Baltimore Regional Water Governance Taskforce

CONSULTANT PRESENTATION

Meeting #2: Governance Models

October 4, 2023

Today's Agenda

6:00 pm to 6:15 pm	Recap and follow-up from Meeting #1
6:15 pm to 7:00 pm	Consultant presentation
7:00 pm to 7:45 pm	Taskforce discussion
7:45 pm to 8:00 pm	Break
8:00 pm to 8:45 pm	Public comments
8:45 pm to 9:00 pm	Taskforce reconvenes and votes

Notes for Attendees

- If you would like to comment or ask a question, and have not already signed up online, please add your name on the tablet sign-up with our staff
- Please limit your comment or question to 2 minutes; you will be timed
- No follow up comments or questions beyond that time, please
- If the Task Force can provide you a response they will do so after you finish speaking
- All comments will be noted and posted the website

Task Force Meeting Schedule

Taskforce Meeting #1: Existing Organization & Agreements

Wednesday, September 13 at 6:00pm

Baltimore County, Randallstown Community Center

Taskforce Meeting #2: Governance Models

Wednesday, October 4 at 6:00pm

Baltimore City, Middle Branch Fitness and Wellness Center

Taskforce Meeting #3: Governance Models & Preliminary Fiscal Analysis

Wednesday, October 18 at 6:00pm

Baltimore County, CCBC Essex

Taskforce Meeting #4: Final Fiscal Analysis

Wednesday, November 1 at 6:00pm

Baltimore City, Mount Pleasant Church and Ministries

Taskforce Meeting #5: Summary & Recommendation

Thursday, November 16 at 6:00pm

Virtual

Taskforce Meeting #6: Final Recommendation Report

Thursday, January 25 at 6:00pm

Virtual

Follow-up from Meeting #1

Follow-ups from Meeting #1

1. Scope of Task Force's charge: Water/Wastewater, but not Stormwater
2. Cost Allocation Model
3. Service Delivery Details

Other Follow-ups to be addressed in Meeting #3

These follow-ups will be addressed in meeting #3:

1. Level of state support to Baltimore's water and wastewater sector (Capital vs. operating expenses)
2. Split between in-house and outsourced work including cost of outsourcing.
3. Across wholesale agreements (Anne Arundel, Howard County, Carroll County, etc.) have the payments been proportionate (by population) to share of expenses?
4. Details on the true-up process
5. Impact of pending capital costs over time
6. Comprehensive as-is information on utilities: information on capital costs, inflation, consent decree costs, etc.

Scope of Task Force's Charge

The Task Force shall "recommend the governance model best suited for **water and wastewater systems** in the Baltimore region and the necessary legislation and funding to establish the recommended model"

The scope of the current exercise includes water and wastewater systems only, not the stormwater management system. Inflow and infiltration of rainwater into the wastewater system occurs. Future implementation-phase recommendations may come to light.

Cost Allocation from Agreements

- Questions raised during discussion on key agreements
  - What is the history and current status of the cost sharing arrangement?
  - Can you explain the Cost Allocation Factors in more detail?

Sewer Cost Allocation

Direction of Payment	Description of Service	Cost Allocation Methodology
County Pays City	County's Share of City's Direct Costs for Transporting, Pumping, Treating, and/or Disposing of County Sewage	Volumetric Method (average flow)
City Pays County	City's Share of County's Direct Costs for Transporting and Pumping City Sewage Through or by Any County Pumping Station.	Volumetric Method (average flow)

- Recoverable Costs
  - O&M, Administration and Supervision, Debt Service

Water Cost Allocation

- 1972 Agreement Identifies 21 Cost Components
- Each Cost Component is Allocated Based on One of the Following Factors:
  - System Volumetric (flow throughout the system)
  - Zonal Volumetric (flow in specific portions of the system)
  - Actual Expenses
  - Unit Costs
  - Percentage of Accounts
- Applicable to County and Wholesale Partners
- City Prepares Annual Cost Allocation Model Spreadsheet

Recap: Water/Sewer Services Process Review Service Delivery

WATER

WASTEWATER

MAJOR FUNCTION	RESPONSIBILITY
1. Rate Setting	• County establishes, City implements
2. Customer Billing	• County for its Water Distribution Charge, City for other rates
3. Raw Water Supply & Treatment	• City
4. System Maintenance & Operation	• City
5. Development Approval	• Handled independently by each jurisdiction
6. Water Facility Master Planning	• Handled jointly through Water Analyzer Office
7. CIP – Planning & Implementation	• County for projects serving County customers, City for others
1. Rate Setting	• Set independently by each jurisdiction
2. Customer Billing	• Handled independently by each jurisdiction
3. Wastewater Treatment	• City
4. System Maintenance & Operations	• Handled independently by each jurisdiction
5. Development Approval	• Handled independently by each jurisdiction
6. Wastewater Facility Master Planning	• Handled independently by each jurisdiction
7. CIP – Planning & Implementation	• Handled independently by each jurisdiction

Criteria for assessing governance models

House Bill 843 (HB843)

- The Task Force shall:
  - strive for consensus among its members.
  - review the findings and governance case studies from NewGen's Business Process Review finalized in July 2021.
  - consult with MDE and MES.
  - **report findings and recommend the appropriate governance model to the Mayor of Baltimore City, the County Executive of Baltimore County, and the Governor on or before January 30, 2024.**

Maryland Department of the Environment

MARYLAND ENVIRONMENTAL SERVICE

CITY OF BALTIMORE

BALTIMORE COUNTY MARYLAND

THE OFFICE OF Governor Wes Moore

MARYLAND GENERAL ASSEMBLY

Criteria for identifying recommended governance model (1/3)

HB 843 sets out the methodology for the Task Force to identify a future alternative governance model

Each member shall… **assess how each different governance approach may improve the following**:

- management;
- operations;
- employee recruitment;
- retention and training;
- billing and collections;
- planning for capital improvements;
- emergency management; and
- rate stability for customers

First portion of this meeting

Criteria for identifying recommended governance model (2/3)

Assess alternative governance structures for the Baltimore region's water and wastewater utility, **including frameworks for**:

- governance;
- financing;
- capital planning;
- future system capacity expansion;
- decision–making processes; and
- ongoing operations and maintenance of safe, efficient, equitable, and affordable water and wastewater systems serving the Baltimore region

Second portion of this meeting

Criteria for identifying recommended governance model (3/3)

Analyze the fiscal implications and efficiencies of each alternative governance structure, including estimated short– and long–term costs, 10–year historical costs that both jurisdictions have paid to the utility, **and cost–savings associated with**:

- system transitions;
- asset leases and capital planning;
- rate restructuring for Baltimore City, Baltimore County, and other wholesale stakeholders;
- debt consolidation and extension;
- staffing and pension liabilities; and
- other relevant costs to jurisdictions or customers served by the shared systems

Meeting 3: As-is conditions, Meeting 4: Alternative Models

Review of governance models

Governance Model Options

A Memorandum of Understanding (MOU)

Written agreement between utilities that documents specific terms of agreement for a defined mutually beneficial objective.

