

# The Sewerage and Water Board of New Orleans

Q1 2022 Public Works Committee Report



May 4, 2022

Dear Chairman Thomas and Members of the Public Works Committee:

Below please find the Sewerage and Water Board of New Orleans' (SWBNO) first 2022 quarterly report to the Public Works Committee, as required by Louisiana Revised Statute 33:4091. This report provides updates on SWBNO's Five-Year Strategic Plan, which the Board of Directors adopted in January. It also contains updated performance metrics and data related to SWBNO's financial, operations, and customer service initiatives through March 31 of this year.

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We are available at your convenience to discuss any of the topics in further depth.

Regards,

Ghassan Korban, P.E.

Executive Director, Sewerage and Water Board of New Orleans

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## I. Summary of Current Events

On Wednesday, February 16, the Board of Directors of the Sewerage and Water Board of New Orleans (SWBNO) adopted a five-year strategic plan for the utility. The plan, a structured response to the utility's challenges, will guide organizational goals, support budget development, and direct progress monitoring in the organization's long-term focus areas.

The six major focus areas of the Strategic Plan include:

- Financial Stability
- Technology Modernization
- Workforce Development and Enrichment
- Customer Service Excellence and Stakeholder Engagement
- Infrastructure Resilience and Reliability
- Organizational and Operational Improvement

To ensure that existing initiatives, plans, and lived experiences were integrated into the document, SWBNO's planning process involved input from a broad group of internal and external stakeholders. Significant elements of the seven-month process included interviews, work sessions, focus group discussions, and surveys with utility employees, the leadership team, the Board of Directors, a Customer Advisory Committee, and external stakeholders.

SWBNO's Director of Planning and Strategy and the Board's Strategy Committee guided the plan's development in partnership with Raftelis, a nationally recognized consulting firm that has completed hundreds of public water utility strategic plans.

You should have received a hard copy of the plan delivered to your chambers. The complete plan also is available online at [www.swbno.org/Projects/Planning](http://www.swbno.org/Projects/Planning).

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## II. Financial Stability

*Practice strong fiscal stewardship and ensure timely revenue recovery while balancing affordability with investments necessary to deliver critical services.*



### Budget Update

As of February 28, 2022, SWBNO had realized \$38.9 million in operating revenue relative to the budgeted amount of \$46.1 million. Operating expenses incurred through the end of February were \$41.9 million less than the budgeted \$61.2 million. The ad valorem drainage tax and other revenue were \$0.2 million, below the budgeted amount of \$0.8 million.

These variances from the budget are attributed to the timing of factors like monthly billing cycles for operating revenue and delay in property tax billing, which should catch up as the year progresses. In addition, we expect operating expenses for bulk purchases to increase as the year continues.

### Collections

Beginning March 2020, SWBNO paused water shutoffs for nonpayment in response to the coronavirus pandemic. Collection activities did not resume until October 2021, after Hurricane Ida, resulting in a substantial backlog of delinquent customer accounts and unpaid balances.

Our collection of bill payments has improved since standard collection policies resumed in October 2021. The backlog of delinquent customer accounts (aged receivables over 60 days old) has decreased each month. At the end of March 2022, \$69.9 million remain in outstanding customer receivables, a decrease of \$16.9 million since October. The delinquency rate, defined as the uncollected ratio of billed versus collected revenue, has improved to 10.4 percent. SWBNO continues to offer interest-free payment plans to customers with past-due amounts to address arrearages.

*Active Accounts<sup>1</sup>*

Month	Number of Accounts
January 31, 2022	139,708
February 28, 2022	139,938
March 31, 2022	139,704

*Number of Billing Exceptions<sup>2</sup>*

Month	Average Number of Billing Exceptions
January 31, 2022	619
February 28, 2022	375
March 31, 2022	553

<sup>1</sup> Active accounts include those currently billed for consumption.

<sup>2</sup> A billing exception is a bill put on hold by SWBNO for further review. After review, bills are corrected with a confirmed reading or estimate.

