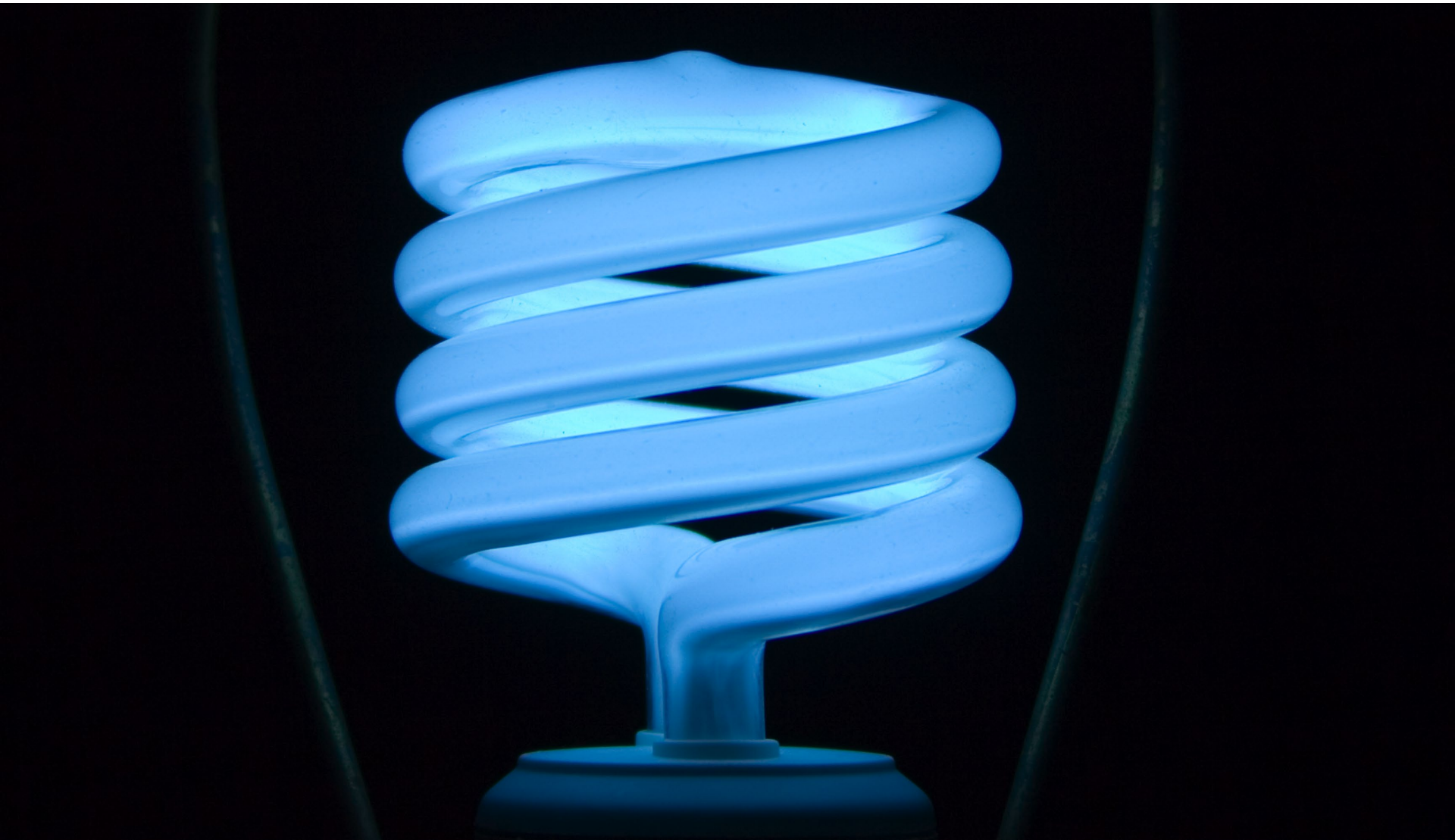
SOUTHWEST
ENVIRONMENTAL
FINANCE CENTER

Partnering and Collaboration

Presented by: Hayley Hajic

Partnership - What's the Big Idea?



Capacity Development

A process for water systems to acquire and maintain adequate technical, managerial and financial **(TMF)** capacity.

TMF capacity enables water systems to have the capability to consistently provide safe drinking water to the public.

Water System Capacities

Technical

- Infrastructure: inadequate or aging?
  - Adequacy of treatment, storage, and distribution
- Technical knowledge: lack of certified operator?
- Source: poor quality/quantity?

Water System Capacities

Managerial

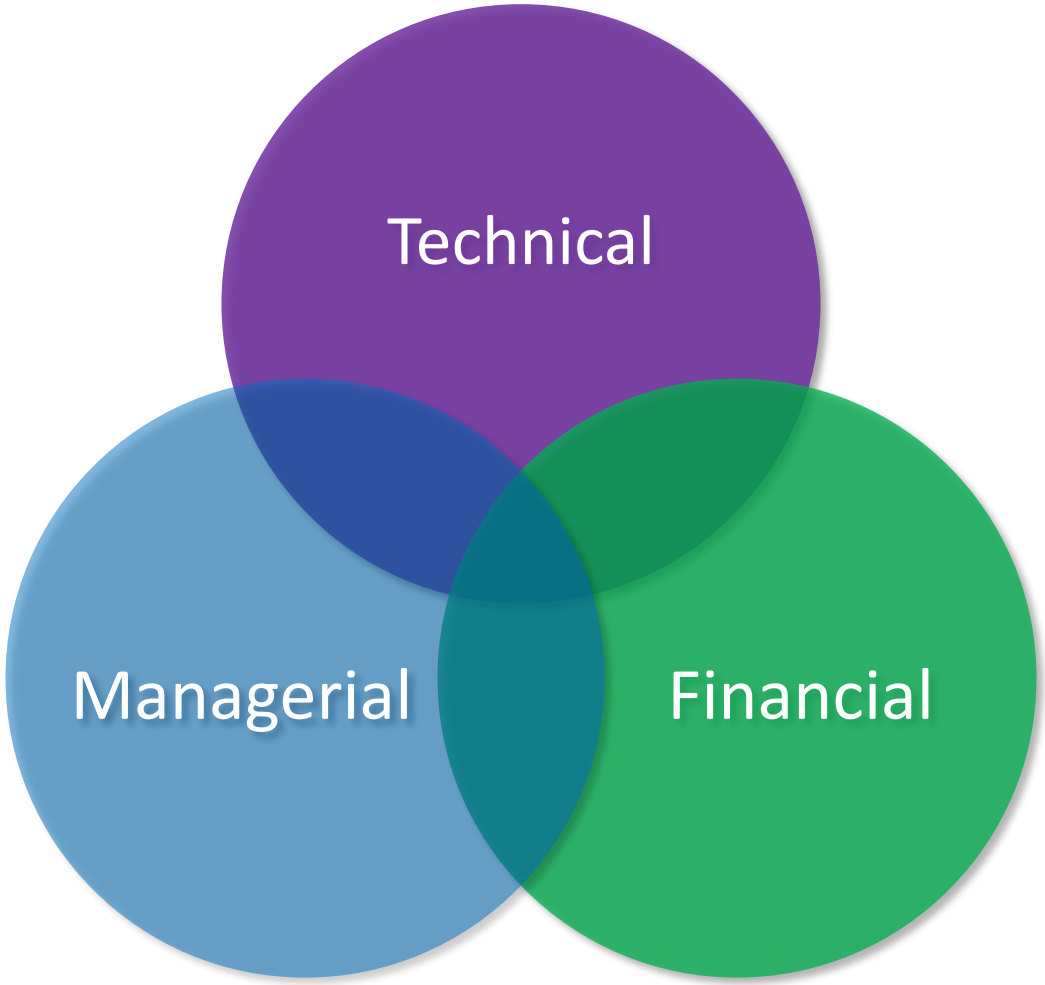
- Appropriate staffing and organization
- History of water rates that are too low
- Limited understanding of financing options
- Lack of expertise in long-term water system planning

