



625 St. Joseph Street
New Orleans, LA 70165
504.529.2837 or 52.WATER

September 10, 2025

The Finance and Administration Committee met on Wednesday, September 10, 2025, in the Executive Boardroom. The meeting convened at approximately 9:00 a.m.

Present:

Director Janet Howard
Director Joseph Peychaud
Director Chadrick Kennedy
Director Courtney Scrubbs

Absent:

Director Amy Woodfin

CASH FLOW OVERVIEW

Grey Lewis, Chief Financial Officer, presented the July 2025 preliminary financial results and liquidity position. He reported that the July month-to-date water and sewer revenues are slightly above budget, and drainage tax revenues are tracking closely with the plan for fiscal year 2025.

The last four months of customer billing have improved due to nearly 90% of smart meters being installed. Revenue adjustments were made for customer credits through June for old invoices previously reserved due to collectability issues. In the last two months, the City Council's billing dispute program administered by HGI has significantly decreased in both volume and the total dollar amount of customer credits issued, primarily due to smart meter data.

Staff continues to focus on normalizing billing processes now that the Smart Metering program has reached substantial completion for residential customers. The committee requested additional information on bills that did not receive a meter read due to some type of operational barrier. These bills, which include ready-to-serve charges only amount to about 4% of total bills. While this is trending down, additional information on the specific reasons why a meter cannot be read should be tracked and reported to the Committee.

Collections for Q2 2025 were up relative to historical averages (FY19-FY24) – specifically June collections (\$22.7M) for water and sewer were the largest month of the current fiscal year. The fiscal year 2025 month-to-date average through August was \$20.4M. The June increase is attributable to the launch of a new Promise Pay campaign to waive late fees for customers who enroll in a new payment plan. July and August were lower in collections when compared to June. Additional collections are anticipated for September as the waiver of late fees for new Promise Pay plans will extend through the end of the month. The Collections to Billings ratio was lower in Q2 versus Q1, which is primarily driven



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by timing of customer credit activity reflected in the system. The lower value of HGI customer credits awarded in the last 2 months should ease review of this metric moving into Q3 and Q4.

The committee expressed concern about operating expenses being significantly lower than budget on a routine basis and inquired about the drivers and contingency planning. Mr. Lewis indicated that the favorable variance is being examined, along with budget encumbrances indicating additional commitments for the rest of the fiscal year. Favorable variances may exist due to lack of timely processing of expenditures, over estimation of non-cash charges, and other factors, all of which are being considered during the utility's fiscal year 2026 budget process. Management will continue to review trends and reassess for any areas of Cash O&M expenses, which may be available to meet other needs in the Capital Improvement Program.

The 2025 budgeted Debt Service Coverage ratios (1.25X minimum required) for Water and Sewer are 1.68 and 1.85, respectively, and based on current expenditures are on track to be exceeded. Days Cash on Hand as of July 31 (90 days minimum required) were 154 and 90 for Water and Sewer funds, respectively. The 90 days cash on hand for sewer was lower than typical due to the timing of loan draws for the WIFIA loan.

As of July 31, 2025, 63% (15,030 plans) of 23,819 customers with past due balances have enrolled in Promise Pay. Since last month, past due receivables have remained essentially flat at \$60M, after decreasing from \$65M earlier in the year. Staff continues to focus on promoting payment plans for customers with past due bills to increase the volume of customers making routine payments each month.

The volume of service disconnection decreased during summer heat advisories.

Mr. Patrick Gaetjens, a member of the utility's Business Services team, presented information on resolution R-143-2025 seeking preliminary approval for the issuance of \$91M in taxable water revenue bonds. The committee asked why the utility was pursuing taxable bonds. Staff explained that, per the requirements of the Drinking Water Revolving Fund administered by the Louisiana Department of Health, the bonds are issued as taxable. The bonds are held by the State, with SWBNO making interest payments to the State. Since the State does not pay income taxes, it has no need for interest on the bonds to be exempt from income taxes. It offers the same rate, regardless of whether the bonds are tax-exempt.

Staff also explained that the bonds will be from two separate pots within the Drinking Water Revolving Fund and are subject to different terms based on the federal program funding it. The utility anticipates that approximately \$66M in bonds will be from funds dedicated to lead service lines. These bonds are non-interest bearing and will benefit from forgiveness of 49% of the principal amount. It is also anticipated that approximately \$25M in bonds will be from the Revolving Fund's general supplemental funds. While they also benefit from forgiveness of 49% of the principal amount, forgiveness is capped at \$3M. The resolution was drafted to reflect the different pots of money and their associated terms.



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ACTION ITEMS

- Resolution (R-121-2025) Authorization for Amendment #5 Of the Professional Services Agreement Between the Sewerage and Water Board of New Orleans and Avenu Insights and Analytics for Information Systems Management
 - o **Director Peychaud moved to accept R-121-2025. Director Kennedy seconded. The motion carried.**
- Resolution (R-142-2025) Authorization for Award of Contract for Professional Services Between Sewerage and Water Board of New Orleans and Dayforce for Human Resources and Payroll Software and Services
 - o **Director Kennedy moved to accept R-142-2025. Director Peychaud seconded. The motion carried.**
- Resolution (R-143-2025) Approval for Preliminary Water Revenue Bond
 - o **Director Kennedy moved to accept R-143-2025. Director Peychaud seconded. The motion carried.**

GENERAL SUPERINTENDENT'S REPORT

- Resolution (R-128-2025) Ratification of Change Order No. 3 for Contract 30254 – Carrollton Basin No. 13 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and BLD Services, LLC.
 - o **Director Scrubbs moved to Defer R-128-2025. Director Kennedy seconded. The motion carried.**

CONTRACT AWARDS/RENEWALS

- Resolution (R-111-2025) First Renewal of Contract 2024- SWB-33 Furnishing Liquid Polyphosphate to the Carrollton Water Plant between The Sewerage and Water Board of New Orleans and Sterling Water Technologies LLC.



