



**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**

MAJOR FUNCTION	RESPONSIBILITY
1. Rate Setting	<ul style="list-style-type: none"> <li>County establishes, City implements</li> </ul>
2. Customer Billing	<ul style="list-style-type: none"> <li>County for its Water Distribution Charge, City for other rates</li> </ul>
3. Raw Water Supply & Treatment	<ul style="list-style-type: none"> <li>City</li> </ul>
4. System Maintenance & Operation	<ul style="list-style-type: none"> <li>City</li> </ul>
5. Development Approval	<ul style="list-style-type: none"> <li>Handled independently by each jurisdiction</li> </ul>
6. Water Facility Master Planning	<ul style="list-style-type: none"> <li>Handled jointly through Water Analyzer Office</li> </ul>
7. CIP – Planning & Implementation	<ul style="list-style-type: none"> <li>County for projects serving County customers, City for others</li> </ul>

**WASTEWATER**



1. Rate Setting	<ul style="list-style-type: none"> <li>Set independently by each jurisdiction</li> </ul>
2. Customer Billing	<ul style="list-style-type: none"> <li>Handled independently by each jurisdiction</li> </ul>
3. Wastewater Treatment	<ul style="list-style-type: none"> <li>City</li> </ul>
4. System Maintenance & Operations	<ul style="list-style-type: none"> <li>Handled independently by each jurisdiction</li> </ul>
5. Development Approval	<ul style="list-style-type: none"> <li>Handled independently by each jurisdiction</li> </ul>
6. Wastewater Facility Master Planning	<ul style="list-style-type: none"> <li>Handled independently by each jurisdiction</li> </ul>
7. CIP – Planning & Implementation	<ul style="list-style-type: none"> <li>Handled independently by each jurisdiction</li> </ul>

# 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



# 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.

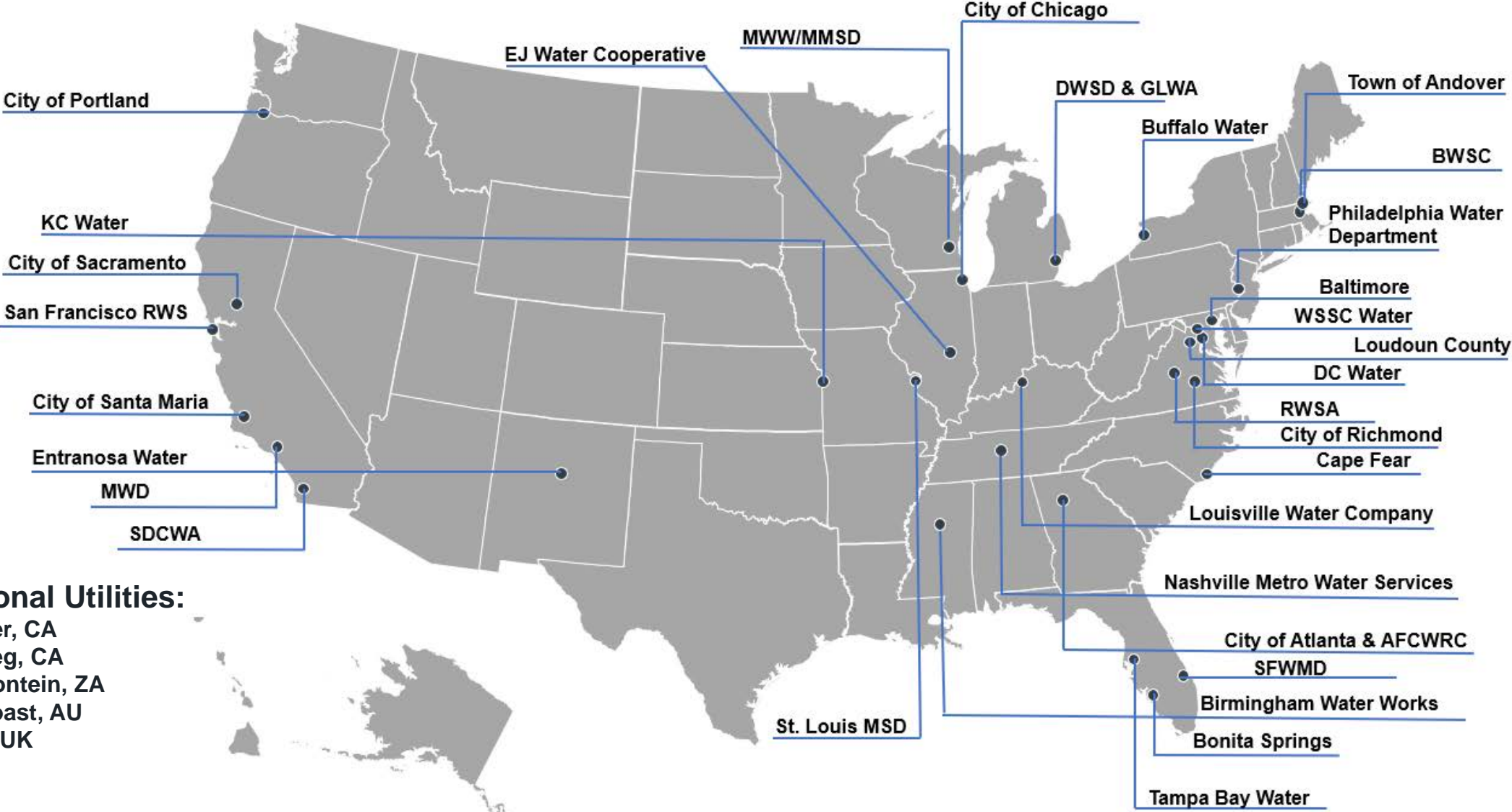
## **D** Wholesale Service Purchase Agreement

