

FUNDING COLLABORATION

Maximizing the Impact of Project Funding to Increase Compliance and Enhance Public Health

State drinking water program administrators, managers and staff are faced with unprecedented challenges today. Ensuring compliance with new and existing drinking water rules, as well as managing drinking water programs during a time of shrinking budgets and diminished resources requires strong leadership, innovative thinking and the sharing of ideas. This fact sheet was prepared for state leaders to share their ideas and practices in the area of funding collaboration.

What is “funding collaboration”? Funding collaboration involves the deliberate coordination and careful targeting of available funding sources to achieve maximum efficiency and derive the most benefit from each dollar spent.

How can funding collaboration help my state? Efficient use of available funds can stretch the impact of dollars spent and maximize the long-term performance of drinking water systems, helping them to achieve their public health protection goals.

What will I find in this fact sheet? This document highlights innovative approaches to funding drinking water infrastructure projects using four models for collaborating. The description for each model is followed by several state examples describing challenges states faced and how funding collaboration helped address these challenges. The four specific models discussed in this document are:



Supporting Small Systems Through the Drinking Water State Revolving Fund



Encouraging Sustainable Activities by Allocating Funding Priority Points



Diversifying Funding Sources to Fund More Projects



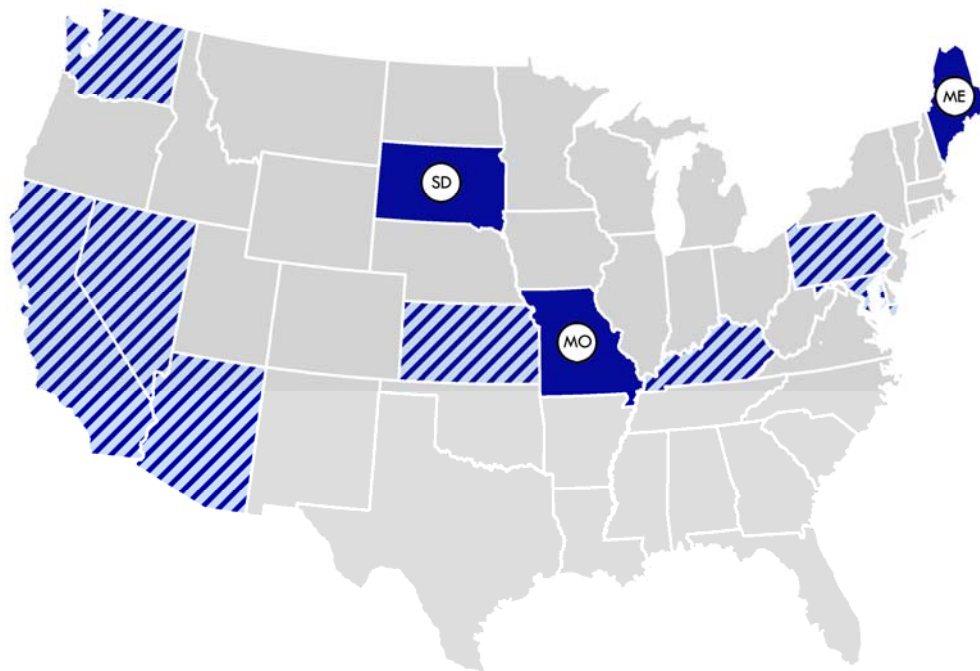
Assisting Loan Applicants Through Funding Workshops and Third-Party Assistance

Supporting Small Systems Through the Drinking Water State Revolving Fund

The Model: The Drinking Water State Revolving Fund (DWSRF) was established to provide eligible public water systems (PWSs) with loan assistance for infrastructure improvements related to the provision of safe drinking water. The DWSRF provision of the Safe Drinking Water Act acknowledges the importance of enhanced management and operation by allowing states to reserve a portion of their capitalization grants to fund activities that enhance system capacity as well as to fund other critical state drinking water program activities. These funds are referred to as the DWSRF set-asides.¹ For more information about how states use set-asides, please see the October 2010 report *Analysis of the Use of Drinking Water State Revolving Fund Set-Asides: Promoting System Sustainability*.²

Over the years, states have found innovative ways to use the DWSRF and its set-asides to fund projects that help systems achieve and maintain technical, managerial and financial (TMF) capacity. This creativity allows states to directly support PWSs in addressing capacity and sustainability challenges. Following is a summary of three state examples showing how the DWSRF is used to fund small system needs.

Figure 1: States Featured as Model 1 Examples



The states that are shaded dark blue and that include the state abbreviation represent the state examples found in Model 1 of this document. The striped states represent the state examples found in Models 2–4.

