



MEMORANDUM

To: All Councilmembers
From: CURO
By: Shannon Oldfield
CC: David Gavlinski, Eric Granderson, and Theresa Becher
Date: April 15, 2019
RE: SWBNO Meeting 3.20.19

EXECUTIVE SUMMARY

The Sewerage and Water Board of New Orleans (SWBNO) Board of Directors (the Board) met Wednesday, March 20, 2019. The full packet for the meeting can be found [here](#). The Board received updates on the general standing of the Sewerage and Water Board, concerns presented at the March 19 Public Works Committee meeting, pumping capacity, power generation, finances, green infrastructure, and the status of the joint infrastructure program between the Department of Public Works (DPW) and SWBNO.

Members of the Board, with the exception of CM Banks, are serving in expired terms. As provided in La RS 33:4071, the Mayor presented her nominations for the Board to the Council. The New Orleans City Council's Governmental Affairs Committee considered certain nominations and recommended approval at its March 26 committee meeting. The full Council approved the appointment motions at the March 28 Council meeting. The goal is to have the new board members in place for the April 17 Board meeting and for the SWBNO Planning meeting in preparation for hurricane season scheduled for May 17.

The Executive Director's Report

1. March 19 Public Works Committee Meeting and SWBNO's Commitments

a. Full accounting of uncollected rates and Service Charges

At the committee meeting, Executive Director Ghassan Korban reported that SWBNO is owed \$134 million in uncollected payments between 2016 and 2018. Mr. Korban clarified that the amount of money billed was based on the total volume of water that passed meters including water that supplies municipal facilities and spaces that are not billed for water usage. As a result, Mr. Korban estimates that the amount owed to SWBNO is at least \$50 million.

SWBNO has retained a collection agency to secure payments of confirmed past due balances as early as April 1.

b. Personnel expenditures 2018 – At the committee meeting, the 2018 personnel budget was \$100,056,157 and the 2019 personnel budget was reported as \$103,256,885. Mr. Korban clarified that the 2019 budgeted number for personnel includes vacant positions

within the organization. The actual amounts spent on personnel in the previous year are forthcoming.

c. Whistleblower and grievance policies – Mr. Korban confirmed that SWBNO has policies in place for employees to take time off to speak at public meetings. Each department supervisor has the discretion to grant or deny any leave requests. Furthermore, a “whistleblower policy” is in place to protect employees from retaliation. The whistleblower policy is managed by an independent entity (Lighthouse Services Inc.) and is strongly enforced by the agency.

d. State of the new payroll system - New payroll software was introduced at the beginning of 2019. Issues have been detected with the data transfer to the new software resulting in discrepancies in pension payments, paid leave balances, and benefits payments. Employees may evaluate their paystubs for 2018 and 2019 and present any questions regarding these errors by way of a hotline and/or dedicated mailbox. SWBNO reports the actual balances are protected and backed-up nightly, therefore with assistance from the software consultants they have been restored and the errors have been addressed. The balances should be accurately reflected on the paystubs moving forward.

2. New Chief of Staff- SWBNO has entered into a cooperative endeavor agreement (CEA) with the Greater New Orleans Foundation (GNOF) to provide an independent consultant to serve as Chief of Staff to the Executive Director. The CEA expires December 31, 2019 with an option to extend (1) year, until the position can be budgeted responsibly with the approval of Civil Service. The Chief of Staff reports directly to the Executive Director with an initial focus on external communications, primarily with city council and state legislators, to address and communicate the needs of the SWBNO, project statuses, and any specific current issues. The Chief of Staff will be responsible for monitoring the tasks of leadership teams within organization. Christy Harowski is the new Chief of Staff.

3. Pumps & Power

a. Drainage Pumps

115 of 120 pumps are available at the surrounding drainage pump stations (DPS). The remaining pumps are expected to return to service on or before May 31, 2019.

b. Potable Water Pumps

One of the 2 larger and significant potable water pumps (Pump A) remains unavailable at this time. SWBNO is in the process of temporarily replacing the motor to begin the transition from a steam pump to electric pump. The intention is to ultimately transition Pumps A & B to electric power.

c. Power

Power generation and supply was reported to be 100% for the 60Hz generators. One of the 25 Hz generators; Turbine 5, is currently not in service and is estimated to return to service the first week of April.¹ Turbine 4 experienced a minor issue on March 19;

¹ In a press release dated April 4, SWBNO stated, “The Sewerage and Water Board was well prepared to respond to the forecasted weather. Its five power turbines were available for service, with frequency changers and EMDs ready if needed. Of the city’s 120 drainage pumps, 115 were operational.”

however with the use of the newly installed water tower, pressure losses were minimal and turbine 4 was returned to service within 24 hours.

Entergy of New Orleans (ENO) submitted their March 2019 progress report entailing the collaboration with SWBNO to date. Short term risk mitigations measures, midterm options and long term solutions are being evaluated by a joint reliability team which has been established with employees of each agency. The goal is to develop options and solutions to ensure reliability of electric service to SWBNO facilities. The progress report may be found [here](#).

4. **Water Loss Audit** – A Water Audit Update for Fiscal Years 2008 to 2017 (the Audit) was submitted to SWBNO. The Audit may be found [here](#). The Audit is used to provide an understanding of the integrity of the water system as a step in planning water loss management. The 2017 data revealed 76.1% of all water produced annually is not billable with 56.4% of produced water being lost without serving a real purpose. The national standard for water loss is said to be within 15% to 20% range. Reasons for losses include but are not limited to: (1) failure to proactively replace water mains resulting in water main ruptures and (2) poor water valve maintenance making it difficult to isolate and repair a broken main in a timely manner.
5. **Audit Committee Meeting Report** – The audit committee intends to audit all of the SWBNO polices to ensure compliance with federal, state, and city ordinances. A draft procurement policy was distributed for review by the committee members and includes language on change order management with respect to the audit group. Two audits are in progress: Vehicle Safety Audit and Workman’s Compensation Audit. The audit plan continues as scheduled, and a HR Payroll system test audit is planned.
6. **Green Infrastructure (GI)** - The 3rd modified consent decree required SWBNO to dedicate \$2.5 million between 2014 and 2018 to GI. Eight GI installations have been completed along with implementing tools for future strategic planning of GI projects. All of the funds have been dedicated and approximately \$500K shall be awarded in 2019 to remain in compliance. SWBNO continues to support the GI initiatives in many ways including tours of GI projects, outreach, educational presentations, and hosting catch basin clean up events for community groups.
7. **Joint Infrastructure** - SWBNO and DPW met their first quarter goals for 2019. They have submitted 26 joint projects to the Federal Emergency Management Administration (FEMA), which includes the scope of work to be completed for each agency. The combined values of these construction projects are estimated at \$160 million. Fifteen to twenty projects are expected to be approved by FEMA before April 1.² Although environmental and historical preservation issues may arise and create delays, delays have been mitigated by hiring an in-house archeologist and preservationist.

²To date fourteen projects have been approved by FEMA.