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.





# 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

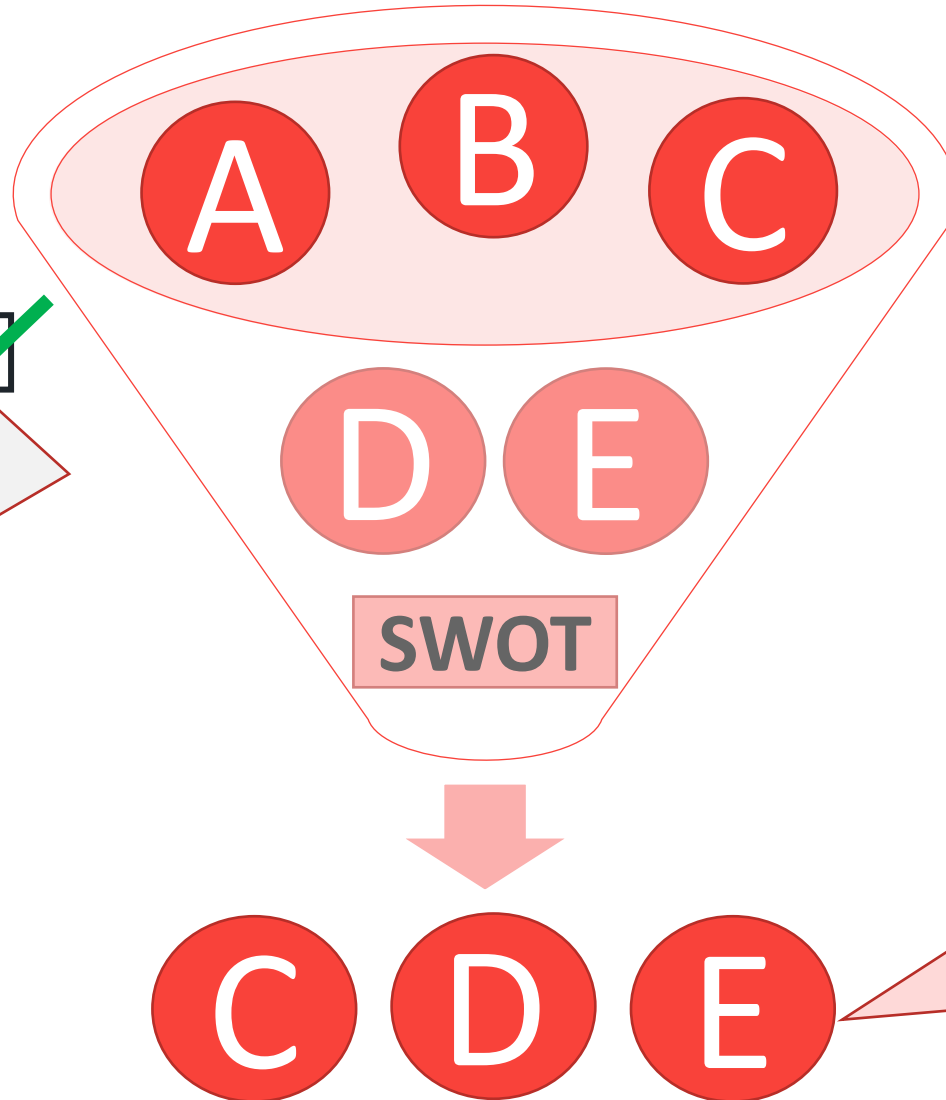
<b>MODELS</b> ▼	<b>S</b> <i>STRENGTHS</i>	<b>W</b> <i>WEAKNESSES</i>	<b>O</b> <i>OPPORTUNITIES</i>	<b>T</b> <i>THREATS</i>
<b>A</b> <b>MOU</b>	<ul style="list-style-type: none"> <li>• Clarify responsibilities</li> <li>• Improve coordination</li> <li>• Provide flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Limited scope</li> <li>• May not be legally binding</li> </ul>	<ul style="list-style-type: none"> <li>• Starting point for further negotiation Coordinated planning</li> </ul>	<ul style="list-style-type: none"> <li>• Leaves many issues unaddressed</li> <li>• Differing policy priorities</li> </ul>
<b>B</b> <b>Cooperative</b>	<ul style="list-style-type: none"> <li>• Representative leadership</li> <li>• High community engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Limited by local laws</li> <li>• Smaller customer base</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives are aligned</li> <li>• Easier coordination</li> <li>• Higher cost-recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Possible limited local expertise</li> <li>• Less potential for cross-subsidizing</li> </ul>
<b>C</b> <b>Inter-municipal agreement</b>	<ul style="list-style-type: none"> <li>• Technology sharing</li> <li>• Avenues for collaboration</li> <li>• Economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>• Large bureaucracy</li> <li>• Schedules may not overlap perfectly</li> </ul>	<ul style="list-style-type: none"> <li>• Simple implementation</li> <li>• Efficient investments</li> <li>• Continued collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Jurisdictions depend on each other to succeed</li> </ul>
<b>D</b> <b>Wholesale agreement</b>	<ul style="list-style-type: none"> <li>• Economies of scale</li> <li>• Use existing operational processes</li> </ul>	<ul style="list-style-type: none"> <li>• Limited flexibility</li> <li>• May need redundant infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Simplified way of unifying systems</li> <li>• De-risks emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility for water transferred to outside entity</li> <li>• Contract language may limit some flexibility</li> </ul>
<b>E</b> <b>Special district/authority</b>	<ul style="list-style-type: none"> <li>• Greater oversight</li> <li>• Simplified ownership and operations</li> <li>• Ability to overhaul systems</li> </ul>	<ul style="list-style-type: none"> <li>• Requires collaboration</li> <li>• Coordination between competing communities</li> </ul>	<ul style="list-style-type: none"> <li>• Offers flexibility</li> <li>• Capacity building and peer learning</li> <li>• Reduced bureaucracy</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term planning subject to policy changes</li> <li>• Shared costs may not benefit everyone</li> </ul>



