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# **PSB GOVERNANCE PRACTICES REVIEW**

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**CITY OF EL PASO  
PUBLIC SERVICE BOARD**

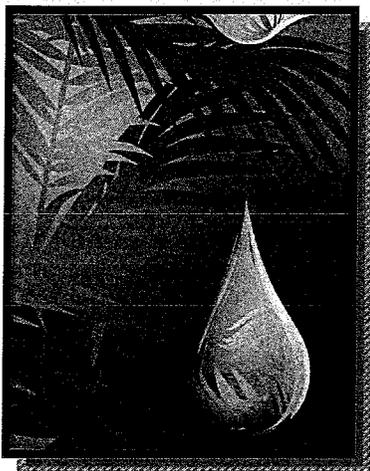
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**PHASE 1 REPORT  
"Size of Board Evaluation"**

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**FINAL**

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**Prestige Consulting Services**



**MARCH 2, 2009**

***FINAL***

***City of El Paso and the Public Service Board  
PSB GOVERNANCE PRACTICES REVIEW -- March 2, 2009***

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## FOREWORD

### "The Quest for Best Practices and Continued Improvement by the El Paso Water Utilities for Service to the City of El Paso"

This document details the findings, feedback, and recommendations from a comprehensive study to examine and review every aspect of current governance practices of the El Paso Water Utilities Public Service Board (PSB).

The PSB manages four utilities: water, wastewater, reclaimed water and stormwater. The PSB services customers both in and outside El Paso, and they also own and manage over 100,000 acres of land purchased for water rights.

The El Paso City Council and the Public Service Board jointly agreed that it is critical that "**Best Practices**" be examined to assure that there is accountability, transparency, and validity regarding current PSB governance and their important relationship with the City of El Paso and its constituents.

There is no doubt that the El Paso Water Utilities is acknowledged as one of the premier operating water utilities in the nation. However, we can all agree that continuous improvement is a worthy proposition. Premier companies and enterprises seek to go from "**Good to Great**", as described by best-selling management author Jim Collins. The desire to not become complacent, to not be insulated, and to listen to key stakeholder is what leads to the leap from "**Great to Greater**".

It is within this context that recommendations will be provided. Continuous improvement is the standard. It is what leads to progress, positive impacts on all involved, and the framework for innovative strategic planning and significant future achievement.

Special thanks to every member of our City Council, current and former members of PSB, our State Delegation, Congressman Reyes, and community and business leaders for their candid input and thoughtful suggestions. I would also like to thank Gilbert Moreno of Prestige Consulting who was my partner in conducting this study in a constrained timeframe so that we could meet our City's legislative requirement. Finally, a very special acknowledgment goes to the PSB technical, legal, and community and public relations staff that so openly provided me research data so essential to the execution of this review.

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## **A. SCOPE OF WORK**

### **A.1 Introduction / Background**

El Paso Water Utilities Public Service Board (PSB) and the City of El Paso have partnered to seek an outside review of the Board's governance practices. Both parties believe this is the best way to obtain suggestions and improvements on how the Board can continue providing the highest level of service.

The City selected Hector Gutierrez Public Affairs Consulting (HGPAC) on February 3, 2009 to conduct this study and due to the very short timeline requirements, HGPAC subsequently hired Prestige Consulting Services (PCS) (Gilbert Moreno, Principal) to assist with the execution of the work requirements. The contract to conduct the work was executed by the PSB and HGPAC on February 5, 2009. Findings were to be reported to both the City Council and the PSB.

The study was to consist of getting key stakeholders to complete a comprehensive questionnaire consisting of detailed questions regarding every aspect of the outlined scope of work. The consulting team's aim was to seek the greatest input from community opinion leaders, but also to get direct input from the political establishment (including two former mayors) and from the business community. Also interviewed were every current member of the PSB and five former members, 10% of the total sample size. The consulting team had the objective of personally interviewing at least 50% of all targeted prospects, and that goal was achieved.

Moreover, research was conducted on thirteen (13) other water utilities where Board members are appointed. The key data required consisted of the following: population served, areas of responsibility, Mayor's role, number of Board members and the appointment process, member term limits, specific job description and title of Board members, formal training required, bond rating of the entity, and the number of City Council members in the respective community (See Attachment A). Also examined were key communications practices for each of those municipalities to include: meeting location for the utility, whether video streaming or live television was utilized, website posting procedures, and whether advisory groups existed to add input to the utility. These findings are to be detailed as part of the Phase 2 report.

The study findings, recommendations, and suggestions will be borne by analysis of data from questionnaire participants and from the research conducted.

Per the agreement of professional services, HGPAC was to complete Phase 1 on March 2, 2009, with an initial report and presentation to City Council on March 10, 2009 and to the PSB on March 11, 2009. Phase 1 recommendations would primarily deal with the recommended number of Board members and with the conclusion of interviews and research to support that recommendation. The importance of this recommendation on Board size is due to the Texas Legislature being in session and legislation will be requisite if the current authorized number of Board members is to change. A bracketed local bill

pertinent only to El Paso will need to be filed in both the House and Senate. Since it will be a local bill, it does not need to be filed by March 13<sup>th</sup>, which is the normal filing deadline for legislative bills that affect the entire State of Texas. A local bill does not have those same impositions. Local bills apply to only specified geographic areas.

As a matter of background, the City of El Paso Water and Sewer Revenue Bond Ordinance 752 created the Public Service in 1952 (See Attachment B). This bond ordinance dictated the responsibilities of the Public Service Board and this has been carried forward to all current outstanding City of El Paso Water and Sewer Revenue Bond Ordinances. Ordinance #752 states: the complete management and control of the system shall be in the hands of a Board of Trustees, to consist of five citizens of the United States of America residing in El Paso County to be known as "The Public Service Board." The Mayor of the city of El Paso shall ex-officio be one member of the Board. Ordinance NO 017009, Article 7, page 24-25 is the latest iteration of the current makeup and responsibilities of the Board (See Attachment C). The city ordinance defines the Board appointment process, terms of office, member qualifications, compensation, meeting requirements, etc. In addition, the State Law governing the PSB size was initially found in Vernon's Texas Civil Statutes, Chapter 100, Public Utilities Chapter, Article 1115. This law dates back to 1911. However, the law was recodified in 1999 in the Texas Government Code, Management Control of Utilities System (See Attachment D).

