



# **NEW ORLEANS UTILITY LEADER STRIKE FORCE**

## Summary Report

Sewerage and Water Board of New Orleans

April 23, 2019

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## Background

In September 2018, Ghassan Korban began his new role as the New Orleans Sewerage and Water Board (S&WB) Executive Director. Previously, he was the Commissioner of the Milwaukee Department of Public Works where he worked for 31 years. Mr. Korban inherited a ten-member leadership team with half of the positions currently unfilled. The filled leadership positions have no more than one to two years of tenure with the organization. Necessary leadership skillsets and positions needed to be evaluated by the Executive Director and aligned with the future direction of the enterprise.

The S&WB has acute revenue challenges and is exploring a new drainage fee as one improvement mechanism. A city Task Force provided recommendations in January on governance and management issues, and one issue they considered was drainage system funding / drainage fees. The rollout of this fee, the related need to develop public support, and establishment of a realistic delivery timeline will all impact the success of this program. Past failures at the utility have led to an erosion of public trust which needs to be re-established and built on reliable, successful, and sustained performance.

## Methodology

This New Orleans Utility Veteran Strike Force report is the culmination of a series of meetings, briefings, interviews, and a workshop, resulting in a short-term action plan for the S&WB. In Fall 2018, discussions between the S&WB Executive Director, New Orleans Business Council staff, and Blue Drop established the general scope of the project and the priority challenges facing the utility. All parties agreed that a 12-month, specific action plan was the short-term priority for the S&WB and that this project could inform a needed, but separate, longer-term strategic planning process for the utility.

Continued discussions between the S&WB and Blue Drop provided additional context and an agreed-to approach which included the selection of the five Utility Veteran Strike Force members. Each of the members brought relevant, personal experience in water utility transformation and many had similarities with New Orleans' challenges including: a lack of customer trust; billing and financial challenges; a need to build up team spirit; and recent recovery from extreme weather events, among others.

Using the Effective Utility Management (EUM) framework as a starting point, the S&WB selected six of the ten attributes of effective utility management to use as a basis for interviews with the Strike Force members. Blue Drop prepared a three-page interview brief (Appendix A) with background about the current state of the S&WB, context for the six selected attributes, and a description of next steps for the Strike Force.

The interview brief was provided in advance of the January 2019 phone interviews of the Strike Force members. Interviews were conducted by Blue Drop, individually, by phone, with each of the Strike Force members. Interviews were recorded with the interviewees' verbal consent, then transcribed and analyzed using discourse analysis, coding high-frequency responses and over-arching themes. This synthesis of the interviews generated the Strike Force Brief (Appendix B) and was provided to all workshop participants in advance of the late January workshop. While the Strike Force members provided specific feedback on each of the six attributes, three separate, overarching themes emerged from the interviews and were included in the Brief.

The two-day workshop was structured with distinct participants and goals for each of the two days. Day one included the Strike Force members, S&WB senior staff, and one representative each from the S&WB Board of Directors and New Orleans Business Council,

along with the Blue Drop facilitators. S&WB senior staff provided the Strike Force members an overview of the current state of the utility and priority challenges. This was followed by a response from each of the Strike Force members, both sharing their personal utility executive experiences and providing feedback on the S&WB's priority challenges. After further discussion and understanding of the immediate challenges, the Strike Force members finished the day with recommendations of their priority actions for the S&WB. These actions were synthesized into three objectives and 14 action items for discussion on day two.

Day two included S&WB senior staff; two representatives from the S&WB Board of Directors and one representative from the New Orleans Business Council; and the Blue Drop facilitators. Blue Drop provided a synthesis of findings from day one for the benefit of new participants and as a review for returning participants. The workshop was divided into two groups, with one focusing on the first objective and the other focusing on the second and third objectives. Each group performed a Responsible/Accountable/Consulted/Informed (RACI) analysis of their objective's priority actions. Then, the entire group re-convened to report-out and discuss each RACI analysis. The results of this analysis formed the recommendations in this report, a short-term action plan that is the output from the Utility Veteran Strike Force.

# Recommendations

## Workshop Objectives and 12 Month Action Items

Objective 1 -- Raise the “esprit de corps” of the S&WB staff, and improve relationships with all customers, internal and external

### *1.1 Introduce Safety Management System*

The lack of a safety culture within the S&WB was cited as a source of low morale by the S&WB executive team. By disregarding routine safety processes, employees put themselves and their colleagues in physical danger and create an unnecessary financial risk for the utility. While it takes years to implement a truly comprehensive Safety Management System and resulting safety culture, the foundation can be laid within the 12-month timeline of this action plan.

This program will be actively managed by the Emergency and Safety Managers who are overseen by the Director of Safety and Security. All improvements to the safety protocols and initial training will need to be implemented in concert with the Communications Department and the Employee Relations division within HR. The Department of Risk Management should be informed of all changes before implementation and all employees should be informed of all protocols via several communications channels.

Some suggestions from the Strike Force Members for immediate improvements in the safety culture included:

- When meeting with staff, always ask for safety suggestions and keep a ticket list of items
- Begin all meetings with a “safety moment” where a specific issue or concern is considered
- Include basic safety training in the on-boarding process

### *1.2 Update Uniform and Dress Code Policy*

Although uniform and dress code policies exist within the S&WB, they have not been enforced in recent years and this has led to a degradation in the appearance of employees who have customer-facing roles. By cultivating a visible, unified “look” among staff, the utility adds a layer of professionalism to the public. It also reduces security concerns by limiting the ability of bad actors to impersonate S&WB employees.

These policy updates will need to be undertaken by the Employee Relations division within HR and overseen by the Chief Administrative Officer, a role that does not currently exist. S&WB employees can reach out to other utilities for examples of dress code and other policies. Many parties within the organization will need to be consulted on how the policy will be implemented including: the Executive Director, the Executive Director’s Employee Advisory Council (EDEAC), Supervisors, and Finance. All employees will need to be informed of any changes in these policies.

