

NOW

BGR's Spotlight on Local Government Issues

S&WB Governance Reform: The Next Steps Forward

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The much-needed reform of the Sewerage & Water Board of New Orleans (S&WB) promised by the mayor and local legislators is inching forward. That's good news for citizens who expect reform to accompany the massive rate increases adopted last December. But significant issues remain unresolved.

On May 1, the Senate Committee on Local and Municipal Affairs considered legislation (SB 47) to reform the governance of the S&WB. At that meeting, the committee adopted several amendments to the bill proposed by the city administration. The amendments included, among other things, a nomination process for mayoral appointments to vacant seats on the S&WB's board of directors. Under the process, university presidents would collectively propose a slate of three nominees for each vacancy. However, the mayor could veto the list of nominees he receives.

After the amendments were adopted, Sen. Karen Carter Peterson expressed reservations about the veto power and other aspects of the bill. She asked the committee to defer action for a week to address several revisions that she proposed. The committee did so. It plans to take up the bill tomorrow when it meets again.

The senator's proposed amendments would:

- Eliminate the mayor's veto power.
- Require board representation from each City Council district.
- Allow the two at-large members of the City Council to appoint two board

members, presumably increasing the proposed size from nine to 11 members.

Eliminating the mayor's veto power would be a significant move in the right direction. As BGR pointed out in [a release last week](#), the veto power could send a message to the nominating committee that it should focus on submitting nominees that a mayor finds politically desirable, rather than focusing simply on who would add the most value to the board. If the process becomes politicized, strong candidates might be reluctant to step forward. We recommend that an amendment undoing the veto power be adopted.

The goal of the nominating process should be to find the most highly qualified individuals with the appropriate mix of expertise to serve on the board. Geographic diversity is a factor that can and should be considered when making appointments. However, imposing rigid geographic requirements based on City Council districts could limit the pool of qualified candidates and hamper the nominating committee's efforts to propose the strongest slate of candidates. The Legislature could encourage geographic diversity while giving the nominating committee needed flexibility by requiring the nominating committee to give due consideration to geography. We recommend that the Legislature adopt this more limited and practical approach.

The proposal to give at-large council members appointment powers is problematic. It would unnecessarily inject another layer of politics into the appointment process. In addition, it would involve the City Council indirectly in the management of an entity for which it serves as the regulator. It is important to avoid the potential for conflicts. We note that, even without direct appointments, the City Council would still be involved to some degree in the selection process, because it would confirm the mayor's citizen appointments.

Increasing the board's size to 11 members would make it easier to meet geographic distri-

bution requirements. It would, however, work against effectiveness. A board should be large enough to bring together sufficient experience and expertise to handle the workload, reach consensus and carry out its role effectively. If the board is too large, it can become unwieldy. It is easier for some directors to avoid pulling their own weight, and it is more difficult to reach consensus.

In 2011, BGR looked at practices among water utility boards nationally and found that high-performing boards contained a median membership of seven members.* Limiting the membership is particularly important for the S&WB in light of its history of problems gathering a quorum.

The S&WB legislation remains alive, and the mayor and local legislators should push forward to give citizens the caliber of reform that they deserve and expect. To that end, we recommend:

- Eliminating the mayor's veto power.
- Limiting appointment power to the mayor, rather than expanding it to include at-large City Council members.
- Holding the number of members on the board at nine.
- Encouraging geographic diversity rather than requiring nominees to reside in specified areas.

* BGR, *Making the Waterworks Work: Fixing the Sewerage & Water Board's Governance Problems*, October 2011, p. 16.