In summary, the number of Board members allowed through Texas statute has been 5 since 1911, and the PSB has abided by that statute since 1952.

Phase 2 report is to be completed on April 1, 2009 with a final report and presentation to City Council on April 7, 2009 and to the PSB on April 8, 2009.

## ***A.2 Work Products (Phase 1 and Phase 2)***

As mentioned above, there will be two separate reports to the City Council and the PSB as per the governing contract for this work. The tasks are enumerated below.

### **Phase 1**

#### **Task 1: Gather information**

Meet with PSB, City Council members, and a reasonable cross-section of community leaders to obtain their views and perspectives on current PSB governance practices.

- Research available surveys from organizations such as the Association of Metropolitan Water Agencies and Texas Municipal League
- Research the size of water utility boards in other cities relative to their level of responsibilities

**Task 2: Size of Board in relation to the four utilities it manages and the size of its current and growing customer base**

Analyze and determine if the current 5 member board is sufficient to make decisions for a community of this size, and if adding more board members will allow for increased efficiency, improved input, and/or communications.

**Phase 2****Task 3: Board Appointment Process**

Analyze and determine if the current appointment process of the Board best serves the needs of the customer base.

**Task 4: Board Makeup**

The PSB does not currently have job descriptions for its Board members. Research other water utilities and determine their practices.

**Task 5: Best Management Practices For Training And Communications**

Review current practices in regards to communications including meeting location and agenda postings, videotaped meetings for delayed viewing, and agenda format. Research practices by other similar utility boards and provide recommendations. Evaluate whether other utilities have formal training programs for Board members and provide recommendations.

**Task 6: Use of Advisory Groups**

The PSB uses a Public Working Committee that advises the board on numerous topics such as conservation, reuse, capital programs, rate-making, etc. The Board also makes use of special committees such as the current Stormwater Community Advisory Committee, which provides input on the Stormwater Master Plan. Research practices in other cities and make recommendations.

**A.3 Study Assumptions**

1. Recommendations regarding Phase 1 of this report will be ultimately decided by the City Council for incorporation in legislation, as appropriate. Consultant conclusions on future "Size of Board" were based on melding responses from the study questionnaire and the research conducted on other water utilities. It is overall a decision based on the best analysis of the facts, experience, and taking into account the combination of all the aforementioned factors.

2. Phase 2 recommendations as related to Tasks 3 and 4 will be ultimately decided by the City Council for incorporation in a future City Ordinance, as appropriate and coincident with the next issuance of the City of El Paso water, wastewater, or stormwater revenue bonds. Phase 2 recommendations for Tasks 5 and 6 will be direct recommendations for the PSB Board to consider immediately.
3. All interviews and completed survey questionnaires are considered confidential and proprietary.
4. Legislation options and follow-up on these matters fall totally within the purview of the consultants already hired by the City of El Paso doing work in Austin, Texas on the City's behalf.

## **B. RESEARCH, ANALYSIS AND RECOMMENDATIONS FOR PHASE 1 REPORT**

### **B.1 Research**

As described previously, the Phase 1 tasks focused on the “size of board” review in an effort to obtain suggestions and improvements on the optimal Board size to continue providing the highest levels of customer service. The focus of this phase centered on the analysis and determination of whether the current five (5) member board structure is sufficient to make decisions for a community of this size, The key questions revolved around the premise that adding more board members will allow for increased efficiency, improved input, and / or enhanced communications. HGPAC was asked to examine if adding more Board members might add to more accountability, especially if the current PSB Board member appointment process is recommended to be changed. The latter will be explored in the Phase 2 report.

As mentioned previously, this research, analysis and recommendations centered around two major reviews:

- Research of water utilities in other cities whose boards are appointed; and,
- The results of a stakeholder-diverse survey with questions specific to the “size of board”

#### **B.1.1 Research of Other Water Utilities Whose Boards Are Appointed**

The initial research included profiling the size of thirteen (13) water utility boards in other cities relative to their level of responsibilities. Included in the review were the following research components that are detailed in Attachment A: Profile Of Other Cities’ Water Utilities.

<b>Population Served</b>
<b>Areas of Responsibility</b>
<b>Mayor’s Role</b>
<b># of Board Members</b>
Board Member Term Limits
Specific Job Descriptions For Board Members
Formal Training Required? What Type?
Appointment Process
Board Member Titles
# on City Council
Other Comments
Bond Rating

Relative to the Phase 1 scope, the following Table A. contrasts the thirteen (13) cities using the two components **highlighted** above: population served, areas of responsibility, mayor’s role, and number of board members. This profile can be contrasted to the *current* Public Service Board profile that includes:

<b>Population Served:</b>	750,000+
<b>Areas Responsibility:</b>	Water, wastewater, reclaimed water, and stormwater
<b>Mayor's Role:</b>	Serves as ex-officio – Mayor and PSB Chair provide three nominees for Council approval after obtaining a majority vote of PSB
<b># of Board Members:</b>	5