Water System Capacities

Financial

- Revenue is sufficient to cover expenses now and into the future
- Credit worthiness
- Adequate water rates
- Fiscal management and controls in place

Water System Capacities



New Mexico Water Systems

- Lack of personnel and engaged citizens
- Deteriorating infrastructure
- Lack of funds and difficulty receiving outside funding
- Overly burdensome and confusing regulation
- Environmental concerns, including drought, wildfire, and contamination
- Concerns of having enough water rights or losing water rights

Loose, Less Formal Arrangements

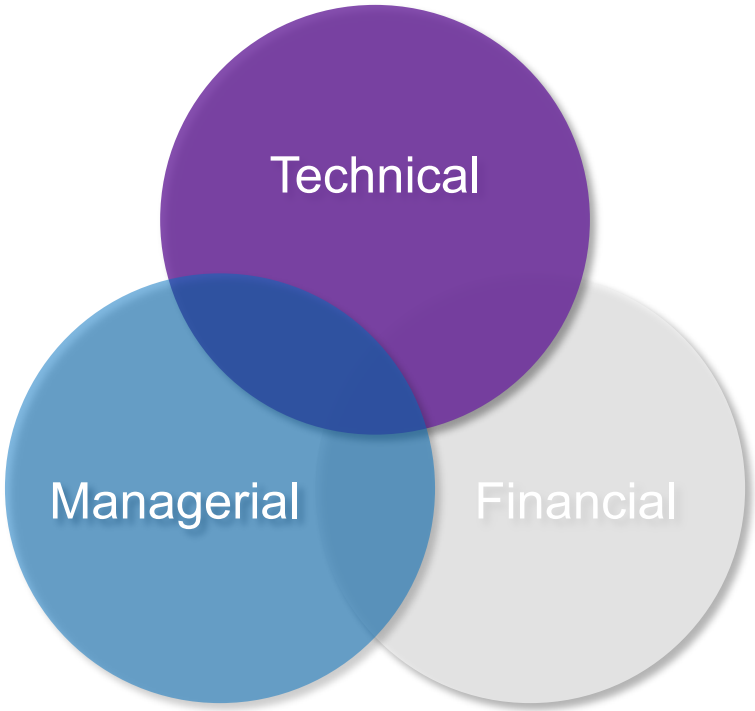
Defined, More Formal Arrangements

Any kind of collaboration can be helpful

Less Formal

More Formal

Information Sharing



Systems share information regarding regulations, planning, infrastructure

Examples: Saipan and NM

Saipan Facilities Manager Association

- Meet monthly over lunch
- Mainly for non-community systems
- Rotate around different facilities
- Discuss common interests and concerns

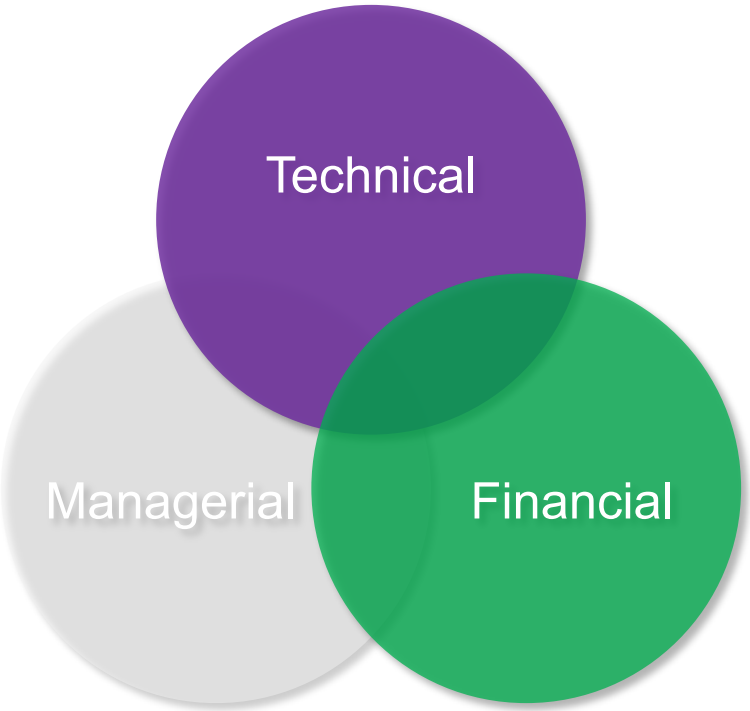
Dona Ana County W & WW Alliance

- Met monthly over dinner
- Rotated around different facilities
- Primarily small, community water systems
- Discussed common interests and concerns, especially regulatory
- Invited guest speakers

Less Formal

More Formal

Equipment Sharing



Systems share equipment so each one does not have to buy/own/rent all the equipment they need

Examples: Montana and Utah

Great Falls & Helena, MT

- Provides equipment and/or personnel to help tap water pipes for small near-by systems
- The larger systems bill for employee time, travel and use of equipment

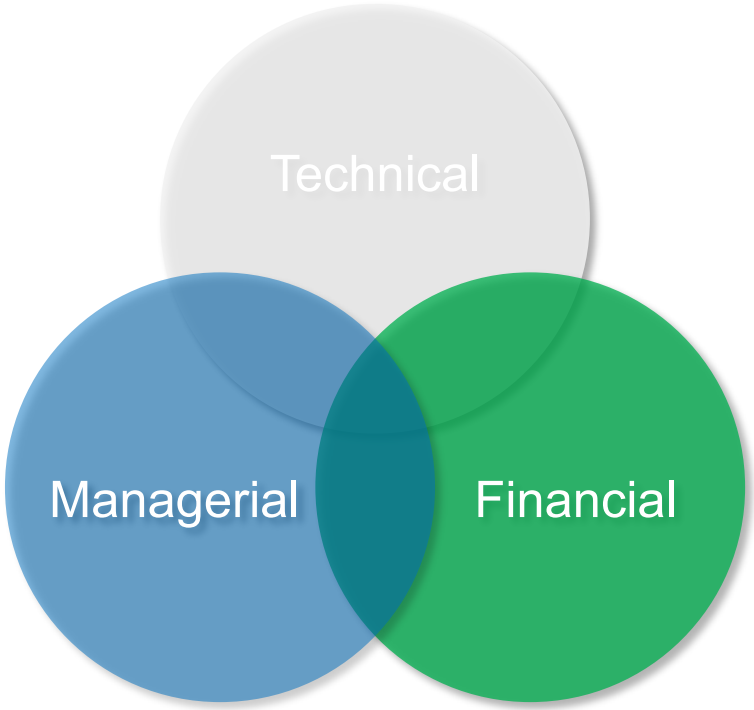
Tremonton, UT

- Largest water system in the area
- Provides assistance to 30 smaller utilities near-by, including distributing chlorine, lending equipment, parts, and supplies and by establishing an organization to train water operators

Less Formal

More Formal

Buying Consortium



Systems work together to buy equipment, chemicals, or supplies

Southern Maine Regional Water Council

The Southern Maine Regional Water Council (SMRWC) is an organization of water and wastewater utilities united by the mission to advance regional water supply objectives, including promoting regional cooperation, improving public water system resiliency, developing cooperative programs to reduce expenses for the existing and future customers, and planning for future public water supply needs of the region. SMRWC was formed in 2005 and is made up of seven water utilities. Combined, these seven utilities serve approximately 300,000 people in 23 communities or 25% of Maine's population.