B Cooperative

Non-profit, member-owned partnerships created to achieve a single goal. All customers of the cooperative are members, and each member has voting power.

C Intermunicipal Service Agreement

Maintain current legal structure of two separate utilities while updating existing agreements and incorporating organizational structure and operational changes.

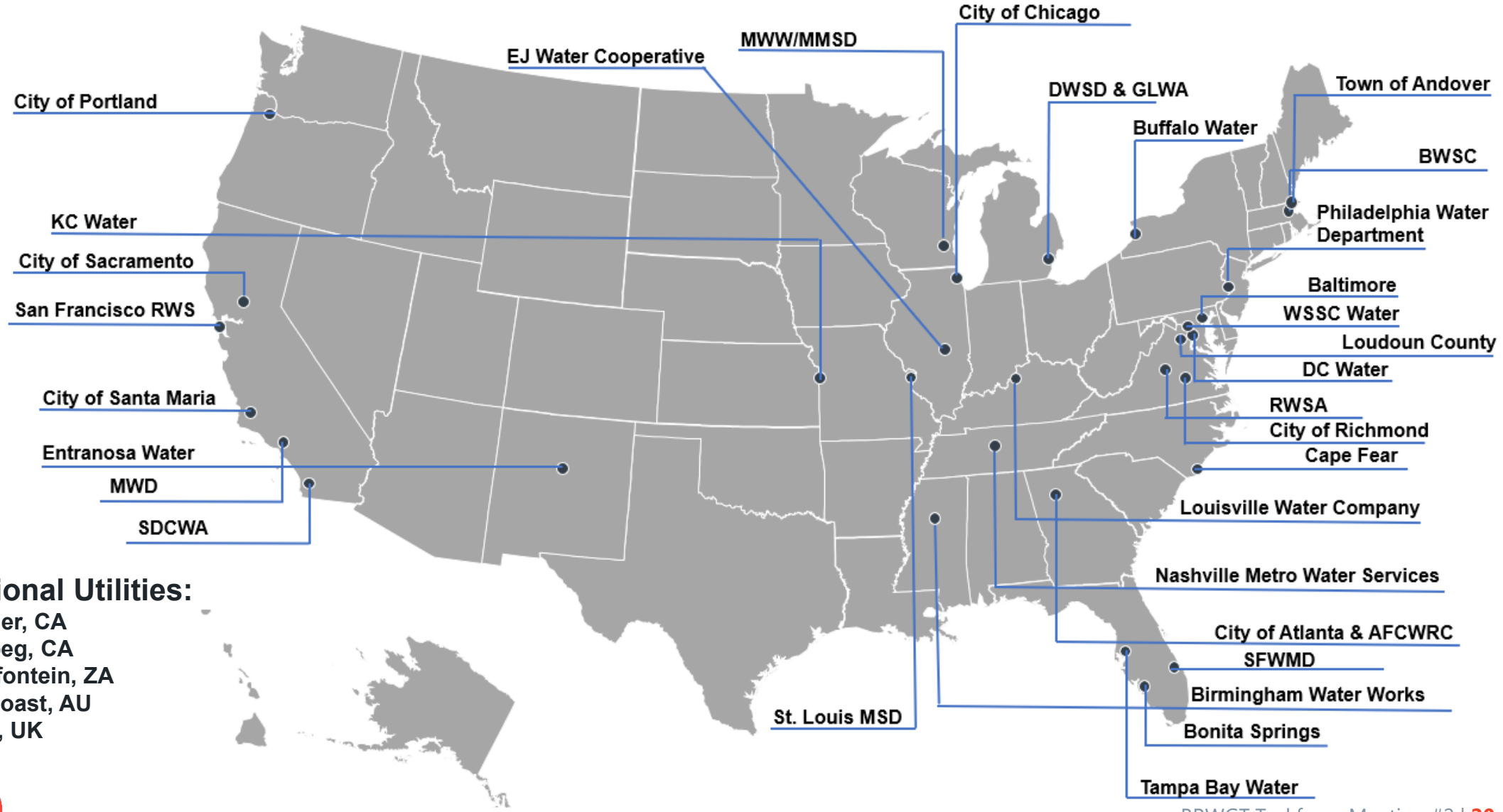
D Wholesale Service Purchase Agreement

Contract for a utility to provide another with water or sewer services. Typically, services provided are for wholesale type services (utility to utility sales of services) as opposed to retail type services (directly to end customers).

E Special District or Water/ Wastewater Authority

Special districts can be formed within service area boundary to meet specific purpose. Special districts have the authority to charge rates and fees and issue revenue bonds in return for the responsibility and obligations to render services.

Utilities Studied



International Utilities:

- Kichener, CA
- Winnipeg, CA
- Bloemfontein, ZA
- Gold Coast, AU
- Bristol, UK

Model A: Memorandum of Understanding (MOU)

- Written agreement between utilities that documents specific terms of partnership for a defined mutually beneficial objective.
- Language determines if the agreement is legally binding

Model B: Cooperatives

- Non-profit, member-owned organizations created to achieve a single goal
- All customers of the cooperative are members, and each member has voting power.

EJ WATER COOPERATIVE, INC.

ENTRANOSA WATER & Wastewater Association

Bonita Springs Utilities, Inc.

Model C: Intermunicipal Service Agreements

- Written agreements between municipalities/utilities that result in services provided to residents and ratepayers

Blue Plains Agreement

Model D: Wholesale Service Purchase Agreements

- Contract for a utility to provide another with water or sewer services.
- Services provided are for wholesale type services (utility to utility sales of services) as opposed to retail type services (directly to end customers).

Model E: Special District / Authority

- Special districts formed within service area boundary to meet specific purpose.
- Special districts have the authority to charge rates and fees and issue revenue bonds in return for the responsibility and obligations to render services.

[Slide updated 10/6 to remove Philadelphia Water Department.]

