

SEWERAGE & WATER BOARD OF NEW ORLEANS

FINANCE & ADMINISTRATION COMMITTEE MEETING

MONDAY, NOVEMBER 16, 2015

3:00 PM

Scott Jacobs, Chair • Joseph Peychaud, Vice Chair • Kimberly Thomas • Dr. Tamika Duplessis • Kerri Kane

FINAL AGENDA

ACTION ITEMS

1. General Superintendent's Recommendations
2. Change Order(s)
3. Assignment of Contract 1378 from Plant-N-Power, LLC to Plant-N-Power, Inc. (R-209-2015)
4. Green Infrastructure Climate Adaptation Support Tool (R-218-2015)
5. Green Infrastructure RFP Recommendations
 - Award of Green Infrastructure Project – SWB Downtown Administrative Building Stormwater Green Roof To Hanging Gardens, LLC (R-206-2015)
 - Award of Green Infrastructure Project – Aurora Raingardens To GAEA Engineering Consultant, LLC (R-207-2015)
 - Award of Green Infrastructure Project – Coliseum St. Bioswale To GAEA Engineering Consultant, LLC (R-208-2015)
6. 2016 Healthcare Plan Renewals
 - Healthcare Plan Consultant Renewal (R-215-2015)
 - 2016 Health Insurance Administration Renewal (R-216-2015)
 - 2016 Health Insurance Employee/Retiree Contribution/Deduction (R-217-2015)
7. Addendum to Agreement Between Sewerage and Water Board of New Orleans and Entergy New Orleans Inc. for High Pressure Gas Service (R-214-2015)
8. Acceptance of the Report on Operations for 2014 (R-200-2015)

PRESENTATION ITEMS

9. Preliminary 2016 Operating & Capital Budgets and Preliminary 2016-2025 Capital Improvement Program
10. Cooperative Endeavor Agreement between the Sewerage & Water Board of New Orleans and the City of New Orleans and Deltares USA, Inc.
11. Financial Results through September 2015

INFORMATION ITEMS

12. DBE Participation on Contracts
 - Construction Review Committee
 - Staff Contract Review Committee
 - Final Acceptance Contracts with DBE Participation
 - DBE Participation Report
13. Customer Service Results through October 2015
14. EEOC Activity Status Report
15. FEMA Project Worksheet Status
16. Review of Previous Report
17. Any Other Matters

**GENERAL SUPERINTENDENT RECOMMENDATIONS
FOR THE NOVEMBER 18, 2015 MEETING**

- A. **BIDS**. A listing of the bids received during the month of October is included in the following report. A brief summary is attached for your review.

Item 1 - R-201-2015 - FURNISHING AND DELIVERING GASOLINE AND DIESEL FUEL - YG160070

B. **EMERGENCY REPAIR**

Item 2 - R-202-2015 - EMERGENCY BIDS FOR 2015 INSPECTION OF STEAM TURBINE #3 AT CARROLLTON WATER PLANT

B. **CONTRACT RENEWAL**

Item 3 - R-203-2015 - FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING RUBBER P.V.C. HIP BOOTS - REQ. NO. YW150001

C. **CONTRACT FINAL ACCEPTANCE**

Item 4 - R-204-2015 - CONTRACT 3668 - HURRICANE RELATED 404 HAZARD MITIGATION GRANT PROGRAM - REPLACEMENT OF VICTORIA SEWAGE PUMPING STATION

- R-205-2015 - CONTRACT 8137 - PAVING OPEN CUTS IN STREETS, DRIVEWAYS AND SIDEWALKS FROM THE REPAIR OF THE S&WB OF NEW ORLEANS UNDERGROUND UTILITIES

GENERAL SUPERINTENDENT RECOMMENDATIONS
REPORT OF FINAL ACCEPTANCE TO BE
CONSIDERED BY THE FINANCE COMMITTEE AND
THE BOARD'S MEETING OF NOVEMBER 18, 2015

During September 2015 bids were received and evaluated (as per attached tabulations) and on various items as follows:

1. FURNISHING AND DELIVERING GASOLINE AND DIESEL FUEL - REQ.
NO. YG160070

Three (3) bids were received on September 24, 2015 for furnishing and delivering gasoline and diesel fuel. It is recommended that the low bid of **Petroleum Traders Corporation** in the total amount of **\$1,063,629.52**, be accepted based upon the technical review of the proposals.

The three (3) bidders are as follows:

| | |
|---|-----------------------|
| 1. Petroleum Traders Corporation | \$1,063,629.52 |
| 2. Lard Oil Company | 1,063,807.92 |
| 3. Retif Oil & Fuel | 1,082,039.32 |

There is no DBE participation.

The estimated amount for this project is \$1,610,000.00.

Funds for this project are budgeted under Account Code 0840 (Garage II) and Object Code 3230 (Rep & Maintenance Equipment & Machin).

The estimated amount for this project is \$1,610,000.00.

Funds for this project are budgeted under Account Code 0840 (Garage II) and Object Code 3230 (Rep & Maintenance Equipment & Machin).

GENERAL SUPERINTENDENT RECOMMENDATIONS (CONT'D)

November 18, 2015

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2.

EMERGENCY BIDS FOR
2015 INSPECTION OF STEAM TURBINE #3
AT CARROLLTON WATER PLANT

PROPOSAL:

Steam Turbine Generator #3 at the Carrollton Water Plant Power House was losing vacuum, rendering it inoperable. Its loss greatly impairs our Operations Department's ability to provide reliable power to the Sewerage & Water Board's Water and Drainage System for the City of New Orleans.

Requests for letter proposals were provided to five (5) firms known to the Sewerage and Water Board of New Orleans to have the expertise, experience, appurtenances, and skilled manpower necessary for the emergency inspection of the Steam Turbine #3.

EVALUATION:

Three (3) bids were received on Friday, October 2, 2015 for the Emergency Letter Bid Specifications for 2015 Inspection of Steam Turbine #3 at Carrollton Water Plant. The lowest formal bid of Industrial and Mechanical Contractors, Inc., in the total net amount of \$539,655.00 was accepted. This emergency letter bid is being performed under Capital Program 701. There is no DBE participation in this contract.

RECOMMENDATIONS:

Ratification of award of Emergency Letter Bid to Industrial and Mechanical Contractors, Inc., in the total net amount of \$539,655.00 and instructions to begin work after "Notice to proceed" on Friday, October 2, 2015.

GENERAL SUPERINTENDENT RECOMMENDATIONS (CONT'D)

November 18, 2015

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3.

FIRST AND FINAL RENEWAL OF CONTRACT FOR
FURNISHING RUBBER P.V.C. HIP BOOTS
REQ. NO.YW150001

PROPOSAL:

The contractor, **Southeast Safety & Supply**, has requested that the Board renew their current contract effective January 1, 2016, as allowed under this contract with no increase in cost and with no change in terms and conditions of their original contract, with the total being **\$199,999.95.**

EVALUATION:

The original contract for Furnishing Rubber P.V.C. Hip Boots was awarded to **Southeast Safety & Supply**, by the Board at its meeting of December 17, 2014 in the total amount of **\$199,999.95.** If approved, this would be the first and final renewal as allowed under the terms of the contract. The DBE participation is 30%. Funds for this project are budgeted under Account Code 0850 (Warehouse & Grounds) and Object Code 9916 (Miscellaneous).

RECOMMENDATION:

It is recommended that the Board approve this first and final renewal to **Southeast Safety & Supply** in the total amount of **\$199,999.95.**

GENERAL SUPERINTENDENT RECOMMENDATIONS (CONT'D)

November 18, 2015

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4.

REPORT OF FINAL ACCEPTANCE

PROPOSAL:

Contracts 3668 and 8137 be considered for acceptance.

EVALUATION:

Contract 3668 - **Industrial & Mechanical Contractors, Inc.** - Hurricane Related 404 Hazard Mitigation Grant Program - Replacement of Victoria Sewage Pumping Station. Total Contract Bid \$1,224,990.00. Total Contract Expenditure \$1,249,570.98. Date Work Order Issued March 5, 2014. Date Work Accepted June 10, 2015. The DBE Participation Goal is 36%. The DBE participation achieved is 40.65%.

Contract 8137 - **Fleming Construction Co., LLC** - Paving Open Cuts in Streets, Driveways and Sidewalks from the Repair of S&WB of New Orleans Underground Utilities. Total Contract Bid \$5,588,000.00. Total Contract Expenditure \$6,791,744.03. Date Work Order Issued December 2, 2011. Date Work Accepted June 2, 2015. The DBE participation Goal is 38%. The DBE participation achieved is 54.4%.

RECOMMENDATION:

The above contracts are recommended for acceptance.

JRB/J
RNOV15.GSR

**FURNISHING AND DELIVERING GASOLINE AND DIESEL FUEL - REQ. NO.
YG160070**

BE IT RESOLVED by the Sewerage and Water Board of New Orleans that three (3) bids were received on September 24, 2015 after advertising according to the Public Bid Law, for Furnishing and Delivering Gasoline and Diesel Fuel. The low bid was hereby accepted and contract awarded therefore to **Petroleum Traders Corporation** for the total amount of **\$1,063,629.52.**

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**EMERGENCY BIDS FOR 2015 INSPECTION OF STEAM TURBINE #3 AT
CARROLLTON WATER PLANT**

BE IT RESOLVED by the Sewerage and Water Board of New Orleans that one (1) bid was received on Friday, October 2, 2015 after advertising according to the Public Bid Law, for Emergency Letter Bid Proposals for 2015 Inspection of Steam Turbine #3 at Carrollton Water Plant. The formal bid was hereby accepted and contract awarded therefore to **Turbine General Maintenance, Inc. (TGM)** for the total amount of **\$539,655.00**.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**FIRST AND FINAL RENEWAL OF CONTRACT FOR FURNISHING RUBBER P.V.C.
HIP BOOTS - REQ. NO. YW150001**

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

WHEREAS, the contractor, **Louisiana Vegetation Management, Inc.**, desires to exercise its renewal option as allowed under this contract with the total being **\$156,450.00** for furnishing chemical control of foliage at specified Sewerage and Water Board locations within the city of New Orleans.

NOW, THEREFORE, BE IT RESOLVED, that the request of **Louisiana Vegetation Management, Inc.**, for this first and only renewal, effective October 1, 2015, is hereby approved.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**FINAL ACCEPTANCE AND CLOSE OUT TO CONTRACT 3668 - HURRICANE
RELATED 404 HAZARD MITIGATION GRANT PROGRAM - REPLACEMENT OF
VICTORIA SEWAGE PUMPING STATION**

WHEREAS, Contract 3668 is ready for Final Acceptance by the
Sewerage & Water Board of New Orleans; and

WHEREAS, the General Superintendent in his report has
recommended that this contract receive final acceptance and be
closed out.

NOW, THEREFORE, BE IT RESOLVED, by the Sewerage and Water Board
of New Orleans that the recommendation of the General
Superintendent to authorize final acceptance and to close out
Contract by **Industrial & Mechanical Contractors, Inc.** for
Contract 3668, is hereby approved.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

FINAL ACCEPTANCE AND CLOSE OUT TO CONTRACT 8137 - PAVING OPEN CUTS IN STREETS, DRIVEWAYS AND SIDEWALKS FROM THE REPAIR OF THE S&WB OF NEW ORLEANS UNDERGROUND UTILITIES

WHEREAS, Contract 8137 is ready for Final Acceptance by the Sewerage & Water Board of New Orleans; and

WHEREAS, the General Superintendent in his report has recommended that this contract receive final acceptance and be closed out.

NOW, THEREFORE, BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the recommendation of the General Superintendent to authorize final acceptance and to close out Contract by **Fleming Construction Co., LLC** for **Contract 8137**, is hereby approved.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

RATIFICATION OF CHANGE ORDER NO. 3 FOR CONTRACT 3788 – 404 HAZARD MITIGATION GRANT PROGRAM – BURKE SEWAGE PUMPING STATION

WHEREAS, the Sewerage and Water Board entered into Contract 3788 with Industrial & Mechanical Contractors Inc., for FEMA funded Hazard Mitigation Grant Program to Burke Sewage Pumping Station in the bid amount of \$1,388,183.00, and

WHEREAS, in the course of this construction, it was required to install an emergency ballast in the light fixture in the bottom of the station and install a 1" PVC line from the air release valve to the wet well, at an additional cost of \$1,284.75. This cost will be eligible for FEMA reimbursement, and

WHEREAS, the contractor was directed to install a 8" spool piece and pedestal to the EDC, and install a drain line under the backflow preventer, at an additional cost of \$3,653.53. This cost will be eligible for FEMA reimbursement, and

WHEREAS, the contractor was directed to remove the existing, abandoned electrical platform and to install a high strength concrete driveway to allow service vehicles to access the facility, at an additional cost of \$5,818.74, and will NOT be eligible for FEMA reimbursement.

WHEREAS, the Sewerage and Water Board has previously approved Change Orders for this Contract in the amount of \$104,148.00. This Change Order, in the amount of \$10,757.02, brings the accumulated total to \$114,905.02, which is 8.3% of the original Contract value.

NOW THEREFORE BE IT RESOLVED, the approval of Change Order No. 3 for Contract 3788 be ratified by the Sewerage and Water Board

I, Cedric S. Grant, 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 November 18, 2015

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: October 12, 2015

From: Joseph R. Becker, P.E.
General Superintendent

To: Cedric S. Grant
Executive Director

Re: Contract Number 3788 – 404 Hazard Mitigation Grant Program – Burke Sewage Pumping Station

Enclosed please find a recommendation from Melvin R. Spooner Chief of Engineering, for approval of Change Order No. 3 for the above Contract. This Change Order is in the amount of \$10,757.02 and funds for this Change Order will be eligible for reimbursement through FEMA.

This additional work entails adding an emergency ballast to a light fixture, installing a 1" PVC line from the air release valve to the wet well, installing an 8" spool piece and pedestal to the EDC, installing a drain line under the backflow preventer, removal of an existing abandoned electrical platform and the installation of a high strength concrete driveway. The required DBE participation on the Contract is 36% and the Contractor is forecasted to meet that participation including this change order.

The previous change orders for this contract were in the amount of \$104,148.00. This change order brings the accumulated total to \$114,905.02 which is 8.3% above the original bid amount of Contract.

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

Joseph R. Becker, P.E.
General Superintendent

Cc: Melvin R. Spooner, Chief of Engineering
Christopher Bergeron, Program Manager
Tiffany Carter, EDB Director
Jason Higginbotham, Director of Emergency Management
Hadi Amini, Program Supervisor
Anita Simmons
Brian Schick, BKI



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: October 12, 2015

From: Melvin R. Spooner
Chief of Engineering

To: Joseph R. Becker, P.E.
General Superintendent

Re: Contract Number 3788 – 404 Hazard Mitigation Grant Program – Burke Sewage Pumping Station


CHANGE ORDER NO. 3

Add an emergency ballast to a light fixture, install a 1" PVC line from the air release valve to the wet well, install an 8" spool piece and pedestal to the Emergency Discharge Connection, install a drain line under the backflow preventer, remove the existing electrical platform and install a concrete driveway.

| | |
|--|----------------|
| Original Contract Bid Price: | \$1,388,183.00 |
| Contract DBE Participation | 36% |
| Previous Change Orders Approved: | \$104,148.00 |
| This Change Order Amount: | \$10,757.02 |
| Total Change Orders (% of Original Contract) | 8.3% |
| Total Dollar Change Order Amount: | \$114,905.02 |

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

I concur:


Joseph R. Becker
General Superintendent

Cc: Christopher Bergeron, Program Manager
Melvin R. Spooner, Chief of Engineering
Bob Moeinian, Chief of Operations
Tiffany Carter, EDB Director
Jason Higginbotham, Director of Emergency Management
Nolan Lambert, Special Counsel
Dexter Joseph, Budget
Rosita Thomas, Finance
Hadi, Amini, Program Supervisor
Brian Schick, BKI

**RATIFICATION OF CHANGE ORDER NO. 3 FOR CONTRACT 2105 –
REPLACEMENT CBD/FQ WATER LINES DAMAGED BY HURRICANE
KATRINA**

WHEREAS, the Sewerage and Water Board entered into Contract 2105 with Boh Brothers Construction for FEMA funded replacement of Hurricane Katrina damaged water mains in the French Quarter and Central Business District area in the bid amount of 6,699,595.00 and

WHEREAS, in the course of replacing the 12" water main on Canal and Convention Blvd. the contractor would perform exploratory excavation to locate the 16" and 12" water mains to perform the tie in, at an additional cost of \$42,546.73 and additional 14 calendar days. This cost will be eligible for FEMA reimbursement, and

WHEREAS, in the course of replacing the 30" water main on Magazine St, it was required to perform a point repair to the existing 48" arch drain pipe as an 8" hole that was leaking into excavation for new 30" water main.

WHEREAS, this Change Order, in the amount of \$45,341.91, brings the accumulated Contract change order total to \$620,613.87, or 9.26 % of the original Contract value.

NOW THEREFORE BE IT RESOLVED, the approval of Change Order No. 3 for Contract 2105 is ratified by the Sewerage and Water Board of New Orleans.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: October 19, 2015

From: Joseph R. Becker, P.E.
General Superintendent

To: Cedric Grant
Executive Director

Re: Contract 2105 – Replacement of Water Lines Damaged by Hurricane Katrina

Enclosed please find a recommendation from the Engineering Dept. for approval change Order No. 3 for the above captioned contract.

This change order authorized the contractor to repair a 48" drain main and to perform exploratory excavation on Canal Street.

This change order is in the amount of \$45,341.91, and funds are available within FEMA funded grants and the SWB Capital Budget. In addition to the funding, the contractor has requested an additional 15 calendar days. The required DBE participation on this contract is 36% and will remain unchanged through this change order.

I would appreciate you forwarding this to the appropriate Board committees for ratification.

Joseph Becker, P.E.
General Superintendent

Cc: Melvin R. Spooner, Chief of Engineering
Jason Higginbotham, Director of Emergency Management
Hadi Amini, CA&I
Rosita Thomas, Finance

Dexter Joseph, Budget
Khalid L. Saleh, Network Engineering
Nolan Lambert, Legal
Tiffany Carter, EDB



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: October 19, 2015

From: Ron Spooner
Chief of Engineering

To: Joseph R. Becker, P.E.
General Superintendent

Re: Contract 2105 – Replacement of water Lines Damaged by Hurricane Katrina


The Contractor has completed:

- The contractor performs exploratory excavation in order to locate the existing 12" and 16" water mains in multiple locations on multiple days.
- The contractor perform a point repair to the existing 48" arch drain pipe as an 8" hole was leaking into excavation for the new 30" water line

| | |
|--|----------------|
| Original Contract Bid Price: | \$6,699,595.00 |
| DBE Participation: | 36% |
| Previous Change Orders Approved: | \$575,271.96 |
| This Change Order Amount: | \$45,341.91 |
| Total Cumulative Change Order % of Original | 9.26% |
| Total Cumulative Dollar Change Order Amount: | \$620,613.87 |

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

I concur:


Joseph R. Becker
General Superintendent

cc:

Ron Spooner, Chief of Engineering
Rosita Thomas, Finance Director
Bob Moeinian, Chief of Operations
Tiffany Carter, EDB Director
Nolan Lambert, Special Counsel

Khalid. L. Saleh, Network Engineering
Jason P Higginbotham, EMS Director
Dexter Joseph, Budget Director

**RATIFICATION OF CHANGE ORDER 1 FOR CONTRACT 30006
RESTORATION OF EXISTING GRAVITY SANITARY SEWER MAIN DAMAGED BY
HURRICANE FOR ESSA II RELATED WORK**

WHEREAS, the Sewerage and Water Board entered into Contract 30006 in the amount of \$4,759,309.00 with Boh Bros Construction, L.L.C for FEMA funded repairs for ESSA related work, and

WHEREAS in the course of these repairs, additional, similar repairs were identified along with relocation of a sewer main under a railroad track. An additional 275 days will be added to the Contract.

WHEREAS, this Change Order, in the amount of \$702,518.01 represent 14.76% of the original bid amount and

NOW THEREFORE BE IT RESOLVED, that approval of Change Order No. 1 for Contract 30006 is ratified by the Sewerage and Water Board of New Orleans.

I, Cedric S. Grant, 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 November 18, 2015

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



Sewerage & Water Board

Inter-Office Memorandum

Date: October 21, 2015

From: Joseph Becker, P.E.
General Superintendent

To: Cedric Grant
Executive Director

Re: Contract Number 30006 - Restoration of Existing Gravity Sanitary Sewer Main Damaged by Hurricane Katrina For ESSA II Related Work

Enclosed please find a recommendation from the Chief of Engineering for approval of Change Order No. 1 for the above contract.

The additional work is to allow for additional sewer repair on sewer mains and manholes and pavement restoration. This first change order extends the length of the Contract by 275 days. The required DBE participation on this Contract is 36% and will remain unchanged through the duration of this contract.

This Change Order is in the amount of \$702,518.01 and represents 14.76% of the original bid amount. Funds for this Change Order are available through the \$100 million Revolving grant provided by the State of Louisiana for FEMA eligible items and SWB capital budget for non-reimbursable items. This Change Order will be eligible for reimbursement into the revolving loan fund for FEMA Eligible items only.

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

Joseph Becker, P.E.
General Superintendent

cc: Mark Johnson, Project Manager
Tiffany Carter, EDB Director
Dexter Joseph, Budget
Nolan Lambert, Special Counsel
Susan Higginbotham

M. Ron Spooner, Chief of Engineering
Bob Moeinian, Chief of Operations
Rosita Thomas, Finance
Jason Higginbotham, EM Director



Sewerage & Water Board

Inter-Office Memorandum

Date: October 21, 2015

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

To: Joseph Becker, P.E.
General Superintendent

Re: Contract Number 30006 - Restoration of Existing Gravity Sanitary Sewer Main Damaged by Hurricane Katrina For ESSA II Related Work


CHANGE ORDER NO. 1

Increase quantities and duration of contract to allow for additional repairs.

| | |
|--|----------------|
| Original Contract Bid Price: | \$4,759,309.00 |
| Previously Approved Change Orders: | \$0.00 |
| This Change Order Amount: | \$702,518.01 |
| Total Change Orders (% of Original Contract) | 14.8% |
| Total Dollar Change Order Amount: | \$702,518.01 |
| Days Added by this CO | 275 |
| Contract DBE Participation | 36.0 % |

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

I concur:


Joseph R. Becker
General Superintendent

cc: Mark Johnson, Project Manager
Tiffany Carter, EDB Director
Dexter Joseph, Budget
Nolan Lambert, Special Counsel

M. Ron Spooner, Chief of Engineering
Bob Moeinian, Chief of Operations
Rosita Thomas, Finance
Jason Higginbotham, EM Director

| ADDITIONAL ITEMS TO BE ADDED TO CONTRACT 30006 | | | | | | | | | |
|--|------|--|------|----------|-------------|--------------|------|---------------|--|
| Item # | FCOM | Description | Unit | Quantity | Unit Price | Amount | Days | FEMA Eligible | |
| X-1 | 1 | 24" Drain Point Repair (Morroe Street) | LS | 1 | \$7,097.64 | \$7,097.64 | 2 | no | |
| X-2 | 1 | SEWER POINT REPAIR/LINING-SSEEP (Murano Rd./Old Spanish Trail) | LS | 1 | \$33,491.41 | \$33,491.41 | 10 | no | |
| X-3 | 1 | Drain Manhole Adjustment per SAWB | EA | 1 | \$531.20 | \$531.20 | 1 | no | |
| X-4 | 1 | SIPHON (EARTHART) | EA | 1 | \$8,040.24 | \$8,040.24 | 5 | no | |
| X-5 | 1 | HOLLYGROVE RESTORATION (2600 Blk Hollygrove) | LS | 1 | \$37,122.78 | \$37,122.78 | 13 | no | |
| X-6 | 1 | SEWER CLEAN OUT (SEVILLE DR.) | EA | 1 | \$1,149.75 | \$1,149.75 | 1 | no | |
| X-7 | 1 | DRAIN POINT REPAIR (TIMOLEON) | LS | 1 | \$5,901.94 | \$5,901.94 | 2 | no | |
| X-8 | 1 | FLOWABLE FILL | LF | 607 | \$24.00 | \$14,568.00 | 5 | no | |
| X-9 | 1 | STOMP GRINDING (FRANKLIN AND NEW YORK) | LS | 1 | \$1,485.00 | \$1,485.00 | 1 | no | |
| X-10 | 1 | DOWNTIME (SPAIN) DRAIN CONFLICT | LS | 1 | \$1,919.43 | \$1,919.43 | 2 | no | |
| X-11 | 1 | SEWER HOUSE CONNECTION LOCATION (ROBERT E. LEE) | LS | 1 | \$2,000.00 | \$2,000.00 | 2 | no | |
| X-12 | 1 | DOWNTIME (ROBERT E. LEE) WATER BREAK | LS | 1 | \$2,425.00 | \$2,425.00 | 2 | no | |
| X-13 | 1 | SEWER CLEAN OUT (EMERALD ST.) | EA | 1 | \$1,207.00 | \$1,207.00 | 1 | no | |
| X-14 | 1 | DOWNTIME (R.E. LEE@EADS) WATER | LS | 1 | \$1,860.00 | \$1,860.00 | 2 | no | |
| X-15 | 1 | DOWNTIME (ROBERT E. LEE) DRAIN CONFLICT | LS | 1 | \$2,923.00 | \$2,923.00 | 2 | no | |
| X-16 | 1 | WATER OFFSET (ROBERT E. LEE@EADS) | LS | 1 | \$3,310.00 | \$3,310.00 | 3 | no | |
| X-17 | 1 | DRAIN POINT REPAIR (MH TO MH) ROBERT E. LEE | LS | 1 | \$5,126.00 | \$5,126.00 | 5 | no | |
| X-18 | 1 | Tree Pruning (Robert E. Lee) | LS | 1 | \$391.00 | \$391.00 | 3 | no | |
| X-19 | 1 | BRICK AND MORTAR SEWER MANHOLE (Treme) | EA | 2 | \$375.00 | \$750.00 | 2 | no | |
| X-20 | 1 | WATER REPAIR/DOWNTIME (GARFIELD) | LS | 1 | \$2,972.09 | \$2,972.09 | 2 | no | |
| X-21 | 1 | AIR SPADING AROUND OAK TREE IN CITY PARK | LS | 1 | \$2,708.25 | \$2,708.25 | 5 | no | |
| X-22 | 1 | LOCATING BURIED SMH AND PIPE (Audubon Park) | LS | 1 | \$3,450.00 | \$3,450.00 | 10 | no | |
| X-23 | 1 | Wire Mesh for SMH (Various Location) | EA | 75 | \$32.00 | \$2,400.00 | 53 | no | |
| TOTAL | | | | | | \$142,829.73 | 134 | | |

| BID ITEMS TO BE CREDIT TO CONTRACT 30006 | | | | | | | | | |
|--|------|---|------|----------|------------|--------------|------|---------------|--|
| Item # | FCOM | Description | Unit | Quantity | Unit Price | Amount | Days | FEMA Eligible | |
| 21 | 1 | 6" Sanitary Sewer Service Lateral replacement | LF | -693.23 | \$62.00 | -\$41,120.26 | 0 | yes | |
| TOTAL | | | | | | -\$41,120.26 | | | |

| | | | | | | |
|------------------|-------|---|--------------------------|--------------------------------|------------------------|-----|
| Contract DBE % | 36.0% | Percent of Original Contract Amount THIS CHANGE ORDER | Original Contract Amount | \$4,759,309.00 | Original Contract Days | 365 |
| Current DBE% | 32.0% | Amount of Previous Change Orders | \$0.00 | Days Previously Added | 0 | |
| Forecasted DBE % | 36.0% | Amount of Additional Items THIS CHANGE ORDER | \$702,518.01 | Days this Change Order | 275 | |
| | | Change Order to date | \$702,518.01 | Days Added to date | 275 | |
| | | Revised Contract Amount | \$5,461,827.01 | Revised Contract Days | 640 | |
| | | | | Work Order Date | 4/16/2014 | |
| | | | | Work Completion Milestone Date | 1/16/2016 | |

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

RECOMMENDED BY: Mark D. Spencer DATE: 9-21-15
Project Manager SAWB

ACCEPTED BY: [Signature] DATE: 9-25-15

Bon Bros. Construction Co. LLC

APPROVED BY: [Signature] DATE: 9/30/15
Chief of Engineering (SAWB)

**RATIFICATION OF CHANGE ORDER NO. 8 FOR CONTRACT 6247 –
HAZARD MITIGATION GRANT PROJECT – RETROFIT OF GENERATOR #4**

WHEREAS, the Sewerage and Water Board entered into Contract 6247 in the amount of \$6,695,750.00 with Industrial Mechanical Contractors for HMGP FEMA funded Retrofit of Generator #4 at the Carrollton Water Purification Plant.

WHEREAS, additions to the Instrumentation and Controls System were furnished, installed and modified as detailed in the Scope of Changes form and,

WHEREAS, the Builders Risk and Owners/Contractors Liability Insurance policies were extended to meet the extended contract end date for the Retrofit of Generator #4 as detailed in the Scope of Changes form and,

WHEREAS, the Contractor shall be granted two hundred and twenty seven days (227) to complete the work and,

WHEREAS, this Change Order, in the amount of \$234,552.02 brings the accumulated Contract change order total to \$1,466,536.83 or 21.90% of the original Contract value.

NOW THEREFORE BE IT RESOLVED, the approval of Change Order No. 8 for Contract 6247 is ratified by the Sewerage and Water Board of New Orleans.

I, Cedric S. Grant, 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 November 18,2015

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: October 26, 2015

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

To: Joseph R. Becker, P.E.
General Superintendent

Re: Contract 6247 – Hazard Mitigation Grant Project Retrofit of Generator #4 at the Carrollton Water Purification Plant.

CHANGE ORDER NO. 8

Description of Change Order:


Addition of instrumentation and controls items, additional builder's risk and owner/contractor liability insurance costs due to Contract extension and two hundred twenty seven (227) additional Contract days to complete the work.

At the request of S&WB staff, the Contractor was asked to furnish/install/modify components of the Generator 4 instrumentation and controls system. S&WB Staff requested these changes in order to better control and monitor the turbine/generator. The original bid documents did not contain these items in the project scope. The Contractor was granted two hundred and twenty seven days to complete the work. As a result of the Contract extension, the Contractor has incurred additional insurance costs. The funding source determination made by staff should only be used as guidance in terms of final determination of FEMA eligibility.

| | |
|---|----------------|
| Original Contract Bid Price: | \$6,695,750.00 |
| Previous Change Orders Approved: | \$1,231,984.81 |
| This Change Order Amount: | \$234,552.02 |
| Total Cumulative Change Order % of Original Contract: | 21.90% |
| Total Cumulative Dollar Change Order Amount: | \$1,466,536.83 |
| Days Added this Change Order | 227 |
| Contract DBE Participation | 0% |

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

I concur:


Joseph R. Becker
General Superintendent

CC:

Jason P Higginbotham, EMS Director
Rosita Thomas, Finance Director
Angela Roberts, Project Manager, CH2M HILL
Dexter Joseph, Budget Director
M. Ron Spooner, Chief of Engineering

Celso M. Antunez, Project Manager Electrical Engineering
James Vincent, Director of Electrical Engineering
Tiffany Carter, EDBP Director
Nolan Lambert, Special Counsel
Gabe Signorelli, Chief of Facilities Maintenance



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

Date: October 26, 2015

From: Joseph R. Becker, P.E.
General Superintendent

To: Cedric S. Grant
Executive Director

Re: Contract 6247 – Hazard Mitigation Grant Project Retrofit of Generator #4 at the Carrollton Water Purification Plant.

CHANGE ORDER NO. 8

Enclosed please find a recommendation from Ron Spooner, Chief of Engineering for approval of Change Order No. 8 for the above Contract.

The Contractor was asked to furnish/install/modify components of the Generator 4 instrumentation and controls system. The Owner requested these changes in order to improve the controlling/monitoring conditions of Generator 4. The original bid documents did not contain these items in the project scope. The Contractor will be granted 227 additional Contract days to complete the work. As a result of the Contract extension, the Contractor has incurred additional insurance costs.

The required DBE participation goal on this contract is 0% percent. Previous change orders to this contract totaled \$1,231,984.81. This Change Order brings the cumulative total of Change Orders to \$1,466,536.83, which is 21.90% of the original bid amount of the Contract.

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

Joseph Becker, P.E.
General Superintendent

Cc: James Vincent, Director of Electrical Engineering
Melvin R. Spooner, Chief of Engineering
Tiffany Carter, EDBP Director
Jason P. Higginbotham, Director of EMS
Angela Roberts, CH2M HILL
Celso M. Antunez, Project Manager

SCOPE OF CHANGES
HAZARD MITIGATION GRANT PROJECT
CONTRACT 6247
(Change Order NO. 8)

ADDITIONAL ITEMS TO BE ADDED TO CONTRACT

| Item # | FCO# | Detailed Description | Units | Unit Price | Quantity | Amount | Days | Comments |
|--------|------|---|-------|--------------|----------|--------------|------|----------|
| 1 | 9 | Additional Cost associated to Builders Risk and Owner/Contractor Liability Insurance extension due to the 227 day Contract extension. | 1 | \$8,471.90 | 1 | \$8,471.90 | 0 | |
| 1 | 10 | Addition of Instrumentation and Controls items. | 1 | \$226,080.12 | 1 | \$226,080.12 | 227 | |
| TOTAL | | | | | | \$234,552.02 | 227 | |

| | |
|---------------|------|
| Contract DBE% | 0.0% |
| Current DBE% | 0.0% |

| | |
|-------------------------------------|--------------|
| Original \$ | 6,695,750.00 |
| Amount of previous Change Orders \$ | 1,231,984.81 |
| Amount this Change Order \$ | \$234,552.02 |
| Change Orders to date \$ | 1,466,536.83 |

REVISED CONTRACT AMOUNT \$ 8,162,286.83

| | |
|------------------------|-----|
| Original Contract Days | 365 |
| Days Previously Added | 280 |
| Days this Change Order | 227 |
| Days Added to date | 507 |

REVISED CONTRACT DAYS 872

% OF ORIGINAL CONTRACT AMOUNT

| | |
|-----------------------|--------|
| This Change Order | 3.50% |
| Previous Change Order | 18.40% |
| TOTAL TO DATE | 21.90% |

Work Order Date 6/20/2013

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

Recommended By:


James Vincent
S&WB Project Manager

Date

10-29-2015

Recommended By:


Melvin R. Spooner
S&WB Electrical Engineering Division Head

Approved By:


Melvin R. Spooner
Chief of Engineering

Industrial & Mechanical Contractors, Inc.
Contractor Representative

Proposed By:


John P. [unclear]
Industrial & Mechanical Contractors, Inc.
Contractor Representative

Date

10/26/15

Date

10/20/15



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: October 26, 2015

From: Harold D. Marchand, Deputy Special Counsel

To: Cedric S. Grant, Executive Director

Re: PLANT-N-POWER SERVICES, LLP – Contract 1378 – Hurricane Katrina Related Repairs to Boilers/Duct/Elevator at Main Purification Plant Power Complex

Plant-N-Power, LLP desires to assign its contract with the Board to Plant-N-Power, Inc. The "new" Plant-N-Power will retain the same federal employer's identification number, management team, crew, and overall operations. This change will not affect the project, and said change is recommended by the General Superintendent.

On October 6, 2014 Plant-N-Power Services, LLP entered into a publicly bid contract (Contract 1378) with the Board for Hurricane Katrina Related Repairs to Boilers/Duct/Elevator at the Main Water Purification Plant Power Complex for the sum of \$15,719,620. On or about September 30, 2015 Plant-N-Power, LLP proposed to the Board through the Purchasing Agent that the Board concur with an Amendment and Assignment attached hereto, to which document is attached an Assumption Certificate and an All Rights Letter.

Upon my request, I was provided a copy of a proposed Agreement for Purchase and Sale of Assets whereby Plant-N-Power Services LLP will be selling all of its assets to Plant-N-Power Services, Inc.

This is a request for you to consider placing this matter on the agenda of the Finance and Administration Committee as an action item.


DEPUTY SPECIAL COUNSEL

cc: Nolan P. Lambert
Att.

**ASSIGNMENT OF CONTRACT 1378 FROM
PLANT-N-POWER, LLP TO PLANT-N-POWER, INC.**

WHEREAS, on October 6, 2014 Plant-N-Power Services, LLP entered into a publicly bid contract (Contract 1378) with the Board for Hurricane Katrina Related Repairs to Boilers/Duct/Elevator at the Main Water Purification Plant Power Complex for the sum of \$15,719,620; and

WHEREAS, on or about September 30, 2015 Plant-N-Power, LLP proposed to the Board through the Purchasing Agent that the Board concur with an Amendment and Assignment; and

WHEREAS, the "new" Plant-N-Power will retain the same federal employer's identification number, management team, crew, and overall operations; and

WHEREAS, this change will not affect the project, and said change is recommended by the General Superintendent.

NOW THEREFORE, BE IT RESOLVED that the President or President Pro Tem, on behalf of the Sewerage and Water Board of New Orleans, is hereby authorized to enter into an Amendment and Assignment of Contract 1378 from Plant-N-Power, LLP to Plant-N-Power, Inc. for Hurricane Katrina Related Repairs to Boilers/Duct/Elevator at the Main Water Purification Plant Power Complex.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

AMENDMENT AND ASSIGNMENT

THIS AMENDMENT AND ASSIGNMENT (this "Amendment") is effective as of the Amendment Effective Date (as defined below) by and among the Sewerage and Water Board of New Orleans, created by Act No. 6 of the Extra Session of 1899 by the Legislature of the State of Louisiana (the "Sewerage and Water Board"); Plant-N-Power Services, LLP, a Texas limited liability partnership ("Contractor"); Plant-N-Power Services, Inc., a Delaware corporation ("New PNP"); Merchants National Bonding, Inc. ("Merchants"); and Berkley Insurance Company ("New Surety").

RECITALS

WHEREAS, Contractor, the Sewerage and Water Board, and Merchants are parties to that certain Contract And Bond Between Plant-N-Power Services, LLP and The Sewerage and Water Board of New Orleans (Contract No. 1378, with the documentation incorporated therein, the "Contract") and Bond No. NLA 1140 (with the documentation incorporated therein, the "Bond") in connection with Related Repairs of Boilers/Duct/Elevator at Main Water Purification Plant Power Complex;

WHEREAS, Contractor, certain direct and indirect equity holders of Contractor, and New PNP are in the process of concluding the negotiation of a sale by Contractor, and purchase by New PNP, of substantially all of the assets and operations of Contractor (the "Sale");

WHEREAS, effective simultaneously with the closing of the Sale (the date thereof being referred to as the "Amendment Effective Date"), each of the parties hereto desire to enter into this Amendment.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment of Contract. Effective as of the Amendment Effective Date (but, for purposes of clarity, only in the event of the closing of the Sale), the Sewerage and Water Board acknowledges and agrees that the Contract shall be assigned by Contractor to New PNP such that all references to "Plant-N-Power Services, LLP" shall be deemed replaced with references to "Plant-N-Power Services, Inc." and all references to a limited liability company or limited liability partnership organized in the State of Texas shall be deemed replaced with references to a corporation organized in the State of Delaware. The Sewerage and Water Board waives any and all rights to declare a breach, impose any penalties or other remedies, or terminate the Contract in connection with the foregoing assignment.

2. Replacement of Bond. Effective as of the Amendment Effective Date (but, for purposes of clarity, only in the event of the closing of the Sale), the Bond provided by Merchants in favor of the Sewerage and Water Board pursuant to the Contract shall be deemed terminated and all obligations of Merchants shall be extinguished and released. It is intended that this Amendment discharge and release all claims, known or unknown, suspected or unsuspected, the Sewerage and Water Board has or may have had against Merchants and shall serve to fully settle and extinguish all claims against the Bond, including claims related to latent defects, warranty, or liquidated damages, effectively serving to cancel the Bond as of the Amendment Effective Date. Simultaneously with the foregoing termination, all references to "Merchants National Bonding, Inc." and "Donnie Doan" in the Contract shall be deemed replaced with "Berkley Insurance Company" and "Attorney-in-Fact", respectively, such that New Surety shall be deemed to have provided the bond contemplated by the Contract for the complete duration of the Contract, see Exhibit A, "Assumption Certificate."

3. All-Rights Letter. As a material condition to this Amendment, the Sewerage and Water Board agrees that, simultaneously with its execution of this Amendment, it shall complete, execute and deliver to New Surety that certain letter attached hereto as Exhibit B.

4. No Other Changes. Except as otherwise expressly provided or contemplated by this Amendment, all of the terms conditions and provisions of the Contract remain unaltered and in full force and effect. The parties hereby reaffirm the Contract as amended by this Amendment.

5. Miscellaneous. Should any terms of this Amendment conflict with any terms of the Contract, the terms of this Amendment shall control. This Amendment may be executed in any number of separate counterparts (including by facsimile or other electronic transmission), each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Signatures on the Following Pages]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of the Amendment Effective Date.

SEWERAGE AND WATER BOARD:

SEWERAGE AND WATER BOARD OF
NEW ORLEANS

By: _____

Name: Mayor Mitchell J. Landrieu

Title: President

CONTRACTOR:

PLANT-N-POWER SERVICES, LLP

By: _____

Name:

Title:

NEW PNP:

PLANT-N-POWER SERVICES, INC.

By: _____

Name:

Title:

MERCHANTS:

MERCHANTS NATIONAL BONDING,
INC.

By: _____

Name: Donnie Doan

Title: Attorney-in-Fact

NEW SURETY:

BERKLEY INSURANCE COMPANY

By: _____

Name:

Title:

Exhibit A

Assumption Certificate

See attached.

BERKLEY INSURANCE COMPANY
ASSUMPTION CERTIFICATE

Obligee: Sewerage and Water Board of New Orleans

Principal: Plant-N-Power Services, Inc.

This is to certify that Bond Number NLA 1140 issued effective 16 September 2014 executed by of Plant-N-Power Services, LLP and by Merchants National Bonding, Inc., as surety, is hereby assumed by Berkley Insurance Company, as surety, and Plant-N-Power Services, Inc., effective 16 September 2014 according to its terms and conditions, and Berkley Insurance Company and Plant-N-Power Services, Inc. will carry out the provisions of said policy and perform all the obligations contained therein, as fully as the same would or should have been performed by Merchants National Bonding, Inc. and Plant-N-Power Services, LLP. This Assumption Certificate shall constitute the obligation to the Obligee under the bond hereby assumed and shall with such bond thereof be and become the bond obligation of Plant-N-Power Services, Inc. and Berkley Insurance Company to the Obligee.

IN WITNESS WHEREOF, Berkley Insurance Company, Plant-N-Power Services, Inc., and Sewerage and Water Board of New Orleans have caused the instrument to be signed by its duly appointed Attorney in Fact this ____ day of October, 2015.

Plant-N-Power Services, Inc.

Title: _____

**Sewerage and Water Board of New
Orleans**

Title: _____

Berkley Insurance Company

Title: _____

Exhibit B

All-Rights Letter

See attached.

(On the Sewerage and Water Board Letterhead)

Date: _____, 2015

Berkley Surety Group
1250 E. Diehl Rd, Suite 1250
Naperville, IL 60563

To whom it may concern:

The work performed to date by Plant-N-Power Services, LLP on the project pursuant to that certain Contract and Bond, Contract No. 1378 in connection with Related Repairs of Boilers/Duct/Elevator at Main Water Purification Plant Power Complex, is _____% complete, which leaves \$ _____ in work to be completed.

We know of no unpaid subcontractors, laborers, or material suppliers. We have no information that would lead us to believe that Plant-N-Power Services, LLP would have any problems in completing the project on schedule and paying all bills. Further, we know of no circumstances which could be construed as creating any default in any of the terms and conditions of the contract at this time.

The remaining time allowed for completion of this contract is _____ days, and the maximum amount of liquidated damages which could be assessed against Plant-N-Power Services, LLP would in no event exceed \$ _____ per day.

Sincerely:

SEWERAGE AND WATER BOARD OF NEW ORLEANS

By: _____
Name: Mayor Mitchell J. Landrieu
Title: President




SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: November 9, 2015

To: Cedric S. Grant, Executive Director

From: Ann Wilson, Chief – Environmental Affairs 

Re: Green Infrastructure Climate Adaptation Support Tool

Sewerage & Water Board of New Orleans Environmental Affairs Department intends to spend \$100,000 toward the development and delivery of a highly customized climate adaptation support tool for the purposes of identifying priority areas in the City for implementation of large scale green infrastructure projects. This tool will incorporate all available data to strategize and make informed decisions on green infrastructure projects. The tool will provide estimates of hydrologic impacts and associated costs and benefits of specific projects. The funding will also go toward a "touch table" tool to host the software which will be used by the decision making team that includes EA staff and other city agencies. This funding will come out of Drainage Capital Budget Green Infrastructure #879 funding for FY 2015.

**APPROVAL FOR THE SEWERAGE AND WATER BOARD OF NEW ORLEANS TO PURCHASE
CLIMATE ADAPTATION SUPPORT TOOL**

WHEREAS, the Sewerage and Water Board of New Orleans (the Board) desires to accomplish the valuable public purpose of improving the City's drainage infrastructure by developing a collaboration with the City to deliver urban land and water management solutions; and

WHEREAS, the Board desires to contribute an amount not to exceed \$100,000.00 towards the purchase and of a customized climate adaptation support tool for the purposes of identifying priority areas in the City of New Orleans for implementation of large scale green infrastructure projects;

NOW THEREFORE, BE IT RESOLVED that the Sewerage and Water Board of New Orleans hereby authorizes the purchase by the City and/or the Board and the subsequent joint use of a climate adaptation support tool in an amount not to exceed \$100,000 and budgeted in the Drainage Capital Budget Green Infrastructure #879 for FY 2015 funding; and

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to execute, on behalf of the Sewerage and Water Board of New Orleans, the purchase of a climate adaptation support tool.

I, Cedric S. Grant, 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 November 18, 2015.

**CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: November 6, 2015

To: Cedric S. Grant, Executive Director

From: Robert Miller, Deputy Director

CC: Joseph R. Becker, General Superintendent

Re: Green Infrastructure RFP Recommendations

On August 31, 2015 the Sewerage & Water Board of New Orleans (SWB) issued a request for proposals for green infrastructure projects. The RFP requested a green roof at the downtown SWB administrative building at 625 St. Joseph St. and other types of demonstration projects on SWB property. SWB held a pre-submittal conference on September 11, 2015, followed by a question and answer period, and proposals were due on October 1, 2015 at 11:00am. SWB Purchasing Department received a total of ten eligible proposals by the posted deadline. The 2015 SWB Green Infrastructure RFP Evaluation Selection Committee convened on November 5, 2015 at 10:00am to report scores and make recommendations for awards. The committee members were as follows:

- Chris Bergeron – Sewerage & Water Board of New Orleans – Engineer
- Emily Federer – Port of New Orleans – Environmental Scientist
- Jerry Graves – New Orleans Redevelopment Authority – Director of Land Stewardship
- Mark Johnson – Sewerage & Water Board of New Orleans – Engineer
- Brad Klamer – Sewerage & Water Board of New Orleans – Senior City Planner
- Bridget Tydor – Sewerage & Water Board of New Orleans – City Planner
- Mary Jo Webster – New Orleans Recreation Development Commission – Chief Operating Officer
- Prisca Weems – City of New Orleans – Stormwater Manager
- Ann Wilson – Sewerage & Water Board of New Orleans – Chief of Environmental Affairs

Below are the final evaluation scores in order of highest to lowest scores. SWB received four proposals for the Green Roof at 625 St. Joseph Street; after the first green roof project is awarded the other three become ineligible for funding. There were two proposals for the same property at the Aurora Sewer Pump Station which makes the lower scoring project ineligible. The Hanging Gardens Green Roof project is for the amount of \$324,073 and the Gaea Engineering Consultants Aurora Sewer Pump Station project is for the amount of \$66,095, which leaves \$109,832 left for funding the remaining GI demonstration projects in the order of the ranking below. Gaea Engineering Consultants Coliseum St. Bioswale can be funded for the amount of \$109,057, however some the costs for this project could be absorbed by DPW as they have scheduled road work in that area.

Several City agencies may be able to absorb some of the costs of these projects, particularly on street right-of-way where DPW has scheduled road repairs, or in parks where NORDC has improvement construction scheduled. If this occurs, the next project would be awarded with available funds within the \$500,000 allocated for green infrastructure projects in 2016. After the Hanging Gardens Green Roof, Gaea Aurora SPS, and Gaea Coliseum St Bioswale the next project to be awarded as funding is available would be Urban Conservancy Village del'Est Park.

| SWB Green Infrastructure RFP 2015 | | | Evaluation Committee 11/5/15 | | | | | | | | | | |
|-----------------------------------|---|--------------|------------------------------|---------|--------|---------|--------|-------|---------|-------|--------|-------|---------|
| Proposer | Project Title | Request | Bergeron | Federer | Graves | Johnson | Klamer | Tydor | Webster | Weems | Wilson | Total | Average |
| Hanging Gardens | SWB Downtown Administrative Building Stormwater Green Roof | \$324,074 | 71 | 89 | 90 | 46 | 98 | 96 | 80 | 90 | 98 | 758 | 84.22 |
| Gaea Engineering Consultants | Aurora Sewer Pump Station Project | \$66,095 | 83 | 89 | 81 | 67 | 94 | 85 | 75 | 86 | 88 | 748 | 83.11 |
| Chester Engineers | Green Roof @ 625 St. Joseph | | 83 | 87 | 88 | 55 | 93 | 90 | 60 | 89 | 78 | 723 | 80.33 |
| Gaea Engineering Consultants | Coliseum St. Bioswale | \$109,057 | 82 | 90 | 73 | 65 | 90 | 70 | 70 | 87 | 91 | 718 | 79.78 |
| Urban Conservancy | Stormwater Management Improvements at Village de l'Est Park | \$97,362.08 | 76 | 88 | 83 | 40 | 92 | 62 | 80 | 90 | 92 | 703 | 78.11 |
| Urban Conservancy | Permeable Parking Improvements at Einstein Charter | \$127,068.51 | 75 | 83 | 73 | 50 | 97 | 75 | 75 | 86 | 85 | 699 | 77.67 |
| Chester Engineers | Green Infrastructure Demonstration Project | | 80 | 86 | 78 | 58 | 92 | 65 | 55 | 82 | 93 | 680 | 76.56 |
| Urban Conservancy | Stormwater Management Improvements at Eastshore | \$101,162.08 | 70 | 87 | 78 | 34 | 92 | 62 | 80 | 84 | 92 | 679 | 75.44 |
| Green Man Dan Inc. | The Riverbend | | 60 | 56 | 93 | 45 | 70 | 80 | 75 | 77 | 60 | 616 | 68.44 |
| Linfield, Hunter & Junius, Inc. | The Green Roof Project | | 0 | 46 | 61 | 65 | 55 | 42 | 32 | 63 | 60 | 424 | 47.11 |

**AWARD OF GREEN INFRASTRUCTURE PROJECT - SWB DOWNTOWN ADMINISTRATIVE BUILDING
STORMWATER GREEN ROOF TO HANGING GARDENS, LLC**

WHEREAS, at the December 18, 2014, the Sewerage & Water Board of New Orleans (Board) directed staff to initiate requests for proposals for green infrastructure projects; and

WHEREAS, a request for proposals for green infrastructure was issued on August 31, 2015 followed by a pre-submittal conference held on September 11, 2015 and evaluation selection committee on November 5, 2015; and

WHEREAS, Hanging Gardens, LLC submitted a proposal on October 1, 2015 which included project description, plan and schedule for operations and management, budget and expected outcome to design, engineer, furnish, install, and maintain a precedent setting green roof system and supplemental curriculum at the S&WB Downtown Administration Building at 625 St. Joseph Street, New Orleans, LA 70165; and

WHEREAS, Hanging Gardens has partnered with Evans + Lighter Landscape Architecture, LLC for design, Morphy Makofsky, Inc. for structural engineering, Independent Roofing Systems, Inc. for roof consulting, Greensite, LLC for soil consulting, and AD Greenroof, LLC for monitoring and maintenance consultation; and

WHEREAS, the cost of the proposal is a not to exceed \$324,073 for blue and green roofs to cover 9,353 S.F. of the northern portion of the roof with the possibility for future phases as more funding becomes available; and

WHEREAS, award is given with the caveat that the project does not impede planned air conditioning rehab work and mechanical systems replacement at the facility;

NOW THEREFORE, BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the President or President Pro-Tem is hereby authorized to enter into an agreement with Hanging Gardens, LLC and their partners on behalf of the Board to implement the green infrastructure project – S&WB Downtown Administration Building Stormwater Green Roof for the amount of \$324,073 with the caveat that air conditioning work at the facility is not affected.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

AWARD OF GREEN INFRASTRUCTURE PROJECT – AURORA RAINGARDENS TO GAEA ENGINEERING CONSULTANTS, LLC

WHEREAS, at the December 18, 2014, the Sewerage & Water Board of New Orleans (Board) directed staff to initiate requests for proposals for green infrastructure projects; and

WHEREAS, a request for proposals for green infrastructure was issued on August 31, 2015 followed by a pre-submittal conference held on September 11, 2015 and evaluation selection committee on November 5, 2015; and

WHEREAS, Gaea Engineering Consultants submitted a proposal on October 1, 2015 which included project description, plan and schedule for operations and management, budget and expected outcome to plan, design, implement, monitor, and maintain two types of green infrastructure including a flow-through planter and a rain garden/bioswale at the Aurora Sewer Pump Station at the northeast corner of Carlisle Court and Westchester Street in Algiers; and

WHEREAS, Gaea Engineering Consultants has partnered with Evans + Lighter Landscape Architecture, LLC for design and Groundwork New Orleans for planting and maintenance; and

WHEREAS, the cost of the proposal is a not to exceed \$66,095 combined with \$7,330 in in-kind donations of materials and volunteers; and

NOW THEREFORE, BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the President or President Pro-Tem is hereby authorized to enter into an agreement with Gaea Engineering Consultants, LLC and their partners on behalf of the Board to implement the green infrastructure project – Aurora Raingardens for the amount of \$66,095.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

AWARD OF GREEN INFRASTRUCTURE PROJECT – COLISEUM ST. BIOSWALE TO GAEA ENGINEERING CONSULTANTS, LLC

WHEREAS, at the December 18, 2014, the Sewerage & Water Board of New Orleans (Board) directed staff to initiate requests for proposals for green infrastructure projects; and

WHEREAS, a request for proposals for green infrastructure was issued on August 31, 2015 followed by a pre-submittal conference held on September 11, 2015 and evaluation selection committee on November 5, 2015; and

WHEREAS, Gaea Engineering Consultants submitted a proposal on October 1, 2015 which included project description, plan and schedule for operations and management, budget and expected outcome to plan, design, implement, monitor, and maintain 4 ft. by 600 ft. linear bioswale on the City of New Orleans Department of Public Works (DPW) right-of-way along Coliseum St. on the northeastern boundary of Coliseum Square Park in the Lower Garden District; and

WHEREAS, Gaea Engineering Consultants has partnered with DPW for technical review, Coliseum Square Association for outreach, Evans + Lighter Landscape Architecture, LLC for design and Groundwork New Orleans for planting and maintenance; and

WHEREAS, the cost of the proposal is a not to exceed \$109,057 combined with \$16,000 in in-kind donations of materials and volunteers; and

WHEREAS, award is given with the caveat that the project cost could be lowered if DPW or other City agencies can absorb construction costs into scheduled roads recovery projects;

NOW THEREFORE, BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the President or President Pro-Tem is hereby authorized to enter into an agreement with Gaea Engineering Consultants, LLC and their partners on behalf of the Board to implement the green infrastructure project – Coliseum St. Bioswale for the amount of \$109,057 with the caveat that cost to the Board could be lowered if DPW can absorb construction costs.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



"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 16, 2015

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

Dear Directors:

Subject: 2016 Healthcare Plan Renewals

Sewerage and Water Board is the Plan Sponsor of a self-funded Group Health Plan for employees and retirees. HealthSmart is the Claims Administrator for the Group Health Plan and USI Southwest is the Healthcare Plan Consultant. Following are the recommendations to (1) set the Employee Contribution Rates; (2) award contracts for Group Health Plan Administration, Pharmacy Benefit Management, and Stop Loss Insurance; and (3) renew the contract for the Healthcare Consultant.

Employee Contribution Rates. After careful consideration, staff recommends adoption of attached draft resolution R-217-2015 for no increase in contribution rates proposed for employees and retirees that participate in the Wellness Program and a \$15 biweekly increase in the contribution rates for each employee, retiree, and covered spouse not participating in the Wellness Program. This represents approximately a fifteen percent cost share by employees and retirees. The implementation of the increase for non-participants will likely result in the loss of "grandfathered" status with the Affordable Care Act for the healthcare plan and minimally increased claims costs for coverages not previously included in the plan, but will not result in increased administrative costs.

Group Health Plan Administration. Administration Fees for Medical and PPO Network Access will remain unchanged as part of the three year rate guarantee in their 2014 Proposal. Dental and Dental Network access fees for active employees will also remain unchanged. Staff recommends adoption of attached draft resolution R-216-2015 to:

- Renew the contract with HealthSmart for a projected total Administrative Fee for the Group Health Plan of \$590,679.60. This includes administration of dental coverage that applies only to employees as well as new services for Utilization Management, Disease Management / Predictive Modeling, and Healthcare Bluebook. Combined, these programs identify best medical care treatment options; provide patient education and lead to the lowest cost for the member and the Board.

- Renew the contract for Stop Loss Insurance with HCC Life for an estimated annual cost of \$663,776.40. This is expected to yield **annual premium savings of \$301,554**, which may be partially offset by raising the Specific Deductible from \$125,000 to \$150,000.
- Change the Pharmacy Benefit Manager from Cigna Rx to HealthSmart Rx. This will provide a **projected annual savings of \$263,648** realized through ingredient costs, dispensing fees and rebate savings.

Healthcare Plan Consultant. Staff recommends adoption of attached draft resolution R-215-2015 for the first of three possible renewals of the contract with USI Southwest for an annual retainer fee of \$52,000. This remains unchanged from the first two years of the contract awarded in 2013.

The 2016 Healthcare Plan Renewals represent the implementation of a new Wellness Program for employees, no increase in employee contribution rates for participants in the Wellness Program, and projected annual savings of up to \$565,202.



Robert K. Miller
Deputy Director

Healthcare Plan Consultant Renewal

WHEREAS, the Sewerage and Water Board has contracted with USI Southwest to provide Health Care Consultant Services: and,

WHEREAS, the original contract provides for three, one year renewals in years three, four, and five of the contract;

WHEREAS, 2016 will be year three of the contract,

NOW, THEREFORE, BE IT RESOLVED that the HealthCare Plan Consultant contract renewal with USI Southwest be approved for the 2016 calendar year in accordance with the following fee schedule:

| Year | Retainer | Hourly Fee |
|------|----------------------|------------|
| 1 | \$52,000.00 per year | \$200.00 |
| 2 | \$52,000.00 per year | \$200.00 |
| 3 | \$52,000.00 per year | \$200.00 |
| 4 | \$52,000.00 per year | \$200.00 |
| 5 | \$52,000.00 per year | \$200.00 |

I, Cedric S. Grant, 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
Wednesday, November 18, 2015

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

2016 Health Insurance Administration Renewal

WHEREAS, the Sewerage and Water Board of New Orleans provides Health Insurance for its Employees and Retirees; and,

WHEREAS, it is now time to renew the Health Insurance for calendar year 2016; and,

WHEREAS, Health Smart is proposing an Administrative Fee of \$35.86 per contract per month for 2016 for active employees, including Dental, and \$32.21 for retirees in accordance with the Renewal Proposal for the Health, Prescription Drug, and Mental Health benefits of the self-insured plan; and,

WHEREAS, HCC Life is proposing a fee of \$49.59 per contract per month (employees and retirees under age 65) for the \$150,000 specific stop-loss coverage on 24/12 basis; and,

WHEREAS, the Administrative Fee for Cobra Administration will remain at \$1.15 per contract per month,

WHEREAS, Vision Service Plan has proposed no increase in their rates for the vision benefits for 2015;

NOW THEREFORE, BE IT RESOLVED that the Health, Dental, Prescription Drug, Mental Health and Substance Abuse, Vision, benefits and providers be renewed and approved for Calendar Year 2016 as described above, in accordance with the 2015-2016 Health Care Plan Rate Proposal Exhibit attached hereto.

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 Wednesday, November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

2016 Health Insurance Employee/Retiree Contribution/Deduction

WHEREAS, Sewerage and Water Board of New Orleans provides Health Insurance for its Employees and Retirees; and,

WHEREAS, a Wellness Program will provide improved health for Employees and Retirees, along with reduced healthcare costs for the Sewerage & Water Board of New Orleans, Employee and Retiree will have no increase in premium contributions in 2016 for participation in the Wellness Program,

NOW THEREFORE, BE IT RESOLVED that the Employee and Retiree bi-weekly contribution/deduction is established as follows for the appropriate groups, effective February 1, 2016:

| Employees | Wellness Participation | Non-Participation (1 person) | Non-Participation (2 people) |
|----------------------------------|-------------------------------|-------------------------------------|-------------------------------------|
| Employee Only | \$34.84 | \$49.84 | |
| Employee & Child(ren) | \$76.99 | \$91.99 | |
| Employee & Spouse | \$76.99 | \$91.99 | \$106.99 |
| Employee, Spouse, & Child(ren) | \$88.14 | \$103.14 | \$118.14 |
| | | | |
| Retirees under age 65 | | | |
| Retiree only | \$64.69 | \$79.69 | |
| Retiree & Child(ren) | \$127.16 | \$142.16 | |
| Retiree & Spouse | \$127.16 | \$142.16 | \$157.16 |
| Retiree, Spouse, & Child(ren) | \$127.16 | \$142.16 | \$157.16 |
| | | | |
| Retirees age 65 and older | | | |
| Retiree only | \$27.38 | \$42.38 | |
| Retiree & Spouse | \$54.75 | \$69.75 | \$84.75 |

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 Wednesday, November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

**ADDENDUM TO AGREEMENT BETWEEN SEWERAGE AND WATER
BOARD OF NEW ORLEANS AND ENTERGY NEW ORLEANS INC FOR HIGH
PRESSURE GAS SERVICE**

WHEREAS, in June of 2013, the Sewerage and Water Board (SWBNO) of New Orleans and Entergy New Orleans (ENO) entered into an agreement whereby Entergy would install and dedicate a new 10" 200 pounds-force gas main for the exclusive use of the SWBNO, and

WHEREAS, this dedicated gas main will enable the SWBNO to provide reliable gas service to our power plant without the need to boost the gas pressure, and

WHEREAS, the agreement indicated that the SWBNO would pay the full cost of the design and installation of the dedicated main as well as the monthly maintenance costs (Gas Additional Facilities Charge Rider). At the time of the agreement, the cost of the construction was estimated at \$482,200, and

WHEREAS, with the construction complete, ENO has advised that the actual construction costs were \$735,691.00 due to higher than anticipated bid prices and conflicts identified during construction.

NOW THEREFORE BE IT RESOLVED, the current agreement be modified with actual construction costs and ratified by the Sewerage and Water Board of New Orleans.


I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: November 5, 2015
To: Anita Simmons, Director's Office
From: Dexter Joseph, Budget Director 
Re: Acceptance of the 2014 Report on Operations

Please place the attached resolution Acceptance of the Report on Operations for 2014 completed by Black & Veatch as an action item on the Finance Committee Meeting Agenda for the November, 2015 board cycle meetings

Thank you.

cc: Robert Miller

ACCEPTANCE OF THE REPORT ON OPERATIONS FOR 2014

WHEREAS, Black & Veatch was authorized by resolution R-034-2015 to prepare the Report on Operations for 2014; and

WHEREAS, the completed report covering adherence to Bond resolutions, financing of future projects and operations has been completed and delivered to the Board; and

WHEREAS, a review by staff indicates that the report is satisfactory in all respects.

NOW THEREFORE BE IT RESOLVED, that the 2014 Report on Operations is accepted as complete.

I, Cedric S. Grant, 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 November 18, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

EXECUTIVE SUMMARY

REPORT ON OPERATIONS FOR 2014

B&V PROJECT NO. 188511

PREPARED FOR

Sewerage and Water Board of New Orleans

22 OCTOBER 2015



MISSION STATEMENT

Our mission is to provide safe drinking water to everyone in New Orleans;
To remove waste water for safe return to the environment;
To drain away storm water;
To provide water for fire protection;
To provide information about products and services;
And to do all of this continuously at a reasonable cost to the community

VISION STATEMENT

Our vision is to have the trust and confidence of our customers
for reliable and sustainable water services

OUR VALUES

We will focus on our customer and stakeholders
We will teach each customer and employee with dignity and respect
We will value each employee, their work, and their commitment
We will be trustful, trustworthy and transparent
We will be knowledgeable and diligent in the performance of our duties
We will use financial resources prudently
We will be accountable for our performance
We will continuously improve our performance
We will ensure that the systems that provide our services remain viable for future generations
We will remain on the job and will be prepared for storms and other risks

Executive Summary

The Report on Operations of the Sewerage and Water Board of New Orleans presents findings of studies made in compliance with covenants of the 2014 General Water Revenue Bond Resolution and the 2014 General Sewerage Service Revenue Bond Resolution (General Resolution). The report includes recommendations designed to assist the Board and its staff in planning future operational policies. Subjects covered in the report include:

1. Adherence to covenants of the General Water Revenue Bond Resolution and the General Sewerage Service Revenue Bond Resolution.
2. Ability to finance projected revenue requirements including proposed capital improvements.
3. Operations of the water, sewerage, and drainage systems.

Findings of the report are summarized as follows:

WATER DEPARTMENT

- Financial operations for 2014 have complied with the requirements of the General Water Revenue Bond Resolution.
- Total water sales decreased from 13,573 million gallons in 2013 to 13,504 million gallons in 2014 and the number of monthly billed customers receiving water service increased from 127,876 in 2013 to 129,109 in 2014.
- Total water revenues increased from \$70,257,896 in 2013 to \$74,220,847 in 2014 primarily due to an increase in the number of customers. In 2014, the Board indicated that operating and maintenance grants from FEMA for operating expenses incurred from sewer repairs performed by Board crews was mistakenly recorded as revenue for the Water Department, when it should have been recorded as revenue for the Sewerage Department. Following the correction, the net operating and maintenance grant for the Water Department was negative \$381,876. This amount is included in other revenue. Operation and maintenance expenses (excluding claims) increased from \$63,378,612 in 2013 to \$68,462,520 in 2014. After debt service payments and claims, a balance of \$1,785,563 was available for capital related expenditures in 2014, unadjusted for depreciation. The comparable figure for 2013 was \$2,159,183.
- Capital improvement expenditures totaled \$45,118,640 in 2014. The proposed capital improvement program for the five years 2015 through 2019 totals \$516,074,000.
- A projected cash flow statement showing the timing and magnitude of indicated revenue increases and additional debt financing is presented in Table A. Revenues shown on Line 1 of Table A are based on rates that became effective January 1, 2015. Revenue from future annual water system revenue increases of 10 percent effective January 1, 2016 through January 1, 2019 are shown on Line 2 of Table A.
- It is anticipated that the Board will issue Water Revenue Bonds, Series 2015 in the amount of \$100,000,000 in November 2015. Additional long term debt financing of \$25,000,000 in 2016, \$63,000,000 in 2017, \$55,000,000 in 2018 and \$37,100,000 in 2019 is indicated to fund the proposed capital improvement program.