### *1.3 Conduct All-Staff Meeting*

Regular All-Staff meetings are a best practice for organizations, public or private, but they become especially critical during a period of change. As leadership changes direction, drives a change in culture, and strives to set a new tone, it is vital to communicate this face-to-face with as much of the staff as possible. This also gives leadership the opportunity to answer

questions from staff directly without relying on intermediaries who may unintentionally alter the message.

All-Staff meetings should be orchestrated by the Internal Communications Manager, a role that does not exist, and overseen by the Communications Director. Because the S&WB does not have a space that is large enough to accommodate their staff, a partnership with a government or higher education body with a large auditorium or ballroom will be critical for success. The Executive Director will need to be consulted as it is ultimately his message and priorities that will be communicated during this event. All staff will need to be invited, this will require multiple “All-Staff” meetings to accommodate different worksites and the 24/7 nature of utility work.

#### *1.4 Send Newsletter*

A newsletter is an effective method for reaching all employees with relevant information about the day to day operations of the utility. They can be sent on a daily, weekly, or monthly basis and include updates on operations, news clips about the utility, employee spotlights, and much more. A newsletter does not need to be an onerous task assigned to one employee to write but can be crowdsourced from employees who likely have news to share about the work they do for the customers and the community.

The Internal Communications Manager, a role that does not exist, should be tasked with coordinating and compiling the newsletter, overseen by the Communications Director. All departments are tasked with supporting the newsletter, especially supervisors who should be encouraged to brag about their teams’ accomplishments. The EDEAC should be informed of all information being sent out and IT will need to be aware of the distribution schedule as the newsletter will be sent via the network they support. All employees will receive the newsletter via e-mail and hardcopies should be posted at worksites to reach those that may not have regular e-mail access.

#### *1.5 Elevate Customer Service Department to Executive Level*

Customer Service as a function within the S&WB has experienced significant challenges since the implementation of a new billing system nearly two years ago. The billing system did not immediately function properly, leading to many incorrect bills and subsequent public outcry. Since then, the billing errors have been largely corrected, but the public perception of poor customer service operations remains. The lesson learned from the billing implementation process is that successful customer service operations are critical to the financial health of the utility. To emphasize this criticality, the S&WB should elevate the Customer Service department from within the Finance department to the Executive level.

This would be a major reorganization within the S&WB, and the Executive Director would be responsible for spearheading the change, accountable to the Board of Directors. Several agencies external to the S&WB will need to support the change including Civil Service, the Mayor’s administration, and the City Council. Internally, the EDEAC, Customer Service, IT, and HR will all need to be consulted. When the department has been elevated, this should be communicated city-wide as an expression of the S&WB’s commitment to improved customer service.

#### *1.6 Define and Utilize Escalation Process*

Within any utility there are certain customers that are identified as critical and their needs must take precedence. These often include hospitals, schools, dialysis centers, as well as elected officials. These priority customers should receive a more robust handling of their concerns due to

their standing within the community and relationship with public health. By defining and using an established escalation process, the S&WB can ensure that all concerns from these key customers are addressed swiftly with the highest level of professionalism.

Developing this process would be tasked to the Government Relations Officer, a role that does not exist, who reports to the Communications Director. Externally, the Joint Infrastructure Road Recovery group will provide prioritization support. Networks, the City Council and key users will need to be informed of this update in procedure.

### *1.7 Map Customer Experience*

The S&WB, like all retail utilities, has many touch points with its customers, primarily through billing and collections. However, connections also occur via service disruptions; meter maintenance and reading; rate changes; and more. The goal of this action is to map exactly where customers interact with the S&WB. This is the first step to evaluating the customer experience which can lead to improving customer interactions.

This activity will be conducted by an outside consultant using maps of peer utilities as a template, including the City of Atlanta. Internally, the Customer Experience Manager will be responsible for coordinating with the consultant, reporting to the CFO in the current organizational structure, but ideally to a future Customer Service Director. Because an outside firm will be engaged, the Legal, Finance, Procurement and Communications departments will all need to be involved in the retention of the firm. Customer Service, Networks, IT, and contractors will need to be informed that this work is being done and consulted on their roles in the customer experience.

### *1.8 Outsource PR Functions*

The Communications department at the S&WB has three employees with a wide breadth of responsibility. The utility should investigate which areas to develop as in-house expertise and where it is best to outsource. While the initial internal/external responsibilities may shift over time as the utility grows their internal capabilities, it is imperative in the short-term that all communication functions be handled capably by utilizing external resources when appropriate.

Rich Rainey, the Communications Director, has created a Communications Plan that summarizes the key functions of the Communications team. A consultant should be retained to further develop the plan and make recommendations on in-sourcing vs. outsourcing functions. The Communications Director will be responsible for coordinating with the consultant, reporting to the Executive Director. The Board of Directors, Executive staff, Procurement, and Legal should all be consulted on the scope of work for the hired firm. All managers should be informed that this work is ongoing, and their feedback should be solicited.

## Objective 2 -- Utilize a variety of funding options and financial tools

### *2.1 One-Time Ratepayer Amnesty Period*

Recent problems with the customer billing program and changes in shut-off protocols has resulted in large numbers of customers who are delinquent or have stopped paying their bills. A one-time ratepayer “amnesty” period would allow the S&WB to re-establish a relationship with those customers and return their account to good standing without the typical penalties associated with delinquency. This process has been used by other utilities with the understanding that some revenue from this customer class is better than none at all. Additionally, it re-establishes a relationship for longer-term payments, rather than losing that relationship (and the associated revenue) into the future as well. The exact amnesty period was not established,

although periods of several days up to a week were discussed. Repeating an amnesty period should be considered based upon the success of a trial effort.

