



**"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"**

# **Sewerage & Water Board OF NEW ORLEANS**

LATOYA CANTRELL, PRESIDENT

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August 14, 2019

The Finance and Administration Committee met on Wednesday, August 14, 2019 in the Board Room located at 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 1:00 P.M.

## **Present:**

Director Lynes Sloss  
Director Janet Howard  
Director Joseph Peychaud  
Director Alejandra Guzman

## **Absent:**

Director Ralph Johnson

## **Other Board Members Present:**

None

## **PRESENTATION ITEMS**

None

Director Lynes Sloss asked before the meeting to recognize Bruce Adams. Executive Director Ghassan Korban stated Mr. Bruce Adams has announced his retirement from Sewerage and Water Board. Mr. Korban acknowledge and thanked Mr. Adams for his service and improvements he has made in the 10 years served with Sewerage and Water Board. He wishes Mr. Adams the best as he moves forward.

Special Council Yolanda Grinstead took a motion to rearrange the Black and VVVeatch report right after the Chief Financial Officer's report.

Director Joseph Peychaud moved to rearrange the report. Director Alejandra Guzman seconded. The motion carried.

Chief Financial Officer, Yvette Downs, gave an update on recent activities since the committee did not meet in July. They have successfully submitted:

- Annual Reports Submitted
  - 2018 CAFR
  - 2018 Single Audit
  - 2018 Actuarial Valuation Report
  - 2017 Report on Operations
- Grant Submissions
  - WIFIA LOI application – 7/1/19
  - DEQ EPA State Revolving Fund – 7/25/19
- Fair Share Update
  - \$7.65 mil Received
  - Go Zone CEA drafted
  - HMGP amendments underway
  - CEA for \$28 mil in negotiation
  - Recurring funding pending further voter action

Mrs. Downs also provided information on upcoming activities. She stated these activities are a work in progress. The upcoming activities are:

- Technology
  - Completed gap review
  - Complete Cogsdale upgrade
  - Implement new AP tracking system
  - Implement Financial Forecasting System
  - Initiate AMI
  - Initiate new procurement for IT support
  - Initiate procurement for replacement of GL/AP
  - Develop IT Strategy
- Grant Activity
  - Close on DEQ EPA State Revolving Fund
  - Apply for LDH EPA State Revolving Funds
  - Complete HMGP amendments (\$16M)
- Bond Action
  - Continue to pursue Drainage Bonds
  - Initiate bonds for sewerage and water systems
- Other
  - Rate Study
  - 2018 Operations Report
  - Finalize Procurement policies & manual
  - Streamline Treasury functions
  - Experience Study

Mr. Mitchell Bilbe with firm Rudd and Wisdom, Inc. gave a review of the actuarial results. Rudd and Wisdom is in Austin, Texas and have been around for 75 years. This firm was founded in 1945 and owned by firms' current actuaries; independent of other service providers and asset advisors. They specialized in large retirement benefits plans, group health benefits plan and many other practices and plans. The transition process matched the prior actuary's valuation results within 2.5%. Aligned with prior actuary's, assumptions were inconsistent between the pension plan and OPEB plan. The pension plan funding results comparison from 2018 to 2019 are assumptions. As reported by the prior actuary

in the Actuarial Valuation report published in May of 2018. In accordance with the Board Resolution R-248-2014, since the plan is not 100% funded, the Employer Contribution is determined assuming employees contribute 5% of earnable compensation. Actual employee contributions are 6% of earnable compensation. Based on the projected earnable compensation of \$41,822,648 for 2018 and \$47,621,715 for 2019.

Actuarial Value of Assets as percent of entry age accrued liability:

- 76.4% as of January 1, 2018
- 71.4% as of January 1, 2019

From 2018 to 2019, Employer Contribution increased 1.2% of payroll. For the past 5 years, the employer has ranged from 18.6% to 21.3% of payroll. The change in employer contribution from 2018 to 2019 will attributable to 12% growth in active population from 1,083 to 1,210 employees. The investment return from 2018 are \$47.9 mil in investment losses.

## **ACTION ITEMS**

### **General Superintendent's Report**

#### **Bids/Construction Contracts**

#### **Resolution (R-090-2019) Recommendation of Backflow Prevention Services, LLC. for Backflow Prevention and Cross Connection Control Management (Plumbing Dept)**

- Director Alejandra Guzman moved to accept R-090-2019. Director Joseph Peychaud seconded. The motion carried.