- As demonstrated in Table A, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements and estimated future operation expenses of the Water Department during the 2015-2019 study period examined herein. In addition, it is anticipated that the required rate covenant coverage test and additional bond coverage test will be met for each year of the five-year period as shown in Table B.

SEWERAGE DEPARTMENT

- Financial operations for 2014 have complied with the requirements of the General Sewerage Service Revenue Bond Resolution.
- Total billed wastewater volumes decreased from 11,317 million gallons in 2013 to 11,223 million gallons in 2014 and the number of monthly billed customers receiving sewage service increased from 123,701 in 2013 to 125,303 in 2014.
- Total sewerage revenues increased from \$80,081,050 in 2013 to \$88,757,242 in 2014. Operation and maintenance expenses (excluding claims) increased from \$45,566,211 in 2013 to \$47,955,827 in 2014. After debt service payments and claims, a balance of \$20,019,046 was available for capital related expenditures in 2014, excluding depreciation. The comparable figure for 2013 was \$14,434,460.
- Capital improvement expenditures totaled \$51,884,272 in 2014. The proposed capital improvement program for the five years 2015 through 2019 totals \$338,766,000.
- A projected cash flow statement showing the timing and magnitude of indicated revenue increases and additional debt financing is presented in Table C. Revenues shown on Line 1 of Table C are based on rates that became effective January 1, 2015. Revenue from future annual wastewater system revenue increases of 10 percent effective January 1, 2016 through January 1, 2019 are shown on Line 2 of Table C.
- It is anticipated that the Board will issue Sewerage Revenue Bonds, Series 2015 in the amount of \$100,000,000 in November 2015. Additional long term debt financing of \$10,000,000 in 2018 and \$35,000,000 in 2019 is indicated to fund the proposed capital improvement program.
- As demonstrated in Table C, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements as currently scheduled and estimated future operation expenses of the Sewerage Department during the 2015-2019 study period. In addition, it is anticipated that the required rate covenant coverage test and additional bond coverage test will be met for each year of the five-year period as shown in Table D.

DRAINAGE DEPARTMENT

- Total drainage revenues increased from \$47,647,853 in 2013 to \$49,014,535 in 2014. Operation and maintenance expenses (excluding claims) decreased from \$31,893,808 in 2013 to \$29,859,424 in 2014. After debt service payments and claims, a balance of \$17,506,258 was available for capital related expenditures in 2013, excluding depreciation. The comparable figure for 2013 was \$11,311,249.
- Capital improvement expenditures totaled \$47,956,239 in 2014. The proposed capital improvement program for the five years 2015 through 2019 totals \$619,812,000.

- As demonstrated in Table E, projected financial operations for the period 2015 through 2019 indicate that current revenue sources are not adequate to meet operation and maintenance expenses and total debt service on existing bond issues for each year of the study period. As indicated in the *Financial Plan and Rate Study 2011-2020*, additional operating revenue is needed to help fund the capital program.
- Until an alternative source of operating revenue is identified, the Drainage System does not have the ability to issue any future long term debt due to the fact that it will not have sufficient funds on hand to make the required debt service payments.
- Due to the constraints on revenues, it is anticipated that capital projects during the 2015 through 2020 period will exceed the amount of funding available from the Drainage Department. It is recommended that the Board defer capital projects until an additional source of operating revenue has been identified and the Board has the capacity to debt finance more projects. In addition, with the loss of revenue from the three-mill ad valorem tax beginning in 2018, operating revenue in 2019 will not be sufficient to fund projected operation and maintenance expenses unless an alternative source of operating revenue is identified or the three-mill ad valorem tax is reauthorized in 2017.

OTHER FINDINGS

The following items comprise a summary of findings during the 2014 site inspections:

- The management team consists of individuals with significant water, sewerage, and drainage experience. This experience has been developed both internally at SWBNO and at other respected major water and sewer utilities.
- Similar to water and sewer utilities across the U.S., the departments that comprise SWBNO are faced with a significant number of pending retirements. Approximately 24 percent of current employees are either on the Deferred Retirement Option Plan (DROP) program or are eligible for retirement. Unless these employees are replaced with a steady influx of qualified replacements, these pending retirements pose a significant threat to SWBNO's ability to perform its core operational and administrative functions. Succession planning and recruitment of qualified employees will be a key element for SWBNO to mitigate the pending retirements.
- Several departments are experiencing vacancies, including the Water Purification unit of the Operations Department, as well as the Facilities Maintenance and Networks Departments. SWBNO needs to address these vacancies as soon as possible to ensure effective operational and maintenance performance and administrative oversight.
- The SWBNO has a clear understanding of the existing conditions of the drainage water and sewage facilities, and is aware of the immediate needs within each division and area; however, funding is needed for the SWBNO to address these issues. Water and sewer customer rates increases have been approved and the SWBNO is currently prioritizing immediate needs such as filter rehabilitation at the Carrollton WWP.
- The SWBNO has started to initiate the filter rehabilitation program at the Carrollton WPP, as the filter system is in need of extensive repairs due to leaking pipes, broken valves, broken actuators, and filter media being at the end of its expected service life.

- The recycle basin pumps at the Carrollton WPP need to be replaced and replacement for those pumps will be an upcoming construction project.
- The potable water distribution network and the sanitary sewer collection system present the two biggest challenges. Lines are being replaced where leaks have been detected by the contractor.
- The SWBNO is servicing 100 percent of the population within the collection system. Most of the sewer pump stations on the East and West Banks have been repaired and are operational.
- The sewage plants are meeting permit except for five excursions in 2014. Three excursions were due to high flows and maintenance being conducted on the clarifiers. The other excursion was attributed to a sampling error. The SWBNO and the contract operator, Veolia, have addressed each issue.

Table A

Water Department

Analysis of Ability of Forecasted Revenue to

Finance Projected Revenue Requirements

| Line No. | Description | Fiscal Year Ending December 31, | | | | |
|----------|--|---------------------------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | \$ | \$ | \$ | \$ | \$ |
| 1 | Revenue from Charges | 76,126,100 | 77,101,600 | 77,311,400 | 77,527,900 | 77,750,200 |
| 2 | Total Additional Revenue (a) | 0 | 7,615,800 | 15,985,500 | 25,239,800 | 35,539,000 |
| 3 | Total Service Charge Revenue | 76,126,100 | 84,717,400 | 93,296,900 | 102,767,700 | 113,289,200 |
| 4 | Interest Income | 303,500 | 127,000 | 134,000 | 131,400 | 148,200 |
| 5 | Plumbing Insp. & License Fees | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 6 | Other Miscellaneous Income | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 |
| 7 | Revenue from Internal field Review (b) | 761,300 | 847,200 | 933,000 | 1,027,700 | 1,132,900 |
| 8 | Sale of Water to School District | 0 | 350,000 | 385,000 | 423,500 | 465,900 |
| 9 | Interest from Bond Reserve Fund | 136,000 | 179,000 | 211,000 | 254,000 | 287,000 |
| 10 | Total Operating Revenue | 80,880,900 | 89,774,600 | 98,513,900 | 108,158,300 | 118,877,200 |
| 11 | Operation & Maintenance | (70,569,600) | (72,693,200) | (74,874,100) | (77,120,200) | (79,433,900) |
| 12 | Provision for Claims | (742,100) | (764,400) | (787,300) | (810,900) | (835,300) |
| 13 | Provision for Doubtful Accounts | (1,522,500) | (1,542,000) | (1,546,200) | (1,550,600) | (1,555,000) |
| 14 | Net Operating Revenue | 8,046,700 | 14,775,000 | 21,306,300 | 28,676,600 | 37,053,000 |
| | Debt Service | | | | | |
| | Senior Lien Revenue Bonds | | | | | |
| 15 | Existing | (5,176,300) | (5,501,300) | (7,700,000) | (7,693,000) | (7,700,000) |
| 16 | Projected | 0 | 0 | (7,361,100) | (10,325,000) | (14,656,900) |
| 17 | Total Senior Lien Revenue Bonds | (5,176,300) | (5,501,300) | (15,061,100) | (18,018,000) | (22,356,900) |
| 18 | Gulf Opportunity Zone Act Loan | (639,900) | (639,900) | (639,900) | (639,900) | (639,900) |
| 19 | Total Debt Service | (5,816,200) | (6,141,200) | (15,701,000) | (18,657,900) | (22,996,800) |
| 20 | Other Non-Operating Revenue | 400,500 | 400,500 | 400,500 | 400,500 | 400,500 |
| 21 | Transfer to Construction | (1,000,000) | (5,000,000) | (5,000,000) | (10,000,000) | (10,000,000) |
| 22 | Due from/(to) Other Departments | (3,891,000) | (2,186,000) | (436,000) | (436,000) | 0 |
| 23 | Transfer to Operating Reserve Fund | (17,447,100) | (512,000) | (533,900) | (544,400) | (560,700) |
| 24 | Transfer from/(to) Rate Stabilization Fund | 0 | 0 | 0 | 0 | 0 |
| 25 | Net Annual Balance | (19,707,100) | 1,336,300 | 35,900 | (561,200) | 3,896,000 |
| 26 | Beginning of Year Cash Balance (c) | 20,119,900 | 412,800 | 1,749,100 | 1,785,000 | 1,223,800 |
| 27 | End of Year Balance | 412,800 | 1,749,100 | 1,785,000 | 1,223,800 | 5,119,800 |
| 28 | Beginning of Year Cash Balance (c) | 20,119,900 | 28,561,800 | 30,410,100 | 30,979,900 | 30,963,100 |
| 29 | Customer Deposits | 10,701,900 | | | | |
| 30 | Operating Reserve Fund | 17,447,100 | 512,000 | 533,900 | 544,400 | 560,700 |
| 31 | Net annual Balance | (19,707,100) | 1,336,300 | 35,900 | (561,200) | 3,896,000 |
| 32 | End of Year Balance | 28,561,800 | 30,410,100 | 30,979,900 | 30,963,100 | 35,419,800 |
| 33 | Days of O&M Cash on Hand | 143 | 148 | 146 | 142 | 158 |

(a) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

(b) Estimated as 1% of Total Service Charge Revenue.

(c) Reflects beginning of year balance in unrestricted and undesignated cash and cash equivalents and cash and cash equivalents designated for capital projects, less operating reserve requirement.

Table B
Water Department
Coverage Requirements

| Line No. | Coverage Requirements | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Projected Net Revenues | | | | | | | |
| 1 | Revenue Under Existing Rates | 70,818,300 | 76,126,100 | 77,101,600 | 77,311,400 | 77,527,900 | 77,750,200 |
| 2 | Additional Revenue Under Proposed Rates | | 0 | 7,615,800 | 15,985,500 | 25,239,800 | 35,539,000 |
| 3 | Interest Income | 349,600 | 1,289,000 | 1,215,800 | 968,800 | 798,200 | 712,700 |
| 4 | Plumbing and Inspection Fees | 339,200 | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 5 | Revenue Sharing | 254,600 | | | | | |
| 6 | Other Miscellaneous Revenue | 2,841,100 | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 |
| 7 | Revenue from Internal field Review | | 761,300 | 847,200 | 933,000 | 1,027,700 | 1,132,900 |
| 8 | Sale of Water to School District | | 0 | 350,000 | 385,000 | 423,500 | 465,900 |
| 9 | Operation & Maintenance Grants | (381,900) | 0 | 0 | 0 | 0 | 0 |
| 10 | Transfer from Rate Stabilization Fund | | 0 | 0 | 0 | 0 | 0 |
| 11 | Operation & Maintenance | (68,462,500) | (70,569,600) | (72,693,200) | (74,874,100) | (77,120,200) | (79,433,900) |
| 12 | Claims | (1,143,400) | (742,100) | (764,400) | (787,300) | (810,900) | (835,300) |
| 13 | Provision for Doubtful Accounts | (1,151,800) | (1,522,500) | (1,542,000) | (1,546,200) | (1,550,600) | (1,555,000) |
| 14 | Net Revenue | 3,463,200 | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | 37,330,500 |
| Rate Covenant Coverage | | | | | | | |
| 15 | Projected Net Revenues | | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | 37,330,500 |
| | Annual Debt Service | | | | | | |
| 16 | Senior Debt | | 5,176,300 | 5,501,300 | 15,061,100 | 18,018,000 | 22,356,900 |
| 17 | Coverage (a) | | 172% | 285% | 146% | 161% | 167% |
| 18 | All Debt | | 5,816,200 | 6,141,200 | 15,701,000 | 18,657,900 | 22,996,800 |
| 19 | Coverage (b) | | 153% | 255% | 140% | 156% | 162% |
| Adjusted Rate Covenant Coverage | | | | | | | |
| 20 | Projected Net Revenues (c) | | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | 37,330,500 |
| | Annual Debt Service | | | | | | |
| 21 | Senior Debt | | 5,176,300 | 5,501,300 | 15,061,100 | 18,018,000 | 22,356,900 |
| 22 | Coverage (d) | | 172% | 285% | 146% | 161% | 167% |
| 23 | All Debt | | 5,816,200 | 6,141,200 | 15,701,000 | 18,657,900 | 22,996,800 |
| 24 | Coverage (d) | | 153% | 255% | 140% | 156% | 162% |
| Additional Bond Coverage | | | | | | | |
| 25 | Preceding Year Projected Net Revenues | 3,463,200 | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | |
| 26 | Future Additional Revenue (e) | 43,235,300 | 46,475,700 | 35,782,900 | 25,590,100 | 16,280,900 | |
| 27 | Adjusted Projected Net Revenues | 46,698,500 | 55,371,900 | 51,467,700 | 47,520,200 | 45,370,300 | |
| | Maximum Debt Service | | | | | | |
| 28 | Senior Debt | | 14,305,500 | 16,120,200 | 20,693,400 | 24,677,300 | 27,364,900 |
| 29 | Coverage (a) | | 326% | 343% | 249% | 193% | 166% |
| 30 | All Debt | | 14,945,400 | 16,760,100 | 21,333,300 | 25,317,200 | 28,004,800 |
| 31 | Coverage (b) | | 312% | 330% | 241% | 188% | 162% |

- (a) The General Bond Resolution requires net revenue to equal or exceed 125% of debt service.
 (b) The General Bond Resolution requires net revenue to equal or exceed 110% of debt service.
 (c) Net Revenue excludes transfers from the Rate Stabilization Fund and proceeds of Operation & Maintenance Grants.
 (d) The General Bond Resolution requires net revenue to equal or exceed 100% of debt service.
 (e) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

Table C

Sewerage Department

Analysis of Ability of Forecasted Revenue to

Finance Projected Revenue Requirements

| Line No. | Description | Fiscal Year Ending December 31, | | | | |
|----------|--|---------------------------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | \$ | \$ | \$ | \$ | \$ |
| 1 | Revenue from Charges | 92,500,700 | 93,364,800 | 93,299,600 | 93,241,000 | 93,189,600 |
| 2 | Total Additional Revenue (a) | 0 | 9,301,600 | 19,372,400 | 30,555,000 | 42,807,100 |
| 3 | Total Service Charge Revenue | 92,500,700 | 102,666,400 | 112,672,000 | 123,796,000 | 135,996,700 |
| 4 | Interest Income | 222,000 | 132,000 | 92,300 | 144,200 | 255,400 |
| 5 | Plumbing Insp. & License Fees | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 6 | Other Miscellaneous Income | 288,900 | 288,900 | 288,900 | 288,900 | 288,900 |
| 7 | Revenue from Internal field Review (b) | 925,000 | 1,026,700 | 1,126,700 | 1,238,000 | 1,360,000 |
| 8 | Sale of Water to School District | 0 | 380,000 | 418,000 | 459,800 | 505,800 |
| 9 | Operating & Maintenance Grants | 7,858,000 | 0 | 0 | 0 | 0 |
| 10 | Interest from Bond Reserve Fund | 239,000 | 272,000 | 272,000 | 275,000 | 291,000 |
| 11 | Total Operating Revenue | 102,355,100 | 105,087,500 | 115,191,400 | 126,523,400 | 139,019,300 |
| 12 | Operation & Maintenance | (55,142,000) | (56,804,900) | (58,509,300) | (60,264,400) | (62,072,300) |
| 13 | Provision for Claims | (327,600) | (337,400) | (347,600) | (358,000) | (368,700) |
| 14 | Provision for Doubtful Accounts | (1,017,500) | (1,129,300) | (1,239,400) | (1,361,800) | (1,496,000) |
| 15 | Net Operating Revenue | 45,868,000 | 46,815,900 | 55,095,100 | 64,539,200 | 75,082,300 |
| | Debt Service | | | | | |
| | Senior Lien Revenue Bonds | | | | | |
| 16 | Existing | (19,015,600) | (19,877,100) | (19,843,100) | (18,173,600) | (16,746,400) |
| 17 | Projected | 0 | (6,519,400) | (6,518,800) | (6,806,200) | (8,207,800) |
| 18 | Subtotal | (19,015,600) | (26,396,500) | (26,361,900) | (24,979,800) | (24,954,200) |
| 19 | Gulf Opportunity Zone Act Loan | (6,235,200) | (6,235,200) | (6,235,200) | (6,235,200) | (6,235,200) |
| 20 | Total Debt Service | (25,250,800) | (32,631,700) | (32,597,100) | (31,215,000) | (31,189,400) |
| 21 | Other Non-Operating Revenue | 470,900 | 470,900 | 470,900 | 470,900 | 470,900 |
| 22 | Transfer to Construction | (14,000,000) | (20,000,000) | (20,000,000) | (25,000,000) | (30,000,000) |
| 23 | Due from/(to) Other Departments | (2,911,000) | (2,911,000) | (486,000) | 0 | 0 |
| 24 | Transfer to Operating Reserve Fund | (12,196,900) | (1,731,400) | (440,000) | (449,900) | (465,500) |
| 25 | Transfer from/(to) Rate Stabilization Fund | 0 | 0 | 0 | 0 | 0 |
| 26 | Net Annual Balance | (8,019,800) | (9,987,300) | 2,042,900 | 8,345,200 | 13,898,300 |
| 27 | Beginning of Year Cash Balance (c) | 25,554,400 | 17,534,600 | 7,547,300 | 9,590,200 | 17,935,400 |
| 28 | End of Year Balance | 17,534,600 | 7,547,300 | 9,590,200 | 17,935,400 | 31,833,700 |
| 29 | Beginning of Year Cash Balance (c) | 25,554,400 | 29,731,500 | 21,475,600 | 23,958,500 | 32,753,600 |
| 30 | Operating Reserve Fund | 12,196,900 | 1,731,400 | 440,000 | 449,900 | 465,500 |
| 30 | Net annual Balance | (8,019,800) | (9,987,300) | 2,042,900 | 8,345,200 | 13,898,300 |
| 31 | End of Year Balance | 29,731,500 | 21,475,600 | 23,958,500 | 32,753,600 | 47,117,400 |
| 32 | Days of O&M Cash on Hand | 192 | 135 | 146 | 193 | 269 |

(a) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

(b) Estimated as 1% of Total Service Charge Revenue.

(c) Reflects beginning of year balance in unrestricted and undesignated cash and cash equivalents and cash and cash equivalents designated for capital projects, less operating reserve requirement.

Table D
Sewerage Department
Coverage Requirements

| Line No. | Coverage Requirements | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Projected Net Revenues | | | | | | | |
| 1 | Revenue Under Existing Rates (a) | 86,553,300 | 92,500,700 | 102,666,400 | 112,672,000 | 123,796,000 | 135,996,700 |
| 2 | Additional Revenue Under Proposed Rates | | 0 | 9,301,600 | 19,372,400 | 30,555,000 | 42,807,100 |
| 3 | Interest Income | 257,800 | 1,428,400 | 1,419,400 | 999,000 | 754,900 | 770,900 |
| 4 | Plumbing and Inspection Fees | 339,200 | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 5 | Revenue Sharing | 317,500 | | | | | |
| 6 | Other Miscellaneous Revenue | 906,100 | 288,900 | 288,900 | 288,900 | 288,900 | 288,900 |
| 7 | Revenue from Internal field Review | | 925,000 | 1,026,700 | 1,126,700 | 1,238,000 | 1,360,000 |
| 8 | Sale of Water to School District | | 0 | 380,000 | 418,000 | 459,800 | 505,800 |
| 9 | Operation & Maintenance Grants | 383,400 | 7,858,000 | 0 | 0 | 0 | 0 |
| 10 | Transfer from Rate Stabilization Fund | | 0 | 0 | 0 | 0 | 0 |
| 10 | Operation & Maintenance | (47,955,800) | (55,142,000) | (56,804,900) | (58,509,300) | (60,264,400) | (62,072,300) |
| 11 | Claims | (565,200) | (327,600) | (337,400) | (347,600) | (358,000) | (368,700) |
| 12 | Provision for Doubtful Accounts | (944,200) | (1,017,500) | (1,129,300) | (1,239,400) | (1,361,800) | (1,496,000) |
| 13 | Net Revenue | 39,292,100 | 46,835,400 | 57,132,900 | 75,102,200 | 95,429,900 | 118,113,900 |
| Rate Covenant Coverage | | | | | | | |
| 14 | Projected Net Revenues | | 46,835,400 | 57,132,900 | 75,102,200 | 95,429,900 | 118,113,900 |
| | Annual Debt Service | | | | | | |
| 15 | Senior Debt | | 19,015,600 | 26,396,500 | 26,361,900 | 24,979,800 | 24,954,200 |
| 16 | Coverage (a) | | 246% | 216% | 285% | 382% | 473% |
| 17 | All Debt | | 25,250,800 | 32,631,700 | 32,597,100 | 31,215,000 | 31,189,400 |
| 18 | Coverage (b) | | 185% | 175% | 230% | 306% | 379% |
| Adjusted Rate Covenant Coverage | | | | | | | |
| 19 | Projected Net Revenues (c) | | 38,977,400 | 57,132,900 | 75,102,200 | 95,429,900 | 118,113,900 |
| | Annual Debt Service | | | | | | |
| 20 | Senior Debt | | 19,015,600 | 26,396,500 | 26,361,900 | 24,979,800 | 24,954,200 |
| 21 | Coverage (d) | | 205% | 216% | 285% | 382% | 473% |
| 22 | All Debt | | 25,250,800 | 32,631,700 | 32,597,100 | 31,215,000 | 31,189,400 |
| 23 | Coverage (d) | | 154% | 175% | 230% | 306% | 379% |
| Additional Bond Coverage | | | | | | | |
| 24 | Preceding Year Projected Net Revenues | | 39,292,100 | 46,835,400 | 57,132,900 | 75,102,200 | 95,429,900 |
| 25 | Future Additional Revenue (e) | | 52,841,700 | 56,472,600 | 43,330,600 | 30,882,200 | 19,580,600 |
| 26 | Adjusted Projected Net Revenues | | 92,133,800 | 103,308,000 | 100,463,500 | 105,984,400 | 115,010,500 |
| | Maximum Debt Service | | | | | | |
| 27 | Senior Debt | | 26,396,500 | 26,396,500 | 26,361,900 | 24,979,800 | 26,376,000 |
| 28 | Coverage (a) | | 349% | 391% | 381% | 424% | 436% |
| 29 | All Debt | | 32,631,700 | 32,631,700 | 32,597,100 | 31,215,000 | 32,611,200 |
| 30 | Coverage (b) | | 282% | 317% | 308% | 340% | 353% |

(a) The General Bond Resolution requires net revenue to equal or exceed 125% of debt service.

(b) The General Bond Resolution requires net revenue to equal or exceed 110% of debt service.

(c) Net Revenue excludes transfers from the Rate Stabilization Fund and proceeds of Operation & Maintenance Grants.

(d) The General Bond Resolution requires net revenue to equal or exceed 100% of debt service.

(e) Reflects revenue an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

Table E
Drainage Department
Analysis of Ability of Forecasted Revenue to
Finance Projected Revenue Requirements

| Line No | Description | Fiscal Year Ending December 31, | | | | |
|---------|--|---------------------------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | \$ | \$ | \$ | \$ | \$ |
| 1 | Three-Mill Ad Valorem Tax Revenue (4.66 Mills) (a) | 14,052,600 | 14,052,600 | 14,333,700 | 0 | 0 |
| 2 | Six-Mill Ad Valorem Tax Revenue (4.71 Mills) | 14,201,900 | 14,201,900 | 14,485,900 | 14,775,600 | 15,071,100 |
| 3 | Nine-Mill Ad Valorem Tax Revenue (7.06 Mills) | 21,240,400 | 21,240,400 | 21,665,200 | 22,098,500 | 22,540,500 |
| 4 | Other Miscellaneous Income | 581,700 | 588,000 | 594,000 | 600,000 | 606,000 |
| 5 | Interest Income | 178,900 | 213,900 | 259,400 | 204,200 | 34,000 |
| 6 | Interest from Bond Reserve Fund | 0 | 0 | 0 | 0 | 0 |
| 7 | Total Operating Revenue | 50,255,500 | 50,296,800 | 51,338,200 | 37,678,300 | 38,251,600 |
| 8 | Operation & Maintenance | (39,216,300) | (40,401,800) | (41,614,100) | (42,862,500) | (44,148,300) |
| 9 | Provision for Claims | (995,900) | (1,025,800) | (1,056,500) | (1,088,200) | (1,120,900) |
| 10 | Provision for Doubtful Accounts | (247,500) | (247,500) | (252,400) | (184,400) | (188,100) |
| 11 | Net Operating Revenue | 9,795,800 | 8,621,700 | 8,415,200 | (6,456,800) | (7,205,700) |
| | Debt Service | | | | | |
| | Senior Lien Revenue Bonds | | | | | |
| 12 | Existing | (2,014,400) | (2,017,100) | (2,024,100) | (2,028,400) | (2,028,600) |
| 13 | Projected | 0 | 0 | 0 | 0 | 0 |
| 14 | Subtotal | (2,014,400) | (2,017,100) | (2,024,100) | (2,028,400) | (2,028,600) |
| 15 | Gulf Opportunity Zone Act Loan | (407,600) | (407,600) | (407,600) | (407,600) | (407,600) |
| 16 | SELA Capital Repayment | 0 | 0 | 0 | (8,300,000) | (8,300,000) |
| 17 | Total Debt Service | (2,422,000) | (2,424,700) | (2,431,700) | (10,736,000) | (10,736,200) |
| 18 | Other Non-Operating Revenue | 701,700 | 701,700 | 701,700 | 701,700 | 701,700 |
| 19 | Transfer to Construction | 0 | 0 | 0 | 0 | 0 |
| 20 | Due from (to) Other Departments | (771,800) | (2,196,000) | (921,000) | 0 | 0 |
| 21 | Transfer to Operating Reserve Fund | (3,752,900) | (1,235,200) | (149,800) | (153,900) | (149,400) |
| 22 | Net Annual Balance | 3,550,800 | 3,467,500 | 5,614,400 | (16,645,000) | (17,389,600) |
| 23 | Beginning of Year Cash Balance (b) | 15,453,600 | 19,004,400 | 22,471,900 | 28,086,300 | 11,441,300 |
| 24 | End of Year Balance | 19,004,400 | 22,471,900 | 28,086,300 | 11,441,300 | (5,948,300) |
| 25 | Beginning of Year Cash Balance | 15,453,600 | 22,757,300 | 26,224,800 | 31,839,200 | 15,194,200 |
| 26 | Operating Reserve Fund | 3,752,900 | | | | |
| 27 | Net annual Balance | 3,550,800 | 3,467,500 | 5,614,400 | (16,645,000) | (17,389,600) |
| 28 | End of Year Balance | 22,757,300 | 26,224,800 | 31,839,200 | 15,194,200 | (2,195,400) |
| 29 | Days of O&M Cash on Hand | 212 | 237 | 279 | 129 | (18) |
| 30 | Annual Test (c) | 1054.4% | 1053.0% | 1070.4% | 1089.5% | 1111.1% |
| 31 | Additional Bonds Test (d) | 1038.7% | 1038.7% | 1059.4% | 1080.6% | 1102.2% |

(a) The Three-Mill Ad Valorem Tax will expire at the end of 2017.

(b) Reflects beginning of year balance in unrestricted and undesignated cash and cash equivalents and cash and cash equivalents designated for capital projects, less operating reserve requirement.

(c) The General Bond Resolution requires Nine-Mill Ad Valorem Tax Revenue to equal or exceed 100% of annual debt service.

(d) The General Bond Resolution requires Nine-Mill Ad Valorem Tax Revenue to equal or exceed 133% of maximum annual debt service.

REPORT ON OPERATIONS FOR 2014

BLACK & VEATCH PROJECT NO. 188511

PREPARED FOR

Sewerage and Water Board of New Orleans

22 OCTOBER 2015



MISSION STATEMENT

Our mission is to provide safe drinking water to everyone in New Orleans;
To remove waste water for safe return to the environment;
To drain away storm water;
To provide water for fire protection;
To provide information about products and services;
And to do all of this continuously at a reasonable cost to the community

VISION STATEMENT

Our vision is to have the trust and confidence of our customers
for reliable and sustainable water services

OUR VALUES

We will focus on our customer and stakeholders
We will teach each customer and employee with dignity and respect
We will value each employee, their work, and their commitment
We will be trustful, trustworthy and transparent
We will be knowledgeable and diligent in the performance of our duties
We will use financial resources prudently
We will be accountable for our performance
We will continuously improve our performance
We will ensure that the systems that provide our services remain viable for future generations
We will remain on the job and will be prepared for storms and other risks

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Introduction

PURPOSE AND SCOPE

This report covers operations of the Sewerage and Water Board of New Orleans for the year ended December 31, 2014. The report presents findings of studies made in compliance with covenants of the 2014 General Water Revenue Bond Resolution and the 2014 General Sewerage Service Revenue Bond Resolution. The report includes recommendations designed to assist the Sewerage and Water Board of New Orleans and its staff in planning future operational policies. Subjects covered include the following:

1. Adherence to covenants of the General Water Revenue Bond Resolution and the General Sewerage Service Revenue Bond Resolution.
2. Ability to finance projected revenue requirements including proposed capital improvements.
3. Operations of the water, sewerage, and drainage systems.

DEFINITIONS

In this report, “Sewerage and Water Board of New Orleans,” “Sewerage and Water Board,” and “Board” are used synonymously. “General Resolution” refers to either the 2014 General Water Revenue Bond Resolution or 2014 General Sewerage Service Revenue Bond Resolution.

“Water Department” is the Sewerage and Water Board organization providing domestic water service to residents of the City of New Orleans. “Sewerage Department” is the organization providing wastewater service, and “Drainage Department” is the organization providing stormwater conveyance and pumping. The Board organization includes some groups who participate in two or more operational activities.

HISTORY

The Sewerage and Water Board of New Orleans was created by Act No. 6 of the Louisiana Legislature in 1899 as a special board independent of City government to develop, operate, and maintain the water and sewerage systems in the City of New Orleans. In 1903, the Louisiana Legislature gave control of the City’s drainage system to the Board. Since that time, growth of the service area and increased service requirements have expanded the magnitude and complexity of operations.

Available sources of funds prior to 1958 for financing utility operations and improvements included ad valorem taxes, contributions-in-aid-of-construction, general obligation bonds of the City of New Orleans, and water revenues.

In 1974, the American Institute of Certified Public Accountants expanded their reporting guidelines for government operated utilities to include depreciation accounting. As a result, the Board initiated a preliminary system of accounting recognizing estimated historical investment as a basis for annual depreciation accruals. Implementation of the detailed plant accounting and record keeping required was started in 1979.

The Board’s computer based budget code system provides a method of identification of operation and maintenance expenses for the Water, Sewerage, and Drainage Departments. Allocation of

expenses is based upon actual or direct expenses of each Department together with an apportionment of joint expenses. The procedures permit utility plant accounting with annual costs charged to the appropriate property account instead of being charged to current Department income. In accounting for debt service, interest is charged to current year's income and principal and debt service reserve payments are charged to the respective account balances. Historical operating costs, discussed later in this report, reflect the functional classifications.

Water Department

Act No. 541 increased the Board's ability to finance needed water system improvements by authorizing the Board to issue water revenue bonds. Subsequently, water revenue bonds in the amounts of \$6,200,000 in 1960, \$1,500,000 in 1961, \$2,500,000 in 1964, \$4,000,000 in 1971, \$6,000,000 in 1978, \$17,000,000 in 1980, \$3,000,000 in 1981, and \$5,000,000 in 1982 were issued. All water system revenue bonds outstanding in 1986 were defeased by the \$31,350,000 Series 1986 Water Revenue Refunding bond issue. Additional revenue bonds in the amount of \$16,000,000 were issued in 1998 and \$34,000,000 were issued in 2002. In 2014, the Board issued Water Revenue and Refunding Bonds in the amount of \$103,525,000. A portion of the proceeds were used to defease Series 1998 in the amount of \$5,570,000 and Series 2002 in the amount of \$22,085,000. As of December 31, 2014, \$103,525,000 remained outstanding on the 2014 issue.

In February 2010, the Department of Health and Hospitals (DHH) committed to loan to the Board up to \$3,400,000 with a \$1,000,000 principal forgiveness to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River. A total of \$3,346,418 was drawn from the loan fund and as of December 31, 2014, \$1,546,418 has been repaid, \$1,000,000 has been forgiven, and \$800,000 was granted, resulting in the loan being paid in full.

Act No. 566 reauthorized the Board to fix and administer a schedule of water rates to meet the operational and capital costs of the public water system, to issue water revenue bonds, and to discontinue the free water allowance for sewerage purposes effective November 9, 1966.

Sewerage Department

Act No. 567 gave the Board authority to set and collect sewerage service charges, to be used for operational and capital costs of the Sewerage Department, and to issue sewerage service revenue bonds. This Act permitted the Board, for the first time in its history, to charge users of the sewerage system directly for related costs. Under the authority of Act No. 567, sewerage service charges were implemented May 1, 1967; and subsequently, sewerage service revenue bonds totaling \$33,000,000 were sold in 1968, 1976, 1982 (2 issues), and 1983. All sewerage system revenue bonds outstanding in 1986 were defeased by the \$21,280,000 Series 1986 Sewerage Service Revenue bonds. These bonds were fully retired in 1994. Sewerage system revenue bonds in the amount of \$30,000,000 were issued in 1997; \$25,000,000 in 1998; \$47,100,000 in 2000 (two issues); \$32,720,000 in 2001; \$57,000,000 in 2002; and \$5,500,000 in 2003. \$33,000,000 in revenue bonds, \$25,200,000 in Bond Anticipation Notes (BANs), and \$111,800,000 in Refunding BANs were issued in 2004. The 2004 BANs were defeased by the \$137,000,000 Refunding BANs Series 2005A. A portion of the 2005 BANs was refinanced with the Refunding BANs Series 2006. The remaining balance on the 2005 BANs were paid from funds on hand. The Refunding BANs Series 2006 were due July 15, 2009 and were paid in full by the issuance of Refunding Bonds Series 2009 in the amount of \$23,375,000. In 2014, the Board

issued Sewerage Service Revenue and Refunding Bonds in the amount of \$158,990,000. A portion of the proceeds were used to defease all outstanding bonds with the exception of the Series 2011 bonds.

In November 2011, the Board and Louisiana Department of Environmental Quality (LADEQ) entered into a loan agreement whereby \$9,000,000 of proceeds from the Revolving Loan Fund were borrowed through the issuance of Sewerage Service Subordinate Revenue Bonds, Series 2011. Debt service payments assume a 20-year term with a 0.45 percent interest rate plus an administrative fee of 0.5 percent. The Board began drawing down the funds during the first quarter of 2012 and as of December 31, 2014, had received a total of \$9,000,000 in disbursements. The Board began making principal payments in November of 2013. With the issuance of the Series 2014 bonds, the Series 2011 bonds became parity debt and entitled to the provisions of the General Sewerage Service Revenue Bond Resolution Total outstanding principal on all revenue bonds totaled \$167,164,000 as of December 31, 2014.

Drainage Department

In 1966 three constitutional amendments, Acts No. 565, 566, and 567 were enacted by the Louisiana Legislature and subsequently approved by the State's voters. Act No. 565 authorized the City of New Orleans to levy a three-mill ad valorem tax, effective January 1, 1967, to be used solely for operations and capital costs of the drainage system. Provision for issuance of bonds repayable solely from the three-mill tax was also included in the Act. In 1967, the Board issued \$15,000,000 of three-mill tax bonds. These bonds were fully retired in 1992.

Under the Louisiana State Constitution, all assessments beginning in 1978 were equalized, with residential property assessed at 10 percent of its market value and commercial and personal property assessed at 15 percent of market value. The constitution also provides that no tax revenues shall be lost by reassessments; thus, it has been necessary to revise the millage rates in effect at various times. If reassessment results in a lower tax base, the millage rate may be adjusted upward. If a larger tax base results, the millage rates must be rolled back. However, by state law, the City Council, upon request and after a public hearing, may increase the millage rates to the prior year's level. The three-mill tax rate, 6.01 mills since 1988, was increased to 6.40 mills in 1992 due to reassessment, and remained at that level through 2007. In 2007, it was reduced to 4.544 and in 2010 it was increased to the current rate of 4.66 mills.

Passage of a referendum in April 1977, authorized the collection of an additional six-mill, ad valorem tax for drainage purposes, effective January 1, 1978. The six-mill ad valorem tax was increased to 6.09 mills in 1988 and to 6.48 mills in 1992 due to reassessment and remained at that level through 2007. In 2007, it was reduced to 4.60 and in 2010 it was increased to the current rate of 4.71 mills. In 1978, the State Legislature authorized a debt limit of \$18,000,000 as sought by the Board of Liquidation, City Debt. That debt limit was eliminated by Legislative action in 2003. The Board issued \$18,000,000 in Series A, six-mill tax bond in November 1978. During 1994 the Board issued Drainage System Refunding Bonds, Series 1994, for the purpose of refunding the six-mill 1978 bonds. The 1994 bonds were considered to be an obligation of the six-mill ad valorem tax revenue and have been repaid.

In 1980, a constitutional amendment, Act No. 844, authorized an increase in the exemption of each homestead from ad valorem taxes from \$5,000 to \$7,500, and provided for periodic reassessment.

In 1981, a nine-mill ad valorem tax was approved and became effective January 1, 1982. The purpose of the nine-mill tax levy is to provide funds for the operation, maintenance, and construction of the drainage system. State law set the authorized debt limit for nine-mill bonds at \$68,000,000. That debt limit was eliminated by Legislative action in 2003. The Board sold nine-mill bond issues of \$22,000,000 in 1982 and \$30,000,000 in 1983. In 1986, \$12,525,000 Drainage System Bonds Series 1986A and \$15,755,000 Drainage System Bonds Series 1986B were authorized and sold for the purpose of refunding a portion the 1982 nine-mill bonds and a portion of the 1983 nine-mill bonds, respectively. In 1992 the Drainage System Bonds, Series 1982, was fully refunded, and beginning in 1993, debt service payments on the Drainage System Bonds, Series 1986A was paid from nine-mill tax revenue. In 1993, proceeds from the Drainage System Bonds, Series 1986B fully refunded the Drainage System Bonds, issue of 1983, and the debt service on these bonds became the obligation of nine-mill tax revenue. All Series 1986A and Series 1986B bonds have been retired. In 1998 nine-mill bonds in the amount of \$10,000,000 were issued and additional nine-mill bonds in the amount of \$20,000,000 were issued in 2002. In 2014, the Board issued Drainage System Refunding Bonds in the amount of \$14,900,000 for the purpose of refunding Series 1998 and Series 2002. , The total nine-mill Drainage System Bonds outstanding as of December 31, 2014 was \$14,900,000.

In 1988, reassessment caused the nine-mill ad valorem tax to be increased to 9.13 mills, and it was increased due to reassessment again in 1992 to 9.71 mills, and remained at this level through 2007. In 2007, it was reduced to 6.89 and in 2010 it was increased to the current rate of 7.06 mills.

Collection of the three-mill ad valorem tax levy is authorized until the year 2017; six-mill tax until 2028; and nine-mill tax until 2032.

General

During January 2006, the Board entered into a long-term agreement with the Federal Emergency Management Agency (FEMA) under the Community Disaster Loan Act of 2005. The Board has drawn down \$61,956,747 of the funds available. In December 2010, the Board was granted a partial forgiveness in the amount of \$36,790,000 of principal and \$4,648,410 of accrued interest, leaving a balance of \$25,166,747 in principal. In September of 2013, the Board was granted full forgiveness of the remaining balance of \$25,166,747.

In July of 2006 the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed \$77,465,247, which was the total amount available to the Board. Of that amount, \$31,500,000 was used to make a partial payment on the Sewerage Service Refunding BANs Series 2005A that matured on July 26, 2006. The remainder was used to make debt service payments on the Drainage System special tax bonds, the Sewerage Service revenue bonds, and the Water revenue bonds that were due on December 1, 2006; June 1, 2007; December 1, 2007; and June 1, 2008. Principal payments on the bonds began in July 2012 and continue through July 2026. As of December 31, 2014, the amount outstanding was \$60,197,596.

The Board is currently receiving funds from the U.S. Army Corps of Engineers (COE) sponsored and congressionally authorized Southeast Louisiana Urban Flood Control (SELA) Project. This funding will allow additional construction projects which were identified in the 1970's, but which have not

been completed because of funding limitations. The identified projects are to be funded either 100 percent from federal funds or 65 percent from federal funds and 35 percent from local funds. The payback period for the local share is 30 years and is anticipated to begin in 2016.

The Board provides water and sewer for public services to the City of New Orleans and its public institutions as mandated by state law in accordance with R.S. 33:4096 and R.S. 33:4121, respectively. During 2014, the Board provided 618,096,800 gallons of water for public services to agencies of the City of New Orleans. The value of this water, at current rates, is \$2,591,003. The value of the sewerage charges is \$3,325,180.

The three revenue-generating public agencies - the New Orleans Museum of Art, City Park, and Audubon Park – continued to receive water for public services under “caps”, or maximum annual limits, established by the Legislature in 1982. The Museum of Art used 456,500 gallons or 2,097,300 below its annual “cap” of 2,553,800 gallons. City Park used 12,504,800 gallons or 222,818,600 below its annual “cap” of 235,323,400 gallons. Audubon Park used 107,182,300 gallons or 132,817,700 gallons below its annual “cap” of 240,000,000 gallons.

The Sewerage and Water Board and the Orleans Parish School Board (OPSB) reached an agreement effective July 1, 1992, whereby the schools would be charged for any water exceeding an allowance of six gallons per day, for 365 days per year, for each student enrolled and any other person regularly assigned to that campus or facility. The allowance was lowered to four gallons per day effective July 1, 1993.

SOURCES OF FINANCIAL DATA

Financial information included in this report is obtained from audited financial reports provided by the Board.

SUMMARY OF FINDINGS

This section contains a summary of the financial operations of the Water, Sewerage, and Drainage Departments for the year 2014. Projections of future operations are also presented as a basis for determining the adequacy of present revenue sources to finance projected operating expenses and proposed capital program costs of the respective departments.

The statistical data maintained by the Board includes the compilation of detailed information on water sales and revenues. Information provided for 2014 includes a summary of the number of bills issued, billed volume, and revenues by customer class for both the Water and Sewerage Departments.

Under the current budget code system, costs are identified by general functional categories. Supplemental accounts are used for internal purposes to identify the cost in each functional category that is incurred for personal services, services and utilities, material and supplies, replacement and maintenance, and other special charges.

Water Department

Water Revenue Bond Resolution Requirements

Sewerage and Water Board financial operations for 2014 have complied with the requirements set forth in the 2014 General Water Revenue Bond Resolution.

Summary of 2014 Operations

Based upon a tabulation of water bills rendered during the year, the Water Department provided water service to an average of 127,876 regular billed customers and 1,060 governmental accounts, the latter of which are served without charge. According to data provided by the Board, of the 51,936.9 million gallons of water pumped by the Department during the year, 13,352.9 million gallons were sold, 622.8 million gallons were metered to customers without charge, treatment plant process water totaled 791.9 million gallons, and unmetered uses accounted for the remaining 37,169.3 million gallons. Unmetered water uses include fire protection; flushing streets, sewers, and drains; chlorinating and flushing new water mains; construction of streets; Sewerage and Water Board plant uses; and unaccounted for system losses.

The total revenue from water sales, delinquent fees, interest income and other income increased from \$70,257,896 in 2013 to \$74,220,847 in 2014. In 2014, the Board indicated that operating and maintenance grants from FEMA for operating expenses incurred from sewer repairs performed by Board crews was mistakenly recorded as revenue for the Water Department, when it should have been recorded as revenue for the Sewerage Department. Following the correction, the net operating and maintenance grant for the Water Department was negative \$381,876. This amount is included in other income. Operation and maintenance expenses (excluding claims paid) increased from \$63,378,612 in 2013 to \$68,462,520 in 2014. After adding claims of \$1,143,350 and debt service payments of \$2,829,414, a balance of \$1,785,563 was available for capital related expenditures in 2014, unadjusted for depreciation.

Ability to Finance Future Operations and Proposed Improvements

A summary of projected financial operations of the Water Department for the period 2015 through 2019 is shown in Table 12 of the report. Revenues shown on Line 1 of Table 12 are based on rates that became effective January 1, 2015. Revenue from future annual water system revenue increases of 10 percent effective January 1, 2016 through January 1, 2019 are shown on Line 2 of Table 12.

The Board anticipates issuing approximately \$100,000,000 in water revenue bonds in 2015. Additional long term debt financing of \$25,000,000 in 2016, \$63,000,000 in 2017, \$55,800,000 in 2018, and \$37,100,000 in 2019 is indicated to fund the proposed capital improvement program.

As demonstrated in Tables 11 and 12, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements and estimated future operation expenses of the Water Department during the 2015-2019 study period examined herein.

Sewerage Department

Sewerage Service Revenue Bond Resolution Requirements

Sewerage and Water Board financial operations for 2014 have complied with the requirements set forth in the 2014 General Sewerage Service Revenue Bond Resolution.

Summary of 2014 Operations

The total revenue from sewer charges, delinquent fees, interest income and other income increased from \$80,080,101 in 2013 to \$88,757,242 in 2014. In 2014, the Board received \$383,354 in operating and maintenance grants from FEMA for operating expenses incurred from sewer repairs performed by Board crews. This amount is included in other income. Operation and maintenance expenses

(excluding claims paid) increased from \$45,566,211 in 2013 to \$47,955,827 in 2014. After adding claims of \$565,222 and debt service payments of \$20,217,148, a balance of \$20,019,046 was available for capital related expenditures in 2014, unadjusted for depreciation.

Ability to Finance Future Operations and Proposed Improvements

A summary of projected financial operations of the Sewerage Department for the period 2015 through 2019 is shown in Table 24 of the report. Revenues shown on Line 1 of Table 24 are based on rates that became effective January 1, 2015. Revenue from future annual wastewater system revenue increases of 10 percent effective January 1, 2016 through January 1, 2019 are shown on Line 2 of Table 24.

The Board anticipates issuing approximately \$93,345,000 in sewerage service revenue bonds in 2015. Additional long term debt financing of \$10,000,000 in 2018 and \$35,000,000 in 2019 is indicated to fund the proposed capital improvement program.

It is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements and estimated future operation expenses of the Sewerage Department during the 2015-2019 study period examined herein

Drainage Department

Summary of 2014 Operations

Total revenues received from all sources including interest income totaled \$49,014,535 in 2014, an increase of approximately 2.9 percent from \$47,647,853 reported for the same sources in 2013. Total operation and maintenance expenses decreased about 6.4 percent, from \$31,893,808 in 2013 to \$29,859,424 in 2014. After adding claims of \$736,306 and debt service payments of \$912,547, a balance of \$17,506,258 was available for capital related expenditures in 2014.

Ability to Finance Future Operations and Proposed Improvements

An analysis of financial operations projected for the Drainage Department for the period 2015 through 2019 is summarized in Table 35 of the report. Revenue from the three-mill, six-mill, and nine-mill ad valorem taxes may be used for operating expenses, debt service, and capital expenditures; however the three-mill ad valorem tax will expire in 2017.

The analysis indicates that current revenue sources are not adequate to meet operation and maintenance expenses and total debt service on the proposed bond issues for each year of the study period. As indicated in the *Financial Plan and Rate Study 2011-2020* additional operating revenue is needed to help fund the capital program.

Until an alternative source of operating revenue is identified, the Drainage System does not have the ability to issue any future long term debt due to the fact that it will not have sufficient funds on hand to make the required debt service payments. Due to constraints on revenue, it is anticipated that capital projects during the 5-year period will exceed the amount of funding available from the Drainage Department. It is recommended that the Board defer capital projects until an additional source of operating revenue has been identified and the Board has the capacity to debt finance more projects. This deferment is shown on Line 10 of Table 34.

In addition, with the loss of revenue from the three-mill ad valorem tax beginning in 2018, operating revenue in 2019 will not be sufficient to fund projected operation and maintenance expenses unless an alternative source of operating revenue is identified or the three-mill ad valorem tax is reauthorized in 2017.

Other Findings

The Board operates a power plant at the Carrollton Water Purification Plant which provides power for the water purification process as well backup power in the event that commercial power fails or becomes unavailable. The Board's analysis of power purchased and produced is shown in the supplemental section of the 2014 Comprehensive Annual Financial Report. In 2014, approximately 68.6 million kilowatt hour (kWh) of power was purchased and 32.4 million kWh of power was generated.

On a unit cost basis, the average cost of purchased power has increased over the past five years from about 9.4¢ per kWh in 2010 to about 10.3¢ per kWh in 2014. During the same period, the Board's unit cost for generated power has increased from about 24.9¢ per kWh to about 38.4¢ per kWh. The cost of Board generated power is almost 3.7 times higher than that of purchased power; however, this higher cost is offset by the fact that the Board generated power is much more reliable than the purchased power from the local utility company.

In conducting our analyses and in forming an opinion of the projection of future operations summarized in this report, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. The methodology utilized by Black & Veatch in performing the analysis follows generally accepted practices for such projections. Such assumptions and methodologies are summarized in this report and are reasonable and appropriate for the purpose for which they are used. While Black & Veatch believes the assumptions are reasonable and the projection methodology valid, actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that actually occur.

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Facilities Evaluation - Operation, Maintenance, and Reconstruction

This evaluation summarizes the findings of the onsite assessments of the Sewerage and Water Board of New Orleans (SWBNO) facilities conducted by Black & Veatch from June 21 to June 26, 2015. Site visits were conducted at the water and wastewater treatment plants, Carrollton power plant facilities, and Central Yard facilities to evaluate the condition and operational capabilities of these facilities. In addition, the sewage and drainage pump stations were inspected to evaluate the condition of those facilities. Interviews were conducted with management and supervisory level SWBNO personnel during the site visit to assess the current operations statuses of the various facilities.

INTRODUCTION

The Operations Department of the SWBNO comprises four units: (1) Water Purification, (2) Sewage Treatment, (3) Water Pumping and Power, and (4) Sewerage and Drainage Pumping. The SWBNO operates the Carrollton and Algiers Water Purification Plants (WPPs), which purify raw water from the Mississippi River and supply potable water to New Orleans residents. The Carrollton plant currently purifies approximately 135 million gallons per day (mgd) of water for the East Bank of Orleans Parish. The Algiers plant, which serves the predominantly residential West Bank portion of the parish, purifies roughly 11 mgd of water. The treated water from the two plants is pumped through approximately 1,800 miles of mains to the service connections within the City, as well as to several customers in adjacent parishes.

The sewerage collection system includes several miles of lateral sewers, trunk sewers, and 83 electrically operated pump stations. Raw sewage is conveyed through a force main system. Sewage Pumping Stations (SPSs) A and D on the East Bank and SPS C on the West Bank are attended stations. SPS A houses a supervisory control and data acquisition (SCADA) system which monitors operation of all other sewage stations 24 hours a day.

The SWBNO operates two sewage treatment plants, one on the East Bank and one on the West Bank. The East Bank Sewage Treatment Plant has a treatment capacity of 122 mgd (dry weather) and treats sewage from the East Bank community. The West Bank Sewage Treatment Plant has a treatment capacity of 20 mgd (dry weather) and serves the West Bank community of New Orleans, as well as a few customers in Plaquemine Parish. Both plants were built or expanded in the 1970s and have been upgraded or expanded to increase reliability and capacity. The contract operator, Veolia Water, currently operates and maintains the plants for SWBNO.

In addition, the SWBNO is responsible for operating and maintaining the 24 major drainage pumping stations in New Orleans and 11 smaller but automatic underpass stations. The majority of those stations are manned 24 hours per day, 7 days per week. Each station is equipped with multiple pumps which are activated in response to increasing water levels. Personnel monitor these pumps and the numerous miles of drainage canals on a routine basis to ensure proper drainage in the area.

The 25 cycle power plant operated by the SWBNO provides power for portions of the WPPs and approximately 60 percent of the drainage pumps. Two large vertical sewage pumping units at Station A are also run on 25 cycle power. The following sections summarize key issues within several departments of the SWBNO.

STAFFING

Adequate staffing continues to be an issue for some departments of the SWBNO. Additional maintenance is required for the SWBNO facilities as equipment ages and more equipment is added at the facilities. Staffing levels have decreased as the system has aged and expanded within the SWBNO owned facilities. Vacancies still exist in several departments, especially those departments requiring highly educated and skilled personnel. These shortages are reflected within the more technical disciplines such as mechanical maintenance, electrical maintenance, plant maintenance, welding and fabrication, and operations. Engineering is still understaffed but is improving due to the slowing of the private industry in the local area.

The SWBNO suspended the domicile policy following Hurricane Katrina, which required employees to live in the City of New Orleans. This suspension action allowed personnel hired by the SWBNO to live outside city limits, thus providing more housing options for employees. The City Council reinstated the residency requirements as of January 1, 2013 which has slowed the hiring of individuals with an interest in working for the SWBNO but live outside City limits. Departments within the SWBNO continue to actively recruit from local college campuses, career job fairs, and trade schools to fill vacancies.

In addition to those highly skilled positions, a significant portion of the SWBNO's leadership will retire within the next 5 years. Very few potential successors have been identified to assume those leadership positions facing retirement.

Most departments have staffing issues related to being inadequately staffed based on the current needs of the SWBNO. The table on the following page summarizes the number of staff on the payroll for each department and the percentage of staff eligible for retirement within the next 5 years as of May 2015. These conditions demonstrate the need for an effective succession action plan for the department heads and supervisors.

WATER PURIFICATION PLANTS

The Black & Veatch representative accompanied the WPP Superintendent on the facility tours of the Carrollton and Algiers WPPs. The Carrollton and Algiers WPPs are currently operational and producing water that meets or exceeds federal drinking water standards. Treatment systems at both plants are functioning well and continue to produce potable water for the East and West Banks.

The staffing levels at the Carrollton and Algiers WPPs have been able to consistently produce finished water that complies with federal and state regulations and meets the capacity of the service population. The SWBNO is facing the industry-wide problem of an aging workforce; therefore, there is an immediate need to hire and train personnel for the future sustainability of plant operations. The SWBNO has hired entry level personnel and is in the process of hiring more to begin addressing those long-term needs. In addition, state licensed operators are in short supply and are required onsite at all times and are necessary to successfully operate the plants around the clock. The most senior operators will be retiring within the next few years and will need to be replaced in order to maintain compliance with the state requirements for operator certification in water treatment.

Current Number of Board Employees and Eligible for Retirement

| DEPARTMENT | EMPLOYEES ON PAYROLL | ELIGIBLE FOR RETIREMENT | % ELIGIBLE FOR RETIREMENT |
|---|----------------------|-------------------------|---------------------------|
| Operations - Water Purification Plants | 61 | 18 | 29.5 |
| Operations - Water Quality Laboratory at Carrollton Plant | 11 | 2 | 18.2 |
| Operations - Water Pumping and Power | 79 | 18 | 22.8 |
| Operations - Sewage and Drainage Pumping Stations | 107 | 29 | 27.1 |
| Facility Maintenance | 62 | 15 | 24.2 |
| Engineering | 46 | 18 | 39.1 |
| Networks | 321 | 58 | 18.1 |
| Support Services | 96 | 30 | 31.3 |
| Environmental Affairs | 11 | 4 | 36.4 |
| Total | 795 | 192 | 24.2 |

Carrollton Water Purification Plant

The Carrollton WPP has a design capacity of 210 mgd. The water treatment processes at the plant consist of flocculation with a polymer and ferric sulfate followed by pH adjustment with lime. The flocculated particles are allowed to settle in sedimentation basins and traveling mechanical rakes remove the settled solids from the sedimentation basins for discharge to the Mississippi River.

Chlorine in the form of sodium hypochlorite is used to disinfect the clarified water. Anhydrous ammonia is then added to form chloramines for residual disinfection. Additional settling time and disinfection contact time occur in the secondary settling basins. The clarified water is also treated with sodium hexametaphosphate for calcium sequestration and hydrofluorosilicic acid for fluoride addition. At present, the SWBNO is feeding all chemicals at appropriate dosages and maintaining adequate chemical storage at each site.

Filtration is the final step in the treatment process where the water is filtered through rapid sand filters. Finished water is then pumped to the populace through the distribution network.

The Carrollton WPP is currently treating approximately 135 mgd of water for the East Bank of Orleans Parish, partly due to leaks in the water distribution system. Leaks in the distribution network are a source of persistent problems. These leaks are currently being addressed under the water main replacement program funded by the Federal Emergency Management Agency (FEMA). The water delivery pressure at 70 psi has been consistent throughout the last year.



Sedimentation Basin Down for Repair



Filter Gallery Piping at Carrollton WPP

Figure 1 - Carrollton Water Purification Plant

Improvements completed at the Carrollton WPP during 2014 are listed below:

- The G4 sedimentation basin flocculator rehab and basin cleanout was completed but is still not in service. It is anticipated to be placed back into service in 2015.

Maintenance and/or improvement projects the SWBNO has planned for existing facilities include the following:

- A filter rehabilitation program is needed for the Sycamore and Claiborne filter galleries. Valves, actuators, corroded piping supports, and leaking pipes associated with the filters need to be repaired or replaced.
- Media replacement for Claiborne filters is ongoing currently.
- The Sycamore wash water pump for the filters needs replacement. The packing seal was leaking during the site visit and the pump is nearing the end its service life. The project has gained approval from the Board and is waiting on a notice to proceed. Design will be completed by the end of 2015 with construction in 2016.
- The recycle basin pumps need to be replaced. Two of the four pumps are currently inoperable and the other two pumps are nearing the end of their service life. The design for the pump replacement is complete and construction will begin next year.
- Design for a new 30 inch sludge discharge line needs to be completed. This new line will provide for much needed capacity and redundancy improvements for the Carrollton WPP. This improvement was in design at time of site visit and will be installed in 2016.

Algiers Water Purification Plant

The Algiers WPP has a design capacity of 40 mgd. The treatment process at the plant is similar to that of the Carrollton facility, which uses the same chemicals with a slightly modified application scheme in the upflow clarifiers. At present, the plant is treating approximately 10 mgd of water and is serving the predominantly residential West Bank portion of the Parish.

The facility has partially commissioned a new ferric storage and feed system for flocculation at the WPP. This equipment, along with the existing temporary ferric storage and feed equipment, is supporting the needs of the plant with the goal of complete transition to the new facility by the end of 2015 or early 2016.

Other improvements needed or ongoing at the plant include the following:

- The sodium hypochlorite generation system was decommissioned in early 2015 due to equipment issues and the cost of keeping the process online versus purchasing liquid sodium hypochlorite.
- Instrumentation was added to the filters to display flow (MGD) at each filter.
- The SCADA system is out of service and its absence is impacting plant monitoring capabilities. At the time of the visit, a Human Machine Interface was placed in the control room to help the lead operator monitor the turbidity readings from the filters and troubleshoot filter issues. Planned improvements to this system are on hold due to priority on infrastructure improvements.
- EIMCO Clarifier's No. 3 and 4 are under contract for design of replacement of launder troughs. EIMCO Clarifier 2 is scheduled to be painted by end of 2015.
- The raw water pumping and piping systems need to be improved in order to provide redundancy to the intake system.



Corrosion on Clarifier



New Instrumentation at Filter Galleries at Algiers WPP

Figure 2 - Algiers Water Purification Plant

WATER QUALITY LABORATORY

The water quality laboratory located at the Carrollton WPP conducts daily analyses of river water quality and purified water for both WPPs. Water samples from the distribution network are also analyzed at the laboratory facility. The lab continues to meet the state and federal mandated analytical requirements of the water plants, and is certified by the Louisiana Department of Health and Hospitals for analysis of coliform bacteria.

The laboratory collects samples for protozoan analysis in addition to coliform analysis. Other regular analyses include hardness, turbidity, fluoride, ammonia, pH, alkalinity, total organic carbon (TOC), dissolved organic carbon (DOC), phosphorus, corrosion monitoring, and chlorine residual at different stages of treatment. The solids are analyzed for total suspended solids (TSS) and total dissolved solids concentrations. The laboratory also analyzes river water and finished water samples for volatile organic compounds.

The laboratory continues to maintain its involvement in the Early Warning Organics Contamination Detection System (EWOCDS) run by the State Department of Environmental Quality (LDEQ); however, several upstream stations have proved unreliable. The EWOCDS program has also been underfunded by the State of Louisiana, which has caused a reduction in sampling and analysis.

Monitoring stations connected by telecommunications notify LDEQ if any of the 60 Environmental Protection Agency (EPA) listed pollutants are detected in the river water samples. The LDEQ disseminates the information to the program participants, allowing an early warning of possible problems. The LDEQ maintains EWOCDS equipment at all participating locations while the program participants provide the manpower to collect and analyze the samples.

The laboratory is currently adequately staffed with one supervisor, one microbiologist, four chemists, and four technicians. Much of the lab instrumentation and equipment is reaching or has reached the end of its service life and is in need of replacement. Newer analytical instruments and equipment, such as a new gas chromatograph/mass spectrometer (GC/MS), autoclaves for the microbiology lab, and fume hoods in the chemistry lab are needed. Repairs have been made to some of the fume hoods and they are operational. Currently, the laboratory staff is working toward certification of TOC analysis in order for TOC analysis to be performed at the SWBNO facility.

WATER PUMPING AND POWER

The primary function of the Water Pumping and Power unit of the Operations Department is the production of steam for the generation of 25 hertz (Hz) power in addition to pumping potable water to the City of New Orleans. The facilities at the Carrollton power plant include three pumping steam turbines and one gas turbine for a total theoretical capacity of 61 megawatts (MW). The steam required for the turbines is generated in the six boilers at a total capacity of 650,000 pounds of steam per hour. In addition to the 25 Hz turbine, newly installed Turbine No. 6 produces 15 MW of 60 Hz power, but is not yet fully operational.

The generating station at the Algiers facility is capable of generating 60 cycle power using a diesel generator. The power generation facility can generate enough power to support operations at the Algiers plant. This station is also capable of performing a frequency change from 25 Hz power supplied from the Carrollton power plant to 60 Hz power.

The current capacity of the Carrollton power plant is 40 MW, which is less than the 61 MW design capacity. Turbine No. 4 is currently out of service being repaired and is scheduled to be back in service by end of 2015. Boiler No. 5 is out of service and is currently being rehabbed. Boilers No. 1 and No. 3 will be rehabbed once Boilers No. 4 and No. 5 are completed.

A 200 psi high pressure natural gas line supplies fuel for the 15 MW 60 cycle, dual fuel generator turbine package (Turbine No. 6) and the existing Turbine No. 5. The 15 MW, 60 Hz generator facility

supplements the commercial power available from Entergy to provide power redundancy and continued service in the event of a commercial power loss due to storms, hurricanes, etc. The generator serves the majority of the plant and raw water intake stations and provides additional drainage station capacity.

Two steam-driven distribution pumps are located at the power plant. Pump A rehabilitation was completed in March 2014 and Pump B will be completed by the end of 2015. The Claiborne Pumping Station, consisting of four water distribution pumps (two 60 Hz drive and two 25 Hz drive), and Panola Station, consisting of two pumping units (each with a 25 or 60 Hz motor), are usually adequate for pumping finished water to the distribution network. The 25 Hz pump at Panola Station has been converted to operate on both 25 and 60 Hz power for more pumping operation redundancy. The water hammer program will provide for the replacement of equipment and associated valves at the Panola, A & B Pump Room and Claiborne Pumping Stations. Two elevated tanks will also be installed to provide surge protection to the distribution system. These projects are currently in the design phase.

Storm-proofing projects for critical SWBNO facilities, including the power buildings, were recently completed by USACE. Improvements for the power buildings include reinforcing the walls, roofing, doors, and windows. Additional hurricane damage-related work primarily includes valve replacement and repair to electrical components and controls. Related items for the Water Pumping and Power unit are in various stages of design or construction.

The Water Pumping and Power unit has 79 current employees with 4 vacancies. Power for continued operations of the water, sewerage, and drainage systems requires staffing 24 hours per day, 7 days a week. Given the current levels of staffing, overtime is required to cover all the necessary areas within the Pumping and Power unit. In addition, approximately 18 senior operators or supervisors are set to retire in 5 years or less.

Central Control

The Central Control Power Dispatching Department is primarily responsible for the delivery of an adequate supply of Board generated electrical power, the continuous monitoring of the operational status of all electrical switchgear, and the testing of related electrical feeders and equipment. This Department also is responsible for verifying and enforcing the Board's safety clearance procedures and associated clearances within the power distribution system. In addition, this Department monitors local and regional weather to provide advance warning of storms which could affect power generation requirements for the drainage and sewerage systems. Coordination of various power supplies, including alternative backup power supplies such as diesel generators and frequency changers, also comprise part of this Department's responsibilities. The Central Control Power Dispatching Department plays a vital role in many emergency operational situations. Serving as a hub of communications, Central Control informs the Board's management and senior level staff of changes in conditions that will affect the Board's ability to provide adequate sewerage, water, and drainage services. Central Control also provides valuable information during emergencies such as hurricanes, floods, freezes, etc., to the Office of Emergency Preparedness (OEP) through established Board protocols. Lack of staffing continues to be a major issue for this Department.