The Customer Experience Manager, a position that does not currently exist, would be responsible for implementing this program, with the Chief Financial Officer accountable for the program's implementation in the current structure. Ideally, a Customer Service Director would be accountable for the program, but this position does not exist currently. This program is externally-focused and needs to be supported by a variety of stakeholders. The Board of Directors needs to support this program and the Communications Department will provide heavy support (communicating to City Council and customers). Additionally, advocacy groups need to support the program as well. The Legal and Finance departments need to be consulted and ultimately, the City Council, Executive Director, and S&WB customers need to be informed about the program.

## *2.2 SRF and Grant Funding*

Funding needed infrastructure improvements is essential for any water utility, but is particularly acute given the S&WB's infrastructure status. A variety of external funding vehicles and programs exist at the local, state, and federal level, but they require specific knowledge and expertise to pursue and obtain funding. The Clean Water State Revolving Fund (SRF) program is a partnership between the federal government and states to provide low-cost financing for water quality infrastructure projects. SRF funds can also be applied to green infrastructure projects as well as "traditional" infrastructure needs. One challenge, however, is that SRF money can only be used for construction, therefore, design funds need to be obtained elsewhere. Various grant programs do not require debt issuance but need to be sought out from foundations (e.g. leveraging the Rockefeller Foundation's 100 Resilient Cities relationship with New Orleans, etc.), philanthropists, and others to match S&WB needs with grant requirements. New Orleans is uniquely-positioned, post-Katrina, to pursue resiliency and emergency management grants.

Ideally, a Grants Manager position would be responsible for overseeing this process, but this position does not exist currently. In the absence of that position, Internal Audit would be responsible, and the Chief Financial Officer would be accountable. Support for these pursuits would come from the Bond Counsel and Resiliency Office. Additionally, getting support from Emergency Management to get projects in the HazMat mitigation plan would be helpful. The General Superintendent's Office and Legal department would need to be consulted. Ultimately, the Executive Director needs to remain informed throughout.

## *2.3 Non-Revenue Water Evaluation and Remediation*

Non-revenue water (NRW) as a percentage of overall produced water is very high at the S&WB compared to sector norms, resulting in lost revenue and higher operating expenses. This includes both unbilled and unaccounted-for water. Reducing, and then controlling, NRW can improve efficiencies which can then be reinvested back into the utility. It can create a fairer situation and improve trust when more ratepayers are paying into the system. However, reducing NRW in an effective manner requires a systematic, targeted strategy based on an asset assessment-focused audit. Multiple private-sector companies and vendors provide such services and can be solicited via an RFP. Vendors may even offer financing options that leverage future cost savings resulting from improved efficiencies, such as the current S&WB contract with Water Company of America to find water users who are not being charged.

A cross-functional team would be responsible pursuing the NRW evaluation and the General Superintendent would be accountable for the overall program. Support for this program would be provided by the Procurement and Engineering Departments, along with Plumbing



operations. The Finance department and the Meter Shop need to be consulted while Executive Director is informed. This program, occurring throughout the city, requires City Council to be informed as well.

#### *2.4 Power Study and Short-Term Implementation*

S&WB's 25-Hz power system is unique, antiquated, and needs to be replaced to ensure reliable, continuous operation. A lack of SOPs, increasing scarcity of the physical parts, and the technical knowledge to operate and maintain such a system, all contribute to the system fragility and resulting overall risk. A power study is required to take steps to identify the challenges, prepare a plan to convert to conventional power, and begin prioritized implementation. This study should not only lay out a long-term plan to convert the system, but also guide short-term implementation to address the highest risks.

Ron S. and Tyler would be responsible for overseeing this power study and the resulting short-term plans. The General Superintendent would be accountable for this process. Significant exterior support would be needed from Entergy and a technical consultant. Additionally, City Council, as the electric utility regulator, will also need to be informed. Internally, support is needed by Procurement, Legal, and Communications because of the high-profile history of this system. Engineering and the Chief of Operations need to be consulted throughout the process and the Board of Directors needs to be informed about the overall program and progress.

#### *2.5 Upgrade Procurement Processes*

A water utility's procurement process impacts every part of the organization. Without an effective procurement process, projects do not move forward, slowing improvements and basic operations. Currently disconnected policies need to be linked and a lack of controls inhibits the ability to understand the utility's obligations and results in an inability to plan appropriately. Additionally, a robust and user-friendly procurement process can result in more bids and lower costs. A recent procurement overhaul at City Hall could be used to inform a similar process at the S&WB.

Improving these processes should be the responsibility of the Procurement Director, but this position does not currently exist. The Chief Financial Officer would be accountable for this upgrade, with support coming from the Legal department and the DBE Program. Because procurement touches every department, each department needs to be consulted internally. Externally, the Board of Directors needs to be consulted along with various Federal Partners whose specific procurement protocols require specific requirements to receive funding. Ultimately, the Executive Director needs to remain informed throughout the process.

### *Objective 3 -- Position utility for future operational excellence and regulatory compliance*

#### *3.1 Initiate Operational Asset Management RFP Process*

An asset management process is essential for any effective water utility and not only helps identify, assess, and track assets, but also serves as a foundation for future planning, prioritization, risk assessment, and budgeting. An organization the size of the S&WB would benefit from outside assistance with this significant task and an RFP process to retain a consultant to assist is the first step in this process. An effective asset management process will be directly linked to other internal systems such as work orders and inventory.

The Chief of Engineering would be responsible for initiating this process while the General Superintendent would be accountable. Support for this wide-spread task can come from outside the organization, such as the US EPA Environmental Finance Center and via internal

departments including IT, Facilities Management, and Network Operations. Throughout the process, Legal and Finance need to be consulted. Finally, the Executive Director needs to remain informed, but the Board of Directors and the City Council also need to remain informed on this program with long-term, broad-reaching consequences.