# Alternative governance models appropriate for the Baltimore region

# Where we are

2. Five models for further consideration using SWOT analysis



1. Study 30+ Utilities to determine models used

3. Study range of alternative models further

# Alternative Governance Models for Further Study

## Option 1

### Model C: Intermunicipal Service Agreement

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

### Model 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).

### Model 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.



# 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*

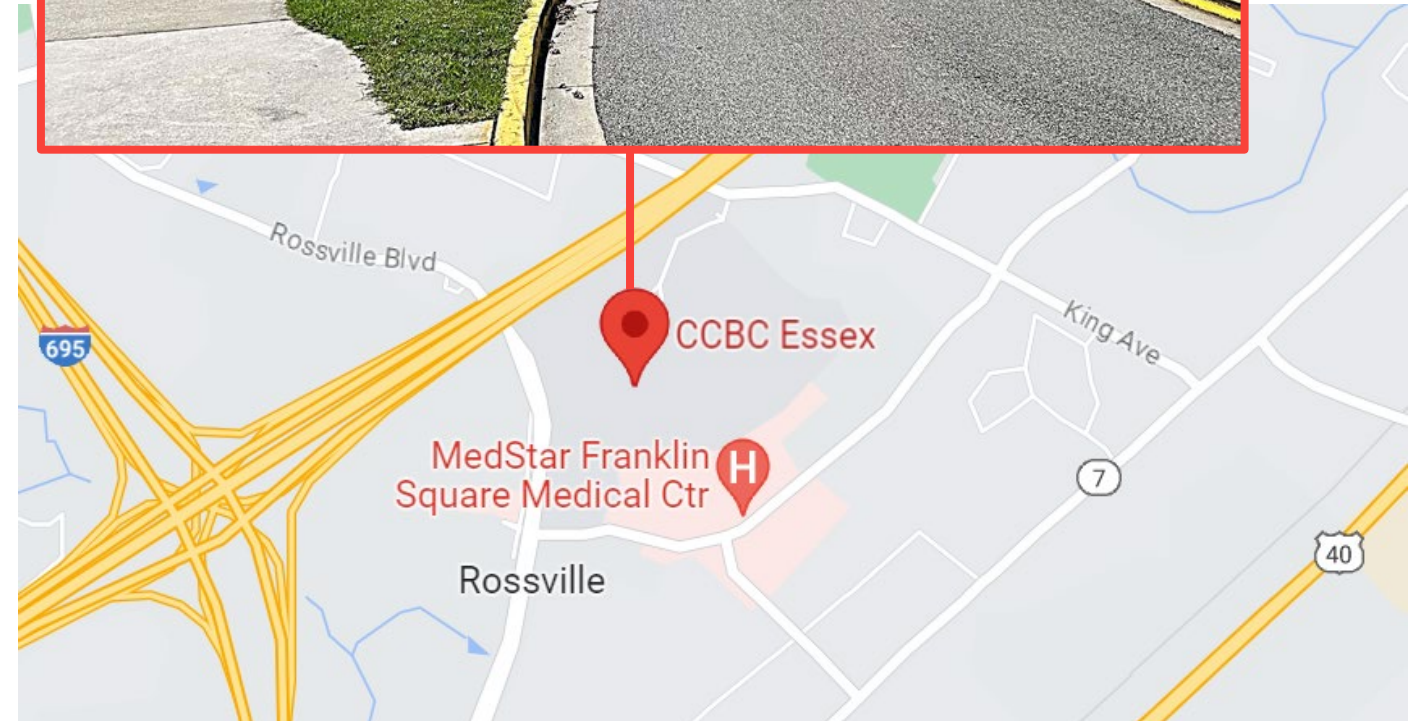
