

BOARD OF DIRECTORS MEETING

January 23, 2024

MEETING MINUTES

SEWERAGE AND WATER BOARD OF NEW ORLEANS

ROLL CALL

The Board of Directors for the Sewerage and Water Board of New Orleans (SWBNO) met on Tuesday January 23, 2024, at 9:03 a.m. in the Executive Boardroom. Special Counsel Yolanda Grinstead called the roll and confirmed the following members were present: Mayor LaToya Cantrell, Director Tamika Duplessis, Ph.D., Director Joseph Peychaud, Director Janet Howard, Director Lynes R. Sloss, Director Robin Barnes, and Director Chadrick Kennedy.

The following member(s) were absent: Councilmember Freddie King III, Director Alejandra Guzman, Director Maurice Sholas, M.D., Ph.D.,

Staff present were Ghassan Korban, Executive Director; Renee Lapeyrolierie, Chief of Staff; Grey Lewis, Chief Financial Officer; Stephen Nelson, General Superintendent; Yolanda Grinstead, Special Counsel; Rene Gonzalez, Chief Customer Service Officer; Irma Plummer, EDBP; Tanyell Allen, Board Relations.

APPROVAL OF PREVIOUS MINUTES

Prior to beginning the meeting, Mayor Cantrell gave her opening remarks. Mayor Cantrell welcomed the new Board member Chadrick Kennedy, Board of Liquidation and the new Chief of Staff, Renee Lapeyrolierie to the Sewerage & Water Board of New Orleans.

Mayor Cantrell presented a motion to accept the minutes of the December 20, 2023, Board meeting. Director Lynes Sloss moved for approval of the minutes. Director Joseph Peychaud seconded. The motion carried.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Ghassan Korban presented a slide overview that focused on the following topics:

Pumping, Power, and Freeze Update

- **No Major Issues Reported Due to Freeze**
- SWBNO was able to keep water pressures and water distribution at normal levels during freeze, no precautionary boil water advisories
- Continued collaboration with NOLAReady and city stakeholders to amplify freeze messaging

Pumping and Power Update

- Turbine 4 expected to return to service in early February at full capacity (18.5 MW)
- 93 of 99 pumps available
- Continue to update and improve dashboard.

Overcoming Challenges

- Turbine fragility
- Easter Day main break
- Sewer main break
- Saltwater intrusion
- Water quality sampling data in question

Elevating Customer Service

- 217,000 calls answered
- 46,500+ customer service center walk-ins
- 42,000 emails responses
- Customer service staffed at 90%
- Decreased wait times for customers
- Answering calls 7 min. faster in Dec. (5:21) than Jan. (12:38)
- Began implementing new meter reading handhelds
- Allows photos of meter reads
- Full rollout in March
- Account transfer backlog eliminated
- Bill on hold backlog decreased by 75%

Decreasing Work Order Backlog

- 26,466 work orders completed in 2023
- 25% decrease in work order backlog from 2022 to 2023

Prioritizing Pavement Progress

- 4,647 pavement repairs completed in 2023
- 57% more pavement repairs completed in 2023 than in 2022

Replacing and Repairing Our System

- Four water main projects completed through JIRR
- 1, 262 Water main repairs
- 258 sewer main repairs
- Completed upgrades on Sycamore Filter Galleries, built in 1920s

Power Complex

- Continued progress on program delivery despite Capital Outlay challenges
- Entergy substation nearly completed

- Made significant progress on the utility rack, equipment foundations, and manufacturing of other equipment.

Installing Smart Meters

- Began smart meter installations in September 2023
- 1,400 smart meters installed in 2023
- 11 of 12 base stations complete

Modernizing Our Technology

- Selected replacement for our financial information management System
- Began process to procure a new asset management system - will provide critical information on health of capital assets and timing of investments to maintain service
- Utilized website for more transparency: Pump and Power Dashboard, Saltwater Intrusion Dashboard, working on new content management system for a better customer experience.

Improving Water Quality Testing

- Installation of video cameras
- Random audits of GPS data
- New software procurement

Developing Our Workforce

- Hosted job fair in June
- 900 attendees, resulting in 80 SWBNO hires
- Hired new HR director
- Exploring ways to boost recruitment
- Began People Plan effort to identify proper workforce model

Tapping Into Funding Resources

- \$105M received - in state & federal funding
- \$38.9M LDEQ Revolving Fund for additional wastewater plant repairs
- \$16M HUD Earmarked for the Power Complex
- \$31.5M LDEQ Revolving Fund for Sewer Consent Decree
- \$3.3M Hazard Mitigation Grant Program for 10 portable/emergency generators
- \$15M Capital Outlay -\$10M of requested \$39M moved from P5 to P1 for Power Complex funding with \$5 million additional in fair share
- \$767K BRIC - FEMA grant funding for 10 portable emergency sewer pumps
- Applied for Lead Service Line Replacement Program \$79M available via IJA and 5M LDEQ + \$4.5M LDH for Smart Meters

