

# BOARD OF DIRECTORS' MEETING

January 16, 2019

MEETING MINUTES

## SEWERAGE AND WATER BOARD OF NEW ORLEANS

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### ROLL CALL

The Board of Directors of the Sewerage and Water Board (SWBNO) met on Wednesday, January 16, 2019 at 9:03 AM in the Board Room at 625 St. Joseph Street. Special Counsel, Ms. Yolanda Grinstead, called the roll and confirmed the following members were present: Director Alejandra Guzman, Director Joseph Peychaud, Director Lewis Stirling, III, Director Lynes Sloss, Director Dr. Tamika Duplessis, Director Nicole Barnes, Director Ralph Johnson, Director Robin Barnes, Councilmember Jay H. Banks and Hon. LaToya Cantrell.

The following member(s) were absent: Director Andrew Amacker

Also present were: Ms. Geneva Coleman, The Hawthorne Agency, Inc.; Mr. Lloyd Lazard; Mr. Ramsey Green, Chief Administrative Officer, Infrastructure; Ms. Fannie M. Bennett, Buckhart Horn; Mr. Kazem Alikhani, ECM; Ms. Nicole Escarra, CCS; Mr. Ben Gordon, Pax Christi; Mr. Pat Bryant, Justice and Beyond.

Staff present were: Mr. Ghassan Korban, Executive Director; Ms. Yvette Downs, CFO; Mr. Richard Rainey, Deputy Director, Communications; Ms. Jacqueline Winston, Ms. Candace Newell, Board Relations; Ms. Yolanda Grinstead, Special Counsel; Ms. Mary Beth Arceneaux, Mr. Darryl Harrison, Legal Dept.; Mr. Dexter Joseph, Budget Dept.; Mr. Robert Jackson, Revenue Administration; Ms. Conestler Green, Purchasing; Ms. Irma Plummer, EDBP; Mr. Eric Labat, Chief of Operations; Mr. Fred Tharp, Chief of Networks; Ms. Ann Wilson, Chief of Environmental Affairs; Ms. Paula Arceneaux, Ms. Alana Jones, EIC; Ms. Grace Birch, Mr. Curtis Elmore, Communications; Mr. Jason Higginbotham, Security, OEM; Mr. Robert Turner, PE; Mr. Ron Spooner, Chief of Engineering; Mr. David Callahan, Special Projects.

Prior to the start of the Board of Directors' meeting, Mayor LaToya Cantrell acknowledged the newest member of the Board representing the City Council, Councilmember Jay H. Banks. The Mayor laid out the process for the Sewerage and Water Board of New Orleans (SWBNO) at the December 2018 Board of Directors' meeting, including the guidelines within the legislation as it relates to the Board makeup. The Mayor stated that the process would begin with the January 2019 Board of Directors' meeting where all positions were declared vacant. According to the legislation, all members who are currently seated would serve in their current capacity until the process culminates around June 30, 2019. Mayor Cantrell stated that Councilmember Banks was able to join the Board so quickly because a member stepped down after the December 2018 Board meeting, creating that spot for the New Orleans City Council, so that the Mayor would not have had to ask someone to resign, allowing the Councilmember a seat on SWBNO.

## **APPROVAL OF PREVIOUS MINUTES**

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Director Joseph Peychaud moved for approval of the Minutes of December 19, 2018. Director Lynes Sloss seconded. The motion carried.

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## **EMPLOYEE RECOGNITION**

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Chief of Networks, Mr. Fred Tharp, made the presentations of the honorees. Mr. Tharp stated that there was a major water line explosion at the intersection of St. Peter and Bourbon Streets on New Year's Eve, Sugar Bowl weekend. Typical solutions were not available; therefore, the Sewerage and Water Board crews worked extensive hours. Mr. Tharp wanted to recognize Mr. Jerry Gilliam, project manager, for his leadership in getting the water restored to those businesses before 7:00 PM. Executive Director Ghassan Korban stated that he was very proud of Mr. Gilliam and many others who perform heroic acts every day.