*6:00 P.M. – 9:00 P.M.*

*CCBC Essex,*

*Robert and Eleanor Romadka  
College Center, Upper Level  
Lobby*

*Lot One Between Iota and Zeta*

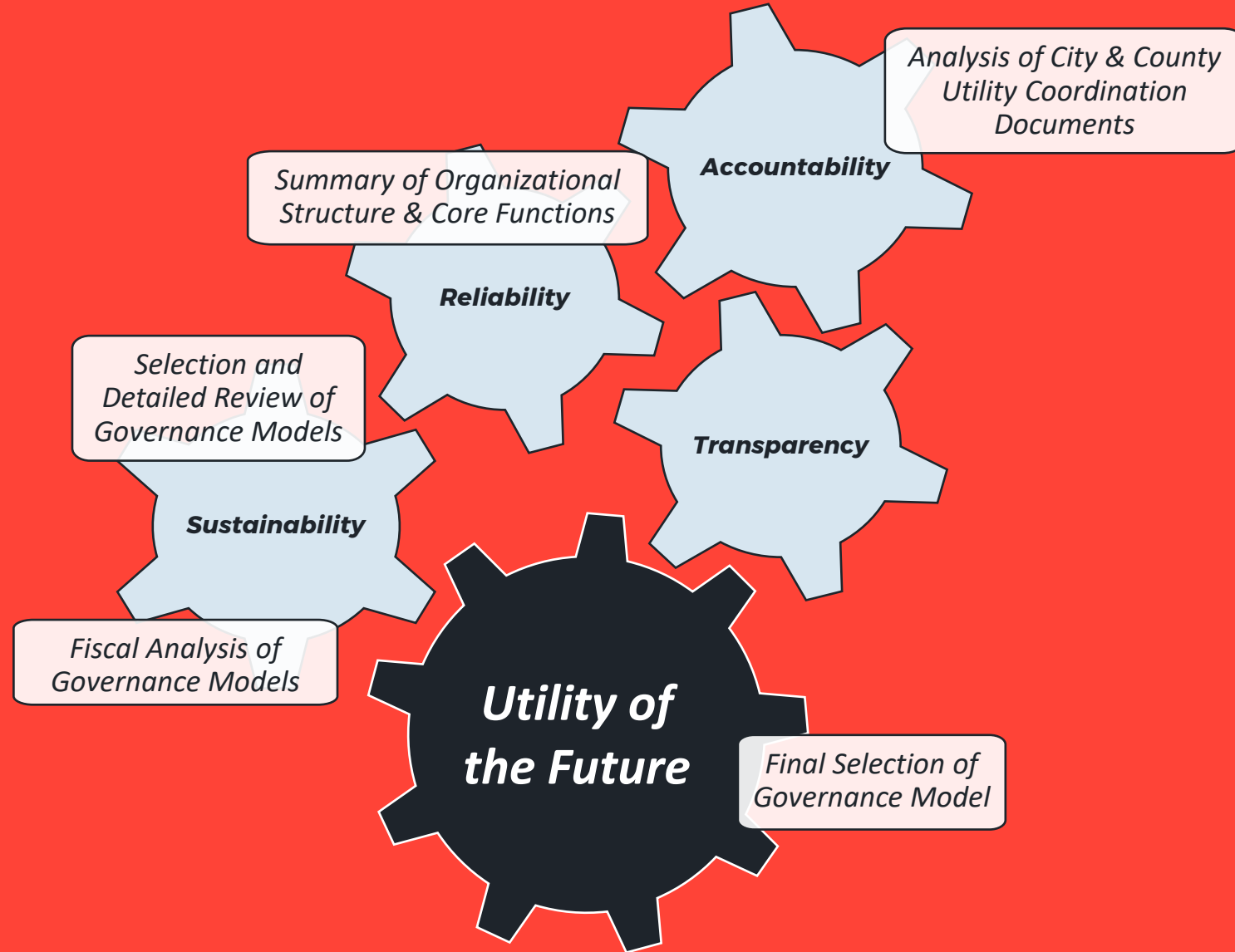
*7201 Rossville Blvd, Rosedale,  
MD 21237*



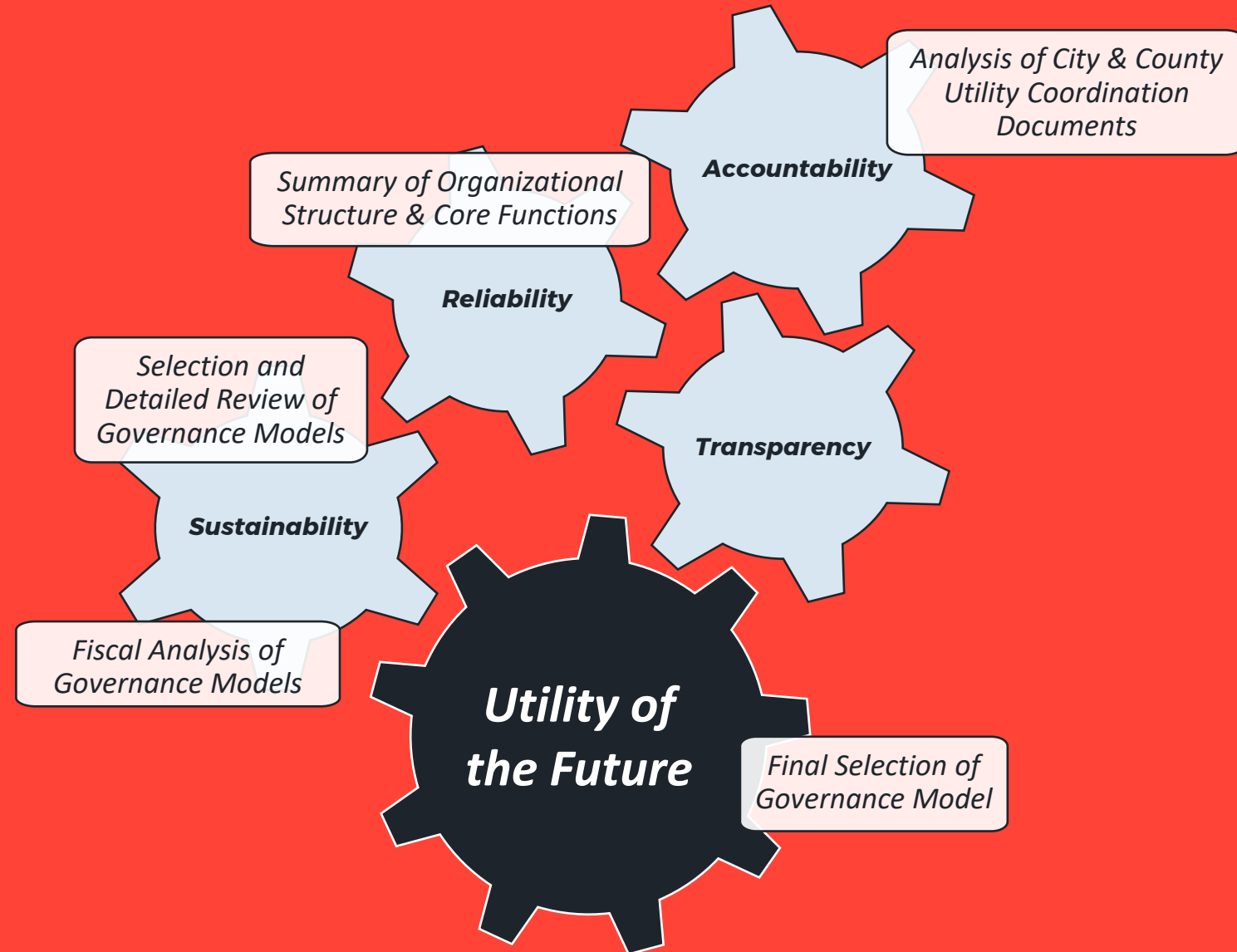
# Break until 8:00 P.M.

