



Working Smarter to Save Money: Finance and Management Tools and Techniques for Small Water Systems

Collaboration

Dawn Nall
Program Manager
Southwest EFC



**Southwest
Environmental
Finance
Center**

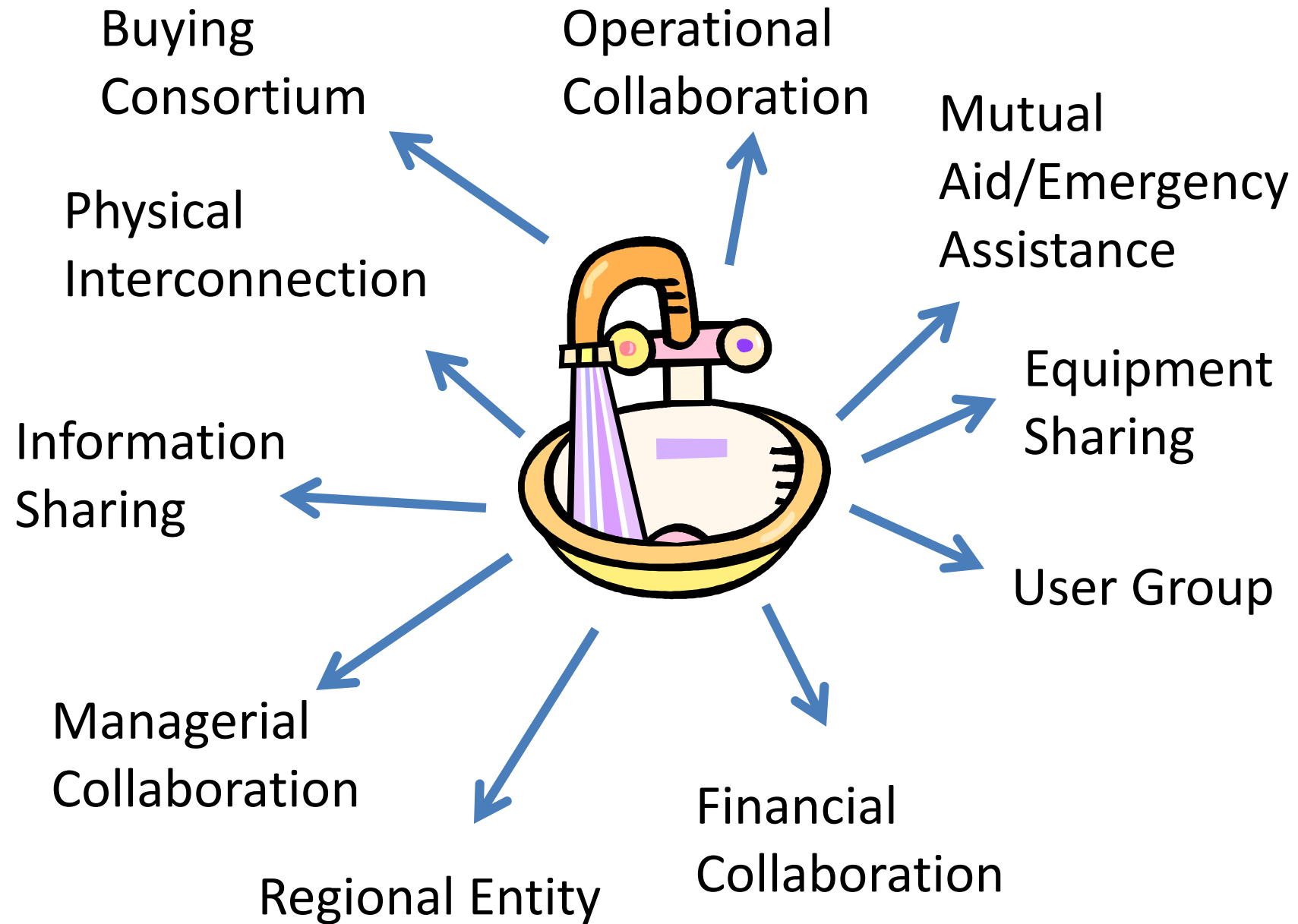


Less Formal
Arrangements

More Formal
Arrangements



Any kind of collaboration can be helpful





Motivations for Collaboration Or

What's in it for me?

- Cost savings!!!!
- Addressing Staffing Needs
- Increased ability to comply with regulations
- Ability to access professional services
- Increased access to necessary equipment and/or supplies



Common Concerns with Collaboration

- Desire for Autonomy
- Mistrust of Other Systems
- Lack of Knowledge of Other Systems
- Lack of Knowledge of the Options
- No Outside Independent Force to Get Collaboration Started



Regional Entity for New Supply

- In Central Texas
- Several systems had problems meeting regulatory requirements
- New source could potentially solve the problem
- Formed a regional entity for the sole purpose of securing the new supply
- One member of each water system serves on the board of the new entity
- All individual water systems remain



Sharing Bookkeeping

- Several small systems in southern New Mexico use the same accounting firm
- No connection between systems other than using the same firm
- Systems save considerable \$\$\$ and receive higher level expertise than they would otherwise be able to afford
- Added benefit, “We didn’t want to shut you off, the firm made us”



Buying Consortiums

- Systems can work together to negotiate prices or buy equipment together
- Can be used for chemicals, such as chlorine
- Could be used for purchasing major equipment, such as back hoes
- Systems in Massachusetts used this approach for chemicals
- Systems in southern NM used the consortium approach to buy equipment



Mutual Aid Agreements

- Systems working together to provide aid during emergencies
- Systems in California have this arrangement, as well as elsewhere
- Can include pipe, meters, hydrants, etc. Systems can borrow equipment and supplies from each other and pay them back in equivalent supplies



Emergency Interconnections

- Systems can remain completely independent entities and just interconnect their facilities in case of emergency.
- In an emergency where one needs water from the other the interconnection can be opened to allow water to flow.



Shared Operator

- Multiple systems can share a single operator
- Arrangement can allow for greater income for an operator with less expense to each individual system
- In areas where a larger city is near smaller, rural systems, the operator(s) from the larger city can work part time for the smaller utilities (several communities in Texas do this)



Shared Management

- Systems can remain physically disconnected or they can be connected if feasible and distance between facilities is not too great
- One management structure can be used to manage all of the disparate facilities
- Can provide for economy of scale in management



Merger

- Systems can choose to physically merge into one entity
- Many, many examples of this type of arrangement



Are you involved in any type of collaboration?

What benefits have you received as a result of the collaboration?

What challenges did you face in getting the collaboration going?



Have you ever thought about collaboration?

What held you back?

If you haven't thought about collaboration, what concerns you about it?



What type of collaboration would be of most benefit to your system?

Would you be open to this type of collaboration if it was available to you?



Collaboration Example