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## Accounts Receivable

In Q1, the number of active accounts decreased as our collections resumed, focusing on those with the highest arrearages. The tables below reflect the dollar amounts owed to SWBNO by customers with open accounts as of March 31, 2022.

### Payments Past Due for 60+ Days

As of 3/31/2022

#### Open Accounts

	Past Due Open Accounts	Total Amount Due	Past Due \$ Amount (60+ Days)
Residential	21,845	\$55,579,844.88	\$47,684,993.47
Multi-Family	685	\$4,733,281.24	\$4,044,899.59
Commercial	1,368	\$21,327,093.73	\$18,132,382.20
Industrial	4	\$99,836.15	\$5,227.66
<b>TOTALS</b>	<b>23,902</b>	<b>\$81,740,056.00</b>	<b>\$69,867,502.92</b>

When defining the value of accounts receivable for this quarter, SWBNO fully accounted for those receivables that are unlikely to be collected (or uncollectible amounts). The total dollar amount owed to SWBNO by customers, omitting the uncollectible amounts, is \$43,785,300 as of February 28, 2022.

## Delinquency

The table below breaks down all receivables by time age. As explained above, collections improved in the first quarter as collection activities resumed.

	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Unapplied Amount	Total Amount
<b>Sewer</b>	10,485,655	5,116,108	4,859,444	5,159,246	58,699,814	(755,778)	83,564,489
<b>Water</b>	9,203,423	4,318,428	4,312,957	4,479,533	51,200,863	(1,399,337)	72,115,866
<b>TOTAL</b>	<b>19,689,078</b>	<b>9,434,536</b>	<b>9,172,401</b>	<b>9,638,779</b>	<b>109,900,676</b>	<b>(2,155,114)</b>	<b>155,680,355</b>

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## III. Customer Service Excellence and Stakeholder Engagement



*Meet and exceed the service needs of customers and proactively communicate and engage with stakeholders.*

In Q1, ongoing staffing challenges in Customer Service remained a focus of that department. Consistently prioritized, recruiting and interviewing led to the successful hiring of six new employees in the first quarter of 2022.

### Call Center Metrics

In Q1, the Customer Service Department developed a performance tracking and reporting dashboard to support continuous improvement in operations. It will cover nine metrics, each with a performance goal for 2022 and baseline data for the end of 2021.

To promote transparency with customers, SWBNO plans to make the dashboard available on [swbno.org](http://swbno.org) in early Q2 2022.

### Customer Service Dashboard Metrics

Metric	EOY 2021	2022 Goal	Description
<b>Average Speed of Answer: Customer Service Line</b>	26%	85%	Answer 85% of our customer service calls in 30 seconds or less.
<b>Average Speed of Answer: Emergency Line</b>	38%	85%	Answer 85% of our emergency calls in 15 seconds or less.
<b>Meter Reading: Actual vs. Estimated Reads</b>	78%	86%	The number of meter readings retrieved versus the number of meters that were not readable, could not be located, were obstructed, or were not assigned due to attendance, all causes of estimated bills.
<b>Meter Read Accuracy</b>	70%	90%	The ratio of accurate meter reads vs. questionable reads.
<b>Meter Read Staffing</b>	38	60	The average number of staff actively reading meters. (Note: The total number of positions was increased to 60 from approximately 40 in 2020 to improve the team's resilience to days off, turnover, etc.)
<b>Hearings: Time-to-Resolution</b>	N/A	TBD	A new metric measuring the average number of days for a bill dispute hearing to reach resolution.

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<b>Bill Disputes: Time-to-Resolution</b>	57	45	The average number of days it takes to complete the bill dispute process.
<b>Billing Escalations: Received vs. Resolved</b>	N/A	TBD	A new metric that compares the number of billing escalation complaints received to the number resolved.
<b>Billing Escalations: Time-to-Resolution</b>	30	15	The average number of days to resolve a billing escalation (i.e., customers who have gone through the bill investigation process but have unresolved issues remaining should be able to reach a resolution within 15 days).

Additional 2022 goals include:

- Approach 100% staffing by July.
- Achieve an average call handle time of 300 seconds or less.
- Achieve an abandoned call rate (i.e., callers hanging up before a customer service agent answers) of 6% or less.

