



Smart Management for  
Small Water Systems

## Multi-Funding Workshop for Small Water Systems

08/17/17| Springfield, MO

*[www.efcnetwork.org](http://www.efcnetwork.org)*



UNC  
ENVIRONMENTAL  
FINANCE CENTER



American Water Works  
Association

This program is made possible under a cooperative agreement with the U.S. EPA.



# Housekeeping



# CEU Certificates

**If you need a CEU certificate, you will need to confirm the following on the roster today before you leave:**

- Is your name spelled correctly?
- Did you provide an email address UNIQUE TO YOU? A unique email address is required to access your certificate on the AWWA website.
- Did you mark the checkbox that you need a certificate?

Within 30 days of the training, you will receive an email with instructions to print your certificate. Emails from AWWA may be blocked or go to your Junk mail. To avoid this issue, add [educationservices@awwa.org](mailto:educationservices@awwa.org) to your email Contacts or check your Junk mail frequently.

AWWA will apply to the water operator state licensing agency for CEU preapproval when applicable. You may be awarded CEUs by your agency. It is your responsibility to confirm with the agency that training meets relevancy criteria established for your license type as some agencies may not apply CEUs to your license if the training topic is not relevant to your position.

**AWWA follows the IACET Standard of CEU calculation.**

0.1 CEU = 1 Contact Hour or 1 Professional Development Hour

**Questions?** Please contact [educationservices@awwa.org](mailto:educationservices@awwa.org)



# Workshop Objectives

- Understand the variety of funding programs available to small systems
- Learn how to access these funding programs
- Learn about tools to impress funders with your application
- Provide forum for sharing finance and management perspectives, ideas, and experiences



# Agenda



# Introductions



Stacey Isaac Berahzer

Environmental Finance Center

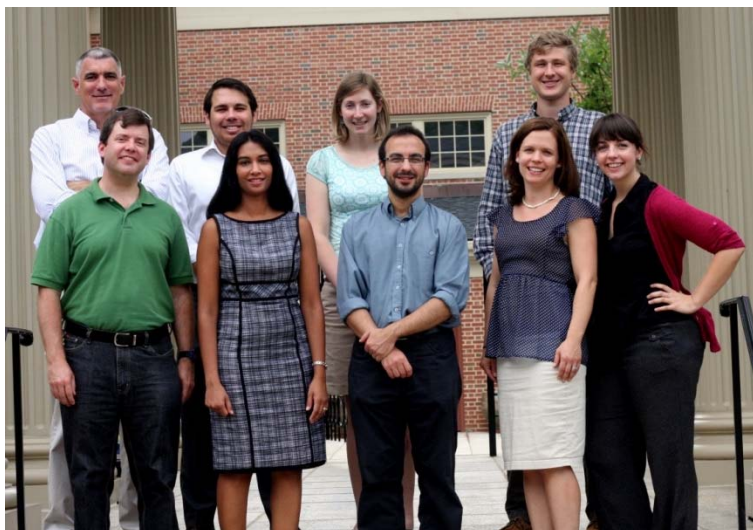
University of North Carolina at Chapel Hill

770-509-3887

[berahzer@unc.edu](mailto:berahzer@unc.edu)



# UNC ENVIRONMENTAL FINANCE CENTER



UNC SCHOOL of GOVERNMENT

*Dedicated to enhancing the ability of governments and other organizations to provide environmental programs and services in fair, effective, and financially sustainable ways through:*

- Applied Research
- Teaching and Outreach
- Program Design and Evaluation



*How you pay for it matters*



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<http://efc.sog.unc.edu>

 @EFCatUNC





## **About the Environmental Finance Center Network (EFCN)**

The Environmental Finance Center Network (EFCN) is a university-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and improvement. The EFCN works with the public and private sectors to promote sustainable environmental solutions while bolstering efforts to manage costs.

## **The Smart Management for Small Water Systems Program**

This program is offered free of charge to all who are interested. The Program Team will conduct activities in every state, territory, and the Navajo Nation. All small drinking water systems are eligible to receive free training and technical assistance.