SEWAGE TREATMENT PLANTS

Black & Veatch, accompanied by the Plant Superintendent, visited both the East Bank and West Bank sewage treatment plants. Operations and maintenance activities of both plants have been contracted to Veolia Water. A representative of the SWBNO is to oversee the contract operator. This representative works in the Engineering Department within the SWBNO for the Operations Department. Both treatment plants were operational at the time of the site visits and were meeting the discharge limits according to treatment plant personnel. The contract to operate both facilities was recently bid; Veolia won the contract and will continue to be the contract operator for the next 10 years.

East Bank Sewage Treatment Plant

The East Bank Plant has a treatment capacity of 122 mgd (dry weather). The plant is currently receiving approximately 90 mgd of flow. Average flow for the plant in 2014 was 93.5 mgd which was slightly less than 2013 average of 98.2 mgd. The treatment facilities at the plant include bar screens, grit removal, a pure oxygen activated sludge system, final clarification, and disinfection. The solids generated during sewage treatment are thickened, dewatered (using belt filter presses), and finally incinerated. A new sludge dryer is currently under design as an alternative sludge treatment system to supplement the existing fluid bed incinerator (FBI).



New Flood Mitigation Wall



New Hydrogen Peroxide Odor Control System

Figure 3 - East Bank Sewage Treatment Plant

The following items summarize the improvements that will be or have been performed at the East Bank Plant:

- Reactors 1 and 4 were out of service during site visit. Trains 2 and 3 were online. Train 1 was down due to rehabilitation and reactor cleaning. The mixers will be replaced with 8 new mixers during the 2015-2016 time period. Reactor 4 will be rehabbed once Reactor 1 is completed and is currently scheduled to be rehabbed in 2016.

- LEL sensors will be installed in the reactors to monitor explosive gases along its automated valves to make the process safe to operate. This work will be completed by the end of 2015.
- There is no automation for mechanical rake on the bar screens and raking must be conducted manually at regular intervals. A project to install automated rakes with controls is currently being done in house and will be completed by the end of 2016.
- Cyclone grit separators exhibited corrosion.
- Return sludge line was corroded and out of service. A temporary, aboveground replacement line is being used to return sludge from the return activated sludge pump stations to the influent channel. Permanent repair design was completed this year and was awarded in February 2015 and the project is in construction.
- Scum arm on secondary clarifiers was not in operation at time of field visit; however the plant operator indicated it would be repaired this year.
- The operator noted the liquid oxygen tank is nearing the end of its useful life. High purity oxygen system components appeared in good condition. Tank replacement is not currently on the project list for 2015-2016.
- Several mechanical mixers on aerobic reactors were out of service, due to regular preventative maintenance.
- Four RAS pump motors were replaced this year.
- Effluent pumps appeared in fair condition. The operator noted there have been difficulties keeping these pumps operating reliably due to electrical system issues. The electrical system is being evaluated and will likely require upgrades to increase the reliability of the effluent pumps. A 2400 V Effluent Pump electrical distribution system along with switchgear and VFDs is in design phase and will go to bid at the end of 2015.
- A new hydrogen peroxide odor control system was installed and commissioned.
- The wetland project is still underway with piping installation from the clarifiers to the wetlands.
- A flood protection berm was completed at the plant to minimize future plant flooding.
- The minor cracks in the effluent line were repaired in August 2014.

The average influent TSS and BOD concentration for 2014 were approximately 108 milligrams per liter (mg/L) and 90 mg/L, respectively. These concentrations are significantly lower than normal, which is likely the result of a significant increase in the amount of inflow and infiltration in the collection system requiring treatment at the plant. Effluent quality has been adequate over the last year, with an average effluent TSS concentration of 15.8 mg/L and an average effluent BOD concentration of 23 mg/L. Five permit violations occurred in 2014. Two fecal coliform permit limit violations occurred during January and December 2014. Additionally, two BOD violations occurred in February and April 2014 and one TSS violation in April 2014. The February 2014 BOD violation occurred due to issues with the bioreactor mixers. The mixers were repaired quickly by Veolia and placed back into service to meet permit. The April 2014 BOD violation and TSS violation were attributed to high flows and having several clarifiers down for maintenance. Within 10 days, the clarifiers were repaired and back online. The fecal violations in January and December of 2014 were

sampling errors. This facility's permit expired a year ago and a renewal was sent to DEQ. Environmental Affairs is awaiting a draft permit to review and accept.

West Bank Sewage Treatment Plant

The West Bank Plant has a treatment capacity of 20 mgd (dry weather). The plant is currently receiving approximately 9 mgd of flow. The West Bank treatment facility consists of bar screens, primary clarifiers, trickling filters, final clarifiers, and chlorine disinfection. Primary and secondary solids are co-thickened in a gravity thickener and hauled to the East Bank facility for incineration.



Effluent Pump 2 Check Valve Replacement System



Emergency Generator Intake Air Filtration

Figure 4 - West Bank Sewage Treatment Plant

A summary of findings for the West Bank Plant follows below:

- Concrete and pavement adjacent to the bar screens and aerated grit basins showed cracks and settling.
- The second bar screen (of four bar screens) is in need of an adjustment. Bar Screen 3 was inoperable at time of visit and will be completely rehabbed this year. Bar screens 1, 2 and 4 are operational.
- Grit cyclones for collecting grit from the grit basins exhibited significant corrosion. Two Grit Classifiers were replaced in 2014 and 2015.
- Two grit pumps are in need of replacement.
- Aerated grit basin 1 was cleaned in early 2015 and Aerated grit basin 2 is scheduled to be cleaned this year.
- Weirs and rotating arms of primary sedimentation basins show significant corrosion.
- The West Primary Clarifier will be rehabbed and painted by the end of this year. A contractor is currently under contract to conduct the work. The Effluent well on the back of the West Primary Clarifier was recently repaired due to concrete cracking. The West Primary Clarifier also had a

leaking valve during the site visit. The Central Primary Clarifier will have center well repairs conducted, but the time frame was not yet known as of the site visit.

- New hydrogen peroxide odor control system was installed and commissioned in 2014-2015.
- Main Collection Basin Pumps 4 and 5 had impeller replacements and rehabilitation work completed in 2015. Pumps 1, 2 and 3 impellers will be checked and rehabbed later this year or early 2016.
- Main collection basin Pump 4 transformer was replaced.
- The structural condition of the trickling filters appeared to be good. Minor structural issues with Trickling Filter No. 1 were noted and are getting worse since the last site visit in 2014.
- The drive motor for the arms on the trickling filters is currently inoperable and operates based on hydraulics; however, treatment is still acceptable.
- Check valve on effluent pump 2 was replaced. Pump 2 is offline due to an additional inoperable valve. Maintenance is working on removing and repairing the valve in 2015.
- The standby generator is operational. An addition of an air filtration system was made to the generator, as well as a flap placed on the exhaust to prevent rain water from entering the generator.
- The SCADA system was down during site visit and has been down for most of 2015. SCADA is currently being reloaded and updated and should be completed by end of this year.

The monthly average TSS and BOD influent concentrations are approximately 86 and 79 mg/L, respectively. The monthly average effluent TSS and BOD concentrations for the last year have been approximately 10.8 and 8.8 mg/L, respectively. The average flow for 2014 was 9.2 mgd, which is slightly less than 2013 at 10.03 mgd. For 2014, this plant has met or exceeded all permitted effluent limits.

SEWAGE AND DRAINAGE PUMPING STATIONS

Inspections of the drainage pump stations (DPS) and sanitary sewer lift stations (SLS) of both the East and West banks of New Orleans were conducted over an eight (8) day period, beginning Monday, June 22, 2015 through Tuesday, July 7, 2015. The observation report details the operational status of each sewerage lift station (SLS) and drainage pump station (DPS) across the city of New Orleans. Pumps that were not turned on at the time of the observations were deemed to be either “in service” or “out of service” based on direction from Sewerage and Water Board supervisors or pump station operators.

Upon inspection, all DPSs and SLSs are considered operational either from permanent pumps or the use of temporary pumps. All stations have either completed or are still under storm related construction repair or upgrades. These repairs will increase the probability that the stations remain functional in the event of a major storm or power loss. The repairs include but are not limited to the installation of industrial capacity generators, fuel storage tanks, electrical transformers and storm proofing of pump motors. Several of the stations have undergone structural related storm proofing measures as well including new storm windows and doors. Finally, many station rooftops and wall framings have been reinforced to provide greater wind gust resistance.

A few stations still have not been repaired or are out of service due to pump maintenance issues. Seven SPSs, Burke, Lawrence, Station 6, Bullard, Dodt, Lake Forest, and Plum Orchard, are under construction and are using portable pumps at each of these locations. Two SPSs, Lamb and Victoria, have been recently completed and are now in service. No DPSs are under construction but 2 stations have been recently completed at Dwyer and Station 5. While all stations are operational, several stations are not at full capacity due to inoperable pumps or the use of temporary pumps due to preventative maintenance issues.

Current staffing levels are less than expected for the size and scope of the sewage and drainage stations due to retirements and lack of qualified candidates.

FACILITY MAINTENANCE

The Facility Maintenance Department consists of four units: (1) Plant Maintenance, (2) Welding & Fabrication, (3) Electrical Maintenance, and (4) Mechanical Maintenance. These units provide meter repairs, removals and installations, major electrical, welding, and fabrication, as well as mechanical maintenance for all SWBNO facilities throughout the system, with the exception of Veolia Water operated sewage treatment plants. The Facility Maintenance Department possesses the specialized equipment and technology necessary to maintain the plant process equipment, drainage pumping stations, sewage pump stations, power generation equipment, and water meter servicing. Automated lathes and mills located in the machine shop and break press, as well as shear and other specialized repair equipment located in the welding and fabrication shop, provide the ability to fabricate parts when replacement parts are excessively expensive or no longer available due to equipment vintage such as gears and parts for older valves.

In addition, new facilities such as Turbine No. 6 have been built within the SWBNO system which requires additional staff to both operate and maintain. These additional assets prevent in house rehabilitation and preventative maintenance to be completed creating a large backlog of work for this department. Staff mentioned various emergencies that occurred this week such as outages to critical potable water pumps. Currently, one of their major rehab projects, L3 Sedimentation basin, includes a complete rebuild of gearboxes, drives, paddles, and other equipment and are planned to be completed in 6 months, but are not able to keep a schedule due to limited staff. Previous basins were contracted out; however, this department mentioned that many times that requires them to inspect and at times redo the work contractors have done to keep the system online.

Currently, the Facility Maintenance Department has 71 authorized positions with 63 positions currently staffed. Most of the highly skilled positions remain vacant. It was noted during the interview that the residency requirement as well as pay scales are preventing hiring permanent staff in this department. Additionally, staff mentioned equipment used to conduct work has reached its useful life such as equipment used to find high voltage lines, bucket truck, welding trucks, and other equipment used to conduct the work of the department.

Currently, overtime is necessary to compensate for the limited workforce and more work is currently being contracted out to subcontractors that was done in-house prior to Hurricane Katrina. The Department is presently facing a lack of qualified personnel to adequately supervise or oversee subcontractors. Approximately 24 percent of the Facility Maintenance employees are currently eligible for retirement or will be eligible to retire within 5 years, including the department head. The

department is actively recruiting at job fairs and trade schools to hire additional personnel. SWBNO is working actively with a local community college to start a trade program for skilled trades and plans on hiring from that pool of students. Staff noted that they are working with Civil Service Department to assist in creating more representational job descriptions to gain experience and interested personnel.

ENGINEERING

The Engineering Department includes Mechanical Engineering, Electrical Engineering, Civil Engineering, Construction Administration and Inspection, and Networks Engineering. The Engineering Department administers major contracts throughout the SWBNO facilities and coordinates with other agencies for the design and construction activities impacting SWBNO maintained facilities.

The status of major contracts administered through the Engineering Department is itemized in the following list:

- New sludge line to the river from the Carrollton WPP is at 80% Design. Construction should begin in 2016.
- Improvements to the L3 sedimentation Basins are ongoing, including replacement of static mixers to vertical mixers, addition of speed controllers, and repair of flocculator drives.
- The SWBNO plans on adding a sludge dryer at the East Bank plant. Part of that project is the addition of a new air emission system which is currently under design.
- An arc flash study will be conducted on electrical equipment for safety purposes.
- Chemical Feed Storage improvements to add additional chemical storage at the Carrollton WWP.
- Replacement of filter backwash pump is currently in design phase and will be in construction in 2016.
- Wash water pump improvements design is complete and construction will end this year.
- Rehabilitation of Turbine 4 is ongoing and will be completed by the end of this year.
- Filter media rehab at Algiers WWP is currently under design. New instrumentation was added to the filter galleries to display flow.
- Building or upgrading the City canal system at Florida and Louisiana Avenues is currently under construction.
- Flood mitigation contracts for nine sewage pump stations were awarded and the Engineering Department is supervising these contracts. Eight stations are currently under construction and one Station is currently under design.
- New Fuel tankage will be added to Carrollton WPP has been awarded and will be built this year.
- Power Plant Project to improve valves, steam line, auxiliary power and address steel was bid and work is ongoing.

- Replacement of 10 major underground electrical feeders throughout the SWBNO facilities. The project is currently in the design-build phase. This project will be the first design-build project for the SWBNO.

Additional projects planned by the Engineering Department include the following:

- Rehabilitation of Old River Intake Station.
- Rehabilitation of Turbines Nos. 5 and 3.
- New filter gallery addition at the Carrollton WWP.
- Various water projects, including filter rehab, valve rehab, and pump replacement.

In addition to contract administration, the Engineering Department is currently adding geographical information system (GIS) technology to further enhance tracking water distribution and sewer piping capabilities. The FEMA funded water main replacement and emergency sewer system assessment require GIS to identify and fix broken or leaking pipes in the water distribution and collection system. It was noted during the interview that funding for drainage improvements projects is needed.

NETWORKS

The Networks Department is charged with maintaining the sanitary sewer system and the potable water distribution system. The water distribution network damaged by uprooted trees and other debris during Katrina still has not been fully repaired. Consequently, the Carrollton WPP is currently purifying approximately 135 mgd of water while serving 91 percent of the pre-Katrina number of accounts. Prior to the levee failure caused by Hurricane Katrina, the plant was purifying approximately 115 mgd of water.

The Networks Department is divided into seven zones. Zone 2 operates the barricade unit making street and lane closures as well as providing visibility for safety around maintenance sites and performs preventive maintenance activities such as exercising valves and fire hydrant maintenance. Zone 7 comprises the after-hours crews which respond to emergency calls and provides limited surface restorations for repair excavations. Zones 1, 3, 4, 5, and 6 represent geographical areas in New Orleans which provide repair services for their respective areas. Each zone has a staff of approximately 20 to 35 persons responsible for repairs within the designated areas. A three-man crew will typically complete a work order. More complex work orders may require additional crews on a single work order. Contractors are used to supplement repair work performed within each of the areas if sufficient manpower within the SWBNO is not available to perform necessary repairs.

According to SWBNO personnel, the biggest challenge in restoring normal operations at the WPPs has been managing all the projects and conducting line replacement/repair. The SWBNO is currently conducting a system evaluation of the piping system to detect leaks. Contractor Ecologic has been hired to use acoustic technology to determine leaks in larger water mains (those exceeding 16 inches in diameter as well as smaller diameter pipes). The effort of finding leaks is ongoing and the department stated that it is now in a state to focus more on lining and replacement as well as repair in both the water distribution system and sewer collection system. In terms of staffing, the department has hired staff to help capture the experience and knowledge that is about to retire. Retirement was still cited as an issue but SWBNO felt that staffing has improved over the last couple

of years. Networks has hired additional engineers in technical services to assist with emergency response efforts and managing more maintenance contracts.

Over 2,000 water mains were repaired in 2014. Identification of leaks is ongoing and will continue to incorporate identified leaks into the water main replacement program funded by FEMA. As part of the ESSA program, manholes are also being inspected as an ongoing inspection of the sewer system. Over 1,400 sewer repairs were completed in 2014. In addition to the FEMA funded projects, Networks also responds to requests for valve closures by contractors and the City.

The Networks Department works in conjunction with the New Orleans Fire Department to monitor and maintain all fire hydrants located in the SWBNO's service area. The Networks Department inspects all fire hydrants within the system. All City hydrants have been mapped and assigned an identification number. The fire hydrants program requires the 16,500 fire hydrants in the database to be inspected once every 2 years to supplement the semiannual inspection cycle of the Fire Department.

The Networks Department completed over 5,502 paving projects in 2014, both in-house and in cooperation with Contractors. This Department has several maintenance contracts to assist with the maintenance of the water distribution, wastewater collection, and drainage stations. These contracts have subsequently increased the amount of work accomplished within the division. In terms of staffing, the department has hired staff to help capture the experience and knowledge that is about to retire. Networks has hired additional engineers in technical services to assist with emergency response efforts and managing more maintenance contracts.

SUPPORT SERVICES

The SWBNO owns 753 pieces of rolling stock, which includes trucks, backhoes, and sewer cleaning equipment. Approximately 117 pieces are at least 10 years old and will require replacement in the next few years. The available equipment is being assigned to the various divisions based on the needs of all departments.

The Support Services Department performs most all-ground maintenance functions. In addition, Support Services operates the warehouse which stores valves, pipe, hydrants, tools, etc., required by the Networks Department for repair of existing water distribution and sewer pipelines.

Support Services also operates garages for vehicle repair. The garage areas were heavily damaged during Hurricane Katrina. Garages 1 and 2 are scheduled to be rehabilitated this year. FEMA will be reimbursing equipment and tools for each garage lost to the hurricane in addition to replacing some of the buildings, such as the Annex Building which will be used to house locker rooms, shower facilities, training rooms, CDL training unit, etc. Garage 1 is currently being rehabbed. Rehabilitation on Garage 2 started in June. A new Site Relocation Facility was constructed in 2014 to house personnel until the garage renovations are completed. Currently staff and materials from both garages are being stored in the site relocation building currently. Ultimately, the Site Relocation Building will also be used to house the Body Repair Shop of Garage 2. Various other projects being completed or being conducted within Support Services are:

- GPS units in all rolling stock with tracking capabilities. Each department can track their fleet vehicles to ensure employees are using them for the correct purpose.

- Purchasing six new vacuum trucks (currently leasing 6).
- Reduction in take home vehicles based on need (reduction from 135 trucks to 89 trucks).
- New contractor was assigned to mitigate problematic vegetation (lilies) in the canal systems.
- Hiring new employees in all areas of support services including mechanics etc. to help support all departments within SWBNO.

Future projects/concerns:

- HVAC system at St. Joseph building is in need of rehabilitation. Currently, it is not effective in keeping the building cool at all times.
- One elevator in St. Joseph building is inoperable. Repairs or replacement is needed.
- Installation of a new whole building generator at St. Joseph building.
- Adding additional parking lot at Central Yard Facility as well as fence replacement around the building.
- Support Services Phone system upgrade once Carrollton WPP is completed.

ENVIRONMENTAL AFFAIRS

The Environmental Affairs Department oversees the Consent Decree and all administrative orders. This department reports sewer bypasses and overflow to the Region 6 EPA. Some activities being undertaken by the department include those listed below:

- Continuing to monitor industrial users through the pretreatment program.
- Permit compliance in air, water, wastewater, storm water management, solid waste, and underground fuel storage tanks.

The East Bank Sewage Treatment Plant wetlands assimilation project site is still under construction. The construction of the effluent pipe has not been completed; currently there is a temporary line in place and installation of the permanent line should start in 2015.

The components of the pretreatment program include the discharge monitoring of the East and West Bank Sewage Treatment Plants in addition to other significant industrial users during the year. An annual report is also submitted to LDEQ to demonstrate pretreatment performance.

In addition, yearly revenue has been received from the following sources associated with the pretreatment program:

- Industrial users billed monthly for excess strength surcharges.
- Sanitary sewerage discharged to the wastewater plant from special events.
- Septage disposal program.

The total revenue received in 2014 from these sources was approximately \$512,000.

No Air permits were obtained in 2014. The use of diesel powered units to provide emergency power to drainage pump stations and other SWBNO facilities required these facilities to meet air quality regulations.

Currently, the SWBNO has an engineering consultant under contract to provide engineering services to the Environmental Affairs Department for the air quality program. The scope of work includes conducting environmental compliance audits for 23 SWBNO facilities, preparing all required air compliance reports, developing an environmental management system, developing a web-based compliance system, and training the SWBNO on air compliance procedures and the compliance tools developed. This project was completed in 2014 and currently the Environmental Affairs Department is now doing all of these activities in house.

On November 27, 2012, the LDEQ proposed to reissue the Louisiana Pollutant Discharge Elimination System (LPDES) Permit No. LAS000301 issued for discharge from the regulated Municipal Separate Storm Sewer Systems (MS4) within Orleans Parish owned or operated by the SWBNO. The permit was issued for public notice on February 13, 2013; the public comment period ended March 20, 2013. The final permit was issued with an effective date of January 23, 2015. The department is currently working with the co-permit holders to meet permit requirements.

The Environmental Affairs Department appears to have adequate staffing to perform the tasks necessary to maintain compliance with all the various rules and regulations which apply to the SWBNO. They are in the process of hiring more staff such as Senior, Associate and Intern level City Planners, Environmental Technicians and inspectors to assist with ongoing tasks. The Department is in the process of obtaining training and software systems to better track compliance within the SWBNO facilities.

STATUS OF CONSENT DECREE FOR SEWERAGE SYSTEM

The SWBNO is complying with the EPA Region 6 and Department of Justice Consent Decree, which requires cessation of unauthorized discharges and the development of a schedule for repairs to both the collection system and the treatment plant.

Some provisions outlined in the Consent Decree include those listed below:

- Quarterly and annual reporting requirements are to be submitted to the regulatory agency.
- The SWBNO will meet the preventive maintenance requirements of the Consent Decree.
- Repair to the collection systems will begin once the sewage pump stations have been repaired from hurricane damage.

The SWBNO is in compliance with the Consent Decree, as it has met every construction and reporting deadline in the Decree and has had no fines relative to construction or reporting schedules in 2014. The staff from the Environmental Affairs Department went to the Dallas EPA region 6 office and presented the 2014 reports.

SUMMARY OF FINDINGS

The following items comprise a summary of findings during the 2014 site inspections:

- The management team consists of individuals with significant water, sewerage, and drainage experience. This experience has been developed both internally at SWBNO and at other respected major water and sewer utilities.

- Similar to water and sewer utilities across the U.S., the departments that comprise SWBNO are faced with a significant number of pending retirements. Approximately 24 percent of current employees are either on the Deferred Retirement Option Plan (DROP) program or are eligible for retirement. Unless these employees are replaced with a steady influx of qualified replacements, these pending retirements pose a significant threat to SWBNO's ability to perform its core operational and administrative functions. Succession planning and recruitment of qualified employees will be a key element for SWBNO to mitigate the pending retirements.
- Several departments are experiencing vacancies, including the Water Purification unit of the Operations Department, as well as the Facilities Maintenance and Networks Departments. SWBNO needs to address these vacancies as soon as possible to ensure effective operational and maintenance performance and administrative oversight.
- The SWBNO has a clear understanding of the existing conditions of the drainage water and sewage facilities, and is aware of the immediate needs within each division and area; however, funding is needed for the SWBNO to address these issues. Water and sewer customer rates increases have been approved and the SWBNO is currently prioritizing immediate needs such as filter rehabilitation at the Carrollton WWP.
- The SWBNO should and has started to initiate the filter rehabilitation program at the Carrollton WPP, as the filter system is in need of extensive repairs due to leaking pipes, broken valves, broken actuators, and filter media being at the end of its expected service life.
- The recycle basin pumps at the Carrollton WPP need to be replaced and replacement for those pumps will be an upcoming construction project.
- The potable water distribution network and the sanitary sewer collection system present the two biggest challenges. Lines are being replaced where leaks have been detected by the contractor.
- The SWBNO is servicing 100 percent of the population within the collection system. Most of the sewer pump stations on the East and West Banks have been repaired and are operational.
- The sewage plants are meeting permit except for five excursions in 2014. Three excursions were due to high flows and maintenance being conducted on the clarifiers. The other excursion was attributed to a sampling error. The SWBNO and the contract operator, Veolia, have addressed each issue.

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Water Department

ADHERENCE TO WATER REVENUE BOND RESOLUTION REQUIREMENTS

In 2014, the Sewerage and Water Board sold \$103,525,000 of Water Revenue and Refunding Bonds. The sale of these bonds has obligated the Board to fulfill the covenants of the current bond resolutions. The covenants are designed to protect the interests of the bond holders. Particular covenants of the Board in the General Water Revenue Bond Resolution pertain to the payment of indebtedness; limitations on indebtedness; covenants and representations of the Board; covenants with credit banks, insurers, etc.; operation and maintenance; free service, completing service, billing and enforcement of charges; sale or encumbrance of the system; insurance; damage, destruction, condemnation and loss of title; records and accounts, inspections and reports; and the capital budget. The Requirements of the 2014 General Water Revenue Bond Resolution adopted on May 21, 2014, (hereafter collectively called the General Resolution) are discussed in this section. Water Department tables are included at the end of this section.

The Board was in compliance with the 2014 General Water Revenue Bond Resolution in 2014.

Payment of Indebtedness; Limited Obligations

The General Resolution obligates the Board and the Board of Liquidation (BOL) to promptly pay the principal and interest on all senior and subordinate debt that are obligations payable from the net revenues of Board.

Limitations on Indebtedness

The Board must not issue bonds, other senior parity indebtedness or subordinate debt unless it complies with Sections 4.03, 4.04 or 4.05 of the General Resolution, as applicable.

Covenants and Representations of Board

The General Resolution gives the Board the power to issue bonds and pledge the revenues according to the resolution. In addition, the Board "... faithfully observe and perform all covenants, conditions and agreements on its part contained in this Resolution, in every issue of Indebtedness issued hereunder and in all proceedings of the Board pertaining thereto."

Covenants with Credit Banks, Insurers, etc.

The Board may make covenants and agreements in a supplemental resolution with any insurer, credit bank or other financial institution that agrees to insure or to provide a credit facility to the Board. These covenants and agreements shall be binding on the Board and all the holders of indebtedness the same as if such covenants were set forth in the General Resolution.

Operation and Maintenance

The Board "... shall establish and enforce reasonable rules and regulations governing the use of and the services furnished by the System, shall maintain and operate the System in an efficient and economical manner shall maintain the same in good repair and sound operating condition and shall make all necessary repairs, replacements and renewals." In addition, all compensation, salaries, fees and wages paid by the Board shall be reasonable. Finally, the Board shall observe and perform the terms and conditions contained in the Sewerage and Water Board Act (Part III of Chapter 9 of Titles

33 of the Revised Statutes of Louisiana, as amended), and “comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative, or judicial body applicable to the System or the Board.”

Free Service, Competing Service, Billing and Enforcement of Charges

The Board shall not “... provide any services of the System without making a charge therefor in accordance with the Board’s schedule of rates, fees and charges ... other than those connections, use or services already in existence or as may be required by law ...” In addition, the Board may not “... provide, grant any franchise to provide or give consent for anyone else to provide such services which would compete with the System unless the Board determines that such franchise ... would provide services that the Board has determined are not in its best interest to provide and would not materially impair the interests of the holders of indebtedness.”

The Board will bill customers for services on the regular basis and if the rates, fee or other charges are not paid when due, the Board shall “... to the extent permitted by applicable laws and regulations, disconnect the premises from the System or otherwise suspend service to such premises until ...” delinquent rates, fees or other charges have been paid or a payment plan has become effective.

Sale or Encumbrance of System

The General Resolution requires that, with exceptions, “... neither the System nor any integral part thereof shall be leased, sold, mortgaged or otherwise disposed of ...”

Insurance

The Board “... shall continuously maintain insurance with recognized responsible commercial insurance companies against such risks and in such amounts as are customary for public bodies owning and operating similar systems ...”

Damage, Destruction, Condemnation and Loss of Title

The Board shall restore “... property destroyed or damaged to substantially the same condition as before such destruction, damage; condemnation or loss of title ...”

Records and Accounts; Inspections and Reports

The Board is required to “... keep proper books of records and accounts ... showing complete and correct entries of any transactions relating to the System....”

The Board is also required to file with the Board of Liquidation, City Debt an annual report with financial statements audited by and containing the report of a nationally recognized independent public accountant. The auditor’s report is to include a statement that during their examination, made in accordance with generally accepted auditing standards, nothing came to their attention that would lead them to believe that a default had occurred under the resolution, or to state the nature of the default.

The Board engaged the firms of Postlethwaite & Netterville and Bruno & Tervalon to comply with this covenant. Financial reports with the Accountants’ Certificate have been furnished to the Board of Liquidation, City Debt and have been reproduced for public distribution. The Government Finance

Officers Association (GFOA) has awarded to the Board the “Certificate of Achievement for Excellence in Financial Reporting” for their annual financial reports for 29 years.

Capital Budget

The Board is required to adopt an annual multi-year financial plan for capital expenses for a minimum of 5 future years.

2014 WATER DEPARTMENT OPERATIONS

Funds for the operation and maintenance of Water Department properties were derived from sales of water, delinquent fees, plumbing inspection and license fees, charges for disconnections and reconnections, and from interest earned on available funds. Analyses of the 2014 Water Department operations are discussed in the following paragraphs.

Water Use

According to statistics provided by the Board during 2014 51,936,930,000 gallons of water were pumped by the Water Department. Water sales accounts for 13,352,983,200 gallons and 622,811,700 gallons were metered to City departments without charge. Metered treatment plant process water totaled 791,880,700 gallons. The remaining 37,169,254,400 gallons resulted from unmetered uses, such as fire protection; flushing streets, sewers, drains, and gutters; and unaccounted for system losses.

Number of Customers

Table 2 presents a summary of the historical and projected average number of treated water customers for the period 2010 through 2019. Based on year-end billing summaries, the number of monthly billed customers during 2014 averaged 127,876 compared with 126,106 for 2013. It is projected that the Board will average approximately 129,109 open accounts in 2015 and that the number of accounts will continue to grow at approximately 1 percent each year.

In addition to regular customers, water is sold to construction contractors and other customers on an irregular basis. The Board, by law, also provides water service free of charge to certain municipal and public connections including the Board itself. In 2014 there were 1,060 connections in this group, compared with 1,128 for 2013.

Billed Water Usage

Table 2 also presents a summary of historical and projected treated water sales. Based on year-end billing summaries, a total of 13,504 million gallons of water sales were billed on a monthly basis in 2014, compared with a total of 13,573 million gallons in 2013. To reflect the anticipated price elasticity impact due to the approved annual revenue increases, projected water sales assume a 2 percent resistance factor in 2015 and 1 percent for 2016 through 2019. The resulting projected growth in water sales is approximately 0.13 percent per year.

Operating Revenues

The 2015 schedule of rates for retail treated water service is presented in Table 3 and reflects a 10 percent rate increase over 2014 rates. The rates consist of monthly service charges, which vary by meter size, plus a 4-step declining block volume charge, with the exception of the first block, which is a life-line related charge. Current rates for flat rate fire service are also shown in Table 3. Separate

rate schedules, not shown, are used for billing water sold to construction projects and other purposes.

A summary of historical treated water billings and other Water Department revenue is presented in Table 4 for the period 2010 through 2014. The historical revenues shown in Table 4 were developed from detailed records provided by Board Staff. Operating revenues are derived from charges for sale of water and delinquent fees. Sales of water in 2014 were \$69,601,809 which, when compared with \$63,248,555 for 2013, shows an increase of approximately 10.0 percent. Delinquent fee revenues were \$1,216,445 in 2014 which represent a 5.8 percent increase over 2013 delinquent fees.

Non-Operating Revenues

Also shown in Table 4, non-operating revenue of the Water Department includes interest earned on invested funds, and other income from miscellaneous sources. During 2014, non-operating revenue included \$349,607 of interest earned from the investment of available funds in the Water System Fund and the Water Revenue Bond Account and \$3,052,987 from other sources.

In 2014, the Board indicated that operating and maintenance grants from FEMA for operating expenses incurred from sewer repairs performed by Board crews was mistakenly recorded as revenue for the Water Department, when it should have been recorded as revenue for the Sewerage Department. Following the correction, the net operating and maintenance grant for the Water Department was negative \$381,876. This revenue is included as Other Income in Table 4.

Operation and Maintenance Expenses

The Sewerage and Water Board uses a system of accounts for budget purposes which groups expenses by water system function. Under the present system of accounts, expenses are categorized under the general classifications of management and general, operations expenses, and other expenses. Management and general expenses include wages, materials and supplies, services, and other costs of the Executive Director, Deputy Director, Office of the Management Services Director, Personnel Administration, Finance Department, Information Systems, Purchasing Administration, Customer Services Department, and Legal Department. Operations expenses encompass the costs of source of supply, treatment, and delivery of potable water. Other expenses include such items as general insurance, outside services employed, social security, pension and medical insurance contributions, and miscellaneous expenditures.

Table 5 presents a summary of historical expenses as recorded under the present system of accounts by the Sewerage and Water Board. Expenditures in 2014 increased about 8.0 percent from 2013 expenditures and increased about 10.8 percent from 2012 expenditures. Historical operation and maintenance expenses shown in Table 5 do not include the non-cash portion of Provision for Claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims are included on Line 12 of Table 12.

Capital Budget and Expenditures

Capital expenditures of the Water Department include the cost of replacements and improvements to waterworks facilities, the water distribution system, and the Water Department pro rata share of power projects and general budget costs.

The Water Department's 2014 capital expenditures, exclusive of prorated interest expense, totaled \$45,118,640. The Water Department's capital improvement expenditures for the year are shown in Table 6.

Summary of Operations

The following tabulation shows a summary of the receipts and expenditures of the Water Department during 2014:

| | |
|--|--------------------|
| Total Revenues ^a | \$74,220,847 |
| Operation and Maintenance Expense | 68,462,520 |
| Claims | 1,143,350 |
| Debt Service Payments | 2,829,414 |
| Revenue Primarily Available for Capital Expenditures ^b | \$1,785,563 |

^a Includes operating and maintenance grant of -\$381,876.

^b Excludes depreciation.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

Table 7 presents a summary of the projected major capital improvement program for the period 2015 through 2019. Table 7 is based on the Board's 2015 -2024 Capital Program. The five-year major capital improvement program costs are estimated to total \$516,074,000. About 62 percent of this amount, or \$319,097,000, is for recurring annual capital improvements, with the remaining \$196,977,000 for major improvements. The proposed routine annual capital expenditures for water system improvements and extensions include \$55,338,000 for the Water Department's share of power projects, and \$48,794,000 for its share of general budget items.

ABILITY TO FINANCE PROPOSED CAPITAL EXPENDITURES

This section of the report analyzes the adequacy of projected revenues to finance the proposed capital improvements shown in Table 7.

Operating Revenues

Operating revenues of the Water Department consist of revenues from water sales. Projected operating revenues for the years 2015 through 2019 are shown in Table 8. These estimates reflect the rate schedule effective January 1, 2015 applied to the projected number of customers and water usage and are projected to increase, on average, about 0.5 percent per year throughout the study period due to growth in the customer base. Projected revenue from adopted revenue increases is also shown in Table 8.

Other Revenue Sources

Based upon past practices, the Water Department can expect to obtain revenues or funds from non-operating sources. These include interest earned on available funds, participation by others, house connection charges, fire connections, fire hydrant relocations, and various other income sources. Also, by Board policy, the Water Department receives one-half of the plumbing inspection and license fees currently projected at \$321,500 per year.

Interest income from the investment of funds held for future use depends upon the level of water revenue available for investment and the amount of revenue accrued towards payment of future capital expenditures.

Projections of other revenue sources are presented in a subsequent table, which summarizes the Department's financial position during the financing of projected operating and capital requirements.

Operation and Maintenance Expenses

A summary of projected operation and maintenance expense for the period 2015 through 2019 is shown in Table 9. Expenses are categorized by system function as now reflected in the accounting system of the Sewerage and Water Board. Estimates of future expenses are based on anticipated future operating conditions and allowances for inflationary factors.

Projected expenses shown for 2015 reflect the Board's adopted 2015 operating budget. Based on historical trends and conversations with utility staff, all costs are projected to increase 3.0 percent per year from the Board's recommended budget for 2015.

Debt Service Requirements

Future debt service requirements of the Water Department are made up of principal, interest, and reserve fund payments for currently outstanding and future water revenue bond issues. As of December 31, 2014, outstanding debt obligations consisted of \$103,525,000 Water Revenue and Refunding Bonds, Series 2014. In February 2010, the Department of Health and Hospitals (DHH) committed a loan to the Board up to \$3,400,000 with a \$1,000,000 principal forgiveness. A total of \$3,346,418 was drawn from the loan fund and as of December 31, 2014, \$21,548,418 has been repaid, \$1,000,000 has been forgiven, \$800,000 was granted, resulting in the loan being paid in full.

To adequately fund the proposed capital improvements, additional revenue bonds are indicated as shown in Table 10. It is anticipated that the Board will issue Water Revenue Bonds, Series 2015 in the amount of \$100,000,000 in November 2015. The debt service on the 2015 bonds was provided by the Board's financial advisor and reflects an average annual interest rate of 5.0 percent for a term of 30 years and 1 year of capitalized interest. Based on information from the Board's financial advisor, projected bonds that are shown in Table 10 for 2016 through 2019 are assumed to be sold at an average annual interest rate of 5.5 percent for a term of 30 years with 1 year of capitalized interest.

The Water Department has borrowed from the City of New Orleans Department of Public Works (DPW) and from the Drainage Department. It is anticipated that these funds will be reimbursed during the study period.

Adequacy of Revenues to Finance Proposed Capital Improvements

Total revenue requirements for the Water Department recognized for purposes of this report include operation and maintenance expense, allowance for claims, debt service costs on major capital improvements financed through the sale of bonds, and expenditures for capital improvements not financed from bond proceeds. Table 11 examines the financing of the major capital improvement program and Table 12 summarizes the financing of operation and maintenance expense, debt service costs on outstanding and proposed bonds, and the transfer of operating funds for major capital improvement financing.

Capital Projects Funding

Table 11 presents the major capital improvement financing plan which summarizes the projected source and application of funds over the five-year study period. The amount of Funds Available at Beginning of Year, shown on Line 1, is \$78,855,100. This amount is based on audited data provided by the Board.

Projected revenue bond proceeds, totaling \$280,100,000, are shown on Line 2. The amounts and years of issue are developed considering capital program needs, current policies, other sources of major capital improvement financing, and the debt service coverage requirements of the bond covenants regarding the issuance of parity revenue bonds.

Financing of the major capital improvement program anticipates the transfer of a total of \$31,000,000 of operating revenue as shown on Line 3. Other sources of funds available to meet major capital improvement expenditures are Participation by Others and interest income. Participation by Others, as shown on Line 4 includes anticipated funding by the U.S. Army Corps of Engineers (COE) and FEMA. Interest earnings recognize an assumed 1.0 percent average annual interest rate and are shown on Line 6. Line 5 reflects the original issue premium related to the Series 2015 Bonds. Line 7 of the table shows the projected major capital improvement funds available each year.

As of December 31, 2014, the Board had \$12,500,900 obligated for open contracts and capital jobs as shown on Line 8 of Table 11. Lines 9 and 10 show the projected Reinvestment in Assets and Major Capital Additions to be funded as shown in Table 7. Estimated issuance costs and capitalized interest related to the proposed bond issue amounts are shown on Lines 11 and 12.

Line 13 shows the required deposits into the Revenue Bond Reserve Fund associated with proposed bond issues. The debt service reserve on proposed debt is a three-prong test estimated as the lesser of (i) 10 percent of the original principal amount, (ii) the maximum annual debt service, or (iii) 125 percent of the average annual debt service.

The Total Application of Funds is shown on Line 14 of Table 11. The net End of Year Balance is shown on Line 15.

Operating Fund

Line 1 of Table 12 shows projected Revenue from Charges under 2015 rates as previously presented in Table 8. In 2012, the New Orleans City Council approved eight consecutive annual 10 percent water rate increases beginning January 1, 2013. Revenue from these future annual revenue increases of 10 percent effective January 1, 2016 through January 1, 2019 is shown on Line 2.

Other revenue available for system operations is shown on Lines 4 through 9. Interest Income available to the operating fund, shown on Line 4, is estimated to be 1.0 percent of the average of the beginning and end of year Net Annual Balance, except as the average is affected by identifiable nonrecurring major receipts, transfers, or expenditures during the year. Revenue from Plumbing Inspection and License Fees and Other Miscellaneous Revenue are shown on Lines 5 and 6 of Table 12. The Board began conducting field account reviews in 2012 to determine whether meters are working accurately and bills are being computed correctly. Revenue from these reviews is shown on Line 7 and projected to be 1 percent of Total Service Charge Revenue on Line 3. The Board currently provides water service free of charge to the New Orleans School District; however, due to the amount

of lost revenue from this source, the Board is eliminating free water for the School District for water service. It is anticipated that the Board will begin to receive revenue from this source in 2016 which is shown on Line 8.

Interest from the Bond Reserve Fund, shown on Line 9, is estimated to be 1.0 percent. Total Operating Revenue is shown on Line 10.

Operation and Maintenance expense, previously projected in Table 9, is shown on Line 11 of Table 12. Bad debt expense is assumed to be 2 percent of projected revenue and is shown on Line 13. Projected Net Operating Revenue from system operations is shown on Line 14.

Lines 15 through 17 present debt service requirements on currently outstanding and proposed senior revenue bonds. Existing debt includes the Series 2014 bonds. Line 16 reflects projected principal and interest payments on the Series 2015 revenue bonds as well as additional revenue bond debt financing of \$25,000,000 in 2016, \$63,000,000 in 2017, \$55,000,000 in 2018, and \$37,100,000 in 2019. Based on information provided by the Board's financial advisor, this debt is assumed to be 30 year, 5.5 percent fixed interest rate bonds issued in November, with 1 years of capitalized interest and equal annual payments of principal and interest.

In July of 2006 the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed \$77,465,247 on this agreement. No principal or interest was payable during the initial five-year period of the loan, but after that period, the loan began to bear an interest rate of 4.64 percent. Payments for the water portion of principal and interest began in July 2012 and are shown on Line 18 of Table 12 as subordinate debt.

Anticipated non-operating revenue is shown on Line 20 and consists of reimbursement from FEMA and other miscellaneous non-operating revenue.

Line 21 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing. Typically, such accumulated net earnings may be used to help recover portions of the annual costs of system operations or to assist in major capital improvement financing. Line 22 reflects repayment to the Department of Public Works and the Drainage Department as well as claimants.

The General Resolution sets forth the requirement to maintain an operating reserve equal to 90 days of the previous year's operation and maintenance expense. Line 23 indicates the amount needed to fully fund the operating reserve in 2015 followed by projected annual transfers to meet this requirement throughout the study period. It is anticipated that the balance in the reserve in 2015 will equal approximately 133 days of 2014 operation and maintenance expense. The general bond resolution also sets forth the option to maintain a rate stabilization fund. The amount to be transferred to this fund, as well as the timing, is determined by the Executive Director. There are no transfers currently anticipated during the study period as shown on Line 24 of Table 12.

Line 25 indicates the estimated Net Annual Balance from operations remaining at the end of each year.

The balance of operating funds available at the beginning of the year 2015, shown on Line 26, is comprised of the current cash assets and reflects a balance of \$20,119,900. The End of Year Balance, which is exclusive of the operating reserve fund and rate stabilization fund, is shown on Line 27.

Lines 28 through 33 demonstrate that the Board is maintaining an operating reserve equal to at least 90 days of the previous year's operation and maintenance expense.

As demonstrated in Tables 11 and 12, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements and estimated future operation expenses of the Water Department during the 2015-2019 study period examined herein.

Bond Coverage Requirements

An additional consideration in measuring the adequacy of revenues is the provision of sufficient debt service coverage to meet the bond covenant requirements for the issuance of parity revenue bonds. The General Resolution provides that rates shall be maintained at levels which are expected to yield net revenues (as defined in the resolution) equal to at least 125 percent of the annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt in each fiscal year. In addition, net revenue excluding transfers from the rate stabilization fund and the proceeds of grants shall be equal to at least 100 percent of the annual principal and interest requirement for senior and subordinate debt in each fiscal year.

The calculation of net revenue is shown on Lines 1 through 14 of Table 13. The ability of the Water Department revenues to meet revenue bond coverage requirements is shown on Lines 15 through 24. The Adjusted Rate Covenant Coverage test reflects the exclusion of transfers from the rate stabilization fund and grant proceeds. As shown on Lines 17, 19, 20, and 24, the indicated projected revenue and revenue increases will provide sufficient net revenue to meet coverage requirements during the study period.

The General Resolution further prescribes that additional parity revenue bonds may be issued if net revenue from a previous test year (any 12 consecutive months of the last 24 months) is equal to at least 125 percent of the maximum annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt. For purposes of the additional bonds test, net revenue may be adjusted to reflect any increases not in effect during the selected test year but have been approved by the Board, Board of Liquidation and City Council and will go into effect within the following five years.

The results of the additional bonds test are shown on Lines 25 through 31 of Table 13. Lines 29 and 31 of the table indicate that with the magnitude of the adopted annual revenue increases, required minimum levels of coverage are met in each year with indicated coverage levels ranging from 162 percent to 343 percent.

Table 1**Insurance in Force as of December 31, 2014**

| Insurer | Coverage | Amount of Coverage | Expiration Date |
|-----------------------------|---|--|-----------------|
| | | \$ | |
| Lexington Insurance Company | Fleet Physical Damage | \$18,942,139 (\$250,000 Deductible) | 05/20/15 |
| Zurich | Commercial Crime | \$1,000,000 (\$5,000 Deductible) | 05/01/15 |
| | | \$100,000,000 Building and Contents | |
| | Property - Building, Contents, Mobile Equipment, Boiler/Machinery/ Gross Earnings/Extra Expense | \$6,568,829 Mobile Equipment, \$25,000 Boiler/Machinery, \$9,000,000 Gross Earnings/Extra Expense (\$1,000,000 Deductible) | 05/20/2015 |
| Swiss Re Westchester | | Limit: \$6,000,000 (\$350,000 Deductible) | |
| Travelers/RSUI | Automobile Liability | (\$200,000 Deductible) | 06/20/15 |
| Travelers | Fiduciary Liability | \$3,000,000 (\$50,000 Deductible) | 08/01/15 |
| Wright Flood | Flood | \$1,000,000,000 | 08/01/2015 |
| ACE Mun. Adv. | Public Officials/ Employees Liability Insurance | \$10,000,000 (\$250,000 Deductible) | 11/20/15 |

Table 2
Water Department
Historical and Projected Sales and
Average Number of Customers (a)

| Customer Class | Historical | | | | | Projected | | | | |
|--|------------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Single Family Residential (b) | | | | | | | | | | |
| Customers | 100,798 | 102,979 | 105,537 | 109,836 | 111,421 | 112,536 | 113,661 | 114,798 | 115,946 | 117,105 |
| Sales (1,000,000 gal.) | 6,276 | 6,592 | 6,461 | 6,475 | 6,421 | 6,356 | 6,355 | 6,355 | 6,354 | 6,353 |
| Sales Per Customer (1,000 gal.) | 62 | 64 | 61 | 59 | 58 | 56 | 56 | 55 | 55 | 54 |
| Multi-family Residential | | | | | | | | | | |
| Customers | 4,416 | 4,439 | 4,467 | 4,549 | 4,533 | 4,533 | 4,533 | 4,533 | 4,533 | 4,533 |
| Sales (1,000,000 gal.) | 810 | 788 | 767 | 731 | 686 | 672 | 665 | 659 | 652 | 646 |
| Sales Per Customer (1,000 gal.) | 183 | 177 | 172 | 161 | 151 | 148 | 147 | 145 | 144 | 142 |
| Commercial | | | | | | | | | | |
| Customers | 9,872 | 9,918 | 9,969 | 10,193 | 10,328 | 10,431 | 10,535 | 10,640 | 10,746 | 10,853 |
| Sales (1,000,000 gal.) | 3,682 | 3,683 | 3,694 | 3,681 | 3,656 | 3,619 | 3,618 | 3,618 | 3,617 | 3,617 |
| Sales Per Customer (1,000 gal.) | 373 | 371 | 371 | 361 | 354 | 347 | 343 | 340 | 337 | 333 |
| Industrial | | | | | | | | | | |
| Customers | 20 | 17 | 19 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Sales (1,000,000 gal.) | 53 | 42 | 44 | 46 | 52 | 51 | 51 | 50 | 50 | 49 |
| Sales Per Customer (1,000 gal.) | 2,674 | 2,407 | 2,343 | 2,324 | 2,620 | 2,570 | 2,540 | 2,515 | 2,490 | 2,465 |
| Dual Service & Metered Fire Service (c) | | | | | | | | | | |
| Customers | 1,321 | 1,392 | 1,443 | 1,509 | 1,574 | 1,589 | 1,621 | 1,653 | 1,686 | 1,720 |
| Sales (1,000,000 gal.) | 2,832 | 2,821 | 2,786 | 2,640 | 2,688 | 2,661 | 2,687 | 2,713 | 2,739 | 2,766 |
| Sales Per Customer (1,000 gal.) | 2,144 | 2,027 | 1,931 | 1,750 | 1,708 | 1,674 | 1,658 | 1,641 | 1,625 | 1,608 |
| Total | | | | | | | | | | |
| Customers | 116,426 | 118,745 | 121,435 | 126,106 | 127,876 | 129,109 | 130,370 | 131,644 | 132,931 | 134,231 |
| Sales (1,000,000 gal.) | 13,653 | 13,925 | 13,752 | 13,573 | 13,504 | 13,359 | 13,377 | 13,394 | 13,412 | 13,431 |

(a) Excludes customers receiving free service.

(b) Includes duplex.

(c) Does not include flat rate fire protection customers.

Table 3

**Water Department
Existing Water Rates
(Effective January 1, 2015)**

| Rate Components | General Service | Dual Service (a) |
|-----------------|--------------------|---------------------|
| | \$ | \$ |

Monthly Water Service Charge

| Meter Size | | |
|------------|--------|--------|
| Inches | | |
| 5/8 | 5.40 | 7.33 |
| 3/4 | 6.60 | 8.92 |
| 1 | 8.38 | 11.72 |
| 1-1/2 | 13.84 | 18.24 |
| 2 | 18.24 | 26.09 |
| 3 | 41.26 | 57.90 |
| 4 | 71.87 | 101.16 |
| 6 | 141.09 | 196.99 |
| 8 | 208.97 | 292.82 |
| 10 | 283.50 | 396.64 |
| 12 | 332.75 | 465.85 |
| 16 | 443.22 | 620.25 |

Monthly Water Quantity Charge - per 1,000 Gallons

| | | | |
|-------|-------------------|------|------|
| First | 3,000 gallons | 3.59 | 3.59 |
| Next | 17,000 gallons | 6.13 | 6.13 |
| Next | 980,000 gallons | 4.82 | 4.82 |
| Over | 1,000,000 gallons | 4.04 | 4.04 |

Flat Rate Fire Service

| Meter Size | |
|------------|--------|
| Inches | |
| 2 | 12.24 |
| 3 | 16.64 |
| 4 | 30.61 |
| 6 | 53.24 |
| 8 | 70.54 |
| 10 | 111.80 |
| 12 | 145.08 |
| 16 | 199.65 |

(a) Includes Dual Service and all metered fire services.

Table 4

Water Department

Statement of Historical Revenue

| Revenue Source | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------|------------|------------|------------|------------|------------|
| | \$ | \$ | \$ | \$ | \$ |
| Operating Revenue | | | | | |
| Sales of Water | 54,013,282 | 58,804,719 | 59,208,198 | 63,248,555 | 69,601,809 |
| Delinquent Fee | 1,066,491 | 1,085,593 | 1,048,107 | 1,150,054 | 1,216,445 |
| Total Operating Revenue | 55,079,773 | 59,890,312 | 60,256,305 | 64,398,610 | 70,818,254 |
| Nonoperating Revenue | | | | | |
| Interest Earned | 32,383 | 44,752 | 92,849 | 82,893 | 349,607 |
| Plumbing Inspection and License Fees | 373,213 | 379,036 | 343,903 | 321,518 | 339,176 |
| Revenue Sharing | 148,528 | 140,655 | 123,885 | 219,877 | 254,577 |
| Other Income (a) | 9,497,548 | 15,944,157 | 10,851,066 | 5,234,998 | 2,459,234 |
| Total Nonoperating Revenue | 10,051,672 | 16,508,600 | 11,411,703 | 5,859,286 | 3,402,593 |
| Total Revenue | 65,131,445 | 76,398,912 | 71,668,008 | 70,257,896 | 74,220,847 |

(a) Includes \$6,251,855 in operating and maintenance grants in 2010, \$11,514,936 in 2011, \$7,617,063 in 2012, \$1,981,568 in 2013 and -\$381,876 in 2014.

Table 5

Water Department
Historical Operation and Maintenance Expenses (a)

| Department | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Management and General Expenses | | | | | |
| Administrative | 4,063,842 | 4,432,935 | 3,086,750 | 3,030,392 | 4,149,077 |
| Management Services Director | 23,226 | 23,619 | 24,351 | 26,912 | 21,699 |
| Building and Grounds and Support Services | 1,035,972 | 1,146,187 | 1,145,004 | 1,243,462 | 1,295,390 |
| Personnel Administration | 284,354 | 276,123 | 349,217 | 313,814 | 564,663 |
| Finance Administration | 785,102 | 847,924 | 829,391 | 778,042 | 951,041 |
| Information Systems | 1,421,701 | 1,491,718 | 1,429,881 | 1,412,490 | 1,410,563 |
| Revenue and Customer Service | 4,072,735 | 3,990,470 | 4,028,447 | 4,127,219 | 4,266,404 |
| Purchasing | 225,852 | 212,508 | 204,325 | 208,849 | 313,788 |
| Total Management and General | 11,912,784 | 12,421,483 | 11,097,366 | 11,141,180 | 12,972,626 |
| Operations Expenses | | | | | |
| General Superintendent | 178,217 | 172,673 | 182,266 | 197,524 | 256,414 |
| Chief of Operations | 67,543 | 68,776 | 137,430 | 62,056 | 62,065 |
| Water Pumping and Power | 11,142,039 | 12,092,473 | 11,422,585 | 14,464,899 | 12,557,018 |
| Central Control | 670,229 | 651,457 | 673,444 | 650,391 | 0 |
| Water Purification | 9,955,835 | 9,192,313 | 10,386,299 | 10,107,199 | 10,574,235 |
| Chief of Facilities Maintenance | 92,316 | 130,206 | 252,134 | 128,281 | 132,236 |
| Facilities Maintenance | 2,904,614 | 2,997,107 | 3,234,867 | 3,630,021 | 5,472,548 |
| Central Yard | 1,789,058 | 1,935,170 | 2,234,033 | 2,188,673 | 2,629,566 |
| Office of Chief of Networks | 142,919 | 255,061 | 179,573 | 191,238 | 211,100 |
| Networks | 8,586,257 | 19,866,368 | 18,062,377 | 15,374,918 | 19,292,073 |
| Engineering | 1,014,126 | 1,080,169 | 1,105,298 | 1,444,644 | 1,607,977 |
| Plumbing | 469,925 | 450,070 | 523,151 | 542,937 | 561,728 |
| Total Operations | 37,013,077 | 48,891,843 | 48,393,458 | 48,982,782 | 53,356,959 |
| Other Expenses | | | | | |
| Special Accounts | 932,188 | 897,154 | 926,912 | 1,122,683 | 1,152,094 |
| Payroll Related Expenses | 5,548,877 | 5,759,876 | 4,984,381 | 5,876,697 | 5,222,554 |
| Overhead Allocation | (3,058,748) | (3,413,817) | (3,640,334) | (3,744,731) | (4,241,712) |
| Total Other | 3,422,317 | 3,243,212 | 2,270,958 | 3,254,649 | 2,132,936 |
| Total Operation and Maintenance (b) | 52,348,178 | 64,556,538 | 61,761,783 | 63,378,612 | 68,462,520 |

(a) Historical operation and maintenance expenses do not include the non-cash portion of provision for claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims payable are included in Table 11.

(b) Source: Expenditure Analysis by Group Report.

Table 6

Water Department

Capital Expenditures (a)

2014

| C.P. # | Project | Actual Expenditures |
|--------|--|---------------------|
| | | \$ |
| | Waterworks | |
| 110 | Normal Extensions & Replacements | 2,321,770 |
| 122 | Sycamore and Claiborne Filter Rehabilitation | 10,150 |
| 135 | Improvements to Chemical System | 32,507 |
| 160 | SELA Water Relocation Costs | 6,718,171 |
| 175 | Water Hurricane Recovery Bonds | 13,391,998 |
| 180 | FEMA Review of Change Orders - Water | 10,228,008 |
| | Total Waterworks | 32,702,603 |
| | Water Distribution | |
| 214 | Normal Extensions & Replacements | 1,475,494 |
| 216 | Water Systems Replacement Program | 125,160 |
| 239 | Mains DPW Contracts | 915,557 |
| | Total Water Distribution | 2,516,210 |
| | Power Projects and General Budget | |
| 600 | Water Share of Power Projects | 1,543,634 |
| 700 | Water Reserve for Emergencies | 461,082 |
| 800 | Water Share of General Budget Items | 7,895,110 |
| | Total Power Projects and General Budget | 9,899,826 |
| | Total Water Department | 45,118,640 |

(a) Expenditures do not include proration of interest expense.

Table 7
Water Department
Projected Capital Improvements (a)

| C.P. # | Project | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-----------------------------------|--|-------------|------------|-------------|------------|------------|-------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Reinvestment in Assets | | | | | | | |
| 110 | Normal Extension & Replacement | 13,169,000 | 23,420,000 | 22,020,000 | 15,845,000 | 14,745,000 | 89,199,000 |
| 112 | Modification to Oak St. Raw Water Intake Station | 1,200,000 | 5,500,000 | 5,000,000 | 0 | 0 | 11,700,000 |
| 122 | Sycamore and Claiborne Filter Rehabilitation | 1,490,000 | 3,000,000 | 0 | 30,000,000 | 0 | 34,490,000 |
| 160 | SELA Water Relocation Costs | 843,000 | 660,000 | 898,000 | 2,145,000 | 0 | 4,546,000 |
| 182 | Water Paving Repair Contracts | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 20,000,000 |
| 214 | Normal Extensions & Replacements | 3,400,000 | 3,420,000 | 3,420,000 | 3,445,000 | 3,445,000 | 17,130,000 |
| 216 | Water System Replacement Program | 4,100,000 | 2,100,000 | 2,200,000 | 2,000,000 | 2,000,000 | 12,400,000 |
| 239 | Mains In Streets Department Contracts | 5,200,000 | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 | 18,000,000 |
| 600 | Water Share of Power Projects | 41,341,000 | 5,875,000 | 6,252,000 | 280,000 | 1,590,000 | 55,338,000 |
| 701 | Water Reserve for Emergencies | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 7,500,000 |
| 800 | Water Share of General Budget Items | 14,455,000 | 9,440,000 | 9,316,000 | 7,971,000 | 7,612,000 | 48,794,000 |
| | Total Routine Capital Improvements | 90,698,000 | 62,115,000 | 57,806,000 | 70,386,000 | 38,092,000 | 319,097,000 |
| Major Capital Improvements | | | | | | | |
| 135 | Improvements to Chemical System | 370,000 | 1,400,000 | 3,000,000 | 0 | 0 | 4,770,000 |
| 156 | Advanced Carrollton Water Treatment | 6,815,000 | 200,000 | 20,120,000 | 120,000 | 120,000 | 27,375,000 |
| 157 | Advanced Algiers Water Treatment | 1,940,000 | 3,250,000 | 175,000 | 2,750,000 | 0 | 8,115,000 |
| 159 | Water Plant Security Improvements | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 4,000,000 |
| 175 | Water Hurricane Recovery Bonds | 69,717,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 149,717,000 |
| 221 | Feeder Main Extension, General | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 3,000,000 |
| | Total Major Capital Improvements | 79,442,000 | 27,450,000 | 43,895,000 | 25,470,000 | 20,720,000 | 196,977,000 |
| | Total Water Department Improvements | 170,140,000 | 89,565,000 | 101,701,000 | 95,856,000 | 58,812,000 | 516,074,000 |

The improvements for 2015-2019 are based on the Amended 2015 Capital Budget and 2015-2024 Capital Program approved
(a) August 19, 2015.

Table 8

Water Department
Projected Operating Revenue

| | (1) | (2) | (3) |
|------|----------------------------|---------------------------|---------------------------------------|
| | Revenue From Charges | Additional Revenue (a) | Total Service Charge Revenue |
| Year | \$ | \$ | \$ |
| 2015 | 76,126,100 | 0 | 76,126,100 |
| 2016 | 77,101,600 | 7,615,800 | 84,717,400 |
| 2017 | 77,311,400 | 15,985,500 | 93,296,900 |
| 2018 | 77,527,900 | 25,239,800 | 102,767,700 |
| 2019 | 77,750,200 | 35,539,000 | 113,289,200 |

(a) Reflects additional revenue from adopted revenue increases.

Table 9

Water Department

Projected Operation and Maintenance Expenses

| Department | 2015 (a) | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Management and General Expenses | | | | | |
| Administrative | 3,207,400 | 3,303,600 | 3,402,700 | 3,504,800 | 3,610,000 |
| Management Services Director | 0 | 0 | 0 | 0 | 0 |
| Building and Grounds and Support Services | 1,542,200 | 1,588,500 | 1,636,100 | 1,685,200 | 1,735,800 |
| Personnel Administration | 1,103,300 | 1,136,400 | 1,170,500 | 1,205,600 | 1,241,800 |
| Finance Administration | 1,042,400 | 1,073,700 | 1,105,900 | 1,139,100 | 1,173,300 |
| Information Systems | 2,234,500 | 2,301,500 | 2,370,600 | 2,441,700 | 2,514,900 |
| Revenue and Customer Service | 4,723,200 | 4,864,900 | 5,010,800 | 5,161,200 | 5,316,000 |
| Purchasing | 279,000 | 287,300 | 296,000 | 304,800 | 314,000 |
| Total Management and General | 14,132,000 | 14,555,900 | 14,992,600 | 15,442,400 | 15,905,800 |
| Operations Expenses | | | | | |
| General Superintendent | 268,300 | 276,300 | 284,600 | 293,100 | 301,900 |
| Chief of Operations | 323,000 | 332,700 | 342,700 | 353,000 | 363,500 |
| Water Pumping and Power | 10,218,800 | 10,525,400 | 10,841,200 | 11,166,400 | 11,501,400 |
| Central Control | 0 | 0 | 0 | 0 | 0 |
| Water Purification | 11,714,800 | 12,066,300 | 12,428,300 | 12,801,100 | 13,185,200 |
| Chief of Facilities Maintenance | 394,800 | 406,600 | 418,800 | 431,400 | 444,300 |
| Facilities Maintenance | 5,276,900 | 5,435,200 | 5,598,300 | 5,766,200 | 5,939,200 |
| Central Yard | 2,267,800 | 2,335,900 | 2,406,000 | 2,478,100 | 2,552,500 |
| Office of Chief of Networks | 370,600 | 381,700 | 393,200 | 405,000 | 417,100 |
| Networks | 20,509,900 | 21,125,200 | 21,758,900 | 22,411,700 | 23,084,000 |
| Engineering | 2,121,000 | 2,184,700 | 2,250,200 | 2,317,700 | 2,387,300 |
| Plumbing | 616,600 | 635,100 | 654,200 | 673,800 | 694,000 |
| Total Operations | 54,082,500 | 55,705,100 | 57,376,400 | 59,097,500 | 60,870,400 |
| Other Expenses | | | | | |
| Special Accounts | 1,994,200 | 2,054,000 | 2,115,600 | 2,179,100 | 2,244,500 |
| Payroll Related Expenses | 3,831,900 | 3,946,900 | 4,065,300 | 4,187,200 | 4,312,800 |
| Overhead Allocation | (3,471,000) | (3,568,700) | (3,675,800) | (3,786,000) | (3,899,600) |
| Total Other | 2,355,100 | 2,432,200 | 2,505,100 | 2,580,300 | 2,657,700 |
| Total Operation and Maintenance | 70,569,600 | 72,693,200 | 74,874,100 | 77,120,200 | 79,433,900 |

(a) Represents the adopted operating budget as of January 1, 2015.