The table below summarizes call center performance in Q1. Staffing shortages were the primary driver of call center outcomes. The five new employees hired between March and April will help to address the underlying issue in Q2, with additional progress anticipated with full staffing by Q3.

Month	Staffing Percentage	Calls Received	Percent Answered in 60 Seconds or Fewer	Average Handle Time <sup>1</sup>	Abandoned Calls <sup>2</sup>	Total Calls Answered
<b>January</b>	57%	26,670	20%	5:23	1,555	18,435
<b>February</b>	57%	25,322	23%	5:21	7,206	18,116
<b>March</b>	83%	26,533	24%	5:39	8,717	17,816

<sup>1</sup> Handle Time - Average time an agent spent working with a customer

<sup>2</sup> Abandoned Calls - The number of callers who hung up before reaching a customer service agent.

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## Service Requests (Work Orders)

Work orders, which guide the maintenance of SWBNO infrastructure, are prioritized by the impact the associated repair would have on the water, sewer, or drainage system.

Because of the average age of the components of SWBNO's water and sewer systems, both of those categories carry substantial work order backlogs. However, many of the items in those backlogs will be addressed through in-progress capital improvement programs, including the Sewer System Evaluation and Rehabilitation (SSERP) and Joint Infrastructure Recovery Roads (JIRR) Programs.

### Total Work Orders (January 1 – March 31)

New: 7,565 | Closed: 7,388 | Backlog: 15,339

#### Sewer

New: 2,479 | Closed: 2,813 | Backlog: 9,352

#### Water

New: 3,335 | Closed: 3,058 | Backlog: 3,376

#### Meters

New: 619 | Closed: 561 | Backlog: 313

#### Other

New: 1,132 | Closed: 956 | Backlog: 2,298

## Meter Reading

Due primarily to successful recruiting and hiring, actual water use reads increased 29 percent in Q1 2022 compared to the previous quarter. Hiring for the meter reading team continues, but turnover remains high due to the demanding physical nature of the job. Attendance (e.g., vacation, sickness, or holidays) and inclement weather also play a role in incomplete routes and skipped reads, which result in estimated bills.

### Meter Read Metrics

Month	Actual Reads	Estimated Reads	Percentage of Actual-Reading Bills
January	81,262	51,619	63%
February	96,301	36,417	73%
March	124,572	33,966	81%
<b>Total</b>	<b>302,135</b>	<b>122,002</b>	<b>72%</b>

### Work Order Classification

#### Category A

*requires emergency attention*

#### Category B

*requires same-day attention*

#### Category C

*requires attention that can be scheduled with other projects for efficiency*

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## Billing Disputes

The new, more robust billing dispute metrics described above will help SWBNO understand and improve the quality of its customer service. At the end of 2021, 2.7 percent of accounts (or 3650 out of roughly 140,000) were disputed. In 2022, we aim to reduce the number by 25 percent – less than 2 percent overall or 2,600 bills.

The table below provides bill dispute information for Q1 2022.

Month	Bill Disputes Initiated	Bill Disputes Completed	Avg Days to Close Dispute
Jan	1,402	1,605	59
Feb	1,085	1,890	56
Mar	1,223	1,439	53

\* The 2021 end-of-year average was 57 days. The Customer Service Department's 2022 goal is to reduce the average to 45 days (by 21 percent).

## Communications

The Communications Department made progress toward advertising critical vacancies. At the end of Q1, a new Community Outreach Specialist position was posted, and resumes were reviewed to select candidates for a first-round interview. As a partner to the Communications Department, Networks, and Operations, the silo-busting Community Outreach Specialist will improve SWBNO's construction and infrastructure investment communication with neighborhoods, businesses, and the council districts that represent them.

