

BOARD OF DIRECTOR'S MEETING

NOVEMBER 15, 2017

MEETING MINUTES

SEWERAGE AND WATER BOARD OF NEW ORLEANS

ROLL CALL

The Board of Directors of the Sewerage and Water Board (SWBNO) met on Wednesday, November 15, 2017 at 9:02 AM in the Board Room at 625 St. Joseph Street. The Interim General Superintendent, Mr. Bruce Adams, called the roll and confirmed the following members were present: Director Robin Barnes, Director Ralph Johnson, Director Marion Bracy, Director Joseph Peychaud, Director Dr. Tamika Duplessis and Hon. Mitchell Landrieu.

The following member(s) were absent: Director Stacy Horn Koch.

Also present were: Geneva Coleman, The Hawthorne Agency; Randy Smith, Royal Engineers; Zach Monroe, Sabiston Consultants; Conrad Spatz, USI; Wade Joseph, JEI Solutions, Inc.; Rita Legrand, Lakeview resident; Paul Rainwater, Owen Monconduit, Jade Brown Russell, Robert Turner, P.E., Terrence Ginn, Interim Emergency Management Team; Katie Dignan, Rebecca Dietz, City of New Orleans.

Staff present were: Bruce Adams, Interim General Superintendent; Sharon Judkins, Deputy Director, Administration; Valerie Rivers, Deputy Director, Logistics; Harold Marchand, James Thompson, Legal Department; Rosita Thomas, Accounting Department; Jacqueline Winston, Board Relations Staff; Hayne Rainey, Community and Intergovernmental Affairs.

APPROVAL OF PREVIOUS REPORT

Director Marion Bracy moved to approve the minutes of the Regular Board Meeting held on October 18, 2017. Director Robin Barnes seconded the motion. The motion carried.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Paul Rainwater and the I-Team presented a PowerPoint presentation on the following:

- I-Team's Mandate
- Operational Readiness
- Power Generation
- Drainage Pumping System
- Manpower
- Emergency Costs
- Continuity of Operations
- I-Team Part 2 Through May 2018

➤ **I-Team's Mandate**

- SWB still operating under emergency conditions.
- Since 8/22/17, Interim Emergency Management and Support Team (I-Team) embed with SWB executive leadership working round-the-clock to stabilize SWB's power generation, drainage and manpower systems.
- SWB and its contractors continue to work to repair all power and pumps and I-Team focused on execution of emergency contracts to repair infrastructure, add redundancy and resiliency and to deliver continuity of operations during leadership transition.

➤ **Operational Readiness**

- Operational Support
 - ❖ Hurricanes Harvey and Nate
 - ❖ Real-Time Reporting/Emergency Response
 - ❖ 24/7 manning at Drainage Pumping Stations and Underpass Stations
 - ❖ Coordination with National Guard
 - ❖ SWB EOC operating 24/7
- Water Distribution Pumps
 - ❖ Repairs completed to Panola Pumps #1 and #2
 - ❖ Repairs scheduled for Claiborne High Lift Pump #3
- Management of Power Resources

Mr. Paul Rainwater stated that we are still operating under emergency conditions since the August event. All the drainage pump stations and underpass stations were manned 24/7 during both events—Hurricanes Harvey and Nate—which needs to become standard operating procedure in any event that this city has. The Interim Emergency Management Team (I-Team) has instituted daily and weekly phone calls with staff to discuss current weather situations and potential weather situations coming weeks out in advance. The I-Team has also begun to run power and pump drills around those events so that regardless of the situation the Board is in, or the power and pump situations, those things need to be instituted. So, hopefully, after the I-Team leaves, there will be some permanent changes that will occur in the way that the employees operate on a daily basis.

➤ **Status of Power Generation**

- Turbines Operational:
 - ❖ Turbine #1 – 5 MW
 - ❖ Turbine #6 – 3.75 MW
- 4 Frequency Changers – 20.5 MW
- Total 25 Hz Power Available – 29.25 MW
- 26 rental generators available for redundancy
- Turbines Out of Service for Maintenance:
 - ❖ Turbine #3 – Siemens assessing
 - ❖ Turbine #4 – Asbestos Abatement work
 - ❖ Turbine #5 – GE repairing (Feb. 2018)

➤ **Testing of EMDs Underway**

- Testing of 5 Electro-Motive Diesel (EMD) generators began Nov. 11.
- On schedule for availability on Nov. 24.
- Will provide additional 12.5M of power.
- Sound wall being designed to reduce noise.