## **What We Offer**

Individualized technical assistance, workshops, small group support, webinars, eLearning, online tools & resources, blogs



# The Small Systems Program Team

- Environmental Finance Center at The University of North Carolina at Chapel Hill
- Environmental Finance Center at Wichita State University
- EFC West
- New England Environmental Finance Center at the University of Southern Maine
- Southwest Environmental Finance Center at the University of New Mexico
- Syracuse University Environmental Finance Center
- Environmental Finance Center at the University of Maryland
- American Water Works Association (AWWA)



**UNC**  
ENVIRONMENTAL  
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**WICHITA STATE  
UNIVERSITY**

**HUGO WALL SCHOOL  
OF PUBLIC AFFAIRS**

*Environmental Finance Center*



**EFCWest**  
*Environmental Finance Center West*



**New England  
Environmental  
Finance Center**



**SOUTHWEST  
ENVIRONMENTAL  
FINANCE CENTER**



**Environmental  
Finance  
Center**  
*Syracuse University*



**ENVIRONMENTAL  
FINANCE CENTER**



**American Water Works  
Association**

# Areas of Expertise



Asset Management



Rate Setting and Fiscal Planning



Leadership Through Decision-making and Communication



Water Loss Reduction



Energy Management Planning



Accessing Infrastructure Financing Programs



Workforce Development



Water Conservation Finance and Management



Collaborating with Other Water Systems



Resiliency Planning



Managing Drought




# Small Systems Blog

Learn more about water finance and management through our Small Systems Blog! Blog posts feature lessons learned from our training and technical assistance, descriptions of available tools, and small systems “success stories.”

[efcnetwork.org/small\\_systems\\_blog/](http://efcnetwork.org/small_systems_blog/)


Sign Me Up

**Innovative Finance Solutions for Environmental Services**

HOME ABOUT WORKSHOPS & WEBINARS ASSISTANCE RESOURCES BLOG ARCHIVES Q


> BLOG

Blog




### Magdalena, New Mexico: A Success Story from the Smart Management for Small Water Systems Project

Written by: Allison Perch Allison Perch is a Program Coordinator with the Environmental Finance Center at the University of North Carolina. What can a small town do when the financial health of its water system is at risk? This is the question that Stephanie Finch, the town clerk and treasurer for the ...



### The Virtuous Cycle: Internal Energy Revolving Funds for Small Water Systems

Written by: David Tucker David Tucker is a Project Director with the Environmental Finance Center at the University of North Carolina. How can small (and large) water systems pay for energy efficiency and renewable energy, helping cut utility costs? As energy is often the largest variable expense in a water system's operating ...



### Smart Management for Small Water Systems Program Newsletter | Fall 2015

View Full Issue The Environmental Finance Center Network has published the third issue in a series of quarterly newsletters. The Fall 2015 Program Newsletter announces



# Visit the EFCN Website – *[www.efcnetwork.org](http://www.efcnetwork.org)*

for more information on upcoming events, funding, and resources.

The screenshot shows the EFCN website header with the logo and tagline "Innovative Finance Solutions for Environmental Services". Below the header is a navigation menu with links: HOME, ABOUT, WORKSHOPS & WEBINARS, ASSISTANCE, RESOURCES, BLOG, ARCHIVES, and a search icon. Below the navigation menu is a large blue banner with yellow text and graphics. The banner features a yellow stick figure on the left with question marks above its head, and a yellow stick figure on the right sitting at a desk with a laptop. A dashed yellow line connects the two figures. The text on the banner reads: "Get Free Help Now! Small water systems can request free technical assistance from our experts on finance and management challenges. 'The thing about working with the EFCN is availability; I can call anytime with a quick question or to get outside advice.'"