**Table A. Board Size Profile of Other Water Boards**

## **WATER BOARD SIZE PROFILE**

<b>CITY</b>	<b>POPULATION SERVED</b>	<b>AREAS OF RESPONSIBILITY</b>	<b>MAYOR'S ROLE</b>	<b># OF BOARD MEMBERS</b>
Birmingham, AL	600,000	Water, Wastewater	None	5
Montgomery, AL	225,000	Water, Wastewater Industrial	None	9
Denver, CO	1,300,000	Water, Recycled Water	Appoints Board	5
Columbus, GA	227,600	Water, Wastewater	Ex-Officio Member	5
Honolulu, HI	1,000,000	Municipal Water	Appoints Board With Council Approval	7
Des Moines, IA	400,000	Water & Water Works Park	Appoints Board	5
Louisville, KY	830,000	Water & Billing For Sewage / Drainage	Ex-Officio & Appoints Board ( Local Approval)	7
Portland, OR	800,000+	Water, Sewer, Storm-Water & Solid Waste	Appoints Chair of Board	9
Providence, RI	600,000+	Water	Appoints 4 Board Members	7
Knoxville, TN	366,000+	Water, Wastewater, Gas & Electric	Selects Members Not on Board	7
Memphis, TN	986,000+	Water, Electric, Natural Gas	Appoints Board With Council Approval	5
Brownsville, TX	167,000	Water, Wastewater, Electric	Ex-Officio Member	6
San Antonio, TX	350,000+	Water, Wastewater	Ex-Officio Member	7

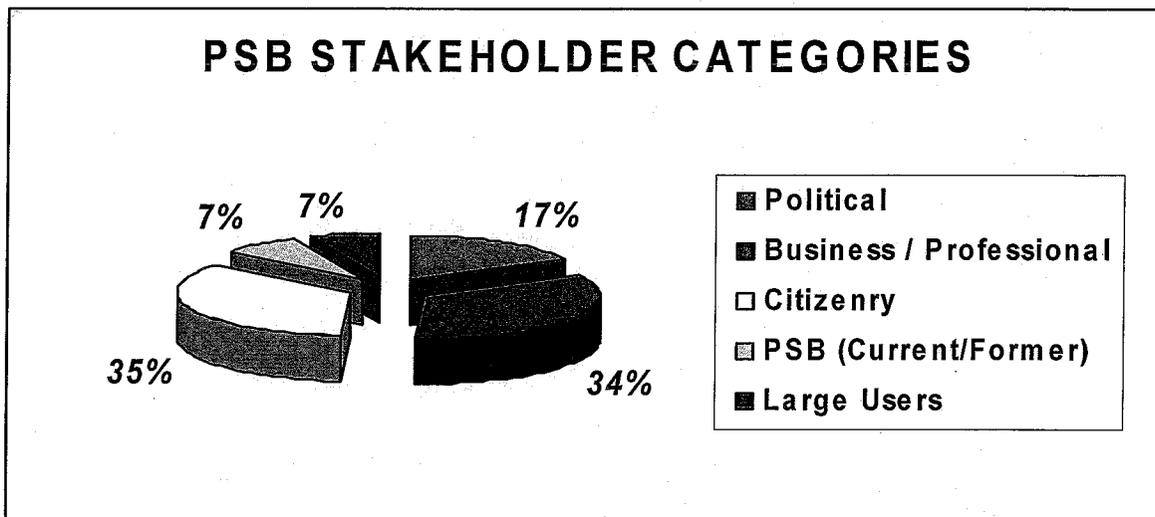
The average mean size of these thirteen (13) cities is 6.46 board members in each entity.

### **B.1.2 Survey Results**

The second research component consistent with Task 1 of this independent review was the meeting with current PSB, City Council, and a reasonable cross-section of community leaders to obtain their views and perspectives on current PSB governance practices. This profile includes diverse representation from the following stakeholder categories:

1. **POLITICAL** – this includes the El Paso City Council, members of the El Paso state legislative delegation, former mayors, and the Congressional Office;
2. **BUSINESS / PROFESSIONAL** – members of the business community, chambers of commerce, engineering groups, industry groups, consulting firms, and entities involved in economic development;
3. **CITIZEN** – representing the general citizenry including non-profits, major social service agencies, neighborhood associations, industry associations, faith-based organizations, environmental groups, social advocacy groups, etc.;
4. **PSB** – Current or former PSB Board Members and former professional counsel; and,
5. **MAJOR WATER USERS** – Includes major utility consumers in the region.

The following chart provides a profile of the stakeholders who were identified to participate in the survey based on input from the City Council, the PSB, and the survey consultants with an effort to have balanced input from all sectors, most especially a balance between the business / professional and citizenry categories. Over 110+ stakeholders were approached of which contacts were made with 100+. Several individuals fit into multiple categories based on their civic and professional roles.



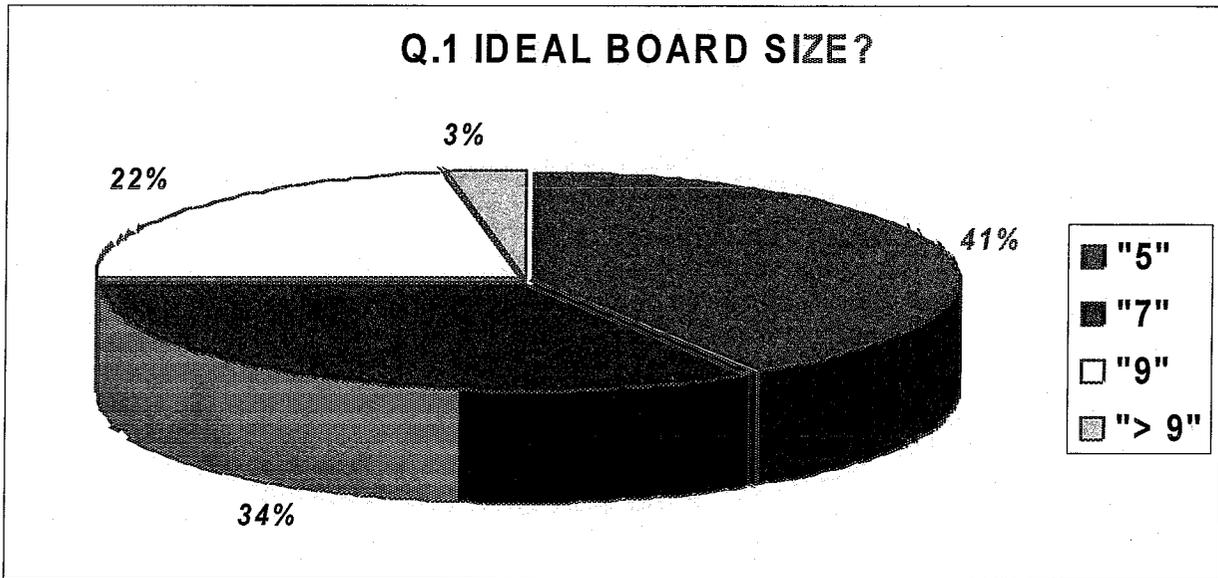
**A healthy 86+% of respondents shared their input.** Those not counted in the pool did not respond to the survey or opted (for conflict of interest reasons) not to respond. Of the 88 surveys completed, the following is a **breakdown of the method of survey completion:**

