



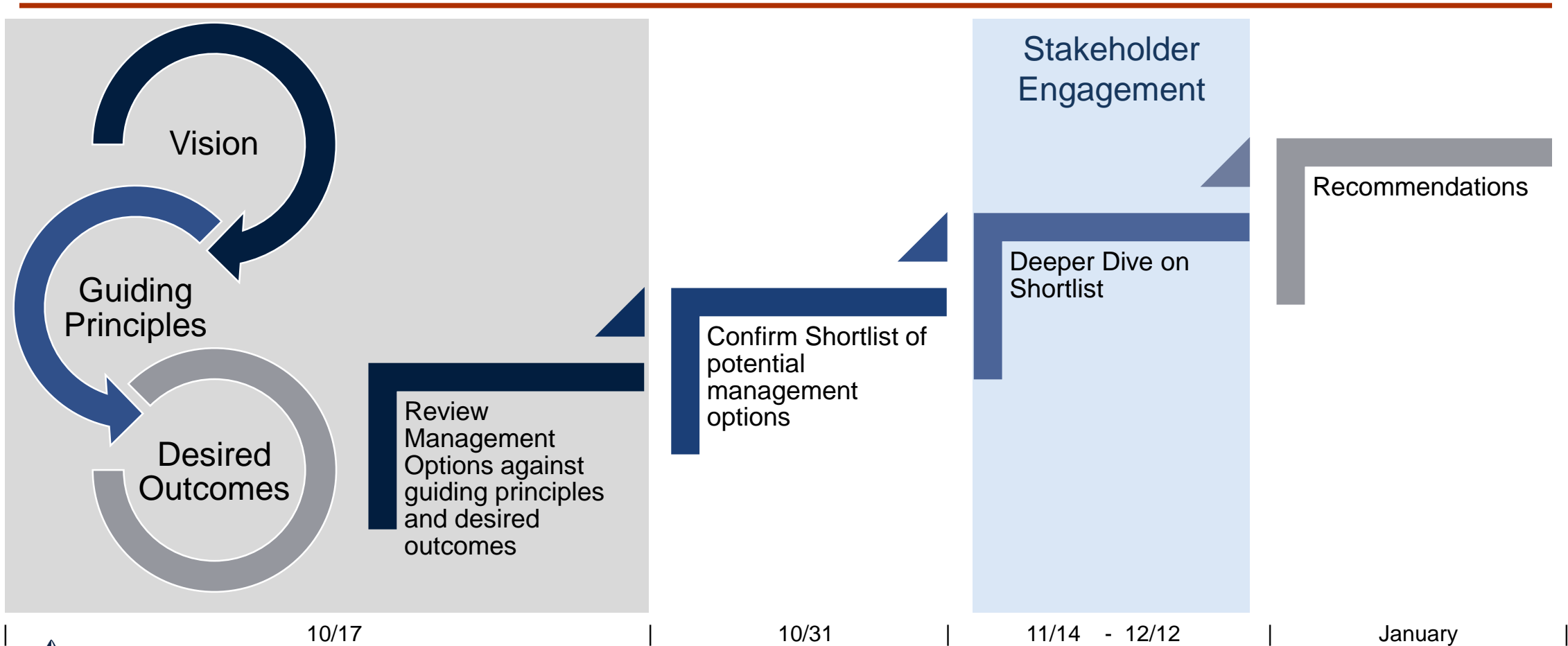
SWBNO Task Force

Remaining Management Options

City of New Orleans

October 31, 2018

Process Outline



Summary of Remaining Options

As adopted October 17, 2018

- **Option 1:** Independent City Agency, no change in management structure.
 - **Option 1a:** Independent City Agency, reform to allow SWBNO Board to set rates independently.
 - **Option 1b:** Independent City Agency, reform to transfer responsibility for all drainage assets under SWBNO.
- **Option 2:** Municipal Utility under City of New Orleans
- **Option 3:** Stormwater Utility (fee-based)
 - **Option 3a:** Stormwater Utility housed under City Department of Public Works.
 - **Option 3b:** Stormwater Utility housed under SWBNO.
- **Option 4:** Public Benefit Corporation

Option 1

Independent City Agency, no change in management structure

- No legal requirements to go this route.

Option 1a

Independent City Agency,

reform to allow SWBNO Board to set rates independently

- Legal Requirement:
 - Legislature Amendment to LA. R.S. 33.4096, A(1) & (2), B(1), D and E.
 - Need to check SWBNO/Board of Liquidation rules for consistency
 - City Council generally vested with power to levy taxes and fees
- Less accountable to customers, may want to examine reforms to Board appointments, etc.

Option 1b

Independent City Agency,

reform to transfer responsibility for all drainage assets under SWBNO

- Legal Requirement:
 - Cancellation of the 1992 CEA between SWBNO and DPW
 - Renegotiation and new CEA to reflect new structure
- This would not address the funding issues related to drainage, but could help to streamline operations and maintenance.