**EFCN** Innovative Finance Solutions for Environmental Services

HOME ABOUT WORKSHOPS & WEBINARS ASSISTANCE RESOURCES BLOG ARCHIVES Q

## Get Free Help Now!

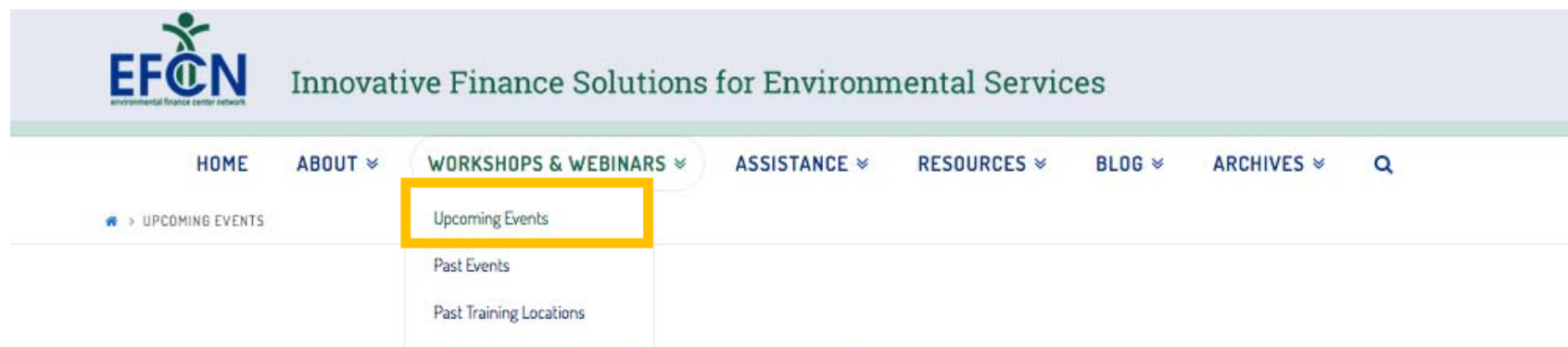
Small water systems can request free technical assistance from our experts on finance and management challenges.

"The thing about working with the EFCN is availability; I can call anytime with a quick question or to get outside advice."



# Upcoming Events Calendar

Select “Upcoming Events” under the Workshops & Webinars Tab.



## Upcoming Events







= In Person Event



= Webinar

Type	Date/Time	Event
	03/09/2017 2:00 pm - 3:00 pm	WEBINAR   Preparing Winning Financing Applications for Water Infrastructure Projects
	03/22/2017 2:00 pm - 3:00 pm	WEBINAR   Water Audits and Water Loss Control: Entering Your Data into the Spreadsheet
	03/30/2017 9:00 am - 4:30 pm	Maryland   Rates and Finance Workshop for Small Water Systems <i>Easton Utilities, Easton MD</i>
	04/04/2017 1:00 pm - 2:00 pm	WEBINAR: Workforce Development: An Overview of Key Components
	05/11/2017 9:00 am - 4:30 pm	Virginia   Rates and Finance Workshop for Small Systems <i>The Institute for Advanced Learning and Research, Danville Virginia</i>
	05/25/2017 9:00 am - 4:30 pm	Arkansas   Rates and Finance Workshop for Small Water Systems <i>Beaver Water District, Lowell AR</i>
	09/13/2017 9:00 am - 4:30 pm	Pennsylvania   Rates and Finance Workshop for Small Water Systems <i>Pennsylvania American Water Co, New Castle PA</i>



# Request Technical Assistance

Select “Request Assistance” under the Assistance Tab off the EFCN homepage to access and submit the TA request form electronically.



## REQUEST ASSISTANCE

The screenshot shows the "Technical Assistance Request Form" page. The page has a header with a collage of images including hands, a calculator, and water infrastructure. The main content area is white with a dark blue sidebar on the left. The title "Technical Assistance Request Form" is in green. Below the title, a paragraph states: "The EFCN offers free help on financial and managerial topics to systems serving 10,000 or fewer people. Examples of assistance we can provide include:". This is followed by a list of services: "Creating an Asset management plan", "Near-term financial planning and rate setting", "Analyzing your revenues and expenses", "Offering ideas on how to effectively budget", "Long-term capital planning", "Assessing options for lowering energy use and/or water loss", "Identifying sources of outside funding", "Collaborating with other water systems", and "Resiliency Planning". At the bottom, a paragraph says: "If you are interested in requesting assistance from our experts, please fill out the form below. You will be asked a few questions to help us understand your water system and what kind of assistance you need."





# E-Learning Modules

Select “E-Learning Modules” under the Resources Tab off the EFCN homepage.



As part of its continued effort to provide resources and training to small water systems, the Environmental Finance Network is creating E-Learning modules on finance and management topics for system managers.

E-Learning modules provide training through pre-recorded content. You will be able to access the content, watch presentations, complete quizzes and exercises, and access tools and resources at your own pace.

## Financial Sustainability for Small Systems


[Click Here to Access the Course on AWWA's website](#)

This eLearning course is made possible through a USEPA grant for small systems training in conjunction with the EFCN's training partner, AWWA.