Table 10

Water Department

Debt Service Requirements

| Debt Issue | | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|-------------|-----------|-----------|------------|------------|------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Existing Bonds | | | | | | |
| Series 2014 | | 5,176,300 | 5,501,300 | 7,700,000 | 7,693,000 | 7,700,000 |
| Total Existing Debt Service | | 5,176,300 | 5,501,300 | 7,700,000 | 7,693,000 | 7,700,000 |
| Projected Bonds | | | | | | |
| Amount of Issue | | | | | | |
| \$ | | | | | | |
| 2015 | 100,000,000 | 0 | 0 | 6,605,000 | 6,604,800 | 6,605,500 |
| 2016 | 25,000,000 | | 0 | 756,125 | 1,814,700 | 1,814,700 |
| 2017 | 63,000,000 | | | 0 | 1,905,500 | 4,573,200 |
| 2018 | 55,000,000 | | | | 0 | 1,663,500 |
| 2019 | 37,100,000 | | | | | 0 |
| Total Projected Debt Service | | 0 | 0 | 7,361,125 | 10,325,000 | 14,656,900 |
| Total Debt Service | | 5,176,300 | 5,501,300 | 15,061,125 | 18,018,000 | 22,356,900 |

Table 11
Water Department
Capital Improvement Program Financing

| Line No. | Description | Fiscal Year Ending December 31, | | | | | Total |
|----------|--------------------------------------|---------------------------------|--------------|---------------|---------------|--------------|---------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | Funds Available at Beginning of Year | 78,855,100 | 102,334,100 | 65,849,000 | 46,657,300 | 23,599,700 | 78,855,100 |
| 2 | Revenue Bond Proceeds | 100,000,000 | 25,000,000 | 63,000,000 | 55,000,000 | 37,100,000 | 280,100,000 |
| 3 | Operation Fund Transfers | 1,000,000 | 5,000,000 | 5,000,000 | 10,000,000 | 10,000,000 | 31,000,000 |
| 4 | Participation By Others | 111,291,000 | 28,421,800 | 29,062,300 | 24,116,500 | 24,840,000 | 217,731,600 |
| 5 | Net Original Issue Premium | 6,514,100 | 0 | 0 | 0 | 0 | 6,514,100 |
| 6 | Interest Income | 849,500 | 909,800 | 623,800 | 412,800 | 277,500 | 3,073,400 |
| 7 | Total Funds Available | 298,509,700 | 161,665,700 | 163,535,100 | 136,186,600 | 95,817,200 | 617,274,200 |
| 8 | Obligated Contracts & Capital Jobs | (12,500,900) | 0 | 0 | 0 | 0 | (12,500,900) |
| 9 | Reinvestment in Assets | (90,698,000) | (63,978,500) | (61,326,400) | (76,912,700) | (42,872,900) | (335,788,500) |
| 10 | Major Capital Additions | (79,442,000) | (28,273,500) | (46,568,200) | (27,831,800) | (23,320,500) | (205,436,000) |
| 11 | Bond Issuance Expense | (1,733,300) | (375,000) | (945,000) | (825,000) | (556,500) | (4,434,800) |
| 12 | Capitalized Interest Requirement | (5,194,400) | (1,375,000) | (3,465,000) | (3,025,000) | (2,040,500) | (15,099,900) |
| 13 | Revenue Bond Reserve Fund | (6,607,000) | (1,814,700) | (4,573,200) | (3,992,400) | (2,693,100) | (19,680,400) |
| 14 | Total Application of Funds | (196,175,600) | (95,816,700) | (116,877,800) | (112,586,900) | (71,483,500) | (592,940,500) |
| 15 | End of Year Balance | 102,334,100 | 65,849,000 | 46,657,300 | 23,599,700 | 24,333,700 | 24,333,700 |

Table 12

Water Department
Analysis of Ability of Forecasted Revenue to
Finance Projected Revenue Requirements

| Line No. | Description | Fiscal Year Ending December 31, | | | | |
|----------|--|---------------------------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | \$ | \$ | \$ | \$ | \$ |
| 1 | Revenue from Charges | 76,126,100 | 77,101,600 | 77,311,400 | 77,527,900 | 77,750,200 |
| 2 | Total Additional Revenue (a) | 0 | 7,615,800 | 15,985,500 | 25,239,800 | 35,539,000 |
| 3 | Total Service Charge Revenue | 76,126,100 | 84,717,400 | 93,296,900 | 102,767,700 | 113,289,200 |
| 4 | Interest Income | 303,500 | 127,000 | 134,000 | 131,400 | 148,200 |
| 5 | Plumbing Insp. & License Fees | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 6 | Other Miscellaneous Income | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 |
| 7 | Revenue from Internal field Review (b) | 761,300 | 847,200 | 933,000 | 1,027,700 | 1,132,900 |
| 8 | Sale of Water to School District | 0 | 350,000 | 385,000 | 423,500 | 465,900 |
| 9 | Interest from Bond Reserve Fund | 136,000 | 179,000 | 211,000 | 254,000 | 287,000 |
| 10 | Total Operating Revenue | 80,880,900 | 89,774,600 | 98,513,900 | 108,158,300 | 118,877,200 |
| 11 | Operation & Maintenance | (70,569,600) | (72,693,200) | (74,874,100) | (77,120,200) | (79,433,900) |
| 12 | Provision for Claims | (742,100) | (764,400) | (787,300) | (810,900) | (835,300) |
| 13 | Provision for Doubtful Accounts | (1,522,500) | (1,542,000) | (1,546,200) | (1,550,600) | (1,555,000) |
| 14 | Net Operating Revenue | 8,046,700 | 14,775,000 | 21,306,300 | 28,676,600 | 37,053,000 |
| | Debt Service | | | | | |
| | Senior Lien Revenue Bonds | | | | | |
| 15 | Existing | (5,176,300) | (5,501,300) | (7,700,000) | (7,693,000) | (7,700,000) |
| 16 | Projected | 0 | 0 | (7,361,100) | (10,325,000) | (14,656,900) |
| 17 | Total Senior Lien Revenue Bonds | (5,176,300) | (5,501,300) | (15,061,100) | (18,018,000) | (22,356,900) |
| 18 | Gulf Opportunity Zone Act Loan | (639,900) | (639,900) | (639,900) | (639,900) | (639,900) |
| 19 | Total Debt Service | (5,816,200) | (6,141,200) | (15,701,000) | (18,657,900) | (22,996,800) |
| 20 | Other Non-Operating Revenue | 400,500 | 400,500 | 400,500 | 400,500 | 400,500 |
| 21 | Transfer to Construction | (1,000,000) | (5,000,000) | (5,000,000) | (10,000,000) | (10,000,000) |
| 22 | Due from/(to) Other Departments | (3,891,000) | (2,186,000) | (436,000) | (436,000) | 0 |
| 23 | Transfer to Operating Reserve Fund | (17,447,100) | (512,000) | (533,900) | (544,400) | (560,700) |
| 24 | Transfer from/(to) Rate Stabilization Fund | 0 | 0 | 0 | 0 | 0 |
| 25 | Net Annual Balance | (19,707,100) | 1,336,300 | 35,900 | (561,200) | 3,896,000 |
| 26 | Beginning of Year Cash Balance (c) | 20,119,900 | 412,800 | 1,749,100 | 1,785,000 | 1,223,800 |
| 27 | End of Year Balance | 412,800 | 1,749,100 | 1,785,000 | 1,223,800 | 5,119,800 |
| 28 | Beginning of Year Cash Balance (c) | 20,119,900 | 28,561,800 | 30,410,100 | 30,979,900 | 30,963,100 |
| 29 | Customer Deposits | 10,701,900 | | | | |
| 30 | Operating Reserve Fund | 17,447,100 | 512,000 | 533,900 | 544,400 | 560,700 |
| 31 | Net annual Balance | (19,707,100) | 1,336,300 | 35,900 | (561,200) | 3,896,000 |
| 32 | End of Year Balance | 28,561,800 | 30,410,100 | 30,979,900 | 30,963,100 | 35,419,800 |
| 33 | Days of O&M Cash on Hand | 143 | 148 | 146 | 142 | 158 |

(a) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

(b) Estimated as 1% of Total Service Charge Revenue.

(c) Reflects beginning of year balance in unrestricted and undesignated cash and cash equivalents and cash and cash equivalents designated for capital projects, less operating reserve requirement.

Table 13
Water Department
Coverage Requirements

| Line No. | Coverage Requirements | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Projected Net Revenues | | | | | | | |
| 1 | Revenue Under Existing Rates | 70,818,300 | 76,126,100 | 77,101,600 | 77,311,400 | 77,527,900 | 77,750,200 |
| 2 | Additional Revenue Under Proposed Rates | | 0 | 7,615,800 | 15,985,500 | 25,239,800 | 35,539,000 |
| 3 | Interest Income | 349,600 | 1,289,000 | 1,215,800 | 968,800 | 798,200 | 712,700 |
| 4 | Plumbing and Inspection Fees | 339,200 | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 5 | Revenue Sharing | 254,600 | | | | | |
| 6 | Other Miscellaneous Revenue | 2,841,100 | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 | 3,232,500 |
| 7 | Revenue from Internal Field Review | | 761,300 | 847,200 | 933,000 | 1,027,700 | 1,132,900 |
| 8 | Sale of Water to School District | | 0 | 350,000 | 385,000 | 423,500 | 465,900 |
| 9 | Operation & Maintenance Grants | (381,900) | 0 | 0 | 0 | 0 | 0 |
| 10 | Transfer from Rate Stabilization Fund | | 0 | 0 | 0 | 0 | 0 |
| 11 | Operation & Maintenance | (68,462,500) | (70,569,600) | (72,693,200) | (74,874,100) | (77,120,200) | (79,433,900) |
| 12 | Claims | (1,143,400) | (742,100) | (764,400) | (787,300) | (810,900) | (835,300) |
| 13 | Provision for Doubtful Accounts | (1,151,800) | (1,522,500) | (1,542,000) | (1,546,200) | (1,550,600) | (1,555,000) |
| 14 | Net Revenue | 3,463,200 | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | 37,330,500 |
| Rate Covenant Coverage | | | | | | | |
| 15 | Projected Net Revenues | | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | 37,330,500 |
| | Annual Debt Service | | | | | | |
| 16 | Senior Debt | | 5,176,300 | 5,501,300 | 15,061,100 | 18,018,000 | 22,356,900 |
| 17 | Coverage (a) | | 172% | 285% | 146% | 161% | 167% |
| 18 | All Debt | | 5,816,200 | 6,141,200 | 15,701,000 | 18,657,900 | 22,996,800 |
| 19 | Coverage (b) | | 153% | 255% | 140% | 156% | 162% |
| Adjusted Rate Covenant Coverage | | | | | | | |
| 20 | Projected Net Revenues (c) | | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | 37,330,500 |
| | Annual Debt Service | | | | | | |
| 21 | Senior Debt | | 5,176,300 | 5,501,300 | 15,061,100 | 18,018,000 | 22,356,900 |
| 22 | Coverage (d) | | 172% | 285% | 146% | 161% | 167% |
| 23 | All Debt | | 5,816,200 | 6,141,200 | 15,701,000 | 18,657,900 | 22,996,800 |
| 24 | Coverage (d) | | 153% | 255% | 140% | 156% | 162% |
| Additional Bond Coverage | | | | | | | |
| 25 | Preceding Year Projected Net Revenues | 3,463,200 | 8,896,200 | 15,684,800 | 21,930,100 | 29,089,400 | |
| 26 | Future Additional Revenue (e) | 43,235,300 | 46,475,700 | 35,782,900 | 25,590,100 | 16,280,900 | |
| 27 | Adjusted Projected Net Revenues | 46,698,500 | 55,371,900 | 51,467,700 | 47,520,200 | 45,370,300 | |
| | Maximum Debt Service | | | | | | |
| 28 | Senior Debt | | 14,305,500 | 16,120,200 | 20,693,400 | 24,677,300 | 27,364,900 |
| 29 | Coverage (a) | | 326% | 343% | 249% | 193% | 166% |
| 30 | All Debt | | 14,945,400 | 16,760,100 | 21,333,300 | 25,317,200 | 28,004,800 |
| 31 | Coverage (b) | | 312% | 330% | 241% | 188% | 162% |

(a) The General Bond Resolution requires net revenue to equal or exceed 125% of debt service.

(b) The General Bond Resolution requires net revenue to equal or exceed 110% of debt service.

(c) Net Revenue excludes transfers from the Rate Stabilization Fund and proceeds of Operation & Maintenance Grants.

(d) The General Bond Resolution requires net revenue to equal or exceed 100% of debt service.

(e) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

Sewerage Department

ADHERENCE TO SEWERAGE SERVICE REVENUE BOND RESOLUTION

In 2014, the Board issued \$158,990,000 Sewerage Service Revenue and Refunding Bonds. Issuance of these bonds obligated the Board to adhere to the covenants of the Bond Resolution. Briefly, the covenants are concerned with:

- Payment of indebtedness; limited obligations.
- Limitations on indebtedness.
- Covenants and representations of Board.
- Covenants with credit banks, insurers, etc.
- Operation and maintenance.
- Free service, competing service, billing and enforcement of charges.
- Sale or encumbrance of system.
- Insurance
- Damage, destruction, condemnation and loss of title.
- Records and accounts; inspections and reports.
- Capital budget.

The provisions of the General Sewerage Service Revenue Bond Resolution are virtually identical to those of the General Water Revenue Bond Resolution described in the preceding section of this report. The Board was in compliance with these covenants in 2014. Sewerage Department tables are included at the end of this section.

2014 SEWERAGE DEPARTMENT OPERATIONS

Funds for the operation, maintenance, and debt service requirements of the Sewerage Department are obtained from sewerage service charges. The balance of revenue remaining after meeting these costs may be used for cash financing capital improvements as required. Other fund sources include participation by others, interest earned on invested funds, and other minor sources.

Revenues and expenditures related to the 2014 operations of the Sewerage Department are discussed in the following paragraphs.

Wastewater Volumes

Number of Customers

Table 14 presents a summary of the historical and projected average number of sewer customers for the period 2010 through 2019. Based on year-end billing summaries, the number of monthly billed customers during 2014 averaged 125,303 compared with 123,701 for 2013. It is projected that the Board will average approximately 126,557 open accounts in 2015 and that the number of accounts will continue to grow at approximately 0.9 percent each year.

Billed Wastewater Volume

Table 14 also presents a summary of historical and projected billed wastewater volumes. Based on year-end billing summaries, a total of 11,223 million gallons of wastewater volume was billed in 2014, compared with a total of 11,317 million gallons in 2013. To reflect the anticipated price

elasticity impact due to the approved annual revenue increases, projected wastewater volume assumes a 2 percent resistance factor in 2015 and 1 percent for 2016 through 2019. The resulting projected contributed wastewater volume reflects a decrease of approximately 0.5 percent per year.

Operating Revenues

The 2015 schedule of rates for retail sewerage service is presented in Table 15 and reflects a 10 percent rate increase over 2014 rates. The rates consist of monthly service charges, which vary by meter size, plus a volume charge. Quantity charges for single family residential and multi-residential customers are based on 85 percent of the metered water consumption to allow 15 percent for lawn watering and other uses, which contribute no flow to the sanitary sewer. All other classes are based on 100 percent of water consumption. Water from private wells or other non-Board sources that is discharged to the sanitary sewer system is to be metered and the consumption included in computing sewerage service charges. Any customer who can show that only a portion of his metered water usage is discharged to the sanitary sewer system is to be charged for only that portion of the total water quantity. A residential customer may have either the 15 percent allowance or a special exemption, but not both.

A summary of historical sewer billings and other Sewerage Department revenue is presented in Table 16 for the period 2010 through 2014. The historical revenues shown in Table 16 were developed from detailed records provided by Board staff. Operating revenues are derived from sewerage service charge revenue, which includes excess strength charges, and delinquent fees. Sewerage service charge revenues in 2014 were \$85,740,367 which, when compared with \$77,767,114 for 2013, shows an increase of approximately 10.3 percent. Delinquent fee revenues were \$812,895 in 2014 which represent an increase of approximately 5.8 percent over 2013 delinquent fees.

Non-Operating Revenues

Also shown in Table 16, Sewerage Department non-operating revenue includes interest earned on the investment of available funds and other minor items of revenue. Interest earned in 2014 consisted of \$257,824 from investments in the Sewerage System fund, the capital projects and construction fund. Miscellaneous income was \$1,946,156 for 2014.

In 2014, the Board received \$383,354 in operating and maintenance grants from FEMA for operating expenses incurred from sewer repairs performed by Board crews. This revenue is included as Other Income in Table 16.

Operation and Maintenance Expenses

As previously discussed in the section of this report covering Water Department Operation and Maintenance Expenses, the Sewerage and Water Board utilizes a system of accounts designed to group expenses by function for budget purposes. Under the present system of accounts, expenses are categorized under the general classifications of management and general, operations expenses, and other expenses. Management and general expenses include wages, materials and supplies, services, and other costs of operating the Office of the Management Services Director, Personnel Administration, Finance Department, Information Systems, Purchasing Administration, Customer Services Department, and other administrative services including the Deputy Director, Executive Director, and Legal Department. Operations expenses encompass the costs of collecting, transporting, treating, and disposing of wastewater. Other expenses include such items as general insurance,

outside services employed, social security, worker's compensation insurance, pension and medical insurance contributions, and miscellaneous expenditures.

Table 17 presents a summary of 2010 through 2014 historical operation and maintenance expenses of the Sewerage Department. Expenditures for 2014 increased about 5.2 percent from 2013 expenditures and about 8.3 percent from 2012 expenditures. Historical operation and maintenance expenses shown in Table 17 do not include the non-cash portion of Provision for Claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Sewerage Department claims are shown on Line 13 in Table 24.

Capital Budget and Expenditures

Capital expenditures of the Sewerage Department include the cost of replacements and improvements to wastewater treatment and collection facilities and the Sewerage Department pro rata share of power projects and general budget costs.

The Sewerage Department's 2014 capital expenditures, exclusive of prorated interest expense, totaled \$51,844,272. Capital improvement expenditures for the year are shown in Table 18.

Summary of Operations

The following tabulation shows a summary of the receipts and expenditures of the Sewerage Department during 2014:

| | |
|--|---------------------|
| Total Revenues ^a | \$88,757,242 |
| Operation and Maintenance Expense | 47,955,827 |
| Claims | 565,222 |
| Debt Service Payments | 20,217,148 |
| Revenue Primarily Available for Capital Expenditures ^b | \$20,019,046 |

^a Includes operating and maintenance grant of \$383,354.

^b Excludes depreciation.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

Table 19 presents a summary of the projected major capital improvement program for the period 2015 through 2019. Table 19 is based on the Board's 2015-2024 Capital Program. The five-year major capital improvement program costs are estimated to total \$338,766,000. Of the projected total, \$251,606,000 is considered to be for recurring annual capital improvements. The remaining \$87,160,000 is for proposed major capital expenditures. Costs of power projects and general budget items are prorated between the Water, Sewerage and Drainage Departments on the basis of relative use. The projected Sewerage Department pro rata share of power project and general budget item costs for the five-year period 2015 through 2019 total \$28,627,000 and \$43,980,000, respectively.

The Board is currently complying with the EPA Region 6 Administrative Order. In January of 2010, the Board successfully completed negotiations for a modification of the Consent Decree. The Capital Improvement Program shown in Table 19 represents the schedule for complying with the modified Consent Decree.

ABILITY TO FINANCE PROPOSED CAPITAL EXPENDITURES

This section of the report analyzes the adequacy of projected revenues to finance the proposed capital improvements shown in Table 19.

Operating Revenues

Future operating revenues of the Sewerage Department consist of sewerage service charge revenues which are summarized for 2015 through 2019 in Table 20. These estimates reflect the rate schedule effective January 1, 2015 applied to the projected number of customers and contributed wastewater flow. Projected revenue from adopted revenue increases is also shown in Table 20.

Other Revenue Sources

Based upon past practices, the Sewerage Department can expect to obtain revenues or funds from non-operating sources. These include interest earned from the investment of available funds, participation by others, and miscellaneous other income. By Board policy, the Sewerage Department receives one-half of the plumbing inspection and license fees, currently projected at \$321,500 per year.

Interest income from the investment of funds held for future use depends upon the level of sewerage revenue available for investment and the amount of revenue accrued towards payment of future capital expenditures.

Projections of other revenue sources are presented in a subsequent table, which summarizes the Department's financial position during the financing of projected operating and capital requirements.

Operation and Maintenance Expense

A summary of projected operation and maintenance expense for the period 2015 through 2019 is shown in Table 21 and is categorized by the present system of accounts. Estimates of future expenses are based on anticipated future operating conditions and allowances for inflationary factors.

Projected expenses shown for 2015 reflect the Board's adopted 2015 operating budget. Based on historical trends and conversations with utility staff, all costs are projected to increase 3.0 percent per year from the Board's recommended budget for 2015.

Debt Service Requirements

Future debt service requirements of the Sewerage Department are made up of principal, interest, and reserve fund payments for currently outstanding and future sewerage revenue bond issues. As of December 31, 2014 outstanding debt obligations consisted of \$8,174,000 Sewerage Revenue Bonds Series 2011, and \$158,990,000 Sewerage Service Revenue and Refunding Bonds Series 2014.

In November 2011, the Board and Louisiana Department of Environmental Quality (LADEQ) entered into a loan agreement whereby \$9,000,000 of proceeds from the Revolving Loan Fund were borrowed through the issuance of Sewerage Service Subordinate Revenue Bonds, Series 2011. Debt service payments assume a 20-year term with a 0.45 percent interest rate plus an administrative fee of 0.5 percent. The Board began drawing down the funds during the first quarter of 2012 and as of December 31, 2014, had received a total of \$9,000,000 in disbursements. The Board began making principal payment in November 2013. With the issuance of the Series 2014 bonds, the Series 2011

bonds became parity debt and entitled to the provisions of the General Sewerage Service Revenue Bond Resolution. Total outstanding debt obligation on the Sewerage Revenue Bonds Series 2011 was \$8,174,000 as of December 31, 2014.

To adequately fund the proposed capital improvements, additional revenue bonds are indicated as shown in Table 22. It is anticipated that the Board will issue Sewerage Revenue Bonds, Series 2015 in the amount of \$93,345,000 in November 2015. The debt service on the 2015 bonds was provided by the Board's financial advisor and reflects an average annual interest rate of 5.0 percent for a term of 30 years. Based on information from the Board's financial advisor, projected bonds that are shown in Table 22 for 2016 through 2019 are assumed to be sold at an average annual interest rate of 5.5 percent for a term of 30 years.

The Sewerage Department has borrowed from the City of New Orleans Department of Public Works (DPW). It is anticipated that this amount will be reimbursed during the study period.

Adequacy of Revenues to Finance Proposed Capital Improvements

Total revenue requirements for the Sewer Department recognized for purposes of this report include operation and maintenance expense, allowance for claims, debt service costs on major capital improvements financed through the sale of bonds, and expenditures for capital improvements not financed from bond proceeds. Table 23 examines the financing of the major capital improvement program and Table 24 summarizes the financing of operation and maintenance expense, debt service costs on outstanding and proposed bonds, and the transfer of operating funds for capital improvement financing.

Capital Projects Funding

Table 23 presents the major capital improvement financing plan which summarizes the projected source and application of funds over the six-year study period. The amount of Funds Available at Beginning of Year, shown on Line 1, is \$75,675,100. This amount is based on audited data provided by the Board.

Projected revenue bond proceeds are shown on Line 2. The amounts and years of issue are developed by the Board's financial advisor and consider capital program needs, current policies, other sources of major capital improvement financing, and the debt service coverage requirements of the bond covenants regarding the issuance of parity revenue bonds.

Financing of the major capital improvement program anticipates the transfer of a total of \$109,000,000 of operating reserves as shown on Line 3. Other sources of funds available to meet major capital improvement expenditures are Participation by Others and interest income. Participation by Others, as shown on Line 4 includes anticipated funding by the COE and FEMA. Line 5 reflects the original issue premium related to the Series 2015 Bonds. Interest earnings recognize an assumed 1.0 percent average annual interest rate and are shown on Line 6. Line 7 of the table shows the projected major capital improvement funds available each year.

As of December 31, 2014, the Board had \$17,888,500 obligated for open contracts and capital jobs as shown on Line 8 of Table 23. Lines 9 and 10 show the projected Reinvestment in Assets and Major Capital Additions to be funded as shown in Table 19. Estimated issuance costs related to the proposed bond issue amounts are shown on Line 11.

Line 12 shows the required deposits into the Revenue Bond Reserve Fund associated with proposed bond issues. The debt service reserve on proposed debt is a three-pronged test estimated as the lesser of (i) 10 percent of the original principal amount, (ii) the maximum annual debt service, or (iii) 125 percent of the average annual debt service.

The Total Application of Funds is shown on Line 13 of Table 23. The net End of Year Balance is shown on Line 14.

Operating Fund

Line 1 of Table 24 shows projected Revenue from Charges under 2015 rates as previously presented in Table 20. In 2012, the New Orleans City Council approved eight consecutive annual 10 percent sewer rate increases beginning January 1, 2013. Revenue from these future annual revenue increases of 10 percent effective January 1, 2015 through January 1, 2019 is shown on Line 2.

Other revenue available for system operations is shown on Lines 4 through 10. Interest Income available to the operating fund, shown on Line 4, is estimated to be 1.0 percent of the average of the beginning and end of year Net Annual Balance, except as the average is affected by identifiable nonrecurring major receipts, transfers, or expenditures during the year. Revenue from Plumbing Inspection and License Fees and Other Miscellaneous Revenue are shown on Lines 5 and 6 of Table 24. Board began conducting field account reviews in 2012 to determine whether meters are working accurately and bills are being computed correctly. Projected revenue from these reviews is shown on Line 7 and projected to be 1 percent of Total Service Charge Revenue on Line 3. The Board currently provides sewer service free of charge to the New Orleans School District; however, due to the amount of lost revenue from this source, the Board is eliminating free sewage treatment for the School District. It is anticipated that the Board will begin to receive revenue from this source in 2016 which is shown on Line 8.

The Board has submitted Project Worksheets to FEMA for operating expenses incurred from sewer repairs performed by Board crews. Line 9 indicates the amount projected to be reimbursed by FEMA for these repairs during the study period. Interest from the Bond Reserve Fund, shown on Line 10, is estimated to be 1.0 percent. Total Operating Revenue is shown on Line 11.

Operation and Maintenance expense, previously projected in Table 21, is shown on Line 12 of Table 24. Line 13 shows the estimated allowance for claims. Bad debt expense is assumed to be 2 percent of projected revenue and is shown on Line 14. Projected Net Operating Revenue from system operations is shown on Line 15.

Lines 16 through 18 present debt service requirements on currently outstanding and proposed senior revenue bonds. Existing bonds include the Series 11 and Series 2014 bonds. Line 17 reflects projected principal and interest payment on the Series 2015 revenue bonds as well as additional revenue bond debt financing of \$10,000,000 in 2018 and \$35,000,000 in 2019. Based on information provided by the Board's financial advisor, this debt is assumed to be 30 year, 5.5 percent fixed interest rate bonds issued in November.

In July of 2006, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed

\$77,465,247 on this agreement. No principal or interest was payable during the initial five-year period of the loan, but after that period, the loan began to bear an interest rate of 4.64 percent. Payments for the sewerage portion of principal and interest began in July 2012 and are shown on Line 19 of Table 24 as subordinate debt.

Anticipated non-operating revenue is shown on Line 21 and consists of reimbursement from FEMA and other miscellaneous non-operating revenue.

Line 22 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing. Typically, such accumulated net earnings may be used to help recover portions of the annual costs of system operations or to assist in major capital improvement financing. Line 23 reflects payment to the Department of Public Works as well as claimants.

The General Resolution sets forth the requirement to maintain an operating reserve equal to 90 days of the previous year's operation and maintenance expense. Line 24 indicates the amount needed to fully fund the operating reserve in 2015 followed by projected annual transfers to meet this requirement throughout the study period. It is anticipated that the balance in the reserve in 2015 will equal approximately 192 day of 2014 operation and maintenance expense. The general bond resolution also sets for the option to maintain a rate stabilization fund. The amount to be transferred to this fund, as well as the timing, is determined by the Executive Director. There are not transfers currently anticipated during the study period as shown on Line 25 of Table 24.

Line 26 indicates the estimated Net Annual Balance from operations remaining at the end of each year.

The balance of operating funds available at the beginning of year 2015, shown on Line 27, is comprised of the current cash assets and reflects a balance of \$25,554,400. The End of Year Balance is shown on Line 28.

Lines 29 through 32 demonstrate that the Board is maintaining an operating reserve equal to at least 90 days of the previous year's operation and maintenance expense.

As demonstrated in Tables 23 and 24, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements as currently scheduled and estimated future operation expenses of the Sewerage Department during the 2015-2019 study period examined herein.

Bond Coverage Requirements

An additional consideration in measuring the adequacy of revenues is the provision of sufficient debt service coverage to meet the bond covenant requirements for the issuance of parity revenue bonds. The General Resolution provides that rates shall be maintained at levels which are expected to yield net revenues (as defined in the resolution) equal to at least 125 percent of the annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt in each fiscal year. In addition, net revenue excluding transfers from the rate stabilization fund and the proceeds of grants shall be equal to at least 100 percent of the annual principal and interest requirement for senior and subordinate debt in each fiscal year.

The calculation of net revenue is shown on Lines 1 through 13 of Table 25. The ability of the Sewerage Department revenues to meet revenue bond coverage requirements is shown on Lines 14 through 23. The Adjusted Rate Covenant Coverage test reflects the exclusion of transfers from the rate stabilization fund and grant proceeds. As shown on Lines 16, 19, 21, and 23, the indicated projected revenue and revenue increases will provide sufficient net revenue to meet coverage requirements during the study period.

The General Resolution further prescribes that additional parity revenue bonds may be issued if net revenue from a previous test year (any 12 consecutive months of the last 24 months) is equal to at least 125 percent of the maximum annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt. For purposes of the additional bonds test, net revenue may be adjusted to reflect any increases not in effect during the selected test year but have been approved by the Board, Board of Liquidation and City Council and will go into effect within the following five years.

The results of the additional bonds test are shown on Lines 24 through 30 of Table 25. Lines 28 and 30 of the table indicate that with the magnitude of the adopted annual revenue increases, required minimum levels of coverage are met in each year with indicated coverage levels ranging from 282 percent to 436 percent.

Table 14
Sewerage Department
Historical and Projected Billed Volumes
and Average Number of Customers (a)

| Customer Class | Historical | | | | | Projected | | | | |
|--------------------------------------|------------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Single Family Residential (b) | | | | | | | | | | |
| Customers | 100,108 | 102,265 | 104,782 | 109,036 | 110,599 | 111,705 | 112,822 | 113,950 | 115,090 | 116,241 |
| Sales (1,000,000 gal.) | 5,203 | 5,433 | 5,374 | 5,392 | 5,323 | 5,269 | 5,269 | 5,268 | 5,268 | 5,267 |
| Sales Per Customer (1,000 gal.) | 52 | 53 | 51 | 49 | 48 | 47 | 47 | 46 | 46 | 45 |
| Multifamily Residential | | | | | | | | | | |
| Customers | 4,406 | 4,429 | 4,455 | 4,534 | 4,514 | 4,559 | 4,559 | 4,559 | 4,559 | 4,559 |
| Sales (1,000,000 gal.) | 693 | 672 | 655 | 621 | 587 | 581 | 575 | 569 | 563 | 558 |
| Sales Per Customer (1,000 gal.) | 157 | 152 | 147 | 137 | 130 | 127 | 126 | 125 | 124 | 122 |
| Commercial | | | | | | | | | | |
| Customers | 9,841 | 9,861 | 9,897 | 10,101 | 10,161 | 10,263 | 10,263 | 10,263 | 10,263 | 10,263 |
| Sales (1,000,000 gal.) | 5,304 | 5,292 | 5,312 | 5,258 | 5,265 | 5,212 | 5,159 | 5,108 | 5,057 | 5,006 |
| Sales Per Customer (1,000 gal.) | 538 | 536 | 536 | 520 | 518 | 507 | 502 | 497 | 492 | 487 |
| Industrial | | | | | | | | | | |
| Customers | 29 | 27 | 28 | 30 | 29 | 30 | 30 | 30 | 30 | 30 |
| Sales (1,000,000 gal.) | 70 | 57 | 151 | 47 | 48 | 48 | 48 | 47 | 47 | 46 |
| Sales Per Customer (1,000 gal.) | 2,417 | 2,123 | 5,389 | 1,559 | 1,644 | 1,610 | 1,597 | 1,580 | 1,563 | 1,547 |
| Total | | | | | | | | | | |
| Customers | 114,385 | 116,581 | 119,162 | 123,701 | 125,303 | 126,557 | 127,674 | 128,802 | 129,942 | 131,093 |
| Sales (1,000,000 gal.) | 11,270 | 11,454 | 11,491 | 11,317 | 11,223 | 11,110 | 11,051 | 10,992 | 10,935 | 10,877 |

(a) Excludes customers receiving free service.

(b) Includes duplex.

Table 15

**Sewerage Department
Existing Sewer Rates
(Effective January 1, 2015)**

| Rate Components | General Service |
|-----------------|-----------------|
|-----------------|-----------------|

\$

Monthly Sewerage Service ChargeMeter Size

Inches

| | |
|-------|----------|
| 5/8 | 15.44 |
| 3/4 | 21.97 |
| 1 | 31.28 |
| 1-1/2 | 57.57 |
| 2 | 84.19 |
| 3 | 199.65 |
| 4 | 332.75 |
| 6 | 665.50 |
| 8 | 998.25 |
| 10 | 1,331.00 |
| 12 | 1,530.65 |
| 16 | 2,063.05 |

Monthly Quantity Charge

Per 1,000 Gallons 5.37

Excessive Strength Charge per Pound

| | |
|-----|------|
| BOD | 0.35 |
| TSS | 0.21 |

Table 16

Sewerage Department
Statement of Historical Revenue

| Revenue Source | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------|------------|------------|------------|------------|------------|
| | \$ | \$ | \$ | \$ | \$ |
| Operating Revenue | | | | | |
| Sewerage Service Charges | 68,821,844 | 69,632,459 | 70,707,230 | 77,767,114 | 85,740,367 |
| Delinquent Fee | 712,935 | 725,617 | 700,605 | 768,670 | 812,895 |
| Total Operating Revenue | 69,534,779 | 70,358,076 | 71,407,835 | 78,535,785 | 86,553,262 |
| Nonoperating Revenue | | | | | |
| Interest Income | 74,774 | 253,547 | 194,080 | 178,122 | 257,824 |
| Plumbing Inspection and License Fees | 373,213 | 379,036 | 343,903 | 321,518 | 339,176 |
| Revenue Sharing | 185,243 | 175,424 | 154,509 | 274,229 | 317,506 |
| Other Income (a) | 3,218,248 | 3,009,211 | 296,406 | 771,397 | 1,289,474 |
| Total Nonoperating Revenue | 3,851,478 | 3,817,218 | 988,898 | 1,545,265 | 2,203,980 |
| Total Revenue | 73,386,257 | 74,175,294 | 72,396,734 | 80,081,050 | 88,757,242 |

(a) Includes \$2,957,463 in operating and maintenance grants in 2010, \$7,463 in 2012, \$5,367 in 2013 and \$383,354 in 2014.

Table 17

Sewerage Department Historical Operation and Maintenance Expenses (a)

| Department | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Management and General Expenses | | | | | |
| Administrative | 2,332,598 | 1,602,429 | 2,604,097 | 3,035,796 | 4,358,890 |
| Management Services Director | 23,225 | 23,618 | 24,350 | 26,912 | 21,700 |
| Building and Grounds and Support Services | 1,035,972 | 1,146,188 | 1,145,005 | 1,243,463 | 1,295,584 |
| Personnel Administration | 284,354 | 276,123 | 349,216 | 313,814 | 359,639 |
| Finance Administration | 785,102 | 847,924 | 829,390 | 778,041 | 727,052 |
| Information Systems | 1,421,701 | 1,491,718 | 1,429,882 | 1,412,491 | 1,398,322 |
| Revenue and Customer Service | 4,072,717 | 3,990,453 | 4,028,431 | 4,127,203 | 4,298,533 |
| Purchasing | 225,851 | 212,508 | 204,325 | 208,850 | 268,230 |
| Total Management and General | 10,181,521 | 9,590,960 | 10,614,697 | 11,146,570 | 12,727,950 |
| Operations Expenses | | | | | |
| General Superintendent | 178,217 | 172,673 | 182,265 | 197,524 | 179,012 |
| Drainage Pumping and Central Control | 284,458 | 282,983 | 305,901 | 305,531 | 208,242 |
| Sewerage Pumping | 2,994,092 | 2,761,304 | 3,125,171 | 3,101,431 | 3,028,969 |
| Chief of Operations | 67,543 | 68,777 | 137,430 | 62,056 | 62,065 |
| Water Pumping and Power | 897,824 | 910,258 | 360,672 | 375,849 | 1,663,857 |
| Sewerage Treatment | 11,219,427 | 10,953,890 | 10,770,661 | 10,337,838 | 11,010,064 |
| Chief of Facilities Maintenance | 92,316 | 130,206 | 252,133 | 128,279 | 132,235 |
| Facilities Maintenance | 2,904,608 | 2,997,106 | 3,234,864 | 3,630,021 | 1,953,485 |
| Central Yard | 1,789,445 | 1,935,487 | 2,234,033 | 2,188,672 | 2,629,653 |
| Office of Chief of Networks | 104,212 | 185,982 | 130,939 | 139,444 | 147,377 |
| Networks | 8,514,449 | 8,767,792 | 9,388,251 | 9,566,363 | 11,191,893 |
| Engineering | 1,014,125 | 1,080,168 | 1,105,298 | 1,444,644 | 1,066,872 |
| Plumbing | 469,921 | 450,067 | 523,148 | 542,934 | 561,724 |
| Total Operations | 30,530,637 | 30,696,692 | 31,750,766 | 32,020,587 | 33,835,447 |
| Other Expenses | | | | | |
| Special Accounts | 932,188 | 897,154 | 926,912 | 1,122,683 | 1,149,394 |
| Payroll Related Expenses | 5,522,151 | 5,710,844 | 5,008,698 | 5,396,131 | 4,306,685 |
| Overhead Allocation | (3,388,621) | (3,747,859) | (4,007,841) | (4,119,759) | (4,063,649) |
| Total Other | 3,065,718 | 2,860,139 | 1,927,769 | 2,399,055 | 1,392,430 |
| Total Operation and Maintenance (b) | 43,777,876 | 43,147,792 | 44,293,232 | 45,566,211 | 47,955,827 |

(a) Historical operation and maintenance expenses do not include the non-cash portion of provision for claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims

(b) Source: Expenditure Analysis by Group Report.

Table 18

**Sewerage Department
Capital Expenditures (a)
2014**

| C.P. # | Project | Actual Expenditures |
|--------|--|------------------------|
| | | \$ |
| | Sewerage Systems | |
| 313 | Extensions & Replacements - Sewer Force Mains EPA Consent Decree | |
| 317 | Normal Extensions & Replacement of Gravity Mains | 1,693,411 |
| 318 | Rehabilitation Gravity Sewer System | 1,942,479 |
| 339 | Mains in Street Dept. Contracts | 231,984 |
| 340 | Sewerage Hurricane Recovery Bonds (FEMA) | 1,644,080 |
| 348 | Normal Extensions & Replacements | 2,703,685 |
| 360 | SELA Sewerage Relocation Costs | 8,898,653 |
| 368 | Wetlands Assimilation Project | 414,892 |
| 375 | Sewerage Hurricane Recovery Bonds | 15,044,953 |
| 380 | FEMA Review of Change Orders -Sewer | 11,767,351 |
| | Total Sewerage System | 44,341,487 |
| | Power Projects and General Budget | |
| 600 | Sewerage Share of Power Projects | 590,213 |
| 700 | Sewer Reserve for Emergencies | 736,184 |
| 800 | Sewerage Share of General Budget Items | 6,176,388 |
| | Total Power Projects and General Budget | 7,502,785 |
| | Total Sewerage Department | 51,844,272 |

(a) Expenditures do not include proration of interest expense.

Table 19

**Sewerage Department
Projected Capital Improvements (a)**

| C.P. # | Project | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-----------------------------------|---|------------|------------|------------|------------|------------|-------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Reinvestment in Assets | | | | | | | |
| 317 | Extensions and Replacements - Gravity Mains | 1,817,000 | 19,969,000 | 7,085,000 | 16,893,000 | 13,754,000 | 59,518,000 |
| 318 | Rehabilitation Gravity Sewer System | 7,435,000 | 5,035,000 | 6,435,000 | 5,035,000 | 8,435,000 | 32,375,000 |
| 319 | Extension and Replacements - Sanitary Sewer Mains Algiers | 0 | 0 | 500,000 | 0 | 0 | 500,000 |
| 326 | Extensions and Replacements to Pumping Stations | 3,935,000 | 4,760,000 | 5,550,000 | 2,500,000 | 5,800,000 | 22,545,000 |
| 339 | Mains in Streets Department Contracts | 6,800,000 | 5,300,000 | 5,300,000 | 5,300,000 | 5,300,000 | 28,000,000 |
| 348 | Extensions and Replacements - Treatment Plants | 5,860,000 | 4,805,000 | 4,495,000 | 3,925,000 | 3,930,000 | 23,015,000 |
| 360 | SELA Sewerage Relocation Costs | 1,043,000 | 643,000 | 337,000 | 578,000 | 1,945,000 | 4,546,000 |
| 382 | Paving Repair Contracts | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 5,000,000 |
| 600 | Sewer Share of Power Projects | 17,991,000 | 2,483,000 | 7,943,000 | 40,000 | 170,000 | 28,627,000 |
| 702 | Sewer Reserve for Emergencies | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 3,500,000 |
| 800 | Sewer Share of General Budget Items | 16,236,000 | 7,729,000 | 7,615,000 | 6,387,000 | 6,013,000 | 43,980,000 |
| | Total Routine Annual Improvements | 62,817,000 | 52,424,000 | 46,960,000 | 42,358,000 | 47,047,000 | 251,606,000 |
| Major Capital Improvements | | | | | | | |
| 313 | Extensions and Replacements - Sewer Force Mains | 7,000,000 | 2,000,000 | 12,950,000 | 3,000,000 | 12,950,000 | 37,900,000 |
| 358 | WWTP Normal Extensions & Replacements | 0 | 0 | 10,000 | 0 | 0 | 10,000 |
| 368 | Wetland Assimilation | 8,400,000 | 200,000 | 0 | 0 | 0 | 8,600,000 |
| 375 | Sewerage Hurricane Recovery Bonds | 15,610,000 | 5,000,000 | 5,000,000 | 7,000,000 | 0 | 32,610,000 |
| 381 | Modification and Expansion of WBSTP to 20/50 MGD | 1,270,000 | 355,000 | 4,170,000 | 245,000 | 0 | 6,040,000 |
| 383 | Sewerage Hurricane Recovery Bonds (Non FEMA) | 2,000,000 | 0 | 0 | 0 | 0 | 2,000,000 |
| | Total Major Improvements | 34,280,000 | 7,555,000 | 22,130,000 | 10,245,000 | 12,950,000 | 87,160,000 |
| | Total Sewerage System Improvements | 97,097,000 | 59,979,000 | 69,090,000 | 52,603,000 | 59,997,000 | 338,766,000 |

(a) The improvements for 2015-2019 are based on the Amended 2015 Capital Budget and 2015-2024 Capital Program approved August 19, 2015.

Table 20

**Sewerage Department
Projected Operating Revenue**

| | (1) | (2) | (3) |
|------|----------------------------|---------------------------|---------------------------------------|
| | Revenue From Charges | Additional Revenue (a) | Total Service Charge Revenue |
| Year | \$ | \$ | \$ |
| 2015 | 92,500,700 | 0 | 92,500,700 |
| 2016 | 93,364,800 | 9,301,600 | 102,666,400 |
| 2017 | 93,299,600 | 19,372,400 | 112,672,000 |
| 2018 | 93,241,000 | 30,555,000 | 123,796,000 |
| 2019 | 93,189,600 | 42,807,100 | 135,996,700 |

(a) Reflects additional revenue from adopted revenue increases.

Table 21

Sewerage Department

Projected Operation and Maintenance Expenses

| Department | 2015 (a) | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Management and General Expenses | | | | | |
| Administrative | 3,817,400 | 3,931,900 | 4,049,900 | 4,171,400 | 4,296,500 |
| Management Services Director | 0 | 0 | 0 | 0 | 0 |
| Building and Grounds and Support Services | 1,458,000 | 1,501,700 | 1,546,800 | 1,593,200 | 1,641,000 |
| Personnel Administration | 703,000 | 724,000 | 745,800 | 768,100 | 791,200 |
| Finance Administration | 795,100 | 819,000 | 843,500 | 868,800 | 894,900 |
| Information Systems | 2,170,600 | 2,235,700 | 2,302,800 | 2,371,800 | 2,443,000 |
| Revenue and Customer Service | 4,754,400 | 4,897,100 | 5,044,000 | 5,195,300 | 5,351,100 |
| Purchasing | 235,700 | 242,800 | 250,100 | 257,600 | 265,300 |
| Total Management and General | 13,934,200 | 14,352,200 | 14,782,900 | 15,226,200 | 15,683,000 |
| Operations Expenses | | | | | |
| General Superintendent | 187,200 | 192,800 | 198,600 | 204,600 | 210,700 |
| Drainage Pumping and Central Control | 284,200 | 292,800 | 301,600 | 310,600 | 319,900 |
| Sewerage Pumping | 2,879,000 | 2,965,400 | 3,054,400 | 3,146,000 | 3,240,400 |
| Chief of Operations | 323,000 | 332,700 | 342,700 | 353,000 | 363,500 |
| Water Pumping and Power | 637,600 | 656,700 | 676,400 | 696,700 | 717,600 |
| Water Purification | 230,400 | 237,400 | 244,500 | 251,800 | 259,400 |
| Sewerage Treatment | 11,363,200 | 11,704,100 | 12,055,200 | 12,416,900 | 12,789,400 |
| Chief of Facilities Maintenance | 394,800 | 406,600 | 418,800 | 431,400 | 444,300 |
| Facilities Maintenance | 1,993,100 | 2,052,900 | 2,114,500 | 2,177,900 | 2,243,300 |
| Central Yard | 2,277,900 | 2,346,300 | 2,416,700 | 2,489,200 | 2,563,900 |
| Office of Chief of Networks | 258,600 | 266,400 | 274,400 | 282,600 | 291,100 |
| Networks | 16,267,000 | 16,755,000 | 17,257,700 | 17,775,400 | 18,308,700 |
| Engineering | 1,437,800 | 1,481,000 | 1,525,400 | 1,571,200 | 1,618,300 |
| Plumbing | 616,600 | 635,100 | 654,200 | 673,800 | 694,000 |
| Total Operations | 39,150,400 | 40,325,200 | 41,535,100 | 42,781,100 | 44,064,500 |
| Other Expenses | | | | | |
| Special Accounts | 3,525,000 | 3,630,700 | 3,739,600 | 3,851,800 | 3,967,400 |
| Payroll Related Expenses | 2,441,400 | 2,514,600 | 2,590,100 | 2,667,800 | 2,747,800 |
| Overhead Allocation | (3,909,000) | (4,017,800) | (4,138,400) | (4,262,500) | (4,390,400) |
| Total Other | 2,057,400 | 2,127,500 | 2,191,300 | 2,257,100 | 2,324,800 |
| Total Operation and Maintenance | 55,142,000 | 56,804,900 | 58,509,300 | 60,264,400 | 62,072,300 |

(a) Represents the adopted operating budget as of January 1, 2015.

Table 22

Sewerage Department Debt Service Requirements

| Debt Issue | | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|-------------|------------|------------|------------|------------|------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Existing Bonds | | | | | | |
| Series 2014 | | 18,498,500 | 19,342,700 | 19,309,800 | 17,642,500 | 16,217,500 |
| Total Existing Debt Service | | 18,498,500 | 19,342,700 | 19,309,800 | 17,642,500 | 16,217,500 |
| Projected Bonds | | | | | | |
| Amount of Issue | | | | | | |
| \$ | | | | | | |
| 2015 | 100,000,000 | 0 | 6,519,400 | 6,518,800 | 6,519,500 | 6,516,300 |
| 2016 | 0 | | 0 | 0 | 0 | 0 |
| 2017 | 0 | | | 0 | 0 | 0 |
| 2018 | 10,000,000 | | | | 286,708 | 688,100 |
| 2019 | 35,000,000 | | | | | 1,003,417 |
| Total Projected Debt Service | | 0 | 6,519,400 | 6,518,800 | 6,806,208 | 8,207,817 |
| Total Debt Service | | 18,498,500 | 25,862,100 | 25,828,600 | 24,448,708 | 24,425,317 |

Table 23
Sewerage Department
Capital Improvement Program Financing

| Line No. | Description | Fiscal Year Ending December 31, | | | | | Total |
|----------|--------------------------------------|---------------------------------|--------------|--------------|--------------|--------------|---------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | Funds Available at Beginning of Year | 75,675,100 | 117,070,300 | 85,033,500 | 41,265,200 | 27,062,200 | 75,675,100 |
| 2 | Revenue Bond Proceeds | 100,000,000 | 0 | 0 | 10,000,000 | 35,000,000 | 145,000,000 |
| 3 | Operation Fund Transfers | 14,000,000 | 20,000,000 | 20,000,000 | 25,000,000 | 30,000,000 | 109,000,000 |
| 4 | Participation by Others | 42,434,000 | 8,726,200 | 8,894,600 | 8,780,100 | 1,164,900 | 69,999,800 |
| 5 | Net Original Issue Premium | 7,230,200 | 0 | 0 | 0 | 0 | 7,230,200 |
| 6 | Interest Income | 967,400 | 1,015,400 | 634,700 | 335,700 | 224,500 | 3,177,700 |
| 7 | Total Funds Available | 240,306,700 | 146,811,900 | 114,562,800 | 85,381,000 | 93,451,600 | 410,082,800 |
| 8 | Obligated Contracts & Capital Jobs | (17,888,500) | 0 | 0 | 0 | 0 | (17,888,500) |
| 9 | Reinvestment in Assets | (62,817,000) | (53,996,700) | (49,819,900) | (46,285,700) | (52,951,800) | (265,871,100) |
| 10 | Major Capital Additions | (34,280,000) | (7,781,700) | (23,477,700) | (11,195,000) | (14,575,300) | (91,309,700) |
| 11 | Bond Issuance Expense | (1,731,400) | 0 | 0 | (150,000) | (525,000) | (2,406,400) |
| 12 | Revenue Bond Reserve Fund | (6,519,500) | 0 | 0 | (688,100) | (2,408,200) | (9,615,800) |
| 13 | Total Application of Funds | (123,236,400) | (61,778,400) | (73,297,600) | (58,318,800) | (70,460,300) | (387,091,500) |
| 14 | End of Year Balance | 117,070,300 | 85,033,500 | 41,265,200 | 27,062,200 | 22,991,300 | 22,991,300 |

Table 24

**Sewerage Department
Analysis of Ability of Forecasted Revenue to
Finance Projected Revenue Requirements**

| Line No. | Description | Fiscal Year Ending December 31, | | | | |
|----------|--|---------------------------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | \$ | \$ | \$ | \$ | \$ |
| 1 | Revenue from Charges | 92,500,700 | 93,364,800 | 93,299,600 | 93,241,000 | 93,189,600 |
| 2 | Total Additional Revenue (a) | 0 | 9,301,600 | 19,372,400 | 30,555,000 | 42,807,100 |
| 3 | Total Service Charge Revenue | 92,500,700 | 102,666,400 | 112,672,000 | 123,796,000 | 135,996,700 |
| 4 | Interest Income | 222,000 | 132,000 | 92,300 | 144,200 | 255,400 |
| 5 | Plumbing Insp. & License Fees | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 6 | Other Miscellaneous Income | 288,900 | 288,900 | 288,900 | 288,900 | 288,900 |
| 7 | Revenue from Internal field Review (b) | 925,000 | 1,026,700 | 1,126,700 | 1,238,000 | 1,360,000 |
| 8 | Sale of Water to School District | 0 | 380,000 | 418,000 | 459,800 | 505,800 |
| 9 | Operating & Maintenance Grants | 7,858,000 | 0 | 0 | 0 | 0 |
| 10 | Interest from Bond Reserve Fund | 239,000 | 272,000 | 272,000 | 275,000 | 291,000 |
| 11 | Total Operating Revenue | 102,355,100 | 105,087,500 | 115,191,400 | 126,523,400 | 139,019,300 |
| 12 | Operation & Maintenance | (55,142,000) | (56,804,900) | (58,509,300) | (60,264,400) | (62,072,300) |
| 13 | Provision for Claims | (327,600) | (337,400) | (347,600) | (358,000) | (368,700) |
| 14 | Provision for Doubtful Accounts | (1,017,500) | (1,129,300) | (1,239,400) | (1,361,800) | (1,496,000) |
| 15 | Net Operating Revenue | 45,868,000 | 46,815,900 | 55,095,100 | 64,539,200 | 75,082,300 |
| | Debt Service | | | | | |
| | Senior Lien Revenue Bonds | | | | | |
| 16 | Existing | (19,015,600) | (19,877,100) | (19,843,100) | (18,173,600) | (16,746,400) |
| 17 | Projected | 0 | (6,519,400) | (6,518,800) | (6,806,200) | (8,207,800) |
| 18 | Subtotal | (19,015,600) | (26,396,500) | (26,361,900) | (24,979,800) | (24,954,200) |
| 19 | Gulf Opportunity Zone Act Loan | (6,235,200) | (6,235,200) | (6,235,200) | (6,235,200) | (6,235,200) |
| 20 | Total Debt Service | (25,250,800) | (32,631,700) | (32,597,100) | (31,215,000) | (31,189,400) |
| 21 | Other Non-Operating Revenue | 470,900 | 470,900 | 470,900 | 470,900 | 470,900 |
| 22 | Transfer to Construction | (14,000,000) | (20,000,000) | (20,000,000) | (25,000,000) | (30,000,000) |
| 23 | Due from/(to) Other Departments | (2,911,000) | (2,911,000) | (486,000) | 0 | 0 |
| 24 | Transfer to Operating Reserve Fund | (12,196,900) | (1,731,400) | (440,000) | (449,900) | (465,500) |
| 25 | Transfer from/(to) Rate Stabilization Fund | 0 | 0 | 0 | 0 | 0 |
| 26 | Net Annual Balance | (8,019,800) | (9,987,300) | 2,042,900 | 8,345,200 | 13,898,300 |
| 27 | Beginning of Year Cash Balance (c) | 25,554,400 | 17,534,600 | 7,547,300 | 9,590,200 | 17,935,400 |
| 28 | End of Year Balance | 17,534,600 | 7,547,300 | 9,590,200 | 17,935,400 | 31,833,700 |
| 29 | Beginning of Year Cash Balance (c) | 25,554,400 | 29,731,500 | 21,475,600 | 23,958,500 | 32,753,600 |
| 30 | Operating Reserve Fund | 12,196,900 | 1,731,400 | 440,000 | 449,900 | 465,500 |
| 30 | Net annual Balance | (8,019,800) | (9,987,300) | 2,042,900 | 8,345,200 | 13,898,300 |
| 31 | End of Year Balance | 29,731,500 | 21,475,600 | 23,958,500 | 32,753,600 | 47,117,400 |
| 32 | Days of O&M Cash on Hand | 192 | 135 | 146 | 193 | 269 |

(a) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

(b) Estimated as 1% of Total Service Charge Revenue.

(c) Reflects beginning of year balance in unrestricted and undesignated cash and cash equivalents and cash and cash equivalents designated for capital projects, less operating reserve requirement.

Table 25
Sewerage Department
Coverage Requirements

| Line No. | Coverage Requirements | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Projected Net Revenues | | | | | | | |
| 1 | Revenue Under Existing Rates (a) | 86,553,300 | 92,500,700 | 102,666,400 | 112,672,000 | 123,796,000 | 135,996,700 |
| 2 | Additional Revenue Under Proposed Rates | | 0 | 9,301,600 | 19,372,400 | 30,555,000 | 42,807,100 |
| 3 | Interest Income | 257,800 | 1,428,400 | 1,419,400 | 999,000 | 754,900 | 770,900 |
| 4 | Plumbing and Inspection Fees | 339,200 | 321,500 | 321,500 | 321,500 | 321,500 | 321,500 |
| 5 | Revenue Sharing | 317,500 | | | | | |
| 6 | Other Miscellaneous Revenue | 906,100 | 288,900 | 288,900 | 288,900 | 288,900 | 288,900 |
| 7 | Revenue from Internal field Review | | 925,000 | 1,026,700 | 1,126,700 | 1,238,000 | 1,360,000 |
| 8 | Sale of Water to School District | | 0 | 380,000 | 418,000 | 459,800 | 505,800 |
| 9 | Operation & Maintenance Grants | 383,400 | 7,858,000 | 0 | 0 | 0 | 0 |
| 10 | Transfer from Rate Stabilization Fund | | 0 | 0 | 0 | 0 | 0 |
| 10 | Operation & Maintenance | (47,955,800) | (55,142,000) | (56,804,900) | (58,509,300) | (60,264,400) | (62,072,300) |
| 11 | Claims | (565,200) | (327,600) | (337,400) | (347,600) | (358,000) | (368,700) |
| 12 | Provision for Doubtful Accounts | (944,200) | (1,017,500) | (1,129,300) | (1,239,400) | (1,361,800) | (1,496,000) |
| 13 | Net Revenue | 39,292,100 | 46,835,400 | 57,132,900 | 75,102,200 | 95,429,900 | 118,113,900 |
| Rate Covenant Coverage | | | | | | | |
| 14 | Projected Net Revenues | | 46,835,400 | 57,132,900 | 75,102,200 | 95,429,900 | 118,113,900 |
| | Annual Debt Service | | | | | | |
| 15 | Senior Debt | | 19,015,600 | 26,396,500 | 26,361,900 | 24,979,800 | 24,954,200 |
| 16 | Coverage (a) | | 246% | 216% | 285% | 382% | 473% |
| 17 | All Debt | | 25,250,800 | 32,631,700 | 32,597,100 | 31,215,000 | 31,189,400 |
| 18 | Coverage (b) | | 185% | 175% | 230% | 306% | 379% |
| Adjusted Rate Covenant Coverage | | | | | | | |
| 19 | Projected Net Revenues (c) | | 38,977,400 | 57,132,900 | 75,102,200 | 95,429,900 | 118,113,900 |
| | Annual Debt Service | | | | | | |
| 20 | Senior Debt | | 19,015,600 | 26,396,500 | 26,361,900 | 24,979,800 | 24,954,200 |
| 21 | Coverage (d) | | 205% | 216% | 285% | 382% | 473% |
| 22 | All Debt | | 25,250,800 | 32,631,700 | 32,597,100 | 31,215,000 | 31,189,400 |
| 23 | Coverage (d) | | 154% | 175% | 230% | 306% | 379% |
| Additional Bond Coverage | | | | | | | |
| 24 | Preceding Year Projected Net Revenues | 39,292,100 | 46,835,400 | 57,132,900 | 75,102,200 | 95,429,900 | |
| 25 | Future Additional Revenue (e) | 52,841,700 | 56,472,600 | 43,330,600 | 30,882,200 | 19,580,600 | |
| 26 | Adjusted Projected Net Revenues | 92,133,800 | 103,308,000 | 100,463,500 | 105,984,400 | 115,010,500 | |
| | Maximum Debt Service | | | | | | |
| 27 | Senior Debt | | 26,396,500 | 26,396,500 | 26,361,900 | 24,979,800 | 26,376,000 |
| 28 | Coverage (a) | | 349% | 391% | 381% | 424% | 436% |
| 29 | All Debt | | 32,631,700 | 32,631,700 | 32,597,100 | 31,215,000 | 32,611,200 |
| 30 | Coverage (b) | | 282% | 317% | 308% | 340% | 353% |

(a) The General Bond Resolution requires net revenue to equal or exceed 125% of debt service.

(b) The General Bond Resolution requires net revenue to equal or exceed 110% of debt service.

(c) Net Revenue excludes transfers from the Rate Stabilization Fund and proceeds of Operation & Maintenance Grants.

(d) The General Bond Resolution requires net revenue to equal or exceed 100% of debt service.

(e) Reflects revenue an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

Drainage Department

2014 DRAINAGE DEPARTMENT OPERATIONS

The Sewerage and Water Board has provided for the drainage needs of New Orleans since 1903. The City encompasses a saucer-shaped depression between the Mississippi River and Lake Pontchartrain on the East Bank and an area bordered by the river and adjoining wet lands on the West Bank. Prior to January 1, 1967, when the three-mill drainage tax became effective, the City of New Orleans was obligated to reimburse the Board for the cost of operating and maintaining drainage facilities.

In 1969, studies of projected capital improvement financing needs and revenue requirements indicated the need for additional sources of funds. Constitutional amendments, which would have provided the required funds from an additional three-mill ad valorem tax, were offered in 1970, and again in 1972. The State's electorate rejected both amendments; however, an additional six-mill ad valorem tax was approved April 16, 1977 and became effective January 1, 1978. Subsequently, a nine-mill property tax increase was approved May 16, 1981 and implemented January 1, 1982. The nine-mill tax is to be used for operation and maintenance, as well as funding of capital improvements.

The Board is charged with operating, maintaining, repairing, and expanding the major drainage system located throughout the City.

Revenues

Revenues that were available to the Drainage Department for operation and maintenance expenses, and capital additions, consisted of proceeds from the three-mill, six-mill, and nine-mill ad valorem tax, interest on investments, and miscellaneous income. Other revenues available for Drainage Department capital improvements included interest income and other miscellaneous sources.

A summary of historical revenues received by source is shown in Table 26 for the period 2010 through 2014. The historical revenue shown in Table 26 was developed from detailed records provided by Board Staff.

Operation and Maintenance Expenses

The present system of accounts categorizes expenses under the functional classifications of management and general expenses, operations expenses, and other expenses, including such items as general insurance, outside services employed, social security, worker's compensation insurance, pension and medical insurance contributions, and miscellaneous expenditures.

Table 27 presents a summary of 2010 through 2014 operation and maintenance expenses of the Drainage Department. Expenditures for 2014 decreased about 6.4 percent over 2013 expenditures. Operation and maintenance expenses have decreased an average of 1.1 percent per year over the five-year period shown. Historical operation and maintenance expenses shown in Table 27 do not include the non-cash portion of Provision for Claims as recorded in the Comprehensive Annual Financial Report. Estimate of future Drainage Department claims are included on Line 13 in Table 35.

Capital Budget and Expenditures

Capital expenditures of the Drainage Department include the cost of replacements and improvements to pumping stations and canals and the Drainage Department's pro rata share of power projects and general budget costs.

The Drainage Department capital improvement expenditures for 2014, exclusive of prorated interest expenses totaled \$47,956,239. The Drainage Department's capital improvement expenditures for the year are shown in Table 28.

Summary of Operations

The following tabulation shows a summary of receipts and expenditures of the Drainage Department during 2014:

| | |
|--|---------------------|
| Total Revenues | \$49,014,535 |
| Operation and Maintenance Expense | 29,859,424 |
| Claims | 736,306 |
| Debt Service Payments | 912,547 |
| Revenue Primarily Available for Capital Expenditures ^a | \$17,506,258 |

^a Excludes depreciation.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

Table 29 presents a summary of the projected major capital improvement program for the period 2015 through 2019. Table 29 is based on the Board's 2015-2024 Capital Program. The five-year major capital improvement program costs are expected to total \$619,812,000. Major budget items include extension and enlargement of canals plus increased pumping capacity.

Participation by others consists of monies collected from developers and individuals for the extension of drainage service to new customers and from governmental agencies for replacement and expansion of system facilities. As shown in Table 30, future revenues from these sources are estimated by the Board in the 2015 through 2024 Capital Program according to capital project and amount to \$354,499,000, most of which is provided by the COE.

The Sewerage and Water Board is currently receiving funds from the COE sponsored and congressionally authorized Southeast Louisiana Urban Flood Control (SELA) Project. This funding will allow additional construction of projects which were identified in the 1970's, but which have not been completed because of funding limitations. The identified projects are to be funded either 100 percent from federal funds or 65 percent from federal funds and 35 percent from local funds. The payback period for the local share is 30 years and is anticipated to begin in 2016.

ABILITY TO FINANCE PROPOSED CAPITAL EXPENDITURES

Drainage Department future operating and capital cost requirements are to be met by the revenue sources previously discussed. In 2014, the three-mill, six-mill, and nine-mill ad valorem taxes were the principal source of operating funds for the Drainage Department.

Revenues

Projected operating income of the drainage system is shown in Table 31. Projections include proceeds from the three-mill, the six-mill, and the nine-mill ad valorem tax and other revenue and are based on the 2014 assessed taxable value. The three-mill ad valorem tax will expire in 2017.

Other sources of income include interest earned from the investment of funds held for future use; sales of three-mill, six-mill, and nine-mill ad valorem tax bonds; and participation by others. Projections of interest income, which vary according to the balance of funds held for future use, are shown in a later section of this report.

The projection of millage revenue for 2015 through 2019 is based on 4.66, 4.71, and 7.06 mills for three-mill, six-mill, and nine-mill taxes, respectively.

Operation and Maintenance Expenses

A summary of projected operation and maintenance expenses is shown in Table 32. Expenses are categorized by system function as now reflected in the accounting system of the Sewerage and Water Board. Estimates of future expenses are based on anticipated future operating conditions and allowances for inflationary factors.

Projected expenses shown for 2015 reflect the Board's adopted 2015 operating budget. Based on historical trends and conversations with utility staff, all costs are projected to increase 3.0 percent per year from the Board's recommended budget for 2015.

Debt Service Requirements

Nine-mill bonds in the amount of \$14,900,000 were issued in 2014, and as of December 31, 2014, \$14,900,000 remained outstanding.

Collection of the three-mill ad valorem tax levy is authorized until the year 2017; six-mill tax until 2028; and nine-mill tax until 2032.

The Drainage Department has borrowed from the City of New Orleans Department of Public Works (DPW). It is anticipated that this amount will be reimbursed during the study period.

Adequacy of Revenues to Finance Proposed Capital Improvements

Total revenue requirements for the Drainage Department recognized for purposes of this report include operation and maintenance expense, allowance for claims, debt service costs on major capital improvements financed through the sale of bonds, and expenditures for capital improvements not financed from bond proceeds. Table 34 examines the financing of the major capital improvement program and Table 35 summarizes the financing of operation and maintenance expense, debt service costs on outstanding and proposed bonds, and the transfer of operating funds for major capital improvement financing.

Capital Projects Funding

Table 34 presents the major capital improvement financing plan which summarizes the projected source and application of funds over the five-year study period. The amount of Funds Available at Beginning of Year, shown on Line 1, is \$20,866,300. This amount is based on audited data provided by the Board.

Projected revenue bond proceeds are shown on Line 2; however, it is projected that the Board will not have the capacity to issue additional bonds during the study period. In addition, it is anticipated that the Board will not have the capacity to finance the major capital improvement program with operating revenue as shown on Line 3.

Other sources of funds available to meet major capital improvement expenditures are Participation by Others and interest income. Participation by Others, as shown on Line 4 includes anticipated funding by the U.S. Army Corps of Engineers (COE) and FEMA as well as others. Interest earnings recognize an assumed 1.0 percent average annual interest rate and are shown on Line 6. Line 6 of the table shows the projected major capital improvement funds available each year.

As of December 31, 2014, the Board had \$13,387,300 obligated for open contracts and capital jobs as shown on Line 7 of Table 34. Lines 8 and 9 show the projected Reinvestment in Assets and Major Capital Additions to be funded as shown in Table 29. Due to constraints on revenue, it is anticipated that the capital projects during the 5-year period will exceed the amount of funding available and some projects will need to be deferred until an additional revenue source has been identified. This deferral is shown on Line 10.

The Total Application of Funds is shown on Line 13 of Table 11. The net End of Year Balance is shown on Line 14.

Operating Fund

Money deposited in the Drainage System Fund is obtained primarily from the three-mill, six-mill, and nine-mill ad valorem tax as shown on Lines 1 through 3 of Table 35. The three-mill ad valorem tax will expire in 2017.

Other revenue available for system operations is shown on Lines 4 through 6. Miscellaneous revenue on Line 4 includes rental income, gain or loss on the sale of assets and other miscellaneous income. Interest Income available to the operating fund, shown on Line 5, is estimated to be 1.0 percent of the average of the beginning and end of year Net Annual Balance, except as the average is affected by identifiable nonrecurring major receipts, transfers, or expenditures during the year. Interest from the Bond Reserve Fund, shown on Line 6, is estimated to be 1.0 percent. Total Operating Revenue is shown on Line 7 of Table 35.

Operation and Maintenance expense, previously projected in Table 32, is shown on Line 8 of Table 35. Line 9 shows the estimated allowance for claims. Bad debt expense is assumed to be 0.5 percent of projected revenue and is shown on Line 10. Projected Net Operating Revenue from system operations is shown on Line 11.