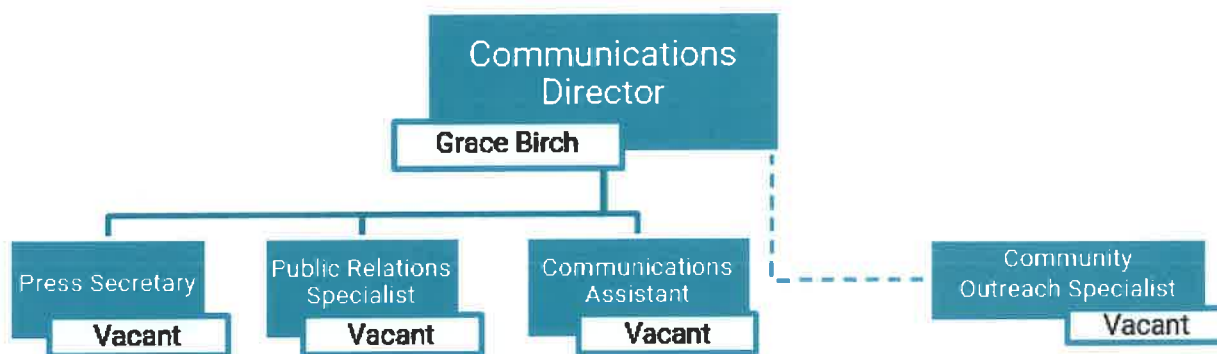


Figure 1: Communications Department vacancies in Q1 2022. The Community Outreach Specialist role was advertised at the end of Q1 and will be filled in Q2. Civil service classifications were identified for the other three positions to allow them to be advertised in Q2.

### A. Internal Communication

The Department continues to produce and distribute a monthly e-newsletter, *The Pipeliner*, for employees. It also provided support to different departments for presentations and reports. To streamline the production of public information, the department also codified the utility's first set of written brand guidelines. Along with a



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package of templates, the progress will help SWBNO departments and contractors communicate more consistently and recognizably with customers.

### **B. External Communication**

To welcome the new City Council, Communications reached out to each district to offer a presentation and tour of the Carrollton Water Plant and future site of the West Power Complex. Those tours are ongoing and still available for Council Members and their staff.

With the return of in-person events, SWBNO has returned to pre-pandemic outreach efforts. The Environmental Outreach team appeared at eight events in Q1 to talk about stormwater quality, stormwater management, and green infrastructure. The department is also leading communications efforts with neighbors around the Carrollton Water Plant to hear their concerns, communicate when Turbine 5 is running at the plant, and organize a neighborhood clean-up for May 16.

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## IV. Infrastructure Resilience and Reliability

*Improve the efficiency and resiliency of current and future infrastructure by leveraging partnerships and innovative approaches to funding and sustainable design.*



### Drinking Water

#### Claiborne Pumping Station Update

As part of the FEMA-funded Water Hammer Mitigation Project, SWBNO is rebuilding the eight pumps that push drinking water from our treatment plant to most of New Orleans. In Q4 2021, we commissioned Pumps 510 and 520 and took the last two in the project out of service for rehabilitation. Since then, we have made significant progress towards commissioning Pumps 530 and 540, which we expect in Q2.

#### Transmission Main Projects

After completing two projects totaling 8,000 feet of 43-inch water main in Q4 2021, SWBNO installed an additional 2,000 feet in the first quarter of the new year. The Q1 work represents \$8 million of system rehabilitation.

One transmission main replacement project will begin this quarter, a \$1 million improvement to the system, and a \$20-30 million project will go to bid.

### Sewerage

#### Sewer Projects

Following the completion of five projects in the South Shore Basin in Q4 2021, SWBNO advanced three projects through bid and award in Q1 for a total of \$32 million of new system investment. In the Carrollton Basin, we currently have five projects in design.

### Drainage

#### Green Infrastructure

Working with nature to capture, slow, and absorb stormwater is an important piece of the larger puzzle of stormwater management in our bowl-shaped city situated near or below sea level on the front lines of climate change. During Q1, green infrastructure projects in Hollygrove and Bayou St. John continued through the design process. Routine maintenance was performed at existing sites to help them continue to function as intended.

#### Drainage Pump Status

A total of 96 of 99 drainage pumps were available at the time of this report.

- Drainage Pump Station 6: 1 pump out of service due to bearing issue; pump impellor has been shipped to manufacturer facility in Wisconsin for repair.

