

Sewerage and Water Board Task Force
October 31, 2018 1:30 pm
Sewerage and Water Board Board Room, 625 St. Joseph St.

Ramsey Green, Chair: Present
Councilmember Banks, Vice Chair: Absent
Board of Liquidation, Poco Sloss: Present
La Engineering Society, Dr. Emile Robichaux: Present
SWBNO, Ghassan Korban: Present
New Orleans & Co, Cheryl Teamer: Present
Business Council of New Orleans, Elisa Speranza: Present

Meeting called to order.

Ramsey Green: Last meeting we narrowed down. Today we will go through the options and see what each one looks like.

Over the next few meetings we will be bringing in experts and engaging the public. For public meetings - we will have one for every council district. We don't need a quorum at each of these, but some of us will be there so we can take in public comment. We are looking at last week in November or first week in December for the public meetings. Once we receive input from public and outside speakers we can narrow our options and start writing our document.

Tyler Antrup: Looking at December 12th or the meeting after that based on availability of Task Force members.

Ramsey Green: So after that we will start writing our recommendations.

Poco Sloss: Input from the public is not to be construed as a decision by the public, correct?

Ramsey Green: Yes, we need to hear out the public.

Move to approve the minutes by Poco Sloss, seconded by Elisa Speranza, approved.

Ramsey Green: Today will be very administrative.

Tyler Antrup: Today will be about summarizing and assuring that everything was communicated properly.

Tyler reviewed the process of last meeting.

Tyler reviewed the 4 options left.

Option 1a: Would require a legislative amendment to change who would be the rate setter. Generally speaking the City Council is vested with the power to levy taxes and fees, so this would be a rather unusual arrangement. May want to examine reform to board appointments so it's more publicly accountable.

Ramsey Green: So right now the board goes through a review and recommended rate structure.

Tyler Antrup: Executive staff, then board, then board of liquidation, and finally city council is the process for rate setting.

Poco Sloss: We've been underfunded historically and elected officials have been hesitant to raise rates.

Tyler Antrup: Yes, there are two sides to having elected officials set rates.

Tyler Antrup: In Baton Rouge the company just sets the rates. In Lafayette they have a board that sets the rates, but the board is made up of council members - a separate rate setting board.

Poco Sloss: the public service commission in Louisiana, does it do anything for Orleans Parish?

Tyler Antrup: I don't think water utilities have to go through them, but I will look into it.

Ghassan Korban: One thing about Milwaukee - they control their own rates and most appointees come from the Governor or the Mayor. They are consistent and it works well.

Tyler Antrup: I wonder if it works well because the sewerage district represents so much more area. So if a City Councilor is on the board they can have a more regional point of view and be less politically vulnerable.

Elisa Speranza: When I see utilities giving a rate decrease, something is wrong usually.

Tyler Antrup: Right, because they should be reinvesting.

Ramsey Green: Is there a rate setting expert in Louisiana on water rates? Tyler, I'll defer to you. We've been looking at management structure, but I haven't thought about rate setting.

Elisa Speranza: One of the people we are thinking about inviting in December is a rate setting expert.

Ramsey Green: What the PSC's role on water is - homework for Tyler.

Option 1b: Cancellation of '92 CEA and renegotiation of new CEA.

Tyler Antrup: Doing this option and nothing else would result in less getting done.

Elisa Speranza: We should have a guiding principle in this task force that we don't do anything that would make this worse.

Tyler Antrup: This option would have to go with a storm water utility to make any kind of sense.

Ghassan Korban: The current tax and funding structure doesn't allow the city to spend money on what they're inheriting, correct?

Tyler Antrup: In the case that it would go from city to S&WB you would assume that any spending from the city would not go with it. The city could send whatever they typically budget to the SWB. There are ways where it could stay how it is.

Ramsey Green: Aside from political questions, the administrative side of what you're describing is a fairly easy shift.

Ghassan Korban: If this transfer happens, why wouldn't there be a stipulation that the money shifts?

Cheryl Teamer joined meeting

Elisa Speranza: Keith recommended that we keep the millage in addition to the fee

Poco Sloss: We should come up with a model where this takes care of itself.

Tyler Antrup: What I'm hearing is that there are a few of these options that can't happen on their own, but could be a piece among a few options.

Option 2: Municipal Utility

Would require voter approval and assumption of debt. State enabling legislations and HRC amendments are also needed.