¹ http://water.epa.gov/grants_funding/dwsrf/index.cfm#facts

² http://water.epa.gov/type/drink/pws/smallsystems/state_guidance.cfm



MAINE: USING THE DWSRF TO HELP VERY SMALL SYSTEMS RETURN TO COMPLIANCE

Visit http://maine.gov/dhhs/eng/water/financial_resources/SRF.htm

CHALLENGES

- Maine's PWS inventory includes many very small drinking water systems (those serving 100 or fewer customers).
- A number of Maine's very small systems struggled to comply with Safe Drinking Water Act (SDWA) requirements and needed funding to make the changes that would help return them to compliance.
- These systems often lacked the knowledge and resources to apply for DWSRF funds and/or did not want to go through the time-intensive DWSRF application process because the amount of funding they needed was typically very small.

SOLUTIONS

- Maine's Very Small System Compliance Loan Fund, created in 2010, helps very small systems achieve compliance with new and current SDWA standards (excluding the Total Coliform Rule [TCR]). TCR-related issues were excluded for multiple reasons: 1) installation of disinfection by small systems has generally not been an issue primarily due to the affordability of disinfection systems; 2) the potential volume of applicants for installation of disinfection would likely be significant; and 3) other compliance issues, such as uranium and arsenic, present a greater financial barrier and are therefore a higher funding priority for the state.
- The Fund puts aside \$500,000 annually and offers loans of up to \$50,000 to help any non-profit non-transient non-community water system or any community water system (CWS) that services 100 or fewer customers to address SDWA compliance issues.
- There is no application period and the loans are provided at 100 percent principal forgiveness, with overhead costs rolled into the loan.

SUCCESS MEASURES

- To date, the Fund has supported 11 projects that are either complete or currently underway. Loans awarded total nearly \$250,000.
- Ten projects involved installation of treatment to address arsenic, radon, or uranium issues. One other project involved connecting to another PWS to address a gross alpha-radon compliance issue.
- These projects would most likely not have been funded without this initiative. Maine expects that all systems funded through this initiative will be able to maintain compliance and deliver higher quality water to their customers.

SOUTH DAKOTA: USING THE DWSRF TO PROMOTE COMMUNITY PLANNING AND RATE ANALYSES

Visit

<http://denr.sd.gov/dfta/wwf/statewaterplan/smallcommunityplanning.aspx>

CHALLENGES

- Many of South Dakota's small systems were under-charging their customers because they did not have a method to determine what their appropriate rates should be.
- Many small systems would also apply for funding from the DWSRF or from South Dakota's Consolidated Water Facilities Construction Program (a state program that provides loans for water-related projects) without ever contacting an engineer to look at the system.
- Without a preliminary engineering report (PER), the state did not have a sense for whether the proposed projects were based on sound engineering principles which experienced engineers could recommend. Furthermore, the state found that PWSs without PERs were not planning proactively and not considering projects that could get the most benefit for the dollars spent.

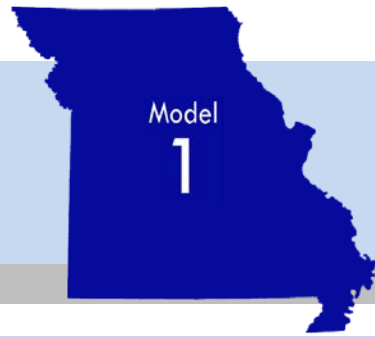
SOLUTIONS

- South Dakota now requires systems to have an engineering firm complete a PER in order for the system to be eligible for any loans from the DWSRF or the Consolidated Program.
- Small communities (serving 2,500 or fewer people) can receive financial assistance to complete this PER through the Small Community Planning Grant (SCPG) Program, which utilizes the Small System Technical Assistance Set-Aside [SDWA Section 1452(q)]. Participating systems are reimbursed for 80 percent of the cost of their engineering study, up to a maximum reimbursement of \$8,000 (e.g., for a \$10,000 study).
- Additional grants are provided for studies that incorporate a rate analysis using the Show-me Ratemaker™ software.³ Reimbursement for performing a rate analysis is 80 percent of the cost of the rate study, up to a maximum reimbursement of \$1,600.

SUCCESS MEASURES

- As of December 2010, 145 SCPGs have been approved by the state.
- There have been 72 DWSRF loans for infrastructure improvements awarded to communities that received SCPGs. This number does not include any loans/grants provided to SCPG-approved communities through the Consolidated Program, so the actual number of SCPG-approved communities receiving funds courtesy of SCPGs is likely higher.
- The SCPG Program also has provided 33 funding awards to assist communities in maintaining compliance with SDWA regulations and four funding awards to assist communities in returning to compliance with SDWA regulations.
- All communities that have completed a rate analysis reimbursed through the SCPG Program have raised their water rates to more appropriate amounts.