Southern Maine Regional Water Council

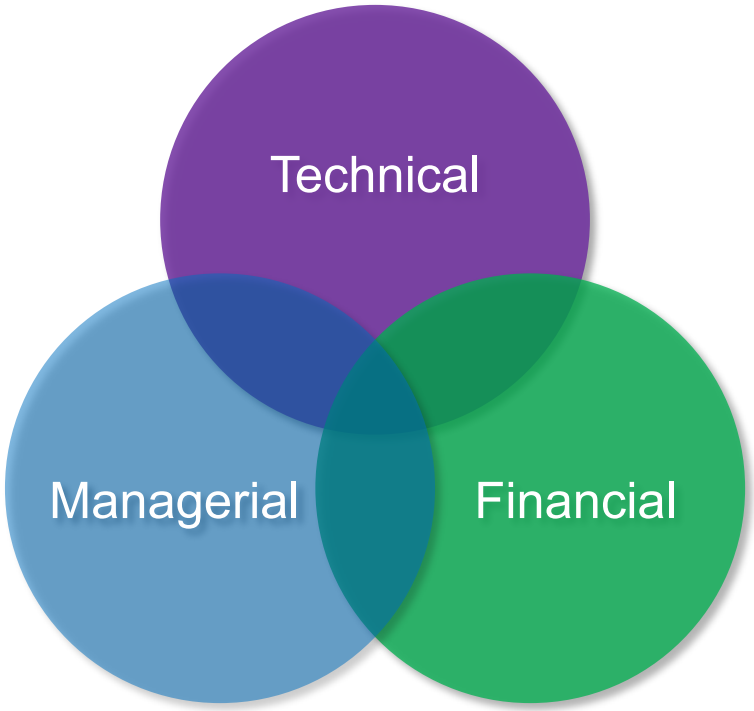
Southern Maine Regional Water Council

- Have a purchasing group led by a Chairperson appointed by the Council's board
- Participation in each bid is elective
- Bulk purchasing of chemicals has resulted in significant savings
- Tank maintenance contracting also provided significant savings over individual RFP’s

Less Formal

More Formal

Mutual Aid & Emergency Assistance



It's a contract, systems assist each other during an emergency or time of need

Water/Wastewater Agency Response Network (WARN)

A mutual aid and assistance network that provides water and wastewater utilities with the means to obtain help in the form of personnel, equipment, materials and associated services quickly from other utilities to restore critical operations impacted during an emergency.

WARN Features

- WARN membership is for all water systems regardless of ownership

- No member system is obligated to send resources if they decide not to for any reason

WARN Features

- Systems can also be members of other mutual aid or assistance agreements

- Each additional member enhances the probability of a successful response to an emergency, regardless of system size

Legal Agreement

- Each WARN enters into a mutual aid and assistance agreement that best meets the member system needs

- These agreements clarify liability, reimbursement, response procedures and joint planning efforts

New Mexico Mutual Aid and Assistance Agreement
Water/Wastewater Agency Response Network (NMWARN)

AGREEMENT

This Agreement is made and entered into by public and private Water and Wastewater Utilities that have, by executing this Agreement, manifested their intent to participate in an Intrastate Program for Mutual Aid and Assistance.

Statutory Authority – This Agreement is authorized under the Intrastate Mutual Aid Act (12-10B-1 NMSA 1978) which provides that Water and Wastewater Utilities may contract with each other to provide services.

ARTICLE I
PURPOSE

Recognizing that emergencies may require aid or assistance in the form of personnel, equipment, and supplies from outside the area of impact, the signatory utilities hereby establish an Intrastate Program for Mutual Aid and Assistance. Through the Mutual Aid and Assistance Program, Members coordinate response activities and share resources during emergencies. This Agreement sets forth the procedures and standards for the administration of the Intrastate Mutual Aid and Assistance Program.

ARTICLE II
DEFINITIONS

A. Authorized Official – An employee or officer of a Member utility that is authorized to:
   1. Request assistance;
   2. Offer assistance;
   3. Refuse to offer assistance, and/or
   4. Withdraw assistance under this agreement.

NM Warn

NM WARN stands for New Mexico Water / Wastewater Agency Response Network, and it is a private, voluntary agreement between systems to help each other out in emergency situations. The NM WARN agreement is modeled after several other state agreements, and based on actual experience and lessons learned in widespread disasters such as Hurricane Katrina and others. The main concept of the NM WARN is "utilities helping utilities."

This agreement sets out rules which will govern the request and provision of assistance process by drinking water and wastewater WARN members during any kind of emergency. Membership is open to all drinking water and wastewater utilities in New Mexico, public or private, and there is no cost to execute the agreement and join the NMWARN. Membership will allow any utility to request assistance or provide assistance during any kind of emergency (man-made or natural). It is important to remember that provision of assistance is strictly voluntary; no member of the WARN is required to provide assistance under any circumstances. Utilities may decide to discontinue membership in the NM WARN at any time.