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- Drainage Pump Station 11: E pump out of service due to an oil leak; facility maintenance is investigating.
- Drainage Pump Station 13: No. 4 pump designated emergency use only; staff investigating potential bearings issue.

## Power

### West Power Complex

The West Power Complex is the future home of three modern power generation turbines and an Entergy substation to provide modern, reliable power to the sewerage, drainage and drinking water systems. The substation will allow SWBNO to convert 60-hertz power from Entergy's transmission grid to 25-hertz to power its 25Hz drainage and water equipment. Connecting to Entergy's transmission grid provides a more reliable, cleaner and economical power source for day-to-day operations. The new secondary turbine generators will provide reliable backup power.

The development, design, and construction of the West Power Complex is a large capital program. It includes four professional service contracts and two construction contracts currently underway, with an additional 10 procurement and construction contracts anticipated. The current cost estimate for the entire program, including the Entergy substation, is over \$240 million.

In Q1 2022, SWBNO continued to work with consulting engineers to design facility components, such as the new Operations Center, and managed ongoing projects for site preparation and the manufacture of Static Frequency Changer 1. We also advertised contracts for the purchase of Combustion Turbine Generator 7 and generator step-up transformers. Bids for both contracts were re-advertised due to technicalities in vendor responses. A Cooperative Endeavor Agreement (CEA) for the transfer of City bond funds to SWBNO to purchase Static Frequency Changers 2 and 3 was approved by the City Council and the City, with execution planned for April 2022. Additionally, SWBNO continues to meet with Entergy's engineering team regarding the design of the substation and auxiliary components.

### Power Sources and Available Power

This chart provides the status of each major component of SWBNO's power system with status updates in red.

This table displays the amount of power available for use at the time of this report.

Unit	Frequency	Capacity	Available
T1	25 Hz	Approx. 6 MW	0
T4**	25 Hz	20 MW	18

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<b>T5***</b>	25 Hz	20 MW	17.5
<b>T6</b>	60 Hz	22 MW	22
<b>Carrollton Frequency Changers 1&amp;2</b>	Converts 60 Hz to 25 Hz	8.5 MW	8.5
<b>Station D Frequency Changers 3 &amp; 4</b>	Converts 60 Hz to 25 Hz	12 MW	12
<b>West Bank Power Complex (Algiers Water Treatment Plant)</b>	Converts 60 Hz to 25 Hz	2.5 MW	2.5
<b>Five EMDs</b>	25 Hz	12.5 MW (total)	10
		2.5 MW (each)	
<b>T6 (via Plant Frequency Changer)</b>	Converts 60 Hz to 25 Hz	3.75 MW	3.75
		<b>Total 25 Hz:</b>	<b>54.25</b>

*\*T3 has been decommissioned as of May 2021 and has been removed from the table.*

*\*\*T4 was tested up to 18MW during the pre-start and commissioning stage.*

*\*\*\*T5 was tested up to 17.5MW during the pre-start and commissioning stage.*

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## V. Organizational and Operational Improvement & Technology Modernization



*Optimize the utility's organizational structure, alignment, and capacity to ensure safe and efficient operations. Modernize technology and system integration to improve reliability and efficiency of operations and enhance customer service.*

### Smart Metering Program

On February 18, SWBNO received seven proposal packages from qualified vendors for an AMI system, software, and installation. The Selection Committee interviewed all seven perspective vendors during the week of April 4 and narrowed the field to a shortlist of the top two technical scores on April 8. The Selection Committee requested for best and final pricing from the top two firms to ensure SWBNO receives the best value for our ratepayer's money.

We anticipate the Selection Committee convening again the week of May 2 to recommend one vendor, allowing the Board of Directors to consider selection at their May meeting and begin contract negotiations. The finalists committed to begin meter installation by the end of 2022 and complete the project by Q2 2025.

### Asset Management Program

Asset management seeks to understand what infrastructure, buildings, equipment, and systems an organization owns, how long they are likely to last, and how much they cost to repair, rehabilitate, or replace. Together, this information allows investments to be prioritized and money to be spent on the right things, at the right time, for the right reasons.