**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

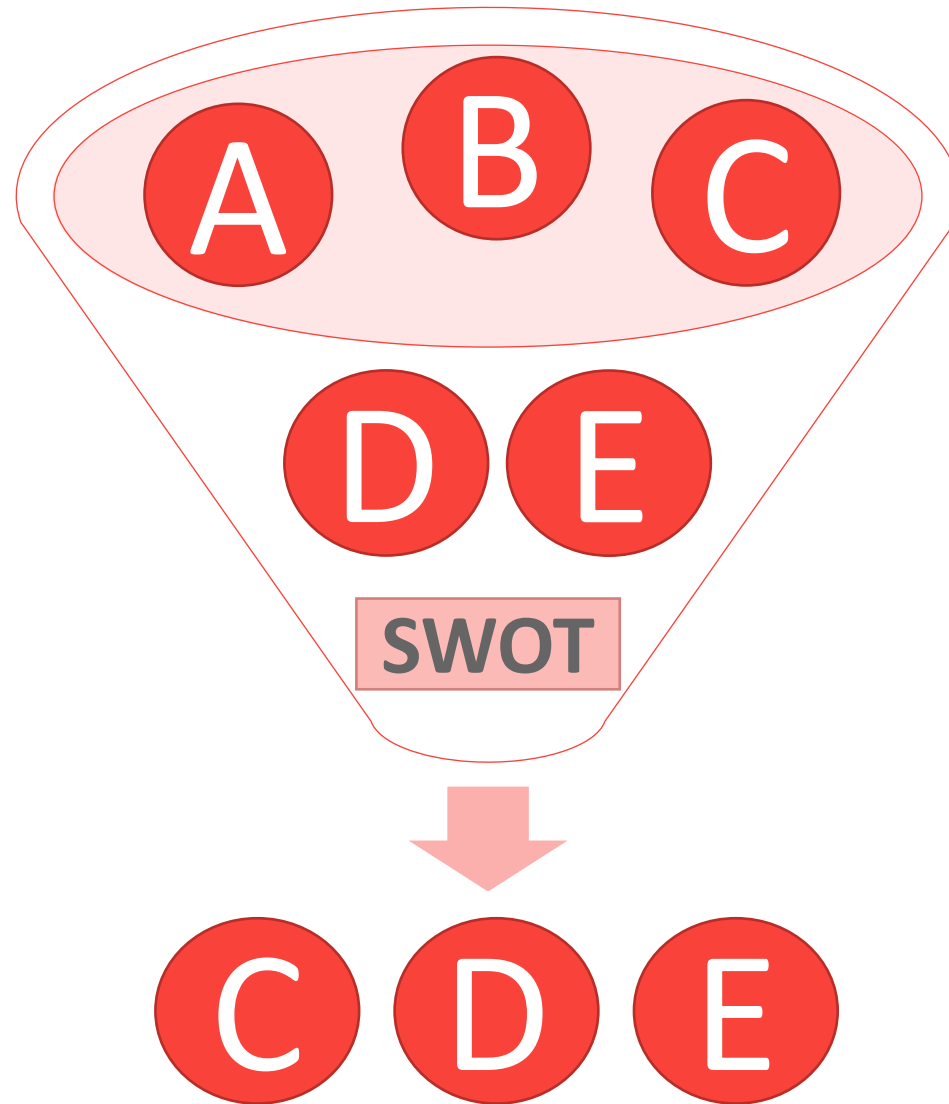


# Taskforce Reconvenes and Votes

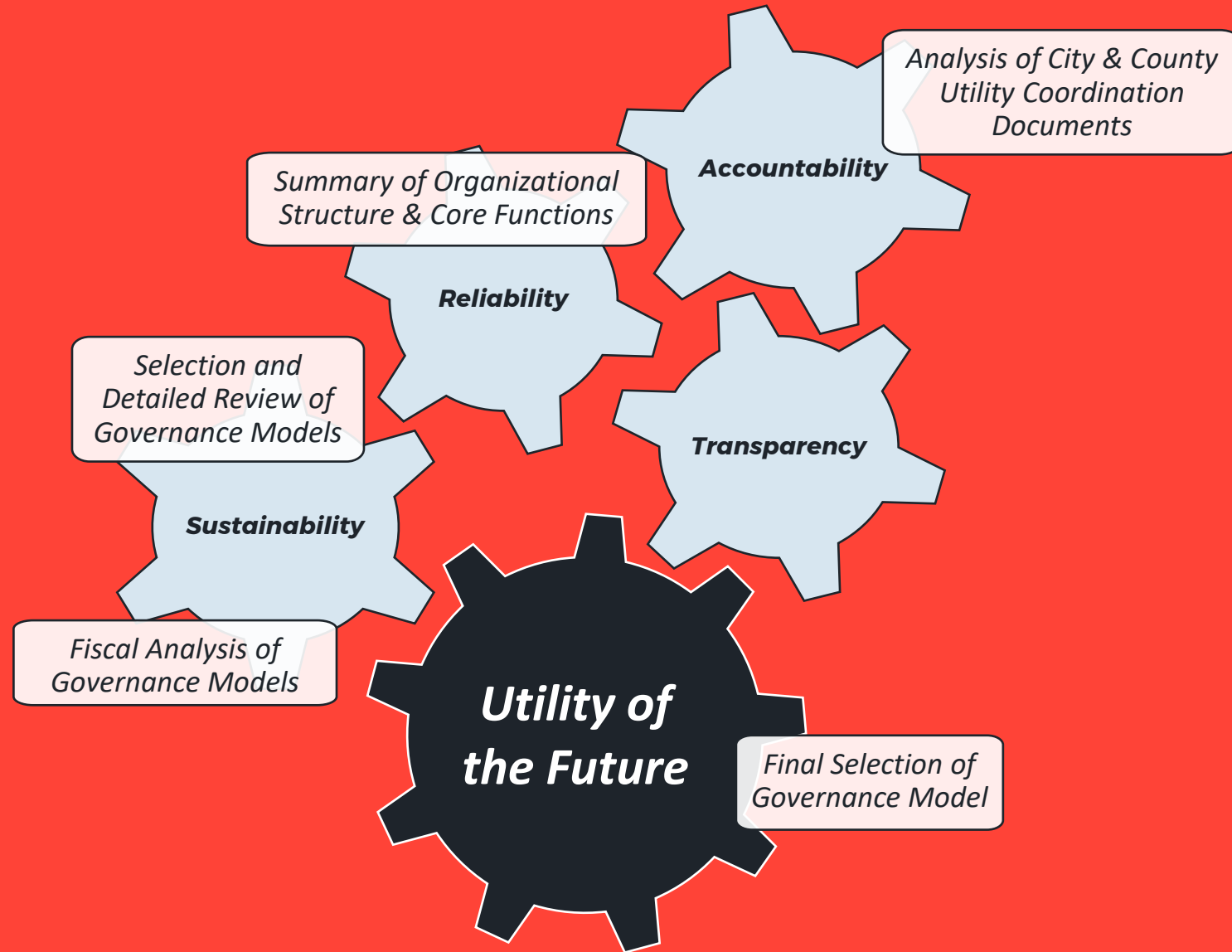




# Vote for Range of Alternative Models



# APPENDIX



# 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.



# 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



# 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).



# 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.



# 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.