³ The Show-me Ratemaker™ software can be accessed through the New Mexico Environmental Finance Center's website: <http://nmefc.nmt.edu/AssetManagement.php>



MISSOURI: USING THE DWSRF SET-ASIDES TO FUND TMF ASSESSMENTS

Visit www.dnr.mo.gov/env/wpp/dw-index.htm

CHALLENGES

- Missouri has concentrations of small systems throughout particular regions of the state.
- Like many small systems across the nation, many of Missouri's small systems struggle with attaining and maintaining technical, managerial and/or financial capacity. Significant barriers include:
 - Limited financial resources.
 - Lack of a properly certified operator.
 - Insufficient training for board and council members.
 - Inadequate or nonexistent long-term planning strategy.

SOLUTIONS

- Missouri uses an electronic sanitary survey that includes elements of TMF capacity and stores these surveys in a database that can be queried to evaluate systems' TMF capacity.
- Missouri uses TMF Checklists, along with Construction Authorization Permits and Permits to Dispense, as control points to ensure that new systems have TMF capacity elements in place prior to becoming active PWSs.
- In addition, the Public Drinking Water Branch contracts with the Missouri Rural Water Association (MRWA) for three small system circuit riders to assist state-prioritized PWSs with leak detection, energy efficiency assessments, long-term strategic planning, various compliance issues, operator certification, and assessing, obtaining and maintaining their TMF capacity. These activities are funded using the 15 percent Local Assistance Set-Aside.

SUCCESS MEASURES

- Using EPA's Enforcement Targeting Tool⁴ formula, 20 percent of Missouri's PWSs that are required to maintain TMF capacity (i.e., CWSs and non-transient non-community water systems [NTNCWSs]) had scores of 11 or more points in January 2011. By April 2011, the percentage of PWSs with 11 or more points dropped to 14 percent. Circuit riders' assistance for small PWSs with compliance issues could be one reason for the decline.
- Missouri is currently developing a comprehensive database to track PWSs that are required to maintain TMF capacity. The database will include parameters that may indicate TMF capacity such as: violations, employment of a properly certified operator, sanitary survey data (currently recorded in the Safe Drinking Water Information System (SDWIS) database), TMF survey results, project information and assistance provided. Missouri's objective is to have all of the state's data and information on TMF capacity stored in one location.
- Missouri is looking to implement a TMF survey that will be mailed to all PWSs in the state. The TMF survey will address critical TMF items and provide a more in-depth assessment of TMF capacity than what is provided by sanitary surveys. The new survey information will be maintained in a database and used to identify systems needing assistance with TMF capacity.

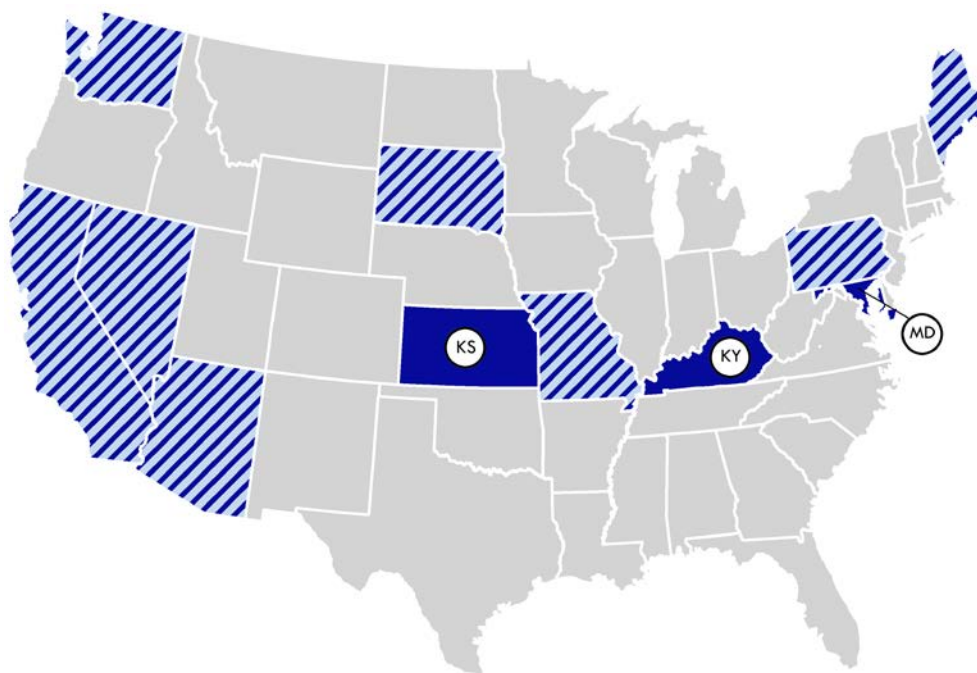
⁴ http://www.epa.gov/compliance/resources/policies/civil/sdwa/drinking_water_erp_2009.pdf

Encouraging Sustainable Activities by Allocating Funding Priority Points

The Model: States are aware of sustainable practices, such as asset management and periodic rate analyses, that are not mandated by regulation but that are able to help systems operate efficiently, become financially self-sustaining, and achieve and maintain long-term compliance and capacity. How can a state encourage these beneficial practices that are not mandated by a regulation?