Join the NM WARN

Regular System Members

Albuquerque Bernalillo County WUA

Anthony W&SD

City of Bayard

Chama West Water Users Assn

Desert Palms MHP

Dona Ana MDWCA

Entranosa Water & Wastewater Assn

Flora Vista MDWA

City of Gallup Joint Utilities

Green Acres MHV

La Luz MDWCA

Las Campanas Water and Sewer Cooperative

City of Las Vegas

Lee Acres WUA

City of Los Lunas

Lower Valley WUA

Village of Magdalena

Mora MDWC&SWA

Pena Blanca W&SD

Pueblo of San Felipe

Sandia Peak Utility Company

Upper La Plata WUA

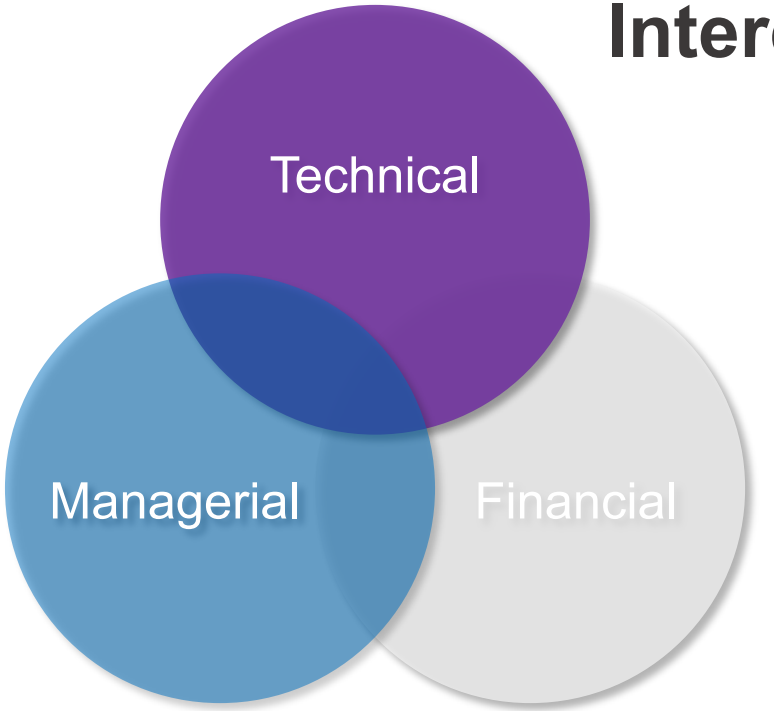
West Hammond DWA

Vaughan-Duran WS

Less Formal

More Formal

Emergency or Non-emergency Interconnect



Systems have a physical connection that is only used during emergencies

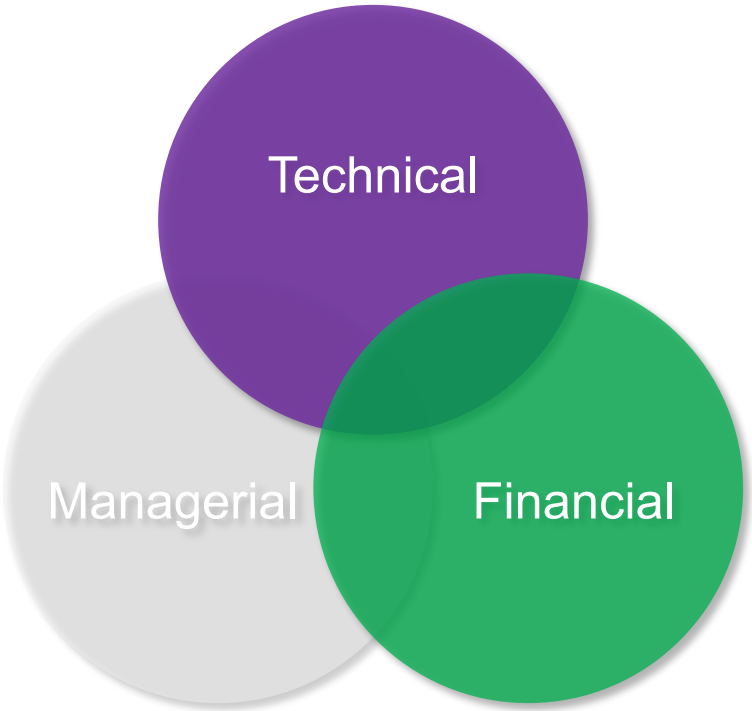
Aurora, South Dakota

- Aurora has a population of 500 with 250 connections
- Aurora is located 5 miles from Brookings. Brookings population is 22,000
- Aurora consistently violated the MCL for nitrate, did not have a plant operator with adequate certification, lacked financial resources etc.
- Aurora and Bookings shared the cost of a transmission pipeline to interconnect the systems

Less Formal

More Formal

Operational Collaboration



Systems share an operator or contract with the same operator or operation company

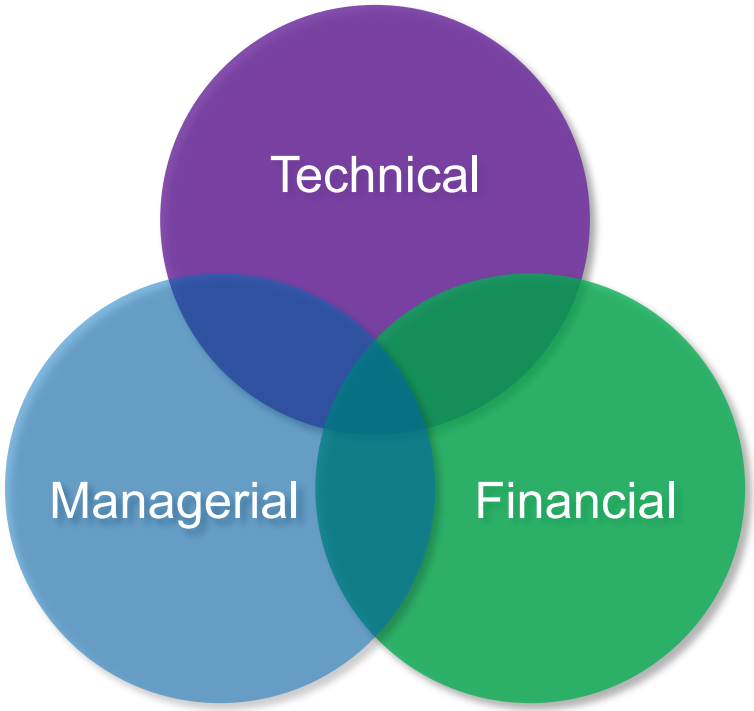
Panora and Des Moines, IA

- Very small community had trouble retaining staff (serves 1,175 customers)
- Signed an MOU with Des Moines to allow Des Moines to monitor the treatment plant remotely
- Limited the need for an onsite operator to 2.5 hours per day
- Larger utility gets extra revenue, small utility gets access to operators they had trouble recruiting