➤ **Overview of Drainage System**

- 24 Drainage Pumping Stations (DPS) across New Orleans
- In total there are 120 pumps
 - ❖ 100 drainage pumps used during rain events
 - ❖ 20 constant duty pumps for ground water and to lower water levels in drainage canals
- 12 underpass drainage pumping stations

➤ **Drainage Pumping Status**

- 113 of 120 pumps currently operational (96%)
- 7 pumps out; undergoing emergency repairs
 - ❖ 4 drainage pumps (2 are less than 10 CFS)
 - ❖ 3 constant duty pumps
- Next large drainage pump to return to service
 - ❖ DPS #6, Pump I (1100 CFS)
 - ❖ Will bring operational capacity to 98%
- Drainage Pumps Repaired Since Aug. 20:
 - ❖ DPS 1 -- #2 (225 CFS)
 - ❖ DPS 1 – CD#1 (60 CFS)
 - ❖ DPS 6 – CD #2 (90 CFS)
 - ❖ DPS 6 – C (1000 CFS)
 - ❖ DPS 6 – D (1000 CFS)
 - ❖ DPS 6 – F (1100 CFS)
 - ❖ DPS 11 – B (250 CFS)
 - ❖ DPS 11 – D (570 CFS)
 - ❖ DPS 11 – E (570 CFS)
 - ❖ DPS 15 -- #2 (250 CFS)
 - ❖ DPS 20 -- #1 (250 CFS)
 - ❖ Total – 5,565 CFS
- Drainage Pumps Under Repair:
 - ❖ DPS 5 – CD 2L (40 CFS)
 - ❖ DPS 5 – CD 2R (40 CFS)
 - ❖ DPS 6 – CD 1 (90 CFS)
 - ❖ DPS 6 – I (1100 CFS)
 - ❖ DPS 7 – C (1000 CFS)

- ❖ DPS Grant – 2 (8 CFS)
- ❖ DPS Grant – 4 (8 CFS)
- ❖ Total – 2,286 CFS

The Honorable Mitchell Landrieu stated that there is a slide that he wants included in every other presentation of the executive director that talks about how many storms we've had since 1718 through today. In addition, include how many days you need X amount of power and how many days you need X plus a lot of power. Generally speaking, there are 365 days in a year. About 330 days you need 330MW of power to do sewer, water and drainage in the city. However, there's a mark of about 35 days that are unpredictable from year to year that you need a certain amount to keep us safe under difficult circumstances. We're trying to do risk reduction. The levee system that we have now cannot protect us 100% of the time. Therefore, we have to build a system that protects us most of the time with the resources that we have. With science as our guide and facts as our foundation, Mayor Landrieu stated that we're trying to get to a recommendation that makes sense for the people of New Orleans.

➤ **Manpower**

- On Monday, Civil Service Commission approved pay raises for Operations, Facilities Maintenance, Professional Engineering and Engineering Technician positions.
 - ❖ Impacts about 40 job titles where staffing is critical covering about 300 budgeted positions
 - ❖ Expected cost of pay raise is about \$3 million a year which will be paid from existing funds
 - ❖ Brings SWB more inline w/ other public & private utilities
 - ❖ Still needs approval from City Council
 - ❖ Part of a multi-phased approach w/ Civil Service to increase pay for SWB employees
- Today, SWB is holding an Interview Day where Managers will interview applicants on Civil Service registers for open positions.

Director Duplessis referenced the previous Board Meeting where there was supposed to be a Job Fair taking place in November. Director Duplessis wanted to know what precipitated the change from having a Job Fair to having an Interview Fair and whether there will be a subsequent Job Fair to occur at a later date. Mr. Rainwater's response was that there were a lot of positions already on the Registry, so they wanted to clear those out first before looking at other positions.

Mr. Terrence Ginn added that there is no need in bringing in a lot of people when there are no positions available for them to apply for. Mr. Ginn further explained that we either had healthy registries or not a lot of vacancies for many of the entry-level positions. So, to bring in as many people as we can, we're trying to clear the registries that had the most vacancies in the S&WB. Approximately 70 interviews had been set up. The goal is to get in the range of 50-70 people in every month so that we have a full staff contingent. Along with hiring, an even greater issue is retention. The Civil Service Commission took a first step in addressing pay for facility maintenance and operations that will help bring up the salaries for retention. Mr. Ginn stated there will be focused interview days rather than Job Fairs because an individual must go through the Registry to be placed on the list. Human Resources would then hire from that list.

Director Duplessis wanted to know if the incumbent pay raises were based on the Class Comp Study. Mr. Ginn's response was that the pay raises were based on the compensation portion of the Class Comp Study. Mr. Rainwater explained that the I-Team made a decision because of the situation that the S&WB was in to sit with Civil Service, S&WB and the contractors to complete a very large study that is still in draft form. This group was asked to take out the 30 classifications that the I-Team felt most important at this moment in time, separate them out, finalize those job classifications and pay wages in the study, and then have Civil Service adopt that. The Board will be getting a full report which will affect the rest of the employees as soon as the report is out of draft form.