### *3.2 Create Metrics*

Good organizational performance and documented improvement requires measurement of performance and a set of organizational metrics to measure over time. These metrics can be used to benchmark internally, to demonstrate status and progress toward goals, and ultimately to benchmark against industry norms. Management guru Peter Drucker stated “what gets measures gets managed” and the first step to measurement is creating an agreed-to set of metrics.

The creation of metrics is a collaborative process and would ideally be the responsibility of a Performance/QC Manager, a position that does not currently exist. The Chief Accountability Officer/Chief of Staff, another position that does not exist, should be accountable for this process. Support would be needed enterprise-wide, across all departments, but in particular, Internal Audit, IT, Operations, and GSO need to support this effort. The OPA, Inspector General, and the Executive Director need to be consulted and ultimately, the Board of Directors, City Council, S&WB staff, and the public will all be informed.

### *3.3 Reduce Reliance on Steam (A & 3)*

The old drives on S&WB’s pumps rely on 25 Hz power derived from steam turbines. Conversion of these pumps to more conventional drives and purchasing power can save O&M costs and improve reliability. Pumps A and 3 have been identified as priority equipment for conversion in the near future. The Chief of Operations would be responsible for the conversion with the General Superintendent accountable for the work. Internally, the Engineering Department needs to provide support while external support is needed from Entergy and the selected technical consultant. The CFO, Legal Department, and Procurement need to be consulted and the Communications Department should also be consulted for this high-profile conversion. Finally, the Executive Director and Emergency Management need to be informed during this operation. The Board of Directors, City Council, and the public should also be informed via efforts from the Communications Department.

## *Long Term Actions*

While, this project focused on actions that can be accomplished or initiated in a twelve-month period, the Strike Force members identified three actions that could have a substantial impact on the S&WB. These three actions are inherently long-term, and/or could be initiated after the priority, short-term actions. They are high-enough priorities that they are captured in this report for consideration by S&WB.

### *Governance*

The S&WB’s governance structure is a mixture of state and local connections with close ties to the City of New Orleans, albeit with some independence. However, it is not a true “independent” authority. Operating with either an independent status or as part of a municipality has advantages and disadvantages, the current “rebirth” of the S&WB could open the door to consideration of a new governance structure.

The original Sewerage and Water Board was authorized by the Louisiana state legislature in 1899 to provide drinking water and wastewater services. Drainage operations were added in

1903. The Board of Directors consists of the Mayor of New Orleans, representatives of the Board of Liquidation, City Debt, and eight citizens from five council districts, two consumer advocates, and one at-large Director. Part of the S&WB's funding comes from the city's property taxes.

Changes in governance structure may have the advantage of operational and fiduciary independence, in addition to freedom to develop policies in the best interest of the utility (see Civil Service, below). It could also sever the current funding from the city and therefore require a separate water/sewer/drainage fee. Governance changes can take years to accomplish and can be fraught with political challenges. But when they are well-conceived and executed, these changes can provide flexibility and remove barriers which allow a utility to flourish.

### Civil Service

Civil Service, the overarching HR department for government agencies in New Orleans, has not had a successful relationship with the S&WB in recent years. Though Civil Service's mission is to administer all personnel related functions, it has instead acted as an obstructive force against the S&WB by slowing critical hires, restricting pay for employees based on arbitrary standards, and countermanding reorganization efforts.

While it is outside the 12-month scope of this action plan, without an overhaul of the Civil Service/S&WB relationship, the utility will not be positioned for future success. Therefore, a restructure of Civil Service's role as a support organization is recommended.

Several alternatives exist, including:

- Removing the S&WB from New Orleans Civil Service and positioning under Louisiana State Civil Service
- Reclassifying all S&WB position descriptions to a utility designation, removing the false equivalency between other city agencies and the S&WB
- Removing the S&WB from New Orleans Civil Service and creating a robust internal HR framework

### Rebranding/Repositioning/Rebirth

The S&WB logo is truly iconic to the city of New Orleans. The distinctive crescent moon and stars water meter design can be seen throughout the city from tourist souvenirs to local businesses that have repurposed the logo for their own use. Unfortunately, the beloved logo is no longer associated with the largely discredited utility, creating a brand disconnect.

Rebranding, by updating the logo, name of the S&WB or both, may be an option for the utility in the long-term, but in the short term, while the utility is still in a period of change any update could be quickly tarnished by an operational failure. Instead, the S&WB should continue to improve their operations and standing within the community and only then, as a final push to emphasize the rebirth of the utility, unveil an updated brand identity.

Several options for updating the brand include:

- Many corporations routinely update their logos to reflect contemporary typefaces or colors (Apple, Google, Microsoft). The S&WB could follow this example and retain some aspects of their current logo while updating less functional elements, like the name "Wabash, Indiana" or the "Water Meter" text.
- Words like "sewerage" have fallen out of favor in modern utility names where the trend has been to adopt aspirational language that emphasizes the mission of the organization,

rather than the operations. The S&WB can follow this path and rebrand with a name that emphasizes the region and mission like “NOLA Water”.

- A rebrand can be as simple as changing the colors of the logo. Blue is a very popular color in water utility logos, for obvious reasons, but the S&WB can consider adopting the trademark purple, green, yellow motif of New Orleans and Mardi Gras.

## Findings

### Heavily Impacted Departments

By the nature of the action plan prescribed, some departments will be more heavily affected than others, either by the complexity or breadth of the work prescribed. It will be important to ensure that these departments are well resourced to complete their missions.

In Objective 1, the Communications Department is key to the execution of five of the seven action items and has several key hires that are prescribed to meet expectations. Regular assessment of the workload and capabilities of this department will be required.

Across Objectives 1 and 2 the CFO’s office has a wide breadth of responsibility from budget oversight of initiatives to management of all Customer Service functions. While, Customer Service operations may eventually be moved out of the CFO’s office, in the meantime, special consideration should be given to the scope of responsibility in the Finance area.

Through Objectives 2 and 3, the General Superintendent’s Office plays a key role in both short-term initiatives to improve operations and long-term plans to improve the resiliency of the system. While few new hires are recommended, succession planning related to those in key roles should be a priority to ensure long-term initiatives are maintained.