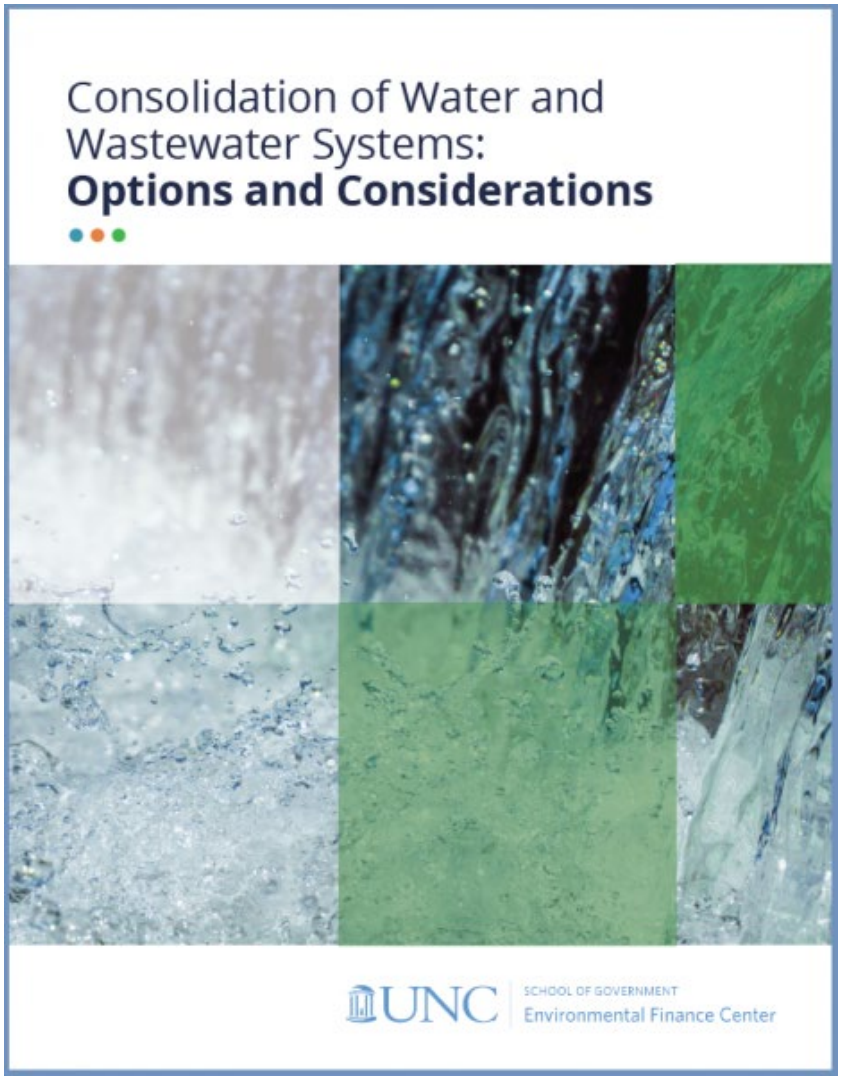
Less Formal

More Formal

Interlocal Agreement



Agreement to buy or sell water services to one another



https://efc.sog.unc.edu/our-resources

https://efcnetwork.org/

Focus on interlocal agreements:

04/16/2020
2:00 pm - 3:00 pm Webinar | Options for Small Water Systems Considering Regionalization

COVID-19 Webinars:

04/08/2020
12:00 pm - 1:00 pm Webinar | A Conversation Regarding Coronavirus and How it Might Affect Your Small Water System's Finances & Management

05/21/2020
2:00 pm - 3:00 pm Webinar | Ask the Expert: Protecting and Investing in the Water Workforce Through COVID-19 and Beyond

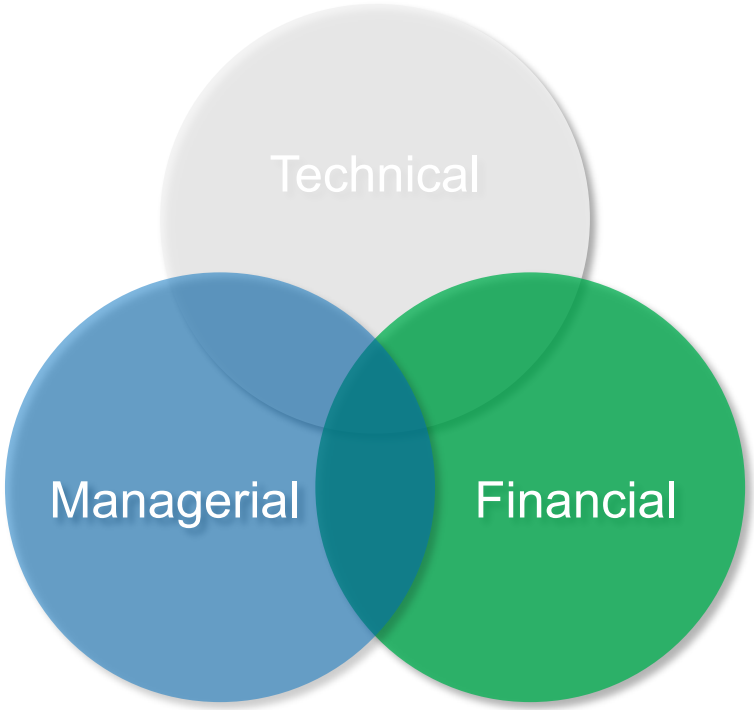
Less Formal

More Formal

Financial Collaboration

Financial Collaboration

Financial Collaboration

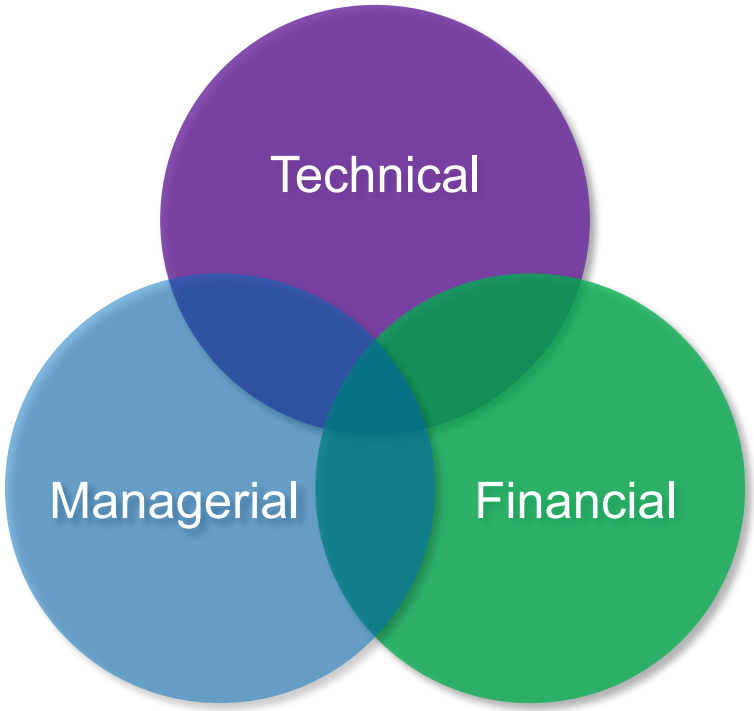


Systems share a financial connection. Many options available.

Less Formal

More Formal

Managerial Collaboration

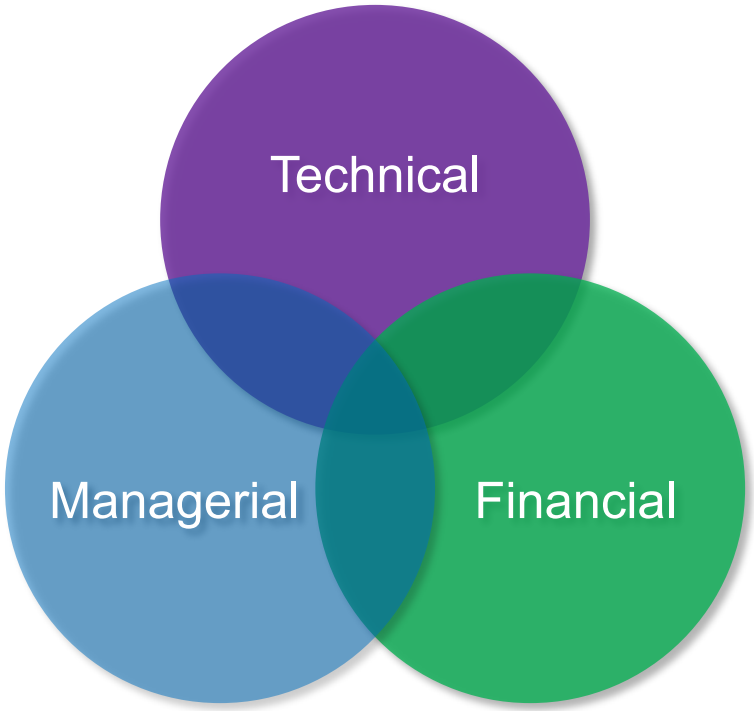


Systems share management structure but systems are not interconnected

Less Formal

More Formal

Regional Entity



Systems form a regional entity either as a separate option or the only option. All have a role on the board.