As previously mentioned, the *Financial Plan and Rate Study 2011-2020* indicated that additional operating revenue is needed to help fund the capital program. With the loss of revenue from the three-mill ad valorem tax beginning in 2018, operating revenue in 2018 and 2019 will not be sufficient to fund projected operation and maintenance expenses in those years.

Lines 12 through 14 present debt service requirements on currently outstanding and proposed senior revenue bonds. Existing debt includes the Series 2014 bonds. As previously mentioned, it is projected that the Board will not have the capacity to issue additional bonds during the study period.

In July of 2006 the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed \$77,465,247 on this agreement. No principal or interest was payable during the initial five-year period of the loan, but after that period, the loan began to bear an interest rate of 4.64 percent. Payments for the water portion of principal and interest began in July 2012 and are shown on Line 15 of Table 35.

Line 16 reflects the estimated SELA repayments that will begin in 2018. Total debt service is shown on Line 17.

Anticipated non-operating revenue is shown on Line 18 and consists of reimbursements from Jefferson Parish for drainage pump stations #6 and #11 and FEMA. Line 19 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing. Typically, such accumulated net earnings may be used to help recover portions of the annual costs of system operations or to assist in major capital improvement financing. Line 20 reflects repayment from the Water Department and repayment to the Department of Public Works as well as repayment to claimants.

It is intended that the Drainage Department maintain an operating reserve equal to 45 days of the previous year's operation and maintenance expense. Line 21 indicates the amount needed to fully fund the operating reserve in 2015 followed by projected annual transfers to meet this goal throughout the study period. While the balance in the operating reserve can be used to help fund the unfunded operating expenses in 2018, it will not be sufficient to completely eliminate the deficit in net operating revenue shown on Line 11.

Line 22 indicated the estimated Net Annual Balance from operations remaining at the end of each year. The net balance of operating funds available at the beginning of the year 2014, shown on Line 23, is comprised of current cash assets and reflects a balance of \$15,453,600.

The End of Year Balance, which is exclusive of the operating reserve fund, is shown on Line 24 and indicates that operating revenue will not be sufficient beginning in 2018 to fund the revenue requirements projected for the Drainage System.

Lines 25 through 29 demonstrate that the Board will not be able to maintain an operating reserve equal to at least 45 days of the previous year's operation and maintenance expense unless an alternative source of operating is identified or the three-mill ad valorem tax is reauthorized in 2017.

Bond Coverage Requirements

A requirement of the Drainage Bond Resolution provides that revenues derived from the nine-mill ad valorem tax should provide an amount sufficient to provide for the interest and principle payment on the Series 2014 bonds. As shown on Line 30 of Table 35 the projected revenue from the nine-mill ad valorem tax will provide sufficient revenue to meet coverage requirements on existing debt during the study period.

The Drainage Bond Resolution also provides that additional parity bonds may be issued, but only after certain conditions have been met. One condition is that the revenues derived from the nine-mill

ad valorem tax for the most recently completed calendar year prior to the year of issuance are equal to at least one and one-third (1-1/3) times the maximum debt service on all bonds outstanding and the additional bonds. In order to meet this requirement, a significant portion of capital improvements must be deferred as previously mentioned. Black & Veatch suggests that when a new funding source is developed, the Board work with its bond counsel and financial advisor to refund all outstanding debt at that time and issue new debt reflecting a general bond resolution that includes the new funding source and all other revenue in the coverage calculation and reflects covenants more consistent with the 2014 water and sewerage resolutions. It is anticipated that the Board will have the capacity to debt finance more projects under the new resolution.

Table 26

Drainage Department
Statement of Historical Revenue

| Revenue Source | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|------------|------------|------------|------------|------------|
| | \$ | \$ | \$ | \$ | \$ |
| Three-mill Ad Valorem Tax | 10,378,060 | 11,129,376 | 12,497,723 | 13,175,711 | 13,481,526 |
| Six-mill Ad Valorem Tax | 10,498,580 | 11,242,927 | 12,630,977 | 13,317,505 | 13,626,539 |
| Nine-mill Ad Valorem Tax | 15,672,791 | 16,855,081 | 18,933,290 | 19,962,114 | 20,425,388 |
| Two-mill Ad Valorem Tax | 1,045 | 4,870 | 0 | 0 | 0 |
| Interest Earned | 167,166 | 128,571 | 109,748 | 92,615 | 203,832 |
| Other | 1,196,275 | 1,107,419 | 1,103,330 | 1,099,908 | 1,277,250 |
| Total Revenue | 37,913,917 | 40,468,244 | 45,275,067 | 47,647,853 | 49,014,535 |

Table 27

Drainage Department Historical Operation and Maintenance Expenses (a)

| Department | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Management and General Expenses | | | | | |
| Administrative | 1,504,269 | 2,374,723 | 2,787,387 | 2,667,971 | 2,739,737 |
| Management Services Director | 23,226 | 23,619 | 24,351 | 26,912 | 21,699 |
| Building and Grounds and Support Services | 3,505,448 | 3,608,126 | 3,111,286 | 2,819,352 | 1,886,304 |
| Personnel Administration | 284,354 | 276,123 | 349,217 | 313,814 | 284,568 |
| Finance Administration | 785,102 | 847,924 | 829,391 | 778,042 | 491,229 |
| Information Systems | 1,437,571 | 1,523,561 | 1,429,881 | 1,440,642 | 1,408,737 |
| Purchasing | 225,852 | 212,508 | 204,325 | 208,849 | 197,402 |
| Total Management and General | 7,765,821 | 8,866,583 | 8,735,837 | 8,255,582 | 7,029,676 |
| Operations Expenses | | | | | |
| General Superintendent | 178,217 | 172,673 | 182,266 | 197,524 | 132,867 |
| Drainage Pumping and Central Control | 6,466,087 | 6,047,653 | 6,190,023 | 6,207,029 | 7,194,427 |
| Chief of Operations | 67,543 | 68,776 | 137,430 | 62,056 | 62,065 |
| Water Pumping and Power | 5,354,188 | 5,319,545 | 5,157,859 | 4,803,226 | 6,217,290 |
| Chief of Facilities Maintenance | 92,316 | 130,206 | 252,134 | 128,281 | 132,236 |
| Facilities Maintenance | 2,586,461 | 2,614,209 | 2,881,080 | 3,277,534 | 3,666,058 |
| Central Yard | 1,788,429 | 1,934,652 | 2,234,033 | 2,188,673 | 1,719,460 |
| Office of Chief of Network | 50,617 | 90,334 | 63,599 | 67,731 | 109,386 |
| Networks | 2,176,076 | 2,074,839 | 2,250,380 | 2,138,902 | 598,018 |
| Engineering | 1,352,670 | 1,406,861 | 1,439,825 | 1,764,068 | 1,081,752 |
| Total Operations | 20,112,603 | 19,859,748 | 20,788,628 | 20,835,024 | 20,913,560 |
| Other Expenses | | | | | |
| Special Accounts | 932,188 | 897,176 | 901,912 | 1,060,183 | 1,023,857 |
| Payroll Related Expenses | 5,509,813 | 5,790,140 | 4,979,183 | 5,397,924 | 3,959,586 |
| Overhead Allocation | (3,078,386) | (3,333,228) | (3,573,827) | (3,654,904) | (3,067,254) |
| Total Other | 3,363,616 | 3,354,088 | 2,307,268 | 2,803,202 | 1,916,188 |
| Total Operation and Maintenance (b) | 31,242,040 | 32,080,419 | 31,831,734 | 31,893,808 | 29,859,424 |

- (a) Historical operation and maintenance expenses do not include the non-cash portion of provision for claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims
- (b) Source: Expenditure Analysis by Group Report.

Table 28

Drainage Department
Capital Expenditures (a)
2014

| C.P. # | Project | Actual Expenditures |
|--------|--|---------------------|
| | | \$ |
| | Canals | |
| 418 | Normal Extensions & Replacements | 160,347 |
| 439 | Major Drainage Participation in DPW Projects | 3,844 |
| 466 | Louisiana Avenue Canal (SELA) | 548,180 |
| 471 | SELA Program Management | 2,107,472 |
| 478 | S. Claiborne-Lowerline to Monticello Street | 2,121,032 |
| 480 | FEMA Review of Change Orders-Drainage | 12,494,056 |
| 486 | Napoleon Canal Improvements (SELA-B) | 1,698,525 |
| 497 | Florida Ave. Canal - DPS#19 to Peoples Ave. (SELA-B) | 12,379,021 |
| 498 | Dwyer Intake Canal (St. Charles to Dwyer DPS) (SELA-A) | 901,604 |
| 499 | Jefferson Avenue Canal | 6,122,638 |
| | Total Drainage Canals | 38,536,721 |
| | Pumping Stations | |
| 511 | Normal Extensions & Rep./Stations | 7,795 |
| 574 | Hurricane Katrina Expenses for Drainage System | (605) |
| 575 | Drainage Hurricane Recovery Bonds | 467,935 |
| | Total Drainage Pumping Stations | 475,125 |
| | Power Projects and General Budget | |
| 600 | Drainage Share of Power Projects | 2,491,420 |
| 703 | Drainage Reserve for Emergency | 2,884,371 |
| 800 | Drainage Share of General Budget Items | 3,568,602 |
| | Total Power Projects and General Budget | 8,944,393 |
| | Total Drainage Department | 47,956,239 |

(a) Expenditures do not include proration of interest expense.

Table 29
Drainage Department
Projected Capital Improvements (a)

| C.P.# | Project | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-----------------------------------|---|-------------|------------|-------------|-------------|------------|-------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Reinvestment in Assets | | | | | | | |
| 418 | Normal Ext. & Replacements | 750,000 | 750,000 | 770,000 | 770,000 | 790,000 | 3,830,000 |
| 511 | Normal Ext. & Replacement - Stations | 17,498,000 | 39,010,000 | 18,225,000 | 30,156,000 | 8,803,000 | 113,692,000 |
| 600 | Drainage Share of Power Projects | 87,189,000 | 2,093,000 | 10,157,000 | 10,480,000 | 6,140,000 | 116,059,000 |
| 703 | Drainage Reserve for Emergencies | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 3,500,000 |
| 800 | Drainage Share of General Budget Items | 10,973,000 | 7,428,000 | 6,534,000 | 4,692,000 | 4,362,000 | 33,989,000 |
| | Total Routine Capital Improvements | 117,110,000 | 49,981,000 | 36,386,000 | 46,798,000 | 20,795,000 | 271,070,000 |
| Major Capital Improvements | | | | | | | |
| 439 | Mains, Over 36" in Street Dept. Contracts | 4,300,000 | 4,300,000 | 4,300,000 | 4,300,000 | 4,300,000 | 21,500,000 |
| 453 | Improvements to Metairie Relief Canal | 5,992,000 | 0 | 15,000,000 | 100,000 | 0 | 21,092,000 |
| 466 | Louisiana Ave. Canal | 600,000 | 600,000 | 600,000 | | | 1,800,000 |
| 471 | SELA Program Management | 1,500,000 | 1,500,000 | 1,500,000 | | | 4,500,000 |
| 472 | Tchoupitoulas Corridor | 0 | 0 | 250,000 | 12,000,000 | 0 | 12,250,000 |
| 478 | S. Claib - Lowerline to Monticello St. | 220,000 | 220,000 | 0 | 0 | 0 | 440,000 |
| 483 | Airline & Monticello Canal Improvements | 50,000 | 948,000 | 30,000,000 | 500,000 | 0 | 31,498,000 |
| 486 | Napoleon Avenue Canal Improvements | 450,000 | 300,000 | 0 | 0 | 0 | 750,000 |
| 492 | Donner Canal Improvements | 0 | 17,000 | 595,000 | 84,710,000 | 0 | 85,322,000 |
| 496 | General De Gaulle Canal | 0 | 0 | 52,500,000 | 70,000,000 | 0 | 122,500,000 |
| 497 | Florida Avenue Canal - DPS #19 to Peoples | 950,000 | 300,000 | 0 | 0 | 0 | 1,250,000 |
| 498 | Dwyer Intake Canal | 50,000 | 0 | 0 | 0 | 0 | 50,000 |
| 499 | Jefferson Avenue Canal | 910,000 | 910,000 | 510,000 | 0 | 0 | 2,330,000 |
| 512 | Expansion of DPS #15 | 1,220,000 | 14,500,000 | 0 | 0 | 0 | 15,720,000 |
| 535 | DPS #6 | 0 | 0 | 500,000 | 1,000,000 | 1,000,000 | 2,500,000 |
| 573 | DPS #13 Improvements | 0 | 440,000 | 6,000,000 | 1,000,000 | 11,000,000 | 18,440,000 |
| 575 | Drainage Hurricane Recovery Bonds | 6,600,000 | 0 | 0 | 0 | 0 | 6,600,000 |
| 578 | Permanent Pump Stations at the Laek Elaine DPS Repairs | 0 | 0 | 200,000 | 0 | 0 | 200,000 |
| | Total Major Capital Improvements | 22,842,000 | 24,035,000 | 111,955,000 | 173,610,000 | 16,300,000 | 348,742,000 |
| | Total Drainage Department Improvements | 139,952,000 | 74,016,000 | 148,341,000 | 220,408,000 | 37,095,000 | 619,812,000 |

- (a) The improvements for 2015-2019 are based on the Amended 2015 Capital Budget and 2015-2024 Capital Program approved August 19, 2015.

Table 30
Drainage Department
Projected Participation by Others (a)

| C.P.# | Project | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-------|--|------------|------------|-------------|-------------|---------|-------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| 418 | Normal Extensions& Replacements | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 1,150,000 |
| 453 | Improvements to Metairie Relief Canal | 5,992,000 | 0 | 15,000,000 | 100,000 | 0 | 21,092,000 |
| 472 | Tchoupitoulas Corridor | 0 | 0 | 0 | 1,850,000 | 0 | 1,850,000 |
| 483 | Airline & Monticello Canal Improvements | 50,000 | 948,000 | 30,000,000 | 500,000 | 0 | 31,498,000 |
| 492 | Donner Canal Improvements | 0 | 0 | 0 | 82,500,000 | 0 | 82,500,000 |
| 496 | General De Gaulle Canal | 0 | 0 | 52,500,000 | 52,500,000 | 0 | 105,000,000 |
| 511 | Normal Ext. & Replacement -DPS | 1,013,000 | 13,458,000 | 0 | 0 | 0 | 14,471,000 |
| 535 | DPS #6 | 0 | 0 | 160,000 | 320,000 | 320,000 | 800,000 |
| 575 | Hurricane Recovery Bonds | 6,600,000 | 0 | 0 | 0 | 0 | 6,600,000 |
| 613 | Modifications to Power Generating System | 5,330,000 | 0 | 0 | 0 | 0 | 5,330,000 |
| 676 | Modifications to Power Generating System HMGP | 74,692,000 | 571,000 | 8,299,000 | 0 | 0 | 83,562,000 |
| 807 | Improvements to Central Yard and St. Joseph St | 646,000 | 0 | 0 | 0 | 0 | 646,000 |
| | Total | 94,553,000 | 15,207,000 | 106,189,000 | 138,000,000 | 550,000 | 354,499,000 |

- (a) The improvements for 2015-2019 are based on the Amended 2015 Capital Budget and 2015-2024 Capital Program approved August 19, 2015.

Table 31

**Drainage Department
Projected Operating Revenue**

| Year | Ad Valorem Tax Revenue | | | Other | Total |
|------|------------------------|------------|------------|---------|------------|
| | Three-Mill | Six-Mill | Nine-Mill | | |
| | \$ | \$ | \$ | \$ | \$ |
| 2015 | 14,052,600 | 14,201,900 | 21,240,400 | 581,700 | 50,076,600 |
| 2016 | 14,052,600 | 14,201,900 | 21,240,400 | 588,000 | 50,082,900 |
| 2017 | 14,333,700 | 14,485,900 | 21,665,200 | 594,000 | 51,078,800 |
| 2018 | 0 | 14,775,600 | 22,098,500 | 600,000 | 37,474,100 |
| 2019 | 0 | 15,071,100 | 22,540,500 | 606,000 | 38,217,600 |

Table 32
Drainage Department
Projected Operation and Maintenance Expenses

| Department | 2015 (a) | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Management and General Expenses | | | | | |
| Administrative | 3,011,600 | 3,102,000 | 3,195,000 | 3,290,900 | 3,389,600 |
| Management Services Director | 0 | 0 | 0 | 0 | 0 |
| Building and Grounds and Support Services | 4,198,700 | 4,324,600 | 4,454,400 | 4,588,000 | 4,725,700 |
| Personnel Administration | 556,000 | 572,700 | 589,900 | 607,600 | 625,800 |
| Finance Administration | 543,100 | 559,400 | 576,200 | 593,400 | 611,200 |
| Information Systems | 2,193,500 | 2,259,300 | 2,327,100 | 2,396,900 | 2,468,800 |
| Revenue and Customer Service | 129,100 | 132,900 | 136,900 | 141,000 | 145,300 |
| Purchasing | 173,900 | 179,200 | 184,500 | 190,100 | 195,800 |
| Total Management and General | 10,805,900 | 11,130,100 | 11,464,000 | 11,807,900 | 12,162,200 |
| Operations Expenses | | | | | |
| General Superintendent | 139,000 | 143,200 | 147,500 | 151,900 | 156,500 |
| Drainage Pumping and Central Control | 7,996,100 | 8,236,000 | 8,483,100 | 8,737,600 | 8,999,700 |
| Chief of Operations | 323,000 | 332,700 | 342,700 | 353,000 | 363,500 |
| Water Pumping and Power | 12,028,200 | 12,389,100 | 12,760,800 | 13,143,600 | 13,537,900 |
| Water Purification | 171,100 | 176,200 | 181,500 | 187,000 | 192,600 |
| Chief of Facilities Maintenance | 394,800 | 406,600 | 418,800 | 431,400 | 444,300 |
| Facilities Maintenance | 3,553,600 | 3,660,200 | 3,770,000 | 3,883,100 | 3,999,600 |
| Central Yard | 1,470,100 | 1,514,200 | 1,559,700 | 1,606,400 | 1,654,600 |
| Office of Chief of Network | 192,000 | 197,800 | 203,700 | 209,800 | 216,100 |
| Networks | 529,100 | 545,000 | 561,300 | 578,200 | 595,500 |
| Engineering | 1,354,100 | 1,394,700 | 1,436,600 | 1,479,700 | 1,524,000 |
| Total Operations | 28,151,100 | 28,995,700 | 29,865,700 | 30,761,700 | 31,684,300 |
| Other Expenses | | | | | |
| Special Accounts | 1,718,200 | 1,769,700 | 1,822,800 | 1,877,500 | 1,933,800 |
| Payroll Related Expenses | 1,931,100 | 1,989,000 | 2,048,700 | 2,110,200 | 2,173,500 |
| Overhead Allocation | (3,390,000) | (3,482,700) | (3,587,100) | (3,694,800) | (3,805,500) |
| Total Other | 259,300 | 276,000 | 284,400 | 292,900 | 301,800 |
| Total Operation and Maintenance | 39,216,300 | 40,401,800 | 41,614,100 | 42,862,500 | 44,148,300 |

(a) Represents the adopted operating budget as of January 1, 2015.

Table 33

**Drainage Department
Debt Service Requirements**

| Debt Issue | | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Nine-Mill Tax Bonds | | | | | | |
| Series 2014 | | <u>2,014,400</u> | <u>2,037,600</u> | <u>2,051,900</u> | <u>2,063,400</u> | <u>2,069,200</u> |
| Total Nine-Mill Debt Service | | 2,014,400 | 2,037,600 | 2,051,900 | 2,063,400 | 2,069,200 |
| Projected Bonds | | | | | | |
| | Amount of Issue | | | | | |
| | <u>\$</u> | | | | | |
| 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2016 | 0 | | 0 | 0 | 0 | 0 |
| 2017 | 0 | | | 0 | 0 | 0 |
| 2018 | 0 | | | | 0 | 0 |
| 2019 | 0 | | | | | 0 |
| Total Projected Debt Service | | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Debt Service | | 2,014,400 | 2,037,600 | 2,051,900 | 2,063,400 | 2,069,200 |

Table 34
Drainage Department
Capital Improvement Program Financing

| Line No | Description | Fiscal Year Ending December 31, | | | | | Total |
|---------|--------------------------------------|---------------------------------|--------------|---------------|---------------|--------------|---------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | Funds Available at Beginning of Year | 20,866,300 | 186,000 | 9,662,100 | 996,800 | 957,000 | 20,866,300 |
| 2 | Revenue Bond Proceeds | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Operation Fund Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Participation by Others | 94,553,000 | 15,663,200 | 112,655,900 | 150,796,300 | 619,000 | 374,287,400 |
| 5 | Interest Income | 106,000 | 49,400 | 53,800 | 9,600 | 9,000 | 227,800 |
| 6 | Total Funds Available | 115,525,300 | 15,898,600 | 122,371,800 | 151,802,700 | 1,585,000 | 395,381,500 |
| 7 | Obligated Contracts & Capital Jobs | (13,387,300) | 0 | 0 | 0 | 0 | (13,387,300) |
| 8 | Reinvestment in Assets | (117,110,000) | (51,480,400) | (38,601,900) | (51,137,400) | (23,405,000) | (281,734,700) |
| 9 | Major Capital Additions | (22,842,000) | (24,756,100) | (118,773,100) | (189,708,300) | (18,345,800) | (374,425,300) |
| 10 | Deferred Capital Improvements | 38,000,000 | 70,000,000 | 36,000,000 | 90,000,000 | 41,000,000 | 275,000,000 |
| 11 | Bond Issuance Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Revenue Bond Reserve Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Total Application of Funds | (115,339,300) | (6,236,500) | (121,375,000) | (150,845,700) | (750,800) | (394,547,300) |
| 14 | End of Year Balance | 186,000 | 9,662,100 | 996,800 | 957,000 | 834,200 | 834,200 |

Table 35

Drainage Department
Analysis of Ability of Forecasted Revenue to
Finance Projected Revenue Requirements

| Line No | Description | Fiscal Year Ending December 31, | | | | |
|---------|--|---------------------------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | \$ | \$ | \$ | \$ | \$ |
| 1 | Three-Mill Ad Valorem Tax Revenue (4.66 Mills) (a) | 14,052,600 | 14,052,600 | 14,333,700 | 0 | 0 |
| 2 | Six-Mill Ad Valorem Tax Revenue (4.71 Mills) | 14,201,900 | 14,201,900 | 14,485,900 | 14,775,600 | 15,071,100 |
| 3 | Nine-Mill Ad Valorem Tax Revenue (7.06 Mills) | 21,240,400 | 21,240,400 | 21,665,200 | 22,098,500 | 22,540,500 |
| 4 | Other Miscellaneous Income | 581,700 | 588,000 | 594,000 | 600,000 | 606,000 |
| 5 | Interest Income | 178,900 | 213,900 | 259,400 | 204,200 | 34,000 |
| 6 | Interest from Bond Reserve Fund | 0 | 0 | 0 | 0 | 0 |
| 7 | Total Operating Revenue | 50,255,500 | 50,296,800 | 51,338,200 | 37,678,300 | 38,251,600 |
| 8 | Operation & Maintenance | (39,216,300) | (40,401,800) | (41,614,100) | (42,862,500) | (44,148,300) |
| 9 | Provision for Claims | (995,900) | (1,025,800) | (1,056,500) | (1,088,200) | (1,120,900) |
| 10 | Provision for Doubtful Accounts | (247,500) | (247,500) | (252,400) | (184,400) | (188,100) |
| 11 | Net Operating Revenue | 9,795,800 | 8,621,700 | 8,415,200 | (6,456,800) | (7,205,700) |
| | Debt Service | | | | | |
| | Senior Lien Revenue Bonds | | | | | |
| 12 | Existing | (2,014,400) | (2,017,100) | (2,024,100) | (2,028,400) | (2,028,600) |
| 13 | Projected | 0 | 0 | 0 | 0 | 0 |
| 14 | Subtotal | (2,014,400) | (2,017,100) | (2,024,100) | (2,028,400) | (2,028,600) |
| 15 | Gulf Opportunity Zone Act Loan | (407,600) | (407,600) | (407,600) | (407,600) | (407,600) |
| 16 | SELA Capital Repayment | 0 | 0 | 0 | (8,300,000) | (8,300,000) |
| 17 | Total Debt Service | (2,422,000) | (2,424,700) | (2,431,700) | (10,736,000) | (10,736,200) |
| 18 | Other Non-Operating Revenue | 701,700 | 701,700 | 701,700 | 701,700 | 701,700 |
| 19 | Transfer to Construction | 0 | 0 | 0 | 0 | 0 |
| 20 | Due from (to) Other Departments | (771,800) | (2,196,000) | (921,000) | 0 | 0 |
| 21 | Transfer to Operating Reserve Fund | (3,752,900) | (1,235,200) | (149,800) | (153,900) | (149,400) |
| 22 | Net Annual Balance | 3,550,800 | 3,467,500 | 5,614,400 | (16,645,000) | (17,389,600) |
| 23 | Beginning of Year Cash Balance (b) | 15,453,600 | 19,004,400 | 22,471,900 | 28,086,300 | 11,441,300 |
| 24 | End of Year Balance | 19,004,400 | 22,471,900 | 28,086,300 | 11,441,300 | (5,948,300) |
| 25 | Beginning of Year Cash Balance | 15,453,600 | 22,757,300 | 26,224,800 | 31,839,200 | 15,194,200 |
| 26 | Operating Reserve Fund | 3,752,900 | | | | |
| 27 | Net annual Balance | 3,550,800 | 3,467,500 | 5,614,400 | (16,645,000) | (17,389,600) |
| 28 | End of Year Balance | 22,757,300 | 26,224,800 | 31,839,200 | 15,194,200 | (2,195,400) |
| 29 | Days of O&M Cash on Hand | 212 | 237 | 279 | 129 | (18) |
| 30 | Annual Test (c) | 1054.4% | 1053.0% | 1070.4% | 1089.5% | 1111.1% |
| 31 | Additional Bonds Test (d) | 1038.7% | 1038.7% | 1059.4% | 1080.6% | 1102.2% |

(a) The Three-Mill Ad Valorem Tax will expire at the end of 2017.

(b) Reflects beginning of year balance in unrestricted and undesignated cash and cash equivalents and cash and cash equivalents designated for capital projects, less operating reserve requirement.

(c) The General Bond Resolution requires Nine-Mill Ad Valorem Tax Revenue to equal or exceed 100% of annual debt service.

(d) The General Bond Resolution requires Nine-Mill Ad Valorem Tax Revenue to equal or exceed 133% of maximum annual debt service.

Appendix

Assessment of East Bank Sewage Stations

| | DATE | FACILITY NAME | ROUTE | LOCATION | STATUS |
|----|----------|----------------|-------|---------------------------------|---|
| 1 | 06/25/15 | Chickasaw | A | Chickasaw at Metropolitan | Two (2) pumps total; both operational |
| 2 | 06/25/15 | K-Mart | A | Desire at Gentilly | Two (2) pumps total; both operational |
| 3 | 06/25/15 | Station 23 | A | 4500 Mithra | Three (3) pumps total, one portable pump outside; two (2) operational, Pump #1 out of service |
| 4 | 06/25/15 | Station 17 | A | 4975 Spain at Selma | Two (2) pumps total; both operational |
| 5 | 06/25/15 | Station 22 | A | 5705 Perlita | Two (2) pumps total; both operational |
| 6 | 06/25/15 | Station 19 | A | 3730 Jumonville at Milton | Two (2) pumps total; both operational |
| 7 | 06/25/15 | Station 21 | A | 6670 Memphis At Filmore | Three (3) pumps total, one portable pump outside; one (1) operational, Pump #1 out of service, portable pump not in use |
| 8 | 06/25/15 | Station 18 | A | Vicksburg at Florida | Two (2) pumps total; Pump #1 out of service |
| 9 | 06/25/15 | City Park | A | 5701 Marconi Drive | Two (2) pumps total; both operational |
| 10 | 06/25/15 | Station 20 | A | 328 37th Street | Two (2) pumps total; one (1) operational, one (1) out of service |
| 11 | 06/25/15 | Station 4 | A | 5899 Fleur de Leis | Two (2) pumps total; both operational |
| 12 | 06/25/15 | Lakewood South | A | Country Club Drive near Marconi | Two (2) pumps total; both operational |
| 13 | 06/25/15 | Station 6 | A | 242 S Solomon at Palmyra | Station being re-built. One (1) pump total; portable pump outside operational |
| 14 | 06/25/15 | Station 3 | A | 8720 Olive near Eagle | Two (2) pumps total; both operational |
| 15 | 06/25/15 | Station 1 | A | 7336 Cohn | Two (2) pumps total; both operational |
| 16 | 06/25/15 | Station 14 | A | 4000 Clara | Two (2) pumps total; both operational |

| | DATE | FACILITY NAME | ROUTE | LOCATION | STATUS |
|----|----------|---------------------|-------|--------------------------------|---|
| 17 | 06/25/15 | Station 5 | A | 3912 Erato St | Two (2) pumps total; both operational |
| 18 | 06/25/15 | Station 15 | A | 2431 Palmyra near Rocheblave | Three (3) pumps; two (2) operational, Pump #1 out of service |
| 19 | 06/25/15 | Station 8 | A | Corner of N Broad and Toulouse | Two (2) pumps total; both operational |
| 20 | 06/25/15 | Station 9 | A | 2540 Annette at Law | Two (2) pumps total; both operational |
| 21 | 06/29/15 | Station 16 | B | 3751 N Miro at Pauline | Two (2) pumps total; both operational |
| 22 | 06/29/15 | Station 24 | B | 5027 N Tonti at Forstall | Two (2) pumps total; both operational |
| 23 | 06/29/15 | Station 25 | B | 2245 Charbonnet | |
| 24 | 06/29/15 | Station 26 | B | 2244 St Maurice at Tonti | Two (2) pumps total; both operational |
| 25 | 06/29/15 | Station B | B | 4725 St Claude Avenue | Two (2) pumps total; both operational |
| 26 | 06/29/15 | Southern Scrap | B | Southern Scrap Rd | Two (2) pumps total; both operational |
| 27 | 06/29/15 | France & Florida | B | Harbor Rd | Two (2) pumps total; both operational |
| 28 | 06/29/15 | MECO | B | 2701 France Road | Two (2) pumps total; both operational |
| 29 | 06/29/15 | American Marine | B | 3855 France Road | Two (2) pumps total; both operational |
| 30 | 06/29/15 | Victoria @ Gentilly | B | 3620 Victoria | Two (2) pumps total; both operational |
| 31 | 06/29/15 | Dodt | B | 8118 Chef Menteur Highway | Station being re-built. One (1) pump total; portable pump outside operational |
| 32 | 06/29/15 | Plum & Orchid | B | 7300 Chef Menteur Highway | Station being re-built. One (1) pump total; portable pump outside operational |
| 33 | 06/29/15 | Wilson | B | 7709 Wilson Avenue | Two (2) pumps total; both operational |
| 34 | 06/29/15 | Crowder | B | 5500 Crowder Road | Two (2) pumps total; both operational |
| 35 | 06/29/15 | Castle Manor | B | 4950 Gawain at Dwyer | Two (2) pumps total; both operational |

| | DATE | FACILITY NAME | ROUTE | LOCATION | STATUS |
|----|----------|------------------|-------|-----------------------------|---|
| 36 | 06/29/15 | Cerise | B | 5001 Cerise | Two (2) pumps total; both operational |
| 37 | 06/29/15 | Lakewood Terrace | B | 5057 Warren Drive | Two (2) pumps total; both operational |
| 38 | 06/29/15 | McCoy | B | McCoy at Gentilly | Two (2) pumps total; both operational |
| 39 | 06/29/15 | Amid | B | 6800 Almonaster Road | Two (2) pumps total; both operational |
| 40 | 06/29/15 | Lake Forest | B | 10451 Lake Forest Blvd | Station being re-built. One (1) pump total; portable pump outside operational |
| 41 | 06/29/15 | Wright Road | B | Wright Road at Lake Forest | Two (2) pumps total; both operational |
| 42 | 06/29/15 | Bullard | B | 5501 Bullard Road | Station being re-built. One (1) pump total; portable pump outside operational |
| 43 | 06/29/15 | Pines Village | B | 6155 Dwyer Road at Foch | Two (2) pumps total; both operational |
| 44 | 06/29/15 | America | B | 6789 Dwyer Road at Westlake | Two (2) pumps total; both operational |
| 45 | 06/29/15 | Station A | B | 1321 Orleans Avenue | Six (6) pumps total; all operational |
| 46 | 06/22/15 | Shorewood | C | 14441 Morrison Road | Two (2) pumps total; both operational |
| 47 | 06/22/15 | Briarwood | C | 13701 Morrison Road | Two (2) pumps total; both operational |
| 48 | 06/22/15 | Liggett | C | 12501 Morrison Road | Two (2) pumps total; both operational |
| 49 | 06/22/15 | Berg | C | 11501 Morrison Road | Two (2) pumps total; both operational |
| 50 | 06/22/15 | Weber | C | 10141 Morrison Road | Two (2) pumps total; both operational |
| 51 | 06/22/15 | Burke | C | 9001 Morrison Road | One portable pump (diesel powered); pump station being re-built |
| 52 | 06/22/15 | Lawrence | C | 7900 Morrison Road | One portable pump (electric powered); pump station being re-built |
| 53 | 06/22/15 | Lamb | C | 6450 Morrison Road | Two (2) pumps total; both operational |
| 54 | 06/22/15 | Gentilly Oaks | C | 5000 Papania Road at Vienna | Two (2) pumps total; both operational |

| | DATE | FACILITY NAME | ROUTE | LOCATION | STATUS |
|----|----------|--------------------|-------|---------------------------------|---|
| 55 | 06/22/15 | Eastover | C | 6051 Eastover Drive | Two (2) pumps total; both operational |
| 56 | 06/22/15 | Paris Road | C | Dwyer West of Paris Road | Two (2) pumps total; both operational |
| 57 | 06/22/15 | Venetian Isles #2 | C | 20711 Old Spanish Trail | Two (2) pumps total; both operational |
| 58 | 06/22/15 | Industrial Parkway | C | 4200 Industrial Parkway | Two (2) pumps total; Pump #2 not working |
| 59 | 06/22/15 | Bldv X | C | 4433 Chef Menteur Highway | Four (4) pumps total; two (2) temporary pumps operational, two (2) pumps out of service |
| 60 | 06/22/15 | Alcee Fortier | C | Alcee Fortier Blvd at the Levee | Two (2) pumps total; both operational |
| 61 | 06/22/15 | Willow Brook | C | Willowbrook off of Michoud | Two (2) pumps total; both operational |
| 62 | 06/22/15 | Oak Island | C | 14201 Michoud Blvd | Two (2) pumps total; both operational |
| 63 | 06/22/15 | Village de Lest | C | 11324 Dwyer | Two (2) pumps total; both operational |
| 64 | 06/22/15 | Michoud | C | 4400 Michoud Blvd | Two (2) pumps total; both operational |
| 65 | 06/22/15 | Folgers | C | 14601 Gentilly Blvd | Two (2) pumps total; both operational |

Assessment of West Bank Sewage Stations

| | DATE | FACILITY NAME | LOCATION | STATUS |
|----|----------|------------------|--------------------------|---|
| 1 | 06/23/15 | Memorial | 2501 Memorial Park Dr | Two (2) pumps total; both operational |
| 2 | 06/23/15 | Garden Oaks | 3201 Memorial Park Dr | Two (2) pumps total; both operational |
| 3 | 06/23/15 | Park Timbers | 4100 Lennox Blvd | Two (2) pumps total; both operational |
| 4 | 06/23/15 | Tall Timbers | 3800 Tall Pines Dr | Two (2) pumps total; both operational |
| 5 | 06/23/15 | Forest Isle | 5631 West Forest Park Dr | Two (2) pumps total; one (1) pump operational |
| 6 | 06/23/15 | Blair | 3800 Blair St | Two (2) pumps total; both operational |
| 7 | 06/23/15 | Aurora | 6000 Carlisle Ct | Two (2) pumps total; both operational |
| 8 | 06/23/15 | English Turn I | 2201 Stanton Rd | Two (2) pumps total; both operational |
| 9 | 06/23/15 | English Turn II | 123 ½ Oak Alley | Two (2) pumps total; both operational |
| 10 | 06/23/15 | English Turn III | | Two (2) pumps total; both operational |
| 11 | 06/23/15 | Lower Coast | 3700 Old Woodland | Two (2) pumps total; both operational |

| | DATE | FACILITY NAME | LOCATION | STATUS |
|----|----------|---------------|-------------------|---------------------------------------|
| 12 | 06/23/15 | Woodland | 4150 Woodland Dr | Two (2) pumps total; both operational |
| 13 | 06/23/15 | Eton | 3440 Eton St | Two (2) pumps total; both operational |
| 14 | 06/23/15 | Huntlee | 3201 Huntlee Dr | Two (2) pumps total; both operational |
| 15 | 06/23/15 | Holiday | 2799 Holiday Dr | Two (2) pumps total; both operational |
| 16 | 06/23/15 | Bridge Plaza | 2914 Vespasian St | Two (2) pumps total; both operational |
| 17 | 06/23/15 | Horace | 3301 Lawrence St | Two (2) pumps total; both operational |

Assessment of East Bank Drainage Stations

| | DATE | FACILITY NAME | LOCATION | STATUS | NOTES |
|----|----------|---------------|--------------------------------|--|---|
| 1 | 07/07/15 | Station 1 | 2501 S. Broad St | Eleven (11) pumps total; ten (10) operational, No. 1 constant duty pump not in service | |
| 2 | 07/06/15 | Station 6 | 345 Orpheum | Fourteen (14) pumps total; twelve (12) pumps operational, 2 constant duty pumps out of service | New house generator & transformer. New storm windows, doors, and new roof constructed |
| 3 | 07/06/15 | I-10 Station | I-10 Service Road | Four (4) pumps total; four (4) pumps operational | |
| 4 | 07/06/15 | Station 7 | 5741 Orleans Ave at Marconi Dr | Five (5) pumps total; five (5) pumps operational | |
| 5 | 07/06/15 | Canal Blvd | 5500 Canal Blvd | Three (3) pumps total; two (2) pumps operational, one (1) is being refurbished | |
| 6 | 07/07/15 | Station 2 | 444 N. Broad St | Six (6) pumps total; all operational | |
| 7 | 07/06/15 | Station 3 | 2251 N Broad St | Nine (9) pumps total; all in service | |
| 8 | 07/06/15 | Pritchard | 2901 Monticello | Three (3) pumps total; all in service | Diesel engine not in service. |
| 9 | 07/06/15 | Oleander | 9400 Oleander | Three (3) pumps total; three (3) in service | |
| 10 | 07/01/15 | Station 4 | 5700 Warrington Dr | Six (6) pumps total; one (1) in service | Pump E out of service |

| | DATE | FACILITY NAME | LOCATION | STATUS | NOTES |
|----|---|---------------|---|--|--|
| 11 | 07/06/15 | Station 12 | Robert E Lee and Ponchartrain Blvd | One (1) pump total, one (1) in service | |
| 12 | 07/01/15 | Station 16 | Danube Rd at Wales | Four (4) pumps total; all in service | |
| 13 | 07/01/15 | Station 10 | | Four (4) pumps total; all in service | |
| 14 | 07/02/15 | Station 14 | Oneida at Haynes | Four (4) pumps total; Two (2) out of service | |
| 15 | 07/02/15 | Grant | Grant St at Gentilly Blvd | Six (6) pumps total; five (5) in service | Two (2) pumps inside, both operational; |
| 16 | Four (4) pumps outside, Three (3) operational | | | | |
| 17 | 07/02/15 | Elaine | | Two (2) pumps total; both operational | |
| 18 | 07/07/15 | Station 17 | 2801 Florida Ave | Two (2) pumps total; all in service | Two (2) drainage pumps operating on one motor. Three (3) sewage pumps also at this facility; all operational |
| 19 | 07/01/15 | Station 5 | Florida Ave | Eight (8) pumps total; all operational | Six (6) pumps at old station, Two (2) pumps at new station |
| 20 | 07/01/15 | Station 19 | 4500 Florida Ave | Five (5) pumps total; all in service | |
| 21 | 07/02/15 | Station 20 | 6300 Intercoastal Waterway at Terminal Rd | Two (2) pumps total; one (1) operational, one (1) out of service | Pump #1 out of service |
| 22 | 07/02/15 | Station 15 | Industrial Parkway | Three (3) pumps total; all in service | |
| 23 | 07/01/15 | Dwyer | 5801 Dwyer Rd | Three (3) pumps total; all in service | Newly constructed pump station |

Assessment of West Bank Drainage Stations

| | DATE | FACILITY NAME | LOCATION | STATUS | NOTES |
|---|----------|---------------|--------------------|--------------------------------------|---|
| 1 | 07/07/15 | Station 11 | 5301 East Sixth St | Five (5) pumps total; four (4) pumps | Stations has four (4) major pumps and one (1) constant duty pump, one (1) |

| | | | | operational | major pump out of service |
|---|----------|------------|---------------------|---------------------------------------|---------------------------|
| 2 | 07/07/15 | Station 13 | 4201 Tall Spruce Dr | Seven (7) pumps total; all in service | |

COOPERATIVE ENDEAVOR AGREEMENT

BETWEEN

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

AND

THE CITY OF NEW ORLEANS

AND

DELTARES USA, INC.

THIS COOPERATIVE ENDEAVOR AGREEMENT (the “**Agreement**”) is made and entered into on this ____ day of _____, 2015 (the “**Effective Date**”), by and between the Sewerage and Water Board of New Orleans, represented by Cedric S. Grant, Executive Director (the “**SWBNO**”), the City of New Orleans, represented by Mitchell J. Landrieu, Mayor (the “**City**”), and Deltares USA, Inc., represented by Dr. Toon Segeren, President of Deltares USA (“**Deltares USA**”), sometimes collectively referred to as the “**Parties**.”

WHEREAS, the City is a political subdivision organized under the law of the State of Louisiana;

WHEREAS, SWBNO is a political corporation organized under the laws of the State of Louisiana;

WHEREAS, Deltares USA is non-profit organization, organized under the laws of the State of Maryland;

WHEREAS, pursuant to Article 7, Section 14(C) of the Louisiana Constitution of 1974, and related statutes, and more specifically for the City, under Section 9-314 of the Home Rule Charter of the City of New Orleans, the SWBNO and the City may enter into cooperative endeavors with the State of Louisiana, its political subdivisions and corporations, the United States and its agencies, and any public or private corporation, association, or individual with regard to cooperative financing and other economic development activities, the procurement and development of immovable property, joint planning and implementation of public works, the joint use of facilities, joint research and program implementation activities, joint funding initiatives, and other similar activities in support of public education, community development, housing rehabilitation, economic growth, and other public purposes;

WHEREAS, SWBNO and the City are committed to improve the City’s drainage system by employing grey and green infrastructure approaches;

WHEREAS, in 2014, SWBNO developed a “Green Infrastructure Plan” to explore and pursue inclusion of green infrastructure;

WHEREAS, in accordance with its plan, SWBNO seeks to identify and select projects that are economically, environmentally, and socially impactful for the City, its communities and the region;

WHEREAS, the City is applying for a portion of the funding being made available by

the U.S. Department of Housing and Urban Development through this National Disaster Resilience Competition (“NDRC”) grant to address remaining damage from Hurricane Isaac in 2012 and to undertake projects and programs that will enhance our resilience into the future;

WHEREAS, SWBNO and the City thus seek to partner with an organization that can provide high expertise on urban water planning, design and management to improve water quality, to reduce the risk of flooding and land subsidence, and to address groundwater and stormwater as critical factors in shaping a safer, more livable, and economically vibrant region;

WHEREAS, Deltares USA is an organization that provides a high standard of expertise training and advice in the field of urban land and water management, and that works closely with local governments; and

WHEREAS, the Parties desire to accomplish the valuable public purpose of improving the City’s drainage infrastructure by developing a collaboration to deliver urban land and water management solutions.

NOW THEREFORE, the Parties, each having the authority to do so, agree as follows:

ARTICLE I – OBJECTIVES OF THIS AGREEMENT

The Parties agree that the objectives will be as follows:

1. Enhance the present cooperation between SWBNO, the City, and Deltares USA at operational, research and staff level;
2. Utilize the expertise of Deltares USA in the field of urban land & water management, urban planning, collaborative planning, groundwater management, land subsidence control and related specialist fields for SWBNO;
3. Identify the need for new approaches, models and tools; jointly try to retrieve funding for such new development;
4. Share relevant data, research results and insights on a mutually agreed basis;
5. Explore regional communication opportunities so that the partnership’s work in New Orleans is an example of how to create a resilient city; and
6. Enhance the present cooperation between SWBNO, the City, and Deltares USA at operational, research and staff level.

ARTICLE II - IMPLEMENTATION OF OBJECTIVES

A. The Parties agree to prepare and to execute cooperative endeavor agreement(s) that will enable the implementation of the objectives of this Agreement, and particularly the actions and activities described under an annual work plan.

B. The Parties will each designate a representative for the implementation and facilitation of this Agreement (the “**Designated Representatives**”). The Designated Representatives will be responsible for the following:

1. Draw up an action list for implementation of the objectives as described under Article I;

2. Facilitate communication between the various departments and individuals within SWBNO, the City, and Deltares USA, at management and professional level;
 3. Enable the sharing of data, information, research and insights conditioned upon the appropriate confidentiality provisions to respect any intellectual property rights that may be applicable and to the extent permitted by any applicable laws;
 4. Follow-up on any implementation issues that may arise between and/or among the Parties;
 5. Inform and engage the Parties' senior management on an annual basis and as required for the implementation of the Agreement;
 6. Communicate and educate local and regional communities on various projects of SWBNO, the City, and Deltares USA; and
 7. Ensure that each party's obligations and actions arising from this Agreement are carried out.
- C. SWBNO, the City, and Deltares USA will meet and review on an annual basis to develop and agree to an annual work plan for the following year (the "**Annual Work Plan**"). The Annual Work Plan is considered as an integral part of this Agreement. The first Annual Work Plan is made a part of this Agreement and is attached as Appendix 1;

ARTICLE III - DURATION

This Agreement shall commence on the Effective Date and shall continue for a period of one (1) year from that date.

ARTICLE IV - EXTENSION

SWBNO and the City may extend the term this Agreement for up to (5) successive one (1) year periods provided upon the combined approval from the City Council and the SWBNO's Board of Directors.

ARTICLE V – TERMINATION FOR CONVENIENCE

Either party may terminate this Agreement at any time during the term of the Agreement by giving the other party written notice of its intention to terminate at least thirty (30) days before the intended date of termination.

ARTICLE VI - NOTICE

Any notice, demand, communication or request required or permitted hereunder shall be in writing and delivered in person or by certified mail, return receipt requested as follows:

Dr. Toon Segeren
Delta USA, Inc.
8070 Georgia Avenue, Suite 303
Silver Spring, Maryland 20910

and

Cedric S. Grant, Executive Director
Sewerage and Water Board of New Orleans
625 St. Joseph Street, Room 233
New Orleans, Louisiana 70165

and

Mayor's Office
City of New Orleans
1300 Perdido Street, 2nd floor
New Orleans, LA 70112

and

Copy to:

City Attorney
City of New Orleans
1300 Perdido Street, Suite 5E03
New Orleans, LA 70112

Notices shall be effective when received by each of the above-referenced individuals at the addresses specified above. Each party shall be responsible for notifying the other in writing that references this Agreement of any changes in the respective addresses set forth above.

ARTICLE VII - DISPUTES

Any disputes which may arise from the implementation of this Agreement will be addressed by the Designated Representatives. The Designated Representatives may call on the Parties for the resolution of any conflict, should the need arise.

ARTICLE VIII - JURISDICTION

The Parties yield to the jurisdiction of the State Civil Courts of the Parish of Orleans and formally waive any pleas of jurisdiction on account of the residence elsewhere.

ARTICLE IX - GOVERNING LAW

This Agreement will be construed and enforced in accordance with the laws of the State of Louisiana.

ARTICLE X – MISCELLANEOUS PROVISIONS

A. Acknowledgment of Exclusion of Worker's Compensation Coverage. Deltares USA expressly agrees and acknowledges that it is an independent contractor as defined in La. R.S. 23:1021 and as such, it is expressly agreed and understood between the Parties, in entering into this Agreement, that the City shall not be liable to Deltares USA for any benefits or coverage as provided by the Workmen's Compensation Law of the State of Louisiana, and further, under the provisions of La. R.S. 23:1034, anyone employed by Deltares USA shall not be considered an employee of the City for the purpose of Workers' Compensation coverage.

B. Acknowledgment of Exclusion of Unemployment Compensation Coverage. Deltares USA herein expressly declares and acknowledges that it is an independent contractor, and as such is being hired by the City under this Agreement for hire as noted and defined in La. R.S. 23:1472(E), and therefore, it is expressly declared and understood between the Parties, in entering into this services agreement, or agreement for hire, and in connection with unemployment compensation only, that:

1. Deltares USA has been and will be free from any control or direction by the City over the performance of the objectives covered by this Agreement; and
2. Objectives to be performed by Deltares USA are outside the normal course and scope of the City's usual business; and
3. Deltares USA has been independently engaged in performing the objectives listed herein prior to the date of this Agreement.

Consequently, neither Deltares USA nor anyone employed by Deltares USA shall be considered an employee of the City for the purpose of unemployment compensation coverage, which is expressly waived and excluded.

C. Waiver of Benefits. The City and Deltares USA agree and understand that Deltares USA, acting as an independent agent, shall not receive any sick and annual leave, health or life insurance, pension, or other benefits from the City.

D. No Third-Party Beneficiaries. This Agreement is entered into for the exclusive benefit of the Parties, and the Parties expressly disclaim any intent to benefit any person that is not a party to this Agreement.

E. Agreement Binding. This Agreement is not assignable by either party unless authorized by a validly executed amendment.

F. Modifications. This Agreement shall not be modified except by written amendment executed by authorized representatives of the Parties.

G. Voluntary Execution. The Parties have read and fully understand the terms, covenants and conditions set forth in this Agreement and is executing the same willingly and voluntarily of its own volition.

H. Complete Agreement. This Agreement supersedes and replaces any and all prior agreements, negotiations, and discussions between the Parties with regard to the terms, obligations, and conditions of this Agreement.

[The remainder of this page is intentionally left blank]

[PARTIES SIGNATURES CONTAINED ON NEXT THREE PAGES]

CITY OF NEW ORLEANS

BY: _____
MITCHELL J. LANDRIEU, MAYOR

**APPROVED AS TO FORM AND LEGALITY:
LAW DEPARTMENT**

By: _____

[BOARD SIGNATURE CONTAINED ON NEXT PAGE]

SEWERAGE AND WATER BOARD OF NEW ORLEANS

BY: _____
CEDRIC S. GRANT, EXECUTIVE DIRECTOR

APPROVED AS TO FORM:

Legal Department

By: _____

[DELTARES USA SIGNATURE CONTAINED ON NEXT PAGE]

DELTA USA, INC.

BY: _____
DR. TOON SEGEREN, PRESIDENT

[APPENDIX 1 CONTAINED ON NEXT PAGE]

**APPENDIX 1 TO THE COOPERATIVE ENDEAVOR AGREEMENT
BETWEEN
THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
AND
THE CITY OF NEW ORLEANS
AND
DELTAES USA, INC.**

ANNUAL WORK PLAN (2015 – 2016)

In the table below, the agreed actions and activities are detailed for the period from the 1st of November 2015 until the 30th of September 2016. The table includes a short description of the action, the name of the activity leader, if appropriate, and any further agreement on the implementation of the action. As outlined in the Agreement, the operational responsibility for the implementation of the Annual Work Plan lies with the representatives of the Parties.

| No | Action | Lead persons | Time frame |
|----|---|---|-------------|
| 1 | Development of the Adaptation Support Tool for New Orleans | Frans van der Ven (Deltares) Melinda Nelson (SWBNO) Prisca Weems (CNO) | 11/15-01/16 |
| 2 | Development of a regional groundwater monitoring system and subsidence-reduction strategy | Roelof Stuurman (Deltares) Scott Finney (SWBNO) Prisca Weems (CNO) Mead Allison (TWIG) Alex Kolker (Tulane) | 11/15-06/16 |
| 3 | Operational research on applicability of new sustainable drainage systems (SuDS) and best management practices (BMP's) for rainwater harvesting and stormwater treatment in New Orleans | Frans van der Ven (Deltares) Brad Klamer (SWBNO) Prisca Weems (CNO) | 01/16-08/16 |
| 4 | Real-time control of urban water management system (pumps, gates) using weather (especially rainfall) forecasting to support optimal anticipating water management in New Orleans. Feasibility, operational research, knowledge exchange. | Frans van de Ven (Deltares) Karel Heijnert (Deltares USA) Joe Becker (NOLA) Katelyn Constanza (TWIG) | 01/16-09/16 |

[END OF AGREEMENT]



SEWERAGE AND WATER BOARD OF NEW ORLEANS

November 16, 2015

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

Re: Financial Results through September 2015

Attached are *the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position* with budget and prior year comparisons for the water, sewer, drainage and total systems through September 2015. The *Statement of Cash Flows* is also attached.

Operating Revenues:

Water System Fund (pages 7 and 8, line 5) for September of \$7,438,545 is \$533,317 or 7.7% more than budgeted and \$719,743 or 10.7% more than September 2014. September YTD operating revenues of \$61,224,189 is \$423,220 or 0.7% less than budgeted and \$5,807,302 or 10.5% more than September YTD 2014.

Sewer System Fund (pages 13 and 14, line 5) for September of \$8,600,435 is \$478,769 or 5.9% more than budgeted and \$772,580 or 9.9% more than September 2014. September YTD operating revenues of \$72,238,399 is \$246,440 or 0.3% less than budgeted and \$6,983,127 or 10.7% more than September YTD 2014.

Drainage System Fund (pages 19 and 20, line 5) for September of \$71,337 is \$71,337 or 100.0% more than budgeted and \$68,409 or 2336.4% more than for September 2014. September YTD operating revenues of \$3,425,719 is \$3,425,719 or 100.0% more than budgeted and \$2,844,025 or 488.9% more than September YTD 2014.

Total System Funds (pages 1 and 2, line 5) for September of \$16,110,317 are \$1,083,423 or 7.2% more than budgeted and \$1,560,732 or 10.7% more than September 2014. September YTD operating revenues of \$136,888,307 is \$2,756,059 or 2.1% more than budgeted and \$15,634,454 or 12.9% more than September YTD 2014.

Operating Expenses:

Water System Fund (pages 7 and 8, line 18) for September of \$9,771,715 is \$1,954,858 or 25.0% more than budgeted and \$3,661,362 or 59.9% more than September 2014. September YTD operating expenses of \$67,072,778 is \$381,117 or 0.6% less than budgeted and \$7,252,298 or 12.1% more than September YTD 2014.

Sewer System Fund (pages 13 and 14, line 18) for September of \$6,095,468 is \$13,175 or 0.2% more than budgeted and \$1,652,786 or 37.2% more than September 2014. September YTD operating expenses of \$51,040,120 is \$1,757,588 or 3.3% less than budgeted and \$6,570,304 or 14.8% more than September YTD 2014.

Drainage System Fund (pages 19 and 20, line 18) for September of \$4,270,688 is \$599,751 or 12.3% less than budgeted and \$1,161,437 or 37.4% more than September 2014. September YTD operating expenses of \$36,651,242 is \$6,977,855 or 16.0% less than budgeted and \$4,658,885 or 14.6% more than September YTD 2014.



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Total System Funds (pages 1 and 2, line 18) for September of \$20,137,871 are \$1,368,282 or 7.3% more than budgeted and \$6,475,585 or 47.4% more than September 2014. September YTD operating expenses of \$154,764,140 is \$9,116,559 or 5.6% less than budgeted and \$18,481,487 is 13.6% more than September YTD 2014.

Net Non-Operating Revenues:

Water System Fund (pages 7 and 8, line 28) for September of \$78,016 is \$67,025 or 609.8% more than budgeted and \$24,299 or 45.2% more than September 2014. September YTD net non-operating revenues of \$515,072 are \$416,152 or 420.7% more than budgeted and \$1,273,531 or 167.9% more than September YTD 2014.

Sewer System Fund (pages 13 and 14, line 28) for September of \$14,249 is \$193,134 or 108.0% more than budgeted and \$13,919 or 49.4% less than September 2014. September YTD net non-operating revenues of \$326,782 are \$1,936,749 or 120.3% more than budgeted and \$1,362,397 or 131.6% more than September YTD 2014.

Drainage System Fund (pages 19 and 20, line 28) for September of \$14,133 is \$23,079 or 62.0% less than budgeted and \$7,577 or 115.6% more September 2014. September YTD net non-operating revenues of \$49,188,493 are \$1,631,229 or 3.4% more than budgeted and \$2,873,960 are 6.2% more than September YTD 2014.

Total System Funds (pages 1 and 2, line 28) for September of \$106,398 is \$237,080 or 181.4% more than budgeted and \$17,957 or 20.3% more than September 2014. September YTD net non-operating revenues of \$50,030,347 are \$3,984,129 or 8.7% more than budgeted and \$5,509,888 or 12.4% more than September YTD 2014.

Income Before Contributions in Aid of Construction:

Water System Fund (pages 7 and 8, line 29) for September of -\$2,255,154 is \$1,354,517 or 150.4% less than budgeted and \$2,917,320 or 440.6% less than September 2014. September YTD income before capital contributions of -\$5,333,517 is \$374,048 or 6.6% more than budgeted and \$171,465 or 3.3% less than September YTD 2014.

Sewer System Fund (pages 13 and 14, line 29) for September of \$2,519,216 is \$658,729 or 35.4% more than budgeted and \$894,125 or 26.2% less than September 2014. September YTD income before capital contributions of \$21,525,061 is \$1,775,220 or 9.0% more than budgeted and \$1,775,220 or 9.0% more than September YTD 2014.

Drainage System Fund (pages 19 and 20, line 29) for September of -\$4,185,218 is \$648,009 or 13.4% more than budgeted and \$1,085,451 or 35.0% less than September 2014. September YTD income before capital contributions of \$15,962,970 is \$12,034,803 or 306.4% more than budgeted and \$1,059,100 or 7.1% more than September YTD 2014.

Total System Funds (pages 1 and 2, line 29) for September of -\$3,921,156 is \$47,778 or 1.2% less than budgeted and \$4,896,896 or 501.9% less than September 2014. September YTD income before capital contributions of \$32,154,514 is \$15,856,747 or 97.3% more than budgeted and \$2,662,855 or 9.0% more than September YTD 2014.

The balances of funds from the Series 2014 bond proceeds available for capital construction as of June 30, 2015 are:



SEWERAGE AND WATER BOARD OF NEW ORLEANS

| | Water | Sewer | Total |
|---------------------|-----------------|----------------|-----------------|
| Original Balance | \$40,464,633.51 | \$4,716,881.60 | \$45,181,515.11 |
| Less Disbursements | (2,000,000.00) | (1,000,000.00) | (3,000,000.00) |
| Plus Reimbursements | 495,739.06 | 355,669.00 | 851,408.06 |
| Plus Income | 30,849.66 | 3,115.27 | 33,964.93 |
| Ending Balance | \$38,991,222.23 | \$4,075,665.87 | \$43,066,888.10 |

The days-of-cash at September 30, 2015 were 161.2 for the water system, 213.7 for the sewer system, and 395.7 for the drainage system.

The projected coverage for the year ending December 31, 2015, based upon financial results through September 30, 2015, remains at the budgeted level of 3.28 times for the water system and 3.04 times for the sewer system.

Certification. In connection with the accompanying monthly financial report of the Sewerage and Water Board of New Orleans for the period ended September 30, 2015, I hereby certify that, to my knowledge, the information contained in the report fairly presents, in all material respects, the financial condition and results of the Board.