Many states have leveraged DWSRF loans and grants to promote non-mandated, sustainable practices. One way of doing this is by assigning “priority points” if a system either demonstrates that it has completed one of these activities or agrees to complete it as a condition of the DWSRF award. Priority points increase a potential project’s ranking on the list of state projects and therefore improve the project’s likelihood of receiving funding. Following is a summary of three state examples showing how allocations of DWSRF priority points are being used to encourage systems to engage in sustainable activities.

Figure 2: States Featured as Model 2 Examples



The states that are shaded dark blue and that include the state abbreviation represent the state examples found in Model 2 of this document. The striped states represent the state examples found in Models 1, 3, & 4.

KANSAS: ASSIGNING PRIORITY POINTS FOR BOARD MEMBER TRAINING

Visit <http://www.kdheks.gov/pws/capdev.html> and click on the KanCap Brochure link

CHALLENGES

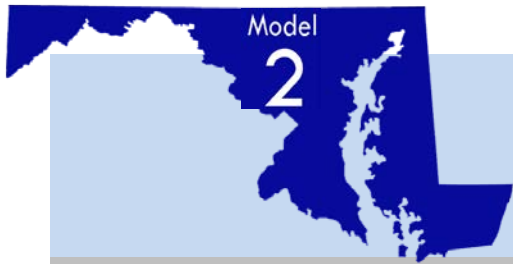
- Board members play an integral role in supporting PWSs. However, many board members don't have a comprehensive understanding of the complexity involved in running a water system.
- Kansas recognized that board member training is a great tool to help increase board members' understanding of PWSs' operations and needs. However, getting board members to attend a training session was a significant challenge. Kansas wanted an innovative way to increase both attendance and engagement at board member trainings.

SOLUTIONS

- The Kansas Capacity, or KanCap, Education Program (developed by the Kansas Capacity Development Program) trains members of water district boards and city councils throughout the state on fundamental aspects of financing and operating a water system.
- As an incentive to increase board member/council attendance at these trainings, Kansas awards PWSs one additional priority point if 80 percent or more of the PWS's board/council attends a training session.
- Additionally, PWS operators earn 5 hours of credit if the majority of that PWS's board attends a training session.
- The KanCap Education Program utilizes a handbook and an interactive CD. Board or council members can use these tools as learning aides during the course and also as reference guides once the training course is completed.

SUCCESS MEASURES

- This educational outreach effort has been highly successful with 272 PWSs (752 people) participating in the training to date. Of these 272 PWSs, 18 PWSs had 80 percent or more of the board/council in attendance.
- The training course is voluntary and flexible with a minimum of 12 training sessions conducted during each state fiscal year. Learning options range from on-site discussions with technical assistance providers to a self study option.
- There is no cost for the training or the materials if participants attend either a classroom training session or engage in on-site discussions; materials for self study are available for a fee.
- Kansas is now emphasizing the number of PWS representatives that attend the voluntary training. To date, approximately 26 percent of CWSs in the state have participated.



MARYLAND: ASSIGNING PRIORITY POINTS FOR WATER EFFICIENCY

Visit [Maryland Water Quality Financing: Drinking Water Priority System](#)

CHALLENGES

- Municipalities across Maryland that were looking to grow often needed one thing in particular: more water. Water must be allocated in a way that maximizes its beneficial uses and simultaneously protects Maryland's water supply resources from mismanagement, abuse or overuse.
- Maryland has enacted a law requiring that all systems serving 10,000 or more customers have a water conservation plan in place before they are eligible for DWSRF funding. The TMF resource challenges faced by small systems made it impractical to extend the law to these systems. However, the resulting benefits of this law prompted the state to consider ideas for incentivizing and encouraging water conservation planning for small systems as well.

SOLUTIONS

- The Maryland Department of the Environment (MDE) offers an incentive for small systems to consider water conservation planning by awarding additional DWSRF priority points for water audits and water efficiency.
- A system receives five points for completing a water audit within the past year and five points for implementing best management practices for water efficiency as identified in MDE's guidance document *Developing and Implementing a Water Conservation Plan*.⁵
- MDE aims to support projects that improve green infrastructure, water conservation and water efficiency, as well as innovative water projects. Water efficiency projects may include the installation of water meters or efficient water fixtures, retrofitting of fittings and equipment, and obtaining leak detection equipment.
- Maryland has several other efforts aimed at promoting water efficiency including required water audits and Water Appropriations Permits.

