

SEWERAGE & WATER BOARD OF NEW ORLEANS

AUDIT COMMITTEE MEETING

TUESDAY, MARCH 12, 2019

10:00 AM

**6 2 5 S T . J O S E P H S T R E E T
2 ^N ^D F L O O R B O A R D R O O M**

Tamika Duplessis, Chair • Robin Barnes
Lewis Stirling • Lynes Sloss • Nicole Barnes

FINAL AGENDA

ROLL CALL

ACTION ITEMS

PRESENTATION ITEMS

1. Sewerage and Water Board's Quarterly report to City Council on Let Contracts

INFORMATION ITEMS

EXECUTIVE SESSION

PUBLIC COMMENT

ADJOURNMENT



The Sewerage & Water Board

OF NEW ORLEANS

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www.swbno.org

March 1, 2019

New Orleans City Council
Public Works Committee
1300 Perdido Street
New Orleans, La. 70112

Dear Honorable Members of the City Council:

Below is the description of the lone contract for construction and/or repair to the water, sewer and drainage systems in fulfillment of the Sewerage and Water Board of New Orleans' (SWBNO) reporting obligations under subsection B of Revised Statute 33:4091. This report covers the reporting period of the fourth quarter of 2018, October through December, that is due in March 2019. We have also included the latest overview of our Disadvantaged Business Enterprise program as a reference.

We deliberately and drastically curtailed the letting of new contracts in response to SWBNO's precarious financial situation. This utility spent more than \$85 million in its emergency response to the flood events of 2017 and the prolonged freeze of January 2018. Recuperating from that strain will continue to be a challenge for the foreseeable future.

With an influx of federal reimbursement payments from FEMA in late 2018, we were able to pay almost \$50 million to our vendors in January for their work last year. But it would not be fiscally prudent to hire contractors for future projects without reliable revenue to ensure them full and timely compensation.

You can see in our 2019 budget plan that we are proceeding with extreme caution when it comes to spending on capital projects this year. It is no secret that we have a long and expensive list of repairs and upgrades to greatly improve our ability to provide reliable water, sewer and drainage service to New Orleans. But because of SWBNO's financial situation, we recommend spending less than \$167 million in 2019 – a fraction of the necessary spending – to address only the most urgent conditions.

These projects include:

- Continue Joint Infrastructure Recovery Road (JIRR) in conjunction with City of New Orleans Department of Public Works (DPW)
- Comply with regulatory requirements under the Sewer Consent Decree.
- Complete second tower of Water Hammer project
- Participate in drainage system improvements in coordination with SELA Program
- Initiate Automated Meter Infrastructure (AMI) project

While we have identified these as the most critical projects, we do not have the full funding this year to tackle them. Our recommendation to spend \$167 million is premised on our success in obtaining additional capital funding this year, such as new drainage bonds, federal grants, or loans. And that success hinges on the approval of other entities.

All other ventures will remain on hold until we can vastly improve our collections rate and identify new funding sources.

Likewise, we plan to spend money only on the most essential repairs. This approach, however, will do little more than slow the rate of decay plaguing our aging infrastructure. While our crews and contractors complete an average of 600 repairs a week, they're quickly outpaced every day by incoming reports of new work to do.

There is some hope on the horizon. We have seen the interest of residents and the business community in the success of SWBNO as a sure sign this utility can once again become an anchor institution for the City. The City Council, too, has shown a determined willingness to work with us, to help us find additional resources, and to push SWBNO toward a brighter future. For that partnership we are grateful.

Best,



Ghassan Korban, Executive Director

Q4 2018 CONTRACTS

Contract 8145 – Repaving open cuts in streets, driveways and sidewalks resulting from the repair of Sewerage and Water Board of New Orleans underground utilities. Estimated cost of this project: \$5 million

Four (4) bids were received on June 22, 2018 for performing the work under this contract. Two (2) bids were non-responsive to the specification. It is recommended that the low bid of Drennan Construction in the total amount of \$4,784,650 be accepted based upon the technical review of the proposals.