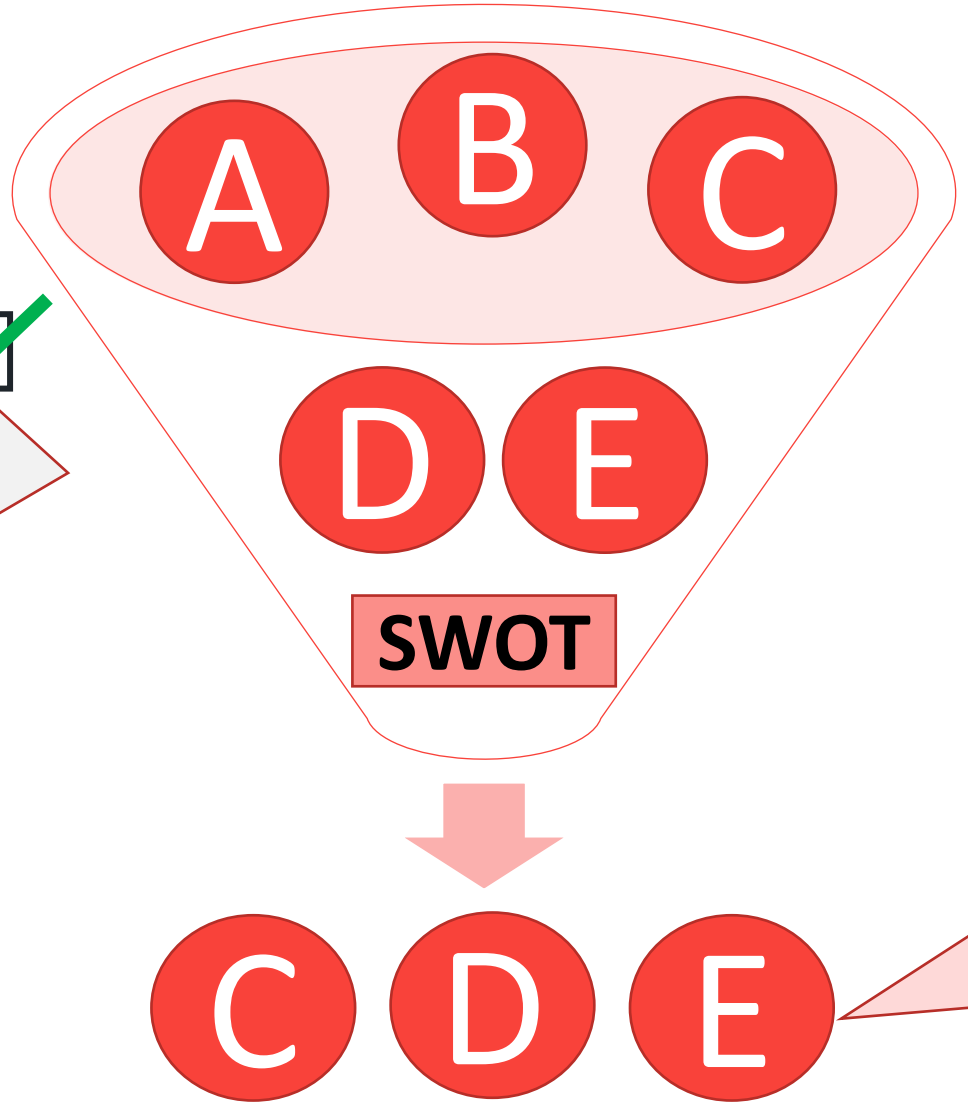
SWOT Summary

MODELS	S *STRENGTHS*	W *WEAKNESSES*	O *OPPORTUNITIES*	T *THREATS*
A MOU	• Clarify responsibilities • Improve coordination • Provide flexibility	• Limited scope • May not be legally binding	• Starting point for further negotiation Coordinated planning	• Leaves many issues unaddressed • Differing policy priorities
B Cooperative	• Representative leadership • High community engagement	• Limited by local laws • Smaller customer base	• Incentives are aligned • Easier coordination • Higher cost-recovery	• Possible limited local expertise • Less potential for cross-subsidizing
C Inter-municipal agreement	• Technology sharing • Avenues for collaboration • Economies of scale	• Large bureaucracy • Schedules may not overlap perfectly	• Simple implementation • Efficient investments • Continued collaboration	• Jurisdictions depend on each other to succeed
D Wholesale agreement	• Economies of scale • Use existing operational processes	• Limited flexibility • May need redundant infrastructure	• Simplified way of unifying systems • De-risks emergencies	• Responsibility for water transferred to outside entity • Contract language may limit some flexibility
E Special district/authority	• Greater oversight • Simplified ownership and operations • Ability to overhaul systems	• Requires collaboration • Coordination between competing communities	• Offers flexibility • Capacity building and peer learning • Reduced bureaucracy	• Long-term planning subject to policy changes • Shared costs may not benefit everyone

Alternative governance models appropriate for the Baltimore region

Where we are

1. Study 30+ Utilities to determine models used



2. Five models for further consideration using SWOT analysis

3. Study range of alternative models further

Alternative Governance Models for Further Study

Option 1	Option 2	Option 3
Model C: Intermunicipal Service Agreement	**Model D: Wholesale Service Purchase Agreement**	**Model E: Special District or Water/Wastewater Authority**
Maintain current legal structure of two separate utilities while updating existing agreements and incorporating organizational structure and operational changes.	Contract for a utility to provide another with water or sewer services. Typically, services provided are for wholesale type services (utility to utility sales of services) as opposed to retail type services (directly to end customers).	Special districts can be formed within service area boundary to meet specific purpose. Special districts have the authority to charge rates and fees and issue revenue bonds in return for the responsibility and obligations to render services.

Assessment of Option 1 against criteria in HB843 as it relates to Baltimore utilities

MODEL C: INTERMUNICIPAL SERVICE AGREEMENT

Criteria	Assessment
Governance	No significant change
Financing	Most similar to current, depends on terms of service agreements
Capital planning	Opportunities for coordination
Future system expansion	Efficiency gains through coordinated expansion
Decision making processes	Can be clearly laid out in terms of agreement
Ongoing O&M*	Efficiency gains through coordination and clearly defined roles

*Ongoing O&M means ongoing operations and maintenance of safe, efficient, equitable, and affordable water and wastewater systems serving the Baltimore region

Assessment of Option 2 against criteria in HB843 as it relates to Baltimore utilities

MODEL D: WHOLESALE SERVICE PURCHASE AGREEMENT

Criteria	Assessment
Governance	No significant change
Financing	Similar to existing; more direct relationship between County and its customers.
Capital planning	Certainty of supply makes planning easier
Future system expansion	Efficiency gains through targeted, coordinated expansion
Decision making processes	Can be clearly laid out in terms of agreement
Ongoing O&M*	Efficiency gains across service delivery through planning and coordination

*Ongoing O&M means ongoing operations and maintenance of safe, efficient, equitable, and affordable water and wastewater systems serving the Baltimore region

Assessment of Option 3 against criteria in HB843 as it relates to Baltimore utilities

