

Stormwater Services Governance and Management

Sewerage & Water Board of New Orleans
Management Options Task Force
December 12, 2018

Introductions

- **Andrew Reese**

- 30+ years in stormwater technical, financial, organizational
- Expertise in design, green infrastructure, planning
- Over 100 cities: Philadelphia, Charlotte, Nashville, Portland, Halifax, Cleveland, Atlanta, Birmingham, Dallas/Ft. Worth, Australia

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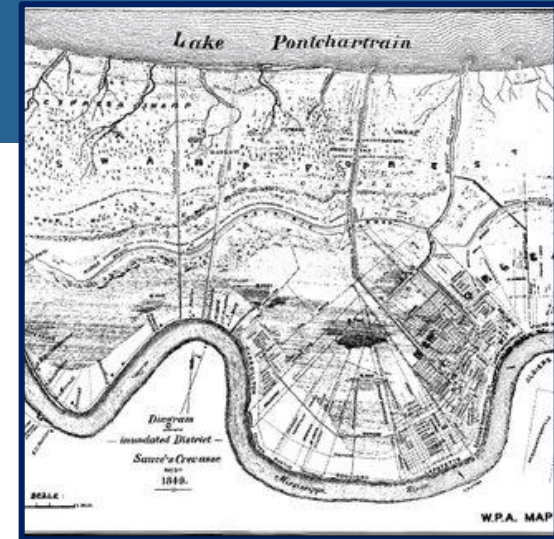
- **Eric Rothstein**

- 30+ years in water, wastewater, stormwater finance
- Municipal Advisor, CPA, EFAB Board
- Institutional structuring / regionalization: Atlanta, Detroit, Egypt, Flint, Houston, Toledo



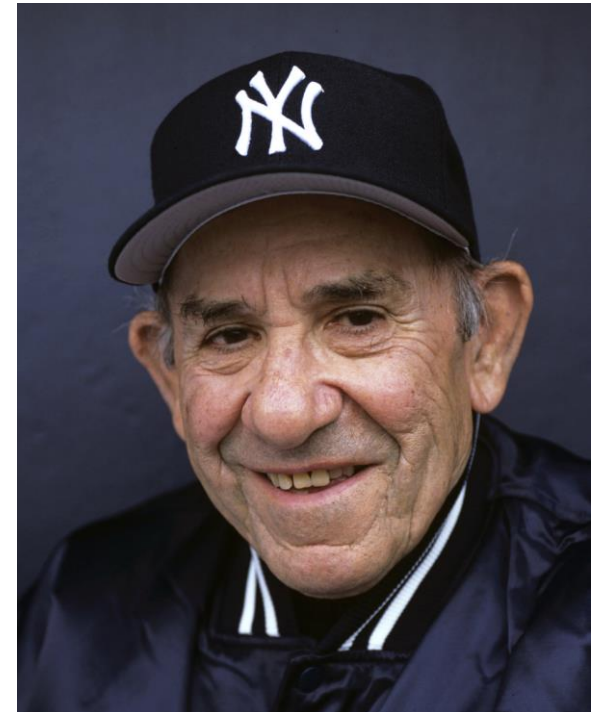
Where You Are Going

- Repair and manage the pumps and canal systems
- Rapidly clean, repair, and transform the collection system
- *Imperatives:*
 - *Achieve efficiency, excellence, transparency, accountability, and equity*
 - *Leverage existing organizational, and administrative capacity and authority*
- Build in flexibility for regional cooperation



Institutional Structuring Options

- ~~City of New Orleans Department~~
- ~~Privatization~~
- Separate independent utility
 - City of New Orleans
 - Multi-jurisdictional / regional
- Sewerage and Water Board
 - Adjunct to status quo
 - Evolution to alternative
- Public benefit corporation