LOWER RIO GRANDE

Public Water Works Authority

End Result

- Serves 16 communities in three service areas covering 100 square miles
- The Authority includes
  - Two wastewater collection systems
  - One wastewater treatment facility
  - 10 water systems
  - Approximately 5,000 drinking water connections
  - 500 wastewater connections
  - 31 employees

Ultimate Benefits

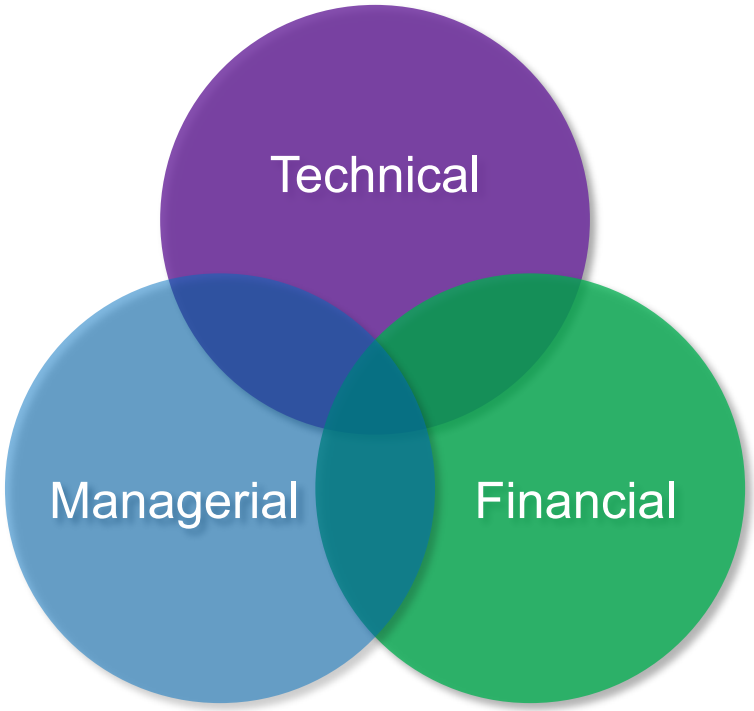
- Utility benefits
  - Larger pool of resources
  - Improved working conditions
  - Increased cost efficiency
  - Better planning abilities
- Community benefits
  - Lower rates
  - Reliable access to safe drinking water
  - Increase resiliency to consumer water demands

Less Formal

More Formal

Systems dissolve into neighboring entity

Systems lose independence. Only one utility remains.



Small town in North Dakota

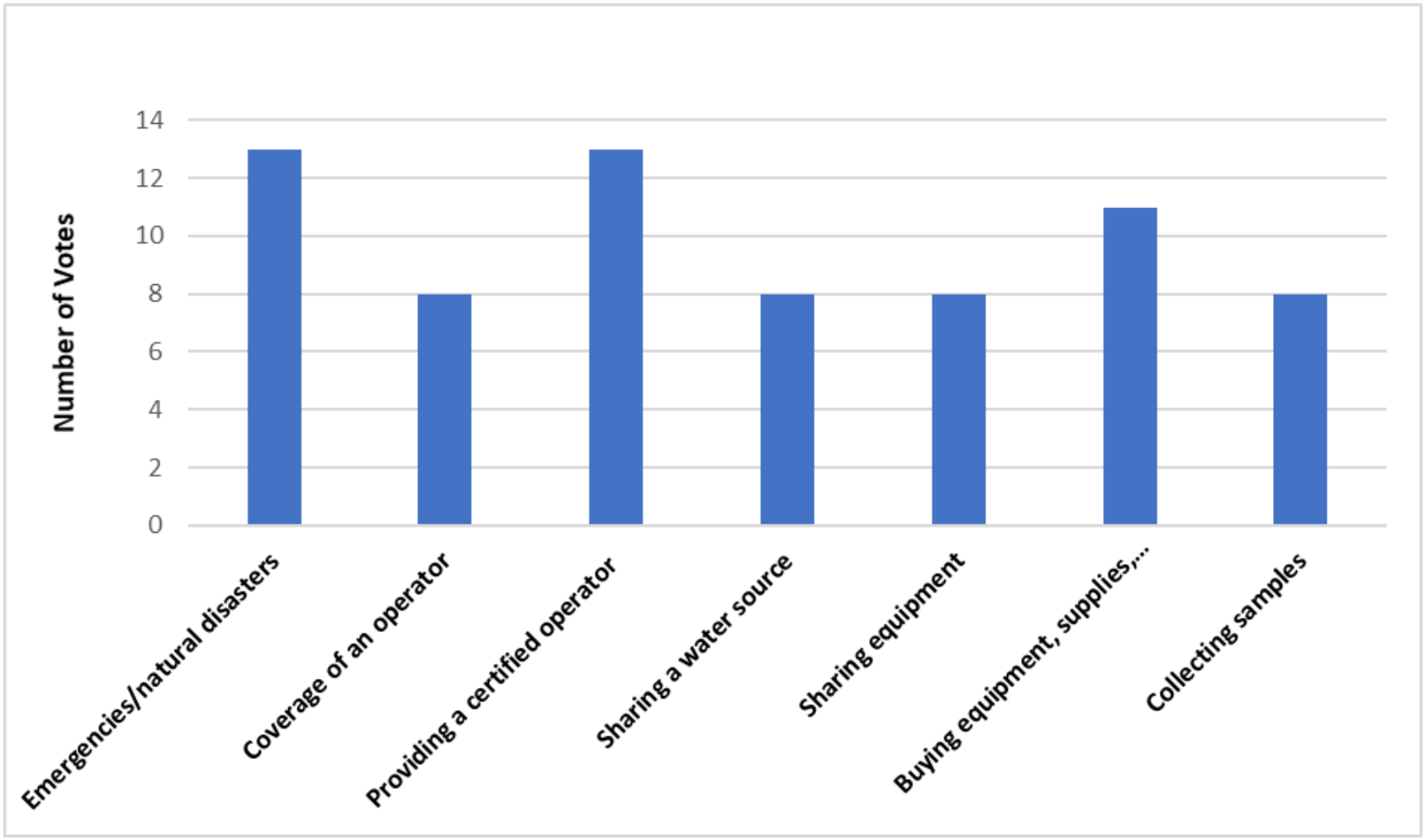
- Served about 40 homes and businesses, operated its own treatment plant for its 100 residents
- Used to treat its own water but the treatment plant needed major capital improvements
- Cheaper to connect with a neighboring community and pipe in treated water instead