Smart Metering

The benefits of smart meters:

- More Accurate, frequent water use readings
- Nearly eliminates estimated bills

- Improved customer service
- Near real – time leak detections and alerts
- Water use budgeting tools
- 24/7 access to your water use info

Smart Metering

- Customer portal set to be available in Summer/Fall 2024
- In 2024, anticipate installing ≈75,000 meters
- Nearly all 1.5”+ meters (6,450)
- Roughly half of 5/8” and 1” meters (68,575)
- Informing customers of lead service lines identified during installation
- Installing new smart meter covers with historic design

Drainage Needs – Additional Funding

- \$939M Five-year drainage capital improvement plan
- 93% unfunded
- Repair the outfalls at Drainage Pump Station 7 and properly serve the Mid-City and Lakeview areas. Without these upgrades, the station could become inoperable.
- Replace the generator at Drainage Pump Station 14 to sufficiently pump water out of New Orleans East. The current, old generator could fail after only a few hours in the event of a power outage, leaving New Orleans East at risk.
- Continue drainage improvements through the SELA program by meeting the local match requirement. Future SELA program projects could be at risk if SWBNO cannot meet the local match requirements.
- Enjoy the benefits of the Power Complex investments. The city and state have recently made major investments in our Power Complex. Without working pumps, we cannot cash in on those investments.

Power Complex

- The SWBNO Power Complex will provide modern, reliable power to our systems
- Two modern turbines as backup power
- A power substation connected to Entergy’s grid
- Frequency changers to convert 60Hz power to the 25Hz currents our older pumps use
- Coming Summer 2025

Water Quality Master Plan

- 1959 Last renovation on primary water treatment plant
- 18-month process to identify the next level of investment in our water treatment plants
- Start work in Q1 2024
- Recommendations will consider: PFAS, PFOS, emerging contaminants, Lead and Copper Rule Revisions and Saltwater Intrusion

Lead and Copper Rule Revisions

No Major Issues Reported Due to Freeze

- Inventory service line materials across the city -make the results public (Goal: find it)
- Replacement plan- (Goal: get rid of it)

Public Education & Resources

- More education and outreach, annual notification: service line is lead or unknown material, 24-hour notification of high lead level and water filters provided after a lead line disturbance

Schools/Childcare

- Sample for lead at all registered schools and daycares built before 2014 within five years.

SWBNO Response

- Service line inventory in progress
- Replacement plan due by October 2024
- Costly (but important) programs
- Lead line replacement
- Additional testing
- Additional communication and outreach

FINANCIAL SUMMARY

Grey Lewis, Chief Financial Officer, presented an update on year-end and the November 2023 financial results and liquidity position, as it is critical that SWBNO maintain sufficient cash flow levels to continue operations, and meet bond covenant requirements. The November 2023 water and sewer cash levels (232- and 258-days cash on hand, respectively) exceed the minimum and target thresholds based on month-end cash and budgeted expenses and additionally debt service coverage is within the budgeted forecast. December collections were \$19.8M which was below the FY23 monthly average of \$21.6M. total past due accounts receivables as of November 30, 2023 (aged > 60 days) were \$55.9M an increase of 1% or \$0.5M from the prior month-end.

November billed revenues (\$21.7M) were below budget (\$23.1M) by approx. \$1.4M while YTD revenues (\$254.9M) exceeds budgeted (\$254.5M) by \$0.4M. Drainage tax revenues for the year (\$68.2m) are on budget and Other non-operating revenues are higher in FY23 by approx. \$6m and exceed budget due to interest income from higher fixed interest rates on invested funds and inclusion of fair share funds. November operating expenses (\$28M) were lower than budgeted for the month based on conservatively budgeted amounts while higher than operating expenses a year ago (\$22.6M); YTD operating expenses are \$301M which is less than conservatively budgeted \$377.7M thru November; management will continue to monitor as preparations for year-end closing are underway.

The finance team continues to focus on strategic projects including aged customer balances and coordination with the customer service and billing teams to improve the overall revenue recovery and is preparing for year-end audit season.

