

Restructuring the Pittsburgh Water and Sewer Authority

Mayor's Blue Ribbon Panel
Community Forum
Jan. 30, 2018



Jared Cohon

President Emeritus
University Professor of
Civil and Environmental
Engineering &
Engineering and Public
Policy

Carnegie Mellon
University

Members of Mayor's Blue Ribbon Panel

Restructuring the
Pittsburgh Water
and Sewer Authority

- **Fred Brown**, President and CEO, The Forbes Funds
- **Jared Cohon**, President Emeritus and University Professor of Civil and Environmental Engineering & Engineering and Public Policy, Carnegie Mellon University
- **Michelle Naccarati-Chapkis**, Executive Director, Women for a Healthy Environment
- **Mark Stulga**, Vice President, Commercial and Industrial Lending, WesBanco Bank
- **Alex Thomson**, President and Chair of the Business Law Practice Group, Houston Harbaugh, P.C.

Why Are We Here Tonight?

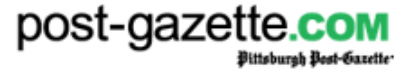
- Lead
- Decaying infrastructure
- Boil advisories
- Outdated billing procedures

PWSA “In the News”



Pittsburgh water problem affects 100,000

Feb. 1, 2017



Pittsburgh Post-Gazette

Billing problems lead to lawsuit against PWSA

May 26, 2015

By Robert Zullo / Pittsburgh Post-Gazette



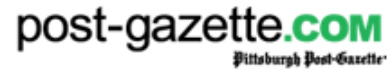
Pittsburgh water authority set back \$32M by unpaid accounts

Aaron Aupperlee | Monday, Feb. 29, 2016



Raw sewage flows into Pittsburgh’s rivers. Is there an environmentally friendly fix that won’t break the bank?

By [Teake Zuidema](#) | December 6, 2017



Pittsburgh Post-Gazette

Pittsburgh Water and Sewer Authority tests find lead again

January 20, 2017

By Don Hopey / Pittsburgh Post-Gazette



Boil Water Advisory Issued For Thousands Of PWSA Users

Jan. 13, 2017

Key Dates

**March
10**

Blue Ribbon
Panel
(BRP)
appointed
by Mayor

**April
13**

City selected
Infrastructure
Management
Group
(IMG)

**November
27**

IMG
"Task 5"
Report
Released

**December
28**

BRP
Issues Report
on
Restructuring
PWSA

Reports:

Infrastructure
Management Group
and
Report of the Mayor's
Blue Ribbon Panel

Blue Ribbon Panel
Recommendations

Report of the Mayor's Blue Ribbon Panel
Restructuring the Pittsburgh Water and Sewer Authority
December 28, 2017

Members of the Blue Ribbon Panel:

Independent Members

Fred Brown, President and CEO
Homewood Children's Village

Jared Cohon, President Emeritus and University Professor of Civil and Environmental
Engineering and Engineering and Public Policy
Carnegie Mellon University

Michelle Naccarati-Chapkis, Executive Director
Women for a Healthy Environment

Mark Stulga, Vice President, Commercial and Industrial Lending
WesBanco Bank

Alex Thomson, President and Chair of the Business Law Practice Group,
Harrisburg, PA

PWSA Restructuring Assessment Phase

Task 5 Report: Restructuring Options and Recommendations

November 27, 2017

Report of the Mayor's Blue Ribbon Panel
Restructuring the Pittsburgh Water and Sewer Authority

December 28, 2017

Key Finding

- PWSA has made progress in the past several months
 - Solidifying these gains and making further progress requires significant changes in governance and operational practices

Recent PWSA Improvements

- Lead Service Line Replacement program replacing 2,100 public lead lines by EOY
- Instituted customer assistance program
- Approved Strategic Plan, 2018 Capital Improvement Program, established Office of Performance Improvement
- Expanded communications channels
- Secured contract to restructure lab at Aspinwall Water Treatment Plant

Recommendations for **Governance Changes**

- Retain PWSA as Municipal Authority but independent of elective politics
- 5-Member Board of Nominators – reflect diversity
 - Regarded for competence, experience, community engagement
 - Initially appointed by Mayor from a list of nominees selected by Blue Ribbon Panel, self-perpetuating after initiation
- New Board of Directors appointed by Board of Nominators, instead of by Mayor

Board of Directors

- Nine independent Board Members, living within PWSA service area
- Composition reflects community representation, diversity, geographical consideration
- Demonstrated competence with experience relevant to PWSA operations and management
 - Financial
 - Legal
 - Engineering
 - Public Utility Management
 - Human Resources/Management
- Board of Directors' performance evaluated annually by Board of Nominators

Recommendations
on
**Operational
Practices**

- Cease subsidies of development projects
- Eliminate the Domicile Policy
- Eliminate subsidy for Pennsylvania American Water Company
- Cease subsidy of City under the Cooperation Agreement
- Cease the Free Water Subsidy
- Transfer ALCOSAN billing and collections to ALCOSAN
- Implement a Stormwater Fee

Recommendations
on
Infrastructure

- Continue to pursue a risk-based capital improvement program
- Amend state law to allow PWSA to use design-build

Implementing the Recommendations

- Mayor's Executive Order issued on Jan. 22, 2018
- BRP to engage independent Restructuring Counsel
 - Contract with City to make governance changes
 - Amendments to state law and city ordinance, as necessary, to make changes permanent
- Contract to be in place by March 31, 2018

Comment Period & Questions



<https://pwsablueribbon.org/>

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