MODEL E: SPECIAL DISTRICT/AUTHORITY

Criteria	Assessment
Governance	Significantly impacts how decisions are made
Financing	Cost savings; economies of scale; pooled financial risk
Capital planning	Cost savings through coordinated efforts
Future system expansion	Efficiency gains through planned, coordinated expansion
Decision making processes	Can be clearly laid out in founding documents
Ongoing O&M*	Efficiency gains through coordination and clearly defined roles across the service delivery chain

*Ongoing O&M means ongoing operations and maintenance of safe, efficient, equitable, and affordable water and wastewater systems serving the Baltimore region

Taskforce Meeting #3

Taskforce Meeting #3: Governance Models & Preliminary Fiscal Analysis

(As-is Conditions)

Wednesday, October 18

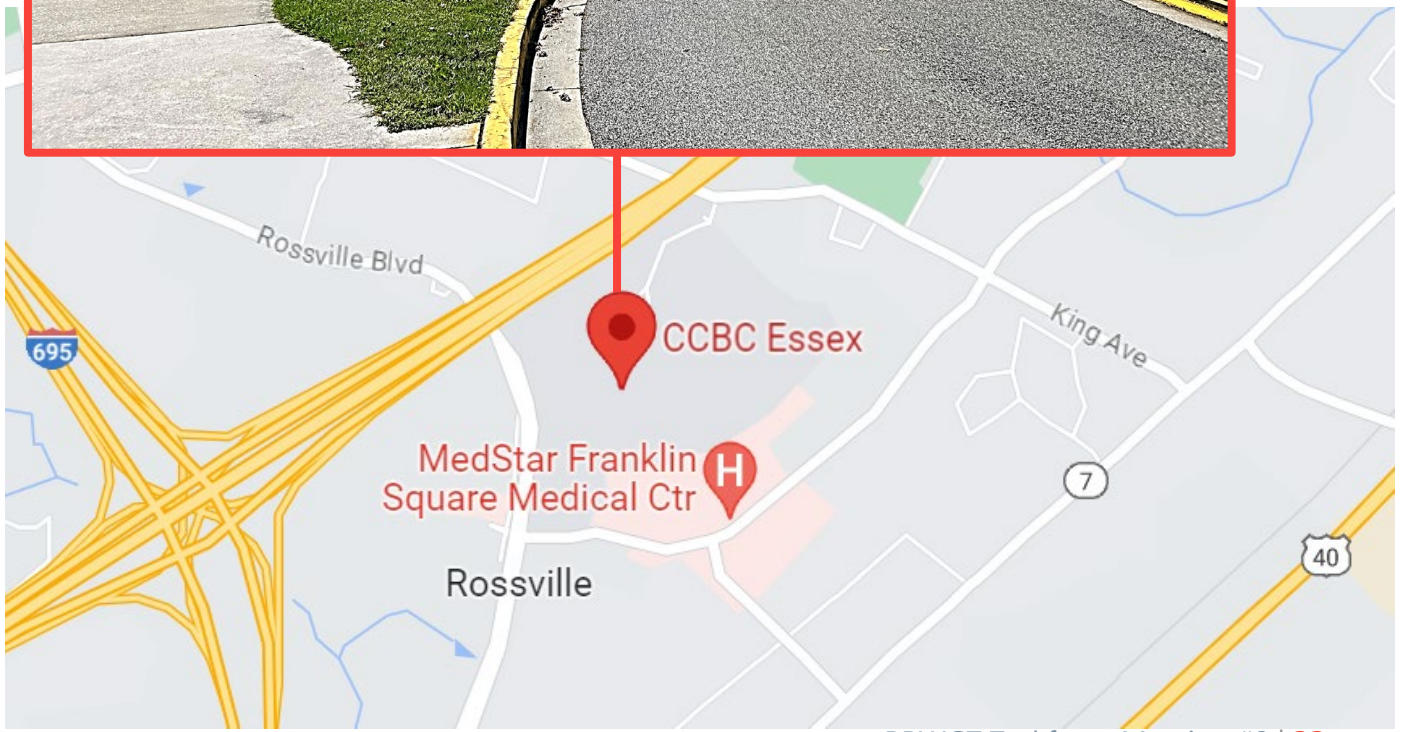
6:00 P.M. – 9:00 P.M.