<i>Method</i>	<i>Number of Surveys Completed</i>
Interviews (Face to face or telephone)	= 45 surveys
Surveys faxed in	= 15 surveys
Surveys emailed or mailed in	= 28 surveys

The survey results regarding the "size of board" survey questions Q.1 and Q.2 are as presented below in both frequency and percentages:

**Q.1 The current Public Service Board has five members; what do you believe the ideal size of the Board should be?**

(37) 5    (31) 7    (20) 9    (3) Other (1 vote each for 11, 12, and 25 board members)



For those respondents that recommended an increase, the following question outlining set of possible reasons was presented for their agreement as to the basis of their board size recommendation:

**Q.2 Why do you think the Board should be increased?**

*(Select as many as apply)*

- Reflect the growth in our community*
- More closely reflect the makeup of our community and stakeholders*
- Increase the levels and channels of citizen input*
- Ensure increased accountability and transparency*
- Provide balanced representation of race, gender, and ethnicity*
- Expand the base of board expertise and talent*
- Other* \_\_\_\_\_

Please note that multiple answers for Q.2 were allowed and selected by many. Of the 59% (or 54 respondents) who selected to increase the board size, a total of 43 respondents indicated one of more reasons for their recommendation to increase the PSB board size.

The following is the frequency distribution of the reasons expressed for those individuals that selected to opt for an increase in board size:

**26 Reflects the growth in our community**

**24 More closely reflects the makeup of our community and stakeholders**

**22 Increases the levels and channels of citizen input**

**25 Ensures increased accountability and transparency**

**16 Provides balanced representation of race, gender, and ethnicity**

**29 Expands the base of board expertise and talent**

**22 Other**

Of the "other" reasons identified, the following were the prevalent themes for additional comments:

1. need for added balance of opinions, observations, recommendations, and ideas
2. board content, expertise, and representation can be more diverse to include special interest groups
3. allows single district selection by council members
4. allows for more rigorous debate and decision-making

NOTE: None of the "other" reasons stated above had more than four stakeholders.

## ***B.2 Observations***

### **BOARD SIZES FOR OTHER COMMUNITIES**

- The average mean size of these thirteen (13) cities is **6.46** board members in each entity.
- 8 of 13 (62%) of the entities have at least 6 board members.
- Most entities' areas of responsibility beyond water and waste water services had more than 5 board members except for Memphis (water, electric, and natural gas).
- There is no correlation between the population served and the size of the board serving it.

### **SURVEY FEEDBACK ON BOARD SIZE**

- The survey feedback resulted in the average mean size of **6.65** board members.
- The 41% voting for the size of the board to remain at five (5) felt that the current size is adequate and working effectively – adding more members would hinder decision-making.
- The remaining 59% advocating for an increase in the board size highlighted the following top five reasons for expanding the board size:
  - *Expands the base of board expertise and talent*
  - *Reflects the growth in our community*
  - *More closely reflects the makeup of our community and stakeholders*
  - *Ensures increased accountability and transparency*
  - *Increases the levels and channels of citizen input*

- No stakeholder category emerged with a distinct preference for either keeping the board size at five (5) or increasing it beyond the current number (i.e., all board size responses had a diverse set of proponents from all categories).
- Several comments highlighted the relative importance of focusing on who is serving on the board versus the number of board members.

### ***B.3 Recommendation***

**Based on the analysis above and looking at the entire survey feedback (to be highlighted in the Phase 2 Report) that reinforce the opportunities for improved PSB communications and transparency, it is the recommendation of this consulting team for the City to pursue the expansion of the Public Service Board from five (5) to seven (7) members.**

## **C. PRELIMINARY GENERAL COMMENTS OF PHASE 2**

The Phase 2 report will include additional recommendations in the areas board appointment process, board makeup, use of advisory committees, and specific suggestions on assuring that PSB messages and information effectively reach the widest audience in the future. Moreover, the survey interview process has certainly captured the acknowledgement by respondents of PSB successes, while underscoring their input on the requisite need for continued improvements to maximize accountability, transparency, and availability of critical information in the areas of water, wastewater, reclaimed water, and stormwater general management and service provision.

**D. ATTACHMENTS**

Attachment A	Profile Of Other Cities' Water Utilities
Attachment B	City of El Paso Water and Sewer Revenue Bond Ordinance 752, Section 8
Attachment C	City of El Paso Water and Sewer Revenue Bond Ordinance No. 017009, Article 7 (Adopted May 22, 1952)
Attachment D	Vernon's Texas Statutes and Codes, Section 1502.70 Management and Control of Utility System (Adopted October 7, 2008)

**Attachment A: Profile Of Other Water Utilities**

<b>Birmingham Water Works and Sewer Board, Alabama</b>	
Population Served	600,000
Responsible Areas	Water, wastewater
Mayor's Role	Does not play a role
#of Board Members	5
Board Member Term Limits	6-year terms. Board members are limited to 2 full terms. If a board member was originally appointed to complete an unexpired term of another board member, he can serve 2 more full terms.
Specific Job Descriptions For Board Members	No job descriptions for board members nor consultants. Consultants are on contracts.
Formal Training Required? What Type	No
Appt. Process	The mayor is not involved in the appointment process. All of our board members are appointed by the Birmingham City Council. The city council declares that a board member's term is about to expire. They have a period of 2 to 3 weeks for interested parties to submit resumes or information for the Birmingham Council to consider. A committee reviews the applicants and recommends one for the council to consider. Please note that the council can approve someone other than the committee's recommendation to serve on the board.
Board Member Titles	Chairman, 1 <sup>st</sup> Vice Chair, 2 <sup>nd</sup> Vice Chair, Secretary/Treasurer, Asst. Secretary/Treasurer
# on City Council	9
Other Comments	Serves 5 county area
Bond Rating	AA
	Information from website <a href="http://www.birminghamwaterworks.com">www.birminghamwaterworks.com</a>