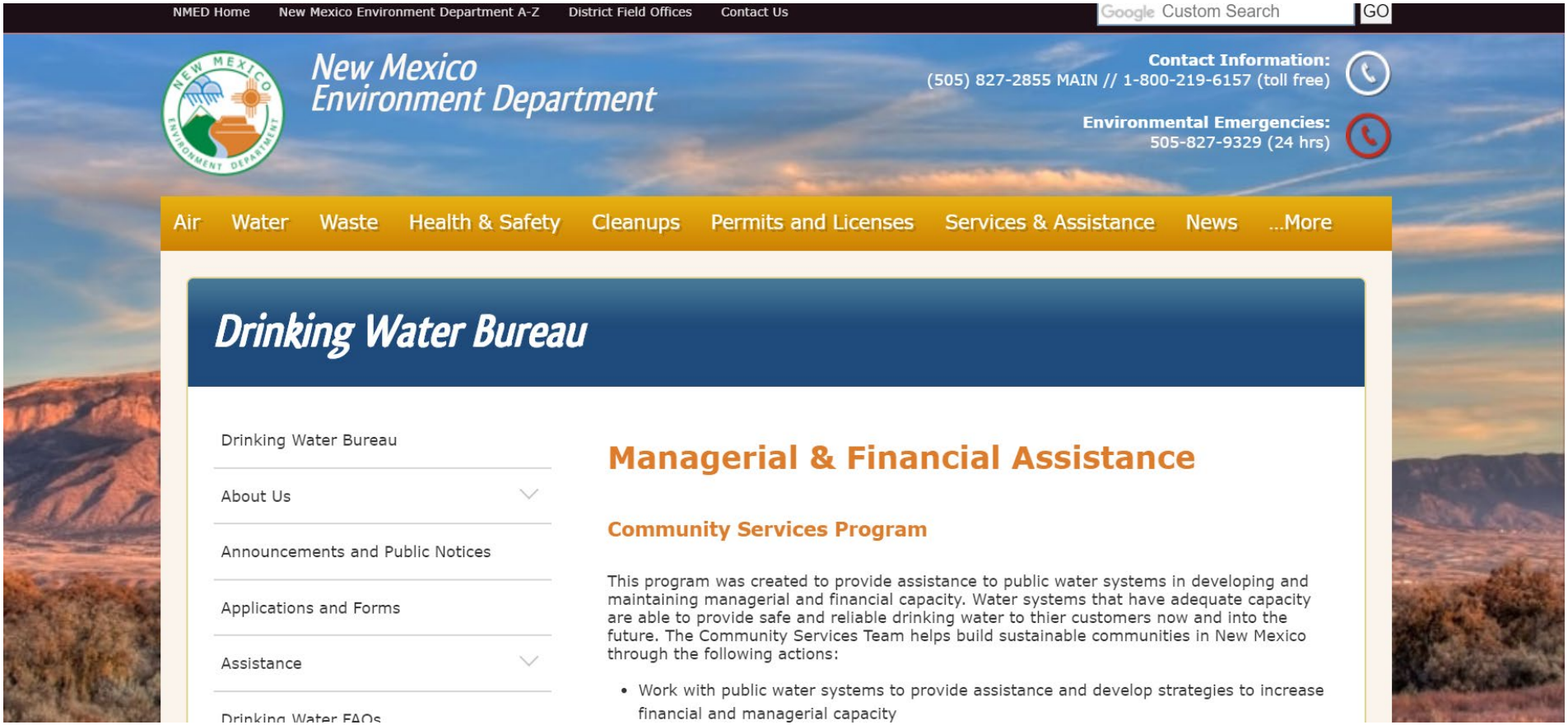
Common Concerns with Collaboration

- 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

NM Concerns with Collaboration

- Sovereignty
- Exploitation
- Trust
- Finances
- Practicality
- Loss of water rights


Number of Votes
14
12
10
8
6
4
2
0
Emergencies/natural disasters
Coverage of an operator
Providing a certified operator
Sharing a water source
Sharing equipment
Buying equipment, supplies,...
Collecting samples



https://www.env.nm.gov/drinking_water/community-services/

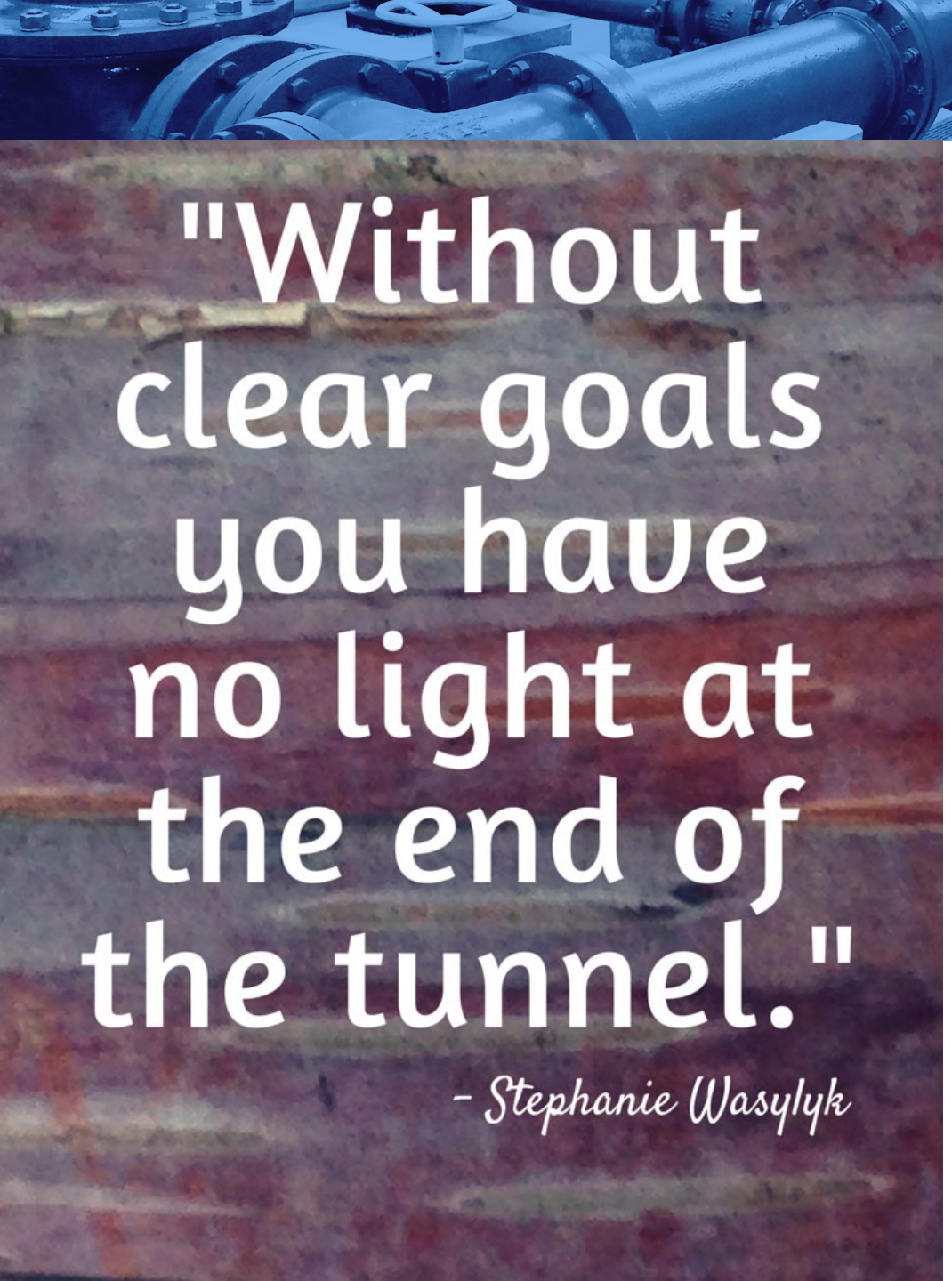
NM Drinking Water Revolving Fund

- Projects that protect drinking water quality and public health are eligible for the DWSRLF, including:
- Infrastructure to interconnect or regionalize water systems
- Can be extra helpful if the regionalization can improve capacity to maintain compliance with federal and state drinking water regulations;

Partnership Benefits – Big Picture

System	State	Customer
• Economies of Scale • Long Term Savings • Improved Customer Service • Planning for Future Operations • Increased TMF Capacity	• Improved Compliance • Potential Reduction in Number of Regulated Systems • Resource Savings	• Improved Water Quality • Reduced Long Term Costs / Lower Water Bills • Increased Reliability

Elements of Successful



It's important to have a thorough understanding of what you want to get out of the partnership

The organization must have agreement from the leadership on down regarding the goals.