Tyler Antrup: Basically streamlining the agency so it's all public.

Elisa Speranza: Would give up 100 years of independent bonding authority that the S&WB has now, would put the City Council in the role of setting rates. How S&WB functions would also be subject to procurement and other processes the city is subject to.

Ghassan Korban: These logistics are things we have to consider.

Ramsey Green: There is a piece of legislation in process that would put a member of City Council on the S&WB - it will be on the March ballot.

The legislation replaces one of the Mayoral appointees with the chair of the Public Works Committee.

Poco Sloss: It looks like the difficulties outweigh the advantages.

Elisa Speranza: From my work with water utilities this looks like a big step backwards. I'm sure they would rather run as a utility rather than a city department

Tyler Antrup: I want to give another case study about a municipal utility - Philadelphia water department is considered one of the best water utilities in the country. A board was created as the rate setting authority. Essentially created an arm's length political cover to set rates.

Poco Sloss: Has history shown this as the right decision?

Tyler Antrup: It functions still as a high performing utility

Elisa Speranza: They are also the leader in green infrastructure nationally

Option 3 storm water utility: (a&b)

The legal requirements are an amendment to state legislation and a home rule charter change - by vote. It could be structured as a standalone state or regional agency, arm of S&WB, or city department.

Tyler Antrup: It sounds like in the conversations we've had so far this is a desirable option

Poco Sloss: A fee wouldn't make it a storm water utility by itself.

Tyler Antrup: Adopt the fee and transfer authority to the S&WB.

Poco Sloss: we're handling storm water now, it's not considered a utility now?

Tyler Antrup: The fee is really the differentiation. It's about setting rates based on use. Currently we're just collecting funds off a millage.

Ghassan Korban: The size of the millage isn't based on need. It's just a number.

Ramsey Green: We're missing an opportunity to incentive better storm water management.

Cheryl Teamer: Did y'all discuss the possibility of repealing the state law? The legislator usually only meets once a year, is it an option to repeal the law that creates a municipal subdivision.

Rep Hilferty: My understanding is that we are the only ones with a sewerage and water system that is created by the state.

Cheryl Teamer: It just seems like our hands are tied here to have to have a statewide vote if we need a change.

Tyler Antrup: At the time it was a progressive change because there was corruption.

Poco Sloss: The port of New Orleans also affected the whole state.

Ramsey Green: Based on the options we have left, option 2 most closely mimics that possibility.

Tyler Antrup:

Charlotte-Mecklenburg storm water services: The responsibility is shared regionally and laid out in an MOU. It's really just two entities that are coexisting and collecting a fee together. Works under the guidance of a storm water advisory committee.

Elisa Speranza: This system feels a little complicated.

Tyler Antrup: It's a regional model, but we could pull from it and use something simpler.

Elisa Speranza: Could we accomplish the same ends with a more straightforward model

Yes.

Option 4 public benefit corporation:

State law provides for the creation of a public benefit corporation.

Would require amendments to state legislation and a HRC change.

Elisa Speranza: This is the Green Bay Packer model.

Suffolk County Public Water Authority: Governed by a 5 member board, required to operate as a not for profit, has the authority to set rates and sell bonds as necessary to ensure operations mission is met.

Tyler Antrup: I'll tweak the options a bit and add in challenges and implications of the options. Will distribute AG opinion regarding storm water utility fee. I'll confirm neighborhood meeting dates that work and distribute those.

Discussion around Option 2: Least popular, may be removed.

Elisa Speranza, Poco Sloss, and Dr. Robichaux voice support that option 2 is taken off.

Elisa Speranza motions to remove option to, Dr. Robichaux seconded, approved - option 2 is removed from options.

Ramsey Green: Tyler - Two weeks from now we will have a guest speaker and come in with some dates for the five district meetings, will bring in more information based on our discussion today.

Public Comment:

Nathan Lott: Conversations around storm water utility, water collaborative has been supportive because it is more equitable. Not just looking at how we raise money for our current fixes, but raising money to invest in public and private property. Entergy funds energywise to give away energy efficient lightbulbs. That same concept applies to water management and is something we can utilize.

Poco Sloss: The law banning cisterns - can we check and see if that's still in effect.

Tyler Antrup: The ban is gone, but the reuse of water is still illegal.

Elisa Speranza: But you can have a rain barrel and use that.

Ghassan Korban motions to adjourn, Cheryl Teamer seconds, all in favor – adjourned.