# Resource Library

Select “Resource Library” under the Resources Tab off the EFCN homepage.



Innovative Finance Solutions for Environmental Services

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[» RESOURCE LIBRARY](#)

Resource Library

E-Learning Modules

Funding Sources by State

Map of Water and Wastewater Rates Dashboards

Resource Libr

[View All Tools](#) | [View All Publications](#) | [View All Posts](#)

For an overview of some of the tools and resources available in our Resource Library, please view our [Tools and Resources flyer](#).

What does your system need help with?

+ We treat more water than we sell.



# Resource Library Continued...

Click on a what your system needs help with to reveal tools and publications related to that topic.

✕ We have insufficient revenue to cover our costs.

## Tools

February 16, 2017

[Online Water Rate Checkup Tool](#)

February 17, 2016

[Water Utility Customer Assistance Program Cost Estimation Tool](#)

September 3, 2014

[Water & Wastewater Residential Rates Affordability Assessment Tool](#)

December 16, 2012

[Plan to Pay: Scenarios to Fund your C.I.P.](#)

November 15, 2012

[Dashboard for Using Capital Reserve Fund to Avoid Rate Shock](#)

November 7, 2016

[Modelo de Análisis para las Tarifas de Agua y Aguas Residuale](#)

January 26, 2016

[Financial Health Checkup for Water Utilities](#)

August 15, 2013

[Rates and Financial Benchmarking Dashboards](#)

November 20, 2012

[Water & Wastewater Rates Analysis Model](#)

November 4, 2012

[Loan Analysis Tool](#)

## Publications

April 14, 2014

[Rural and Small Systems Guidebook to Sustainable Utility Management](#)

August 29, 2013

[Asset Management: A Handbook for Small Water Systems](#)

August 29, 2013

[Setting Small Drinking Water System Rates for a Sustainable Future](#)

August 27, 2013

[Designing Rate Structures that Support Your Objectives](#)



# Quick Introductions

1. Name?
2. Organization?
3. Responsibility?
4. Details on your water system—who you serve, infrastructure, etc.



# PRETEST





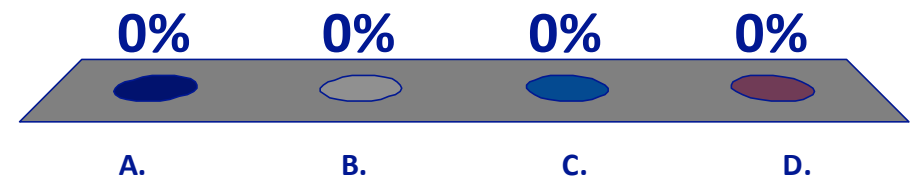
# **Why would funders require a water system to maintain a debt service coverage ratio greater than one?**

1. They are greedy
2. They want to ensure the system can pay penalties if loan payments come in late
3. They want to ensure that the system can pay back the loan in years when revenues are lower than expected
4. They encourage systems to pay more than is required every month



## What is the recommended frequency of billing?

- A. Biweekly
- B. Monthly
- C. Quarterly
- D. Annually

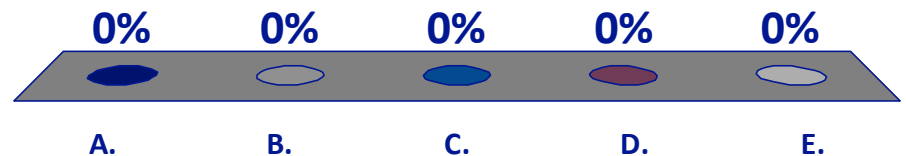






# Which of the following is an advantage of monthly billing?

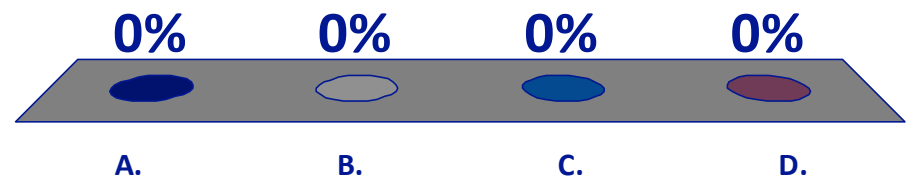
- A. More steady revenue stream for the water system
- B. Leaks on the customer side of the meter can be found more quickly
- C. Customers are better able to pay monthly bills
- D. All of the above