Robert K. Miller
Deputy Director

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|---------------|-------------------|-----------------|---------|---------------|-------------------|-----------------|---------|
| | MTD Actual | MTD Prior Year | MTD Variance | % | YTD Actual | YTD Prior Year | YTD Variance | % |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | 7,081,971 | 6,440,200 | 641,771 | 10.0% | 58,473,274 | 52,954,331 | 5,518,943 | 10.4% |
| 2 Sewerage service charges and del fees | 8,485,553 | 7,783,506 | 702,047 | 9.0% | 71,638,238 | 64,615,339 | 7,022,899 | 10.9% |
| 3 Plumbing inspection and license fees | 52,540 | 60,362 | (7,822) | -13.0% | 452,178 | 509,120 | (56,942) | -11.2% |
| 4 Other revenues | 490,253 | 265,517 | 224,736 | 84.6% | 6,324,617 | 3,175,063 | 3,149,554 | 99.2% |
| 5 Total operating revenues | 16,110,317 | 14,549,585 | 1,560,732 | 10.7% | 136,888,307 | 121,253,853 | 15,634,454 | 12.9% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 1,079,739 | 1,021,307 | 58,432 | 5.7% | 9,232,136 | 9,238,497 | (6,361) | -0.1% |
| 7 Treatment | 1,703,835 | 1,630,609 | 73,226 | 4.5% | 13,914,632 | 14,260,418 | (345,786) | -2.4% |
| 8 Transmission and distribution | 4,130,290 | 2,549,923 | 1,580,367 | 62.0% | 22,859,038 | 18,195,222 | 4,663,816 | 25.6% |
| 9 Customer accounts | 304,931 | 262,437 | 42,494 | 16.2% | 2,617,129 | 2,516,967 | 100,162 | 4.0% |
| 10 Customer service | 249,490 | 230,489 | 19,001 | 8.2% | 2,764,026 | 2,685,627 | 78,399 | 2.9% |
| 11 Administration and general | 1,512,110 | 908,980 | 603,130 | 66.4% | 13,304,112 | 13,128,965 | 175,147 | 1.3% |
| 12 Payroll related | 3,594,679 | 1,426,521 | 2,168,158 | 152.0% | 26,237,115 | 26,106,653 | 130,462 | 0.5% |
| 13 Maintenance of general plant | 2,482,065 | 2,227,051 | 255,014 | 11.5% | 18,781,889 | 19,966,105 | (1,184,216) | -5.9% |
| 14 Depreciation | 4,679,821 | 3,074,342 | 1,605,479 | 52.2% | 42,118,389 | 27,669,078 | 14,449,311 | 52.2% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 185,403 | 165,235 | 20,168 | 12.2% | 1,668,627 | 1,487,115 | 181,512 | 12.2% |
| 17 Provision for claims | 215,508 | 165,392 | 50,116 | 30.3% | 1,267,047 | 1,028,006 | 239,041 | 23.3% |
| 18 Total operating expenses | 20,137,871 | 13,662,286 | 6,475,585 | 47.4% | 154,764,140 | 136,282,653 | 18,481,487 | 13.6% |
| 19 Operating income (loss) | (4,027,554) | 887,299 | (4,914,853) | -553.9% | (17,875,833) | (15,028,800) | (2,847,033) | 18.9% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | 930 | - | 930 | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | 13,934,276 | 13,121,422 | 812,854 | 6.2% |
| 22 Six-mill tax | - | - | - | 0.0% | 14,083,687 | 13,262,028 | 821,659 | 6.2% |
| 23 Nine-mill tax | - | - | - | 0.0% | 21,110,632 | 19,879,240 | 1,231,392 | 6.2% |
| 24 Interest income | 100,372 | 87,941 | 12,431 | 14.1% | 606,106 | 358,284 | 247,822 | 69.2% |
| 25 Other Income | - | - | - | 0.0% | 288,285 | 283,796 | 4,489 | 1.6% |
| 26 Interest expense | - | - | - | 0.0% | - | (2,385,511) | 2,385,511 | -100.0% |
| 27 Operating and maintenance grants | 6,026 | 500 | 5,526 | 1105.2% | 6,431 | 1,200 | 5,231 | 435.9% |
| 28 Total non-operating revenues | 106,398 | 88,441 | 17,957 | 20.3% | 50,030,347 | 44,520,459 | 5,509,888 | 12.4% |
| 29 Income before capital contributions | (3,921,156) | 975,740 | (4,896,896) | -501.9% | 32,154,514 | 29,491,659 | 2,662,855 | 9.0% |
| 30 Capital contributions | 5,502,609 | 2,505,068 | 2,997,541 | 119.7% | 26,587,241 | 35,105,242 | (8,518,001) | -24.3% |
| 31 Change in net position | 1,581,453 | 3,480,808 | (1,899,355) | -54.6% | 58,741,755 | 64,596,901 | (5,855,146) | -9.1% |
| 32 Net position, beginning of year | | | | | 1,968,799,361 | 1,816,132,598 | 152,666,763 | 8.4% |
| 33 Net position, end of year | | | | | 2,027,541,116 | 1,880,729,499 | 146,811,617 | 7.8% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|-------------|-------------|-------------|---------|---------------|---------------|--------------|---------|
| | MTD | MTD | MTD | % | YTD | YTD | YTD | % |
| | Actual | Budget | Variance | | Actual | Budget | Variance | |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | 7,081,971 | 6,609,060 | 472,911 | 7.2% | 58,473,274 | 58,981,894 | (508,620) | -0.9% |
| 2 Sewerage service charges and del fees | 8,485,553 | 8,070,794 | 414,759 | 5.1% | 71,638,238 | 72,026,993 | (388,755) | -0.5% |
| 3 Plumbing inspection and license fees | 52,540 | 53,586 | (1,046) | -2.0% | 452,178 | 482,276 | (30,098) | -6.2% |
| 4 Other revenues | 490,253 | 293,454 | 196,799 | 67.1% | 6,324,617 | 2,641,085 | 3,683,532 | 139.5% |
| 5 Total operating revenues | 16,110,317 | 15,026,894 | 1,083,423 | 7.2% | 136,888,307 | 134,132,248 | 2,756,059 | 2.1% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 1,079,739 | 1,121,475 | (41,736) | -3.7% | 9,232,136 | 10,093,271 | (861,135) | -8.5% |
| 7 Treatment | 1,703,835 | 1,727,477 | (23,642) | -1.4% | 13,914,632 | 15,547,295 | (1,632,663) | -10.5% |
| 8 Transmission and distribution | 4,130,290 | 2,806,939 | 1,323,351 | 47.1% | 22,859,038 | 20,149,640 | 2,709,398 | 13.4% |
| 9 Customer accounts | 304,931 | 287,327 | 17,604 | 6.1% | 2,617,129 | 2,585,942 | 31,187 | 1.2% |
| 10 Customer service | 249,490 | 375,995 | (126,505) | -33.6% | 2,764,026 | 3,383,959 | (619,933) | -18.3% |
| 11 Administration and general | 1,512,110 | 3,203,992 | (1,691,882) | -52.8% | 13,304,112 | 26,671,903 | (13,367,791) | -50.1% |
| 12 Payroll related | 3,594,679 | 2,362,837 | 1,231,842 | 52.1% | 26,237,115 | 21,265,532 | 4,971,584 | 23.4% |
| 13 Maintenance of general plant | 2,482,065 | 2,774,663 | (292,598) | -10.5% | 18,781,889 | 24,971,969 | (6,190,080) | -24.8% |
| 14 Depreciation | 4,679,821 | 3,885,847 | 793,974 | 20.4% | 42,118,389 | 36,275,515 | 5,842,874 | 16.1% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 185,403 | - | 185,403 | 0.0% | 1,668,627 | 1,668,627 | - | 0.0% |
| 17 Provision for claims | 215,508 | 223,038 | (7,530) | -3.4% | 1,267,047 | 1,267,047 | - | 0.0% |
| 18 Total operating expenses | 20,137,871 | 18,769,590 | 1,368,282 | 7.3% | 154,764,140 | 163,880,699 | (9,116,559) | -5.6% |
| 19 Operating income (loss) | (4,027,554) | (3,742,696) | (284,858) | 7.6% | (17,875,833) | (29,748,451) | 11,872,618 | -39.9% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | 930 | - | 930 | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | 13,934,276 | 13,357,609 | 576,667 | 4.3% |
| 22 Six-mill tax | - | - | - | 0.0% | 14,083,687 | 13,500,746 | 582,941 | 4.3% |
| 23 Nine-mill tax | - | - | - | 0.0% | 21,110,632 | 20,364,000 | 746,632 | 3.7% |
| 24 Interest income | 100,372 | - | 100,372 | 0.0% | 606,106 | - | 606,106 | 0.0% |
| 25 Other Income | - | 131,095 | (131,095) | -100.0% | 288,285 | 1,179,855 | (891,570) | -75.6% |
| 26 Interest expense | - | (261,777) | 261,777 | -100.0% | - | (2,355,992) | 2,355,992 | -100.0% |
| 27 Operating and maintenance grants | 6,026 | - | 6,026 | 0.0% | 6,431 | - | 6,431 | 0.0% |
| 28 Total non-operating revenues | 106,398 | (130,682) | 237,080 | -181.4% | 50,030,347 | 46,046,218 | 3,984,129 | 8.7% |
| 29 Income before capital contributions | (3,921,156) | (3,873,378) | (47,778) | 1.2% | 32,154,514 | 16,297,767 | 15,856,747 | 97.3% |
| 30 Capital contributions | 5,502,609 | - | 5,502,609 | 0.0% | 26,587,241 | - | 26,587,241 | 0.0% |
| 31 Change in net position | 1,581,453 | (3,873,378) | 5,454,831 | -140.8% | 58,741,755 | 16,297,767 | 42,443,988 | 260.4% |
| 32 Net position, beginning of year | | | | | 1,968,799,361 | 1,816,132,598 | 152,666,763 | 8.4% |
| 33 Net position, end of year | | | | | 2,027,541,116 | 1,820,060,765 | 207,480,351 | 11.4% |

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS**

**STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
SEPTEMBER 2015**

| Assets | | | | | | | | | | | | | |
|--|---|---------------|--------------|--------|---------------|--------------|--------|---------------|----|--|--|--|--|
| Noncurrent assets: | | | | Prior | | Current | | Beginning of | | | | | |
| | | Year | Variance | % | Year | Variance | % | Year | | | | | |
| 1 | Property, plant and equipment | 2,981,273,066 | 227,075,377 | 7.6% | 3,208,348,443 | 59,281,054 | 1.9% | 3,149,067,389 | 1 | | | | |
| 2 | Less: accumulated depreciation | 811,251,634 | 59,934,861 | 7.4% | 871,186,495 | 42,118,387 | 5.1% | 829,068,108 | 2 | | | | |
| 3 | Property, plant, and equipment, net | 2,170,021,432 | 167,140,516 | 7.7% | 2,337,161,948 | 17,162,667 | 0.7% | 2,319,999,281 | 3 | | | | |
| Restricted cash, cash equivalents, and investments | | | | | | | | | | | | | |
| 4 | Cash and cash equivalents restricted for capital projects | 7,256,079 | 53,915,119 | 743.0% | 61,171,198 | (32,231,277) | -34.3% | 93,402,475 | 4 | | | | |
| 5 | Debt service reserve | 37,559,318 | 23,216,263 | 61.8% | 60,775,581 | 29,928,622 | 97.0% | 30,846,959 | 6 | | | | |
| 6 | Health insurance reserve | 2,327,500 | (350,001) | -15.0% | 1,977,499 | - | 0.0% | 1,977,499 | 7 | | | | |
| 7 | Total restricted cash, cash equivalents, and investments | 47,142,897 | 76,781,381 | 162.9% | 123,924,278 | (2,302,655) | -1.8% | 126,226,933 | 8 | | | | |
| Designated cash, cash equivalents, and investments | | | | | | | | | | | | | |
| 8 | Cash and cash equivalents designated for capital projects | 129,401,693 | (72,684,882) | -56.2% | 56,716,811 | 34,467,154 | 154.9% | 22,249,657 | 8 | | | | |
| 9 | Customer deposits | 10,617,650 | 452,176 | 4.3% | 11,069,826 | 367,971 | 3.4% | 10,701,855 | 9 | | | | |
| 10 | Other | 3,645,442 | 362,406 | 9.9% | 4,007,848 | 8,577 | 0.2% | 3,999,271 | 10 | | | | |
| 11 | Total designated cash and cash equivalents, and investments | 143,664,785 | (71,870,300) | -50.0% | 71,794,485 | 34,843,702 | 94.3% | 36,950,783 | 11 | | | | |
| Current assets: | | | | | | | | | | | | | |
| Unrestricted and undesignated | | | | | | | | | | | | | |
| 12 | Cash and cash equivalents | 41,406,560 | (5,411,231) | -13.1% | 35,995,329 | (2,882,867) | -7.4% | 38,878,196 | 12 | | | | |
| Accounts receivable: | | | | | | | | | | | | | |
| 13 | Customers (net of allowance for doubtful accounts) | 15,358,851 | 2,384,201 | 15.5% | 17,743,052 | 1,391,771 | 8.5% | 16,351,281 | 13 | | | | |
| 14 | Taxes | 7,998,106 | (112,189) | -1.4% | 7,885,917 | (245,030) | -3.0% | 8,130,947 | 14 | | | | |
| 15 | Interest | 115 | (57) | -49.6% | 58 | 58 | 0.0% | - | 15 | | | | |
| 16 | Grants | 19,299,127 | 17,746,225 | 92.0% | 37,045,352 | (7,200,802) | -16.3% | 44,246,154 | 16 | | | | |
| 17 | Miscellaneous | 1,015,351 | 1,238,388 | 122.0% | 2,253,739 | (148,487) | -6.2% | 2,402,226 | 17 | | | | |
| 18 | Due from enterprise fund | - | - | 0.0% | - | - | 0.0% | - | 18 | | | | |
| 19 | Inventory of supplies | 6,935,599 | (1,468,498) | -21.2% | 5,467,101 | - | 0.0% | 5,467,101 | 19 | | | | |
| 20 | Prepaid expenses | 976,007 | (73,290) | -7.5% | 902,717 | - | 0.0% | 902,717 | 20 | | | | |
| 21 | Total unrestricted current assets | 92,989,716 | 14,303,549 | 15.4% | 107,293,265 | (9,085,357) | -7.8% | 116,378,622 | 21 | | | | |
| Other assets: | | | | | | | | | | | | | |
| 22 | Bond issue costs | - | - | 0.0% | - | - | 0.0% | - | 22 | | | | |
| 23 | Deposits | 51,315 | - | 0.0% | 51,315 | - | 0.0% | 51,315 | 23 | | | | |
| 24 | Total other assets | 51,315 | - | 0.0% | 51,315 | - | 0.0% | 51,315 | 24 | | | | |
| 25 | TOTAL ASSETS | 2,453,870,145 | 186,355,146 | 7.6% | 2,640,225,291 | 40,618,357 | 1.6% | 2,599,606,934 | 25 | | | | |
| Deferred outflows or resources: | | | | | | | | | | | | | |
| 26 | Deferred charge on refunding | 4,503,560 | (196,166) | -4.4% | 4,307,394 | - | 0.0% | 4,307,394 | 26 | | | | |
| 27 | TOTAL DEFERRED OUTFLOWS OF RESOURCES | 4,503,560 | (196,166) | -4.4% | 4,307,394 | - | 0.0% | 4,307,394 | 27 | | | | |
| 28 | TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS | 2,458,373,705 | 186,158,980 | 3.2% | 2,644,532,685 | 40,618,357 | 1.6% | 2,603,914,328 | 28 | | | | |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G |
|--|---------------|--------------|---------|-----------------|--------------|---------|----------------------|
| NET ASSETS AND LIABILITIES | Prior Year | Variance | % | Current Year | Variance | % | Beginning of Year |
| Net position | | | | | | | |
| 1 Net investments in capital assets | 1,889,168,623 | 184,249,122 | 9.8% | 2,073,417,745 | 60,357,368 | 3.0% | 2,013,060,377 |
| 2 Restricted for Debt Service | 35,643,802 | 25,131,779 | 70.5% | 60,775,581 | 29,928,622 | 97.0% | 30,846,959 |
| 3 Unrestricted | (44,082,926) | (62,569,284) | 141.9% | (106,652,210) | (31,544,230) | 42.0% | (75,107,980) |
| 4 Total net position | 1,880,729,499 | 146,811,617 | 7.8% | 2,027,541,116 | 58,741,760 | 3.0% | 1,968,799,356 |
| Long-term liabilities | | | | | | | |
| 5 Claims payable | 1,913,607 | 680,547 | 35.6% | 2,594,154 | - | 0.0% | 2,594,154 |
| 6 Net pension obligation | 18,660,172 | 3,292,581 | 17.6% | 21,952,753 | 4,077,693 | 22.8% | 17,875,060 |
| 7 Other postretirement benefits liability | 59,808,108 | 5,469,579 | 9.1% | 65,277,687 | 4,068,942 | 6.6% | 61,208,745 |
| 8 Bonds payable (net of current maturities) | 306,787,727 | (13,107,823) | -4.3% | 293,679,904 | - | 0.0% | 293,679,904 |
| 9 Special Community Disaster Loan Payable | - | - | 0.0% | - | - | 0.0% | - |
| 10 Southeast Louisiana Project liability | 29,391,071 | 37,264,905 | 126.8% | 66,655,976 | - | 0.0% | 66,655,976 |
| 11 Debt Service Assistance Fund Loan payable | 65,879,035 | (4,225,896) | -6.4% | 61,653,139 | - | 0.0% | 61,653,139 |
| 12 Total long-term liabilities | 482,439,720 | 29,373,893 | 6.1% | 511,813,613 | 8,146,615.00 | 1.6% | 503,666,978 |
| Current liabilities (payable from current assets) | | | | | | | |
| 13 Accounts payable and other liabilities | 14,597,612 | 7,708,762 | 52.8% | 22,306,374 | (24,422,774) | -52.3% | 46,729,148 |
| 14 Due to City of New Orleans | 594,753 | (716,657) | -120.5% | (121,904) | (282,076) | -176.1% | 160,172 |
| 15 Disaster Reimbursement Revolving Loan | 20,952,702 | (6,338,306) | -30.3% | 14,614,396 | (3,280,645) | -18.3% | 17,895,041 |
| 16 Retainers and estimates payable | 7,453,570 | 532,117 | 7.1% | 7,985,687 | 39,412 | 0.5% | 7,946,275 |
| 17 Due to other fund | 276,242 | 15,030 | 5.4% | 291,272 | (2,398) | -0.8% | 293,670 |
| 18 Accrued salaries, vacation and sick pay | 10,007,997 | (572,736) | -5.7% | 9,435,261 | (1,744,522) | -15.6% | 11,179,783 |
| 19 Claims payable | 11,000,794 | (780,755) | -7.1% | 10,220,039 | - | 0.0% | 10,220,039 |
| 20 Debt Service Assistance Fund Loan payable | 4,038,502 | 187,390 | 4.6% | 4,225,892 | - | 0.0% | 4,225,892 |
| 21 Advances from federal government | 10,887,732 | (2,661,066) | -24.4% | 8,226,666 | 2,069,117 | 33.6% | 6,157,549 |
| 22 Other Liabilities | 282,079 | 687,122 | 243.6% | 969,201 | 894,992 | 1206.0% | 74,209 |
| 23 Total current liabilities (payable from current assets) | 80,091,983 | (1,939,099) | -2.4% | 78,152,884 | (26,728,894) | -25.5% | 104,881,778 |
| Current liabilities (payable from restricted assets) | | | | | | | |
| 24 Accrued interest | 1,915,517 | 566,161 | 29.6% | 2,481,678 | - | 0.0% | 2,481,678 |
| 25 Bonds payable | 1,905,000 | 11,354,000 | 596.0% | 13,259,000 | - | 0.0% | 13,259,000 |
| 26 Retainers and estimates payable | 284,602 | (70,034) | -24.6% | 214,568 | 90,885 | 73.5% | 123,683 |
| 27 Customer deposits | 10,617,650 | 452,176 | 4.3% | 11,069,826 | 367,971 | 3.4% | 10,701,855 |
| 28 Total current liabilities (payable from restricted assets) | 14,722,769 | 12,302,303 | 83.6% | 27,025,072 | 458,856 | 1.7% | 26,566,216 |
| 29 Total current liabilities | 94,814,752 | 10,363,204 | 10.9% | 105,177,956 | (26,270,038) | -20.0% | 131,447,994 |
| 30 Total liabilities | 577,254,472 | 6,137,308 | 1.1% | 616,991,569 | (18,123,403) | -2.9% | 635,114,972 |
| Deferred inflows or resources: | | | | | | | |
| 31 Unavailable revenue -refunding of bonds | 389,734 | (389,734) | -100.0% | - | - | 0.0% | - |
| 32 TOTAL DEFERRED INFLOWS OF RESOURCES | 389,734 | (389,734) | -100.0% | - | - | 0.0% | - |
| 33 Total Net Position, Liabilities and Deferred Inflows of Resources | 2,458,373,705 | 152,948,925 | 6.2% | 2,644,532,685 | 40,618,357 | 1.6% | 2,603,914,328 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF CASH FLOWS
September 2015

| | A | B | C | D |
|---|--------------|---------------|---------------|---------|
| | YTD | YTD | YTD | |
| | Current Year | Prior Year | Variance | % |
| Cash flows from operating activities | | | | |
| 1 Cash received from customers | 127,144,506 | 115,613,839 | 11,530,667 | 10.0% |
| 2 Cash payments to suppliers for goods and services | (90,035,191) | (95,525,896) | 5,490,705 | -5.7% |
| 3 Cash payments to employees for services | (42,615,707) | (31,616,438) | (10,999,269) | 34.8% |
| 4 Other revenue | 6,917,785 | 6,186,380 | 731,405 | 11.8% |
| 5 Net cash used in operating activities | 1,411,393 | (5,342,115) | 6,753,508 | -126.4% |
| Cash flows from noncapital financing activities | | | | |
| 6 Proceeds from property taxes | 49,662,840 | 46,667,582 | 2,995,258 | 6.4% |
| 7 Proceeds from federal operating and maintenance grants | - | 4,189,318 | (4,189,318) | -100.0% |
| 8 Cash received paid to an other government | - | - | - | 0.0% |
| 9 Net cash provided by noncapital financing activities | 49,662,840 | 50,856,900 | (1,194,060) | -2.3% |
| Cash flows from capital and related financing activities | | | | |
| 10 Acquisition and construction of capital assets | (55,450,332) | (47,075,587) | (8,374,745) | 17.8% |
| 11 Principal payments on bonds payable | - | (13,695,000) | 13,695,000 | -100.0% |
| 12 Proceeds from bonds payable | - | 284,063,460 | (284,063,460) | -100.0% |
| 13 Payments for bond issuance costs | - | - | - | 0.0% |
| 14 Payment to refunded bond crow agent | - | (154,469,418) | 154,469,418 | -100.0% |
| 15 Interest paid on bonds payable | 845,299 | (3,088,125) | 3,933,424 | -127.4% |
| 16 Proceeds from construction fund, net | (3,280,659) | 9,259,359 | (12,540,018) | -135.4% |
| 17 Capital contributed by developers and federal grants | 35,863,591 | (14,044,419) | 49,908,010 | -355.4% |
| 18 Net cash used in capital and related financing activities | (22,022,101) | 60,950,270 | (82,972,371) | -136.1% |
| Cash flows from investing activities | | | | |
| 19 Payments for purchase of investments | - | - | - | 0.0% |
| 20 Proceeds from maturities of investments | - | - | - | 0.0% |
| 21 Investment income | 606,048 | 290,745 | 315,303 | 108.4% |
| 22 Net cash provided by investing activities | 606,048 | 290,745 | 315,303 | 108.4% |
| 23 Net increase in cash | 29,658,180 | 106,755,800 | (77,097,620) | -72.2% |
| 24 Cash at the beginning of the year | 196,048,912 | 119,451,442 | 76,597,470 | 64.1% |
| 25 Cash at the end of the period | 225,707,092 | 226,207,242 | (500,150) | -0.2% |
| Reconciliation of cash and restricted cash | | | | |
| 26 Current assets - cash | 35,995,329 | 41,406,560 | (5,411,231) | -13.1% |
| 27 Current assets - designated | 68,544,485 | 140,414,785 | (71,870,300) | -51.2% |
| 28 Restricted assets - cash | 121,167,278 | 44,385,897 | 76,781,381 | 173.0% |
| 29 Total cash | 225,707,092 | 226,207,242 | (500,150) | -0.2% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF CASH FLOWS
September 2015

| | A | B | C | D |
|----|--------------|--------------|-------------|---------|
| | YTD | YTD | YTD | % |
| | Current Year | Prior Year | Variance | |
| 1 | (17,875,833) | (15,028,800) | (2,847,033) | 18.9% |
| 2 | 42,118,389 | 27,669,078 | 14,449,311 | 52.2% |
| 3 | 1,267,047 | 1,028,006 | 239,041 | 23.3% |
| 4 | 1,661,130 | 1,487,115 | 174,015 | 11.7% |
| 5 | - | - | - | 0.0% |
| 6 | (2,684,931) | (2,390,462) | (294,469) | 12.3% |
| 7 | - | - | - | 0.0% |
| 8 | 148,488 | 2,502,196 | (2,353,708) | -94.1% |
| 9 | - | - | - | 0.0% |
| 10 | (28,123,201) | (26,724,876) | (1,398,325) | 5.2% |
| 11 | (1,746,920) | (1,551,782) | (195,138) | 12.6% |
| 12 | 4,068,942 | 5,029,674 | (960,732) | -19.1% |
| 13 | 4,077,693 | 3,229,836 | 847,857 | 26.3% |
| 14 | (1,499,411) | (592,100) | (907,311) | 153.2% |
| 15 | 1,411,393 | (5,342,115) | 6,753,508 | -126.4% |

Reconciliation of operating loss to net cash used in operating activities is as follows:

Operating loss

Adjustments to reconcile net operating loss to net cash used in operating activities:

Depreciation

Provision for claims

Provision for (revision) doubtful accounts

Amortization

Change in operating assets and liabilities:

(Increase) decrease in customer and other receivables

Increase in inventory

Increase (decrease) in prepaid expenses and other receivables

Decrease in net pension asset

Increase (decrease) in accounts payable

Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay

Increase in net other postretirement benefits liability

Increase (decrease) in net pension obligation

Decrease in other liabilities

Net cash used in operating activities

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|-------------|------------|-------------|---------|-------------|-------------|-------------|---------|
| | MTD | MTD | MTD | % | YTD | YTD | YTD | % |
| | Actual | Prior Year | Variance | | Actual | Prior Year | Variance | |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | 7,081,971 | 6,440,200 | 641,771 | 10.0% | 58,473,274 | 52,954,331 | 5,518,943 | 10.4% |
| 2 Sewerage service charges and del fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 3 Plumbing inspection and license fees | 26,270 | 30,181 | (3,911) | -13.0% | 226,089 | 254,560 | (28,471) | -11.2% |
| 4 Other revenues | 330,304 | 248,421 | 81,883 | 33.0% | 2,524,826 | 2,207,996 | 316,830 | 14.3% |
| 5 Total operating revenues | 7,438,545 | 6,718,802 | 719,743 | 10.7% | 61,224,189 | 55,416,887 | 5,807,302 | 10.5% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 282,690 | 204,440 | 78,250 | 38.3% | 2,070,930 | 2,071,283 | (353) | 0.0% |
| 7 Treatment | 801,140 | 655,780 | 145,360 | 22.2% | 5,795,665 | 6,039,326 | (243,661) | -4.0% |
| 8 Transmission and distribution | 2,818,898 | 1,585,228 | 1,233,670 | 77.8% | 12,820,513 | 11,600,304 | 1,220,209 | 10.5% |
| 9 Customer accounts | 152,374 | 130,944 | 21,430 | 16.4% | 1,306,999 | 1,255,890 | 51,109 | 4.1% |
| 10 Customer service | 122,532 | 113,173 | 9,359 | 8.3% | 1,331,969 | 1,295,098 | 36,871 | 2.8% |
| 11 Administration and general | 549,586 | 334,490 | 215,096 | 64.3% | 4,760,758 | 4,744,234 | 16,524 | 0.3% |
| 12 Payroll related | 1,549,721 | 550,343 | 999,378 | 181.6% | 11,103,426 | 11,171,846 | (68,420) | -0.6% |
| 13 Maintenance of general plant | 1,542,201 | 1,307,449 | 234,752 | 18.0% | 10,848,703 | 10,748,745 | 99,958 | 0.9% |
| 14 Depreciation | 1,737,062 | 1,046,508 | 690,554 | 66.0% | 15,633,558 | 9,418,572 | 6,214,986 | 66.0% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 95,834 | 117,022 | (21,188) | -18.1% | 862,506 | 1,053,198 | (190,692) | -18.1% |
| 17 Provision for claims | 119,677 | 64,976 | 54,701 | 84.2% | 537,751 | 421,984 | 115,767 | 27.4% |
| 18 Total operating expenses | 9,771,715 | 6,110,353 | 3,661,362 | 59.9% | 67,072,778 | 59,820,480 | 7,252,298 | 12.1% |
| 19 Operating income (loss) | (2,333,170) | 608,449 | (2,941,619) | -483.5% | (5,848,589) | (4,403,593) | (1,444,996) | 32.8% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 22 Six-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 23 Nine-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 24 Interest income | 71,990 | 53,217 | 18,773 | 35.3% | 380,354 | 154,229 | 226,125 | 146.6% |
| 25 Other Income | - | - | - | 0.0% | 128,287 | 126,289 | 1,998 | 1.6% |
| 26 Interest expense | - | - | - | 0.0% | - | (1,040,131) | 1,040,131 | -100.0% |
| 27 Operating and maintenance grants | 6,026 | 500 | 5,526 | 1105.2% | 6,431 | 1,154 | 5,277 | 457.3% |
| 28 Total non-operating revenues | 78,016 | 53,717 | 24,299 | 45.2% | 515,072 | (758,459) | 1,273,531 | -167.9% |
| 29 Income before capital contributions | (2,255,154) | 662,166 | (2,917,320) | -440.6% | (5,333,517) | (5,162,052) | (171,465) | 3.3% |
| 30 Capital contributions | 1,401,057 | 2,478,459 | (1,077,402) | -43.5% | 8,907,048 | 9,712,574 | (805,526) | -8.3% |
| 31 Change in net position | (854,097) | 3,140,625 | (3,994,722) | -127.2% | 3,573,531 | 4,550,522 | (976,991) | -21.5% |
| 32 Net position, beginning of year | | | | | 317,835,814 | 313,268,717 | 4,567,097 | 1.5% |
| 33 Net position, end of year | | | | | 321,409,345 | 317,819,239 | 3,590,106 | 1.1% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|---------------|---------------|-----------------|---------|---------------|---------------|-----------------|---------|
| | MTD Actual | MTD Budget | MTD Variance | % | YTD Actual | YTD Budget | YTD Variance | % |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | 7,081,971 | 6,609,060 | 472,911 | 7.2% | 58,473,274 | 58,981,894 | (508,620) | -0.9% |
| 2 Sewerage service charges and del fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 3 Plumbing inspection and license fees | 26,270 | 26,793 | (523) | -2.0% | 226,089 | 241,138 | (15,049) | -6.2% |
| 4 Other revenues | 330,304 | 269,375 | 60,929 | 22.6% | 2,524,826 | 2,424,377 | 100,449 | 4.1% |
| 5 Total operating revenues | 7,438,545 | 6,905,228 | 533,317 | 7.7% | 61,224,189 | 61,647,409 | (423,220) | -0.7% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 282,690 | 252,605 | 30,085 | 11.9% | 2,070,930 | 2,273,444 | (202,514) | -8.9% |
| 7 Treatment | 801,140 | 749,153 | 51,987 | 6.9% | 5,795,665 | 6,742,377 | (946,712) | -14.0% |
| 8 Transmission and distribution | 2,818,898 | 1,514,064 | 1,304,834 | 86.2% | 12,820,513 | 11,188,435 | 1,632,079 | 14.6% |
| 9 Customer accounts | 152,374 | 143,362 | 9,012 | 6.3% | 1,306,999 | 1,290,255 | 16,744 | 1.3% |
| 10 Customer service | 122,532 | 182,539 | (60,007) | -32.9% | 1,331,969 | 1,642,852 | (310,883) | -18.9% |
| 11 Administration and general | 549,586 | 1,112,068 | (562,482) | -50.6% | 4,760,758 | 8,926,598 | (4,165,840) | -46.7% |
| 12 Payroll related | 1,549,721 | 1,105,844 | 443,878 | 40.1% | 11,103,426 | 9,952,592 | 1,150,835 | 11.6% |
| 13 Maintenance of general plant | 1,542,201 | 1,126,732 | 415,469 | 36.9% | 10,848,703 | 10,140,590 | 708,113 | 7.0% |
| 14 Depreciation | 1,737,062 | 1,537,917 | 199,145 | 12.9% | 15,633,558 | 13,896,496 | 1,737,062 | 12.5% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 95,834 | - | 95,834 | 0.0% | 862,506 | 862,506 | - | 0.0% |
| 17 Provision for claims | 119,677 | 92,574 | 27,103 | 29.3% | 537,751 | 537,751 | - | 0.0% |
| 18 Total operating expenses | 9,771,715 | 7,816,857 | 1,954,858 | 25.0% | 67,072,778 | 67,453,895 | (381,117) | -0.6% |
| 19 Operating income (loss) | (2,333,170) | (911,629) | (1,421,541) | 155.9% | (5,848,589) | (5,806,486) | (42,103) | 0.7% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 22 Six-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 23 Nine-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 24 Interest income | 71,990 | - | 71,990 | 0.0% | 380,354 | - | 380,354 | 0.0% |
| 25 Other Income | - | 33,375 | (33,375) | -100.0% | 128,287 | 300,376 | (172,089) | -57.3% |
| 26 Interest expense | - | (22,384) | 22,384 | -100.0% | - | (201,455) | 201,455 | -100.0% |
| 27 Operating and maintenance grants | 6,026 | - | 6,026 | 0.0% | 6,431 | - | 6,431 | 0.0% |
| 28 Total non-operating revenues | 78,016 | 10,991 | 67,025 | 609.8% | 515,072 | 98,921 | 416,152 | 420.7% |
| 29 Income before capital contributions | (2,255,154) | (900,638) | (1,354,517) | 150.4% | (5,333,517) | (5,707,565) | 374,048 | -6.6% |
| 30 Capital contributions | 1,401,057 | - | 1,401,057 | 0.0% | 8,907,048 | - | 8,907,048 | 0.0% |
| 31 Change in net position | (854,097) | (900,638) | 46,541 | -5.2% | 3,573,531 | - | - | - |
| 32 Net position, beginning of year | - | - | - | - | 317,835,814 | 313,268,717 | 4,567,097 | 1.5% |
| 33 Net position, end of year | - | - | - | - | 321,409,345 | 313,268,717 | 8,140,628 | 2.6% |

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND**

**STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
SEPTEMBER 2015**

| | Assets | | | | | | Beginning of Year |
|--|-------------|--------------|---------|--------------|--------------|--------|-------------------|
| | A | B | C | D | E | F | G |
| Noncurrent assets: | Prior Year | Variance | % | Current Year | Variance | % | Year |
| 1 Property, plant and equipment | 698,780,638 | 39,374,176 | 5.6% | 738,154,814 | 20,109,051 | 2.8% | 718,045,763 |
| 2 Less: accumulated depreciation | 313,754,919 | 23,110,352 | 7.4% | 336,865,271 | 15,633,557 | 4.9% | 321,231,714 |
| 3 Property, plant, and equipment, net | 385,025,719 | 16,263,824 | 4.2% | 401,289,543 | 4,475,494 | 1.1% | 396,814,049 |
| Restricted cash, cash equivalents, and investments | | | | | | | |
| 4 Cash and cash equivalents restricted for capital projects | 2,586,056 | 43,704,136 | 1690.0% | 46,290,192 | (12,136,576) | -20.8% | 58,426,768 |
| 5 Debt service reserve | 12,371,128 | 2,977,176 | 24.1% | 15,348,304 | 5,126,205 | 50.1% | 10,222,099 |
| 6 Health insurance reserve | 775,834 | (116,667) | -15.0% | 659,167 | - | 0.0% | 659,167 |
| 7 Total restricted cash, cash equivalents, and investments | 15,733,018 | 46,564,645 | 296.0% | 62,297,663 | (7,010,371) | -10.1% | 69,308,034 |
| Designated cash, cash equivalents, and investments | | | | | | | |
| 8 Cash and cash equivalents designated for capital projects | 66,274,510 | (57,204,604) | -86.3% | 9,069,906 | 1,153,654 | 14.6% | 7,916,252 |
| 9 Customer deposits | 10,617,650 | 452,176 | 4.3% | 11,069,826 | 367,971 | 3.4% | 10,701,855 |
| 10 Other | 1,557,620 | 121,442 | 7.8% | 1,679,062 | 3,302 | 0.2% | 1,675,760 |
| 11 Total designated cash and cash equivalents, and investments | 78,449,780 | (56,630,986) | -72.2% | 21,818,794 | 1,524,927 | 7.5% | 20,293,867 |
| Current assets: | | | | | | | |
| Unrestricted and undesignated | | | | | | | |
| 12 Cash and cash equivalents | 12,215,431 | (2,379,391) | -19.5% | 9,836,040 | (2,367,567) | -24.1% | 12,203,607 |
| Accounts receivable: | | | | | | | |
| 13 Customers (net of allowance for doubtful accounts) | 7,847,141 | 1,648,028 | 21.0% | 9,495,169 | 861,600 | 9.1% | 8,633,569 |
| 14 Taxes | - | - | 0.0% | - | - | 0.0% | - |
| 15 Interest | - | - | 0.0% | - | - | 0.0% | - |
| 16 Grants | 9,100,331 | 7,797,217 | 85.7% | 16,897,548 | (857,196) | -4.8% | 17,754,744 |
| 17 Miscellaneous | 710,234 | (8,476) | -1.2% | 701,758 | 28,448 | 4.2% | 673,310 |
| 18 Due from enterprise fund | (1,656,422) | (6,648,441) | 401.4% | (8,304,863) | 6,807 | -0.1% | (8,311,670) |
| 19 Inventory of supplies | 4,528,425 | (838,553) | -18.5% | 3,689,872 | - | 0.0% | 3,689,872 |
| 20 Prepaid expenses | 505,681 | (24,430) | -4.8% | 481,251 | - | 0.0% | 481,251 |
| 21 Total unrestricted current assets | 33,250,821 | (454,046) | -1.4% | 32,796,775 | (2,327,908) | -6.6% | 35,124,683 |
| Other assets: | | | | | | | |
| 22 Bond issue costs | - | - | 0.0% | - | - | 0.0% | - |
| 23 Deposits | 22,950 | - | 0.0% | 22,950 | - | 0.0% | 22,950 |
| 24 Total other assets | 22,950 | - | 0.0% | 22,950 | - | 0.0% | 22,950 |
| 25 TOTAL ASSETS | 512,482,288 | 5,743,437 | 1.1% | 518,225,725 | (3,337,858) | -0.6% | 521,563,583 |
| Deferred outflows or resources: | | | | | | | |
| 26 Deferred charge on refunding | 34,901 | (2,182) | -6.3% | 32,719 | - | 0.0% | 32,719 |
| 27 TOTAL DEFERRED OUTFLOWS OF RESOURCES | 34,901 | (2,182) | -6.3% | 32,719 | - | 0.0% | 32,719 |
| 28 TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS | 512,517,189 | 5,741,255 | -5.1% | 518,258,444 | (3,337,858) | -0.6% | 521,596,302 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G |
|--|---------------|--------------|---------|-----------------|--------------|---------|----------------------|
| NET ASSETS AND LIABILITIES | Prior Year | Variance | % | Current Year | Variance | % | Beginning of Year |
| Net position | | | | | | | |
| 1 Net investments in capital assets | 283,217,577 | 23,191,516 | 8.2% | 306,409,093 | 20,819,227 | 7.3% | 285,589,866 |
| 2 Restricted for Debt Service | 12,179,987 | 3,168,317 | 26.0% | 15,348,304 | 5,126,205 | 50.1% | 10,222,099 |
| 3 Unrestricted | 22,421,675 | (22,769,727) | -101.6% | (348,052) | (22,371,892) | -101.6% | 22,023,840 |
| 4 Total net position | 317,819,239 | 3,590,106 | 1.1% | 321,409,345 | 3,573,540 | 1.1% | 317,835,805 |
| Long-term liabilities | | | | | | | |
| 5 Claims payable | 637,869 | 226,849 | 35.6% | 864,718 | - | 0.0% | 864,718 |
| 6 Net pension obligation | 6,124,900 | 1,097,527 | 17.9% | 7,222,427 | 1,359,231 | 23.2% | 5,863,196 |
| 7 Other postretirement benefits liability | 22,377,202 | 1,823,193 | 8.1% | 24,200,395 | 1,356,314 | 5.9% | 22,844,081 |
| 8 Bonds payable (net of current maturities) | 111,228,048 | (3,865) | 0.0% | 111,224,183 | - | 0.0% | 111,224,183 |
| 9 Special Community Disaster Loan Payable | - | - | 0.0% | - | - | 0.0% | - |
| 10 Southeast Louisiana Project liability | - | - | 0.0% | - | - | 0.0% | - |
| 11 Debt Service Assistance Fund Loan payable | 5,788,945 | (371,342) | -6.4% | 5,417,603 | - | 0.0% | 5,417,603 |
| 12 Total long-term liabilities | 146,156,964 | 2,772,362 | 1.9% | 148,929,326 | 2,715,545 | 1.9% | 146,213,781 |
| Current liabilities (payable from current assets) | | | | | | | |
| 13 Accounts payable and other liabilities | 6,530,888 | 4,015,292 | 61.5% | 10,546,180 | (8,268,018) | -43.9% | 18,814,198 |
| 14 Due to City of New Orleans | 594,753 | (716,657) | -120.5% | (121,904) | (282,076) | -176.1% | 160,172 |
| 15 Disaster Reimbursement Revolving Loan | 10,338,230 | (3,328,448) | -32.2% | 7,009,782 | (1,332,388) | -16.0% | 8,342,170 |
| 16 Retainers and estimates payable | 2,505,290 | 406,854 | 16.2% | 2,912,144 | (79,550) | -2.7% | 2,991,694 |
| 17 Due to other fund | 135,358 | 7,365 | 5.4% | 142,723 | (815) | -0.6% | 143,538 |
| 18 Accrued salaries, vacation and sick pay | 4,756,894 | (210,750) | -4.4% | 4,546,144 | (760,568) | -14.3% | 5,306,712 |
| 19 Claims payable | 3,982,894 | (131,891) | -3.3% | 3,851,003 | - | 0.0% | 3,851,003 |
| 20 Debt Service Assistance Fund Loan payable | 354,869 | 16,469 | 4.6% | 371,338 | - | 0.0% | 371,338 |
| 21 Advances from federal government | 8,182,773 | (1,866,536) | -22.8% | 6,316,237 | 158,688 | 2.6% | 6,157,549 |
| 22 Other Liabilities | 268,037 | 452,216 | 168.7% | 720,253 | 647,623 | 891.7% | 72,630 |
| 23 Total current liabilities (payable from current assets) | 37,649,986 | (1,356,086) | -3.6% | 36,293,900 | (9,917,104) | -21.5% | 46,211,004 |
| Current liabilities (payable from restricted assets) | | | | | | | |
| 24 Accrued interest | 191,142 | 363,307 | 190.1% | 554,449 | - | 0.0% | 554,449 |
| 25 Bonds payable | - | - | 0.0% | - | - | 0.0% | - |
| 26 Retainers and estimates payable | 82,208 | (80,610) | -98.1% | 1,598 | (77,810) | -98.0% | 79,408 |
| 27 Customer deposits | 10,617,650 | 452,176 | 4.3% | 11,069,826 | 367,971 | 3.4% | 10,701,855 |
| 28 Total current liabilities (payable from restricted assets) | 10,891,000 | 734,873 | 6.7% | 11,625,873 | 290,161 | 2.6% | 11,335,712 |
| 29 TOTAL CURRENT LIABILITIES | 48,540,986 | (621,213) | -1.3% | 47,919,773 | (9,626,943) | -16.7% | 57,546,716 |
| 30 TOTAL LIABILITIES | 194,697,950 | 2,151,149 | 1.1% | 196,849,099 | (6,911,398) | -3.4% | 203,760,497 |
| Deferred inflows or resources: | | | | | | | |
| 31 Unavailable revenue -refunding of bonds | - | - | 0.0% | - | - | 0.0% | - |
| 32 TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | 0.0% | - | - | 0.0% | - |
| 33 Total Net Position, Liabilities and Deferred Inflows of Resources | 512,517,189 | 5,741,255 | 1.1% | 518,258,444 | (3,337,858) | -0.6% | 521,596,302 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF CASH FLOWS
September 2015

| | A | B | C | D |
|---|--------------|--------------|---------------|----------|
| | YTD | YTD | YTD | % |
| | Current Year | Prior Year | Variance | |
| Cash flows from operating activities | | | | |
| 1 Cash received from customers | 56,835,063 | 52,349,049 | 4,486,014 | 8.6% |
| 2 Cash payments to suppliers for goods and services | (35,817,266) | (47,333,089) | 11,515,823 | -24.3% |
| 3 Cash payments to employees for services | (21,806,685) | (18,333,730) | (3,472,955) | 18.9% |
| 4 Other revenue | 2,722,467 | 2,594,699 | 127,768 | 4.9% |
| 5 Net cash used in operating activities | 1,933,579 | (10,723,071) | 12,656,650 | -118.0% |
| Cash flows from noncapital financing activities | | | | |
| 6 Proceeds from property taxes | 128,287 | 126,289 | 1,998 | 1.6% |
| 7 Proceeds from federal operating and maintenance grants | - | 3,770,115 | (3,770,115) | -100.0% |
| 8 Cash received paid to an other government | - | - | - | 0.0% |
| 9 Net cash provided by noncapital financing activities | 128,287 | 3,896,404 | (3,768,117) | -96.7% |
| Cash flows from capital and related financing activities | | | | |
| 10 Acquisition and construction of capital assets | (19,539,820) | (26,339,918) | 6,800,098 | -25.8% |
| 11 Principal payments on bonds payable | - | - | - | 0.0% |
| 12 Proceeds from bonds payable | - | 111,224,183 | (111,224,183) | -100.0% |
| 13 Payments for bond issuance costs | - | - | - | 0.0% |
| 14 Payment to refunded bond escrow agent | - | (27,884,012) | 27,884,012 | -100.0% |
| 15 Interest paid on bonds payable | 647,623 | (789,700) | 1,437,323 | -182.0% |
| 16 Proceeds from construction fund, net | (1,332,397) | 7,943,013 | (9,275,410) | -116.8% |
| 17 Capital contributed by developers and federal grants | 9,929,363 | (760,780) | 10,690,143 | -1405.2% |
| 18 Net cash used in capital and related financing activities | (10,295,231) | 63,392,786 | (73,688,017) | -116.2% |
| Cash flows from investing activities | | | | |
| 19 Payments for purchase of investments | - | - | - | 0.0% |
| 20 Proceeds from maturities of investments | - | - | - | 0.0% |
| 21 Investment income | 380,354 | 140,913 | 239,441 | 169.9% |
| 22 Net cash provided by investing activities | 380,354 | 140,913 | 239,441 | 169.9% |
| 23 Net increase in cash | (7,853,011) | 56,707,032 | (64,560,043) | -113.8% |
| 24 Cash at the beginning of the year | 95,855,508 | 43,741,197 | 52,114,311 | 119.1% |
| 25 Cash at the end of the period | 88,002,497 | 100,448,229 | (12,445,732) | -12.4% |
| Reconciliation of cash and restricted cash | | | | |
| 26 Current assets - cash | 9,836,040 | 12,215,431 | (2,379,391) | -19.5% |
| 27 Current assets - designated | 18,568,794 | 75,199,780 | (56,630,986) | -75.3% |
| 28 Restricted assets -cash | 59,597,663 | 13,033,018 | 46,564,645 | 357.3% |
| 29 Total cash | 88,002,497 | 100,448,229 | (12,445,732) | -12.4% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF CASH FLOWS
September 2015

| | A | B | C | D |
|--|--------------|--------------|-------------|----------|
| | YTD | YTD | YTD | % |
| | Current Year | Prior Year | Variance | |
| Reconciliation of operating loss to net cash used in | | | | |
| Operating activities is as follows: | | | | |
| 1 Operating loss | (5,848,589) | (4,403,593) | (1,444,996) | 32.8% |
| Adjustments to reconcile net operating loss to net cash | | | | |
| used in operating activities: | | | | |
| 2 Depreciation | 15,633,558 | 9,418,572 | 6,214,986 | 66.0% |
| 3 Provision for claims | 537,751 | 421,984 | 115,767 | 27.4% |
| 4 Provision for (revision) doubtful accounts | 862,506 | 1,053,198 | (190,692) | -18.1% |
| 5 Amortization | - | - | - | 0.0% |
| Change in operating assets and liabilities: | | | | |
| 6 (Increase) decrease in customer and other receivables | (1,356,135) | (1,039,913) | (316,222) | 30.4% |
| 7 Increase in inventory | - | - | - | 0.0% |
| 8 Increase (decrease) in prepaid expenses | (35,255) | (7,825,742) | 7,790,487 | -99.5% |
| 9 Decrease in net pension asset | - | - | - | 0.0% |
| 10 Increase (decrease) in accounts payable | (8,994,610) | (10,427,873) | 1,433,263 | -13.7% |
| 11 Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay | (761,383) | (685,521) | (75,862) | 11.1% |
| 12 Increase in net other postretirement benefits liability | 1,356,314 | 1,676,558 | (320,244) | -19.1% |
| 13 Increase (decrease) in net pension obligation | 1,359,231 | 1,076,612 | 282,619 | 26.3% |
| 14 Decrease in other liabilities | (819,809) | 12,647 | (832,456) | -6582.2% |
| 15 Net cash used in operating activities | 1,933,579 | (10,723,071) | 12,656,650 | -118.0% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|-----------|------------|-----------|----------|-------------|-------------|-------------|---------|
| | MTD | MTD | MTD | % | YTD | Prior Year | YTD | % |
| | Actual | Prior Year | Variance | | Actual | | Variance | |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 2 Sewerage service charges and del fees | 8,485,553 | 7,783,506 | 702,047 | 9.0% | 71,638,238 | 64,615,339 | 7,022,899 | 10.9% |
| 3 Plumbing inspection and license fees | 26,270 | 30,181 | (3,911) | -13.0% | 226,089 | 254,560 | (28,471) | -11.2% |
| 4 Other revenues | 88,612 | 14,168 | 74,444 | 525.4% | 374,072 | 385,373 | (11,301) | -2.9% |
| 5 Total operating revenues | 8,600,435 | 7,827,855 | 772,580 | 9.9% | 72,238,399 | 65,255,272 | 6,983,127 | 10.7% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 214,053 | 222,236 | (8,183) | -3.7% | 1,964,509 | 2,045,390 | (80,881) | -4.0% |
| 7 Treatment | 893,652 | 963,132 | (69,480) | -7.2% | 8,044,685 | 8,142,236 | (97,551) | -1.2% |
| 8 Transmission and distribution | 1,248,717 | 911,913 | 336,804 | 36.9% | 9,321,866 | 6,068,732 | 3,253,134 | 53.6% |
| 9 Customer accounts | 152,373 | 130,944 | 21,429 | 16.4% | 1,306,997 | 1,255,887 | 51,110 | 4.1% |
| 10 Customer service | 123,750 | 114,655 | 9,095 | 7.9% | 1,345,878 | 1,310,574 | 35,304 | 2.7% |
| 11 Administration and general | 519,419 | 308,963 | 210,456 | 68.1% | 4,556,676 | 4,481,950 | 74,726 | 1.7% |
| 12 Payroll related | 1,135,195 | 488,996 | 646,199 | 132.1% | 8,453,820 | 8,320,906 | 132,914 | 1.6% |
| 13 Maintenance of general plant | 261,426 | 203,365 | 58,061 | 28.6% | 2,180,859 | 3,039,085 | (858,226) | -28.2% |
| 14 Depreciation | 1,417,143 | 1,011,382 | 405,761 | 40.1% | 12,754,287 | 9,102,438 | 3,651,849 | 40.1% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 88,736 | 48,213 | 40,523 | 84.0% | 798,624 | 433,917 | 364,707 | 84.0% |
| 17 Provision for claims | 41,004 | 38,883 | 2,121 | 5.5% | 311,919 | 268,701 | 43,218 | 16.1% |
| 18 Total operating expenses | 6,095,468 | 4,442,682 | 1,652,786 | 37.2% | 51,040,120 | 44,469,816 | 6,570,304 | 14.8% |
| 19 Operating income (loss) | 2,504,967 | 3,385,173 | (880,206) | -26.0% | 21,198,279 | 20,785,456 | 412,823 | 2.0% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 22 Six-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 23 Nine-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 24 Interest income | 14,249 | 28,168 | (13,919) | -49.4% | 166,784 | 152,235 | 14,549 | 9.6% |
| 25 Other Income | - | - | - | 0.0% | 159,998 | 157,507 | 2,491 | 1.6% |
| 26 Interest expense | - | - | - | 0.0% | - | (1,345,380) | 1,345,380 | -100.0% |
| 27 Operating and maintenance grants | - | - | - | 0.0% | - | 23 | (23) | -100.0% |
| 28 Total non-operating revenues | 14,249 | 28,168 | (13,919) | -49.4% | 326,782 | (1,035,615) | 1,362,397 | -131.6% |
| 29 Income before capital contributions | 2,519,216 | 3,413,341 | (894,125) | -26.2% | 21,525,061 | 19,749,841 | 1,775,220 | 9.0% |
| 30 Capital contributions | 3,262,641 | 26,300 | 3,236,341 | 12305.5% | 12,044,164 | 17,626,663 | (5,582,499) | -31.7% |
| 31 Change in net position | 5,781,857 | 3,439,641 | 2,342,216 | 68.1% | 33,569,225 | 37,376,504 | (3,807,279) | -10.2% |
| 32 Net position, beginning of year | | | | | 732,566,915 | 666,666,891 | 65,900,024 | 9.9% |
| 33 Net position, end of year | | | | | 766,136,140 | 704,043,395 | 62,092,745 | 8.8% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|---------------|---------------|-----------------|---------|---------------|---------------|-----------------|---------|
| | MTD Actual | MTD Budget | MTD Variance | % | YTD Actual | YTD Budget | YTD Variance | % |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 2 Sewerage service charges and del fees | 8,485,553 | 8,070,794 | 414,759 | 5.1% | 71,638,238 | 72,026,993 | (388,755) | -0.5% |
| 3 Plumbing inspection and license fees | 26,270 | 26,793 | (523) | -2.0% | 226,089 | 241,138 | (15,049) | -6.2% |
| 4 Other revenues | 88,612 | 24,079 | 64,533 | 268.0% | 374,072 | 216,708 | 157,364 | 72.6% |
| 5 Total operating revenues | 8,600,435 | 8,121,666 | 478,769 | 5.9% | 72,238,399 | 72,484,839 | (246,440) | -0.3% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 214,053 | 214,284 | (231) | -0.1% | 1,964,509 | 1,928,560 | 35,949 | 1.9% |
| 7 Treatment | 893,652 | 964,066 | (70,414) | -7.3% | 8,044,885 | 8,676,596 | (631,911) | -7.3% |
| 8 Transmission and distribution | 1,248,717 | 1,231,476 | 17,241 | 1.4% | 9,321,866 | 8,408,612 | 913,254 | 10.9% |
| 9 Customer accounts | 152,373 | 143,362 | 9,011 | 6.3% | 1,306,997 | 1,290,255 | 16,742 | 1.3% |
| 10 Customer service | 123,750 | 184,088 | (60,338) | -32.8% | 1,345,878 | 1,656,795 | (310,917) | -18.8% |
| 11 Administration and general | 519,419 | 1,180,864 | (661,445) | -56.0% | 4,556,676 | 9,545,769 | (4,989,093) | -52.3% |
| 12 Payroll related | 1,135,195 | 726,300 | 408,895 | 56.3% | 8,453,820 | 6,536,699 | 1,917,122 | 29.3% |
| 13 Maintenance of general plant | 261,426 | 256,304 | 5,122 | 2.0% | 2,180,859 | 2,306,736 | (125,877) | -5.5% |
| 14 Depreciation | 1,417,143 | 1,121,055 | 296,088 | 26.4% | 12,754,287 | 11,337,144 | 1,417,143 | 12.5% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 88,736 | - | 88,736 | 0.0% | 798,624 | 798,624 | - | 0.0% |
| 17 Provision for claims | 41,004 | 60,493 | (19,489) | -32.2% | 311,919 | 311,919 | - | 0.0% |
| 18 Total operating expenses | 6,095,468 | 6,082,293 | 13,175 | 0.2% | 51,040,120 | 52,797,708 | (1,757,588) | -3.3% |
| 19 Operating income (loss) | 2,504,967 | 2,039,372 | 465,595 | 22.8% | 21,198,279 | 19,687,131 | 1,511,148 | 7.7% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 22 Six-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 23 Nine-mill tax | - | - | - | 0.0% | - | - | - | 0.0% |
| 24 Interest income | 14,249 | - | 14,249 | 0.0% | 166,784 | - | 166,784 | 0.0% |
| 25 Other Income | - | 39,245 | (39,245) | -100.0% | 159,998 | 353,208 | (193,210) | -54.7% |
| 26 Interest expense | - | (218,131) | 218,131 | -100.0% | - | (1,963,175) | 1,963,175 | -100.0% |
| 27 Operating and maintenance grants | - | - | - | 0.0% | - | - | - | 0.0% |
| 28 Total non-operating revenues | 14,249 | (178,885) | 193,134 | -108.0% | 326,782 | (1,609,967) | 1,936,749 | -120.3% |
| 29 Income before capital contributions | 2,519,216 | 1,860,487 | 658,729 | 35.4% | 21,525,061 | 18,077,165 | 3,447,896 | 19.1% |
| 30 Capital contributions | 3,262,641 | - | 3,262,641 | 0.0% | 12,044,164 | - | 12,044,164 | 0.0% |
| 31 Change in net position | 5,781,857 | 1,860,487 | 3,921,370 | 210.8% | 33,569,225 | - | - | - |
| 32 Net position, beginning of year | - | - | - | - | 732,566,915 | 666,666,891 | 65,900,024 | 9.9% |
| 33 Net position, end of year | - | - | - | - | 766,136,140 | 666,666,891 | 99,469,249 | 14.9% |

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND**

**STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
SEPTEMBER 2015**

| | | Assets | | A | | B | | C | | D | | E | | F | | G | |
|--|---|--------|--|---------------|--|--------------|--|---------|--|---------------|--|--------------|--|--------|--|---------------|----|
| | | | | Prior | | Variance | | % | | Current | | Variance | | % | | Beginning of | |
| | | | | Year | | | | | | Year | | | | | | Year | |
| | | | | | | | | | | | | | | | | | |
| Noncurrent assets: | | | | | | | | | | | | | | | | | |
| 1 | Property, plant and equipment | | | 1,110,822,237 | | 56,199,156 | | 5.1% | | 1,167,021,393 | | 29,493,459 | | 2.6% | | 1,137,527,934 | 1 |
| 2 | Less: accumulated depreciation | | | 223,324,696 | | 15,949,790 | | 7.1% | | 239,274,486 | | 12,754,287 | | 5.6% | | 226,520,199 | 2 |
| 3 | Property, plant, and equipment, net | | | 887,497,541 | | 40,249,366 | | 4.5% | | 927,746,907 | | 16,739,172 | | 1.8% | | 911,007,735 | 3 |
| Restricted cash, cash equivalents, and investments | | | | | | | | | | | | | | | | | |
| 4 | Cash and cash equivalents restricted for capital projects | | | 226,506 | | 9,815,742 | | 4333.5% | | 10,042,248 | | (20,485,705) | | -67.1% | | 30,527,953 | 4 |
| 5 | Debt service reserve | | | 23,155,069 | | 19,698,737 | | 85.1% | | 42,853,806 | | 22,386,000 | | 109.4% | | 20,467,806 | 5 |
| 6 | Health insurance reserve | | | 775,833 | | (116,667) | | -15.0% | | 659,166 | | - | | 0.0% | | 659,166 | 6 |
| 7 | Total restricted cash, cash equivalents, and investments | | | 24,157,408 | | 29,397,812 | | 121.7% | | 53,555,220 | | 1,900,295 | | 3.7% | | 51,654,925 | 7 |
| Designated cash, cash equivalents, and investments | | | | | | | | | | | | | | | | | |
| 8 | Cash and cash equivalents designated for capital projects | | | 40,391,344 | | (19,177,680) | | -47.5% | | 21,213,664 | | 17,514,355 | | 473.4% | | 3,699,309 | 8 |
| 9 | Customer deposits | | | - | | - | | 0.0% | | - | | - | | 0.0% | | - | 9 |
| 10 | Other | | | 1,064,471 | | 120,483 | | 11.3% | | 1,184,954 | | 2,638 | | 0.2% | | 1,182,316 | 10 |
| 11 | Total designated cash and cash equivalents, and investments | | | 41,455,815 | | (19,057,197) | | -46.0% | | 22,398,618 | | 17,516,993 | | 358.8% | | 4,881,625 | 11 |
| Current assets: | | | | | | | | | | | | | | | | | |
| Unrestricted and undesignated | | | | | | | | | | | | | | | | | |
| 12 | Cash and cash equivalents | | | 27,069,870 | | (16,738,996) | | -61.9% | | 10,310,874 | | (11,544,197) | | -52.8% | | 21,855,071 | 12 |
| Accounts receivable: | | | | | | | | | | | | | | | | | |
| 13 | Customers (net of allowance for doubtful accounts) | | | 7,511,710 | | 736,173 | | 9.8% | | 8,247,883 | | 530,171 | | 6.9% | | 7,717,712 | 13 |
| 14 | Taxes | | | - | | - | | 0.0% | | - | | - | | 0.0% | | - | 14 |
| 15 | Interest | | | 115 | | (57) | | -49.6% | | 58 | | 58 | | 0.0% | | - | 15 |
| 16 | Grants | | | 2,237,679 | | 14,368,629 | | 642.1% | | 16,606,308 | | (2,937,386) | | -15.0% | | 19,543,694 | 16 |
| 17 | Miscellaneous | | | 335,238 | | 1,083,204 | | 323.1% | | 1,418,442 | | 1,066,952 | | 303.6% | | 351,490 | 17 |
| 18 | Due from enterprise fund | | | 1,219,052 | | 10,225,708 | | 838.8% | | 11,444,760 | | 380,836 | | 3.4% | | 11,063,924 | 18 |
| 19 | Inventory of supplies | | | 1,507,642 | | (336,841) | | -22.3% | | 1,170,801 | | - | | 0.0% | | 1,170,801 | 19 |
| 20 | Prepaid expenses | | | 351,099 | | (24,430) | | -7.0% | | 326,669 | | - | | 0.0% | | 326,669 | 20 |
| 21 | Total unrestricted current assets | | | 40,232,405 | | 9,293,390 | | 23.1% | | 49,525,795 | | (12,503,566) | | -20.2% | | 62,029,361 | 21 |
| Other assets: | | | | | | | | | | | | | | | | | |
| 22 | Bond issue costs | | | - | | - | | 0.0% | | - | | - | | 0.0% | | - | 22 |
| 23 | Deposits | | | 17,965 | | - | | 0.0% | | 17,965 | | - | | 0.0% | | 17,965 | 23 |
| 24 | Total other assets | | | 17,965 | | - | | 0.0% | | 17,965 | | - | | 0.0% | | 17,965 | 24 |
| 25 | TOTAL ASSETS | | | 993,361,134 | | 59,883,371 | | 6.0% | | 1,053,244,505 | | 23,652,894 | | 2.3% | | 1,029,591,611 | 25 |
| Deferred outflows or resources: | | | | | | | | | | | | | | | | | |
| 26 | Deferred charge on refunding | | | 4,468,659 | | (537,057) | | -12.0% | | 3,931,602 | | - | | 0.0% | | 3,931,602 | 26 |
| 27 | TOTAL DEFERRED OUTFLOWS OF RESOURCES | | | 4,468,659 | | (537,057) | | -12.0% | | 3,931,602 | | - | | 0.0% | | 3,931,602 | 27 |
| 28 | TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS | | | 997,829,793 | | 59,346,314 | | -6.0% | | 1,057,176,107 | | 23,652,894 | | 2.3% | | 1,033,523,213 | 28 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G |
|--|---------------|--------------|---------|-----------------|--------------|----------|----------------------|
| | Prior Year | Variance | % | Current Year | Variance | % | Beginning of Year |
| NET ASSETS AND LIABILITIES | | | | | | | |
| Net position | | | | | | | |
| 1 Net investments in capital assets | 715,509,806 | 44,510,276 | 6.2% | 760,020,082 | 29,857,026 | 4.1% | 730,163,056 |
| 2 Restricted for Debt Service | 21,574,925 | 21,278,881 | 98.6% | 42,853,806 | 22,386,000 | 109.4% | 20,467,806 |
| 3 Unrestricted | (33,041,336) | (3,696,412) | 11.2% | (36,737,748) | (18,673,803) | 103.4% | (18,063,945) |
| 4 Total net position | 704,043,395 | 62,092,745 | 8.8% | 766,136,140 | 33,569,223 | 4.6% | 732,566,917 |
| Long-term liabilities | | | | | | | |
| 5 Claims payable | 637,869 | 226,849 | 35.6% | 864,718 | - | 0.0% | 864,718 |
| 6 Net pension obligation | 6,254,846 | 1,097,527 | 17.5% | 7,352,373 | 1,359,231 | 22.7% | 5,993,142 |
| 7 Other postretirement benefits liability | 19,398,854 | 1,823,193 | 9.4% | 21,222,047 | 1,356,314 | 6.8% | 19,865,733 |
| 8 Bonds payable (net of current maturities) | 180,844,679 | (11,644,000) | -6.4% | 169,200,679 | - | 0.0% | 169,200,679 |
| 9 Special Community Disaster Loan Payable | - | - | 0.0% | - | - | 0.0% | - |
| 10 Southeast Louisiana Project liability | - | - | 0.0% | - | - | 0.0% | - |
| 11 Debt Service Assistance Fund Loan payable | 56,403,364 | (3,618,064) | -6.4% | 52,785,300 | - | 0.0% | 52,785,300 |
| 12 Total long-term liabilities | 263,539,612 | (12,114,495) | -4.6% | 251,425,117 | 2,715,545 | 1.1% | 248,709,572 |
| Current liabilities (payable from current assets) | | | | | | | |
| 13 Accounts payable and other liabilities | 8,247,909 | 1,221,118 | 14.8% | 9,469,027 | (12,391,288) | -56.7% | 21,860,315 |
| 14 Due to City of New Orleans | - | - | 0.0% | - | - | 0.0% | - |
| 15 Disaster Reimbursement Revolving Loan | 2,688,099 | (2,068,204) | -76.9% | 619,895 | (1,949,528) | -75.9% | 2,569,423 |
| 16 Retainers and estimates payable | 4,480,291 | (15,555) | -0.3% | 4,464,736 | (38,154) | -0.8% | 4,502,890 |
| 17 Due to other fund | 63,536 | 3,457 | 5.4% | 66,993 | (312) | -0.5% | 67,305 |
| 18 Accrued salaries, vacation and sick pay | 3,004,037 | (180,667) | -6.0% | 2,823,370 | (529,392) | -15.8% | 3,352,762 |
| 19 Claims payable | 3,004,311 | (233,539) | -7.8% | 2,770,772 | - | 0.0% | 2,770,772 |
| 20 Debt Service Assistance Fund Loan payable | 3,457,630 | 160,434 | 4.6% | 3,618,064 | - | 0.0% | 3,618,064 |
| 21 Advances from federal government | 2,704,959 | (794,530) | -29.4% | 1,910,429 | 1,910,429 | 0.0% | - |
| 22 Other Liabilities | 12,768 | 186,461 | 1460.4% | 199,229 | 197,676 | 12728.7% | 1,553 |
| 23 Total current liabilities (payable from current assets) | 27,663,540 | (1,721,025) | -6.2% | 25,942,515 | (12,800,569) | -33.0% | 38,743,084 |
| Current liabilities (payable from restricted assets) | | | | | | | |
| 24 Accrued interest | 1,580,145 | 235,220 | 14.9% | 1,815,365 | - | 0.0% | 1,815,365 |
| 25 Bonds payable | 415,000 | 11,229,000 | 2705.8% | 11,644,000 | - | 0.0% | 11,644,000 |
| 26 Retainers and estimates payable | 198,367 | 14,603 | 7.4% | 212,970 | (168,695) | -381.0% | 44,275 |
| 27 Customer deposits | - | - | 0.0% | - | - | 0.0% | - |
| 28 Total current liabilities (payable from restricted assets) | 2,193,512 | 11,478,823 | 523.3% | 13,672,335 | 168,695 | 1.2% | 13,503,640 |
| 29 TOTAL CURRENT LIABILITIES | 29,857,052 | 9,757,798 | 32.7% | 39,614,850 | (12,631,874) | -34.2% | 52,246,724 |
| 30 TOTAL LIABILITIES | 293,396,664 | (2,356,697) | -0.8% | 291,039,967 | (9,916,329) | -3.3% | 300,956,296 |
| Deferred inflows or resources: | | | | | | | |
| 31 Unavailable revenue -refunding of bonds | 389,734 | (389,734) | -100.0% | - | - | 0.0% | - |
| 32 TOTAL DEFERRED INFLOWS OF RESOURCES | 389,734 | (389,734) | -100.0% | - | - | 0.0% | - |
| 33 Total Net Position, Liabilities and Deferred Inflows of Resources | 997,829,793 | 59,736,048 | 6.0% | 1,057,176,107 | 23,652,894 | 2.3% | 1,033,523,213 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF CASH FLOWS
September 2015

| | A YTD Current Year | B YTD Prior Year | C YTD Variance | D % |
|---|--------------------------|------------------------|----------------------|---------|
| Cash flows from operating activities | | | | |
| 1 Cash received from customers | 70,309,443 | 63,264,790 | 7,044,653 | 11.1% |
| 2 Cash payments to suppliers for goods and services | (36,803,701) | (30,758,228) | (6,045,473) | 19.7% |
| 3 Cash payments to employees for services | (13,811,896) | (13,545,073) | (266,823) | 2.0% |
| 4 Other revenue | (466,791) | 911,498 | (1,378,289) | -151.2% |
| 5 Net cash used in operating activities | 19,227,055 | 19,872,987 | (645,932) | -3.3% |
| Cash flows from noncapital financing activities | | | | |
| 6 Proceeds from property taxes | 159,998 | 157,507 | 2,491 | 1.6% |
| 7 Proceeds from federal operating and maintenance grants | - | 419,203 | (419,203) | -100.0% |
| 8 Cash received paid to an other government | - | - | - | 0.0% |
| 9 Net cash provided by noncapital financing activities | 159,998 | 576,710 | (416,712) | -72.3% |
| Cash flows from capital and related financing activities | | | | |
| 10 Acquisition and construction of capital assets | (26,820,813) | (29,407,066) | 2,586,253 | -8.8% |
| 11 Principal payments on bonds payable | - | (13,695,000) | 13,695,000 | -100.0% |
| 12 Proceeds from bonds payable | - | 172,839,277 | (172,839,277) | -100.0% |
| 13 Payments for bond issuance costs | - | - | - | 0.0% |
| 14 Payment to refunded bond escrow agent | - | (126,585,406) | 126,585,406 | -100.0% |
| 15 Interest paid on bonds payable | 197,676 | (1,324,887) | 1,522,563 | -114.9% |
| 16 Proceeds from construction fund, net | (1,949,530) | 667,688 | (2,617,218) | -392.0% |
| 17 Capital contributed by developers and federal grants | 16,891,979 | 17,138,047 | (246,068) | -1.4% |
| 18 Net cash used in capital and related financing activities | (11,680,688) | 19,632,653 | (31,313,341) | -159.5% |
| Cash flows from investing activities | | | | |
| 19 Payments for purchase of investments | - | - | - | 0.0% |
| 20 Proceeds from maturities of investments | - | - | - | 0.0% |
| 21 Investment income | 166,726 | 98,012 | 68,714 | 70.1% |
| 22 Net cash provided by investing activities | 166,726 | 98,012 | 68,714 | 70.1% |
| 23 Net increase in cash | 7,873,091 | 40,180,362 | (32,307,271) | -80.4% |
| 24 Cash at the beginning of the year | 78,334,621 | 52,445,731 | 25,888,890 | 49.4% |
| 25 Cash at the end of the period | 86,207,712 | 92,626,093 | (6,418,381) | -6.9% |
| Reconciliation of cash and restricted cash | | | | |
| 26 Current assets - cash | 10,310,874 | 27,069,870 | (16,758,996) | -61.9% |
| 27 Current assets - designated | 22,398,618 | 41,455,815 | (19,057,197) | -46.0% |
| 28 Restricted assets -cash | 53,498,220 | 24,100,408 | 29,397,812 | 122.0% |
| 29 Total cash | 86,207,712 | 92,626,093 | (6,418,381) | -6.9% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF CASH FLOWS
September 2015