CCBC Essex,

Robert and Eleanor Romadka College Center, Upper Level Lobby

Lot One Between Iota and Zeta

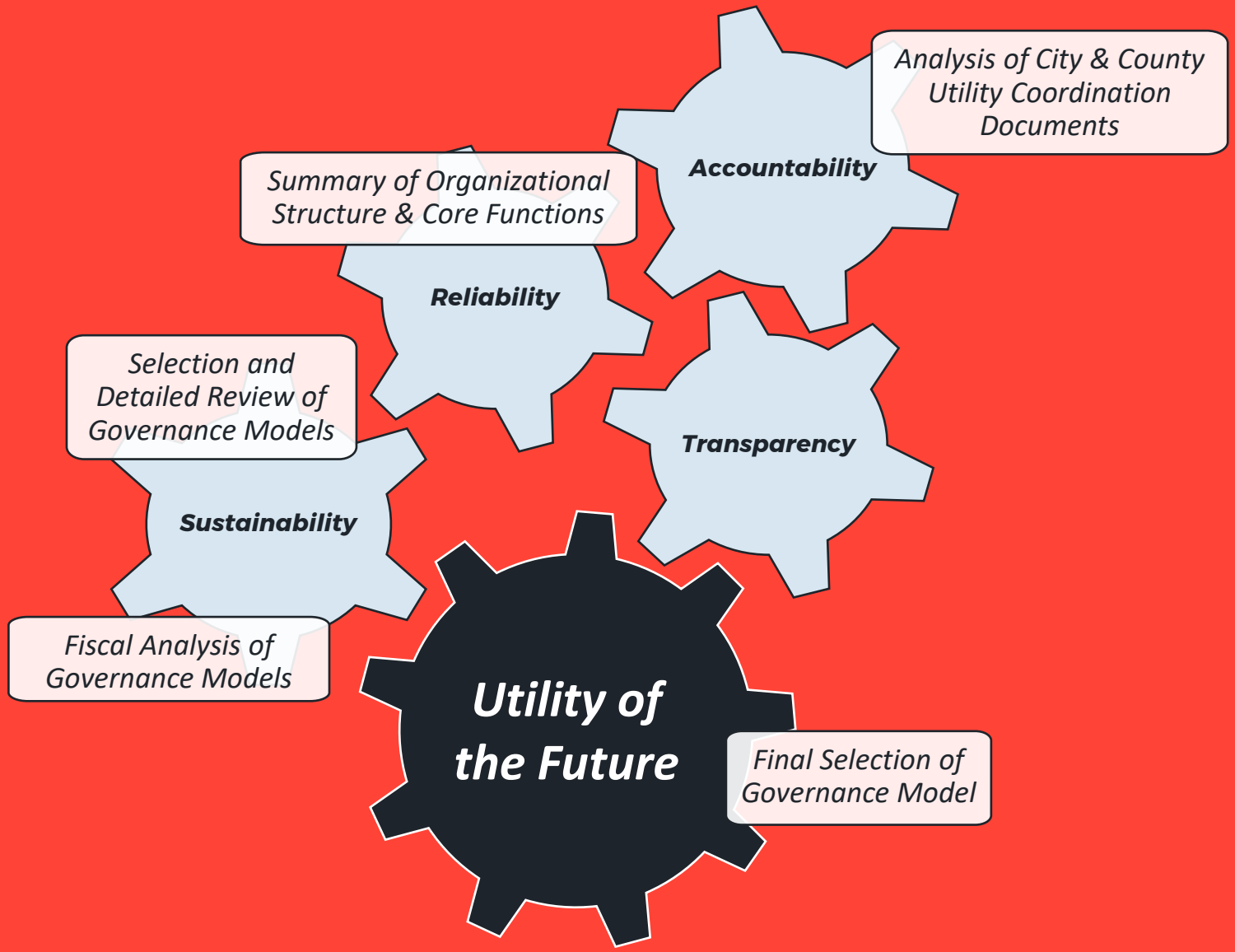
7201 Rossville Blvd, Rosedale, MD 21237



Break until 8:00 P.M.

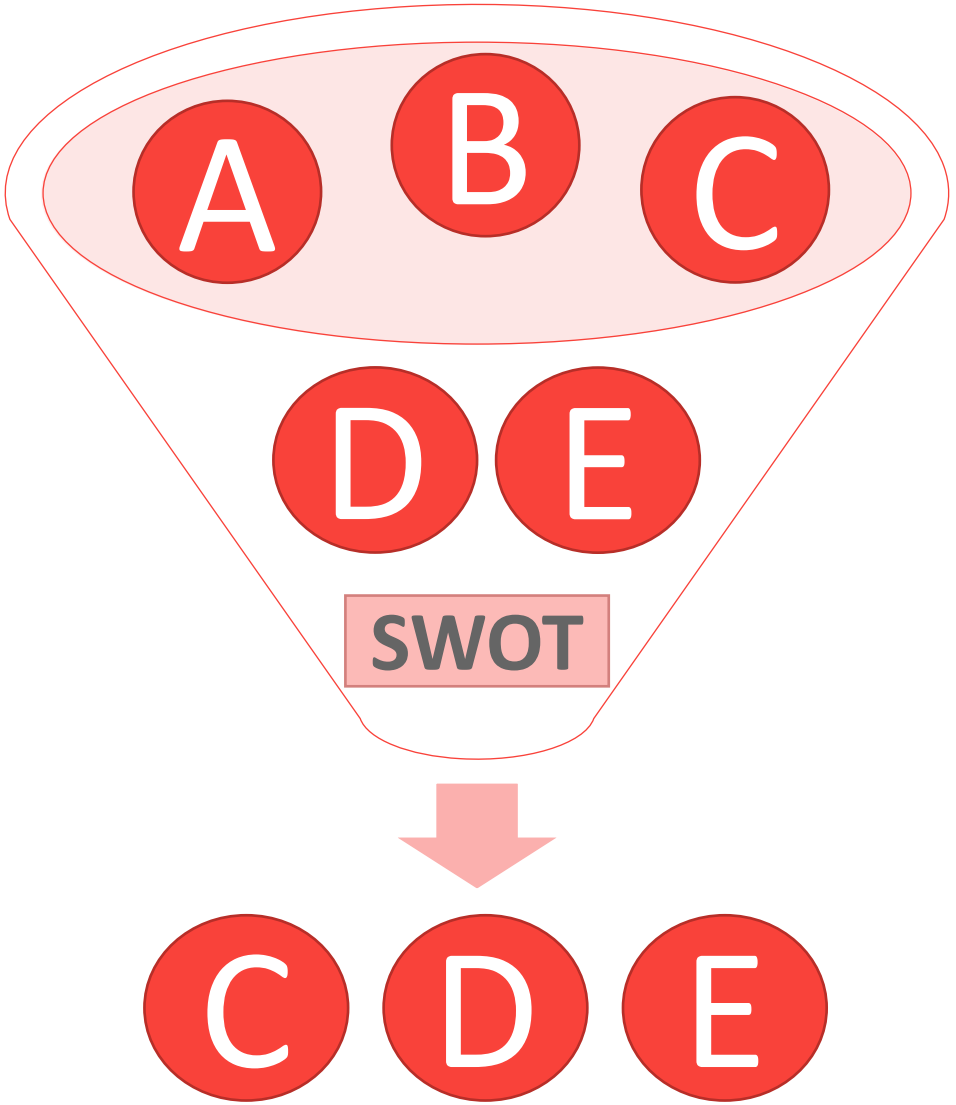
Reminder: please sign up if you would like to comment or ask a question! Sign up sheets are available at the back of the room.