### Prioritized New Hires

Several new hires are proposed in the action plan, a suggested list of prioritization follows, based on criticality to execution of the action plan and long-term responsibilities:

- Chief Administrative Officer
- Customer Service Director
- Internal Communications Manager
- Chief of Staff
- Procurement Director
- Grants Manager
- Government Relations Officer
- Performance/QC Manager

## Appendices

### Appendix A – Interview Brief

#### **Sewerage and Water Board of New Orleans / Blue Drop Utility Veteran Strike Force Project Background and Utility Leader Interview Questions January 2019**

##### **Background:**

The Sewerage and Water Board of New Orleans (SWBNO) is undergoing significant financial and operational difficulties due to revenue collection challenges, aging infrastructure, and needed maintenance. There have been multiple permanent and interim executive directors in just the past two years. There is a 28% job vacancy rate in the utility with over 500 vacancies.

In September 2018, Ghassan Korban began his new role as SWBNO Executive Director. Previously, he was the Commissioner of the Milwaukee Department of Public Works where he worked for 31 years. Mr. Korban inherited a ten-member leadership team with half of the positions currently unfilled. The filled leadership positions have no more than one to two years of tenure with the organization. Necessary leadership skillsets and positions need to be evaluated by the Executive Director and aligned with the future direction of the enterprise.

The SWBNO currently has acute revenue challenges and is exploring a new stormwater (drainage) fee as one improvement mechanism. A city Task Force will be providing recommendations in January on governance and management issues, and one issue they are considering is drainage system funding / drainage fees. The rollout of this fee, the related need to develop public support, and establishment of a realistic delivery timeline will all impact the success of this program. Past failures at the utility have led to an erosion of public trust which will need to be re-established and built on reliable, successful, and sustained performance.

The SWBNO, working with Blue Drop, and with the support of the Business Council of New Orleans, is convening a Utility Veteran Strike Force to draw on the experiences of other utility leaders who have successfully addressed similar situations and manage systems with related challenges. Input from interviews of the Strike Force members will be compiled and shared before the January 29 workshop in New Orleans and further integrated after the interactive workshop. Blue Drop will then work with SWBNO to use input from the workshop to develop a short-term action plan. While the workshop may inform a longer-term strategic plan, that is not the goal of this project which is addressing shorter-term, critical elements of the utility's day-to-day operations.

The interview questions below seek input on short-term, priority issues identified by the SWBNO, building on selected Attributes from the [Effective Utility Management](#) (EUM) framework. We are asking you to review the questions in preparation for a (no longer than) one-hour interview to receive your input and experience addressing these issues at your utility. The questions are grouped into three themes. Question 1 addresses an urgent priority, the utility's finances. Questions 2 through 4 address external, customer engagement. Questions 5 and 6 address fundamental operations and levels of service. For your responses, provide advice based on your experience and observations to the SWBNO leadership on how to proceed in the short-term on these priority attributes. The interviews are not intended to dig into specific technical and operational details.

## Questions:

1. EUM Attribute: Financial Viability. SWBNO has struggled with billing and generating adequate revenue. Recent policies regarding revenue collections and related shut offs have been reversed, resulting in increased defaults on bill payment. A recently-released Customer Information System (CIS) has had problems, further exacerbating the revenue challenges and public distrust. In this environment, a new stormwater (drainage) fee is being considered. *Have you encountered similar challenges when implementing new billing processes and what steps did you take to resolve this revenue collection issue? Also, do you have advice on implementing a new fee structure, such as for stormwater? [Note: the billing system is currently being audited]*
2. EUM Attribute: Customer Satisfaction. Customer satisfaction is low, resulting from problems with the billing/CIS roll-out referenced above and other challenges. Boil water incidents and occasional flooding add to the negative sentiment. Difficulties with customer satisfaction is closely related to revenue generation and raises questions about which to address first. *What advice would you provide on preliminary steps to improve customer satisfaction given the current circumstances?*
3. EUM Attribute: Stakeholder Understanding and Support. SWBNO has a long [history](#), one that can and should be celebrated. However, the utility's "brand" has been damaged recently and a rebranding or repositioning exercise is warranted. Additionally, the value of new drainage fees and rates need to be communicated at a time when support is low. *What are strategies that you have used or observed that bolster public trust while moving forward with rate structure changes and increases?*
4. EUM Attribute: Community Sustainability. The SWBNO currently has no sustainability narrative, but the long-term sustainability of both the utility and the community are closely linked. The SWBNO wants to be integrated with and a leader in the community. The future organizational strategy will need to include sustainability principles. *How should the SWBNO proceed with integrating the concept of sustainability into both its daily operations and long-term strategy?*
5. EUM Attribute: Product Quality. Recent boil water orders, service outages, and infrastructure failures have resulted in product quality below desired levels of service. *When you have experienced or observed low quality and service levels, what approaches have you taken to implement low, medium, and high tech solutions to improve product quality?*
6. EUM Attribute: Infrastructure Strategy and Performance. The backbone of the SWBNO is a complex, yet degraded water, wastewater, and drainage infrastructure. Keeping the current infrastructure properly maintained while planning for and installing new and upgraded infrastructure is necessary to provide required service levels. *What short-term approaches would you suggest to position the SWBNO for long-term asset performance?*

7. Given the current situation and priority challenges listed above, *is there other input you would like to provide in advance of the workshop?*

**Next steps:**

The Blue Drop team will compile results from the interviews and provide to participants in advance of the workshop. The utility leaders will meet with Mr. Korban and a few SWBNO senior leaders for dinner on January 28 and then participate in a day-long workshop on January 29. At the workshop in the morning, Mr. Korban will provide an overview of the current situation at the SWBNO and then we will discuss the priority challenges noted herein. The utility leaders will provide additional context and react to their peers' responses. This discussion will continue after lunch with a goal to prioritize short-term actions to support the development of a short-term action plan for the SWBNO.