SUCCESS MEASURES

- MDE made a concerted effort to actively solicit water efficient projects that qualified as Green Project Reserve projects and used a separate ranking sheet for each project to ensure that all water efficiency projects were identified.
- The law requiring water conservation planning still applies only to systems serving 10,000 or more customers, but the state has noted that the priority point incentive has been an effective way to start encouraging small systems to undertake valuable water conservation efforts.
- In FY 2011, 28 small systems took advantage of these additional priority points: 12 systems with water audits, three systems with water conservation plans, and 13 systems with both water audits and water conservation plans.

⁵ http://www.mde.state.md.us/assets/document/water_cons/wcp_guidance2003.pdf



KENTUCKY: ASSIGNING PRIORITY POINTS FOR ASSET MANAGEMENT PLANS

Visit <http://water.ky.gov/Funding/Funding%20Documents/2013%20DWSRF%20Priority%20System%20Guidance%20Document.pdf>

CHALLENGES

- Kentucky found that many systems in the state did not see asset management as a necessary activity or recognize its importance for the long-term capacity of their system.
- Kentucky began offering priority points for various components of asset management on their 2011 DWSRF application although only one applicant claimed these points.
- The Division of Water subsequently determined, based on other state records such as sanitary surveys, that of the 81 DWSRF applicants in 2011, 22 applicants did in fact have asset management plans and could have claimed the full number of points offered. An additional 42 systems could have claimed a portion of the asset management priority points in 2011.
- Kentucky recognized that one potential reason that systems did not capitalize on this opportunity was that those filling out the applications may not have been familiar with all of the water system's operations and particularly with its asset management activities.

SOLUTIONS

- Kentucky continues to offer priority points for asset management plans and recognizes that outreach activities may help DWSRF applicants become more aware of the opportunity to obtain additional priority points for their asset management plans.
- Systems are awarded five priority points if they have mapped their treatment, distribution, and storage infrastructure; have analyzed their assets' conditions, including risks of failure and expected dates of repair/replacement; and have identified sources and amounts of revenues necessary to finance operations, maintenance and capital needs.
- Systems are awarded three priority points if they have developed appropriate rate structures that support building, operating and maintaining water system infrastructure.
- Systems are also awarded five priority points if they have specifically allocated funds for rehabilitation and replacement of aging or deteriorating infrastructure.

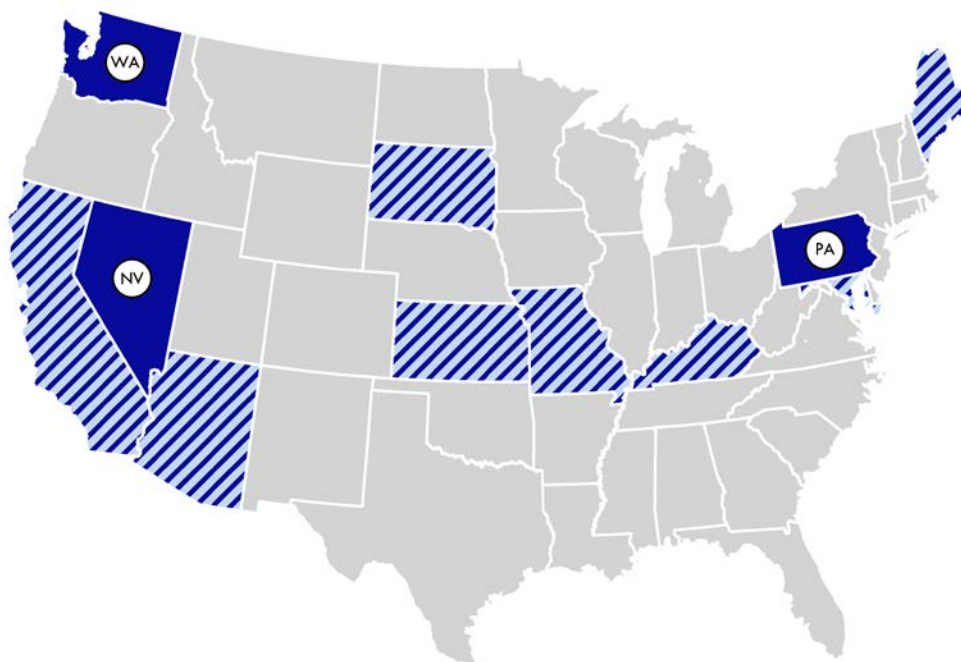
SUCCESS MEASURES

- Kentucky considers this effort a useful learning experience to re-evaluate what would make the state's PWSs more likely to take advantage of this valuable program in the future. For example, Kentucky is considering whether different ways of publicizing asset management priority points should be used during upcoming DWSRF application periods.
- Other infrastructure-focused groups and state departments in Kentucky also want to promote asset management plans and help ensure that loan applicants are aware of DWSRF benefits.
- Although asset management plan priority points were not widely claimed in 2011, DWSRF applicants did have asset management plans (or some components) in place. Further outreach on the benefits (both DWSRF- and non-DWSRF-related) may encourage systems to strengthen these plans and provide information about them to any individual designated to fill out a DWSRF application for the system.