## The Operating Ratio is calculated as:

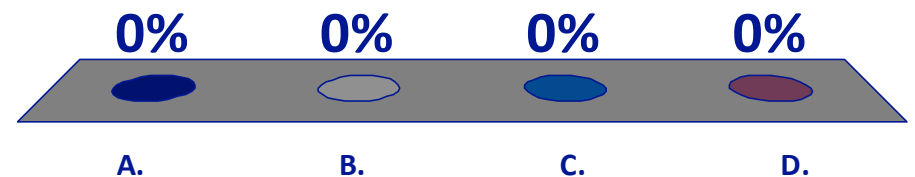
- A.  $\frac{\text{Operating Revenues}}{\text{Operating Expenses}}$
- B. Depreciation in a water system
- C. The ratio of operators to managers
- D. I have no idea





## Which of the following is NOT an example of a key financial indicator?

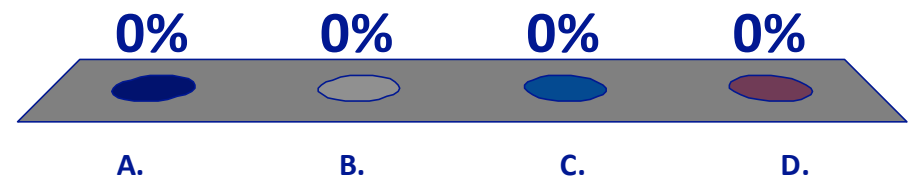
- A. Operating Ratio
- B. Days of Rainy Day Funds
- C. Days of Cash on Hand
- D. Asset Depreciation





## What should be the main source of revenue for a water utility?

- A. Transfers from the general fund
- B. Rates revenue
- C. Revenues from tap and impact fees
- D. Grants from nice people





# Background

**Good News:** There are **several** potential funding sources for water projects

## **Challenges:**

- It can be hard for small systems to navigate these different programs
- Applying for funding for one project from multiple programs can be complicated

**More Good News:** Some states have developed unified funding committees to help small water systems in navigating the process



# General Coordination Objectives

- *For Funders* - Support funding program goals and efforts
- *For applicants*- Improved customer service experience
- *For citizens* - Stretches public funding dollars



# EPA-USDA Memo of Agreement



**Memorandum of Agreement Between the  
United States Environmental Protection Agency and the  
United States Department of Agriculture – Rural Development Rural Utilities Service**

Signed in June 2011

A standard Preliminary Engineering Report is also currently being used in some states for EPA and USDA applications.





January 16, 2013

## INTERAGENCY MEMORANDUM

Attached is a document explaining recommended best practice for the development of Preliminary Engineering Reports in support of funding applications for development of drinking water, wastewater, stormwater, and solid waste systems.

The best practice document was developed cooperatively by:

- US Department of Agriculture, Rural Development, Rural Utilities Service, Water and Environmental Programs;
- US Environmental Protection Agency (EPA), Office of Water, Office of Ground Water and Drinking Water and Office of Wastewater Management;
- US Department of Housing and Urban Development (HUD), Office of Community Planning and Development;
- US Department of Health and Human Services, Indian Health Service (IHS);
- Small Communities Water Infrastructure Exchange;





# The Small Community Water Infrastructure Exchange (SCWIE)

- A network of water funding officials
- Under the auspices of the Council of Infrastructure Financing Authorities (CIFA)
- <http://www.scwie.org/>
- Lists “Contacts by State”