## Strike Force Brief

New Orleans Utility Veteran Strike Force

January 29<sup>th</sup>-30<sup>th</sup>

### Introduction

The Sewerage and Water Board of New Orleans (SWBNO), working with Blue Drop, and with the support of the Business Council of New Orleans, is convening a Utility Veteran Strike Force to draw on the experiences of other utility leaders who have successfully addressed similar situations and manage systems with related challenges. Input from interviews of the Strike Force members is compiled here and will be further integrated after the interactive workshop.

### Sewerage and Water Board of New Orleans Challenges

In September 2018, Ghassan Korban began his new role as SWBNO Executive Director. Previously, he was the Commissioner of the Milwaukee Department of Public Works where he worked for 31 years. Mr. Korban inherited a ten-member leadership team with half of the positions currently unfilled. The filled leadership positions have no more than one to two years of tenure with the organization. Necessary leadership skillsets and positions need to be evaluated by the Executive Director and aligned with the future direction of the enterprise.

The SWBNO currently has acute revenue challenges and is exploring a new drainage fee as one improvement mechanism. A city Task Force will be providing recommendations in January on governance and management issues, and one issue they are considering is drainage system funding / drainage fees. The rollout of this fee, the related need to develop public support, and establishment of a realistic delivery timeline will all impact the success of this program. Past failures at the utility have led to an erosion of public trust which will need to be re-established and built on reliable, successful, and sustained performance.

### Strike Force Objectives

Blue Drop will work with SWBNO to use input from the workshop to develop a short-term action plan, no longer than a 12-month duration. While the workshop may inform a longer-term strategic plan, that is not the goal of this project which is addressing shorter-term, critical elements of the utility's day-to-day operations.

### Framework and Work Plan

The Effective Utility Management Primer was selected as the framework for the interviews and workshop. Through discussions with Mr. Korban, six of the ten attributes of effectively-managed utilities were selected as the most critical for the utility. These six attributes became the basis of the interview questions. Three overarching themes emerged from the interviews along with specific feedback on the six attributes. These themes and feedback are synthesized below.

### Overarching themes



## Theme 1: Creating a Sense of Purpose and Camaraderie among Staff

The predominant theme from the interviews was that before any overarching operational or financial solutions can be effectively addressed, the team must be united. Particularly, in a community where the utility has a bankrupt reputation, the focus initially must be on reviving the spirits of the workforce to raise the “esprit de corps.” Elevating the morale of employees by providing purpose, support and encouragement will pay dividends later through increased productivity and loyalty to the organization and the city they serve. As an added benefit, this sense of team and purpose can help with recruiting and fill currently-vacant positions.

Staff are SWBNO’s ambassadors in the community every day, communicating successes and challenges of the utility to their customers, family and friends. When employees are motivated and feel valued, that energy will be brought into their interactions and will raise opinions of the utility throughout the city.

A few suggestions for engaging with the staff and raising spirits:

- In a quick burst, within a few months, meet with all employees, individually or in small groups, to listen and understand their challenges (bonus: these meetings will inform the essential prioritization of efforts in the third overarching theme, below)
- Rebrand the team with a name that calls on the imagination and relates to pride in the organization and the product. Example: “Team Blue” at DC Water
- Fill key, vacant positions, embedding in-house expertise as a permanent part of the utility and demonstrating leadership’s commitment to the team
- Communicate with consistent messaging: this is a noble and honorable place to work and this is a new day for the Sewerage and Water Board of New Orleans

## Theme 2: Leverage Politicians and Local Leaders

Transforming SWBNO cannot be done independently and will require the support of local politicians and leaders for ongoing improvement. As the utility moves toward a new drainage fee, sit down with elected officials and see what they’re willing to support. This avoids contradictory public statements or political one-liners that may limit SWBNO’s ability to generate drainage revenue in the future.

Provide credit to the Mayor and city leadership for supporting SWBNO’s efforts to transform and improve quality of life in the city. This support can return dividends later. Similarly, build relationships with the business community who will benefit from improved levels of service and community quality of life improvements. Finally, identify your critics, whether it be press, NGOs, or others. Invite them into the discussion and convert them to allies. Hear them out, understand their concerns, and find common ground and interests.

## Theme 3: Identify and Focus on Priority Actions

Each of the Strike Force members identified a concise number of priority challenges in their early days as leaders at their utilities. While the approach to identify these challenges varied, each provided focus for the utility and a basis for consistent communications and resource allocation. The approach for SWBNO should be tailored for New Orleans’s specific challenges and account for the current state of asset understanding and existing programs. SWBNO’s priority actions should also account for leadership strengths and weaknesses, including personal passion, familiarity with the sector, and connections to the local community. Specific actions and suggestions included:

- Embark on an internal efficiency program, such as an Environmental Management System (EMS). Efficiencies can pay dividends in cost reduction and should become part

of the utility’s culture. Pursuing third-party verification provides a “seal of approval” and can help gain customer confidence.

- Conduct an enterprise-wide hazards assessment. Initial results can determine if short-term mitigations are sufficient or longer-term engineered solutions are needed.
- Update or perform a facilities plan. Eventually, this should be tied to the Capital Improvement Plan (CIP) and long-term vision for the utility.
- Conduct a non-revenue water (NRW) study/audit as a means to identify inefficiencies and eventually provide financial benefits.
- Given the six attributes below, start with a focus on numbers 1 (Financial Viability) and 5 (Product Quality). These become the precursors to the other attributes.

## Effective Utility Management Attributes

### Attribute 1: Financial Viability

The Strike Force members’ experience with rate increases varied greatly, from double-digit rate increases in the first year of their tenure to overall decreases in water bills over many years due to operational efficiencies. However, any approach to rate changes was accompanied by a focus on efficiencies: in some cases, operational efficiencies, in others, addressing billing problems. Either approach reflected the third overarching theme above, define your top problems and focus on those first. Additionally, every rate change was accompanied by extensive communication and outreach, for example, ward-by-ward “townhall” meetings.