### **Change Orders**

- **Resolution (R-105-2019) Ratification of Change Order No. 6 for Contract 6249** - Hazard Mitigation Grant Project – Design Build Retrofit Power Distribution Network (Vendor - GCCCI ) (Dept-Elec Engr )
- **Resolution (R-113-2019) Ratification of Change Order No. 1 for Contract 2130** – Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at Various Sites Throughout Orleans Parish (Vendor-Wallace C. Drennan) (Dept-Networks Administration)
- **Resolution (R-115-2019) Ratification of Change Order No. 1 for Contract 3799** – New Installation of Sludge Dryer at the Eastbank Wastewater Treatment Plant (Vendor-IMC) (Dept-Operations)
- **Resolution (R-117-2019) Ratification of Change Order No. 6 for Contract 1368** - Hazard Mitigation Grant Program – Rehabilitation of Oak Street Pumping Station (Vendor-MR Pittman) (Dept-Mech Engr)
- **Resolution (R-118-2019) Ratification of Change Order No. 6 for Contract 1395** - Water Hammer Hazard Mitigation – Elevated Storage Tanks (Vendor-B&K Const) (Dept-Mech Engr)

- **Resolution (R-136-2019) Ratification of Change Order No. 5 for Contract 1369** - Hazard Mitigation Grant Program- Emergency Fuel Storage Retrofit Power Plant (Vendor-Lou Con) (Dept-Elec Engr)
  - The contract 1369 entered in the amount of \$7,486,250.00 for FEMA funded repairs to the main water purification plant power complex. This change order represents five work items, Field Change Orders, which includes rework of pipe supports, trailer move, box/vault, additional gate valves and clean-up oil inside berm area.

Contract Change Order No. 1, increased the contract value by \$197,861.48

Contract Change Order No. 2, increased the contract value by \$207,988.50

Contract Change Order No. 3, decreased the contract value by \$33,655.04

Contract Change Order No. 4 (R-072-2019), increased the contract value by \$21,655.04

The Change Order in the amount of \$63,282.74, bring the accumulated Contract Order total to \$509,768.97.
- **Resolution (R-122-2019) Ratification of Change Order No. 1 for Contract 1406** – Sycamore Filter Gallery Structural and Filter Rehab at Filters No. 13, 15, 18 & 27 (Vendor-IMC) (Dept-Mech Engr)
- **Resolution (R-135-2019) Change Order No. 1** for Emergency Purchase of Five 25Hz Generator Sets (Vendor-ARCCO) (Dept-GSO)
  - These five emergency sets are the EMD’S, which are located at the Carrollton Plant. The purpose of these, they were a part of the emergency work done shortly after August 27, 2017 flood event. The original contract value was \$11,878,409.09. The previous change order value amounted to \$680,100.00. The current change order value to \$180,000 with no days authorized for time extension. The total contract amount to \$12,738,509.09.
  - Director Peychaud asked how is it that DBE participation has required 30% but it ends up to 56% or in some cases extremely low. Why is there a significance balance in the DBE participation and what is it based on? Mr. Ron Spooner replied the DBE participation is mainly based on the specialization of work, which determines the amount of DBE percentage for specific contracts.
  - Director Alejandra Guzman moved to accept Change Orders in Global. Director Joseph Peychaud seconded. The motion carried.

### **Contract Amendments**

- **Resolution (R-073-2019) Authorization of Contract Amendment No. 2** for Professional Services Between the Sewerage and Water Board and Richard C. Lambert, LLC for Design and Engineering Services for the Waterline Replacement Program (JIRR)
- **Resolution (R-074-2019) Authorization of Contract Amendment No. 2** for Professional Services Between the Sewerage and Water Board and Arcadis U.S., Inc for Design and Engineering Services for the Waterline Replacement Program (JIRR)

- **Resolution (R-075-2019) Authorization of Contract Amendment No. 2** for Professional Services Between the Sewerage and Water Board and G.E.C., Inc. for Design and No. x
- **Resolution (R-083-2019) Authorization of Contract Amendment No. 2** for Professional Services Between the Sewerage and Water Board and Neel Schaffer, Inc. for Design and Engineering Services for the Waterline Replacement Program (JIRR)
- **Resolution (R-084-2019) Authorization of Contract Amendment No. 2** for Professional Services Between the Sewerage and Water Board and Royal Engineers and Consultants, LLC for Design and Engineering Services for the Waterline Replacement Program (JIRR)
- **Resolution (R-085-2019) Authorization of Contract Amendment No. 2** for Professional Services Between the Sewerage and Water Board and Design Engineering for Design and Engineering Services for the Waterline Replacement Program (JIRR)
- **Resolution (R-086-2019) Authorization of Contract Amendment No. 3** for Professional Services Between the Sewerage and Water Board and Rahman and Associates, Inc. for Design and Engineering Services for the Waterline Replacement Program (JIRR)
  - These seven (7) Resolutions are Contract Amendments for firms working for Sewerage and Water Board that deal with the Joint Infrastructure Recovery Programs and Sewerage and Water Board Water Line Replacement Program.
- **Resolution (R-119-2019) Authorization of Amendment to Agreement for Services with Burk-Kleinpeter, Inc. for Program Management Services for Hurricane Katrina-Related Sewer Restoration Projects and in Connection with the 404 Sewer Hazard Mitigation Grant Program (Mech Engr)**
  - This amendment extends the timeframe of the existing agreement to July 18, 2020 to continue providing program management services at no additional costs to the Board through closeout of the HMGP work.
- **Resolution (R-124-2019) Authorization for Second Extension of Contract 8138-Furnishing Skilled and Unskilled Labor for Maintenance Services with the GEE CEE Company of Louisiana, Inc. (Facility Maintenance)**
  - This authorization extends the timeframe of the current contract to December 31, 2019 for an additional amount to not to exceed \$1,500,000.00. The current contract authorizes the Board, as its discretion and for any cause which may deem sufficient, to extend the times set for starting and for completing the current contract. The Sewerage and Water Board staff is preparing to conduct a new public bid process for a new contract for the furnishing of skilled and unskilled labor for maintenance services.
  - Executive Director Ghassan Korban mention they did not reject the bids because people pointed fingers at each other, but they rejected the bid because neither followed the actuarial requirement.
  - Director Alejandra Guzman moved to accept Contract Amendments in Global. Director Joseph Peychaud seconded. The motion carried.