Mr. Tharp stated that there was also a geyser at Panola and Leonidas Streets on New Year's Day. A 110-year-old, 48" water line sprang a leak. That water line serves a large portion of Uptown and the Central Business District (CBD). The crew was trying to keep the water under controlled pressure. They tried several combinations of what it would take to keep water to the city and still try to isolate that section of pipe with antiquated valves and equipment. The crew tried for three (3) days, but still no combination. Mr. Tharp wanted to recognize Mr. Mark Bearchild for working around the clock to find the right combination. Mr. Bearchild saved SWBNO \$0.5 million. Mr. Bearchild was out on a job. Zone 1 manager, Mr. Daniel Eaglin, accepted the award for Mr. Bearchild. Mayor Cantrell expressed her appreciation to Mr. Bearchild and thanked Mr. Tharp as well.

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## **REPORT OF THE EXECUTIVE DIRECTOR**

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Executive Director Ghassan Korban began his report by welcoming Councilmember Banks to the Board of Directors of the Sewerage and Water Board (SWBNO) and indicated that they were all on the same team. Mr. Korban stated that Councilmember Banks has exhibited great understanding of what this utility is about and has shown genuine and consistent support. Mr. Korban is sincerely looking forward to working with Councilmember Banks. Mr. Korban stated that he recognized that sometimes there are issues with poor performance, such as employees sleeping on the job. This type of behavior will be taken seriously and dealt with swiftly. Mr. Korban is excited that the culture is changing, and that people are holding themselves accountable. Management training is ongoing and this utility is consistent and intentional about making our workforce much better to serve our customers.

Mayor LaToya Cantrell commended Mr. Korban for taking swift action as it relates to the employees who were sleeping on the job. Such behavior will not be tolerated; even so, our employees will not be targeted, and those who are doing their jobs will be respected.

Councilmember Banks stated that he has had the opportunity to watch people who work in municipal government for many years, and that most of those people are very committed, dedicated and

hardworking. They don't get paid very much, the councilmember stated, but do it out of love and a commitment to this city. Councilmember Banks was very happy to see that SWBNO recognizes people for doing what they are supposed to do and wanted the public to understand that the individuals that were found sleeping were the exception rather than the rule.

Mayor Cantrell stated that Admiral David Callahan has focused heavily on the human resources side and the human infrastructure side of the agency and has really started to embrace a change of culture within the agency, resulting in our recognizing the men and women of SWBNO. The Mayor stated that Councilmember Banks would receive the previous report.

Mr. Korban stated that we are entering a new phase in this utility, leaving a crisis-reactionary mode and going into a stable mode, giving us a clearer vision of where SWBNO is going. Mr. Korban felt that the Board needed to understand the direction and the strategy of what SWBNO is taking on despite the fiscal challenges. The Board was shown a schematic of fresh water pumping. Pump A, which is down for the time being, is a steam pump. The parts in that pump need to be replaced but are expensive. It would take about \$0.5 million just to make it operable. Therefore, consideration is being given to converting Pump A from steam to electric power (60 Hz). Turbines 1 and 3, steam turbines, are very fragile. There is always a possibility of a breakdown. Hence, consideration is being given to replacing them with frequency changers. Pump A is one of the major pumps because it has variable speed and it allows us to adjust pressures. Therefore, we are eager to bring it back online.