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<b>Montgomery Water Works &amp; Sanitary Sewer Board, Alabama</b>	
Population Served	225,000 est.
Responsible Areas	Water, wastewater, industrial
Mayor's Role	None
#of Board Members	9
Board Member Term Limits	6-year terms. No limit on how many terms they can serve.
Specific Job Descriptions For Board Members	No job description
Formal Training Required? What Type	No formal training
Appt. Process	Nominated and appointed by City Council of Montgomery
Board Member Titles	Chairman, Vice Chairman, Secretary, Members
# on City Council	9
Other Comments	
Bond Rating	Moody's Aa3 S&P AAA

<b>Denver Water Board, Colorado</b>				
Population Served	1.3 million			
Responsible Areas	Raw-water collection, storage and distribution; potable and recycled water treatment and distribution			
Mayor's Role	Appoints the Board			
#of Board Members	5			
Board Member Term Limits	The term for a Board member is 6 years. There are no term limits.			
Specific Job Descriptions For Board Members	No			
Formal Training Required? What Type	No			
Appt. Process	Board members are appointed by the Mayor. They must be a resident of the city and county and at least 25 years of age.			
Board Member Titles	President, First Vice President and three vice presidents			
# on City Council	13			
Other Comments	Serves City and County of Denver, and nearly 40% of people living near surrounding suburbs			
Bond Rating		Moody's	S&P	Fitch
	GO	<b>Aa1</b>	<b>AAA</b>	<b>AA+</b>
	Senior Rev (underlying)	<b>Aa2</b>	<b>AA+</b>	<b>AA+</b>
	Master Rev. (underlying)	<b>Aa2</b>	<b>AA</b>	<b>AA+</b>
	COPs	<b>Aa2</b>	<b>AA-</b>	<b>NR</b>

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<b>Columbus Water Works, Georgia</b>	
Population Served	227,600
Responsible Areas	Water and wastewater
Mayor's Role	Serves as Ex-officio
#of Board Members	5
Board Member Term Limits	Appointed for 4 years and can serve up to two terms
Specific Job Descriptions For Board Members	No
Formal Training Required? What Type	No. Members attend an orientation.
Appt. Process	Appointed by City Council
Board Member Titles	Chairman, Treasurer, members
# on City Council	8 and 2 at large
Other Comments	
Bond Rating	S&P: AAA/A+ (SPUR)

<b>Honolulu Board of Water Supply</b>	
Population Served	Serves roughly 1 million customers on the island of Oahu.
Responsible Areas	City's municipal drinking water system. Wastewater, electricity and gas fall under the jurisdiction of other county/private entities.
Mayor's Role	Board members of the Honolulu Board of Water Supply are appointed by the mayor with the approval of the City Council.
#of Board Members	7
Board Member Term Limits	Five year staggered terms
Specific Job Descriptions For Board Members	No
Formal Training Required? What Type	No
Appt. Process	Five members are appointed by the Mayor and approved by City Council. The remaining two directors are ex-officio (by virtue of office or position), the Director of the State Department of Transportation and the Chief Engineer of the City Department of Facility Maintenance
Board Member Titles	Chairman, members and ex-officio
# on City Council	9
Other Comments	
Bond Rating	AA

<b>Des Moines Water Works, Iowa</b>	
Population Served	400,000
Responsible Areas	Water and operates Water Works Park (approximately 1500 acres of land near downtown Des Moines.
Mayor's Role	Appoints members to the Board
#of Board Members	5
Board Member Term Limits	Each Board member is appointed for a six-year term (unless filling a vacancy caused by resignation)
Specific Job Descriptions For Board Members	None
Formal Training Required? What Type	No training required, members attend orientation
Appt. Process	Mayor of Des Moines appoints members to board – City Council confirms
Board Member Titles	Only two board members have titles – Board Chairperson and Board Vice-Chairperson; others are members
# on City Council	5 and two at-large members
Other Comments	
Bond Rating	Standard and Poor's: AA+ Moody's: Aa2

<b>Louisville Water Company, Kentucky</b>	
Population Served	830,000 people in Louisville Metro and parts of Bullitt and Oldham Counties.
Responsible Areas	Water; billing service only for the local sewer district, which includes bills for sewer and drainage.
Mayor's Role	Louisville Metro Government owns 100% of Louisville Water Company stock. By statute, the Mayor is given authority to appoint members to the Board of Water Works, and those appointments must be approved by the local government legislative body. The Mayor serves as an Ex Officio Member of the Board of Water Works, but only has a vote on matters if in attendance. He may have a delegate present but is not permitted to give his proxy if not present.
#of Board Members	There are six (6) members of the Board of Water Works plus the Mayor.
Board Member Term Limits	Terms are staggered with 2 members being appointed for 2 years, 2 members appointed for 3 years, and 2 members appointed for 4 years. All members remain a member of the Board until a successor is appointed and approved by the council.
Specific Job Descriptions For Board Members	No
Formal Training Required? What Type	Not formal, but we do provide a binder of relevant information to the BOWW members and the President and General Counsel meet with new BOWW members to provide an overview. Additionally, every few years we provide additional opportunities to tour facilities. Through the monthly board meetings and committee meetings, members of the Board are given opportunities to learn about the operations of the company and about general governance issues of which directors should be apprised.