Public Comment

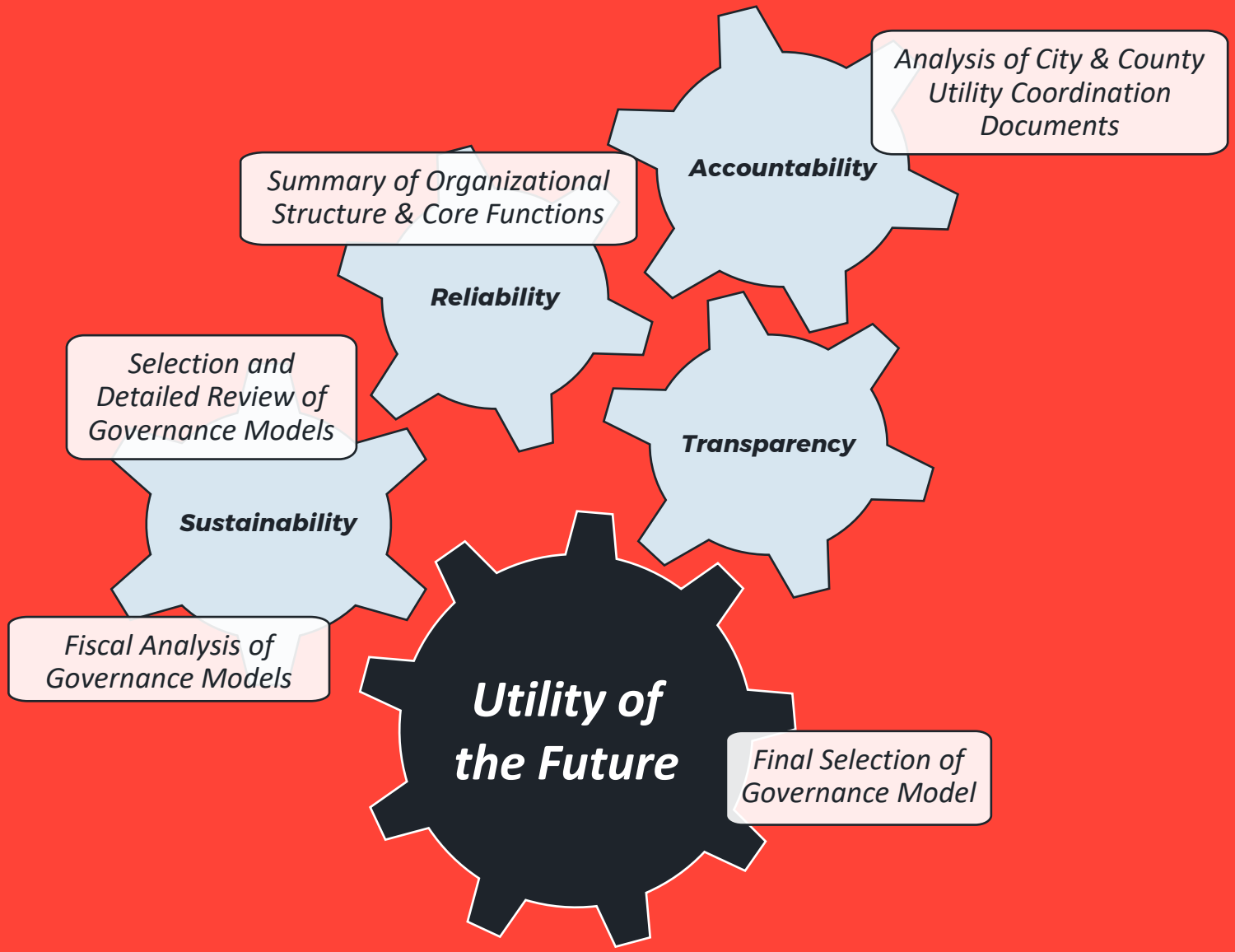


Taskforce Reconvenes and Votes

Vote for Range of Alternative Models



APPENDIX


Analysis of City & County Utility Coordination Documents
Accountability
Summary of Organizational Structure & Core Functions
Reliability
Selection and Detailed Review of Governance Models
Transparency
Sustainability
Fiscal Analysis of Governance Models
Utility of the Future
Final Selection of Governance Model

SWOT Analysis
Model A: Memorandum of Understanding (MOU)

- Written agreement between utilities that documents specific terms of partnership for a defined mutually beneficial objective.
- Language determines if the agreement is legally binding

Model A: MOU (1/8)

MANAGEMENT

Strengths

- No impact on how decisions are made
- Potentially clarify roles and responsibilities in handling a defined situation

Weaknesses

- Transactional and limited to a specific problem/scenario
- May get outdated and need revisions to keep pace with changes in either jurisdiction

Opportunities

- Useful starting point for further contract negotiations with other utilities/entities

Threats

- No potential to address any organizational issues
- Weaker party may have less leverage in negotiations

Model A: MOU (2/8)

OPERATIONS

Strengths

- Could improve coordination between parties

Weaknesses

- May not address operational inefficiencies due to systemic or organizational issues

Opportunities

- Potential for efficiency gains if roles and responsibilities of actors are well-defined

Threats

- May not be legally binding unless drafted as such

Model A: MOU (3/8)

EMPLOYEE RECRUITMENT

Strengths

- Potential for collaboration, capacity building, and human resource sharing

Weaknesses

- Will not impact existing recruitment practices of either party
- Compete for same staff

Opportunities

- Potential for resource sharing through secondments or deputations if agreed upon

Threats

Model A: MOU (4/8)

RETENTION AND TRAINING

Strengths

- Collaboration for capacity building of staff can be agreed upon

Weaknesses

- Does not address inherent challenges of the utility in retaining and training staff

Opportunities

- Potential to collaborate on skills training, study tours, site visits across jurisdictions

Threats

Model A: MOU (5/8)

BILLING AND COLLECTIONS

Strengths

- Can explicitly agree to integrate or coordinate this function across jurisdictions and specify the roles and responsibilities of relevant parties

Weaknesses

- Systematic and periodic coordination is necessary
- May not address equity/justice matters across jurisdictions in similar way

Opportunities

- Potential to reduce non-revenue water due to erroneous billing and collections

Threats

- Poor execution can compromise customer interface in both jurisdictions

Model A: MOU (6/8)

PLANNING FOR CAPITAL IMPROVEMENTS

Strengths

- Potential for inter-jurisdictional coordination in terms of data sharing on demand, population growth across service area

Weaknesses

- May not be legally binding unless drafted as such
- Can be difficult to enforce cost-share

Opportunities

- Potential cost savings through coordinated planning

Threats

- Need to consider policy priorities and political economy of each jurisdiction while coordinating plans

Model A: MOU (7/8)

EMERGENCY MANAGEMENT

Strengths

- Can leverage existing coordination mechanisms for data and resource sharing

Weaknesses

- May not be legally binding unless drafted as such

Opportunities

- Potential for periodic updates to emergency management plans

Threats

- Insufficient organizational preparedness and threat awareness hampers effectiveness

Model A: MOU (8/8)

RATE STABILITY FOR CUSTOMERS

Strengths

- Each jurisdiction retains respective control over rate setting
- Efficiency gains in other areas may lower costs for customers
- Potential for data sharing on cost of service

Weaknesses

- No impact on or guarantee of rate stability as those are subject to Council decisions and processes

Opportunities

- Potential for coordination and data sharing in developing rate proposals

Threats

- Rate changes in one jurisdiction may prompt changes in the other

SWOT Analysis
Model B: Cooperatives

- Non-profit, member-owned organizations created to achieve a single goal
- All customers of the cooperative are members, and each member has voting power.

EJ WATER COOPERATIVE, INC.

ENTRANOSA WATER & Wastewater Association

Bonita Springs Utilities, Inc.

wsp

Model B: Cooperatives (1/8)

MANAGEMENT

Strengths

- Decision makers are representative of consumer interests as they are elected by members.