# The Small Community Water Infrastructure Exchange (SCWIE)

- List of existing coordination efforts

<http://www.scwie.org/statewide-support-groups>

A Network of Water Funding Officials

Statewide Support Groups    Contact SCWIE

**SCWIE** The Small Community WATER INFRASTRUCTURE EXCHANGE

HOME   CONTACTS BY STATE   BEST PRACTICES   Q&As   ENVIRONMENTAL FINANCE CENTERS   LINKS

State	Statewide Support Group	Name	Email	Telephone
ARIZONA	Rural Water Infrastructure Committee (RWIC)	Susan Craig	scraig@azwater.gov	602.364.1236
ARKANSAS	Water & Wastewater Advisory Group	Dave Fencer	dave.fencer@arkansas.gov	501.482.0843
CALIFORNIA	California Financing Coordinating Committee	David Hartwell	dave.hartwell@ca.usda.gov	530.792.5817
COLORADO	Colorado Water & Sewer Funding Coordination Committee	Berry Cross	berry.cross@state.co.us	303.864.7736
DELAWARE	Water Infrastructure Advisory Council	Terry Deputy	terry.deputy@state.de.us	302.739.9941
FLORIDA	Florida Funders	Gary Williams	gary.williams@flwa.net	850.668.2746
GEORGIA	Georgia Funders Forum	Stacey Isaac	beralizer@unc.edu	770.509.3887
HAWAII	Technical Assistance Providers (TAP)	Robert Pulkkinen	robert.pulkkinen@hawaii.usda.gov	808.933.8317
IDAH0	Advantage Group	Dennis Porter	dennis.porter@commerce.idaho.gov	208.287.0782
ILLINOIS	State Funding Agencies	Mike Wallace	michael.wallace@ill.usda.gov	217.403.6209
INDIANA	Environmental Infrastructure Working Group (EIWG)	Jamie Palmer	jpalmer@iupui.edu	317.261.3546
IOWA	No Official Name	Kate Sand	kate.sand@iowa.usda.gov	515.284.4729
KANSAS	Kansas Public Water Supply Coordinating Committee	Debbie Beck	dbeck@kansascorner.com	785.296.3004
KENTUCKY	No Official Name	Sandy Dunahoo	sandy.dunahoo@ky.gov	502.573.2382
LOUISIANA	Louisiana Water & Wastewater Joint Funding Committee	Chris Brunson	chris.brunson@communities.org	318.466.9299
MAINE	Maine Funders Group	Normand R. Lamo	norm.lamo@maine.gov	207.287.2647
MARYLAND	Maryland Water & Sewer Infrastructure Financing	Elaine Dietz	edietz@mda.state.md.us	410.537.3908
MICHIGAN	No Official Name	Sonya Butler	butlers2@michigan.gov	517.373.2161
MINNESOTA	"Who's Hot - Who's Not"	Jeff Freeman	jeff.freeman@state.mn.us	612.299.7465
MISSISSIPPI	Local Governments & Rural Water Systems Improvement Board	Roger Gilbert	roger.gilbert@smith.state.ms.us	601.576.7518
MISSOURI	No Official Name	Andy Papen	andy.papen@del.mt.gov	573.751.3600
MONTANA	Water, Wastewater & Solid Waste Action Coordinating Team	Paul LeVigne	plevigne@mt.gov	406.444.5321
NEBRASKA	Water & Wastewater Advisory Committee (WWAC)	Steve McNulty	steve.mculty@nebraska.gov	402.471.1006
NEVADA	Infrastructure for Nevada Committee (INC)	Darwyn Dodson	ddodson@ndep.nv.gov	775.487.9489
NEW HAMPSHIRE	Funding Partners	Gregg MacPherson	gregg.macpherson@nh.usda.gov	603.222.6035
NEW JERSEY	Community Programs Seminar	Kenneth Drennon	kenneth.drennon@nj.usda.gov	800.787.7753
NEW MEXICO	No Official Name	Michaelene Kyrata	michaelene.kyrata@state.nm.us	505.412.0900
NEW YORK	NYS Water & Sewer Infrastructure Co-Funding Initiative	James C. "JC" Smith	jc.smith@del.ny.gov	607.776.4978
NORTH CAROLINA	North Carolina Funders Forum	Kim Cosson	kim.cosson@ncstate.gov	919.707.9177
NORTH DAKOTA	No Official Name	Mark J. Wax	mark.wax@nd.usda.gov	701.530.2029





# The Missouri Water and Wastewater Review Committee (MWWRC)

We will hear from more about  
This committee this afternoon

The Missouri  
Water and Wastewater  
Review Committee  
(MWWRC)

For more information on  
The Missouri Water and Wastewater  
Review Committee visit the  
following website

[dnr.mo.gov/env/wpp/srf/additional-resources.htm](https://dnr.mo.gov/env/wpp/srf/additional-resources.htm)

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Nothing in this document may be used to  
implement any enforcement action or levy any  
penalty unless promulgated by rule under chapter  
536 or authorized by statute.

“Water is the driving  
force of all nature”  
-Leonardo da Vinci

PUTR2702 01/17

<https://dnr.mo.gov/env/wpp/srf/additional-resources.htm>