| | A YTD Current Year | B YTD Prior Year | C YTD Variance | D % |
|--|--------------------------|------------------------|----------------------|--------|
| Reconciliation of operating loss to net cash used in operating activities is as follows: | | | | |
| 1 Operating loss | 21,198,279 | 20,785,456 | 412,823 | 2.0% |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | | | |
| 2 Depreciation | 12,754,287 | 9,102,438 | 3,651,849 | 40.1% |
| 3 Provision for claims | 311,919 | 268,701 | 43,218 | 16.1% |
| 4 Provision for (revision) doubtful accounts | 798,624 | 433,917 | 364,707 | 84.0% |
| 5 Amortization | - | - | - | 0.0% |
| Change in operating assets and liabilities: | | | | |
| 6 (Increase) decrease in customer and other receivables | (1,328,795) | (1,350,549) | 21,754 | -1.6% |
| 7 Increase in inventory | - | - | - | 0.0% |
| 8 Increase (decrease) in prepaid expenses and other receivables | (1,447,788) | (378,016) | (1,069,772) | 283.0% |
| 9 Decrease in net pension asset | - | - | - | 0.0% |
| 10 Increase (decrease) in accounts payable | (14,933,393) | (11,019,956) | (3,913,437) | 35.5% |
| 11 Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay | (529,704) | (453,473) | (76,231) | 16.8% |
| 12 Increase in net other postretirement benefits liability | 1,356,314 | 1,676,558 | (320,244) | -19.1% |
| 13 Increase (decrease) in net pension obligation | 1,359,231 | 1,076,612 | 282,619 | 26.3% |
| 14 Decrease in other liabilities | (311,919) | (268,701) | (43,218) | 16.1% |
| 15 Net cash used in operating activities | 19,227,055 | 19,872,987 | (645,932) | -3.3% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|-------------|-------------|-------------|-----------|--------------|--------------|-------------|--------|
| | MTD | MTD | MTD | % | YTD | YTD | YTD | % |
| | Actual | Prior Year | Variance | | Actual | Prior Year | Variance | |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 2 Sewerage service charges and del fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 3 Plumbing inspection and license fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 4 Other revenues | 71,337 | 2,928 | 68,409 | 2336.4% | 3,425,719 | 581,694 | 2,844,025 | 488.9% |
| 5 Total operating revenues | 71,337 | 2,928 | 68,409 | 2336.4% | 3,425,719 | 581,694 | 2,844,025 | 488.9% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 582,996 | 594,631 | (11,635) | -2.0% | 5,196,697 | 5,121,824 | 74,873 | 1.5% |
| 7 Treatment | 9,043 | 11,697 | (2,654) | -22.7% | 74,282 | 78,856 | (4,574) | -5.8% |
| 8 Transmission and distribution | 62,675 | 52,782 | 9,893 | 18.7% | 716,659 | 526,186 | 190,473 | 36.2% |
| 9 Customer accounts | 184 | 549 | (365) | -66.5% | 3,133 | 5,190 | (2,057) | -39.6% |
| 10 Customer service | 3,208 | 2,661 | 547 | 20.6% | 86,179 | 79,955 | 6,224 | 7.8% |
| 11 Administration and general | 443,105 | 265,527 | 177,578 | 66.9% | 3,986,678 | 3,902,781 | 83,897 | 2.1% |
| 12 Payroll related | 909,763 | 387,182 | 522,581 | 135.0% | 6,679,869 | 6,613,901 | 65,968 | 1.0% |
| 13 Maintenance of general plant | 678,438 | 716,237 | (37,799) | -5.3% | 5,752,327 | 6,178,275 | (425,948) | -6.9% |
| 14 Depreciation | 1,525,616 | 1,016,452 | 509,164 | 50.1% | 13,730,544 | 9,148,068 | 4,582,476 | 50.1% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 833 | - | 833 | 0.0% | 7,497 | - | 7,497 | 0.0% |
| 17 Provision for claims | 54,827 | 61,533 | (6,706) | -10.9% | 417,377 | 337,321 | 80,056 | 23.7% |
| 18 Total operating expenses | 4,270,688 | 3,109,251 | 1,161,437 | 37.4% | 36,651,242 | 31,992,357 | 4,658,885 | 14.6% |
| 19 Operating income (loss) | (4,199,351) | (3,106,323) | (1,093,028) | 35.2% | (33,225,523) | (31,410,663) | (1,814,860) | 5.8% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | 930 | - | 930 | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | 13,934,276 | 13,121,422 | 812,854 | 6.2% |
| 22 Six-mill tax | - | - | - | 0.0% | 14,083,687 | 13,262,028 | 821,659 | 6.2% |
| 23 Nine-mill tax | - | - | - | 0.0% | 21,110,632 | 19,879,240 | 1,231,392 | 6.2% |
| 24 Interest income | 14,133 | 6,556 | 7,577 | 115.6% | 58,968 | 51,820 | 7,148 | 13.8% |
| 25 Other Income | - | - | - | 0.0% | - | - | - | 0.0% |
| 26 Interest expense | - | - | - | 0.0% | - | - | - | 0.0% |
| 27 Operating and maintenance grants | - | - | - | 0.0% | - | - | - | 0.0% |
| 28 Total non-operating revenues | 14,133 | 6,556 | 7,577 | 115.6% | 49,188,493 | 46,314,533 | 2,873,960 | 6.2% |
| 29 Income before capital contributions | (4,185,218) | (3,099,767) | (1,085,451) | 35.0% | 15,962,970 | 14,903,870 | 1,059,100 | 7.1% |
| 30 Capital contributions | 838,911 | 309 | 838,602 | 271392.2% | 5,636,029 | 7,766,005 | (2,129,976) | -27.4% |
| 31 Change in net position | (3,346,307) | (3,099,458) | (246,849) | 8.0% | 21,598,999 | 22,669,875 | (1,070,876) | -4.7% |
| 32 Net position, beginning of year | | | | | 918,396,632 | 836,196,990 | 82,199,642 | 9.8% |
| 33 Net position, end of year | | | | | 939,995,631 | 858,866,865 | 81,128,766 | 9.4% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
SEPTEMBER 2015

| | A | B | C | D | E | F | G | H |
|--|-------------|-------------|-----------|---------|--------------|--------------|-------------|---------|
| | MTD | MTD | MTD | % | YTD | YTD | YTD | % |
| | Actual | Budget | Variance | | Actual | Budget | Variance | |
| Operating revenues: | | | | | | | | |
| 1 Sales of water and delinquent fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 2 Sewerage service charges and del fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 3 Plumbing inspection and license fees | - | - | - | 0.0% | - | - | - | 0.0% |
| 4 Other revenues | 71,337 | - | 71,337 | 0.0% | 3,425,719 | - | 3,425,719 | 0.0% |
| 5 Total operating revenues | 71,337 | - | 71,337 | 0.0% | 3,425,719 | - | 3,425,719 | 0.0% |
| Operating Expenses: | | | | | | | | |
| 6 Power and pumping | 582,996 | 654,585 | (71,589) | -10.9% | 5,196,697 | 5,891,267 | (694,570) | -11.8% |
| 7 Treatment | 9,043 | 14,258 | (5,215) | -36.6% | 74,282 | 128,323 | (54,041) | -42.1% |
| 8 Transmission and distribution | 62,675 | 61,399 | 1,276 | 2.1% | 716,659 | 552,593 | 164,066 | 29.7% |
| 9 Customer accounts | 184 | 604 | (420) | -69.5% | 3,133 | 5,432 | (2,299) | -42.3% |
| 10 Customer service | 3,208 | 9,368 | (6,160) | -65.8% | 86,179 | 84,312 | 1,867 | 2.2% |
| 11 Administration and general | 443,105 | 911,060 | (467,955) | -51.4% | 3,986,678 | 8,199,536 | (4,212,858) | -51.4% |
| 12 Payroll related | 909,763 | 530,694 | 379,070 | 71.4% | 6,679,869 | 4,776,242 | 1,903,628 | 39.9% |
| 13 Maintenance of general plant | 678,438 | 1,391,627 | (713,189) | -51.2% | 5,752,327 | 12,524,642 | (6,772,315) | -54.1% |
| 14 Depreciation | 1,525,616 | 1,226,875 | 298,741 | 24.3% | 13,730,544 | 11,041,875 | 2,688,669 | 24.3% |
| 15 Amortization | - | - | - | 0.0% | - | - | - | 0.0% |
| 16 Provision for doubtful accounts | 833 | - | 833 | 0.0% | 7,497 | 7,497 | - | 0.0% |
| 17 Provision for claims | 54,827 | 69,970 | (15,143) | -21.6% | 417,377 | 417,377 | - | 0.0% |
| 18 Total operating expenses | 4,270,688 | 4,870,439 | (599,751) | -12.3% | 36,651,242 | 43,629,097 | (6,977,855) | -16.0% |
| 19 Operating income (loss) | (4,199,351) | (4,870,439) | 671,088 | -13.8% | (33,225,523) | (43,629,097) | 10,403,574 | -23.8% |
| Non-operating revenues (expense): | | | | | | | | |
| 20 Two-mill tax | - | - | - | 0.0% | 930 | - | 930 | 0.0% |
| 21 Three-mill tax | - | - | - | 0.0% | 13,934,276 | 13,357,609 | 576,667 | 4.3% |
| 22 Six-mill tax | - | - | - | 0.0% | 14,083,687 | 13,500,746 | 582,941 | 4.3% |
| 23 Nine-mill tax | - | - | - | 0.0% | 21,110,632 | 20,364,000 | 746,632 | 3.7% |
| 24 Interest income | 14,133 | - | 14,133 | 0.0% | 58,968 | - | 58,968 | 0.0% |
| 25 Other Income | - | 58,475 | (58,475) | -100.0% | - | 526,271 | (526,271) | -100.0% |
| 26 Interest expense | - | (21,263) | 21,263 | -100.0% | - | (191,363) | 191,363 | -100.0% |
| 27 Operating and maintenance grants | - | - | - | 0.0% | - | - | - | 0.0% |
| 28 Total non-operating revenues | 14,133 | 37,212 | (23,079) | -62.0% | 49,188,493 | 47,557,264 | 1,631,229 | 3.4% |
| 29 Income before capital contributions | (4,185,218) | (4,833,227) | 648,009 | -13.4% | 15,962,970 | 3,928,167 | 12,034,803 | 306.4% |
| 30 Capital contributions | 838,911 | - | 838,911 | 0.0% | 5,636,029 | - | 5,636,029 | 0.0% |
| 31 Change in net position | (3,346,307) | (4,833,227) | 1,486,920 | -30.8% | 21,598,999 | 3,928,167 | 17,670,832 | 449.8% |
| 32 Net position, beginning of year | | | | | 918,396,632 | 836,196,990 | 82,199,642 | 9.8% |
| 33 Net position, end of year | | | | | 939,995,631 | 840,125,157 | 99,870,474 | 11.9% |

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND**

STATEMENTS OF NET POSITION

**WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
SEPTEMBER 2015**

| | | Assets | | A | B | C | D | E | F | G |
|---|---|---------------|--|-----------------------|-----------------|----------|-------------------------|-----------------|----------|------------------------------|
| | | | | Prior Year | Variance | % | Current Year | Variance | % | Beginning of Year |
| Noncurrent assets: | | | | | | | | | | |
| 1 | Property, plant and equipment | | | 1,171,670,191 | 131,502,045 | 11.2% | 1,303,172,236 | 9,678,544 | 0.7% | 1,293,493,692 |
| 2 | Less: accumulated depreciation | | | 274,172,019 | 20,874,719 | 7.6% | 295,046,738 | 13,730,543 | 4.9% | 281,316,195 |
| 3 | Property, plant, and equipment, net | | | 897,498,172 | 110,627,326 | 12.3% | 1,008,125,498 | (4,051,999) | -0.4% | 1,012,177,497 |
| Restricted cash, cash equivalents, and investments | | | | | | | | | | |
| 4 | Cash and cash equivalents restricted for capital projects | | | 4,443,517 | 395,241 | 0.0% | 4,838,758 | 391,004 | 8.8% | 4,447,754 |
| 5 | Debt service reserve | | | 2,033,121 | 540,350 | 26.6% | 2,573,471 | 2,416,417 | 1538.6% | 157,054 |
| 6 | Health insurance reserve | | | 775,833 | (116,667) | -15.0% | 659,166 | - | 0.0% | 659,166 |
| 7 | Total restricted cash, cash equivalents, and investments | | | 7,252,471 | 818,924 | 11.3% | 8,071,395 | 2,807,421 | 53.3% | 5,263,974 |
| Designated cash, cash equivalents, and investments | | | | | | | | | | |
| 8 | Cash and cash equivalents designated for capital projects | | | 22,735,839 | 3,697,402 | 16.3% | 26,433,241 | 15,799,145 | 148.6% | 10,634,096 |
| 9 | Customer deposits | | | - | - | 0.0% | - | - | 0.0% | - |
| 10 | Other | | | 1,023,351 | 120,481 | 11.8% | 1,143,832 | 2,637 | 0.2% | 1,141,195 |
| 11 | Total designated cash and cash equivalents, and investments | | | 23,759,190 | 3,817,883 | 16.1% | 27,577,073 | 15,801,782 | 1384.7% | 11,775,291 |
| Current assets: | | | | | | | | | | |
| Unrestricted and undesignated | | | | | | | | | | |
| 12 | Cash and cash equivalents | | | 2,121,259 | 13,727,156 | 647.1% | 15,848,415 | 11,028,897 | 228.8% | 4,819,518 |
| Accounts receivable: | | | | | | | | | | |
| 13 | Customers (net of allowance for doubtful accounts) | | | - | - | 0.0% | - | - | 0.0% | - |
| 14 | Taxes | | | 7,998,106 | (112,189) | -1.4% | 7,885,917 | (245,030) | -3.0% | 8,130,947 |
| 15 | Interest | | | - | - | 0.0% | - | - | 0.0% | - |
| 16 | Grants | | | 7,961,117 | (4,419,621) | -55.5% | 3,541,496 | (3,406,220) | -49.0% | 6,947,716 |
| 17 | Miscellaneous | | | (30,121) | 163,660 | -543.3% | 133,539 | (1,243,887) | -90.3% | 1,377,426 |
| 18 | Due from enterprise fund | | | 437,370 | (3,577,267) | -817.9% | (3,139,897) | (387,643) | 14.1% | (2,752,254) |
| 19 | Inventory of supplies | | | 899,532 | (293,104) | -32.6% | 606,428 | - | 0.0% | 606,428 |
| 20 | Prepaid expenses | | | 119,227 | (24,430) | -20.5% | 94,797 | - | 0.0% | 94,797 |
| 21 | Total unrestricted current assets | | | 19,506,490 | 5,464,205 | 28.0% | 24,970,695 | 5,746,117 | 29.9% | 19,224,578 |
| Other assets: | | | | | | | | | | |
| 22 | Bond issue costs | | | - | - | 0.0% | - | - | 0.0% | - |
| 23 | Deposits | | | 10,400 | - | 0.0% | 10,400 | - | 0.0% | 10,400 |
| 24 | Total other assets | | | 10,400 | - | 0.0% | 10,400 | - | 0.0% | 10,400 |
| 25 | TOTAL ASSETS | | | 948,026,723 | 120,728,338 | 12.7% | 1,068,755,061 | 20,303,321 | 1.9% | 1,048,451,740 |
| Deferred outflows or resources: | | | | | | | | | | |
| 26 | Deferred charge on refunding | | | - | 343,073 | 0.0% | 343,073 | - | 0.0% | 343,073 |
| 27 | TOTAL DEFERRED OUTFLOWS OF RESOURCES | | | - | 343,073 | 0.0% | 343,073 | - | 0.0% | 343,073 |
| 28 | TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS | | | 948,026,723 | 121,071,411 | 12.7% | 1,069,098,134 | 20,303,321 | 1.9% | 1,048,794,813 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
SEPTEMBER 2015

| NET ASSETS AND LIABILITIES | | A | B | C | D | E | F | G |
|--|---|--------------|--------------|----------|---------------|-------------|-----------|-------------------|
| | | Prior Year | Variance | % | Current Year | Variance | % | Beginning of Year |
| Net position | | | | | | | | |
| 1 | Net investments in capital assets | 890,441,240 | 116,547,330 | 13.1% | 1,006,988,570 | 9,681,115 | 1.0% | 997,307,455 |
| 2 | Restricted for Debt Service | 1,888,890 | 684,581 | 36.2% | 2,573,471 | 2,416,417 | 1538.6% | 157,054 |
| 3 | Unrestricted | (33,463,265) | (36,103,145) | 107.9% | (69,566,410) | 9,501,465 | -12.0% | (79,067,875) |
| 4 | Total net position | 858,866,865 | 81,128,766 | 9.4% | 939,995,631 | 21,598,997 | 2.4% | 918,396,634 |
| Long-term liabilities | | | | | | | | |
| 5 | Claims payable | 637,869 | 226,849 | 35.6% | 864,718 | - | 0.0% | 864,718 |
| 6 | Net pension obligation | 6,280,426 | 1,097,527 | 17.5% | 7,377,953 | 1,359,231 | 22.6% | 6,018,722 |
| 7 | Other postretirement benefits liability | 18,032,052 | 1,823,193 | 10.1% | 19,855,245 | 1,356,314 | 7.3% | 18,498,931 |
| 8 | Bonds payable (net of current maturities) | 14,715,000 | (1,459,958) | -9.9% | 13,255,042 | - | 0.0% | 13,255,042 |
| 9 | Special Community Disaster Loan Payable | - | - | 0.0% | - | - | 0.0% | - |
| 10 | Southeast Louisiana Project liability | 29,391,071 | 37,264,905 | 126.8% | 66,655,976 | - | 0.0% | 66,655,976 |
| 11 | Debt Service Assistance Fund Loan payable | 3,686,726 | (236,490) | -6.4% | 3,450,236 | - | 0.0% | 3,450,236 |
| 12 | Total long-term liabilities | 72,743,144 | 38,716,026 | 53.2% | 111,459,170 | 2,715,545 | 2.5% | 108,743,625 |
| Current liabilities (payable from current assets) | | | | | | | | |
| 13 | Accounts payable and other liabilities | (181,185) | 2,472,352 | -1364.3% | 2,291,167 | (3,763,468) | -62.2% | 6,054,635 |
| 14 | Due to City of New Orleans | - | - | 0.0% | - | - | 0.0% | - |
| 15 | Disaster Reimbursement Revolving Loan | 7,926,373 | (941,654) | -11.9% | 6,984,719 | 1,271 | 0.0% | 6,983,448 |
| 16 | Retainers and estimates payable | 467,989 | 140,818 | 30.1% | 608,807 | 157,116 | 34.8% | 451,691 |
| 17 | Due to other fund | 77,348 | 4,208 | 5.4% | 81,556 | (1,271) | -1.5% | 82,827 |
| 18 | Accrued salaries, vacation and sick pay | 2,247,066 | (181,319) | -8.1% | 2,065,747 | (454,562) | -18.0% | 2,520,309 |
| 19 | Claims payable | 4,013,589 | (415,325) | -10.3% | 3,598,264 | - | 0.0% | 3,598,264 |
| 20 | Debt Service Assistance Fund Loan payable | 226,003 | 10,487 | 4.6% | 236,490 | - | 0.0% | 236,490 |
| 21 | Advances from federal government | - | - | 0.0% | - | - | 0.0% | - |
| 22 | Other Liabilities | 1,274 | 48,445 | 3802.6% | 49,719 | 49,693 | 191126.9% | 26 |
| 23 | Total current liabilities (payable from current assets) | 14,778,457 | 1,138,012 | 7.7% | 15,916,469 | (4,011,221) | -20.1% | 19,927,690 |
| Current liabilities (payable from restricted assets) | | | | | | | | |
| 24 | Accrued interest | 144,230 | (32,366) | -22.4% | 111,864 | - | 0.0% | 111,864 |
| 25 | Bonds payable | 1,490,000 | 125,000 | 8.4% | 1,615,000 | - | 0.0% | 1,615,000 |
| 26 | Retainers and estimates payable | 4,027 | (4,027) | -100.0% | - | - | 0.0% | - |
| 27 | Customer deposits | - | - | 0.0% | - | - | 0.0% | - |
| 28 | Total current liabilities (payable from restricted assets) | 1,638,257 | 88,607 | 5.4% | 1,726,864 | - | 0.0% | 1,726,864 |
| 29 | Total current liabilities | 16,416,714 | 1,226,619 | 7.5% | 17,643,333 | (4,011,221) | -18.5% | 21,654,554 |
| 30 | Total liabilities | 89,159,858 | 39,942,645 | 44.8% | 129,102,503 | (1,295,676) | -1.0% | 130,398,179 |
| Deferred inflows or resources: | | | | | | | | |
| 31 | Unavailable revenue --refunding of bonds | - | - | 0.0% | - | - | 0.0% | - |
| 32 | TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | 0.0% | - | - | 0.0% | - |
| 33 | Total Net Position, Liabilities and Deferred Inflows of Resources | 948,026,723 | 121,071,411 | 12.8% | 1,069,098,134 | 20,303,321 | 1.9% | 1,048,794,813 |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF CASH FLOWS
September 2015

| | A | B | C | D |
|---|--------------|--------------|--------------|----------|
| | YTD | YTD | YTD | % |
| | Current Year | Prior Year | Variance | |
| Cash flows from operating activities | | | | |
| 1 Cash received from customers | - | - | - | 0.0% |
| 2 Cash payments to suppliers for goods and services | (17,414,224) | (17,434,579) | 20,355 | -0.1% |
| 3 Cash payments to employees for services | (6,997,126) | 262,365 | (7,259,491) | -2766.9% |
| 4 Other revenue | 4,662,109 | 2,680,183 | 1,981,926 | 73.9% |
| 5 Net cash used in operating activities | (19,749,241) | (14,492,031) | (5,257,210) | 36.3% |
| Cash flows from noncapital financing activities | | | | |
| 6 Proceeds from property taxes | 49,374,555 | 46,383,786 | 2,990,769 | 6.4% |
| 7 Proceeds from federal operating and maintenance grants | - | - | - | 0.0% |
| 8 Cash received paid to an other government | - | - | - | 0.0% |
| 9 Net cash provided by noncapital financing activities | 49,374,555 | 46,383,786 | 2,990,769 | 6.4% |
| Cash flows from capital and related financing activities | | | | |
| 10 Acquisition and construction of capital assets | (9,089,699) | 8,671,397 | (17,761,096) | -204.8% |
| 11 Principal payments on bonds payable | - | - | - | 0.0% |
| 12 Proceeds from bonds payable | - | - | - | 0.0% |
| 13 Payments for bond issuance costs | - | - | - | 0.0% |
| 14 Payment to refunded bond escrow agent | - | - | - | 0.0% |
| 15 Interest paid on bonds payable | - | (973,538) | 973,538 | -100.0% |
| 16 Proceeds from construction fund, net | 1,268 | 648,658 | (647,390) | -99.8% |
| 17 Capital contributed by developers and federal grants | 9,042,249 | (30,421,686) | 39,463,935 | -129.7% |
| 18 Net cash used in capital and related financing activities | (46,182) | (22,075,169) | 22,028,987 | -99.8% |
| Cash flows from investing activities | | | | |
| 19 Payments for purchase of investments | - | - | - | 0.0% |
| 20 Proceeds from maturities of investments | - | - | - | 0.0% |
| 21 Investment income | 58,968 | 51,820 | 7,148 | 13.8% |
| 22 Net cash provided by investing activities | 58,968 | 51,820 | 7,148 | 13.8% |
| 23 Net increase (decrease) in cash | 29,638,100 | 9,868,406 | 19,769,694 | 200.3% |
| 24 Cash at the beginning of the year | 21,858,783 | 23,264,514 | (1,405,731) | -6.0% |
| 25 Cash at the end of the period | 51,496,883 | 33,132,920 | 18,363,963 | 55.4% |
| Reconciliation of cash and restricted cash | | | | |
| 26 Current assets - cash | 15,848,415 | 2,121,259 | 13,727,156 | 647.1% |
| 27 Current assets - designated | 27,577,073 | 23,759,190 | 3,817,883 | 16.1% |
| 28 Restricted assets -cash | 8,071,395 | 7,252,471 | 818,924 | 11.3% |
| 29 Total cash | 51,496,883 | 33,132,920 | 18,363,963 | 55.4% |

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF CASH FLOWS
September 2015

| | A | B | C | D |
|---|--------------|--------------|-------------|--------|
| | YTD | YTD | YTD | |
| | Current Year | Prior Year | Variance | % |
| Reconciliation of operating loss to net cash used in operating activities is as follows: | | | | |
| 1 Operating loss | (33,225,523) | (31,410,663) | (1,814,860) | 5.8% |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | | | |
| 2 Depreciation | 13,730,544 | 9,148,068 | 4,582,476 | 50.1% |
| 3 Provision for claims | 417,377 | 337,321 | 80,056 | 23.7% |
| 4 Provision for (revision) doubtful accounts | - | - | - | 0.0% |
| 5 Amortization | - | - | - | 0.0% |
| Change in operating assets and liabilities: | | | | |
| 6 (Increase) decrease in customer and other receivables | - | - | - | 0.0% |
| 7 Increase in inventory | - | - | - | 0.0% |
| 8 Increase (decrease) in prepaid expenses and other receivables | 1,631,531 | 10,705,955 | (9,074,424) | -84.8% |
| 9 Decrease in net pension asset | - | - | - | 0.0% |
| 10 Increase (decrease) in accounts payable | (4,195,198) | (5,277,047) | 1,081,849 | -20.5% |
| 11 Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay | (455,833) | (412,788) | (43,045) | 10.4% |
| 12 Increase in net other postretirement benefits liability | 1,356,314 | 1,676,558 | (320,244) | -19.1% |
| 13 Increase (decrease) in net pension obligation | 1,359,231 | 1,076,612 | 282,619 | 26.3% |
| 14 Decrease in other liabilities | (367,684) | (336,047) | (31,637) | 9.4% |
| 15 Net cash used in operating activities | (19,749,241) | (14,492,031) | (5,257,210) | 36.3% |



SEWERAGE AND WATER BOARD

Inter-Office Memorandum

Date: November 9, 2015
To: Robert Miller, Deputy Director
From: Tiffany Carter, EDBP Director
Re: EDBP Contract Summary – October 2015

The Construction Review Committee, held on October 14, 2015, recommended the following Open Market Contracts:

Three (3) contracts, no renewal option

1. Contract 1364 Water Hammer Hazard Mitigation Program: Elevated Storage Tanks (DBE Participation Goal 5%)
2. Contract 1377 Water Hammer Hazard Mitigation Program: Claiborne Pump Station and Off-Site Improvements (DBE Participation Goal 20%)
3. Contract 30011 Replacement of Existing 24" Sewer Force Main on Memphis Street (from Filmore to Lane) (DBE Participation Goal 36%)

The Staff Contract Review Committee, held on October 14, 2015, recommended the following Open Market Contracts and Renewal Contracts:

Open Market Contracts

1. Furnishing Sodium Chloride
2. Furnishing 4", 6" and 8" Complete RD Wood Gate Valves for the Sewerage & Water Board of New Orleans
3. Furnishing 4" and 5" Complete Fire Hydrants for the Sewerage & Water Board of New Orleans
4. Furnishing Solid Wall (PVC) Pipe SDR 26" & 35" and Polyvinyl Chloride (PCV) C-900 Pipe for the Sewerage & Water Board of New Orleans
5. Furnishing a Combustion Turbine /Generator Number 5 Inspection (DBE Participation Goal 0%)

Renewal Contracts

6. Furnishing Solid Waste Disposal Services
7. Furnishing Chemical Control of Foliage at Specified Sewerage & Water Board of New Orleans Locations
8. Furnishing Rubber Hip Boots and Knee Boots
9. Furnishing Fire Hydrant Anti-Tampering Devices

Final acceptance Contracts with SLDBE Participation:

Contract #3668 – Hurricane Katrina Related 404 Hazard Mitigation Grant Program Replacement of Victoria Sewage Pumping Station

The Prime Contractor is Industrial & Mechanical Contractors, Inc. The SLDBE participation goal is 36% and 41.23% was achieved.

Contract #8137 – Paving of Open Cuts in Major and Minor Roadways, Sidewalks, and Driveways in the City of New Orleans

The Prime Contractor is Fleming Construction Co., LLC. The SLDBE participation goal is 36% and 54.45% was achieved.

Sewerage and Water Board Contracts with State and Local Disadvantaged Business Enterprise Participation Summary (January 2015 – October 2015)

Report attached

Construction Review Committee Meeting Recommendations

Wednesday, October 14, 2015

9:00 a.m.

Sewerage and Water Board of New Orleans
Economically Disadvantaged Business Program

Open Market Contracts

One year contract, no renewal options

- | | |
|-------------------------|--|
| 1. Contract #1364 | Water Hammer Hazard Mitigation Program: Elevated Storage Tanks |
| Estimated Cost: | \$17,705,164.00 |
| Suggested Goal: | 5% |
| Areas of Participation: | Site work, Concrete, Painting, and Miscellaneous Electrical work Source of funding is FEMA Reimbursable Account |
| | |
| 2. Contract #1377 | Water Hammer Hazard Mitigation Program: Claiborne Pump Station and Off-Site Improvements |
| Estimated Cost: | \$15,065,655.00 |
| Suggested Goal: | 20% |
| Areas of Participation: | Demolition, Paving, Traffic Safety, Fencing, Paints & Coating, and Building Construction Source of funding is FEMA Reimbursable Account |
| | |
| 3. Contract #30011 | Replacement of Existing 24" Sewer Force Main on Memphis St. (from Filmore to Lane) |
| Estimated Cost: | \$1,196,000.00 |
| Suggested Goal: | 36% |
| Areas of Participation: | Installation and Restoration Source of funding is FEMA Reimbursable Account |

STAFF CONTRACT REVIEW COMMITTEE MEETING

Wednesday, October 14, 2015

10:00 a.m.

Sewerage and Water Board
Economically Disadvantaged Business Program

AGENDA

Open Market Contracts

1. **Furnishing Sodium Chloride**
Estimated Cost: \$60,000.00
DBE Participation Goal 0%
2. **Furnishing 4", 6" and 8" Complete RD Wood Gate Valves for the Sewerage & Water Board of New Orleans**
Budget Amount: \$350,000.00
DBE Participation Goal 0%
3. **Furnishing 4" and 5" Complete Fire Hydrants for the Sewerage & Water Board of New Orleans**
Budget Amount: \$1,000,000.00
DBE Participation Goal 0%
4. **Furnishing Solid Wall (PVC) Pipe SDR 26" & 35" and Polyvinyl Chloride (PCV) C-900 Pipe for the Sewerage & Water Board of New Orleans**
Budget Amount: \$125,000.00
DBE Participation Goal 0%
5. **Furnishing a Combustion Turbine /Generator Number 5 Inspection**
Budget Amount: \$800,000.00
DBE Participation Goal 0%

Renewal Contracts

6. **Furnishing Solid Waste Disposal Services**
Renewal Cost: \$109,366.00
DBE Participation Goal 30%
7. **Furnishing Chemical Control of Foliage at Specified Sewerage & Water Board of New Orleans Locations**
Renewal Cost: \$156,450.00
DBE Participation Goal 20%
8. **Furnishing Rubber Hip Boots and Knee Boots**
Renewal Cost: \$199,999.95
DBE Participation Goal 30%
9. **Furnishing Fire Hydrant Anti-Tampering Devices**
Renewal Cost: \$369,200.00
DBE Participation Goal 0%

Final Acceptance Contracts with SLDBE Participation

**Contract #3668 – Hurricane Katrina Related 404 Hazard Mitigation Grant Program
Replacement of Victoria Sewage Pumping Station**

The Prime Contractor is Industrial & Mechanical Contractors, Inc.

The SLDBE participation goal is 36%. The SLDBE participation achieved is 41.23%.

The Economically Disadvantaged Business Program recommends that the participation on subject contract be approved for final acceptance.

Final Acceptance Contracts with SLDBE Participation

Contract #8137 – Paving of Open Cuts in Major and Minor Roadways, Sidewalks, and Driveways in the City of New Orleans

The Prime Contractor is Fleming Construction Co., LLC

The SLDBE participation goal is 36%. The SLDBE participation achieved is 54.45%.

The Economically Disadvantaged Business Program recommends that the participation on subject contract be approved for final acceptance.

Sewerage & Water Board Contracts with SLD BE Participation January - October 2015

| Category | Category Dollar Amount | SLDBE Dollar Value |
|--|-----------------------------------|-------------------------------|
| Goods and Services Contracts | \$ 1,566,130 | \$ 501,365 |
| Construction Contracts | \$ 27,717,314 | \$ 9,394,290 |
| Professional Services Contracts | \$ 30,564,830 | \$ 5,137,012 |
| Grand Total | \$ 59,848,273 | \$ 15,032,667 |

| Sewerage & Water Board Contracts with SLDBE Participation January - October 2015 | | | | | | |
|--|------------------------|---|---|---------|----------------------------|------------|
| Goods & Services Contracts | | | | | | |
| Contract Description | Contract Dollar Amount | Prime Contractor | SLDBE Subcontractor | SLDBE % | Awarded SLDBE Dollar Value | Award Date |
| YW15-0003 Furnishing Limestone | \$ 148,778 | SAV Trucking Services, LLC | Blue Ribbon Resources | 35% | \$ 52,072 | 2/18/15 |
| ME15-0001 Furnishing Janitorial Services for the Carrollton Water Plant | \$ 76,120 | KSM Janitorial & Cleaning Service, LLC | Richard's Paper & Chemical Company | 30% | \$ 22,836 | 3/19/15 |
| RX-SA15-0001 Furnishing Janitorial Services for the Central Yard Complex | \$ 44,368 | Crescent Building Services, Inc. | West bank Paper & Janitorial Supplies | 30% | \$ 13,310 | 3/19/15 |
| SU15-0003 Furnishing Janitorial Services for St. Joseph St., Julia St., and Behrman Place | \$ 120,000 | KSM Janitorial & Cleaning Service, LLC | West bank Paper & Janitorial Supplies | 30% | \$ 36,000 | 6/18/15 |
| YW15-0007 Furnishing Hand Tools, Hardware Supplies, Paint and Paint Supplies | \$ 360,282 | Assorted Products, LLC | West bank Paper & Janitorial Supplies | 30% | \$ 108,084 | 6/18/15 |
| YW15-0009 Furnishing Safety Supplies | \$ 138,766 | Southeast Safety Supply | Assorted Products, LLC | 30% | \$ 44,400 | 6/18/15 |
| YW15-0012 Furnishing Aerosol, Janitorial and Industrial Chemicals | \$ 286,024 | Assorted Products | West Bank Paper and Janitorial Supplies | 30% | \$ 85,807 | |
| YW15-0010 Furnishing River Sand, Mason Sand and Washed Gravel to the Sewerage & Water Board of New Orleans | \$ 225,350 | Qualified Transportation | SAV Trucking Service | 30% | \$ 67,605 | |
| YW15-0014 Furnishing Paper Products and Janitorial Sanitary Supplies | \$ 50,441 | Economical Janitorial and Paper Supplies, LLC | Mule-Durel | 30% | \$ 16,300 | |

| Sewerage & Water Board Contracts with SLDBE Participation January - October 2015 | | | | | | |
|--|------------------------|---------------------|--|---------|----------------------------|------------|
| Goods & Services Contracts | | | | | | |
| Contract Description | Contract Dollar Amount | Prime Contractor | SLDBE Subcontractor | SLDBE % | Awarded SLDBE Dollar Value | Award Date |
| Preparation of Board Report on Operations for 2015 | \$ 116,000 | Black & Veatch Corp | Julien Engineering Bruno & Tervalon | 35% | \$54,950 | |
| Total Goods & Services Contracts | \$ 1,566,130 | | | | \$ 501,365 | |

| Sewerage & Water Board Contracts with SLD BE Participation January - October 2015 | | | | | | |
|--|------------------------|-------------------------------------|---|-------------------|-----------------------------|------------|
| Construction Contracts | | | | | | |
| Contract Description | Contract Dollar Amount | Prime Contractor | SLDBE Sub-Contractor | Awarded SLSLDBE % | Awarded SLD BE Dollar Value | Award Date |
| #8143 - Katrina Related Repairs to Garage #2 at Central Yard | \$ 798,424 | Hamp's Construction, LLC | Boines Construction | 12.42% | \$99,180 | 1/21/15 |
| | | | Paint Pro Depot | 26.91% | \$214,850 | |
| #2106 - Installation of New Water, Sewer, and Drain Connections at Various Sites throughout Orleans | \$ 2,336,550 | Fleming Construction Co., LLC | Total | 39.33% | \$ 314,030 | 1/21/15 |
| | | | Cooper Contracting Group | 25.04% | \$585,000 | |
| | | | Hebert's Trucking and Equipment Service | 11.13% | \$260,000 | |
| | | | Total | 36.16% | \$ 845,000 | |
| and Extensions at Scattered Locations throughout Orleans | \$ 998,150 | Wallace C. Drennan, Inc. | C & M Construction Group | 31.65% | \$315,950 | 4/6/15 |
| | | | Choice Supply Solutions, LLC | 1.00% | \$10,000 | |
| Service Connection, Water Valve, and Fire Hydrant Replacement at Various Sites throughout Orleans | \$ 3,197,190 | Wallace C. Drennan, Inc. | Total | 32.66% | \$ 325,950 | 4/6/15 |
| | | | C & M Construction Group | 17.55% | \$561,150 | |
| | | | Choice Supply Solutions, LLC | 10.63% | \$340,000 | |
| | | | Prince Dump Truck Service | 7.87% | \$251,700 | |
| #3795 - Modification to the Return Activated Sludge PS and Pipeline at the East Bank Sewer Treatment Plant | \$ 1,677,000 | Industrial & Mechanical Contractors | Total | 36.06% | \$ 1,152,850 | 4/6/15 |
| | | | EFT Diversified | 5.96% | 100,000 | |
| #1369 - HMGP Emergency Fuel Storage Retrofit Power Plant at the MWPP Power Complex | \$7,486,250 | Lou-Con, Inc. | Total | 5.96% | \$ 100,000 | 5/20/15 |
| | | | Morgan Electric, LLC | 16.81% | \$1,258,355 | |
| | | | RLH Investments | 14.53% | \$1,087,832 | |
| | | | Choice Supply Solutions | 3.73% | \$279,500 | |
| #1382- Replacement of the Media of Filters 1A, 1B, 5A, and 5B at the Claiborne Filter Gallery at the MWPP | \$1,079,544 | Lou-Con, Inc | The Beta Group | 1.03% | \$77,000 | 5/20/15 |
| | | | Total | 36.10% | \$2,702,687 | |
| #1371- HMGP Structural General Contract | \$2,220,000 | Alfred Conhagen Inc. of LA | EFT Diversified | 37.05% | 400,000 | 5/20/15 |
| | | | Total | 37.05% | \$ 400,000 | |
| | | | Pro Placement USA, LLC | 23.42% | 520,000 | |
| | | | Kenall, Inc. | 0.45% | 10,000 | |
| #1371- HMGP Structural General Contract | \$2,220,000 | Alfred Conhagen Inc. of LA | EFT Diversified | 13.51% | 300,000 | 5/20/15 |
| | | | Metro Service Group, Inc. | 0.90% | 20,000 | |

| Sewerage & Water Board Contracts with SLDBE Participation January - October 2015 | | | | | | |
|--|------------------------|---|----------------------------------|-------------------|----------------------------|------------|
| Construction Contracts | | | | | | |
| Contract Description | Contract Dollar Amount | Prime Contractor | SLDBE Sub-Contractor | Awarded SLSLDBE % | Awarded SLDBE Dollar Value | Award Date |
| #3737 - Carrollton Area Sewer Rehabilitation Mistletoe 18" Sewer Line Replacement | \$797,625 | Wallace C. Drennan, Inc. | Total | 38.29% | \$ 850,000 | 7/15/15 |
| | | | C&M Construction Group, Inc. | | 30,700 | |
| | | | Choice Supply Solutions, LLC | | 62,718 | |
| | | | Prince Dump Truck Service | | 35,730 | |
| #30016 - Restoration of Existing Gravity Flow Sanitary Sewer Mains by Excavation and Replacement from Manhole-to-Manhole, CIPP Lining of Service Laterals and Point Repair at Various Sites throughout the City of New Orleans | | | Total | 16.19% | \$ 129,148 | 7/15/15 |
| | | | | | | |
| | | | C&M Construction Group, Inc. | 8.80% | 376,385 | |
| | | | | | | |
| #30014- Cleaning and CCTV Inspection of Sanitary Sewer Mains at Scattered Sites within Orleans Parish | \$4,277,481 | Wallace C. Drennan, Inc. | Prince Dump Truck Service | 27.29% | 1,167,400 | |
| | | | Total | 36.09% | \$ 1,543,785 | 7/15/15 |
| | | | Blue Flash Drain & Sewer Service | 40.00% | 286,740 | |
| | | | Total | 40.00% | \$ 286,740 | 7/15/15 |
| #1387 - Painting and Repairs of Four Million Gallon Water Storage Tanks at the Main Water Purification Plant | \$465,950.00 | Crom Engineering and Construction Services, LLC | Paint Pro Depot | 29.01% | 144,000 | 8/3/15 |
| | | | Total | 29.01% | \$ 144,000 | |
| | | | | | | |
| | | | | | | |
| #8144 - Re-paving Open Cuts in Streets, Driveways and Sidewalks Resulting from the Repair to the SWBNO Underground Utilities | \$1,666,300.00 | Wallace C. Drennan, Inc. | C&M Construction Group, Inc. | 36.01% | 600,100 | |
| | | | Total | 36.01% | \$ 600,100 | |
| | | | | | | |
| | | | | | | |
| Total Construction Contracts | \$ 27,717,314 | | Total | | \$ 9,394,290 | |

| Sewerage & Water Board Contracts with SLDBE Participation from January - Ocotber 2015 | | | | | | |
|--|-----------------------------------|-------------------------------------|---|---------|---------------------|------------|
| Professional Service Contracts | | | | | | |
| Contract Description | Contract Dollar Amount | Prime Contractor | SLDBE Sub-Contractor | SLDBE % | Awarded SLDBE Value | Award Date |
| Construction Management Services for Capital Projects | Fixed Hourly Rates (upon request) | Meyer Engineers | Infinity Engineers | 35% | N/A | 1/21/2015 |
| Design and Engineering Services for the Carrollton Water Treatment Plant Sludge Line to the River | \$ 555,564 | CDM Smith | MSMM Engineering, LLC | 35% | \$ 194,447 | 1/25/2015 |
| ARC Flash Assessment for Analysis for the Carrollton Water Treatment Plant | \$ 259,884 | URS Corporation | Infinity Engineers | 35% | \$ 90,959 | 1/25/2015 |
| Design and Engineering Services for the East Bank Wastewater Treatment Plan Effluent Pump Station | \$ 299,737 | AECOM Technical Services, Inc. | Bonton Associates GreenPoint Engineering Trigon Associates, LLC | 35% | \$ 104,908 | 2/18/2015 |
| Provide Design and Engineering Services for HVAC System Improvements at the St. Joseph Street Building | \$ 41,000 | Infinity Engineers | WDG Architects Engineers | 35% | \$ 14,350 | 2/18/2015 |
| Design and Engineering Services for Kansas Street and Jourdan Road Sewer Force Mains | \$ 659,110 | Royal Engineers & Consultants, LLC. | Circular Consulting GreenPoint Engineering MSMM Engineering, LLC. | 35% | \$ 230,689 | 2/18/2015 |

| | | | | | | |
|--|---------------|--|--|-----|--------------|-----------|
| HMGP Retrofit Distribution Network (Design-Build) | \$ 27,798,386 | Grady Crawford Construction Company Inc. | Balthazar Elektriks Three C's Properties Baker Ready Mix | 15% | \$ 4,168,757 | 4/15/2015 |
| Provide Design and Engineering Services for Broad Street Drainage Underpass Station | \$ 57,700 | G.E.C., Inc. | Infinity Engineering Consultants, Inc. | 35% | \$ 20,195 | 5/20/2015 |
| Provide Design and Engineering Services for South Carrollton Bulk Storage and Chemical Feed Facility | \$ 60,786 | Stanley Consultants, Inc. | Infinity Engineering Consultants, Inc. Trigon Associates, LLC The Beta Group | 35% | \$ 21,275 | 5/20/2015 |
| Provide Design and Engineering Services for Broad Street Drainage Underpass Station | \$ 21,208 | Burk-Kleinpeter, Inc. | Infinity Engineering Consultants, Inc. | 35% | \$ 7,423 | 5/20/2015 |
| Provide ARC Flash Analysis, Assessment of Storage Tank Mixing and Launder Trough Replacement | \$ 811,455 | HNTB Corporation | Infinity Engineering Consultants, Inc. ILSI Engineering | 35% | \$ 284,009 | 5/20/2015 |
| Total Professional Service Contracts | \$ 30,564,830 | | | | \$ 5,137,012 | |

**Sewerage and Water Board of New Orleans
Customer Service Report
Indicators of Metric Results
October 2015**

| | Goal | Goal Met | | Within Control Limits | | Trend |
|--------------------------------------|--------------------------------|----------|--|-----------------------|--|--------|
| Billing Accuracy / Reasonable | | | | | | |
| | Meters Read | Green | | Green | | Green |
| | Estimated Bills | Yellow | | Green | | Yellow |
| | High Bill Complaints | Green | | Green | | Green |
| | Adjusted Bills | Yellow | | Green | | Yellow |
| Problem Resolution | | | | | | |
| | Customer Contacts | Yellow | | Green | | Yellow |
| | Call Wait Time | Yellow | | Green | | Yellow |
| | Abandoned Calls | Yellow | | Green | | Green |
| | Emergency Abandoned Calls | Yellow | | Green | | Green |
| | Low Water Pressure | Yellow | | Green | | Yellow |
| | Water System Leaks | Yellow | | Yellow | | Yellow |
| | Sewer System Leaks | Green | | Green | | Green |
| Collections Effectiveness | | | | | | |
| | Accounts Off for Non-Payment | White | | Yellow | | Yellow |
| | Receivables 30 to 120 Days Old | White | | Green | | Green |
| | Receivables 120 Days and Older | White | | Green | | Green |

Green = Favorable Variance
Yellow = Minimal Variance / No Action Recommended
Red = Unfavorable Variance / Action Recommended

Sewerage and Water Board of New Orleans

Meters Read as a Percentage of Total Meters

Constituency:
Customer Ratepayers

Objective: Provide
Accurate Bills

Goal: Read 98% or
more of meters each
month

**Currently Meeting
Goal:** Yes

**Process Operating
Within Control Limits:**
Yes

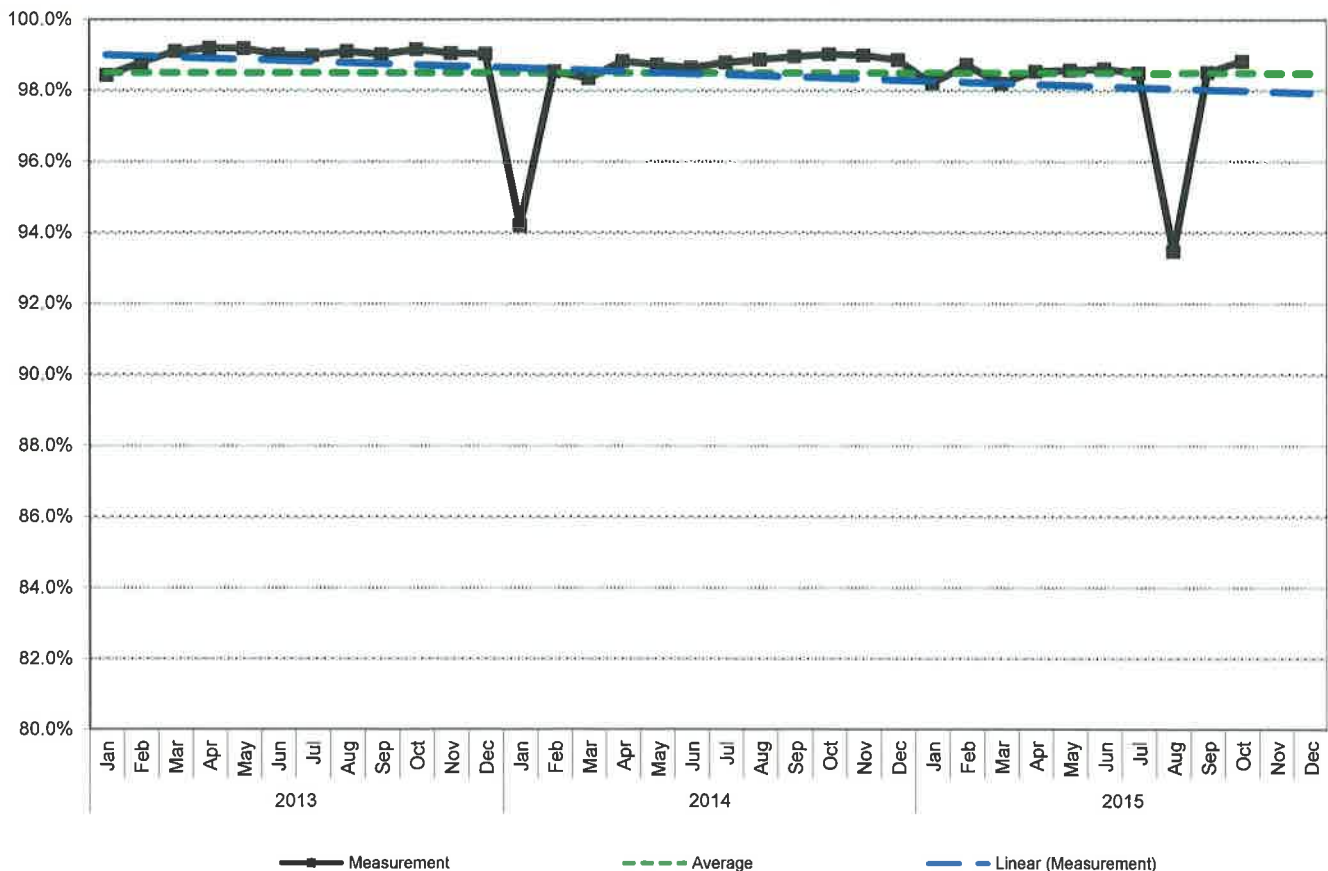
Trend: Level

Analysis

The purpose of the customer billing and collection processes is to collect revenues from customer accounts that are billed according to the service rules and are based upon accurate metered consumption. Obtaining an accurate reading is the first step in that process. Staff has maintained a reading rate near or above the goal since since April 2010 except for two months affected by Hurricane Isaac in 2012 and a winter freeze in January 2014.

Plans for Improvement

Staff is working to reduce the number of estimated and erroneous readings. Also, the Automated Meter Reading pilot project is also intended to reduce the number of estimated and erroneous readings, as well as to reduce the cost of obtaining a validated reading.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2013 | 98.4% | 98.8% | 99.1% | 99.2% | 99.2% | 99.0% | 99.0% | 99.1% | 99.0% | 99.2% | 99.1% | 99.0% |
| 2014 | 94.2% | 98.5% | 98.3% | 98.8% | 98.7% | 98.6% | 98.8% | 98.9% | 99.0% | 99.0% | 99.0% | 98.9% |
| 2015 | 98.2% | 98.7% | 98.2% | 98.5% | 98.6% | 98.6% | 98.5% | 93.5% | 98.5% | 98.8% | | |

Sewerage and Water Board of New Orleans

Bills Estimated as a Percentage of Total Bills

EUM Attribute:
Customer Satisfaction

Description: Provides reliable, responsive, and affordable services in line with explicit, customer-accepted service levels. Receives timely customer feedback to maintain responsiveness to customer needs and emergencies.

Constituency:
Customer Ratepayers

Objective: Provide Accurate Bills

Goal: Bill Accounts With Less Than 2% Estimated

Currently Meeting Goal: Close

Process Operating Within Control Limits:
Yes

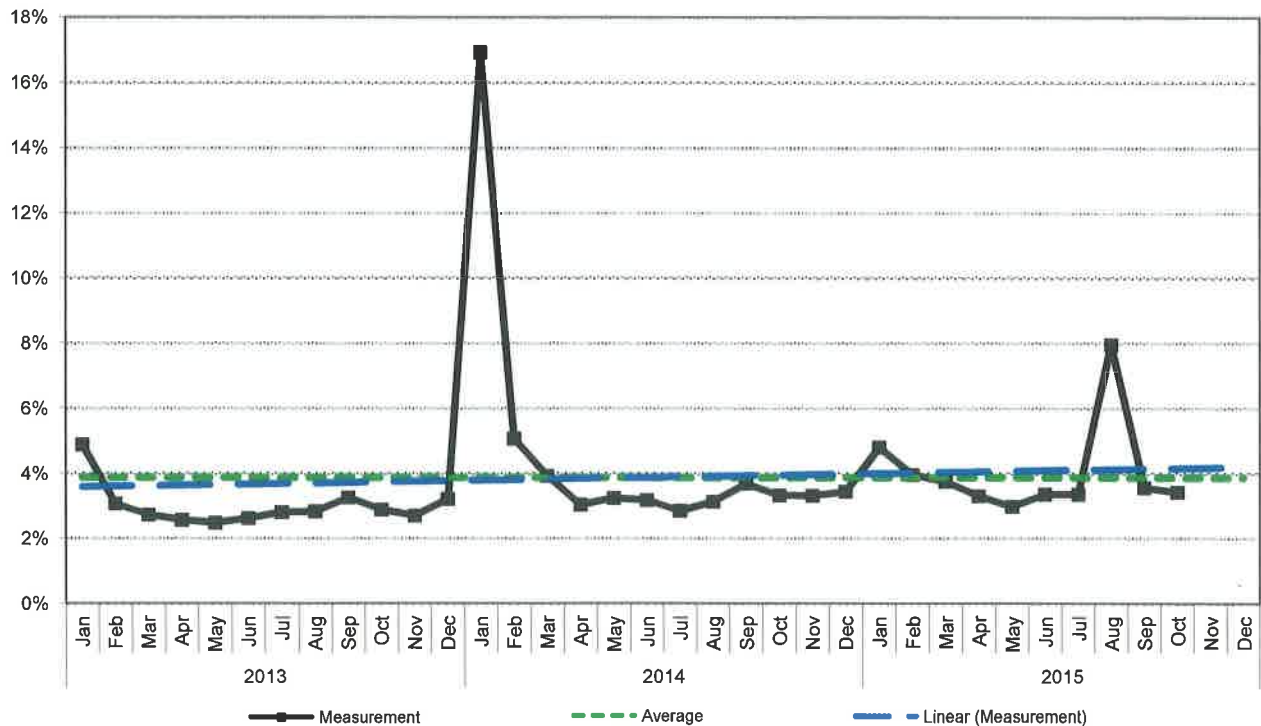
Trend: Level

Analysis

A bill is estimated if the meter is not read by the designated billing date. Bills are also estimated when a meter is read and the reliability of the reading is doubtful and the account is placed on an exception report. If the reading is not verified by the billing date, the bill will be estimated. Spikes in estimated bills usually occur when the Meter Reading department is unable to read a large section of meters during extreme weather.

Plans for Improvement

Current plans are focused on obtaining readings for accounts each month and verifying the reliability of each reading. Future plans will focus on advanced metering infrastructure that allows for readings to be obtained automatically several times daily.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|------|------|------|------|------|------|------|------|------|------|------|
| 2013 | 4.9% | 3.1% | 2.7% | 2.6% | 2.5% | 2.6% | 2.8% | 2.8% | 3.3% | 2.9% | 2.7% | 3.2% |
| 2014 | 16.9% | 5.1% | 3.9% | 3.0% | 3.2% | 3.2% | 2.8% | 3.1% | 3.7% | 3.3% | 3.3% | 3.4% |
| 2015 | 4.8% | 4.0% | 3.7% | 3.3% | 3.0% | 3.4% | 3.4% | 7.9% | 3.6% | 3.4% | | |

Sewerage and Water Board of New Orleans

Investigations from High Bill Complaints as a Percentage of Total Bills

Constituency:
Customer Ratepayers

Objective: Provide
Accurate Bills

Goal: Reduce
percentage over time

Currently Meeting
Goal: Yes

Process Operating
Within Control Limits:
Yes

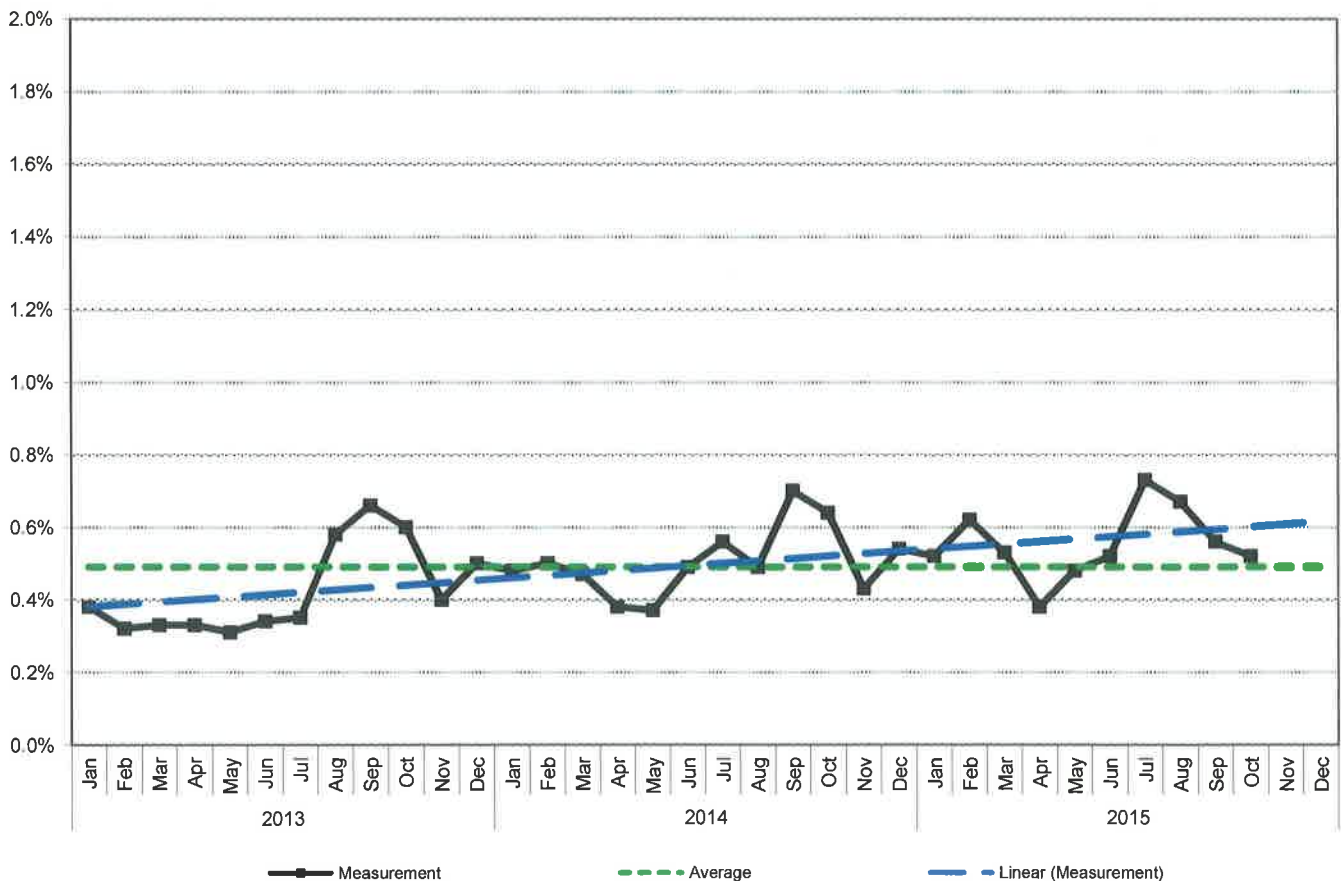
Trend: Unfavorable

Analysis

Customers request an investigation about their usage when the bill is higher than normal amounts. The higher billed amount may be due to: a leak; one or more estimated readings followed by an actual reading; an erroneous meter reading; or increased water, sewer, or sanitation rates. Before an adjustment can be made, an inspection of the meter and service line must be performed.

Plans for Improvement

Staff is working to reduce the number of estimated and erroneous readings. Also, the Automated Meter Reading pilot project is also intended to reduce the number of estimated and erroneous readings, as well as to reduce the cost of obtaining a validated reading.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2013 | 0.4% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% | 0.6% | 0.7% | 0.6% | 0.4% | 0.5% |
| 2014 | 0.5% | 0.5% | 0.5% | 0.4% | 0.4% | 0.5% | 0.6% | 0.5% | 0.7% | 0.6% | 0.4% | 0.5% |
| 2015 | 0.5% | 0.6% | 0.5% | 0.4% | 0.5% | 0.5% | 0.7% | 0.7% | 0.6% | 0.5% | | |

Sewerage and Water Board of New Orleans

Bills Adjusted as a Percentage of Total Bills Computed

Constituency:
Customer Ratepayers

Objective: Provide
Accurate Bills

Goal: Reduce
percentage over time

Currently Meeting
Goal: No

Process Operating
Within Control Limits:
Yes

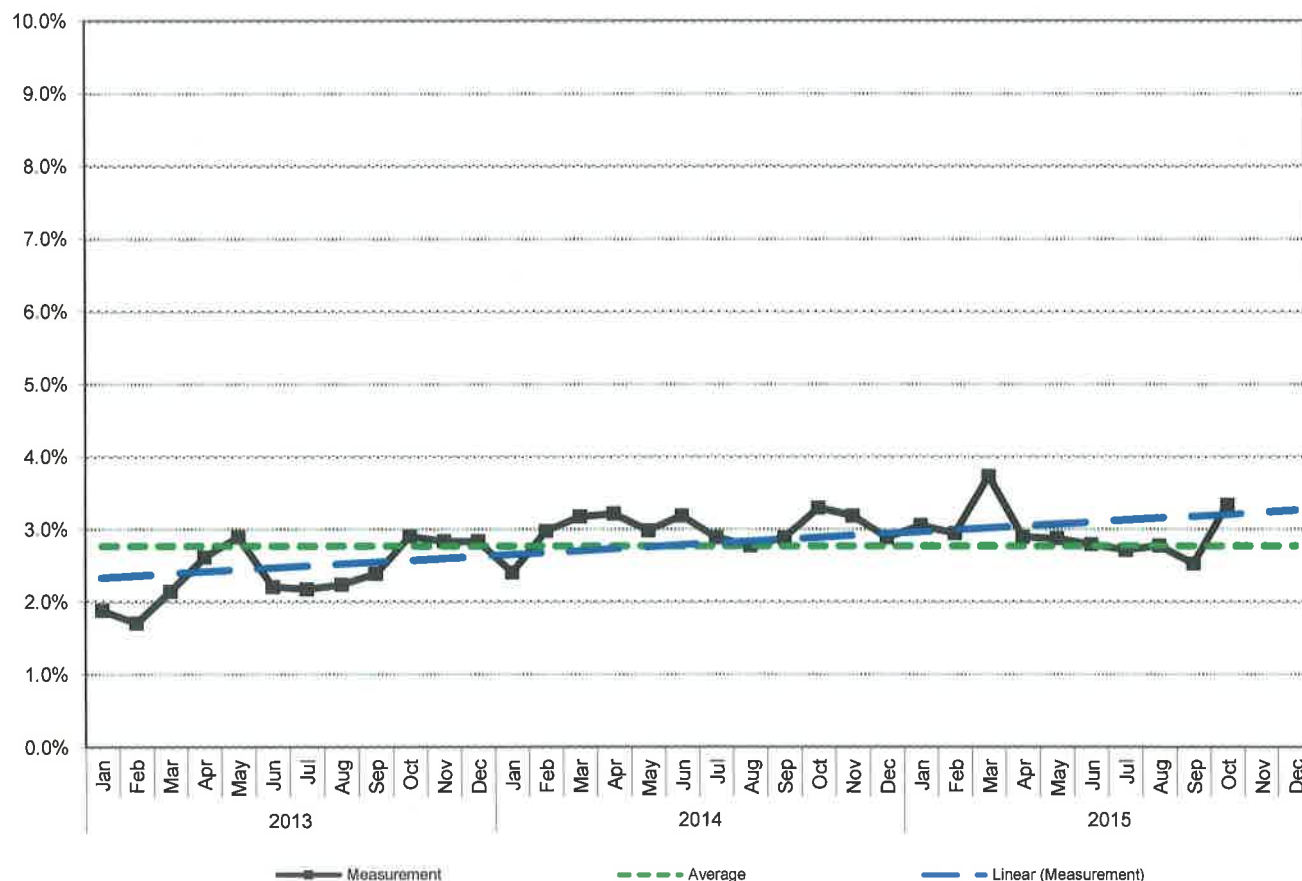
Trend: Unfavorable

Analysis

Customers request adjustments to their bill due to higher than normal amounts. The higher billed amount may be due to: a leak; one or more estimated readings followed by an actual reading; an erroneous meter reading; or increased water, sewer, or sanitation rates. Before an adjustment can be made, an inspection of the meter and service line must be performed.

Plans for Improvement

Staff is working to reduce the number of estimated and erroneous readings. Also, the Automated Meter Reading pilot project is also intended to reduce the number of estimated and erroneous readings, as well as to reduce the cost of obtaining a validated reading.