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- Resolution (R-112-2025) First Renewal for Contract 30264 – Cleaning and CCTV Inspection of Sanitary Sewer Mains at Various Sites throughout Orleans Parish Between the Sewerage and Water Board of New Orleans and Compliance EnviroSystems, LLC.
- o **Director Peychaud moved to accept Contract Awards/Renewals. Director Kennedy seconded. The motion carried.**

CONTRACT AMENDMENTS

- Resolution (R-115-2025) Amendment No. 1 to the Agreement between the Sewerage and Water Board of New Orleans and JEI Solutions, Inc. for Skilled and Unskilled Labor for Maintenance.
- Resolution (R-133-2025) Amendment No. 1 to the Agreement between The Sewerage and Water Board of New Orleans and Wesco International for West Power Complex Electrical and Control Cable.
- Resolution (R-134-2025) Amendment No. 13 to the Agreement between The Sewerage and Water Board of New Orleans and Stanley Consultants Inc. for Design and Engineering Services for Water Hammer Hazard Mitigation Program.
- Resolution (R-136-2025) Amendment No. 7 to the Agreement between The Sewerage and Water Board of New Orleans and Jacobs Engineering Group Inc. for Professional Services in Engineering Services for Power Frequency Converter at Carrollton Water Plant.

DIRECTOR COMMENTS:

- The latter item prompted significant discussion, due to the extremely high percentage increase in the contract value over time. Committee members requested that the presentations on professional services contracts, which are awarded on the basis of qualifications rather than price, be revised to distinguish phases of work contemplated during the initial evaluation from other types of revisions and expansions in scope. They also asked to receive information on contracts with unusually large changes earlier
- o **Director Kennedy moved to accept Contract Amendments. Director Peychaud seconded. The motion carried.**



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CONTRACT CHANGE ORDER BY RATIFICATION

- Resolution (R-113-2025) Ratification of Change Order No. 2 For Contract 2165 – Transmission Main Replacement – South Claiborne Avenue (Louisiana Avenue to Third Street) - TM011 - Per FEMA JIRR Project Worksheets 21031 & 21032 Between The Sewerage and Water Board of New Orleans and Cycle Construction Company, LLC.
- Resolution (R-116-2025) Ratification of Change Order No. 3 for Contract 30229 – Carrollton Basin No. 1 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and BLD Services, LLC.
- Resolution (R-122-2025) Ratification of Change Order No. 3 for Contract 30230 – Carrollton Basin No. 2 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and BLD Services, LLC.
- Resolution (R-123-2025) Ratification of Change Order No. 3 For Contract 30232 – Carrollton Basin No. 3 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and BLD Services, LLC.
- Resolution (R-124-2025) Ratification of Change Order No. 2 for Contract 30248 – Carrollton Basin No. 7 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and Fleming Construction Company, LLC.
- Resolution (R-126-2025) Ratification of Change Order No. 4 For Contract 30252 – Carrollton Basin No. 11 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and BLD Services, LLC.
- Resolution (R-127-2025) Ratification of Change Order No. 2 for Contract 30253 – Carrollton Basin No. 12 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and BLD Services, LLC.
- Resolution (R-129-2025) Ratification of Change Order No. 3 for Contract 30258 – Carrollton Basin Sewer No. 17 Rehabilitation between The Sewerage and Water Board of New Orleans and Wallace C. Drennan.
- Resolution (R-130-2025) Ratification of Change Order No. 5 for Contract 30260 – Carrollton Basin No. 19 Sewer Rehabilitation between Sewerage and Water Board of New Orleans and Hard Rock Construction, LLC.
- Resolution (R-131-2025) Ratification of Change Order No. 1 for Contract 30261 – Carrollton Basin No. 20 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and Hard Rock Construction, LLC.
- Resolution (R-132-2025) Ratification of Change Order No. 5 for Contract 1420 – Power Complex Phase 1 Equipment Installation and Commissioning between The Sewerage and Water



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Board of New Orleans and Frischhertz-Barnes a Joint Venture.

- **Director Scrubbs moved to accept Contract Change Order by Ratification. Director Kennedy seconded. The motion carried.**

FINAL ACCEPTANCE

- Resolution (R-114-2025) Authorization of Final Acceptance of Contract 2165 – Transmission Main Replacement – South Claiborne Avenue (Louisiana Avenue to Third Street) - TM011 - Per FEMA JIRR Project Worksheets 21031 & 21032 between The Sewerage and Water Board of New Orleans and Cycle Construction Company, LLC.
 - Resolution (R-125-2025) Authorization of Final Acceptance of Contract 30248 – Carrollton Basin No. 7 Sewer Rehabilitation between The Sewerage and Water Board of New Orleans and Fleming Construction Company, LLC.
 - Resolution (R-135-2025) Authorization of Final Acceptance for Contract 1443 – West Power Complex Tie-ins between The Sewerage and Water Board of New Orleans and M.R. Pittman Group, LLC.
- **Director Scrubbs moved to accept Final Acceptance. Director Kennedy seconded. The motion carried.**

INFORMATION ITEMS

The information items were received.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to come before the Finance and Administration Committee, Director Kennedy made a motion to adjourn. Director Peychaud accepted. The motion carried. The meeting was adjourned at approximately 9:56 a.m.