The goals for each party must be clearly articulated to the others.


SHORT TERM
LONG TERM


WHAT ARE YOUR
OBLIGATIONS?

Communication is the key

Outside or Neutral Facilitation

Look for resources within the community or outside the community to assist in facilitating discussions


WiN
WiN
WiN
WiN

Let’s Talk About Some of These Options

Have you thought about some type of collaboration?

Poll Question

If you have done some type of collaboration, please describe it in the chat box or question box. We'll look at these at the end of this section of the webinar.

Some types of collaboration, especially useful at this time of a pandemic

WARN Networks: A very informal way to collaborate with others in an emergency. It doesn't require anything of you. If you're not in it consider joining.

Are you a member of the NM WARN?

Poll Question

If you are not a member, what is the reason you have resisted joining?

Please type an answer into the question box. We will not identify anyone by name. Your responses will be anonymous.

If you are a member, what prompted you to join OR have you ever participated by asking for help or offering help?

Please type an answer into the question box. We will not identify anyone by name. Your responses will be anonymous.

Sharing with your neighbors: An informal way to collaborate with others is to work with your neighboring water utilities

Do you communicate with the utilities near you?

Poll Question

If you communicate with your neighbors, do you have any types of agreements with them to help out (either formal or informal)?

Please type an answer into the question box. We will not identify anyone by name. Your responses will be anonymous.

If no agreement, what kinds of things do you discuss?

Please type an answer into the question box. We will not identify anyone by name. Your responses will be anonymous.

Some tips regarding collaborating with your neighbor

Maps

O&M Guide

Inventory

Emergency contacts

Contract Operator: Do you use a contract operator?

If you have a contract operator, do you have a written agreement with that person or organization?

Poll Question

If you have an agreement, does it cover anything related to COVID?

Please type an answer into the question box. We will not identify anyone by name. Your responses will be anonymous.

If you don't have an agreement do you see a reason to develop one now?

Please type an answer into the question box. We will not identify anyone by name. Your responses will be anonymous.

More formal collaboration: Merging Systems

If there was a system you could merge with, either with your system being the one remaining or their system would you want to do it?

Poll Question

One benefit is there are fewer board members needed if two or more systems merge into one

Another benefit is economy of scale

Covid-19 is causing financial hardships for many systems. How is your system impacted?

Since March, are your revenues higher than your expenses?

Poll Question

If you used shut-offs before as a way to force payments do you still practice shut-offs now?

Poll Question

Has the number of customers who are not able to pay gone up?

Poll Question

Effects on Costs

Operations

- Personnel
- Chemicals and materials
- Volume treated/delivered/collected

Customer Service

- Reconnecting / not disconnecting customers
- Paying customers' credit card/bank fees
- Communication

Infrastructure

- Maintenance on essential lines
- Funding programs changes?

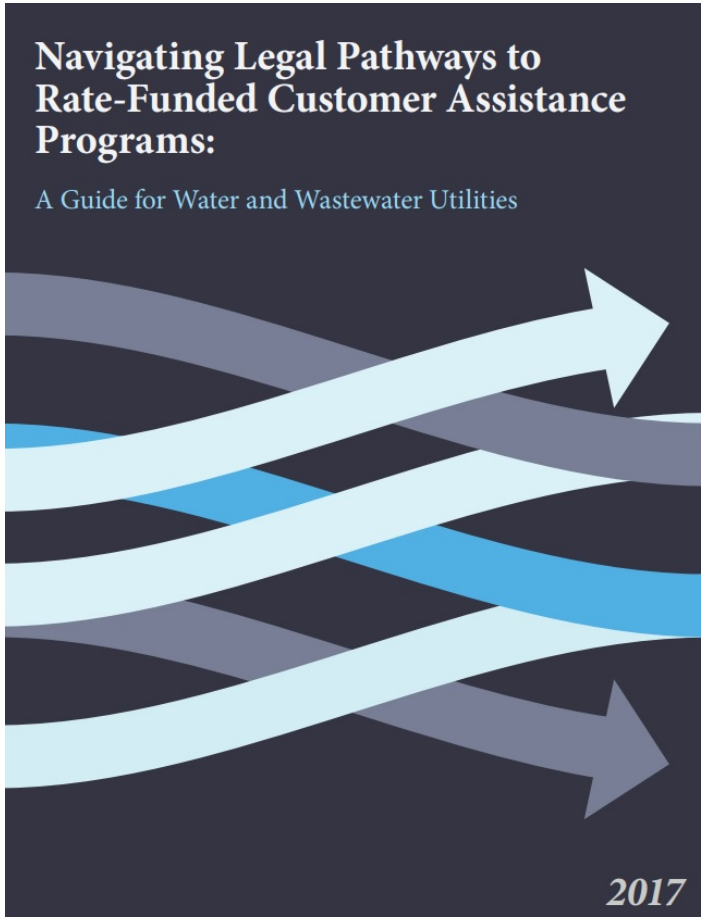
Effects on Revenues

- Suspension of cutoffs, late fees, penalties
- Extension of payment plans
- Inability to pay (affordability) likely to increase
- Water use changes:
  - Commercial: decreasing
  - Residential: increasing

Customer Assistance Programs

How to fund a customer assistance program?

https://efc.sog.unc.edu/resource/navigating-legal-pathways-rate-funded-customer-assistance-programs-guide-water-and



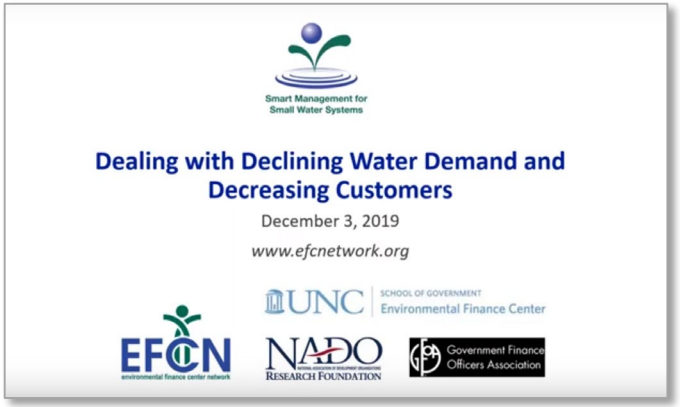
Local Options

- Manage your costs
- Track your revenue losses
- Use your reserves
- Make use of low-interest loans
- Check in with funding programs
- Re-examine and adjust rates in the future
- Possible stimulus money in future

Financial Strategies in Dealing with Declining Demands (Revenues) Discussed in a Dec 2019 Recorded Webinar

- Reduction and management of operating costs
- Management of capital expenditures
- Build up reserves
- Revenue enhancement
- Rate adjustment approaches
- Alternative rate designs
- Financial performance targets

https://efcnetwork.org/events/webinar-dealing-with-declining-water-demand-and-decreasing-customers/



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