



Sewerage & Water Board OF NEW ORLEANS

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New Orleans City Council
1300 Perdido Street, Suite 2W80
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Dear Honorable Members of the City Council:

Please review the following report as determined by the requirements of R.S. 33:4091(C), due on the first day of the second month following the close of each calendar quarter. This report is germane to the actions of the board since May 1, 2019.

1) Standard Industry Metrics for Best Practice

a) *Percentage of water loss* –

New Orleans' water distribution system loses approximately 55 percent daily of its treated, potable water, according to the 2017 Water Audit¹ published in March 2019. This percentage reflects "real" losses, which can be attributed almost entirely to leaks in water mains across the City.

This is an unacceptable level of loss, and it needs to be addressed. Nothing short of a full rehabilitation of our water distribution system will fully solve the problem, but we can take shorter measures to address it in the meantime. As resources allow, we are working to move our operations away from repairing leaks to replacing water mains past their functional lifespans. This must be a key goal of SWBNO's long-term master plan.

b) *Percentage of water paid* –

The chart below, pulled directly from the 2017 Water Audit, reflects the non-revenue water produced in 2016 and 2017. Because the data are presented as percentages of water, they do not reflect billable revenue that may or may not be lost due to system inefficiencies. The most prominent reason for this is that water use is charged at different rates based on the size of a connection and the volume of water consumed over a given billing period.

¹ See 2017 Water Audit, attached.

	2016	2017
Non-revenue water as a % of volume	75.2%	71.6%
Water loss due to leaks	59.2%	55.3%
Other non-revenue water*	16%	16.3%

*loss due to theft, errors, "free" water (unbilled but consumed).

c) Percentage of receivables outstanding (in millions of dollars), including delinquency schedule –

Open Accounts as of 9/3/2019:

Type	Number of Accounts	Current Balance	Total over 60 days
COMMERCIAL	39	\$217,895.03	\$156,372.09
HYDRANT	76	\$900,826.66	\$832,943.13
INDUSTRIAL	6	\$70,408.23	\$12,624.45
LG			
COMMERCIAL	196	\$5,689,775.11	\$3,791,863.87
MULTI FAMILY	649	\$2,544,777.35	\$1,969,398.59
RESIDENTIAL	23767	\$32,952,496.42	\$24,955,689.12
SM			
COMMERCIAL	1219	\$4,552,891.64	\$3,399,167.49
Grand Total	25952	\$46,929,070.44	\$35,118,058.74

Closed Accounts as of 9/3/2019:

Type	Number of Accounts	Current balance
COMMERCIAL	14	\$16,143.21
HYDRANT	49	\$252,730.61
INDUSTRIAL	1	\$32,641.78
LG		
COMMERCIAL	115	\$1,042,669.77
MULTI FAMILY	955	\$903,843.46
RESIDENTIAL	39181	\$25,100,308.12
SM		
COMMERCIAL	1571	\$2,007,356.09
Grand Total	41886	\$29,355,693.04

d) Customer service improvements –

We plan to implement a more accurate estimation technique to determine customers' water use when their meters can't be read. While we strive to eliminate estimates whenever possible, inclement weather and/or obstructions of meters will require that a certain number of accounts will be estimated each billing cycle. The new estimation technique will take the daily average

consumption of the last four months and multiply it by the days in the given billing cycle. This will provide customers with a more accurate tally of their bills, avoid costly corrections when meters are actually read later and provide consistency to help households plan and budget their expenses.

2) Prevention of Waste or Fraud -

We are in the process of elevating our Internal Audit team to report directly to the Board of Directors. This will create a greater sense of autonomy for our internal watchdogs. We are also in the process of hiring a new chief auditor to take on this crucial work to improve transparency, accountability and efficiency.

We have produced a new procurement policy and manual to improve how we track purchases and contracts. It is a mission of SWBNO to improve how it tracks and manages its various costs and revenue streams to promote greater accountability over how it spends public dollars. A standard, clear approach is essential to rebuild public confidence in this utility.

3) Metrics for Employees and Contractors –

We are well into our project to update, revise, and develop policy across the organization. Over the past four months we have issued 20 new or updated policies. These policies include subjects like Progressive Discipline, Grievance, Substance Abuse, Ethics, Hiring, and many others. We have approximately 20 more in the update or development process. This project constitutes the first comprehensive effort to update SWBNO policy in over 20 years.

In our last report we introduced our proposed organizational structure and are happy to report it has been approved. We are currently working with Civil Service to create and hire a mix of unclassified and classified positions associated with the re-org. Our most near-term hires will be the Utility Strategic Planning Administrator, and Utility Continuous Improvement Administrator. We continue to work with Civil Service to gain authorization to create and unclassified Chief Audit Executive position presented in our reorganization plan, and recently recommended by the City OIG. We continue to struggle to hire an HR Director, and are in our third effort to select and hire a suitable candidate (the last offer of employment was turned down).