### **Drainage Pumping Status**

112 of 120 drainage pumps are available during rain events. Repairs underway on the following pumps:

Station	Neighborhood	Total Pumps	Designed Total Capacity (cfs)	Pumps Out	Station Operational Capacity	Estimated Repair Completion
1	Broadmoor	11	6,825	1	99%	3/15/2019
3	St. Bernard	9	4,260	1	77%	2/1/2019
4	Gentilly	6	3,720	1	73%	3/29/2019
6	Carrollton	15	9,580	2	98%	4/19/2019
7	City Park	5	2,690	1	97%	2/15/2019
15	N.O. East	3	750	1	75%	2/8/2019
20	N.O. East	2	500	1	50%	4/19/2019

Mr. Korban stated that the number is slightly higher in terms of how many pumps are down. Drainage Pumping Stations (DPS) 1, 6 and 7 have constant duty pumps that are down for maintenance. DPS 20 has one of its pumps down, operating at 50%. The area, however, has a lot of green and a lot of storage capacity. Mr. Korban stated that the intent is to have all the pumps fully operational prior to hurricane season. The Executive Director also stated that some of the deadlines may be challenged because some of our vendors are facing difficulty on their own by not getting paid, due to the fiscal difficulty that SWBNO is facing and the inability to pay our vendors. The goal is to constantly balance what we can do for all our vendors equally to keep them somewhat satisfied until we are able to pay them in full.

Mayor Cantrell stated that this issue speaks to the cash flow problem and the \$30 million that SWBNO owes vendors right now. Although progress is being made, it has slowed down because vendors are more reluctant to stay on the job without getting paid.

### **25 Hz Power Assets Schedule**

Unit	Status / Expected Return To Service Date	Available MW
Turbine #6	Available	3.75 MW*
Carrollton Freq. Changer (1&2)	Available	8.5 MW
Station D Freq. Changer (3&4)	Available	12 MW
EMDs #1,2,3,4,5	Available	12.5 MW
Turbine #5	Available	20 MW
Turbine #4	Available	17 MW
Turbine #3	Available	12 MW
Turbine #1	Available	6 MW

\*Turbine 6 is a 60 Hz generator that can produce 3.75 MW of 25 Hz power through a frequency changer.

Mr. Korban stated that we continue to be in very good shape in terms of availability of power.

### **Billing Progress**

Mr. Korban stated that we continue to make significant progress. Utiliworks discovered that the routes that were established for the meter readers were complicated and challenging. A key change was made at the beginning of 2019, and we are already seeing good results. Mr. Korban stated that the sequence was simplified, hopefully, eliminating all errors associated with reading the wrong meter. Mr. Korban promised to have a full report from Utiliworks at the next Board of Directors' meeting that will set out all the recommendations, a timeline of implementations, and what kind of results we should expect. Mr. Korban stated that we should see significant results by mid-2019, and we are moving toward that end.

Director Lynes Sloss asked if SWBNO is investigating Automated Meter Reading (AMI). Mr. Korban stated that AMI is a standalone, and it is a must next step; however, there is an immediate need to fix what we have because the implementation of AMI is going to take multiple years.

Mayor Cantrell stated that the implementation of AMI is also associated with cash flow and our ability to move these projects forward.

Councilmember Banks asked if the cash flow issue is still related to people disputing their bills. Mayor Cantrell stated that there is less dispute and more of individuals who don't have a dispute but have not paid their bills. This is a work in progress. The cash flow also has to do with most of our reserves being used during the August 5, 2017 event. As a result, this organization is cash-strapped.

Mr. Korban stated that the disputes do result in reduction in revenue. That is why SWBNO is focusing on reaching out and talking to our customers and then reaching a settlement, allowing them to make

payments at their own pace.

Councilmember Banks wanted to know if most of the disputes had been addressed or are they still in the pipeline of getting to people who have problems. He also asked about the percentage of people with problems that were heard.

Ms. Yvette Downs stated that there were approximately 7,000-8,000 backlogged disputes when she came on board as the Chief Financial Officer. From June 22, 2018 of prior, there are about five left. Those have all been taken care of. However, people continue to call in and ask for an investigation. Therefore, we have about 5,000 at any given time that we are continuing to work through. Ms. Downs stated that there was another issue with transfer accounts – people that move in and out. There were 12,432 at the onset, and that number has now dwindled down to 2,253. Ms. Downs stated that the anticipated date of completion is some time in February 2019.

