



Sewerage & Water Board OF NEW ORLEANS

LaToya Cantrell, President

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52-WATER
www.swbno.org

May 1, 2019

New Orleans City Council
1300 Perdido Street, Suite 2W80
New Orleans, LA 70112

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 Jan. 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 as Exhibit 1A.

	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

The following table is built on data from the 2017 Comprehensive Annual Financial Report (CAFR) and estimates of accounts receivable in 2018. Those estimates are likely to change when the 2018 CAFR is completed by June 30, 2019.

Water and Sewer Systems - Accounts Receivable							
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Fiscal Year End	Beginning Account Receivable (A/R)	Water and Sewer Revenues	Water and Sewer Collections	Change in A/R: Revenues less Collections	Other Accruals and Adjustments	CAFR Ending A/R Balance	
2017	35.7 *	201.5 *	188.9 *	12.6	3.8	52.1 *	
2018	52.1 *	211.8 **	190.5 **	21.3 **		73.4 **	
* 2017 Comprehensive Audited Financial Report (CAFR)							
** Preliminary and will change based upon conclusion of the audit							

Delinquency schedule:

	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Unapplied Amount	Total Amount
Sewer	\$7,384,788	\$3,987,112	\$3,345,696	\$2,201,559	\$22,807,202	(\$1,811,804)	\$37,914,553
Water	\$6,175,364	\$3,357,464	\$2,918,118	\$1,861,825	\$22,207,048	(\$2,356,812)	\$34,163,007
Total	\$13,560,152	\$7,344,576	\$6,263,814	\$4,063,384	\$45,014,250	(\$4,168,616)	\$72,077,560*

d) Customer service improvements –

We are constantly improving our methods for tracking information related to our responses to customers. The following chart is a summary of some of our more eminent data points. While these fluctuate day to day, minute by minute, such snapshots can be used to recognize trends and respond accordingly. In general, these metrics have stabilized since the irregularities that surfaced after the implementation of our billing system, but we will continue to explore means to improve the customer experience.

Customer Service Metrics	Jan-19	Feb-19	Mar-19	Apr-19	2019 Total/Average YTD
Total Customers Served	40,267	35,146	37,731	39,659	152,803
Total Delinquent Accounts*	24,986	23,646	24,404	24,979	24,504 (AVG)
Payment Plans Entered	954	1,332	1,405	1,438	5,129
Accounts under Dispute (Investigation)*	6,465	6,100	5,163	4,125	5,463 (AVG)
Shutoffs	774	1,207	1,058	1,566	4,605
Reconnections	245	438	605	740	2,028
*as of the last day of each month					

Additionally, a major focus of our organizational redesign will be to elevate customer service and the customer’s experience to the top echelon of this utility’s priorities. Implementing the relatively new concepts of a chief customer service officer and customer advocate will put SWBNO close to the forefront of a trend that many utilities and people-oriented businesses are exploring.

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.² 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. We also have created a change order “task force” that meets weekly to track and anticipate contract modifications in an effort to predict spending and budget impacts.

3) Metrics for Employees and Contractors –

We are revisiting our policies that govern employee conduct and will work to clarify any ambiguous directives. It is our goal to create a safe, productive and rewarding environment for our employees to thrive. We fully understand that as a public utility with emergency duties, our employees must meet the highest standards of responsible behavior. They know this well, and with very few exceptions, they conduct themselves with grace and great pride.

² See procurement policy, attached as Exhibit 1B. The procurement manual is undergoing final internal edits and can be made available upon completion.

Another new way to support SWBNO's workforce is our plan to create a position of Continuous Improvement Officer. This person will work across the utility to identify deficiencies and find innovative ways to improve our processes, procedures and approaches to all our responsibilities.

We also are reworking our Human Resources report to better inform stakeholders and the public about the condition of our workforce. Once finalized, this will be produced regularly so that we can track employment trends, vacancy rates and other metrics to better understand areas where we can improve.

Please find attached our vision for a redesigned organization focused on accountability and customer service.³ We are working with Civil Service to create a utility that better meets the needs of the citizens of New Orleans. This redesign is the result of months of engagement with similar utilities, discussions with organizational experts and countless internal conversations to address each of our needs. You will notice that this proposal puts a chief in charge of each of our major challenge areas, but this approach is not meant to be a stopgap. Instead, it was purposefully designed to prevent backsliding into failed past practices.

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 has expedited the restoration of 800 service cuts. As Max Pave wraps up, our agencies will continue to coordinate to best address new service cuts.

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

5) Report on the efficiency and effectiveness of information systems – (combined with #6)

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

SWBNO.org continues to grow and evolve. On the homepage, citizens can now sign up via email for public service announcements, including traffic advisories, low water pressure alerts and projects underway.

The newest addition allows residents to review a map of the City to understand the impact areas of future boil water advisories.

We plan to create several interactive maps to help the public better understand SWBNO's mission. These include maps showing the age of water lines and the status of our drainage stations and pumps.

We continue to engage our customers and New Orleans' residents via social media.

³ See Organizational Structure Changes Presentation, attached as Exhibit 1C.

Our Project Delivery Unit has implemented an internal tracking database that gives us a comprehensive grasp on the scores of capital projects in various stages of development, from design to construction.

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

We continue to push for improvements on several fronts, including to our billing system, our citywide infrastructure and our financial challenges. The 2018 Comprehensive Annual Financial Report (CAFR) – due by June 30, 2019 – will provide one important benchmark by which to gauge the progress of our efforts.

The reorienting of our priorities toward providing efficient and effective service focused on our customers is most apparent in the proposal to redesign SWBNO’s organizational structure, as previously mentioned.

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

SWBNO has completed 10 capital projects⁴ during Q1 of 2019; five involved the installation of permanent generators at underpass pumping stations in City Council districts A and D. These provide essential backup power in the event of an outage at any of these locations during a rain event.

⁴ See detailed spreadsheet of completed capital project, attached as Exhibit 1D.