



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

LATOYA CANTRELL, PRESIDENT

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April 16, 2020

The Finance and Administration Committee met on Wednesday, April 16, 2020, via Skype. The meeting convened at approximately 9:00 A.M.

1. ROLL CALL

Present:

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

Absent:

2. Cash Flow Overview

Chief Financial Officer, Yvette Downs presented on the cash flow during the COVID-19. Ms. Downs is happy Sewerage and Water Board can continue to provide water, drainage and sewer services throughout this emergency. Access to clean water is one of the fundamentals the city needs to back this virus. She stated in order to provide this service, it takes money. Its important Sewerage and Water Board make sure the cash flow continues to provide this service for clean water. Ms. Downs presented a PowerPoint on what things will look like over the next couple of months and informed the committee on the scenario assumptions. These scenario assumptions are a model of estimations, they will continue to update this model as the data changes.

BASELINE REVENUE SCENARIO

- We assume that the trend of revenues received in the first quarter of 2020 continues for the remaining months of the year.

"OPTIMISTIC" SCENARIO

- For residential customers, we assume that in May delinquencies increase to 45% from a 10% run rate. We assume that there will be a recovery starting in mid-July that will return to a 10% rate by end of summer. Additionally, on average, we assume that residential usage will increase 5% since many people are working from home.
- For all commercial customers we assume that revenues will decrease by 60% on average by the end of May for both large and small businesses.
 - For large commercial customers, we assume that there will be a full recovery beginning in June and returning to 100% by end of August.
 - For small commercial customers, we assume that there will be a partial recovery beginning in June and returning to 90% of end of August.

FULL “STRESS” SCENARIO

- For residential customers, we assume that in May delinquencies increase to 45% from a 10% run rate with no increased revenues from additional usage.
- For all commercial customers, we assume that revenues will decrease by 60% on average by end of May for both large and small businesses.
 - For large commercial customers, we assume that there will be a full recovery beginning in June and returning to 100% by end of September.
 - For small commercial customers, we assume that there will be a partial recovery beginning in June and returning to 80% of end of August.

For all scenarios, we assume the same level of operating and capital expenses. Non-essential expenses will be adjusted as needed to meet bond covenants.

In accordance with the bond documents, the sewer system and the water system must maintain a minimum 90-day cash reserve policy. (The drainage system does not have a minimum cash balance policy).

- Director Joseph Peychaud asked for clarification on the 90-day cash reserve policy and is SWBNO able to continue to abide by this policy? Special Counsel Yolanda Grinstead stated yes, they are still following the policy.
- Director Janet Howard asked where do the assumptions come from? CFO Downs stated the models are only good as the information they already had, and the information changes every day. Sewerage and Water Board will continue to update the model as those changes occur. The projections are Sewerage and Water Board own projections of what customer usage may look like. The estimations are what might happen good or bad.

3. ACTION ITEMS

General Superintendent's Report

a. Change Orders

- Resolution (R-043-2020) Ratification of Change Order No. 8 for Contract 1368 Hazard Mitigation Grant Program Oak Street Pumping Station
 - o Director Ralph Johnson asked are the contractors able to continue they daily work due to the COVID-19 crisis. General Superintendent, Robert Turner stated the contractors have been able to continue with the daily work. Mr. Christopher Bergeron inform the committee contractors are working but the vendors have travel restrictions and may delay work getting done.
 - o **Director Joseph Peychaud moved to accept R-043-2020. Director Alejandra Guzman seconded. The motion carried.**

- Resolution (R-044-2020) Ratification of Change Order No. 2 for Contract 2130 Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at Various Sites Throughout Orleans Parish
 - o **Director Janet Howard moved to accept R-044-2020. Director Alejandra Guzman seconded. The motion carried.**

CHIEF FINANCIAL OFFICER'S RECOMMENDATION

- b. Resolution (R-047-2020) Contract Extension for Information Systems Facilities Management with Avenu Insights & Analytics, LLC
 - o **Director Ralph Johnson moved to accept R-047-2020. President Pro Tem Dr. Tamika Duplessis seconded. The motion carried.**

4. INFORMATION ITEMS –

The information items were received.

5. PUBLIC COMMENT –

- Ms. Iam Christian Tucker, President/CEO representing ILSI Engineering, thanked Sewerage and Water Board for working through this crisis and voiced concerns about past due invoices.

6. **ADJOURNMENT**

There being no further business to come before the Finance and Administration Committee Meeting. The meeting adjourned at approximately 10:02 AM.

Respectfully submitted,

Lynes Sloss, Chair