Diversifying Funding Sources to Fund More Projects

The Model: States recognize that the needs associated with aging drinking water infrastructure are increasing while federal and state funding sources are decreasing. Therefore it is no surprise that states are increasing their efforts to coordinate funding with other departments and agencies. Many states have found that this allows them to stretch limited funding dollars and support a greater number of projects. Some states have also found that this improves their ability to communicate with and provide assistance to PWSs and offer better overall support to their PWSs. States have come up with many simple and innovative ways to coordinate funding, including holding quarterly meetings to utilizing statewide pre-application forms. While states have had to invest time to establish these coordinated activities, many have found the payback is highly rewarding and feel that they are better able to maximize their funds and support more high priority projects. Examples for accomplishing this are discussed below.

Figure 3: States Featured as Model 3 Examples



The states that are shaded dark blue and that include the state abbreviation represent the state examples found in Model 3 of this document. The striped states represent the state examples found in Models 1, 2, & 4.

NEVADA: PRE-APPLICATION FORMS FOR FUNDING REQUESTS

Visit <http://ndep.nv.gov/bffwp/nwwpa.htm>

CHALLENGES

- Funding agencies in Nevada each had different application formats and requirements. Many applicants, particularly small systems, reported that they were confused about what funding sources were available and which sources were best suited for their projects.
- Additionally, water systems serving 500 or fewer customers often had very few staff members working for the system (with the exception of an operator).
- Nevada also discovered that some potential recipients were seeking answers to standard questions (e.g., “when is the application deadline?”), or submitting different descriptions of their proposed projects (tailored to each agency’s requirements), which created confusion and discouraged cooperation among the funding agencies.

SOLUTIONS

- The Nevada Water and Wastewater Review Committee (NWWRC) is comprised of representatives from many water system funding organizations: DWSRF, State Grant Program, United States Department of Agriculture (USDA) Loan Program, USDA Grant Program and Community Development Block Grant (CDBG). NWWRC works collaboratively to help small rural communities understand each funding organization and its funding application process.
- NWWRC also uses a “pre-application” process to help the various agencies coordinate and communicate about the funding sources that are most appropriate for each project. This saves significant amounts of time in the funding application stage.
- NWWRC meets within 3 to 4 weeks after receiving a pre-application to make recommendations for the most appropriate funding programs to which the applicant should apply.

SUCCESS MEASURES

- Communities learn about the best funding option for their particular needs more quickly and efficiently, and funding agencies receive applications for more appropriate projects while having a clearer picture of the scope of applicants’ projects.
- The funding agencies benefit from the streamlined process because they are working together throughout the process: from the initial request, to the engineering review and change orders, all the way to project completion and loan repayment. This allows for considerable oversight of the systems which benefits the systems in terms of their TMF capacity.
- This collaboration also allows the funding programs to determine systems’ debt capacity and grant eligibility which allows for the most efficient use of funds.
- Since 2006, NWWRC jointly funded 16 water and two wastewater projects to address arsenic compliance, infrastructure replacements and wastewater pond lining. The major success is that NWWRC was able to maximize and efficiently use program funding dollars to fund more projects and provide maximum benefits to systems and their customers.



WASHINGTON: SMALL COMMUNITIES INITIATIVE

Visit <http://www.commerce.wa.gov/site/306/default.aspx>

CHALLENGES

- Small, rural communities in Washington often needed assistance in leveraging resources to address system concerns because they were less likely to have the TMF capacity to effectively comply with drinking water regulations.
- Drinking water compliance issues for small, rural communities in Washington often went hand-in-hand with economic and environmental concerns. The cumulative impact of multiple needs for public health protection, environmental protection and economic development often overwhelmed these small communities.
- Additionally, many small, rural communities may not have had plans to address challenges such as new regulations or source water contamination.

