

# Ask me Anything: Capacity Development 2.9.2026

## Quick recap

Ashley conducted a training session on determining that drinking water systems have adequate technical, managerial, and financial capacity. She explained how states evaluate a water system's capacity and shared examples of questions asked during evaluations. Ashley emphasized the importance of managerial capacity and financial stability for sustainable water systems. She also discussed how states can support capacity development through various set-asides and technical assistance programs. The session included interactive elements, with participants sharing their experiences and favorite capacity development questions. Ashley announced upcoming training sessions on topics such as CWSRF eligibility, important SRF documents, and financial review preparation.

## Summary

### Capacity Development Training Overview

Ashley hosted an "Ask Me Anything" session focused on capacity development, explaining that it is a new session and not a repeat from last year. She outlined the format of the training, noting that while sessions are scheduled for 2 hours, they typically last between 45-60 minutes, followed by a Q&A session, and are not recorded. Ashley clarified that the training materials, including PowerPoint slides and summaries, are uploaded to the registration website, and attendees do not receive individual summaries. She also mentioned that these sessions are not approved for training credit.

### State Revolving Fund Program Overview

Ashley provided an overview of the State Revolving Fund (SRF) program, explaining its structure as a low-interest loan program seeded by state and federal governments for water and wastewater projects. She described how some funds are set aside for program support and outlined the concept of leveraging, where states can use repayment money to collateralize additional debt from capital markets. Ashley also explained the capacity development requirements for the Drinking Water SRF, which states must implement to ensure borrowers have adequate technical, managerial, and financial capacity to provide safe drinking water.

### State Drinking Water Strategy Updates

Ashley discussed the importance of updating state Capacity Development Strategies, noting that many states have outdated strategies that do not reflect current practices or

emerging issues, noting that states were required to update their strategies by 2022 to include asset management, as per the EPA's requirements. She also mentioned that states must submit biennial reports to the governor on their progress in meeting the goals of their capacity development strategy.

## Capacity Development Funding Overview

Ashley explained the three set-asides for capacity development funding, including program management, technical assistance, and local assistance, each with specific uses and limitations. She highlighted that technical assistance is designed for direct, on-the-ground support to small water systems, while local assistance offers flexibility for various support options outlined in the Capacity Development Strategy. Ashley also mentioned the diversity in state approaches to evaluating a community's or borrower's financial management, ranging from simple surveys to comprehensive evaluations. Greg from Wyoming shared that they have developed a detailed 155-question capacity development worksheet and a 10-question screening tool, in collaboration with EPA Region 8, to assess water systems' capacity and financial management.

## Water System Capacity Evaluation Discussion

Ashley led a discussion on water system capacity evaluation, focusing on technical, managerial, and financial aspects. She shared best practices for assessing water system operations, including questions to ask about production costs, customer complaints, and financial reserves. The group discussed state-specific requirements for board member training and capacity evaluations. Ashley announced upcoming training sessions on CWSRF eligibility, single audit preparation, and financial reviews. Participants shared their favorite capacity evaluation questions, with topics ranging from metering to delinquency rates.

*Disclaimer: this summary was generated using AI but was reviewed and edited by a Human.*

## From the Chat:

C: We [MI] were required to update the strategies a couple of years ago (due 2022) to include information about how we promote Asset Management. EPA had to reapprove them.

C: We (WY) have our full capacity development worksheets that comprise of 155 questions in addition to some financial worksheets. We have developed a 10 question screening tool to be used as a "snapshot" for a system, and are working with Region 8 EPA to include

some questions on the Sanitary Survey that address Capacity Development and some recommendations that address the financial and managerial areas of Capacity.

C: I have been most frustrated with the fact that the operators know most of this stuff, but the Councils do NOT understand the financial and managerial aspects....and their responsibilities.

C: Some of the water supplies in Michigan give tours to new board members of the water supply to help them understand what they really do on a day-to-day basis.

Asking attendees to share their favorite TMF questions to ask:

C: My favorite question to ask: What does it cost to produce one gallon of water?

C: If they don't know, I ask them how they justify their rates.

C: What is average/peak daily production? What is average/peak daily sold? Is the water system's income sufficient to cover all operating costs?

C: Failure to have a customer complaint log, whether they have complaints or not will cost ten points off their water grade. Easiest thing to fix.

C: What is your succession plan for the operators?

C: The most successful ordinance that I ever drafted, and was passed, was an ordinance that raised rates 1.5% every six months for five years. At the end of the five years, we would re-evaluate the system and see if we raised them too much or not enough. That way the Council only had to deal with it once (for 5 years) instead of quarterly, annually, etc.

C: Is every building/user metered? (pool, fire dept.)

C: Is your accounting system GASB compliant?

C: Oh, some of the answers I receive. Normally I need to explain what GASB is.

C: Explain to me how you calculated 856% water loss?