To these ends, SWBNO is overhauling its work order system and planning for a new overall approach to asset management. In Q1 2022, we completed a business needs assessment to support the development of an RFP to replace CASSWORKS (the current work order system) and implement a more comprehensive asset management system. Conversations are ongoing with the incumbent technology consultant regarding the next steps in the RFP process.

### Financial Management System

SWBNO is pursuing a new Financial Information System to modernize accounting and financial processes after using its current, dated mainframe system since the 1990s. The new system will introduce grant and project accounting functionality, support better contract administration, and inform departments with real-time financial information. The change will address known shortcomings and manual processes which have developed over time. The new system will also allow us to satisfy stakeholders' requests for modernized cost tracking and financial reporting on

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SWBNO's financial performance. In Q1, SWBNO worked with a consultant to draft an RFP for the new system with plans to advertise in May.

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## VI. Workforce Development and Enrichment



*Support and develop a high-performing team that is skilled, committed, inspired, rewarded, engaged, and accountable.*

### I. Hiring

In Q1, the Human Resources Department helped the utility fill vacancies through proactive recruiting. Staff attended several job fairs with the City's JOB1 program. In March, preparations began for a SWBNO-hosted job fair, which will take place at the Convention Center in Great Hall B and C on May 19. SWBNO will accept applications and, for some positions, hire on-site.

- 39 new employees hired in Q1
- 391 open positions as of March 31

### Safety

SWBNO's Safety and Risk Management team emphasized the appropriate and consistent use of safety equipment (PPE) and motor vehicle safety in Q1 2022.

SWBNO Safety has been providing OSHA training courses to employees in record numbers, and those courses educate employees on the correct use of PPE and the need to make use of PPE without fail. By March 31, 2022, PPE use returned to 100 percent compliance after a February incident involving improper use of PPE.

The goal of Safety and Risk Management is to have zero motor vehicle incidents. SWBNO recorded two motor vehicle incidents in Q1 2022. SWBNO's Accident Review Board will investigate each incident to find its cause and learn how to prevent similar issues in the future. SWBNO has started to require employee drivers to take defensive driving courses or have their driving privileges suspended or terminated. We believe the step will help us protect our employees with an incident-free fleet.

In Q1, the Risk Management Office also reviewed driver's license records for SWBNO's active, contractor, and temporary employee drivers. The review revealed that 2.5 percent (14 of 562 individuals) had suspended or expired licenses, and those individuals' driving privileges were revoked. The Risk Management Office will continue quarterly and random sample verifications throughout 2022.

### Safety Training Q1

- 48 "OSHA 10" course completions (compared to 27 in Q1 2021)
- 2 "OSHA 30" course completions (compared to 5 in Q1 2021)

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Other courses offered:

January	February	March
<ul style="list-style-type: none"> <li>Defensive Driving</li> <li>Eye Protection</li> </ul>	<ul style="list-style-type: none"> <li>Lockout Tagout</li> <li>Mind on Safety</li> <li>OSHA 10 in-class training (15 employees)</li> </ul>	<ul style="list-style-type: none"> <li>Excavating &amp; Trenching</li> <li>Hearing Protection</li> <li>OSHA 10 in-class training (17 employees; two additional employees completed OSHA 10 training online)</li> <li>OSHA 30 in-class training (1 employee)</li> </ul>

## Safety Liaison Q1 Activities

January	February	March
<ul style="list-style-type: none"> <li>Completed three Job Hazard Assessments</li> </ul>	<ul style="list-style-type: none"> <li>Completed 12 job site visits</li> <li>Asked managers to submit new nominees to fulfill safety liaison duties and return acknowledgment forms</li> </ul>	<ul style="list-style-type: none"> <li>Safety liaisons completed one Job Hazard Analysis each</li> </ul>

**Safety Coordinators** completed 17 job site visits in Q1 2022.

**Employee Sustained Injuries:** 10

*The overall percentage has decreased by 47 percent, or nine injuries, compared to 19 in March 2021.*