



# **The Sewerage & Water Board**

## **OF NEW ORLEANS**

625 ST. JOSEPH STREET  
504.529.2837 OR 52.WATER  
[www.swbno.org](http://www.swbno.org)

March 1, 2019

New Orleans City Council  
Public Works Committee  
1300 Perdido Street  
New Orleans, La. 70112

Dear Honorable Members of the City Council:

Below is the description of the lone contract for construction and/or repair to the water, sewer and drainage systems in fulfillment of the Sewerage and Water Board of New Orleans' (SWBNO) reporting obligations under subsection B of Revised Statute 33:4091. This report covers the reporting period of the fourth quarter of 2018, October through December, that is due in March 2019. We have also included the latest overview of our Disadvantaged Business Enterprise program as a reference.

We deliberately and drastically curtailed the letting of new contracts in response to SWBNO's precarious financial situation. This utility spent more than \$85 million in its emergency response to the flood events of 2017 and the prolonged freeze of January 2018. Recuperating from that strain will continue to be a challenge for the foreseeable future.

With an influx of federal reimbursement payments from FEMA in late 2018, we were able to pay almost \$50 million to our vendors in January for their work last year. But it would not be fiscally prudent to hire contractors for future projects without reliable revenue to ensure them full and timely compensation.

You can see in our 2019 budget plan that we are proceeding with extreme caution when it comes to spending on capital projects this year. It is no secret that we have a long and expensive list of repairs and upgrades to greatly improve our ability to provide reliable water, sewer and drainage service to New Orleans. But because of SWBNO's financial situation, we recommend spending less than \$167 million in 2019 – a fraction of the necessary spending – to address only the most urgent conditions.

These projects include:

- Continue Joint Infrastructure Recovery Road (JIRR) in conjunction with City of New Orleans Department of Public Works (DPW)
- Comply with regulatory requirements under the Sewer Consent Decree.
- Complete second tower of Water Hammer project
- Participate in drainage system improvements in coordination with SELA Program
- Initiate Automated Meter Infrastructure (AMI) project

While we have identified these as the most critical projects, we do not have the full funding this year to tackle them. Our recommendation to spend \$167 million is premised on our success in obtaining additional capital funding this year, such as new drainage bonds, federal grants, or loans. And that success hinges on the approval of other entities.

All other ventures will remain on hold until we can vastly improve our collections rate and identify new funding sources.

Likewise, we plan to spend money only on the most essential repairs. This approach, however, will do little more than slow the rate of decay plaguing our aging infrastructure. While our crews and contractors complete an average of 600 repairs a week, they're quickly outpaced every day by incoming reports of new work to do.

There is some hope on the horizon. We have seen the interest of residents and the business community in the success of SWBNO as a sure sign this utility can once again become an anchor institution for the City. The City Council, too, has shown a determined willingness to work with us, to help us find additional resources, and to push SWBNO toward a brighter future. For that partnership we are grateful.

Best,



Ghassan Korban, Executive Director

## Q4 2018 CONTRACTS

**Contract 8145** – Repaving open cuts in streets, driveways and sidewalks resulting from the repair of Sewerage and Water Board of New Orleans underground utilities. Estimated cost of this project: \$5 million

Four (4) bids were received on June 22, 2018 for performing the work under this contract. Two (2) bids were non-responsive to the specification. It is recommended that the low bid of Drennan Construction in the total amount of \$4,784,650 be accepted based upon the technical review of the proposals.

The 2 responsive bidders are as follows:

1. Drennan Construction	\$4,784,650
2. Fleming Construction	\$10,811,735
3. White Star Commercial (non-responsive)	\$4,437,834.45
4. Grady-Crawford Construction (non-responsive)	\$6,110,878

**Disadvantaged Business Enterprise participation** – Goal is 36 percent

Four DBEs identified:

1. C&M Construction Group	\$1,050,000	21.95%	Fencing, concrete and asphalt
2. Diedonne Enterprises	\$250,000	5.23%	Install insert valve
3. Landrieu Concrete & Cement	\$400,000	8.36%	Supply ready mix concrete
4. Prince Dump Truck Services	\$50,000	1.05%	Hauling & trucking services