



Policy Innovations: Effective Strategies for Adoption and Implementation

Building Capacity Through Water System Partnership

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Problem Statement

Need to decrease costs and increase viability of small rural water systems.



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Policy Innovation

Economy-of-scale regionalization by rural community water systems.

Economies-of-scale: refers to reductions in unit cost as the size of a facility and the usage levels of other inputs increase.



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Logan-Todd Regional Water Commission

- Consolidation of 12 community water systems ranging between 300-3,300 customers, 7 systems had less than 1,000 customers;
- Covering 3 counties in Kentucky: 7 water systems in Logan County, 4 in Todd County and 1 in Christian County;
- Combined population of 45,000 people;
- System ownership included municipalities, water districts and privately owned water associations.



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Background:

- 1988 drought prompted systems in Todd and Logan county to consider alternative supplies;
- In 1990, a poultry company was unable to relocate to Logan County because the city of Russellville could not meet their need for 1 MGD;



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Background:

- Total budget for project was around \$75 million;
- Received the largest USDA Rural Development's Utility Program loan in history of \$48.2 million;
- Other funding: Largest state grant awarded, SRF, CDBG, private bond issues and line-item appropriations from federal budget;
- Construction started in 2000, contracts of more than \$60 million awarded to 15 separate contractors.



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Framing the Issue: Strategy

- The Logan County Chamber of Commerce took note that the lack of water prohibited economic development and formed a committee to investigate a long-term solution;
- Simultaneously, Todd County had begun a similar inquiry. Eventually the two counties realized they were facing the same issues and in 1995, they formed the Logan-Todd Regional Water Commission;
- An engineering study outlined short and long term plans;
- Funding to address the intermediate needs of the systems was rejected because it did not address the supply issue, which drove the systems to regionalize.



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Framing the Issue: Effectiveness

- From 1999 to 2012 Kentucky went from 479 to 367 community systems, and from 1 to 4 regional water commissions;
- Allows systems to focus on overlooked distribution issues;
- Removing the economic burden of maintaining aging infrastructure builds a case for financial solvency;
- Economic development incentive for improved capacity.



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Framing the Issue: Other Interests

- Sense of Unfairness: not all partners will benefit equally, some communities have a greater need;
 - Each water system should benefit enough to participate.
- Loss of Autonomy:
 - Allowed systems to gain control over other aspects of their system, like maintaining their distribution system, repair water lines and find leaks.
- Fear of Raising Rates:
 - Long term water rates will be lower, customers are willing to pay for reliability.



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Process

- Started with local initiative and involvement;
- Reached out to other communities to find a shared goal;
- Formed the non-profit Logan-Todd Regional Water Commission with equal representation from each entity;
- Researched and developed both short and long term solutions;



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Process

- Brought in funders in the very beginning of the process;
- Developed common solutions: equal rates, equal representation on the board;
- Earned support from elected officials and gained innovative funding strategies.



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Lessons Learned

- Local initiative and involvement is key;
- Economic development incentive for improved capacity;
- Make systems feel equal;
- Customers are willing to pay more for reliability.



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Transferability

- Start with local initiatives;
- Define regional water needs;
- Reach out to other communities;
- Start with small scale cooperation (i.e. bulk chemical purchase, emergency connections);
- Research long and short-term plans;
- Establish relationships with elected officials and funders.



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Resources

1. US EPA. (2009, October). *Water: Small Systems and Capacity Development*.
http://water.epa.gov/type/drink/pws/smallsystems/upload/2009_10_21_smallsystems_pdfs_casestudies_smallsystems_gainingoperational.pdf
2. US EPA. (2012, February 29). *Communicating to Gain and Maintain Buy-In Webinar*. Retrieved November 11, 2012, from US EPA:
<http://water.epa.gov/infrastructure/sustain/upload/Communicating-to-Gain-and-Maintain-Buy-In-Speaker-Notes-Web.pdf>
3. Southern Maine Regional Water Council:
http://www.smrwc.org/Regional_Services.html



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Questions?