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Appt. Process	Mayor nominates individuals to serve on the Board of Water Works which is the governing body of the Louisville Water Company. The names of the nominees are presented to the Metro Council for review and approval.
Board Member Titles	Directors
# on City Council	Metro Council consists of 26 individuals; one for each of the 26 Districts of Louisville Metro.
Other Comments	<p>In 2003, Jefferson County and City of Louisville merged to form a consolidated local government which serves a community of 386 square miles and 700,000 residents.</p> <p>Louisville Metro Government has all of the authority of the two previous governments. With a mayor and legislative council (called the Metro Council composed of 26 members nominated and elected by district).</p>
Bond Rating	Moody's Aa1 Standard and Poor's AA+

<b>Portland Water District (OR)</b>	
Population Served	More 800,000 over 1/5 <sup>th</sup> of the population of Oregon.
Responsible Areas	Water, sewer, stormwater and solid waste
Mayor's Role	Appoints the chair of the board
# of Board Members	9 permanent members
Board Member Term Limits	2-year terms with no compensation; no member serves on the board for more than six consecutive years.
Specific Job Descriptions For Board Members	Board members must reside in or work predominantly in the City of Portland and have an interest in sewer, water and solid waste issues. Mayor and city council will attempt to have a range of professional and academic expertise, and volunteer experience in disciplines such as accounting, civil engineering, conservation, environmental sciences, health sciences, public administration, urban planning and economics. Reflects the diversity of Portland community with regard to customer classes, income levels, cultural and ethnic identity, and geographic location.
Formal Training Required?	No
Appt. Process	<p>Board members are nominated by the mayor and appointed by city council. Any council member may submit recommendations to the mayor on potential appointments to the board. Mayor seeks nominations from neighborhood associations, district coalitions and residential customers from various city neighborhoods. Three seats are filled from residential geographic nominations (West, Northeast/Southeast, and East Portland). Mayor seeks nominations from public interest groups, large commercial and industrial businesses, local businesses, and two seats at-large. City council members may appoint one member of their staff to serve as a representative of their office to the board as communication's contacts but have no voting privileges.</p> <p>Board positions and vacancies announced to local media publications and broadcasts, newspapers, cable stations and radio. Nomination requests sent to neighborhood associations and district coalition boards, to consumer advocacy and environmental</p>

**FINAL**

**City of El Paso and the Public Service Board  
PSB GOVERNANCE PRACTICES REVIEW -- March 2, 2009**

	interest groups, and business district associations. Standard application form used and submitted to the Mayor's office.
Board Member Titles	Chairman, appointed by mayor.
# on City Council	6 (Mayor, 4 commissioners and city auditor)
Other Comments	Board's purpose is to advise City Council on rates, customer needs, legal mandates, public policies, long-term financial stability and viability. Citizen Committee reviews rates and charges; Citizens provide input and feedback on policy issues through forums.
Bond Rating	Moody's: 1 <sup>st</sup> lien AA1, 2 <sup>nd</sup> lien AA2
Contact Name/Phone Number	Internet; Jennifer Day 503-823-7510 Eric H. 503-823-6851

<b><u>Providence Water Supply Board (RI)</u></b>	
Population Served	600,000 (17 cities and towns)
Responsible Areas	Water
Mayor's Role	Appoints 4 board members*
# of Board Members	7
Board Member Term Limits	4 year terms, no limit on how many terms they can serve
Specific Job Descriptions For Board Members	Comprised of dedicated private citizens and public officials and committed to fair and equitable service to all customers and property owners in service area.
Formal Training Required? What Type	No
Appt. Process	*Four board members are appointed by the mayor, two are appointed by the city council president and one (ex-officio) is the City's Finance Director
Board Member Titles	Chair, Vice Chair, Ex-Officio, 2 councilmen, members
# on City Council	15 representing 15 wards
Other Comments	Mails four bills a year; two are actual and two are estimated. Operates as an enterprise fund of the city. Budget is approved by City Council.
Bond Rating	AA-/Stable
Contact Name/Phone Number	Internet/ (401) 521-5070

<b><u>Knoxville Utilities Board (TNI)</u></b>	
Population Served	77,000 water customers; 94,000 gas customers; 195,000 electric customers
Responsible Areas	Water, wastewater, gas and electric
Mayor's Role	Does not sit on the board but selects members
# of Board Members	7 members – appointed by the mayor and confirmed by city council
Board Member Term Limits	7-year terms; no more than 2 terms; one term expiring each year
Specific Job Descriptions For Board Members	Must be a resident for 3 years, 25 years of age. Cannot be a public official. State conflict of interest statute prohibits a business of a board member to provide goods or services during their tenor.
Formal Training Required? What Type	No training, members attend a half day orientation and tour.
Appt. Process	Mayor selects members of the board
Board Member Titles	Chair, Vice Chair, 5 Commissioners
# on City Council	Composed of nine members, City Council has six representatives elected from districts and three elected at-large representing the entire city.
Other Comments	Meets once a month at the utility's main office
Bond Rating	AA+ (water); AA (wastewater)
Contact Name/Phone Number	Internet/ 865-524-2911

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<b><u>Memphis Light Gas &amp; Water Board (TN)</u></b>	
Population Served	420,000 electric customers; 313,000 natural gas in Shelby County; 253,000 water customers.
Responsible Areas	Water, natural gas and electric for Memphis and Shelby County
Mayor's Role	Does not sit on the board; appoints members
# of Board Members	5 members appointed by Mayor and approved by City Council
Board Member Term Limits	3 year terms, no limit on how many terms they can serve
Specific Job Descriptions For Board Members	No
Formal Training Required? What Type	No formal training, members go through orientation.
Appt. Process	Mayor selects members of the board
Board Member Titles	Chair, Vice Chair, 3 Commissioners
# on City Council	9 – 6 reps elected from districts; 3 elected at-large representing entire city
Other Comments	
Bond Rating	AA
Contact Name/Phone Number	Internet/ (901) 544-6549; <a href="mailto:corpcomm@mlgw.org">corpcomm@mlgw.org</a> (email sent on 2/5)