Weaknesses

- Interest of cooperative may not align with interests of governing cities and counties

Opportunities

- Accountability is fostered since incentives of decision makers are aligned with that of consumers

Threats

- Need to ensure high-level of customer engagement and essential that Board is capable of working through stakeholder issues

Model B: Cooperatives (2/8)

OPERATIONS

Strengths

Weaknesses

- Generally not able to support operations of a World-class urban utility

Opportunities

- Potential for efficiency gains if operations are managed in-house

Threats

- Outsourcing of some functions may be needed if expertise in-house is limited

Model B: Cooperatives (3/8)

EMPLOYEE RECRUITMENT

Strengths

- Employees are typically also members; strong alignment of incentives

Weaknesses

- Talent pool may be limited; depends on size of member base

Opportunities

- Create jobs within the community served

Threats

Model B: Cooperatives (4/8)

RETENTION AND TRAINING

Strengths

- Since employees have strong ties to the community as members, high turnover is less likely

Weaknesses

- Uncompetitive pay relative to other public/private utilities
- Limited exposure to cross-training

Opportunities

- Strong focus on training
- Synergies between training for members and employees

Threats

- Limited talent pool could pose issues for succession planning

Model B: Cooperatives (5/8)

BILLING AND COLLECTIONS

Strengths

- Single entity provides billing and collection services, streamlining the processes.
- Eliminates potential for billing disputes between jurisdictions.

Weaknesses

- Transition from current processes may be complicated and time consuming.
- Membership requires upfront investment (membership fee)

Opportunities

- Potential for lower payment delinquency

Threats

Model B: Cooperatives (6/8)

PLANNING FOR CAPITAL IMPROVEMENTS

Strengths

- Cost of capital works shared between member-owners

Weaknesses

- Members generally need to agree on key investment decisions

Opportunities

- Benefits of capital improvements directly realized by members
- Potential for grants and concessional loans from Govt.

Threats

- Potential for delays in plan approvals if consensus is not reached

Model B: Cooperatives (7/8)

EMERGENCY MANAGEMENT

Strengths

- High level of community engagement

Weaknesses

- Lack of resources to effectively manage emergencies, prompting need for Govt. support

Opportunities

- Potential for easier coordination within the community

Threats

- Need to coordinate with relevant state and local government agencies for support

Model B: Cooperatives (8/8)

RATE STABILITY FOR CUSTOMERS

Strengths

- Third-party review and approval of rates from Maryland Public Service Commission (PSC) regulation.

Weaknesses

- The Cooperative Board of Directors does not have sole authority to set rates.
- Transition may require predecessor agency to refinance debt.

Opportunities

- Potential to standardize fiscal and rate setting policy throughout an entire service area.

Threats

- Transition to a single rate structure may be revenue-neutral for the utility as a whole, but it will not be revenue-neutral for all individual customers.

SWOT Analysis
Model C: Intermunicipal Service Agreements

- Written agreements between municipalities/utilities that result in services provided to residents and ratepayers

Blue Plains Agreement

dc water is life

TOWN OF ANDOVER MASSACHUSETTS

Model C: Intermunicipal Service Agreements (1/8)

MANAGEMENT

Strengths

- Shared improvements and technological advances across jurisdictions due to shared incentives and close working relationships

Weaknesses

- Large bureaucracy comprised of potentially competing interests

Opportunities

- Allows for simpler transition as less needs to change

Threats

- Potential loss of agency by underrepresented communities due to the need to fulfil contracts

Model C: Intermunicipal Service Agreements (2/8)

OPERATIONS

Strengths

- Collaborate and make regional plans for long-term operations

Weaknesses

- Requires coordination with external jurisdictions
- Timing/schedules of planning activities may not have perfect overlap, causing delays

Opportunities

- Collaborate and make regional plans for long-term operations

Threats

- Inter-jurisdictional competition for economic development is dependent on water/sewer

Model C: Intermunicipal Service Agreements (3/8)

EMPLOYEE RECRUITMENT

Strengths

- Availability of shared labor resources if agreed upon

Weaknesses

- Does not address institutional issues towards hiring difficulties

Opportunities

- Reduced need for recruitment due to streamlined operations (e.g., consolidated billing)

Threats

- Potential imbalance if one part of the system is perceived as a better employer

Model C: Intermunicipal Service Agreements (4/8)

RETENTION AND TRAINING

Strengths

- Employees moving around the region will have less impact on the jurisdiction that loses employees
- Long-term clarity on objectives and processes

Weaknesses

- No fundamental overhaul of hiring and retention practices

Opportunities

- Opportunities for collaboration and peer learning

Threats

- Present hiring difficulties could get ignored if people declare success after this change

Model C: Intermunicipal Service Agreements (5/8)

BILLING AND COLLECTIONS

Strengths

- Each jurisdiction keeps their retail customers.
- Potential to implement incremental changes.

Weaknesses

- May not require jurisdictions to make decisions that benefit all parties.
- May not require jurisdictions to have billing systems that communicate.

Opportunities

- Region-wide learning and best practice sharing

Threats

- Inaccuracies caused by one jurisdiction may alter customer perception of other jurisdictions.

Model C: Intermunicipal Service Agreements (6/8)

PLANNING FOR CAPITAL IMPROVEMENTS

Strengths

- Opportunities to collaborate on regional needs
- Disperses the overall cost of capital improvements across all those that use the infrastructure
- Economies of scale in annual O&M costs

Weaknesses

- Requires coordination with external jurisdictions
- Inter-jurisdictional competition for economic development is dependent on water/sewer

Opportunities

- Potential for jurisdictions to be more efficient in where they make capital investments because of wider array of locations to choose from

Threats

- One jurisdiction could potentially hamper others if they do not see a benefit to themselves from the new infrastructure

Model C: Intermunicipal Service Agreements (7/8)

EMERGENCY MANAGEMENT

Strengths

- Emergencies require coordination, which is inherent to this system

Weaknesses

- Potential for collective action problems

Opportunities

- Chance to revisit emergency plans and make scheduled updates

Threats

- Inflexible agreements may limit emergency response, especially if emergency only threatens one party

Model C: Intermunicipal Service Agreements (8/8)

RATE STABILITY FOR CUSTOMERS

Strengths

- Each jurisdiction retains respective control over rate setting.
- Efficiency gains in other areas may lower costs for customers.
- Potential for data sharing on cost of service

Weaknesses

- No impact on or guarantee of rate stability as those are subject to Council decisions and processes

Opportunities

- Potential for coordination and data sharing in developing rate proposals

Threats

- Rate changes in one jurisdiction may prompt changes in the other

SWOT Analysis
Model D: Wholesale Service Agreements

- Contract for a utility to provide another with water or sewer services.
- Services provided are for wholesale type services (utility to utility sales of services) as opposed to retail type services (directly to end customers).