➤ **Emergency Costs**

▪ Total Power	\$41,556,677
▪ Total Water Pumps	\$ 235,828
▪ Total Drainage Pumps	\$ 6,232,267
▪ Total Manpower	\$ 6,557,883
▪ Combined	\$54,582,655

Director Duplessis asked if the \$54 million that has been committed thus far include the \$24 million that was a part of the Budget Adjustment discussed in the Finance and Administration Committee meeting on Monday. Ms. Katie Dignan said that it did not.

➤ **Continuity of Operations**

- City's Root Cause Analysis: ABSG Consulting selected
- SWB Executive Search: Proposals to the RFP for a third party Executive Search Firm due Friday, Dec. 1
 - ❖ Ad Hoc SWB Executive Search Committee to be formed in Dec. once all vacant Board seats filled
- Board Vacancies: Council Govt. Affairs meeting today to consider 3 Appointments to the Board of Directors.
- Staff Reorganization: Eric LaBat promoted to Chief of Operations over Power Generation/Distribution
- RFP for Staff Augmentation: Selection Committee will evaluate the 1 proposal received
- FEMA Projects: Working to accelerate completion of Water Hammer Hazard Mitigation projects
- SWB Billing Operations: Backlog of approx. 5,800 accounts currently Under Investigation by SWB Customer Service
 - ❖ SWB is temporarily suspending termination of water service for delinquent accounts until March 1, 2018

All customers will receive notification of how their bills will be calculated going forward based on a percentage basis rather than the calculations that occurred before that created double and triple billing. Mayor Landrieu has instructed Mr. Rainwater to fix the problems with the billing system. Going forward, Mr. Rainwater will continue in a part-time capacity through December 2017 as the new interim appointments are onboarded to assist during leadership transition. Director Peychaud requested that the two consumer advocacy Board members be kept up-to-date in terms of what's happening and what's being accomplished regarding Customer Service and the Board in general.

➤ **I-Team Part 2 Through May 2018**

- Interim CFO
 - ❖ Marina Kahn, MS, MBA
 - ❖ CEA w/ Orleans Parish Assessor's Office
- Interim Special Counsel
 - ❖ Jade Brown Russell, JD

❖ Full-time SWB employee

- Interim Operations Manager
 - ❖ Joe Sensebe, PE
 - ❖ Contract with ARCADIS

Director Peychaud asked how the new individuals coming in on an interim basis would be incorporated into the current staff, particularly at the upper management and middle management levels. Mr. Rainwater stated that there would be a series of “all hands on deck meetings” with every employee in this organization to reset expectations and to explain to people where they are in terms of an organization from the failure of August 5th to the failure of the Boil Water Advisory.

Director Marion Bracy moved to accept the recommendation of Ms. Jade Brown Russell to the position of Interim Special Counsel. Director Dr. Tamika Duplessis seconded. The motion carried.

➤ **Budget Amendment Request – Emergency Contracts as of Nov. 14, 2017**

▪ Power – Funding Requested	\$ 6,539,597.00
▪ Drainage Pumps – Funding Requested	\$ 3,167,986.00
▪ Water Pumps – Funding Requested	\$ 290,000.00
▪ Manpower – Funding Requested	\$ 8,656,811.00
▪ Total Funding Requested	\$18,654,394.00

Director Duplessis stated that the amount requested for manpower to get us through the end of the year seemed extremely high, and that without something more detailed and concrete, she was not going to support the amendment. Mayor Landrieu instructed Mr. Rainwater and team to present detailed information to the Board so that they can see what the money is being used for.

Director Peychaud asked if the Budget Amendment had to be approved at that meeting or was there time to reconvene with a thorough discussion with regard to the Board’s concerns and then come back with a special meeting to resolve the issue. Mr. Rainwater stated that if the amendment was not approved at that Board meeting, we would basically be out of money for some of the contractors and would have to stop work.

Mayor Landrieu was not comfortable with not approving the amendment at the November Board meeting because the city would be at risk. He, therefore, asked Mr. Rainwater to provide detailed information to the Board on Thursday, November 16, 2017. Mayor Landrieu then called for a motion to approve the Budget Amendment. Director Ralph Johnson moved to approve the Budget Amendment. Director Robin Barnes seconded. Directors Barnes, Johnson, Bracy and Peychaud voted yea, while Director Duplessis voted nay. The motion carried.