<b>Brownsville Public Utilities Board (TX)</b>	
Population Served	167,000 (50,000 accounts)
Responsible Areas	Water, wastewater and electric
Mayor's Role	Sits on board as ex-officio voting member
# of Board Members	6 including mayor
Board Member Term Limits	4 years per term; can be re-elected by City Commission; 2 terms only
Specific Job Descriptions For Board Members	No
Formal Training Required? What Type	The BPUB Board of Directors is required to undergo the Open Government Training required for Texas public officials.
Appt. Process	Letter of interest to serve on the board submitted to city secretary; city commission appoints members; appoints according to term limits. The mayor ex-officio member of the board. The remaining members of the board shall be appointed by a majority of all five (six) city commissioners of the City of Brownsville.
Board Member Titles	Chair, Vice Chair, Secretary, Treasurer, Member, Ex-officio member
# on City Council	7 (Mayor and 6 City Commissioners)
Other Comments	
Bond Rating	Moody's: A2 Fitch Rating: A S&P Rating: A
Number of CEOs in last 20 years	Present CEO has been in position for over 10 years and has been with the utility for about 30 years.
Contact Name/Phone Number	Internet/ (956) 983-6280 <a href="mailto:lhernandez@brownsville-pub.com">lhernandez@brownsville-pub.com</a>

<b><u>San Antonio Water Systems (TX)</u></b>	
Population Served	1 million; (325,944 water; 354,878 wastewater accounts)
Responsible Areas	water, wastewater
Mayor's Role	Sits as an Ex-officio voting member
# of Board Members	7 w/ mayor
Board Member Term Limits	4 years per term; 2 terms only
Specific Job Descriptions For Board Members	Person must live in the geographic area that they are representing.
Formal Training Required? What Type	State of Texas requires members to obtain a State-required certificate by law. Members also are required to attend an internal orientation.
Appt. Process	Appointed by the City Council; City Clerk's office posts vacancy; anyone can submit their interest to serve on the board
Board Member Titles	Chair, Vice Chair, Secretary, 3 Trustees, Ex-officio
# on City Council	11 (Mayor and 10 City Councilors)
Other Comments	Trustees must reside either within the area served by SAWS or within the corporate limits of the city
Bond Rating	AA
Number of CEOs in last 20 years	The organization was separated from the City Government in 1992. Since then we have had 5 permanent CEO's and at least 4 interim CEO's.
Contact Name/Phone Number	210.704.7297; email sent to Doug Flores, Public Affairs and External Communications on 2/5/09

**Attachment B: City of El Paso Water and Sewer Revenue Bond Ordinance  
752, Section 8**Public Service Board

Section 8. That pursuant to authority contained in Article 1115, Texas Revised Civil Statutes, the complete management and control of the system during such time as any of the bonds herein authorized are outstanding and unpaid shall be in the hands of a Board of Trustees, to consist of five citizens of the United States of America residing in El Paso County, Texas, to be known as the "Public Service Board", hereinafter sometimes referred to as the "Board". The Mayor of the City of El Paso shall ex officio be one member of the Board, and the remaining members of the Board shall consist of M. Conrey Bryson to serve for a term ending December 31, 1954, Carl A. Beers to serve for a term ending December 31, 1955, Clifton G. Whyburn to serve for a term ending December 31, 1956, and Paul Harvey to serve for a term ending December 31, 1957, each term of office to commence on the date of the adoption of this ordinance. After the expiration of each of the above prescribed terms of office, each member of the Board other than the Mayor shall serve for a term of five years. Each member shall serve until his successor qualifies. All vacancies in membership whether occasioned by expiration of office or otherwise shall be filled in the following manner. The Chairman of the Board and the Mayor shall jointly agree upon and submit to the Board for its approval, the names of three or more persons eligible to serve as members of such Board. At such time as the Board has signified by majority vote its approval of any three names so submitted to it, said Board shall file with the City Council the names of such three persons. Within 30 days after the filing of such names the City Council shall by majority vote appoint one of the three. If the City Council rejects all three names submitted, three other names shall be submitted to the City Council in like manner, and so on until an appointment is made. Members shall be eligible for re-election.

Subject to the provisions and restrictions contained in this ordinance, the Board shall have complete authority and control of the management and operation of the System and the expenditure and application of its revenues.

The members of the Board shall meet for the purpose of organization as soon as may be after the adoption of this ordinance, and shall organize through the election of one of its members as Chairman and one as Vice Chairman, and through the appointment of a Secretary and a Treasurer or a Secretary-Treasurer, who may but need not be, a member or members of the Board. The Board may make such regulations and by-laws for the orderly handling of its affairs as it may in its discretion see fit and shall thereafter, subject to the pertinent laws of the State of Texas, operate and manage the system with the same freedom and in the same manner as are ordinarily enjoyed by the Board of Directors of a private corporation operating properties of a similar nature.

The Board shall obtain and keep continually in force an employees' fidelity and indemnity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and covering losses to the amount of not less than \$50,000.

The Board shall elect or appoint all officers and employees which it may consider desirable, including a general manager of the system and an attorney or attorneys. All officers and employees,

except the members of the Board and its treasurer, general manager, and attorneys, shall be under such civil service provisions as are or may be established by the Charter of El Paso or the laws of Texas.

The members of the Board, other than the Mayor, shall, for each regular meeting attended, receive the sum of \$20.00, except that the amount to be so paid to any member of the Board in any fiscal year shall not exceed the sum of \$1,000. The members of The Board shall not be personally liable for any act or omission not willfully fraudulent or mala fide. Any member of the Board, other than the Mayor of the City, who shall be continuously absent from all meetings of the Board for a period of three consecutive months shall, unless he shall have been granted leave of absence by the unanimous vote of the remaining members of the Board, be considered to have vacated his office. Any member of the Board, other than the Mayor, may by unanimous vote of the members of the Board be removed from office, but only for adequate cause.

Wherever references appear in this ordinance to actions to be performed or covenants or agreements carried out "by the city" they shall, unless the context shall plainly make it appear otherwise, or unless the action is one required by law to be performed by the City Council rather than by the Public Service Board, be understood to refer to the Public Service Board.

