

Mayor's Blue Ribbon Panel

Summary of Recommendations for the Restructuring of the Pittsburgh Water and Sewer Authority

Pittsburgh's sources of water—its rivers—are among the most reliably available in the country. At the same time, the infrastructure used to make this plentiful water drinkable and to deliver it is badly dilapidated. The Pittsburgh Water and Sewer Authority is struggling to overcome the burden of its poor management of the past. It has lost the trust of the public that it serves, and it has become a leading risk factor for the future of Pittsburgh's economic development.

While PWSA has made important progress in recent months, changes in governance, organizational competence and culture should be pursued with urgency. Non-compliance with limits on lead in drinking water, multiple boil water advisories, several water main breaks and widespread errors in billing have brought unprecedented public attention to PWSA and shared sense that now is the time to take action. We must summon the political will to make long-overdue changes in the way PWSA is governed and operates and invest in our water and sewer infrastructure. This document includes highlights from the 18-page report which can be found at http://apps.pittsburghpa.gov/redtail/images/1279_PWSAfinal.pdf.

Key findings and recommendations:

- Public health and safety are of paramount importance and are the core of the water systems operations and mission.
- PWSA has made significant improvements in every aspect of its operations during the last several months, but the current state of PWSA is considered “fragile” by industry experts. Changes in governance and operations are essential to solidify the recent gains and to make further improvements.
- PWSA should not be privatized at this time, nor should the ownership of the system be transferred from the City of Pittsburgh. PWSA should remain a municipal authority but it must be thoroughly reorganized to make it independent of elective politics and accountable to and trusted by the public. This reorganization should be accomplished by March 31, 2018 through a contract between the City and PWSA. The reorganization should be made permanent by amending the Municipal Authorities Act.
- The public trust will be accomplished through the creation of an independent Board of Nominators (BON) that will be initially appointed by the Mayor from a slate of nominees proposed by the Blue Ribbon Panel; it would be self-perpetuating after its initiation. The five-member BON will elect PWSA's Board of Directors.

- The Board of Directors (BOD) will be comprised of nine members who are representative of the community and whose areas of expertise are relevant to the operations and management of PWSA. The BOD will be evaluated by the BON on an annual basis, and will be charged with oversight of PWSA including public health and safety, fiscal management, efficiency and productivity, affordability of rates and customer service.
- A contract between the City and PWSA, which will be effective by March 31, 2018, will set forth the guiding principles of the new governance framework. The contract will restrict the Mayor's office and City Council from future control of BOD appointments.
- Amendments to the Municipal Authorities Act and other statutes will be pursued to ensure that these governance changes will be permanent.
- There are several operational practices and constraints that should be changed.
 - Eliminate the subsidy for Pennsylvania American Water Company.
 - Cease the subsidy of the city under the Cooperation Agreement to pay for services from the city. Currently, PWSA is paying about \$7.1 million a year to services from the city, while the city is not providing services at close to this payment.
 - Cease the Free Water Subsidy to certain users (i.e. Pittsburgh Zoo and PPG Aquarium, National Aviary, Schenley Golf Course) ensuring that all users are metered and charged.
 - Eliminate the policy that requires PWSA employees to be residents of the city.
 - Transfer ALCOSAN billing and collections to ALCOSAN.
 - Implement a stormwater fee. PWSA must make a significant investment (over \$1B) to comply with the federal consent decree associated with combined sewer overflow issues.
 - Cease subsidies of development projects.
- PWSA should continue to pursue aggressively its risk-based capital improvement plan. In addition, the Mayor and the region's Harrisburg delegation should explore an immediate amendment to the state's Separations Act to permit PWSA to use more efficient and timely methods to implement its capital projects such as "design-build."
- PWSA, working with its new Board of Directors, must continue to pursue aggressively its transformation into a high-functioning, customer-oriented organization and its plan to repair and replace the existing water supply infrastructure.