FINANCE & ADMINISTRATION COMMITTEE

Director Joseph Peychaud reported on the action taken by the Finance and Administration Committee. There was an Executive Session in which the Committee moved to accept Special Counsel’s recommendations. Several Change Orders were ratified. Acceptance of the Report on Operations for 2016 (R-151-2017) was deferred to the December Finance and Administration Committee meeting. The Budget Amendment Request for Emergency Contracts was deferred to the full Board for consideration at the November 2017 meeting.

Ms. Sharon Judkins, Deputy Director of Administration, gave a very thorough overview of the new Health Plan Recommendation. Ms. Judkins explained that the employees have not been told who the recommended vendor is at this point. Once the Board approves the Recommendation, then the notification will go out.

Prior to looking for vendors, the Human Resources Department got input from employees as to their concerns with their current medical plan. Those concerns were factored in when determining who would be our best provider going forward. In terms of cost to employees and retention of current services, there is no significant change in services. Our current health provider, Health Smart, and the new provider, Health Plan, both use the same medical network—Cigna. The new provider will come on site and help employees enroll in time for the start of the new year.

There were two Presentation Items—Financial Results through September 2017 and the AMI Readiness Assessment Project. There was no further business to be discussed. Director Ralph Johnson moved to accept the report of the Finance and Administration Committee. Director Robin Barnes seconded. The motion carried.

Pension Committee

Director Joseph Psychaud reported on the actions taken by the Pension Committee on November 13, 2017. There was one action item in reference to Trustee Education. Resolution (R-140-2017) was accepted and adopted. Mr. Timothy Viezer gave a very thorough overview of The Employees' Retirement System and Mission Statement. The fund investment consultant gave his normal quarterly report. There was also a discussion with regard to compliance with policy target asset allocations and a discussion relative to the search for a consultant as is consistent with the policy of the Pension Committee and the Board. The Committee also looked at the presentation with regard to consultant deliverables which were key to the discussion.

Director Ralph Johnson moved to accept the report of the Pension Committee. Director Robin Barnes seconded the motion. The motion carried.

CORRESPONDING RESOLUTIONS

The following resolutions were adopted in conjunction with approval of the Committee reports as follows:

R-141-2017—Ratification of Change Order No. 2 for Contract 30100—Electrical Improvements to the Effluent Pump House at the East Bank Sewer Treatment Plant

R-142-2017—Ratification of Change Order No. 4 for Contract 3788—404 Hazard Mitigation Grant Program—Burke Sewage Pumping Station

R-143-2017—Contract Amendment No. 1 to the Agreement between the Sewerage and Water Board of New Orleans and Veolia Water North America, LLC for Capital Program Management (CPM) Services

R-144-2017—Ratification of Change Order No. 16 for Contract 1350—Hurricane Katrina Related Repairs to Turbine 4 at the Carrollton Water Treatment Facility/Power Plant

R-145-2017—Ratification of Change Order No. 11/11a for Contract 6247—Hazard Mitigation Grant Project Retrofit of Generator 4 at the Carrollton Water Purification Plant/Power Complex

R-146-2017—Ratification of Change Order No. 3 for Contract 6249—Hazard Mitigation Grant Project—Design Build Retrofit Power Distribution Network

R-147-2017—Ratification of Change Order No. 1 for Contract 3796—Replacement of Vertical Turbine Solids Handling Pumps at the Boulevard "X" Sewage Pumping Station

R-148-2017—Ratification of Change Order No. 3 for Contract 1371—Hazard Mitigation Grant Project Structural General Retrofit Power Plant Contract

R-149-2017—Amendment to Agreement with Burk-Kleinpeter, Inc. for Design and Engineering Services for the Sewer Pump Stations Catch-All Project

EXECUTIVE SESSION

There was no Executive Session due to the loss of a quorum.

INFORMATION ITEMS

The following items were submitted for informational purposes only:

- Monthly Human Resources Activity Report for the Period October 1 through October 31, 2017
- Executive Director's Approval of Contracts of \$1,000,000 or less
- FEMA Status Report
- Report of the General Superintendent
- DBE Participation on Emergency Contracts

ANY OTHER MATTERS

Ms. Rita Legrand made a public comment. Ms. Legrand brought in two additional problems in the Lakeview area and left information with Ms. Brenda Thornton. Ms. Legrand wanted to know if Pumping Stations 6, 7, and 12 would be able to take care of Lakeview prior to hurricane season. Mayor Landrieu informed Ms. Legrand that Pumping Station 12 was fully operational, Pumping Station 7 is in pretty good shape, and Pumping Station 6 is missing 1 pump.

ADJOURNMENT

There being no further business to come before the Board, Director Ralph Johnson moved to adjourn. The meeting adjourned at approximately 10:42 AM.