**Attachment C: City of El Paso Water and Sewer Revenue Bond Ordinance No. 017009, Article 7****ARTICLE 7****PUBLIC SERVICE BOARD****Section 7.01 Public Service Board.**

(a) Pursuant to the authority contained in Section 1502.071, Texas Government Code, during such time as any of the Bonds herein authorized are outstanding and unpaid the Public Service Board shall have complete authority and control of the management and operation of the System.

(b) The Board shall consist of five citizens of the United States, residing in El Paso County, Texas, one of whom shall be the Mayor of the City who shall ex officio be one member of the Board. Each term of office shall be four years with no member being appointed to more than two consecutive terms. To the extent not prohibited by State law or in conflict with the ordinances authorizing the Previously Issued Senior Lien Bonds, any member shall continue to serve until his or her successor is appointed and qualified, or until 60 days have passed beyond the expiration of such term, whichever event occurs first. After that time a vacancy on the Board shall exist and the former member shall have no power to vote or participate in Board proceedings; but such vacancy shall not serve to reduce the number of members required for a quorum.

All vacancies in membership whether occasioned by expiration of office or otherwise shall be filled in the following manner: the Chairman of the Board and the Mayor shall jointly agree upon and submit to the Board for its approval, the names of three or more persons eligible to serve as members of the Board for its approval. At such time as the Board has signified by majority vote its approval of any three names so submitted to it, said Board shall file with the City Council the names of such three persons. Within 30 days of the filing of such names the City Council shall by majority vote appoint one of the three. If the City Council rejects all three names submitted, three other names shall be submitted to the City Council in like manner, and so on until an appointment is made.

Any member of the Board, other than the Mayor, who shall be continuously absent from all meetings of the Board for a period of three consecutive months shall, unless he or she shall be granted leave of absence by the unanimous vote of the remaining member of the Board, be removed from office, but only for adequate cause.

(c) The Board shall elect one of its own members as Chairman and one as Vice-Chairman and appoint a Secretary and a Treasurer or a Secretary-Treasurer, who may, but need not, be a member or members of the Board. The Board may make such regulations or any by-laws for the orderly handling of its affairs as it may in its discretion see fit and shall thereafter, subject to the pertinent laws of the State of Texas, operate and manage the System with the same freedom and in the same manner as are ordinarily enjoyed by the Board of Directors of a private corporation operating properties of a similar nature.

Subject to the provisions and restrictions contained in this Ordinance, all of which shall be binding on the Board, the Board shall have complete authority and control of the management and operations of the System and the expenditure and application of its revenues.

(d) The Board shall elect or appoint all officers and employees which it may consider desirable, including a President/Chief Executive Officer of the System. The President/Chief Executive Officer shall be responsible to appoint officers and employees that directly report to the President/Chief Executive Officer, including, an attorney or attorneys, Assistant General Manager(s) and such other personnel that directly report to the President/Chief Executive Officer. All other officers and employees, except members of the Board, the President/Chief Executive Officer, attorneys, Assistant General Manager(s) and persons directly reporting to the Assistant General Manager(s) shall serve under the City Civil Service provisions as are or may be established by the Charter of the City or the laws of Texas, and the Board shall have the same authority with respect to such officers and employees as that of the City Council with respect to other officers and other employees of the City. The Board shall obtain and keep continually in force an employers' fidelity and indemnity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and covering losses to the amount not to exceed \$50,000.

(e) The members of the Board, other than the Mayor shall, for each meeting attended, receive the sum of \$20.00, except that the amount so paid to any member of the Board in any fiscal year shall not exceed \$5,000. The members of the Board shall not personally be liable for any act or omission not willfully fraudulent or committed in bad faith.

**Attachment D: Vernon's Texas Statutes and Codes, Section 1502.70  
Management and Control of Utility System**

Vernon's Texas Statutes and Codes Annotated Currentness

Government Code (Refs & Annos)

Title 9. Public Securities (Refs & Annos)

Subtitle J. Specific Authority for Municipalities to Issue Securities

Chapter 1502. Public Securities for Municipal Utilities, Parks, or Pools (Refs & Annos)

Subchapter B. Public Securities for Utility Systems, Parks, or Pools (Refs & Annos)

**§ 1502.070. Management and Control of Utility System**

(a) Management and control of a utility system may be vested in:

- (1) the municipality's governing body; or
- (2) a board of trustees named in the proceedings adopted by the municipality and consisting of not more than five members, one of whom must be the mayor of the municipality.

(b) The compensation of the trustees shall be specified by the proceedings. The compensation may not exceed five percent of the gross receipts of the utility system in any year.

(c) The proceedings of the municipality may specify the terms of office of the board of trustees, their powers and duties, the manner of exercising those powers and duties, the election of successor trustees, and any matter relating to the organization and duties of the board. On any matter not covered by the proceedings, the board of trustees is governed by the laws and rules governing the municipality's governing body, to the extent applicable.

**CREDIT(S)**

Added by Acts 1999, 76th Leg., ch. 227, § 1, eff. Sept. 1, 1999. Renumbered from V.T.C.A., Government Code

§ 1502.071 and amended by Acts 1999, 76th Leg., ch. 1064, § 22, eff. Sept. 1, 1999.

## **E. Bibliography**

1. Ordinance No. 752, \$2,940,000 Water and Sewer Bonds of the City of El Paso Public Service Board, March 22, 1952.
2. Ordinance No. 017009, Authorizing the Issuance of City of El Paso, Texas Water and Sewer Revenue Refunding Bonds, Series 2008 C, adopted October 7, 2008.
3. Vernon's Texas Civil Statutes, Chapter 10, Public Utilities, Article 1115
4. Texas Codes and Constitution, Leg H. Stats, 1999 76<sup>th</sup> Legislative Session, Chapters 227, 1064, effective September 1, 1999. (Section 1502.070 Management and Control of the Utility System).
5. 2008 Annual Report, El Paso Water Utilities Public Service Board ([epwu.org/tech20.org](http://epwu.org/tech20.org))
6. Ten Year Strategic Plan, El Paso Water Utilities Public Service Board, January 2009.