ACTION ITEMS

GENERAL SUPERINTENDENT RECOMMENDATIONS

The following resolutions were discussed at the January 23, 2024, Board of Directors Meeting: General Superintendent Recommendations

CONTRACT AWARDS/RENEWALS

- Resolution (R-001-2024) First and Final Award of Contract 2022-SWB-88 Furnishing Ferric Sulfate to the Algiers and Carrollton Water Plants Between the Sewerage and Water Board of New Orleans and USALCO
- Resolution (R-002-2024) Award of Contract 30258 – Carrollton Basin No. 17 Sewer Rehabilitation Between the Sewerage and Water Board of New Orleans and Wallace C. Drennan, Inc
- Resolution (R-007-2024) Authorization of Professional Services Agreement for the Water Treatment Master Plan Between the Sewerage and Water Board of New Orleans and CDM Smith
- Resolution (R-008-2024) Second Renewal of Contract 30238 – Restoration of Gravity Flow Sanitary Sewers by Excavation and Replacement from Manhole to Manhole, CIPP Lining from Manhole to Manhole, CIPP Lining of Service Laterals and Point Repairs at Various Sites Throughout the City of New Orleans Between the Sewerage and Water Board of New Orleans and Wallace C. Drennan, Inc
- Resolution (R-013-2024) Award of Contract 30232 – Carrollton Basin No. 3 Sewer Rehabilitation Between the Sewerage and Water Board of New Orleans and BLD Services, LLC
- Resolution (R-014-2024) Award of Contract 30259 – Carrollton Basin No. 18 Sewer Rehabilitation Between the Sewerage and Water Board of New Orleans and Hard Rock Construction, LLC
 - o **Director Antrup moved to accept Contract Awards/Renewals. Director Howard seconded. The motion carried.**

CONTRACT CHANGE ORDERS BY RATIFICATION

- Resolution (R-003-2024) Ratification of Change Order No. 2 for Contract YG19-0001 - Furnishing and Delivering Gasoline and Diesel Fuel Between the Sewerage and Water Board of New Orleans and Lard Oil
- Resolution (R-005-2024) Ratification of Change Order No. 1 for Contract 30250-Carrollton Basin No. 9 Sewer Rehabilitation Between the Sewerage and Water Board of New Orleans and BLD Services, LLC

- Resolution (R-009-2024) Ratification of Change Order No. 5 for Contract 1417 – Static Frequency Converter Procurement Project Between the Sewerage and Water Board of New Orleans and Walter J. Barnes Electric Co, Inc
- Resolution (R-010-2024) Ratification of Change Order No. 5 for Contract 1418-Carrollton Water Plant Utility Rack Between the Sewerage and Water Board of New Orleans and MR Pittman Group, LLC
- Resolution (R-011-2024) Ratification of Change Order No. 5 for Contract 1376-Water Hammer Hazard Mitigation Program – High Lift Pumping Station and Panola Pumping Station Between the Sewerage and Water Board of New Orleans and MR Pittman Group, LLC
- Resolution (R-012-2024) Ratification of Change Order No. 1 for Contract 2151-St. Bernard Transmission Main, TM002, FEMA Project Worksheet 19846 Multiple Neighborhoods Between the Sewerage and Water Board of New Orleans and Wallace C. Drennan, Inc
 - o **Director Sloss moved to accept Contract Change Orders by Ratification. Director Duplessis seconded. The motion carried.**

CONTRACT AMENDMENTS

- Resolution (R-016-2024) Authorization of Amendment No. 11 to the Agreement for Water Line Replacement Program Between the Sewerage and Water Board of New Orleans and Digital Engineering & Imaging, Inc
- Resolution (R-017-2024) Authorization of Amendment No. 9 to the Agreement for Water Line Replacement Program Between the Sewerage and Water Board of New Orleans and G.E.C., Inc
- Resolution (R-018-2024) Authorization of Amendment No.13 to the Agreement for Water Line Replacement Program Between the Sewerage and Water Board of New Orleans and Linfield, Hunter & Junius, Inc
- Resolution (R-019-2024) Authorization of Amendment No. 9 to the Agreement for Water Line Replacement Program Between the Sewerage and Water Board of New Orleans and Mott MacDonald, LLC
 - o **Director Antrup moved to accept Contract Amendments. Director Howard seconded. The motion carried.**

Mayor Cantrell presented a motion to enter executive session. Director Psychaud moved. Director Sloss seconded. The motion carried.

Mayor Cantrell presented a motion to exit executive session. Director Sloss moved. Director Psychaud seconded. The motion carried.

Mayor Cantrell presented a motion to defer Special Counsel recommendation pursuant to 17(A)(2) to the next Board meeting. Director Sloss moved. Director Antrup seconded. The motion carried.

INFORMATION ITEMS

The following items were submitted for informational purposes only:

- Report Preliminary Financial Results
- Report General Superintendent
- Report Human Resource
- Report Legal
- Report Safety
- FEMA Project Worksheet Status
- DBE Participation on Contracts Report

PUBLIC COMMENTS

No public comments.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at approximately 11:36 a.m.