The 2 responsive bidders are as follows:

1. Drennan Construction	\$4,784,650
2. Fleming Construction	\$10,811,735
3. White Star Commercial (non-responsive)	\$4,437,834.45
4. Grady-Crawford Construction (non-responsive)	\$6,110,878

Disadvantaged Business Enterprise participation – Goal is 36 percent

Four DBEs identified:

1. C&M Construction Group	\$1,050,000	21.95%	Fencing, concrete and asphalt
2. Diedonne Enterprises	\$250,000	5.23%	Install insert valve
3. Landrieu Concrete & Cement	\$400,000	8.36%	Supply ready mix concrete
4. Prince Dump Truck Services	\$50,000	1.05%	Hauling & trucking services

Sewerage & Water Board of New Orleans



Economically Disadvantaged

Business Program

February 20, 2019

Economically Disadvantaged Business Program

Mission

- *Advocate* for the disadvantaged business community
- *Improve* the participation of Disadvantaged Business Enterprises in all levels of procurement
- *Operate* as an economic development driver for the Sewerage & Water Board



Economically Disadvantaged Business Program Overview

- 80s - Minority Action Program
 - Offered local minority companies opportunity to participate in SWB projects
- October 1996 – EDBP / SLDBE created as a result of federal consent agreement
 - Race and gender neutral
 - Voluntary participation
 - Social and economic disadvantages



Economically Disadvantaged Business Program *Construction Review Committee*

- 7 member committee
 - 3 – Mayor (President of SWB)
 - 1 – Associated General Contractors of Louisiana
 - 1 – Associated Builders and Contractors of Louisiana
 - 1 – Coalition of Minority Contractors of Louisiana
 - 1 – National Association of Women in Construction
- Review construction contracts > \$150,000
- Revise/ratify staff recommendations for appropriate percentages of DBE participation



Economically Disadvantaged Business Program *Staff Contract Review Committee*

- 5 member committee
 - 1 – Legal Department
 - 1 – General Superintendent's Office
 - 1 – Executive Director's Office
 - 1 – Procurement
 - 1 – Support Services
- Review all goods/services and professional services contracts
- Revise/ratify staff recommendations for appropriate percentages of DBE participation



Economically Disadvantaged Business Program *CERTIFICATION*

Certification Partner Agencies

Certification with SWB provides joint certification with:

- New Orleans Aviation Board (1997)
- City of New Orleans (2004)
- Harrah's Casino (2009)



Economically Disadvantaged Business Program *CERTIFICATION*

610 DBE companies are certified
(as of December 31, 2018)

- 101 – New Certifications
- 324 – Re-certifications
- 185 – Active, awaiting re-certification in 2019

- 16 – Denials
- 2 – Decertifications/Close outs



Economically Disadvantaged Business Program

- Goods and Services
 - Janitorial services/supplies, office supplies, sand, tires, pest control
- Professional Services
 - Security, engineering, legal, real estate
- Construction
 - Plant construction, infrastructure repairs, point repairs



Economically Disadvantaged Business Program

Projects Awarded with DBE Participation January 2018 - December 2018

Category	# Contracts	Contracted Dollar Amount	# DBE Firms	DBE Dollar Value	DBE % (Avg.)
*Goods/Services	11	\$4,730,824	9	\$791,517	16.73%
*Professional Services	5	\$1,661,089	4	\$194,374	11.70%
*Construction	16	\$38,748,228	22	\$12,925,835	33.35%
Total	32	\$45,140,141	35	\$13,911,726	20.59%
<p>*Goods and Services > \$ 30,000 *Professional Services > \$ 30,000 *Construction Bids > \$154,450</p>					



Economically Disadvantaged Business Program

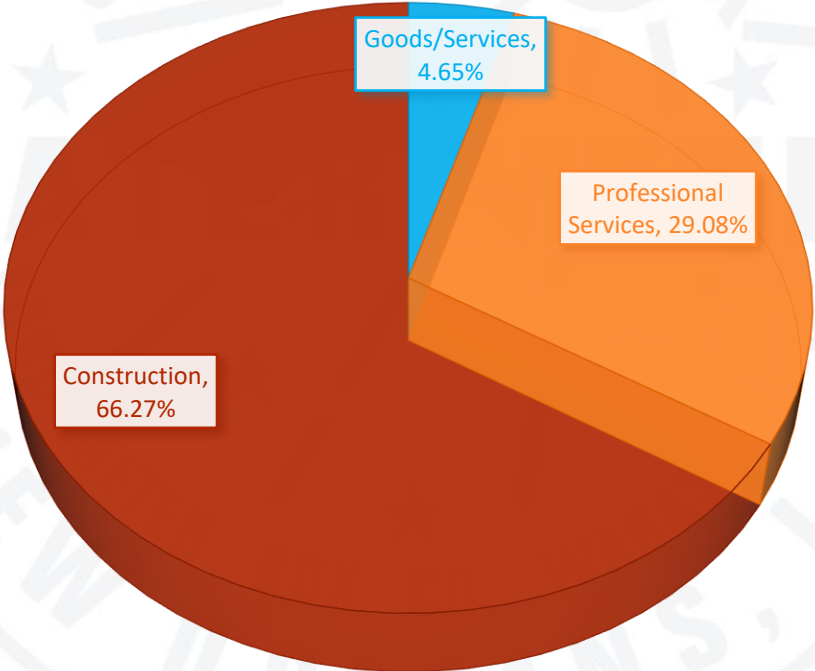
Active Projects with DBE Participation as of December 31, 2018