SOLUTIONS

- Washington's Departments of Health, Commerce, and Ecology have a long history of working together and in 1999, formalized their collaboration through the Small Communities Initiative (SCI). Washington supports this effort using funding from the DWSRF 2 percent Small Systems Technical Assistance Set-Aside.
- Regional offices in the Departments of Health and Ecology nominate small incorporated cities and towns, unincorporated communities, counties, utility districts and water associations that need to upgrade their drinking water or wastewater utilities to participate in the SCI Program.
- Because each community's situation is different, SCI staff typically put together both a community team of local, elected officials and utility staff and a technical team of funding and regulatory staff. Together, these teams develop an action plan to address compliance issues with realistic funding scenarios.
- SCI projects usually require between two to seven years to complete planning, design and construction. SCI staff meet with communities on an as-needed basis (usually between once a month and once a quarter), serving as facilitators, advisors and resource brokers to help the communities identify, define and prioritize issues and thereby develop more focused projects with strategic investment and funding opportunities.

SUCCESS MEASURES

- Each community's action plan includes major milestones that are necessary to complete improvements to their water and/or wastewater utilities. SCI staff track the number of milestones met by each community. Examples of major milestones include completion of planning documents, completion of environmental reviews, completion of bid documents and the acquisition of construction funding.
- Since 1999, SCI staff have assisted more than 30 small communities in securing over \$120 million in state and federal funding, resulting in safer drinking water, environmental protection and infrastructure that can serve community and economic development activities.
- On average, SCI helps bring at least two communities each year into regulatory compliance with the Health or Ecology Departments through improved water and/or wastewater utilities.

Visit http://www.rurdev.usda.gov/PA_Environmental_Review.html or
<http://www.elibrary.dep.state.pa.us/dsweb/Get/Version-47475/381-5511-111.pdf>

CHALLENGES

- The various funding agencies in Pennsylvania all required potential applicants to complete an Environmental Review (ER), unless the project was eligible for an exclusion.
- Each agency had its own guidelines for completing an ER, which was confusing for some applicants and required applicants to complete multiple reviews if they applied for funding from multiple agencies or decided to apply to an additional funding agency later in the process.
- Staff from the Pennsylvania Infrastructure Investment Authority (PENNVEST), the state agency that administers the DWSRF, met with staff from the U.S. Department of Agriculture - Rural Utilities Service (RUS), the U.S. Department of Housing - Community Development Block Grant (CDBG) program, and other funding agencies to discuss ideas for improving coordination and supporting more projects by standardizing their ER guidelines.

SOLUTIONS

- All of the state's funding agencies, with the exception of the Army Corps of Engineers, now use the Uniform Environmental Review (UER), which was created in 2003, to standardize the process for completing ERs of proposed drinking water and wastewater infrastructure projects.
- These agencies now agree on the specific elements they require in an ER. Some of the major elements include project description and need, summary of alternatives considered, environmental consequences of the selected alternative, summary of mitigation, and evidence of public participation.
- Funding applicants in Pennsylvania now complete one ER that is accepted by all participating funding agencies and does not need to be modified or rewritten if the applicant decides to apply to another agency.
- The UER is designed to complement existing planning and permitting programs by streamlining ERs and avoiding duplication of work by multiple agencies.