As reported in our monthly HR report, due to a concerted effort, our vacancy numbers have been dramatically reduced to their lowest number in several years. Our current number is 150, down from the mid-400s just a few months ago. We believe based upon the size and make up of our organization, a natural vacancy number for SWBNO is around 140. We continue to effort methods to reduce hiring times and address hard-to-fill positions and bring this number even lower.

As part of our effort to change the organizational culture through lines of effort in leader development, safety, and customer service, we have developed a training concept titled H2O Academy, built on a partnership with Delgado Community College. Included in the constellation of courses under H2O Academy are various leader development courses, OSHA safety courses, and other employee skills offerings. We will soon hold our 8th Leadership Essentials class for supervisors

or aspiring supervisors, and we have completed OSHA 10/30 training for over 350 employees. We continue to look for ways to expand H2O Academy offerings to meet our organizational needs.

4) Benchmarks of success regarding improved coordination between SWBNO and the Department of Public Works to ensure priority and resource alignment –

We continue to work closely with the Administration and the Department of Public Works, building bridges to help build better roads and water, sewer and drainage systems. We've partnered with DPW on the Max Pave program, which is dedicated to reducing the backlog of paving restorations.

We continue to partner with DPW on the FEMA-funded Joint Infrastructure Recovery Roads program.

We are also working closely with DPW to investigate the state of our underground drainage infrastructure. Canal inspections are already underway, and their results will inform us on what next steps to take to continue our assessments.

5) Report on the efficiency and effectiveness of information systems –

Information Systems continues to work with Cogsdale and the Revenue Department on the ongoing upgrade to Cogsdale which will decrease deadlocks, increase system speed, and implement new features when it is complete. We continue our work on the website to expand its functionality and usefulness to the citizens of New Orleans.

The Human Resources / Payroll System improvements continue and electronic timesheets will be expanded to other areas of the Board as soon as Cogsdale completes a requested change in the system.

The Board purchased two software products to enhance its capabilities regarding finance issues:

- Softco Software, an automated accounts payable system which will allow detailed tracking of invoices. Information is being prepared for Softco by the Financial System Programmers in advance of the kickoff meeting.
- Whitebirch Software, a financial modeling software. Initial kickoff meetings have been held, and PFM is working with data sent by the Board on the initial model.

The GIS group is working with the SCADA team to produce maps which are linked to the PI Historian via ESRI software. These maps will be used to provide important information to individuals within the Board as well as external customers, without unnecessarily burdening the PI system and without the need to purchase additional software licenses.

Cell Phones of Level I and II personnel were moved over to the ATT Firstnet system, which provides priority access during emergencies. The remaining cell phones will be moved over to Firstnet soon. With the exception of large, shared email boxes, most of the Board's email was moved to Office 365 in the cloud during this quarter.

Information Systems personnel met with our regional Homeland Security Cyber Security representative and scheduled security assessments for October 2019. The Board hosted a cyber security workshop for ESRI which was attended by IT personnel from the City of New Orleans, Jefferson Parish, St. Bernard Parish, and Entergy.

6) Detailed reports on assessment and status of technologies and operation programs and strategies for system redundancy and service improvements –

SWBNO IT continues make assessments of various systems to find areas of improvement. We continue to analyze and upgrade the network and cyber security. SWBNO is working on complying with the Risk and Resiliency Assessment required by the Water Infrastructure Act of 2018. Additionally, SWBNO hired Tiebridge to do a high-level assessment of all technology used throughout the Board, and make suggestions for prioritizing future purchases, staffing changes, and organizational changes at the Board.

SWBNO.org continues to grow and evolve. We have developed a new map to educate our customers about the drainage system.

We have revamped our “Report a Leak” page on the website, which now allows customers to attach photos of problem areas. This gives our inspectors an extra layer of insight, allowing them to be more efficient with their time on the streets.

We plan to create several interactive maps to help the public better understand SWBNO’s mission. We are currently working on a map that will show rainfall accumulation and intensity in real time during storms. Our hope is to make this public by the end of the year.

7) Detailed reports on assessment and status of operational reforms, capital improvement programs, and service assurance programs

We continue to make progress in several categories. We have shored up our billing process to increase accuracy and reliability while simultaneously pushing ahead with installing automated metering infrastructure (AMI). We have engaged in a detailed assessment of our drainage system’s performance, using the results of recent rainstorms to prioritize possible problem areas. We are inspecting underground canals, some for the first time since Hurricane Katrina. We are cleaning our open canals to remove obstacles. And we’re collaborating closely with DPW to locate subsurface anomalies that may be impeding flow. While this work puts a strain on our tight financial circumstances, we feel it is crucial to uncover and address any neglected areas as swiftly as time and resources allow.

8) The identity and detailed information on the status of all projects and all improvements made since the close of the last quarter

Please reference the accompanying chart of completed projects in Q2.