Category	# Contracts	Contracted Dollar Amount	Payments to Primes	Payments to DBEs	DBE % (Avg.)
Goods/Services	24	\$19,201,064	\$31,373,402	\$11,434,528	36.4%
Professional Services	56	\$120,066,316	\$87,642,677	\$22,494,667	25.6%
Construction	57	\$273,672,843	\$215,862,477	\$65,391,078	30.2%
Total	137	\$412,940,223	\$334,878,556	\$99,320,273	20.59%




Economically Disadvantaged Business Program

Percentage of Awarded Projects with DBE Participation Goals by Category



Economically Disadvantaged Business Program

Construction Contracts with Final Acceptance status
through December 31, 2018

Contract #	Prime Contractor	# of DBEs	Final Project Cost	\$ DBE Payments	DBE Goal/Achieved	BELOW Goal
#1350	Industrial & Mechanical	3	15,045,011	1,081,913	6% / 7%	
#1352	Industrial & Mechanical	2	3,406,195	828,424	26% / 24%	
#1381	Lou-Con, Inc.	3	310,680	91,251	20% / 29%	
#30002	BLD Services	7	4,078,913	1,545,887	36% / 38%	
#30003	BLD Services	8	5,673,545	2,117,410	36% / 37%	
#30006	Boh Bros. Construction	4	5,440,752	2,098,013	36% / 39%	
#30015	Wallace C. Drennan	4	6,115,185	1,953,178	36% / 32%	
#30016	Boh Bros. Construction	3	5,578,844	1,345,808	36% / 24%	
#30100	Gootee Construction	1	4,984,542	1,630,079	15% / 33%	



Economically Disadvantaged Business Program

Construction Contracts with Final Acceptance status
through December 31, 2018

Contract #	Prime Contractor	# of DBEs	Final Project Cost	\$ DBE Payments	DBE Goal/Achieved	
30206	Fleming Construction	4	2,873,677	1,160,251	36% / 40%	
3986	BLD Services	8	10,330,761	3,099,254	28% / 30%	
5241	MR Pittman Group, LLC	1	577,825	239,888	10% / 42%	
6260	Bollinger Armature Services, LLC	1	805,608	63,777	5% / 8%	
2111	Wallace C. Drennan, Inc.	3	10,515,594	4,177,521	36% / 40%	
2123	Wallace C. Drennan, Inc.	4	6,125,162	2,162,690	36% / 35%	→
3663	Lou-Con, Inc.	2	1,556,270	250,476	36% / 16%	↓
3669	Industrial & Mechanical	3	3,276,151	1,106,233	36% / 34%	→
3670	Lou-Con, Inc.	5	1,544,776	527,370	36% / 34%	→



Economically Disadvantaged Business Program *COMPLIANCE*

- Field Audits
 - Site visits
- Desk Audits
 - Monitor B2GNow database for compliance activity on a given contract
 - Review DBE Participation Summary Sheet for compliance
 - Telephone consults



Economically Disadvantaged Business Program *OUTREACH*

- Participate in trade shows/seminars
 - Louisiana Minority Supplier Developmental Council
 - Annual federal SBA “Connecting Businesses with Contracts”
 - Annual Small Business Expo – Delgado Community College
 - Women’s Business Enterprise Council South
 - Louisiana’s Got Talent Small Business Expo
- Conduct one-on-one assistance meetings for potential clients
- Post monthly Procurement forecast to B2GNow
- Develop SWB DBE capacity building sessions



Economically Disadvantaged Business Program

EDBP Department

Alvin Porter, Compliance Supervisor

Veronica Johnson-Christmas, Compliance Officer

Lyria Hicks, Compliance Officer

Matthew Cullinen, Certification Officer

Shantrell Bowie, Administrative Assistant

Irma Plummer, Director



Economically Disadvantaged Business Program

Questions/Discussion