Option 2

Municipal Utility under City of New Orleans

- Legal Requirements:
 - LA Constitution Art. VI, §16
 - Consolidation requires (1) voter approval, and (2) assumption of debt.
 - State enabling legislation and HRC amendments also necessary.
- This would essentially make the City Council the “Board” and the presumptive department head “Executive Director/CEO”, direct accountability.

Municipal Utility

Revisiting Seattle Public Utilities

- Department within the City called Seattle Public Utilities includes:
 - Drinking Water
 - Wastewater
 - Stormwater Management
 - Garbage and recycling
- City Mayor manages all departments
- SPU CEO “Department Head”
- City Council serves as board of directors and regulator
- Utility service set up as an enterprise fund and requires that water rates can only be spent on the water system, not on other government missions.
- Direct relationship between customers and elected officials.

Municipal Utility

Philadelphia Water Department

- Department within the City called Philadelphia Water includes:
 - Drinking Water
 - Wastewater
 - Stormwater Management
- City Mayor manages all departments, Department head manages.
- Philadelphia Water, Sewer and Stormwater Rate Board established in 2012

Municipal Utility

Philadelphia Water, Sewer and Stormwater Rate Board

- Replaced the Water Department as the entity responsible for setting water, wastewater, and storm water rates.
- The board consists of five members serving staggered terms.
- The members are appointed by the Mayor and confirmed by the City Council and serve 5 year terms.
- The Board must:
 - Use open and transparent processes and procedures for public comment on proposed rates and charges.
 - Implement regulations for rate hearings and determination of rates and charges consistent with the Philadelphia Code.
 - Follow existing Water Department regulations regarding rate setting until new regulations are adopted.
 - Hold public hearings prior to fixing and regulating rates.

Option 3 (a & b)

Stormwater Utility (fee-based)

- Legal Requirements:
 - Requires amendments to State legislation and Home Rule Charter (by vote)
- Legally, could be structured as:
 - Standalone state or regional agency
 - Arm of S&WB
 - City Department

Stormwater Utility

Charlotte-Mecklenburg Storm Water Services

- Joint municipal/county stormwater utility formed in the early 1990's that includes Charlotte, the surrounding towns of Davidson, Cornelius, Huntersville, Matthews, Mint Hill and Pineville, and Mecklenburg County.
- Charlotte-Mecklenburg Storm Water Services staff includes both City of Charlotte and Mecklenburg County employees. Staff coordinates closely to provide comprehensive stormwater services and ensure service to residents is seamless.
- The county is responsible for named streams draining more than one square mile and the regulated floodplain throughout the entire county.
- The city is responsible for smaller streams and manmade drainage systems draining less than one square mile.
- The Towns of Davidson, Cornelius, Huntersville, Matthews, Mint Hill and Pineville are responsible for smaller streams and manmade drainage systems draining less than one square mile within each jurisdiction.

Stormwater Utility

Charlotte-Mecklenburg Storm Water Services

- Charlotte-Mecklenburg Storm Water Services works under the guidance of the Storm Water Advisory Committee (SWAC). The advisory committee:
 - reviews policies
 - hears appeals and decides on violations, fee credits, service charges and adjustments
 - evaluates capital and operational programs and budgets
 - makes recommendations or comments to elected officials
- The committee includes nine citizens appointed by the City Council, County Commission, and Town Commissions

Option 4

Public Benefit Corporation

- Legal Requirements:
 - State law provides for the creation of a “public benefit corporation” to “finance the construction, renovation, and operation of public properties and facilities.” LA R.S. 39:1051(B).
 - Enables re-financing options, including ability to partner with private entities to “leverage additional funds not otherwise available to public entities” (with State Bond Commission Approval). La. R.S. 39:1051(E).
 - Requires amendments to state enabling legislation and Home Rule Charter (by vote)
- Does not trigger privatization requirements because agency continues to be publicly-owned
- City owns/controls agency and appoints board

Public Benefit Corporation

Revisiting Louisville Water Company

- Chartered as a private company in 1854, Louisville Metro government is its sole shareholder.
- Louisville Metro receives a quarterly dividend from the company, and the Louisville mayor appoints the members of the Board of Water Works.
- Louisville Water Company provides drinking water service in the region, the Louisville/Jefferson County Metropolitan Sewer District (MSD) operates the wastewater and stormwater components of Louisville Metro's infrastructure.
- Recognizing the potential benefits of stronger collaboration, the Louisville mayor created an advisory group that recommended the two entities, Louisville Water Company and Louisville MSD, look at a comprehensive interlocal agreement to improve efficiency and service quality. While the agreement is in its early phases, the two utilities have joined their information technology and fleet service groups to establish more robust management systems and are continuing to work toward reducing costs and increasing efficiency.

Public Benefit Corporation

Suffolk County Public Water Authority

- Established in 1951 as a public benefit corporation for water service.
- Required to operate as a typical not-for-profit, such that operations and capital are covered by rates with no profit or dividend.
- Has the authority to set rates and sell bonds as necessary to ensure operations mission is met.
- Governed by a Board
 - Five members appointed by Suffolk County Legislature