is 2.9 times greater than the average per address for the single family customer which suggests 8.7 persons live in the 4,508 multi family addresses or 39,219 persons. When that is added to the single family residents the total is 357,336, which is about 20,000 less that the population. The conclusion is that of the 318,117 living in single family units at least 190,800 are living in rental units which equates to 60% of the reported total.

If every rental unit is separately metered, it will also have a separate address for mail and should be separately billed for both S&WB and sanitation. Obviously there are some rental units in a double or other with only one meter for S&WB. That means that the owner is being billed for S&WB and sanitation but in all likelihood the renter has a mailing address and is separately metered for power and directly billed by Entergy. For example does the owner of a shotgun double get 2 sanitation charges if one side is rented and not metered for water?

Rules for billing of sanitation charges are established by the City of New Orleans, which provides information to Sewerage and Water Board on the number of units to be billed.

Since the S&WB is responsible for billing for sanitation how is the situation of two sets of cans handled?

Sewerage and Water Board is responsible for billing the number of sanitation units identified by the City of New Orleans, but is not responsible for determining how many sanitation units are assigned to each dwelling.

In the Black & Veatch report it states that S&WB staff estimate there are 129,000 meters in the system. The total number of customers reported in Official Statement is 120,591. Is water shut off to 8409 meters or Is there a large category of units that receive metered water but are not considered customers?

No.

How many units are inhabitable?

Sewerage and Water Board does not currently keep records on inhabitable versus uninhabitable properties.

Of the total how many units have had the water shut off for failure to pay?

There were 20,385 accounts turned off for non-payment in 2013. However, the number of units turned off will be less than that total due to some accounts being turned off more than one time during 2013.

If the water is turned off how long is a resident allowed to occupy the unit if a payment plan is not established?

Sewerage and Water Board does not determine how long a resident may occupy a property after water service has been turned off.

At what point does the health department or other city agency get involved?

No other city agencies are involved in the delinquent account or service turn-off process.

The foregoing may be inaccurate but it helps to more correctly describes the market served than the present description. This distinction is important because it has a bearing on Board policy and creates a more complete description of the customer accounts receivables including the aged accounts that will be written off.

Recognizing that the collection rate is an excellent 98% at present, problems could be developing with the price increases for the next 10 years and the proration of partial collections with sanitation. There was a 25% increase in 2013 for provision for doubtful accounts.

The Board's stated policy is to write off as uncollectable customer receivables when 3 years is reached.

The finance committee should be closely monitoring that report. I think the report becomes more valuable if the Single Family units that are rental are properly identified. There needs to be special attention given to the accounts of the low income residents in our community for both humanitarian and business reasons.

It is more probable that payment difficulties will occur with renters that we classify as single family residents.

If an account goes into a payment plan, how long does the customer have to repay the outstanding bills?

The typical payment plan is for three to six months. However, each customer's circumstances are evaluated separately and may be extended in certain cases for up to thirty-six months.

How are delinquent fees handled in a payment plan?

Delinquent fees incurred prior to the payment plan are included in the plan. There are no delinquent fees incurred while the customer makes the scheduled payments during the plan. However, if the customer does not make the payments according the schedule, the service is turned off immediately without further notice.

Until the customer begins paying (not inc int) the customer eventually needs to pay MORE THAN the normal monthly bill or the outstanding balance will continue to increase. Can a payment plan continue indefinitely?

No.

If a customer on a payment plan vacates the premise
what recourse does the Board have to collect the balance?

Sewerage and Water Board has the same actions available for collection of delinquent accounts for customers who vacate their resident prior to completion of a payment plan as for customers who vacate their resident without signing a payment plan.

Is the debt reported to credit agencies?

The collection agency retained by Sewerage and Water Board reports delinquent accounts to credit agencies.

Is there any formal collection procedure for bad debts?

Yes. The Service Rules and Regulations govern the process for collection of accounts receivable.

Why wait 3 years to write it off?

The debt remains collectable for up to three years following when the account was last billed.

What percentage of our bad debts come from the Payment program caused by residents who vacate the premise?

Management has not computed statistics on what percentage of bad debts come from customers on payment plans who vacate their residence prior to completion of the payment plan.

The Board's official policy states that it administers its Water Assistance Program for qualifying customers in need of assistance. There are presently 1,400 participants in the program. It is limited to single family residents only. Does that include renters as well as owner occupied residents?

Yes, the Water Help program is available to renters and owner-occupied residents. However, there are not currently 1,400 participants in the program. There have been 384 accounts provided with assistance through this program during January through September 2014.

The Board should be furnished a description of the assistance program and the payment plan details. Additionally, an aged receivables account should be furnished and reviewed periodically by the appropriate committee. I request a copy of those reports.

Extensive information on the Water Help program has been provided to the Operations Committee during 2013 and 2014. Information on accounts receivable balances between 30 and 120 days old and more than 120 days old is provided to the Operations Committee each month.

Has the Board ever done a cost benefit analysis between incurring bad debts among the poorest among us vs increasing the amount of support in the Water Assistance Program?

There has not yet been an adequate length of time since the increased funding of Water Help to determine if it has resulted in a corresponding decrease in bad debts. The increase to Water Help occurred in January 2013 and the delinquent accounts for 2013 will not be written off until January 2016.

As for engineering questions I am clearly unqualified but I have one question that has a large financial component. That pertains to the use of the Carrollton power plant vs. purchased power from Entergy. I recognize that Board's plant is vital to the continuous operation of the system during times of weather and emergency incidents that can interrupt power from Entergy. It costs \$.33 per KW hr just to purchase the fuel to run the Board's power plant to generate power. It costs \$.10 per KW hr to purchase power from Entergy. That equates to \$57,039 for 590,955 hrs for Entergy vs \$128,481 for 336,350 hrs for fuel for the power plant.

I have had discussions with engineers that I respect that claim that mix could be more heavily weighted to Entergy without jeopardizing the integrity of the main function to provide back up for the continuous operation of the system during weather conditions or other emergencies that could negatively impact the system.

To accomplish the goal of a fair, intelligent analysis of this possibility, outside experts would need to be brought to the table to interact with our engineering staff. It seems logical if this was possible our staff would be making proposals to study the issue. It is reasonable to assume that they have done their analysis and have made the decision it is not viable. With great to all involved, differences of opinion on issues like this occur all of the time in many industries. However in many cases after rethinking the issue from a different perspective with help from talented professionals, often positions can change and great rewards can be forthcoming. We are dealing with a large financial reward if that could happen in this issue confronting the S&WB. What have we got to lose by trying?

The reliability of the public power system must be evaluated in conjunction with the needs for uninterrupted power by the Sewerage and Water Board system. While alternatives are evaluated for consideration, cost savings cannot be realistically and meaningfully achieved by trading reliable service for occasional system disruptions and boil water notices.



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: November 25, 2014
To: All Level I and Level II Managers
From: Cedric S. Grant, Executive Director *CAG*
Re: Notice of Temporary Closure for the Board Room

Please be advised that the board room will be closed for audio visual renovations from December 18, 2014 to January 20, 2014. We appreciate your patience and understanding at this time.