Regarding a drainage fee, several Strike Force members have had direct experience with this. They recommended a “carrot and stick” approach, creating a consistent fee structure with incentives for improvements (e.g. green infrastructure) on private property to offset some of the fees. Consistent communications and branding are important as well. Engage with your elected officials (see the second overarching theme above) for support before bringing the proposal to the public. Consider a branding effort such as “Rebuilding Houston” or DC’s “Clean Rivers.”

### Attribute 2: Customer Satisfaction

A consistent theme from all the Strike Force members is that transparency is essential to success, and a lack of transparency can contribute to failure. Own up to mistakes made and follow with a sincere commitment to improve with specific solutions to the most important problems customers are experiencing. This honesty will pay dividends.

Transparency is not just about communicating bad news and how things are going to be fixed. It is also about conveying the challenges and efforts needed to run a utility – a difficult and ongoing task for *every* water utility. Take advantage of opportunities to tell good news stories about issues addressed and infrastructure fixed, consistently communicating your key initiatives and themes. Efficiencies gained through an EMS or priorities identified in a facilities plan (see the third overarching theme) can serve as the content of this communication.

Beyond transparency to improve customer satisfaction, a utility must engage the public where they are and how they interact. Several methods were proposed for this:

- Post thank-you notes from customers on social media
- Send community outreach (and other) staff to a variety of city/community events
- Breakfast, lunch, and dinner speaking engagements throughout the community

- Go to the public, but also invite them in. Invite issue-focused stakeholders to the utility to share their concerns in a private forum.

### Attribute 3: Stakeholder Understanding & Support

Like the second attribute, Customer Satisfaction, communication is a key component of establishing stakeholder understanding and support. SWBNO must create, own, and direct the conversational narrative to priority topics. For example, instead of reacting to press and focusing on “sewer overflows,” create a narrative focusing on “water quality.” All of this requires communications excellence.

Also, like the second attribute, engaging with the community directly, in their neighborhoods, is essential. Consider a ward-by-ward series of “townhall” meetings. These can be opportunities to not only communicate about upcoming rate changes, but also to showcase the various SWBNO departments and put a face on those who interact with customers on a regular basis (customer service as well as operations). Engage and encourage staff to be SWBNO’s “ambassadors,” not just at formal meetings, but in their everyday jobs and in social settings. One Strike Force member underscored that the water utility is not just any utility (gas, electric, etc.), but rather it is part of the government. Public service is at the heart of everything you do.

Finally, while several high-profile water utilities have rebranded in recent years, this may or may not be a path forward for SWBNO. Rather than rebranding, a “repositioning” may be in order...the “rebirth” of the Sewerage and Water Board of New Orleans, to play off a common New Orleans theme. Of course, this outward repositioning must be backed up by improved performance or there is a risk of further degradation of public trust.

### Attribute 4: Community Sustainability

Achieving sustainable operations is a long-term endeavor, challenged by the fact that there is no standard definition of sustainability for water utilities and that sustainability means different things to different people. However, several specific examples came forward that support an “intentionality toward the triple bottom line” (economic, environmental, social) of a sustainable utility.

- Engage on a regional basis. Sustainable utilities need to look “beyond their fenceline” to understand their role and the interdependencies with regional entities
- Focus on the public service aspect of the utility, including intentional efforts to provide local jobs and support the community.
- Engage the public through volunteer efforts, for example, the “adopt-a-drain programs” in other cities.
- Utilize an efficiency program (see the first overarching theme above), or EMS, to identify opportunities energy efficiencies.
- Incorporate equity considerations into decision-making. As noted by one Strike Force member, “Your zip code should not affect whether or not you have flooding.”

### Attribute 5: Product Quality

Recommended steps to improve product quality incorporated themes repeated throughout the interviews. Of course, specific remedies for particular product quality issues need to be tailored to the challenges at hand. Treatment plant quality issues may need to be addressed with new technology or innovative approaches (and leverage local water innovation efforts/centers). Distribution or collection problems may require modeling expertise.

Whatever the efforts, transparency about the challenges, shortcomings, and plan to remedy any quality issues need is essential. Incorporating the third overarching theme, identify and prioritize actions to address. For example, can green infrastructure be deployed strategically to address chronic flooding issues while at the same time providing multiple benefits? The hazards assessment noted in the third overarching theme may be beneficial in prioritizing product quality issues.

### Attribute 6: Infrastructure Strategy & Support

Addressing degraded infrastructure is a long-term and ongoing effort for SWBNO and every water utility. Identify and prioritize those efforts, like in addressing the product quality issues in the 5<sup>th</sup> attribute, Product Quality, is a key step. Financing the efforts provides yet another challenge.

Establishing, expanding, or upgrading an asset management program is essential. This asset management program will feed a long-term facility plan which then informs the utility's CIP. A quick way to diagnose what infrastructure (or processes) need attention is to utilize a work order system to simply quantify where staff are spending most of their time.

Regarding financing, the Strike Force saw opportunities for SWBNO to leverage federal support, including WIFIA financing, federal loans, and/or green infrastructure grants. Explore federally-funded, low-interest loans to upgrade facilities and infrastructure. Strike Force members have done this in combination with efficiency efforts to upgrade infrastructure and provide a higher rate of return via efficiencies than the interest on the loan.