## **Cooperative Endeavor Agreement**

- **Resolution (R-125-2019)** Cooperative Endeavor Agreement by and among the City of New Orleans and the Sewerage and Water Board and the New Orleans Redevelopment Authority for the Pontilly Drainage Project (Chief of Engineering)
  - Director Joseph Peychaud moved to accept R-125-2019. Director Alejandra Guzman seconded. The motion carried.

### **Final Acceptance**

- **Resolution (R-116-2019) Final Acceptance for Contract 1397** – Final Acceptance and Close Out of Improvements to Michoud Water Tower
- **Resolution (R-057-2019) Final Acceptance for Contract 1401** – Close Out, Requisition and Delivery of two pumps and one motor as per specifications at the New River Pumping Station
- **Resolution (R-094-2019) Final Acceptance for Contract 2106** – Installation of New Water, Sewer and Drain Service Connections at various sites throughout Orleans Parish
- **Resolution (R-033-2019) Final Acceptance for Contract 2133** – Reconciliation and Final Acceptance for Emergency Repair Contract for Winter Freeze (INGA) – Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at various sites throughout Orleans Parish.
- **Resolution (R-034-2019) Final Acceptance for Contract 2134** – Reconciliation and Final Acceptance for Emergency Repair Contract for Winter Freeze (INGA) Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at various sites throughout Orleans Parish
- **Resolution (R-120-2019) Final Acceptance for Contract 30204** – Reconciliation and Final Acceptance- Restoration of Existing Gravity Flow Sanitary Sewers by Excavation and Replacement from Manhole to Manhole CIPP Lining of Service Laterals and Point Repairs at various sites throughout Orleans Parish
- **Resolution (R-121-2019) Final Acceptance for Contract 5240** – Close Out of Contract, Drainage System Support Pump Repairs DPS 4 C/D/E.
  - Director Joseph Peychaud moved to accept Final Acceptance resolutions R-116-2019, R-057-2019, R-094-2019, R-033-2019, R-034-2019, R-120-2019, and R-121-2019. Director Alejandra Guzman seconded. The motion carried.

### **Chief Financial Officer's Recommendations**

#### **Resolution (R-131-2019) 2019 Pension Contributions**

- Director Joseph Peychaud moved to accept R-131-2019. Director Janet Howard second. The motion carried.

#### **Resolution (R-134-2019) Termination of the State Revolver Fund**

- Director Joseph Peychaud moved to accept R-134-2019. Director Alejandra Guzman second. The motion carried.

**Resolution (R-133-2019) Issuance of \$25 million in DEQ EPA Funds**

**Resolution (R-132-2019) Designating Executive Director as Authorized Officer of Sewerage and Water Board of New Orleans**

**Resolution (R-139-2019)-Preliminary Approval for DEQ EPA Funds**

- Director Alejandra Guzman moved to accept R-133-2019, R-132-2019, R-139-2019. Director Joseph Psychaud second. The motion carried

**Resolution (R-123-2019) 2017 Report on Operations**

- Director Joseph Psychaud moved to accept R-123-2019. Director Janet Howard second. The motion carried.

**Contract Amendments**

**Resolution (R-130-2019) – Go Zone Amendment to the Cooperative Endeavor Agreement**

- Director Joseph Psychaud moved to accept R-130-2019. Director Janet Howard second. The motion carried.

**INFORMATION ITEMS**

The information items were received.

There being no further business to come before the Finance and Administration Committee, Director Alejandra Guzman moved to adjourn. Director Joseph Psychaud seconded. The motion carried. The meeting adjourned at approximately 3:00 PM.

Respectfully submitted,

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Lynes Sloss, Chair