Project and Service Delivery Partnerships

- Traditional
- Community-Based

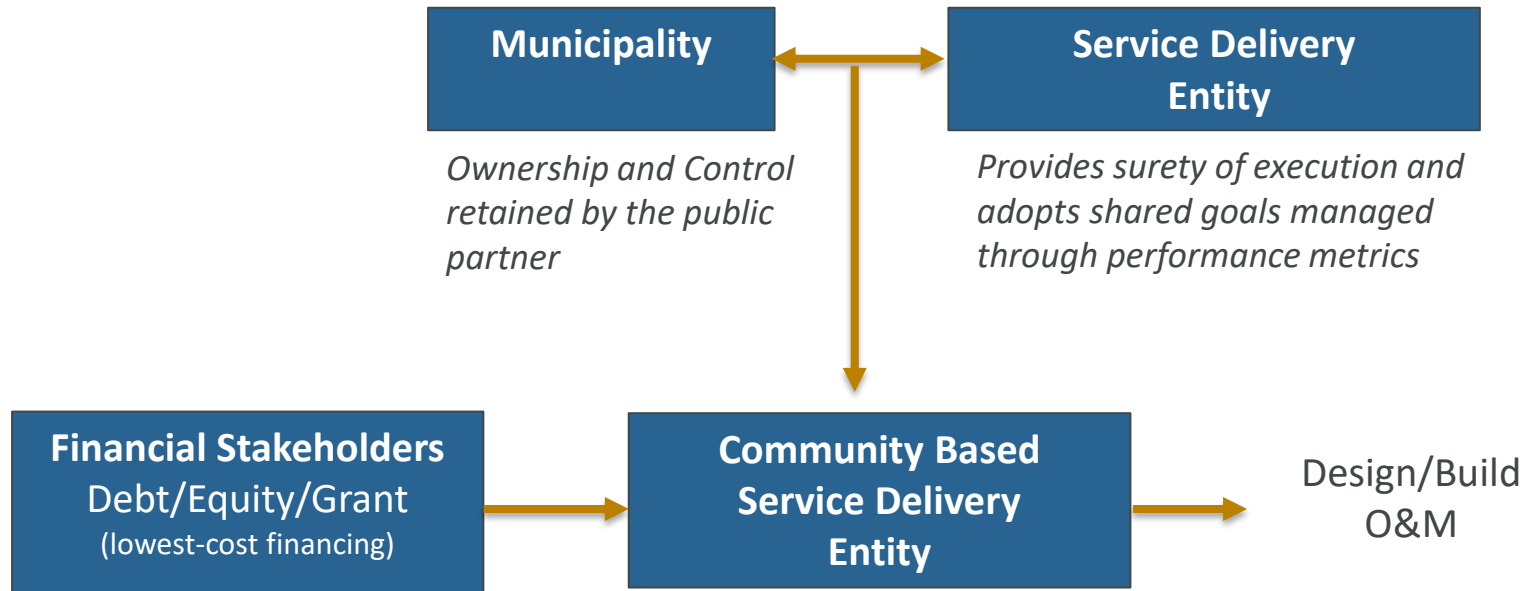
“If you don't know where you are going, you'll end up some place else.”

Benchmark Stormwater Utilities

- Charlotte –
Mecklenburg County
- Nashville
- Halifax
- CSO communities
 - Philadelphia
 - DC Water
 - NEORS
 - Louisville



Community-Based Model Structure



1. One contract awarded to a design, construction, O&M consortium to operate for a specified time (enabling rapid resource deployment)
2. Private sector may assume more risk in both the short and long term
3. Local hiring and workforce development focus and performance measures
4. Community members involved in entity management / decision-making

Separate Stormwater Utility

An institutional entity, typically enabled through state authorization, with utility powers including the ability to impose rates and charges, sometimes taxes, issue debt, invoke eminent domain, etc. – with responsibility for stormwater management, flood control.

Benefits

- Focus of utility enterprise
 - Absence of distractions
 - Absence of legacy issues
- Billing and collection (w/o revenue sharing)
- Focused coordination with potential funding / project delivery providers
- Prioritization of O&M procedures based flooding, SW assets

Challenges

- Creation of new Institutional infrastructure – all admin and O&M functions
- Establishing efficient billing and collection processes
- Coordination with other water resource utility functions
 - One water management
 - Transportation infrastructure

SWU Impacts on Financing

- Advantages
 - New, dedicated revenue stream
 - Focused grantsmanship
- Disadvantages
 - Risks associated with difficult to collect rates and charges
 - Dilution (actual or perceived) of support for water and wastewater reinvestment needs



Equity and Affordability Considerations

- Opportunity to focus investment / reinvestments in previously under-served, flooding sections of City
 - Address environmental justice / restorative justice options
- SWU impervious area (+) charges arguably more equitable mechanism to recover stormwater management / flood protection costs
 - Flexible rate and credit options
- Low Income affordability implications:
 - Cost recovery aligned to home / parcel sizes
 - Opportunity to tailor credit mechanisms

Lessons Learned

- Structure governing board for sound, efficient decision-making
 - Independent, < 10 members, voting structures designed for compromise/consensus
 - Qualified, responsive leadership matters
 - Accountability requires transparency
 - Institutionalize community engagement (facilitated outside of governance structure)
- Build in financial integrity to help ensure resiliency
 - Private capital requires competitive, market-based returns
 - Restructuring payments (e.g., acquisition, concessions, franchise fees) typically require same customer base to pay twice for asset base
 - Favorable financing secured by sound financial policies and risk management
 - Equitable, stable funding structures (e.g., impervious area charges)
 - Recognize affordability, historical inequities / EJ issues
- Pursue integrated, holistic water management
- Evolve institutional structures in response to community needs

Logical Steps Forward

Major Network System

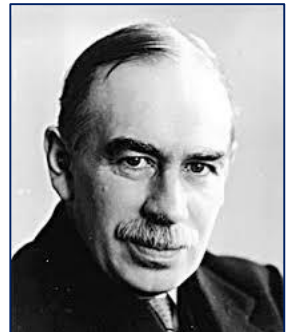
1. Create excellence within S&WB to fix or transform large systems
2. Modify board & governance to meet oversight & performance goals
3. Rapidly plan & execute overhaul or change in pumping systems

Collection & Conveyance System

1. Create focused & lean organization as “twin” to S&WB
2. Develop utility fee funding
3. Use alternative / innovative options for rapid design/construct/maintain
4. Work out efficient way to work with Public Works
5. Use S&WB administrative support

Short-term

Long-run



Questions and Answers