## Appendix C – Strike Force Recommendations

### Andy Kricun

- ISO 14001
- Innovative Financing
  - SRF
    - Must have project designed, New Jersey has separate design funds
    - Clean water will fund design, safe water will only fund construction
  - Power purchase agreement
  - Private sector involvement
- Eliminate turbines
- Green energy options
- Anchor institution – “right thing to do”
  - PowerCorp -- Example
  - Camden Collective -- Example
- Drinking water storage – real area of vulnerability (second priority after turbines)
- Non-revenue water
  - Private sector entities; RFP
- Drainage fee
  - Issue of fairness
- Opportunities for alternate revenue
  - Shared services arrangements
- Increasing preventative maintenance ration
- Sewer cleaning – more frequent to reduce CSO flooding

### Yvonne Forrest

- **Step back to the basics**
- Safety – Make sure what you’re doing, you’re doing it safely
  - Safety management system
- Regulatory compliance
- Asset Inventory
  - Risk assessment
  - “Adopt a pump” program
- Documentation of processes
  - Partnering with community colleges to offer credit for students capturing processes
- Communication
  - Be careful with examples and elected officials
- Drainage Fee
  - Get it locked up for your own use using specific ballot language
- Use your resources
  - Employees as ambassadors
  - San Antonio has tailgate spots; go to where your public is

### George Hawkins

- Internal Crew – How to mobilize
  - Listening to staff

- Visible connection – uniform
- Tangible – nice to say things, but do employee-oriented projects
- Rebirth idea
  - Representing the best, not the worst, of the city
  - Reclaim water as an asset of the city
- Capture imagination
- Most important environmentalists in the city
- External – take energy from internal mobilization and keep it going
  - Branding exercise
  - Grow an external communications program
- ROI
  - Find companies that do cost savings work and share savings with utility after doing a project
  - Finding projects with a return, reinvest the returns into the utility
- Drainage Fee
  - Explain it well
  - “Sweet reason can win the day”
  - Enlist community in creating green infrastructure on their property
- Report where you are, then improve

#### Kishia Powell

- Finances and revenue recovery top of list
  - Drainage fee; keep timing in mind – two options
    - Roll out now when they’re mad at you already
    - Ensure a positive roll out to shift perception
  - Mileage out of wastewater rate already in place
    - Integrated planning
  - Leverage relationship with 100 RC for grant funding
    - Can fund issuance cost of bond
  - Philanthropy
    - Grant funding
      - GI and work force development
  - Amnesty Day
    - Waive late fees to encourage customers to come in and get their accounts into good standing
- Service Delivery
  - Things that don’t cost you any money
  - Reorg to develop external customer focused operation
    - Define it for the staff
    - Customer Service as standalone, executive level department
  - Utilize a couple people to parse data for performance metrics
  - SOP’s
  - Setting up an escalation process to streamline communication
    - Focusing on priority key customers
    - “Thank you for being a customer”
  - Town Hall Meetings
  - Customer experience mapping

- Identify all customer touchpoints
    - Customer feedback kiosks
- Establishing the core values, getting commitment from staff
  - Require service days of executive staff
  - Meetings with staff to determine barriers to success
  - Highlighting takeaways from meetings to staff
  - Hosted 4-hour work sessions with divisions on Saturdays for feedback
- Compliance
  - Water storage issue
- Policy
  - Design/Build
  - Civil Service
- Green Infrastructure
  - Ordinance to install on private property

## Appendix D – Additional Resources

### GENERAL

Effective Utility Management <https://www.watereum.org/> (EUM Primer available in “Resources” tab)

### FINANCES

- EPA Water Infrastructure and Resiliency Finance Center, including links to the Clean Water and Drinking Water State Revolving Funds  
<https://www.epa.gov/waterfinancecenter>

Affordability and Customer Assistance Programs:

- Navigating Legal Pathways to Rate-Funded Customer Assistance Programs  
<https://efc.sog.unc.edu/project/navigating-legal-pathways-rate-funded-customer-assistance-programs>
- including reference to Louisiana’s rate-setting regulatory systems  
<https://efc.sog.unc.edu/sites/default/files/Louisiana.pdf>

Water bill amnesty programs

- Newark, NJ <https://www.newarknj.gov/news/city-of-newark-offering-tax-amnesty-program-now-through-september-12-2016-2017>
- Atlanta, GA <https://www.atl311.com/?p=1685>

### SAFETY

- AWWA Safety resources page <https://www.awwa.org/Publications/Books/Safety>

### DRAINAGE FEE PROGRAM DEVELOPMENT

- WEF manual on developing a stormwater (drainage) utility <https://www.e-wef.org/Default.aspx?tabid=251&ProductId=28818404>

### BRANDING

- Utility Branding Network <http://utilitybranding.net/index.php> (a part of the National Water Resources Institute)

### METRICS

- AWWA Utility Benchmarking Program <https://www.awwa.org/Resources-Tools/Programs/Benchmarking>
- Water Research Foundation report “Performance Benchmarking for Effectively Managed Utilities” <http://www.waterrf.org/Pages/Projects.aspx?PID=4313>



## Appendix E – Additional Information from Strike Force Members

Included as a separate digital file, indexed below.

### Camden County

- A – Org Chart
- B – Power Corps Camden Playbook
- C – Power Purchase Agreement RFP
- D – Solar RFP

### City of Houston

- A – [https://www.houstontx.gov/policies/administrative\\_policies.html](https://www.houstontx.gov/policies/administrative_policies.html)  
Section 5 addresses purchasing
- B – City Contractor Policies
- C – MWBE Access
- D – Procurement and Payment Policy
- E – Procurement Governance
- F – Social Media Policy
- G – Full Policy Index: [https://www.houstontx.gov/policies/executive\\_orders.html](https://www.houstontx.gov/policies/executive_orders.html)

### City of Atlanta

- A – Org Chart (High Level)
- B – Org Chart (Detail)
- C – Alternative Funding Sources Brochure
- D – Example Happy or Not Report
- E – Customer Touch Points
- F – Employee Policies and Procedures
- G – DWM Apparel Catalogue
- H – Customer Journey Mapping
- I – Safety Training Calendar
- J – Boil Water SOP
- K – Wastewater Collections SOPs
- L – Distribution SOPs
- M – Dispatch SOPs