Councilmember Banks wanted to know if the incidents had gone down of customers receiving extremely high bills or has the problem been fixed that caused the high bills.

Ms. Downs stated that there was an issue in November and December where customers could go online and would see high bills, which were pending bills; however, there was a flaw in one of the interfaces in the system that was plugged, so customers should not be seeing those inaccurate pending bills. Hopefully, there will be less occurrences of that problem.

Director Joseph Peychaud wanted to know if staff is still looking at any corporate entities that are not current. Ms. Downs stated that staff has spent a lot of time working on the corporate entities, and those numbers continue to fluctuate. Ms. Downs could not give a specific number but stated that the corporate accounts do not comprise most of the money in the backlog; however, staff is continuing to pursue those groups. Staff is also working to identify all the accounts that we should be billing.

### **Entergy**

Mr. Korban stated that SWBNO met with Entergy back in October 2018. The meeting sparked the beginning of a great relationship. The two entities meet once a month and have developed a closer bond. Entergy visited the SWBNO plant so that they can understand how they serve us and how we take Entergy's power and distribute it. Mr. Korban stated that Entergy is becoming a better provider by having a better understanding of their customer. Entergy has also reciprocated by inviting SWBNO to their training facility to show us how they do things. Entergy has given consent for us to build a substation that will be a key component in the overall operation of the SWBNO plant. Mr. Korban stated that Entergy has shown tremendous willingness to partner with SWBNO and he is very excited.

### **Continued Outreach**

Mr. Korban stated that outreach is key for a utility that is struggling with some confidence issues, being out in the public meeting with customers where they are and using the media to share our current situation and our strategies. The leadership team met with the two editorial boards – NOLA.com and The Advocate – with the hope that they understand that SWBNO is at that pivotal point and where this entity is going. Mr. Korban stated that this entity needs additional funding as we continue our efforts;

however, before we ask for money, SWBNO must earn respect and confidence, and show efficiency so that it all comes together as we move forward to the future to grow this utility where it needs to be.

Mr. Korban stated that Justice and Beyond has become a true community partner with SWBNO. A Listening Session was held on January 14, 2019 with Councilmember Banks also in attendance. The Listening Sessions help the leadership team understand what the public expects from SWBNO. Mr. Korban stated that the team may not have all the answers readily available, but they can always go back and formulate an answer, policy or strategy in order that the public's concerns might be addressed. To be more connected to SWBNO, one can go on Sewerage and Water Board's website and sign up.

Directors Robin Barnes and Alejandra Guzman requested to see a joint presentation about the partnership between SWBNO and Entergy so that they could be more educated about the partnership and what the goals are. Mr. Korban stated that the leadership team was contemplating a presentation to the Board at some point. Director Robin Barnes also wanted to know what, if anything, was happening internally to gear up for a potential freeze. Mr. Korban stated that an email was sent on Wednesday, January 16, 2019 making everyone aware of the lower temperatures anticipated on Sunday and Monday, January 20-21, 2019. The communications team would blast out another public service message reminding people of what they need to do.

Mayor Cantrell stated that maybe the media would be able to help us out by putting our video on their website, especially with the potential freeze coming to the city on Sunday and Monday, January 20-21, 2019. The video would help people understand how to protect their pipes and, of course, the City. Mr. Korban stated that the leadership team would ask the media and send them the video.

Director Guzman applauded the Community Outreach efforts and felt that it is very important to continue to build the trust of the public. Director Guzman stated that there is nothing like standing in front of the public and being honest about what is going on.

### **Finance and Administration Committee Report**

Director Lynes Sloss read the report of the Finance and Administration Committee Meeting. Nine (9) action items were approved. Director Dr. Duplessis moved for acceptance of the Finance and Administration Committee Report. Director Lewis Stirling seconded. The motion carried.