Louisville Water

WATER RESOURCES AUTHORITY MASSACHUSETTS

dc water is life®

Model D: Wholesale Service Agreements (1/8)

MANAGEMENT

Strengths

- Allows for regional cooperation in long-term planning while short-term is managed by city

Weaknesses

- Complex-multijurisdictional management structure that potentially limits accountability to residents

Opportunities

- Can simplify things, as regional wholesaler manages water flow but city manages its infrastructure

Threats

- Responsibility for flow of water transferred to agency outside of the city

Model D: Wholesale Service Agreements (2/8)

OPERATIONS

Strengths

- Economies of scale may lead to lower-cost operations

Weaknesses

- May need additional redundant infrastructure to ensure quality standards are met
- Bound by contracts instead of what is needed at the given moment

Opportunities

- Greater regional collaboration

Threats

- Reliant on an external party to meet demand

Model D: Wholesale Service Agreements (3/8)

EMPLOYEE RECRUITMENT

Strengths

- No fundamental overhaul of hiring is necessary

Weaknesses

- Systemic issues with recruitment will remain unaddressed

Opportunities

- Potential to specialize at hiring by changing the type of positions needed

Threats

- Some positions may be made redundant if role is outsourced

Model D: Wholesale Service Agreements (4/8)

RETENTION AND TRAINING

Strengths

- Does not impact existing HR systems

Weaknesses

- Will not help address existing issues with employee turnover and skill building

Opportunities

Threats

- Some positions may be made redundant if role is outsourced

Model D: Wholesale Service Agreements (5/8)

BILLING AND COLLECTIONS

Strengths

- Each jurisdiction reads their own meters and bills their own customers.

Weaknesses

- Transition will be expensive and time consuming.

Opportunities

- More direct interactions between customers and the utility that serves them.

Threats

- No requirement for jurisdictions to cooperate or have complimentary systems.

Model D: Wholesale Service Agreements (6/8)

PLANNING FOR CAPITAL IMPROVEMENTS

Strengths

- Regional coordination on capital improvements

Weaknesses

- Due to the need for regional cooperation, planning for capital improvements may be inflexible in the face of long-term changes

Opportunities

- Flexibility to deal with changing demand in short-term

Threats

- Master plan may go out of date quickly, causing planned infrastructure to be insufficient or superfluous

Model D: Wholesale Service Agreements (7/8)

EMERGENCY MANAGEMENT

Strengths

- Unified organization that connects all wholesale customers, can coordinate emergency response

Weaknesses

- May be necessary to predict emergencies to ensure collaboration is possible
- An issue in the system can impact a wide range of users

Opportunities

- Larger number of jurisdictions can de-risk emergencies, as the system will be larger and more robust

Threats

- Wholesale purchaser may have to rely on wholesaler to properly address the problem even if it does not directly affect them

Model D: Wholesale Service Agreements (8/8)

RATE STABILITY FOR CUSTOMERS

Strengths

- Each jurisdiction retains rate setting control
- Billing/collection related revenue issues can be addressed independently of other jurisdictions.

Weaknesses

- Rates may be influenced by wholesale purchase costs.
- Wholesale customer has no voting power over decisions that affect costs of wholesale water.

Opportunities

- Potential to adopt pass-through rate adjustment of wholesale cost increases, which reduces financial risk.

Threats

- Contract language may limit future flexibility to ensure lower rates

SWOT Analysis
Model E: Special District/ Authority

- Special districts formed within service area boundary to meet specific purpose.
- Special districts have the authority to charge rates and fees and issue revenue bonds in return for the responsibility and obligations to render services.

(Philadelphia)

WSSCWATER
DELIVERING THE ESSENTIAL

GLWA
Great Lakes Water Authority

Model E: Special District / Authority (1/8)

MANAGEMENT

Strengths

- Greater oversight by municipal government
- Limited change in fundamental processes

Weaknesses

- Collaboration with competing jurisdictions covered by same system

Opportunities

- Greater flexibility to make needed changes

Threats

- Subject to political changes

Model E: Special District / Authority (2/8)

OPERATIONS

Strengths

- The same organization owns, operates, and maintains the assets

Weaknesses

- Generally easier to manage when the govt agency that oversees operations represents a single jurisdiction, otherwise it may require input from external jurisdictions that impact those who do not live there

Opportunities

- Allows most capable parties to handle what they are best at

Threats

- Must adapt to changing populations and needs

Model E: Special District / Authority (3/8)

EMPLOYEE RECRUITMENT

Strengths

- Ability to overhaul HR systems and processes to address current challenges such as succession planning

Weaknesses

- Uncertainty around any overhaul of HR systems may impact employee morale

Opportunities

- Can emphasize local recruiting of those in the district

Threats

- May exacerbate high turnover given uncertainty among staff

Model E: Special District / Authority (4/8)

RETENTION AND TRAINING

Strengths

- Ability to revisit terms of employment to address high turnover

Weaknesses

- Any overhaul/transition in terms of employment may receive push back from existing staff

Opportunities

- Potential for capacity building, peer learning, and training across jurisdictions

Threats

- Any glitches in rolling out new HR systems could compromise employee trust and confidence

Model E: Special District / Authority (5/8)

BILLING AND COLLECTIONS

Strengths

- Single entity provides billing and collection services, streamlining the processes.
- Eliminates potential for billing disputes between jurisdictions.

Weaknesses

- Transition from current processes may be complicated and time consuming.

Opportunities

- Potential to improve customer service.

Threats

Model E: Special District / Authority (6/8)

PLANNING FOR CAPITAL IMPROVEMENTS

Strengths

- Unified planning
- Robust fundraising resources available

Weaknesses

- Limited to own jurisdiction
- Potentially less regional integration

Opportunities

- Flexibility to make changes as needed

Threats

- Political changes

Model E: Special District / Authority (7/8)

EMERGENCY MANAGEMENT

Strengths

- Can be more easily coordinated with other parts of the government

Weaknesses

- Requires collaboration between different jurisdictions
- May be necessary to predict emergencies to ensure collaboration is possible

Opportunities

- Allow for better synergy between different jurisdictions as they will need to get on the same page

Threats

- A threat to one part of the system may pose an additional burden on some users that they may not have otherwise faced

Model E: Special District / Authority (8/8)

RATE STABILITY FOR CUSTOMERS

Strengths

- Realize economies of scale
- Financial risk is pooled among a larger customer base.

Weaknesses

- May require predecessor jurisdictions to refinance debt.
- May require a Facilities Use Agreement if predecessor jurisdictions retain assets.

Opportunities

- Potential to standardize fiscal and rate setting policy throughout an entire service area.

Threats

- Transition to a single rate structure may be revenue-neutral for the utility as a whole, but it will not be revenue-neutral for all individual customers.