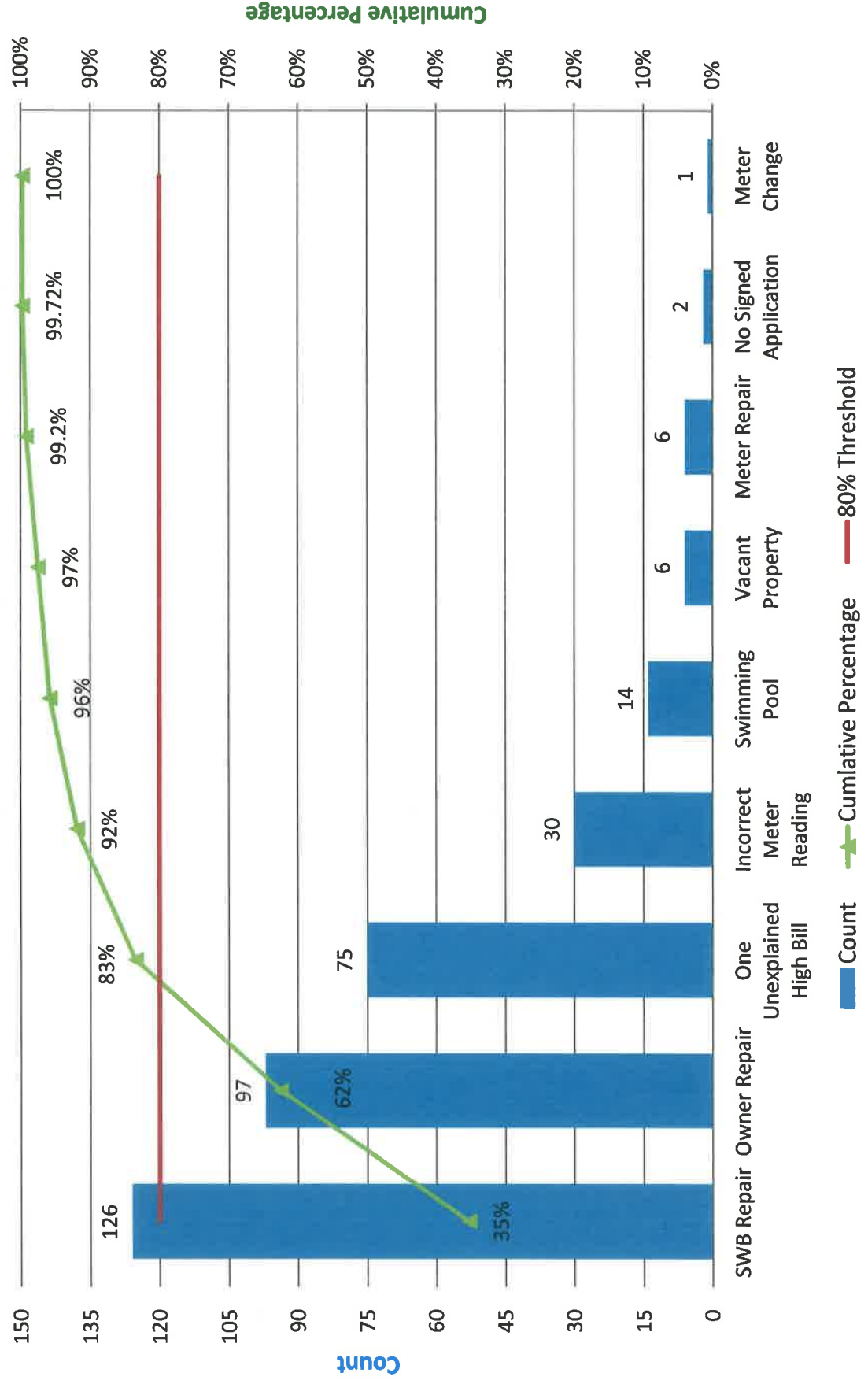
Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2013 | 1.9% | 1.7% | 2.1% | 2.6% | 2.9% | 2.2% | 2.2% | 2.2% | 2.4% | 2.9% | 2.8% | 2.8% |
| 2014 | 2.4% | 3.0% | 3.2% | 3.2% | 3.0% | 3.2% | 2.9% | 2.8% | 2.9% | 3.3% | 3.2% | 2.9% |
| 2015 | 3.1% | 2.9% | 3.7% | 2.9% | 2.9% | 2.8% | | | | | | |

Sewerage and Water Board of New Orleans

Chart of Reasons for Adjustments

October 2015



Sewerage and Water Board of New Orleans

Total Inbound Customer Contacts

Constituency:
Customer Ratepayers

Objective: Provide Timely
Information and Respond
Promptly to Requests

Goal: Reduce
Triggers of Customer
Calls

**Currently Meeting
Goal:** Close

**Process Operating
Within Control**
Limits: **Yes**

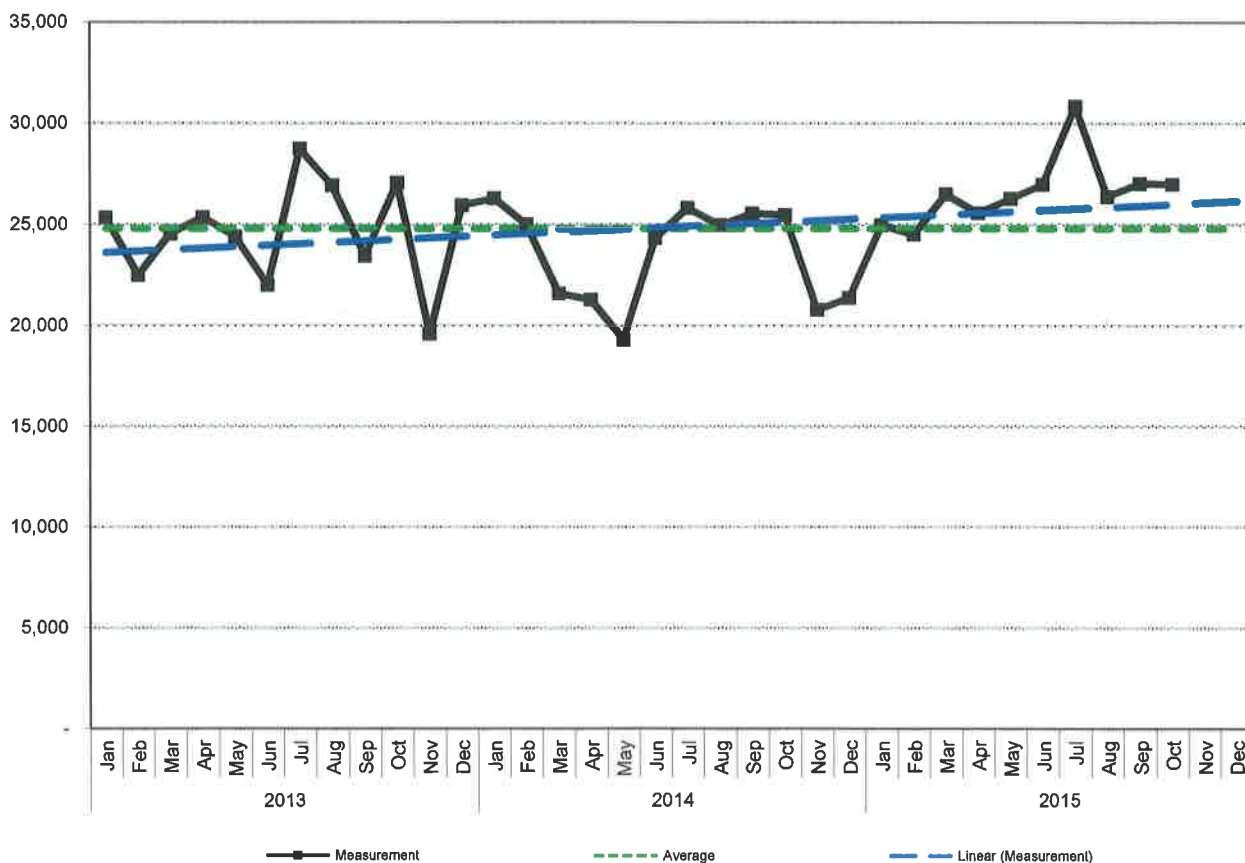
Trend: Unfavorable

Analysis

Customers contact the Sewerage and Water Board to start or end service; to request information about their bill; to report concerns about their water service, sewer connection, street flooding, or solid waste sanitation service; and other matters. The Call Center for emergency repairs is operated continuously, while the Call Center for billing and non-emergency issues is operated from 7 AM to 7 PM. Call volumes can vary significantly month to month.

Plans for Improvement

Staff is analyzing the events that trigger calls in order to determine methods to reduce the volume. Short term plans for improvement will focus on creating more efficient "scripts" for handling routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



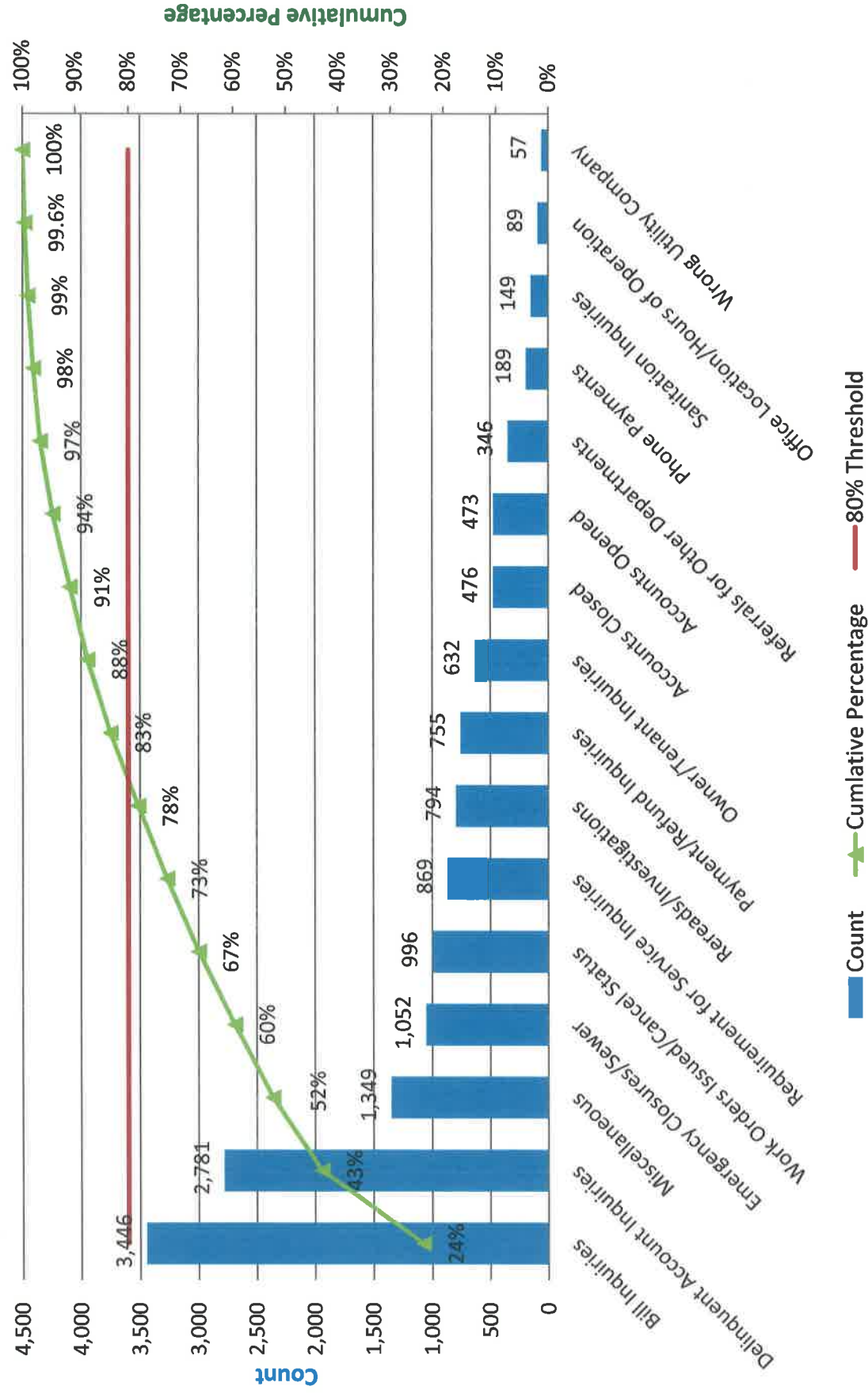
Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2013 | 25,331 | 22,487 | 24,540 | 25,353 | 24,387 | 21,994 | 28,722 | 26,908 | 23,439 | 27,042 | 19,581 | 25,925 |
| 2014 | 26,282 | 24,992 | 21,579 | 21,262 | 19,276 | 24,315 | 25,800 | 24,967 | 25,532 | 25,467 | 20,775 | 21,366 |
| 2015 | 24,967 | 24,496 | 26,486 | 25,565 | 26,261 | 26,963 | 30,836 | 26,368 | 27,019 | 26,973 | | |

Sewerage and Water Board of New Orleans

Chart of Types of Customer Calls

October 2015



Sewerage and Water Board of New Orleans

Average Call Wait Time

Constituency:
Customer Ratepayers

Objective: Provide
Accurate Bills

Goal: Reduce over
time

**Currently Meeting
Goal:** No

**Process Operating
Within Control Limits:**
Yes

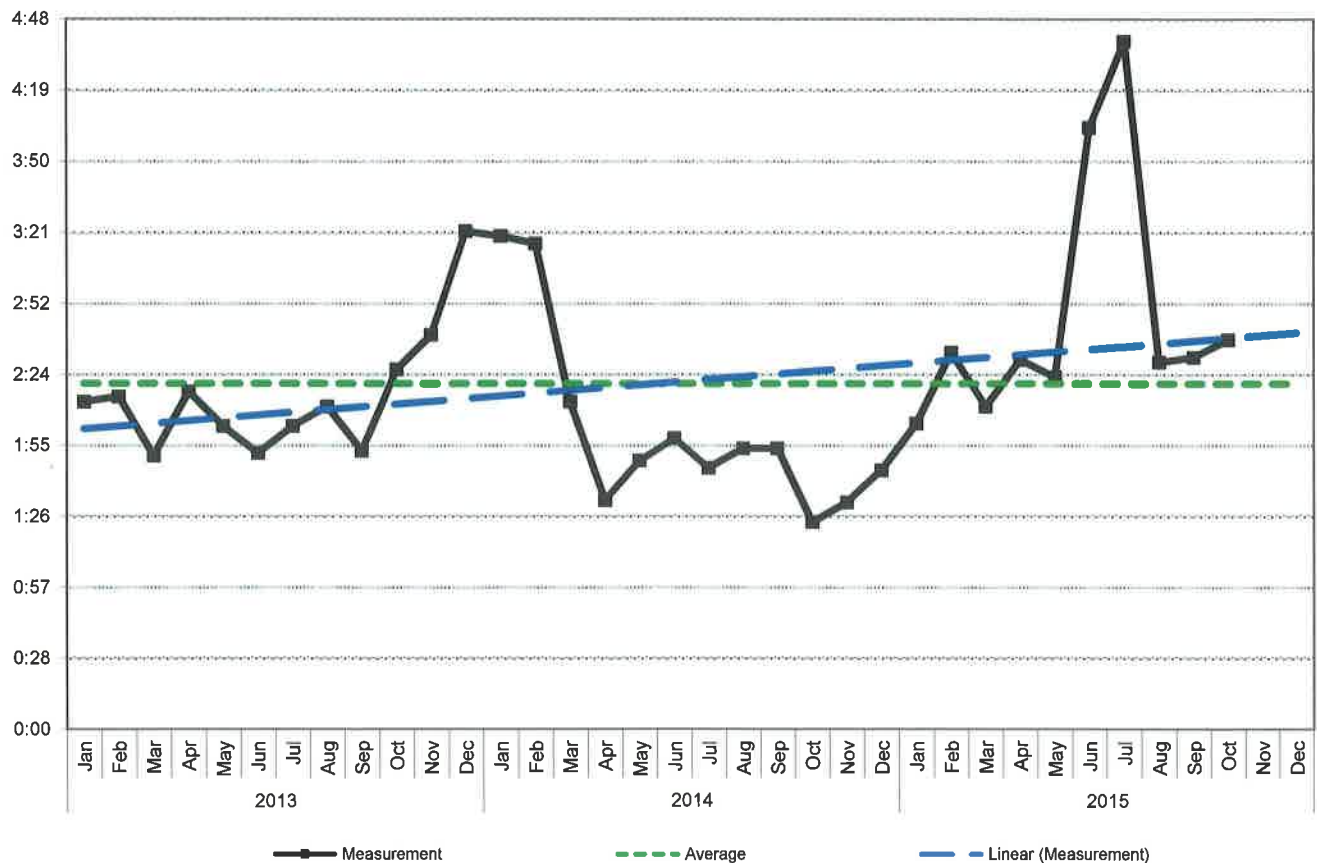
Trend: Unfavorable

Analysis

Customers contact the Sewerage and Water Board to start or end service; to request information about their bill; to report concerns about their water service, sewer connection, street flooding, or solid waste sanitation service; and other matters. The Call Center for emergency repairs is operated continuously, while the Call Center for billing and non-emergency issues is operated from 7 AM to 7 PM. Call volumes can vary significantly month to month.

Plans for Improvement

Staff is analyzing the events that trigger calls in order to determine methods to reduce the volume. Short term plans for improvement will focus on creating more efficient "scripts" for handling routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2013 | 2:13 | 2:15 | 1:51 | 2:17 | 2:03 | 1:52 | 2:03 | 2:11 | 1:53 | 2:26 | 2:40 | 3:22 |
| 2014 | 3:20 | 3:17 | 2:13 | 1:33 | 1:49 | 1:58 | 1:46 | 1:54 | 1:54 | 1:24 | 1:32 | 1:45 |
| 2015 | 2:04 | 2:33 | 2:11 | 2:30 | 2:23 | 4:04 | 4:39 | 2:29 | 2:31 | 2:38 | | |

Sewerage and Water Board of New Orleans

Calls Abandoned by Customers as a Percentage of Total

Constituency:
Customer Ratepayers

Objective: Provide Timely
Information and Respond
Promptly to Requests

Goal: Respond to calls
with less than 10%
abandoned

**Currently Meeting
Goal:** No

**Process Operating
Within Control Limits:**
Yes

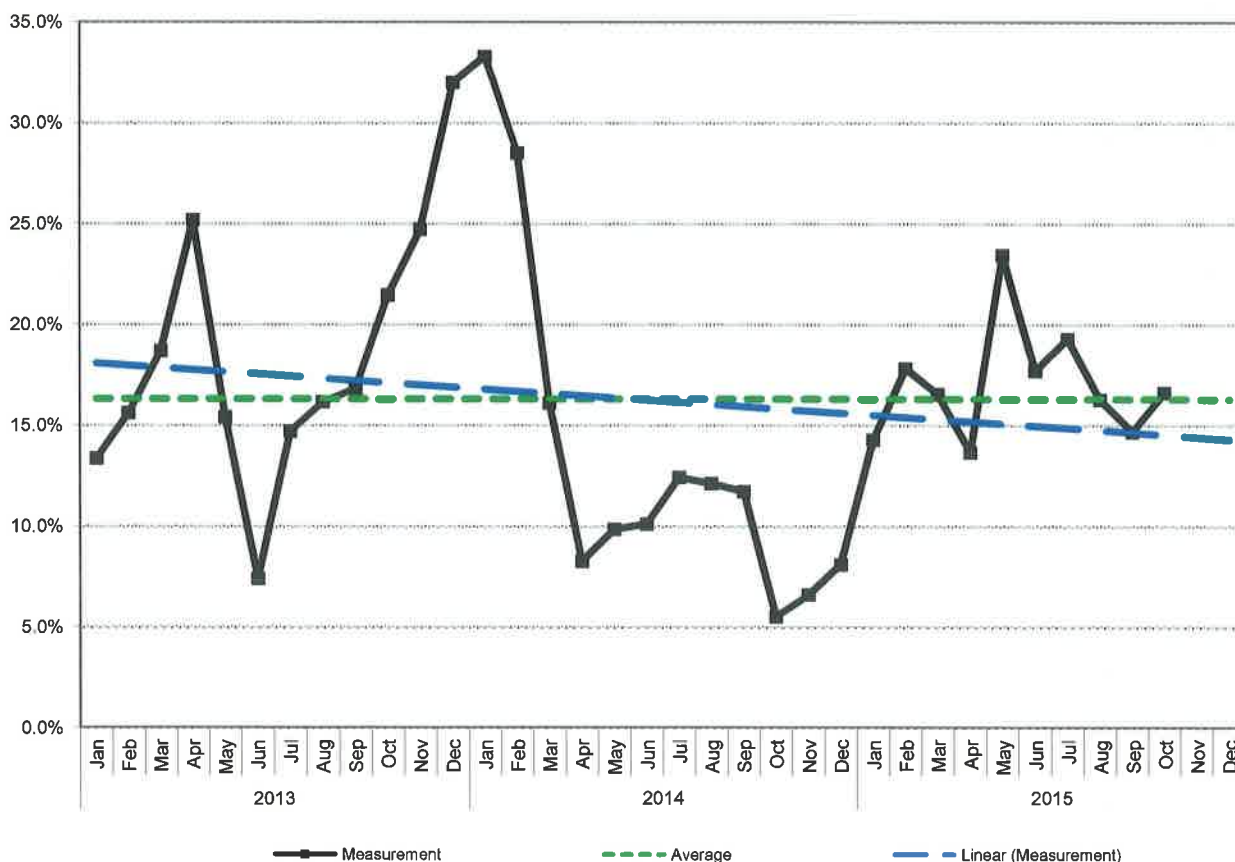
Trend: Favorable

Analysis

Customers abandon their call after waiting for an amount of time considered inconvenient, which varies from customer to customer. Some portion of the volume of abandoned calls is from customers calling and hanging up on multiple occasions.

Plans for Improvement

In order to resolve the significant increase in abandoned calls, additional employees have been hired and are being trained. Call rollover time has been reduced from 3 minutes to 20 seconds. Medium term plans for improvement will focus on creating more efficient "scripts" for handling routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2013 | 13.3% | 15.6% | 18.7% | 25.2% | 15.4% | 7.4% | 14.7% | 16.2% | 16.8% | 21.5% | 24.7% | 32.0% |
| 2014 | 33.3% | 28.5% | 16.1% | 8.3% | 9.8% | 10.1% | 12.4% | 12.1% | 11.7% | 5.5% | 6.6% | 8.1% |
| 2015 | 14.3% | 17.8% | 16.6% | 13.7% | 23.4% | 17.7% | 19.3% | 16.3% | 14.7% | 16.6% | | |

Sewerage and Water Board of New Orleans

Emergency Calls Abandoned by Customers as a Percentage of Total Emergency Calls

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Respond to calls with less than 10% abandoned

Currently Meeting Goal: Close

Process Operating Within Control Limits:
Yes

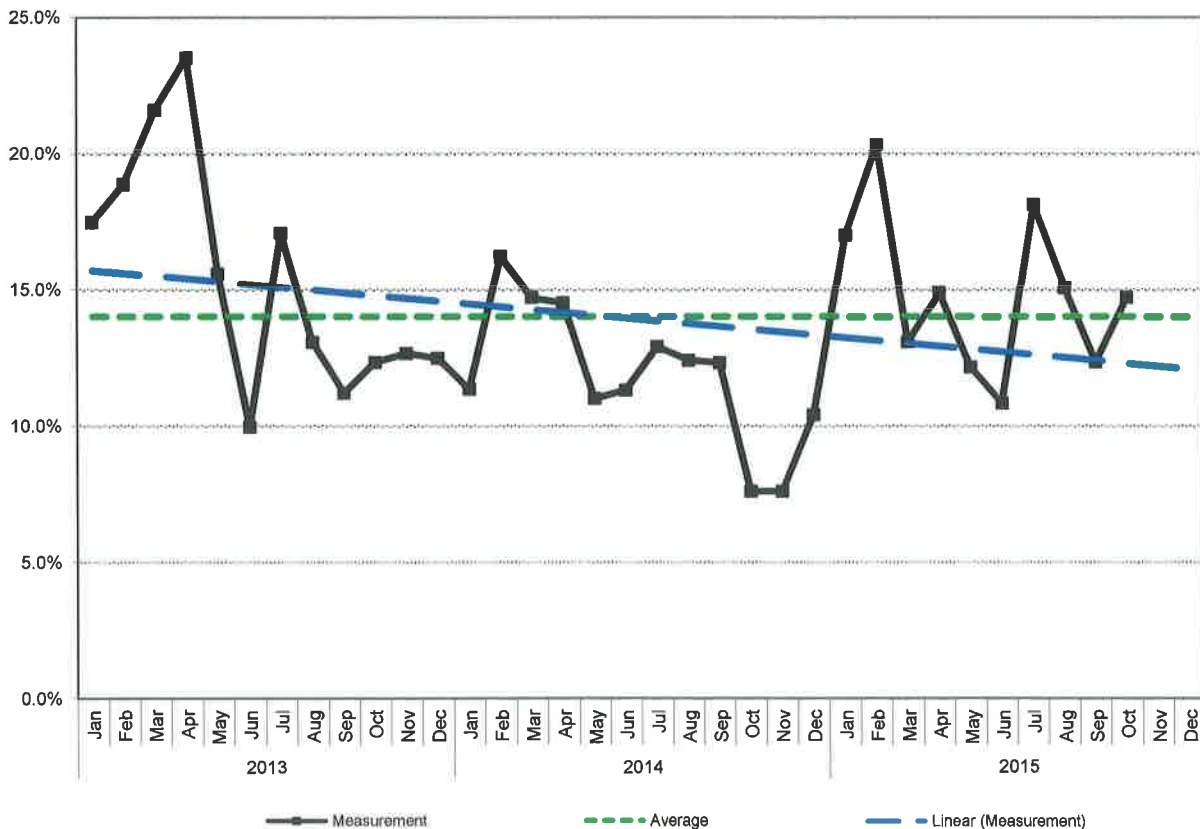
Trend: Favorable

Analysis

Customers abandon their call after waiting for an amount of time considered inconvenient, which varies from customer to customer. Some portion of the volume of abandoned calls is from customers calling and hanging up on multiple occasions. Staff is addressing this issue as a top priority. The telephone system was recently upgraded.

Plans for Improvement

In order to resolve the significant increase in abandoned calls, additional employees have been hired and are being trained. Call rollover time has been reduced from 3 minutes to 20 seconds. Scripts were created for more efficient handling of routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2013 | 17.5% | 18.9% | 21.6% | 23.5% | 15.6% | 10.0% | 17.1% | 13.1% | 11.2% | 12.3% | 12.7% | 12.5% |
| 2014 | 11.3% | 16.2% | 14.7% | 14.5% | 11.0% | 11.3% | 12.9% | 12.4% | 12.3% | 7.6% | 7.6% | 10.4% |
| 2015 | 17.0% | 20.3% | 13.1% | 14.9% | 12.2% | 10.8% | 18.1% | 15.1% | 12.3% | 14.7% | | |

Sewerage and Water Board of New Orleans

Total Service Requests about Low Water Pressure

Constituency:
Customer Ratepayers

Objective: Provide Timely
Information and Respond
Promptly to Requests

Goal: Reduce
Number of Service
Requests

Currently Meeting
Goal: Close

Process Operating
Within Control
Limits: Yes

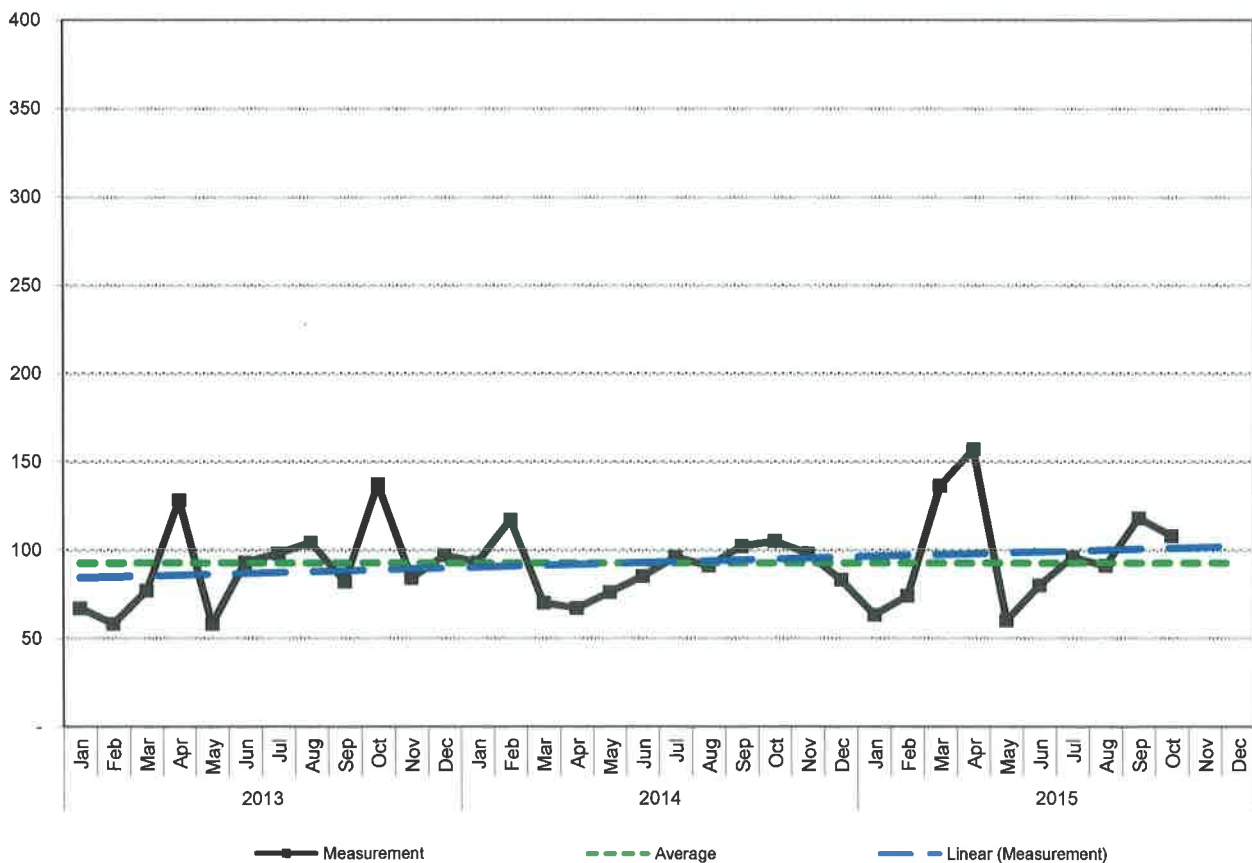
Trend: Level

Analysis

Customers contact the Sewerage and Water Board to request resolution to low water pressure. System pressure can be impaired by power failures at the treatment plants, by water main breaks, and by certain types of repair activities.

Plans for Improvement

Staff continues to make repairs to the water system to reduce the number of occasions of low pressure.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2013 | 67 | 58 | 77 | 128 | 58 | 93 | 98 | 104 | 82 | 137 | 84 | 97 |
| 2014 | 93 | 117 | 70 | 67 | 76 | 85 | 96 | 91 | 102 | 105 | 98 | 83 |
| 2015 | 63 | 74 | 136 | 157 | 60 | 80 | 96 | 91 | 118 | 108 | | |

Sewerage and Water Board of New Orleans

Total Service Requests for Water System Leaks

Constituency:
Customer Ratepayers

Objective: Provide Timely
Information and Respond
Promptly to Requests

Goal: Reduce
Number of Service
Requests

Currently Meeting
Goal: Close

Process Operating
Within Control
Limits: No

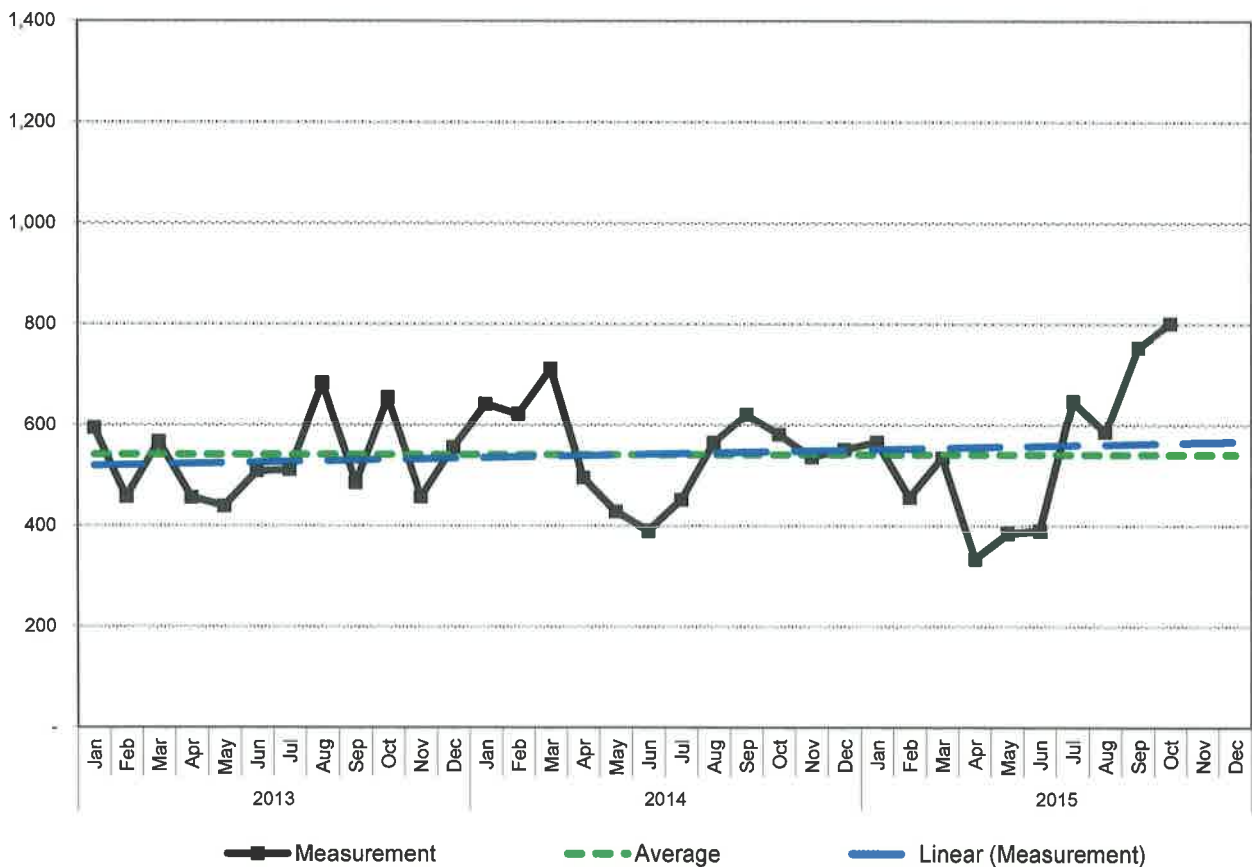
Trend: Level

Analysis

Customers contact the Sewerage and Water Board to request repairs to leaking mains, services and fire hydrants.

Plans for Improvement

Staff is working with FEMA to expand beyond point repairs to line replacements for water mains with high frequency of failure.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2013 | 594 | 457 | 567 | 456 | 439 | 508 | 511 | 683 | 485 | 654 | 457 | 556 |
| 2014 | 641 | 621 | 711 | 495 | 428 | 390 | 451 | 565 | 621 | 581 | 536 | 551 |
| 2015 | 566 | 456 | 535 | 335 | 385 | 390 | 647 | 586 | 754 | 801 | | |

Sewerage and Water Board of New Orleans

Total Service Requests for Sewer System Leaks

Constituency:
Customer Ratepayers

Objective: Provide Timely
Information and Respond
Promptly to Requests

Goal: Reduce
Number of Service
Requests

**Currently Meeting
Goal:** Yes

**Process Operating
Within Control
Limits:** Yes

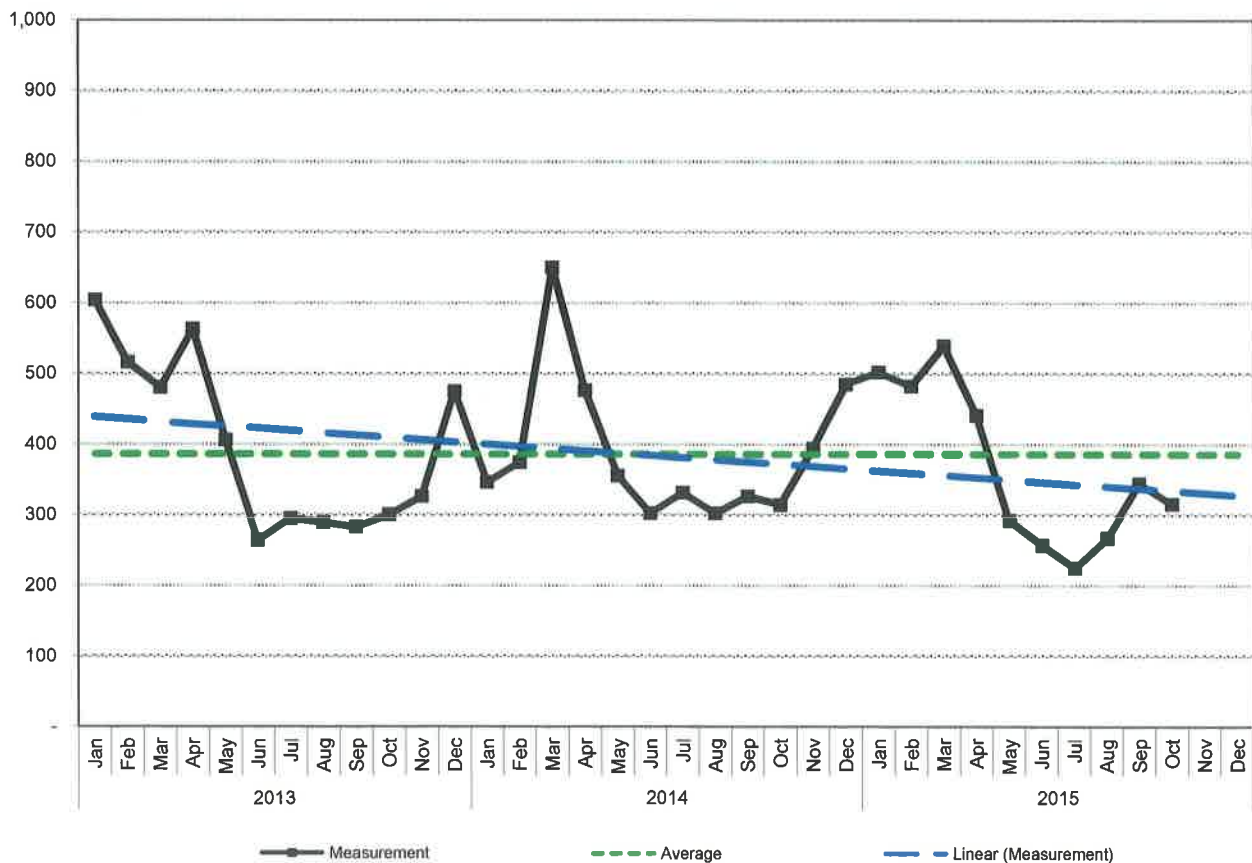
Trend: Favorable

Analysis

Customers contact the Sewerage and Water Board to request repairs to leaking sewer collection mains and service lines.

Plans for Improvement

Staff has recently expanded the use of Networks Department field staff focused on sewer system repairs.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2013 | 604 | 516 | 480 | 563 | 406 | 264 | 295 | 289 | 283 | 300 | 326 | 475 |
| 2014 | 346 | 374 | 650 | 476 | 355 | 302 | 331 | 302 | 326 | 314 | 394 | 485 |
| 2015 | 502 | 482 | 539 | 441 | 292 | 257 | 225 | 267 | 344 | 315 | | |

Sewerage and Water Board of New Orleans

Total Accounts Turned Off for Non-Payment

Constituency:
Customer
Ratepayers

Objective: Ensure
Collection of Payments for
Services Provided

Goal: None
Established

**Currently Meeting
Goal:** Not Applicable

**Process Operating
Within Control
Limits:** Yes

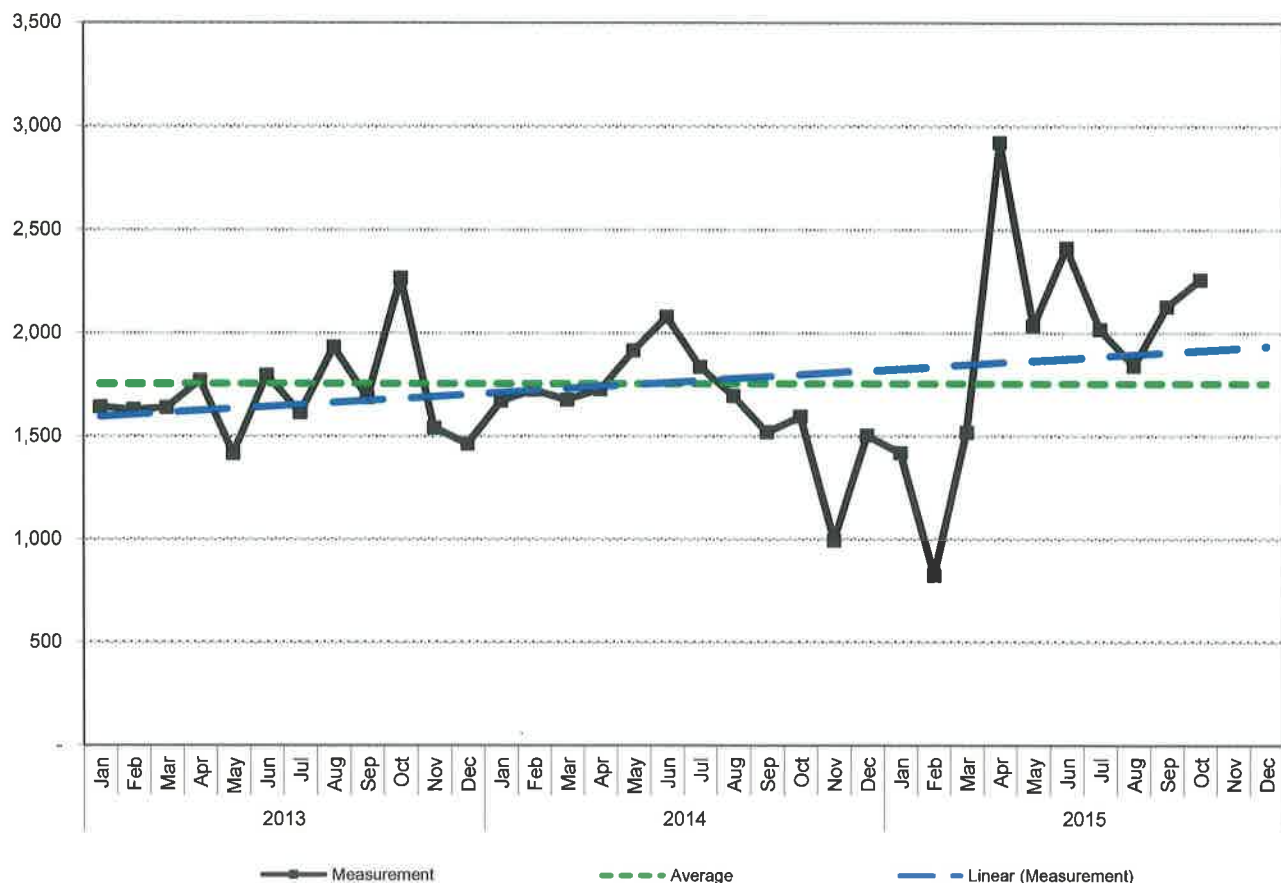
Trend: Unfavorable

Analysis

Customers accounts are turned-off for non-payment for balances more than \$50 and over sixty days past due.

Plans for Improvement

Staff is monitoring the number of accounts turned-off for non-payment to determine trend directions. No actions are contemplated at this time.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2013 | 1,641 | 1,628 | 1,638 | 1,770 | 1,415 | 1,795 | 1,613 | 1,932 | 1,687 | 2,265 | 1,540 | 1,461 |
| 2014 | 1,670 | 1,723 | 1,675 | 1,727 | 1,915 | 2,077 | 1,836 | 1,694 | 1,518 | 1,594 | 993 | 1,502 |
| 2015 | 1,417 | 823 | 1,517 | 2,920 | 2,033 | 2,411 | 2,016 | 1,840 | 2,126 | 2,258 | | |

Sewerage and Water Board of New Orleans

Water and Sewer Receivables 30 to 120 Days Old

EUM Attribute:
Financial Viability

Description: Establishes and maintains an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues

Constituency:
Customer Ratepayers

Objective: Efficient use of resources in providing services

Goal: None established

Currently Meeting Goal: Not Applicable

Process Operating Within Control Limits: Yes

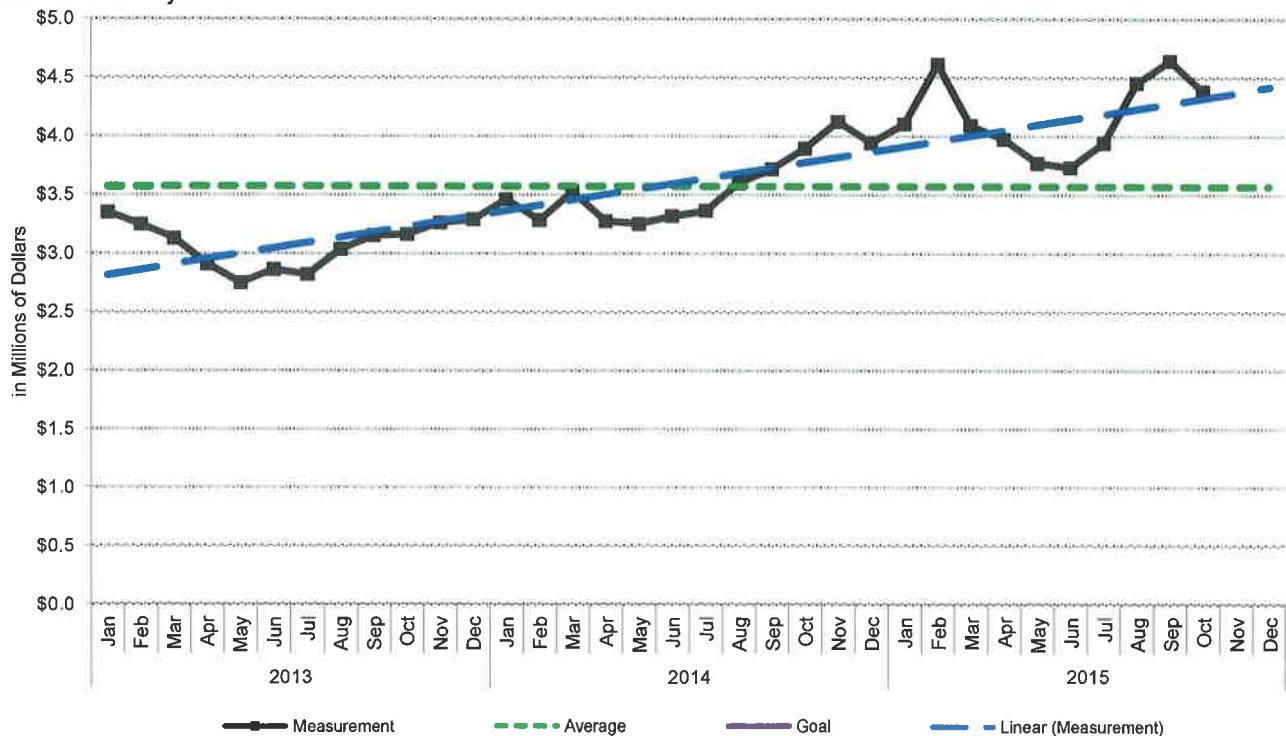
Trend: Nearly level, when adjusted for rate increases.

Analysis

Water and sewer accounts receivable that are 30 to 120 days old are handled by internal staff using service disconnection. When those accounts are turned-off and final bills sent, the remaining balances after 30 days are sent to a collection agency. The uncollectable balances for 2007 and 2008 were higher than normal due to accounts that remained open for vacated facilities and were written off in 2011 and 2012, .

Plans for Improvement

It appears that the higher post-Katrina accounts receivable balances have been resolved through standard collection practices and that annual collection rates now exceed 98% of annual billings. Staff intends to use standard process improvement methods to continue collection practices pending implementation of new billing and collection system.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2013 | \$3.348 | \$3.243 | \$3.127 | \$2.907 | \$2.748 | \$2.860 | \$2.819 | \$3.031 | \$3.149 | \$3.161 | \$3.258 | \$3.287 |
| 2014 | \$3.458 | \$3.280 | \$3.524 | \$3.271 | \$3.249 | \$3.314 | \$3.361 | \$3.598 | \$3.715 | \$3.893 | \$4.122 | \$3.941 |
| 2015 | \$4.104 | \$4.612 | \$4.091 | \$3.971 | \$3.769 | \$3.732 | \$3.941 | \$4.451 | \$4.643 | \$4.383 | | |

Sewerage and Water Board of New Orleans

Water and Sewer Receivables 120 Days and Older

EUM Attribute:
Financial Viability

Description: Establishes and maintains an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues

Constituency:
Customer Ratepayers

Objective: Efficient use of resources in providing services

Goal: None established

Currently Meeting Goal: Not Applicable

Process Operating Within Control Limits: Yes

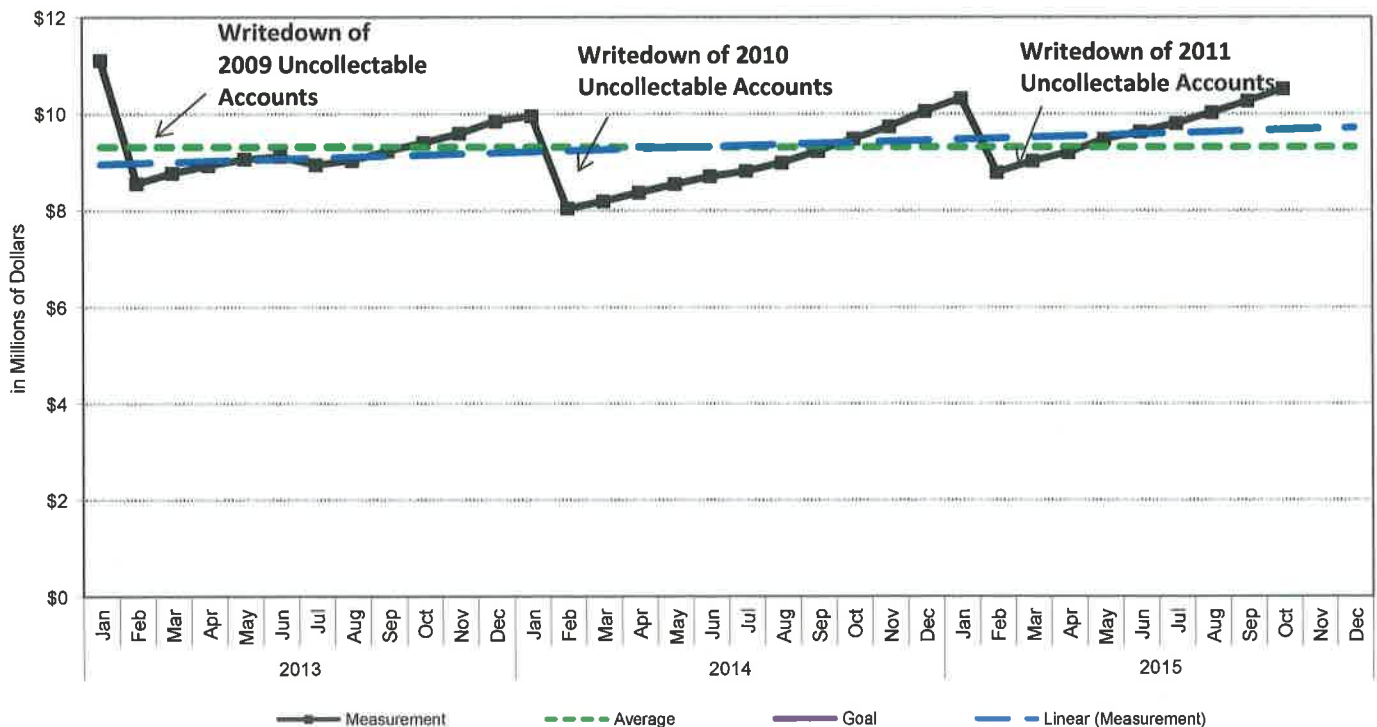
Trend: Level

Analysis

Water and sewer accounts receivable that are 120 days and older are handled by a collection agency. When those accounts remain uncollected after three years, the balances are written off as part of an annual process. The uncollectable balances for 2007 and 2008, which were written off early in 2011 and 2012, were higher than normal due to accounts that remained open post-Katrina for residences and businesses but were not occupied.

Plans for Improvement

It appears that the higher post-Katrina accounts receivable balances have been resolved through standard collection practices and that annual collection rates now exceed 98% of annual billings. Staff intends to use standard process improvement methods to continue collection practices pending implementation of new billing and collection system.



Data Table

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|----------|-----------|
| 2013 | \$ 11.104 | \$ 8.552 | \$ 8.766 | \$ 8.928 | \$ 9.055 | \$ 9.113 | \$ 8.939 | \$ 9.029 | \$ 9.224 | \$ 9.398 | \$ 9.585 | \$ 9.839 |
| 2014 | \$ 9.946 | \$ 8.032 | \$ 8.185 | \$ 8.360 | \$ 8.536 | \$ 8.694 | \$ 8.807 | \$ 8.977 | \$ 9.218 | \$ 9.478 | \$ 9.728 | \$ 10.046 |
| 2015 | \$ 10.317 | \$ 8.781 | \$ 9.012 | \$ 9.188 | \$ 9.471 | \$ 9.625 | \$ 9.796 | \$ 10.018 | \$ 10.261 | \$ 10.507 | | |



SEWERAGE AND WATER BOARD OF NEW ORLEANS

November 18, 2015

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

Dear Directors:

Subject: Equal Employment Opportunity Activity Status Report for October 2015

Federal Equal Employment Activity

There was 1 new case filed in October 2015. This is the only case filed in 2015 to date.

There are 3 pending EEOC complaints filed prior to 2015 that have not yet been resolved. These complaints are awaiting further action by the EEOC.

Grievances Filed according to General Grievance Policy #26, Equal Employment Opportunity Policy #86 and the Workplace Harassment Policy #87

There was 1 new grievance filed in October 2015. There have been 13 grievances filed in 2015.

Office Visits

Office conferences for counseling of employment issues may be made by appointment or as a walk-in. There were 17 consultations held with 17 separate employees during the month of October.

Grievance Committee Hearings

There are no Grievance Committee Hearing cases pending.

Office Activity

During the month of October, the department has finalized and submitted the Sewerage and Water Board's Federal EEO-04 Report. Meetings with managers and employees have been conducted in regards to a current inquiry. The office has assisted Personnel and conducted a few required state ethics training courses. Mr. Lopez has continued to meet with employees whom have filed grievances in the past and has evaluated concerns as well as practices pertaining to the grievance process. At present a proposal is being developed to update the Board's formal grievance process. The office has also continued to participate in the new employee intake program.

Robert K. Miller
Deputy Director

Sewerage and Water Board
Department of Emergency Management
“Preparedness, Mitigation, Response, and Recovery”

FEMA Project Update as of **11-9-15**

This data was collected from E.M. Data and Louisianaapa.com on the above reference date

Prepared by: Jason Higginbotham, CEM, LEM-P
 Director of Emergency Management

Hurricane Katrina

| | |
|---------------------------------------|--------------------------|
| Estimated Project Cost | \$ 846,569,462.07 |
| Obligated Amount | \$ 682,335,487.84 |
| Not Eligible PW ¹ | \$ 10,896,751.08 |
| Not Eligible Loan PW ² | \$ 72,225,975.86 |
| Insurance Deduction ³ | \$ 2,747,339.04 |
| Insurance Settlement ⁴ | \$ 2,303,000.00 |
| Version Request ⁵ | \$ 47,514,045.07 |
| Appeal Amount ⁶ | \$ |
| Close Out Reconciliation ⁷ | \$ 17,000,000.00 |
| | |
| Submitted Project Cost | \$ 710,261,350.26 |
| Awaiting Obligation ⁸ | \$ 11,546,863.18 |
| Total Invoices in Progress at State | \$ 17,962,364.07 |
| Total Paid by State (LAPA Data) | \$ 390,440,515.32 |
| | |
| SPS HMGP Grant | \$ 20,082,538.00 |
| | |
| Power Plant HMGP GRANT | \$ 141,175,000.00 |
| Power Plant HMGP Amendment 1 | \$ 9,620,389.00 |

¹ Represents the amount that will not result in payments by FEMA on non-100 Million Dollar P.W.'s.

² Represents the amount that will not result in payments by FEMA on 100 Million Dollar P.W.'s.

³ National Flood Insurance deductions.

⁴ Insurance Settlement

⁵ Amount that FEMA is reviewing documentation to adjust scope of work or cost adjustments

⁶ Amount that is currently under appeal or arbitration.

⁷ Amount that will be reconciled when Project Worksheet's are closed out.

⁸ Amount pending obligation in FEMA Million Dollar Queue or Funding Review Queue.

Hurricane Gustav

This data was collected from E.M. Data and Louisianapa.com

| | |
|------------------------------------|---------------|
| Original ESTIMATED PROJECT COST | \$ 750,945.28 |
| PROJECT SUBMITTED AMOUNT | \$ 750,945.28 |
| NFIP Reduction | \$ - |
| OBLIGATED Amount | \$ 544,884.26 |
| Amount Paid by State | \$ 518,864.38 |

Hurricane Isaac

This data was collected from E.M. Data and Louisianaapa.com

| Site | Estimated | Insurance Claim | FEMA Claim | PW Amount |
|---------------------------------------|------------------------|----------------------|------------------------|------------------------|
| CAT B Emergency Labor/Equipment | \$ 1,217,743.75 | \$ - | \$ 1,398,010.67 | \$ 1,398,010.67 |
| East Bank Waste Water Treatment Plant | \$ 873,596.00 | \$ 367,636.00 | \$ 505,960.00 | \$ 224,987.37 |
| West Bank Waste Water Treatment Plant | \$ 118,755.00 | \$ 38,887.00 | \$ 79,868.00 | \$ 28,053.10 |
| East Bank Water Plant | \$ 184,556.00 | \$ 36,850.00 | \$ 174,706.00 | \$ 74,678.91 |
| West bank Water Plant | \$ 2,269.74 | \$ - | \$ 2,269.74 | \$ 2,269.74 |
| Sewer Pumping Stations/DPS | \$ 94,063.80 | \$ - | \$ 94,377.90 | \$ 80,711.15 |
| Central Yard Roof Repairs | \$ 6,053.60 | \$ - | \$ 6,053.60 | \$ 6,053.60 |
| Central Yard Fence | \$ 18,836.61 | | \$ 18,836.61 | \$ 18,836.61 |
| Total | \$ 2,515,874.50 | \$ 443,373.00 | \$ 2,280,082.52 | \$ 1,833,601.15 |



"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

October 19, 2015

The Finance and Administration Committee of the Sewerage and Water Board of New Orleans met on Monday, October 19, 2015 at 3:05 PM in the Board Room, 625 St. Joseph Street to consider the following matters.

ATTENDANCE

Present:

Scott Jacobs, Chair
Joseph Peychaud, Vice-Chair
Dr. Tamika Duplessis

Absent:

Kerri Kane
Kimberly Thomas

Others:

Alan Arnold

Also in attendance were Cedric S. Grant, Executive Director; Robert Miller, Deputy Director; Joseph Becker, General Superintendent; Nolan Lambert, Special Counsel; Harold Marchand, Deputy Special Counsel; Yolanda Grinstead, Legal Counsel; Robert Jackson, Community & Intergovernmental Relations Administrator; Rosita Thomas, Finance Administrator; Willie Mingo, Purchasing Administrator; Tiffany Carter, EDBP Administrator; Steven Klepeis, Risk Management Administrator; Anna White, Black & Veatch Corporation; Peiffer A. Brandt, Raftelis Financial Consultants, Inc.

ACTION ITEMS

Item 1

General Superintendent's Recommendations

Mr. Peychaud moved to accept the General Superintendent's Recommendations for award of contracts for the items listed below. Dr. Duplessis seconded and the motion carried.

Bids:

- R-174-2015 – Furnishing and Delivering Lubricant Petroleum Products to Retif Oil & Fuel for the total amount of \$102,319.73.
- R-175-2015 – Rebuilding and Installing Automotive Remanufactured Engines and Related Parts to La. Utilities Supply for the total amount of \$47,794.00.
- R-176-2015 – Furnishing Sewer Repair Couplings to La. Utilities Supply for the total amount of \$208,199.20.
- R-177-2015 – Furnishing Full Circle Stainless Steel Repair and Tap Clamps and Transitional Couplings for Cast Iron and Transite Pipe to La. Utilities Supply for the total amount of \$208,199.20.
- R-178-2015 – Furnishing Hot Mix Asphalt to Barriere Construction Company, LLC for the total amount of \$301,250.00.
- R-179-2015 – Furnishing Meter Boxes and Meter Box Parts to Cimsco, Inc. for the total amount of \$683,607.00.
- R-180-2015 – Furnishing and Delivering Combination Sewer Cleaner Trucks to Covington Sales & Service for the total amount of \$1,002,000.00.
- R-181-2015 – The Sale of Junk Meters, Scrap Wires, Junk Metals and Junk Locomotives to Lot C, to Louisiana Scrap Metal for the total amount of \$1.11 per pound.
- R-182-2015 – Contract 8144 – Repaving Open Cuts in Streets, Driveways, Sidewalks resulting from the Repair to the Sewerage and Water Board of New Orleans Underground Utilities to Wallace C. Drennan for the total amount of \$1,666,300.00.

Contract Renewal:

- R-183-2015 – First Renewal of Contract for Furnishing Chemical Control of Foliage at Specified Sewerage and Water Board Locations within the City of New Orleans to Louisiana Vegetation Management, Inc. for the total amount of \$156,450.00.

Contract Final Acceptance:

- R-184-2015 – Contract 3661 – Modification to the East Bank Wastewater Treatment Plant Flood Protection System to Cajun Contractors for the total contract bid \$24,391,466.00 and Total Contract Expenditure for \$29,426,437.15.

Item 2 Change Orders

Mr. Peychaud moved to accept the Ratification of Change Orders as described in resolutions, R-194-2015, R-195-2015, R-196-2015, and R-197-2015. Dr. Duplessis seconded and the motion carried.

Item 3 Public Officials and Employee Liability Insurance Policy for Operations

Mr. Grant recommended renewing the Public Officials and Employees Liability Insurance policy for its operations for the period November 20, 2015 through November 20, 2016.

Mr. Peychaud moved to approve the Public Officials and Employee Liability Insurance Policy for Operations Contract as described in resolution, R-171-2015. Dr. Duplessis seconded and the motion carried.

Item 4 Approval of Agreement between the Sewerage and Water Board of New Orleans and the Federal Emergency Management Agency and the Louisiana State Historic Preservation Officer for the Project Worksheet 11317 Repair to Station "D"

Dr. Duplessis moved to approve the Agreement between the Sewerage and Water Board of New Orleans and the Federal Emergency Management Agency and the Louisiana State Historic Preservation Officer for the Project Worksheet 11317 Repair to Station "D" as described in resolution (R-172-2015). Mr. Peychaud seconded and the motion carried.

Item 5 Ratification of Contract for Web Payment Processing Service

Mr. Miller recommended for the Board to approve the Ratification of Contract for Web Payment Processing Service to update or replace all of the Sewerage and Water Board's major legacy software systems to the Cogsdale CSM System within for a net cost of approximately \$118,200 per year, which represents a cost savings over the current contract of approximately \$87,000.00 per year.

Mr. Peychaud moved to approve the Ratification of Contract for Web Payment Processing Service to the Cogsdale CSM System for a net cost of approximately \$118,200.00 per year as described in resolution, (R-186-2015). Dr. Duplessis seconded and the motion carried.

Item 6 Sewerage and Water Board Millages for the Fiscal Year 2016

- **Roll Back of Sewerage and Water Board Millages**
- **Roll Forward of Sewerage and Water Board Millages**

Mr. Miller presented draft resolutions for the Board to recommend to the City Council the Roll Back and the Roll Forward of Drainage Millages for the fiscal year 2016. The total millage is 15.71 mills and currently consists of:

- Three Mill Tax (Adjusted) – 4.46 mills LA Revised Statue 33:4124
- Six Mill Tax (Adjusted) – 4.50 mills LA Revised Statue 33:4137
- Nine Mill Tax (Adjusted) – 6.75 mills LA Revised Statue 33:4147

Upon adoption of this action by the Board this Drainage Millage resolution would be forwarded to the City Council by October 21, 2015 for them to set the rate which is required by the provisions of Article VII, Section 23 of the Louisiana Constitution to set millages for certain tax recipient bodies within the Parish of Orleans, the Sewerage and

Water Board of New Orleans, and to levy Ad Valorem taxes on behalf of itself of such other tax recipient bodies in the Parish of Orleans.

Mr. Peychaud moved to approve the recommendation to Roll Back of Sewerage and Water Board Millages as described in resolution, (R-187-2015). Dr. Duplessis seconded and the motion carried.

Dr. Duplessis moved to approve the recommendation to Roll Forward of Sewerage and Water Board Millages as described in resolution, (R-188-2015). Mr. Peychaud seconded and the motion carried.

Item 7 Water and Sewer Revenue Bonds, Series 2015

- **Water 2nd Supplemental Resolution**
- **Sewer 2nd Supplemental Resolution**
- **Bond Feasibility Reports – Finance and Rates**
- **Bond Feasibility Report – Operating and Engineering**

Mr. Miller presented the second supplemental resolutions authorizing Water and Sewer Revenue Bonds not to exceed \$100,000,000. The purpose of the Series 2015 bonds is to pay the costs of constructing system improvements, extensions, betterments and repairs to the water and sewerage systems.

Mr. Peiffer A. Brandt of Raftelis Financial Consultants, Inc. presented an overview of the findings contained in the financial feasibility evaluation of the water and sewer systems.

Ms. Anna White of Black and Veatch Corporation presented an overview of findings contained in the engineering feasibility of the water and sewer systems.

Dr. Duplessis moved to approve the Water 2nd Supplemental resolution, as described in R-185-2015. Mr. Peychaud seconded and the motion carried.

Dr. Duplessis moved to approve the Sewer 2nd Supplemental resolution, as described in R-190-2015. Mr. Peychaud seconded and the motion carried.

Item 8 Authorization to Enter into an Agreement with Black & Veatch Consultants for Preparation of the Report on Operations for 2015

Mr. Miller recommended authorization of a one-year contract with Black & Veatch Consultants with four optional one-year renewals to perform the Report on Operations for 2015 for a cost of \$118,000.00. He noted that Black & Veatch plans to utilize services of Bruno & Tervalon Certified, Public Accounts to assist in the financial section of the report and Julien Engineering & Consultants Services to assist in the evaluation of the Board's facilities. The DBE participation will be approximately 47%.

Dr. Duplessis moved approval of the authorization to enter into an agreement with Black & Veatch Consultants for the preparation of the Report on Operations for 2015 as described in resolution, (R-170-2015). Mr. Peychaud seconded and the motion carried.

Item 9 Biometric Screening & Disease Management

Mr. Miller presented an initiative to identify and help employees and retirees manage certain chronic health conditions, such as diabetes, coronary artery disease, congestive heart failure, and hypertension. He noted this is an effort to control costs while improving the health of the employees and retirees of the Sewerage and Water Board of New Orleans, and management recommends implementation of the Biometric Screening and Disease Management program.

Dr. Duplessis moved to approve the Biometric Screening and Disease Management Program as described in resolution, (R-199-2015). Mr. Peychaud seconded and the motion carried.

PRESENTATION ITEMS

Item 10 Mr. Miller presented a summary of financial results through August 2015 for the water, sewer, drainage and total system funds.

Items 11– 18 The Committee received all presentation and information items.

ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 4:20 PM.

Respectfully submitted,

Mr. Scott Jacobs, Chair