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## **EXECUTIVE SESSION**

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Director Ralph Johnson moved to enter Executive Session. Director Nicole Barnes seconded. The motion carried.

Director Joseph Peychaud moved to leave Executive Session and return to Regular Session. Director Lewis Stirling seconded. The motion carried.

Director Dr. Duplessis moved to appoint Mr. Robert Turner PE as General Superintendent of the Sewerage and Water Board of New Orleans at a salary of \$165,000 a year. Director Lynes Sloss seconded. The motion carried.

Mr. Robert Turner thanked the Board for the opportunity to continue the work that was started about 18 months ago. Mr. Turner stated that there are significant challenges that we are going to have to face in the future, and he is fully behind Mr. Korban's strategy to try and replace some of the aging infrastructure as opposed to continually repairing it just to get us up to the next emergency. Mr. Turner stated that he works with a great group of dedicated people and is excited, honored and proud to lead this team.

**Action Item**

Resolution (R-022-2019) Declaration of Notice of Board Vacancies, Authorization to Advertise the Notice of Vacancy and an Authorization to Process Applications

Mayor Cantrell stated that legislation now calls for a retired engineer to serve on SWBNO, and she has engaged the military community to identify retired engineers.

Director Dr. Tamika Duplessis moved to adopt R-022-2019. Director Robin Barnes seconded.

Mr. Lloyd Lazard made a public comment. Mr. Lazard was concerned that only people with college degrees can serve on this Board.

Mayor Cantrell called for the vote. The motion carried.

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**CORRESPONDING RESOLUTIONS**

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The following resolutions were approved at the November 2018 Finance and Administration Committee Meeting:

- R-001-2019 – First and Final Renewal of Requisition No. AL 170041 and CM 170039 for Furnishing Sodium Hypochlorite
- R-003-2019 – Contract 6259 – Installation of Permanent Generators at 5 Drainage Underpass Stations
- R-012-2019 – Contract 1405 – Sycamore Filter Gallery Structural and Filter Rehab at Filters 21-24
- R-013-2019 – Contract 1402 – Removal of Silt from the New River Intake Station
- R-010-2019 – Ratification of Change Order No. 4 for contract 1368 HMGP Project Oak Street Pumping Station
- R-009-2019 – Ratification of Change Order No. 5 for Contract 1395 Water Hammer Elevated Storage Tanks
- R-011-2019 – Change Order No. 1 for Contract 140033 Leak Detection Services
- R-005-2019 – Recommendation of Funding for Proposals for Green Infrastructure Projects and Maintenance of Green Infrastructure Sites

R-015-2019 – Postlethwaite and & Netterville Auditing Services

Director Sloss moved to accept the Corresponding Resolutions globally. Director Johnson seconded.

Mr. Lloyd Lazard had a public comment on resolutions R-010-2019, R-009-2019, and R-011-2019.

Mayor Cantrell called for the vote. The motion carried.

### **Presentation Items**

There were no more presentations. Those matters were taken up at the start of the meeting.

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## **PUBLIC COMMENTS**

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The following persons appeared before the Board of Directors to make comments:

- Mr. Ben Gordon stated that he attended the Justice and Beyond meeting and thought that it was good. He asked the Board why was it that SWBNO was so scrapped for money when they received a billion dollar grant from FEMA. Mayor Cantrell responded by saying that federal grants are a cost reimbursement process. It is not granted in one lump sum.

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## **INFORMATION ITEMS**

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The following items were submitted for informational purposes only:

Financial Results through November 2018  
Report of the General Superintendent  
Report of the Special Counsel  
FEMA December Project Worksheet Status  
Monthly Human Resources Activity Report for the Period December 1 – December 31, 2018  
DBE Participation on Contracts

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## **ADJOURNMENT**

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There being no further business to come before the Board, the meeting adjourned at approximately 10:37 AM.