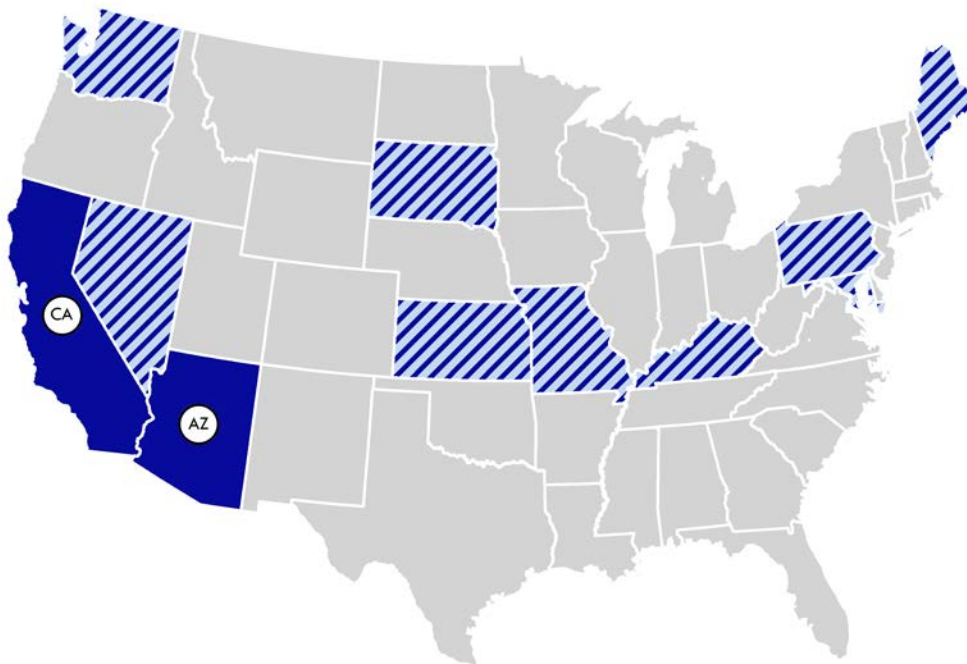
SUCCESS MEASURES

- The UER has been successful in reducing delays and confusion that were originally caused by discrepancies between the various funding programs' requirements.
- It is expected that each UER will be prepared to satisfy all technical documentation required by the Pennsylvania Department of Environmental Protection for permit or planning approval.
- At the outset, the UER process challenged the pre-determined boundaries for the various agencies' responsibilities. However, these challenges were quickly overcome as agencies reconciled the various requirements of their programs. An official from PENNVEST attributed the agencies' ability to overcome these issues to the strong relationships that had previously been cultivated by the regional staff of the various funding programs.
- As a result of the UER creation process, agency staff better understand the mechanisms, requirements and procedures of their counterparts in other funding agencies, which allows them to help applicants find the most appropriate funding option for their projects.

Assisting Loan Applicants Through Funding Workshops and Third-Party Assistance

The Model: For some small systems, finding information about different types of funding for drinking water system projects is only the first challenge; filling out the applications and forms that are required to receive federal and state funding is another challenge in and of itself. Many states have noted that there are times when the “neediest” systems do not submit loan applications due to the complexity of completing the forms. To address this issue, many states have hosted funding workshops or developed contracts with third-party technical assistance providers to help systems fill out the required paperwork and understand the terms and conditions of these grants and/or loans. Below are two examples of states that use funding workshops or third-party assistance to help small systems learn about the funding options they might be eligible for and then guide them through the application process.

Figure 4: States Featured as Model 4 Examples



The states that are shaded dark blue and that include the state abbreviation represent the state examples found in Model 4 of this document. The striped states represent the state examples found in Models 1–3.



CALIFORNIA: FINANCING COORDINATING COMMITTEE FOR SMALL SYSTEMS

Visit <http://www.cfcc.ca.gov/>

CHALLENGES

- Minimal communication among the funding agencies in the state created confusion for both the state agencies and the potential borrowers.
- California recognized the need for small systems to receive assistance in learning about what funding opportunities they were eligible for and how to obtain assistance given the often difficult and expensive task of applying for funding.

SOLUTIONS

- The California Financing Coordinating Committee (CFCC), primarily formed to assist these small, rural PWSs, has been in existence since 1998 and includes representatives from most of the infrastructure funding sources in the state—including the Department of Public Health, Department of Water Resources, United States Department of Agriculture, and Department of Housing and Community Development. CFCC is not funded by any one agency or department, which helps the CFCC remain a neutral party.
- CFCC holds four to five funding fairs each year where the participating funding agencies present their programs and are then available to discuss specific project plans with potential applicants. Following the fair, a booklet of the PowerPoint presentations that were given at the fair, as well as a booklet of information on each funding agency, is distributed to interested systems.
- CFCC uses a Common Inquiry Form to assist small systems. The form is a one-page document that is filled out by potential applicants and distributed to all CFCC members. CFCC members are then able to respond to the potential borrowers with more information.

SUCCESS MEASURES

- Approximately 400 to 500 individuals attend the CFCC funding fairs each year. CFCC has determined that there are often many new attendees at each fair, indicating that CFCC is effectively publicizing its available assistance.
- CFCC annually assists an estimated 200 to 500 applicants. While monies of the other agencies would still be spent in the absence of this coordinated effort, these funds might not have been targeted to help small systems with the greatest needs.
- California attributes CFCC's success to its emphasis on matching project funding to specific applicant's needs and providing additional technical assistance to small, rural water systems.



ARIZONA: RURAL WATER INFRASTRUCTURE COMMITTEE

Visit <https://rwic.azwifa.gov/>

CHALLENGES

- Arizona recognized that small systems often felt overwhelmed by the complexity of funding applications for many of the funding agencies in the state. In some cases these systems also lacked the management expertise to set adequate rates for their system. In other cases systems were not knowledgeable of financing options to ensure that they could cover the current and future costs for their infrastructure.
- Another major barrier for many systems, and particularly small systems, was the variability in different agencies' funding timelines and information requirements. This created coordination challenges for many projects that would benefit from or be infeasible without co-funding.
- Arizona also noticed increased difficulty and concern for funding important projects, because of the decrease in resources and funding available at the state level. This was particularly true for privately-owned water systems, for which the state has even fewer available resources.

SOLUTIONS

- Arizona's Water Infrastructure Finance Authority targets outreach to small rural communities by managing the Rural Water Infrastructure Committee (RWIC), an informal partnership comprised of representatives from various infrastructure loan and grant programs, federal and state lending authorities and technical assistance providers.
- Revived in 2005, RWIC's purpose is to serve as a "one stop" funding entity and to assist small drinking water and wastewater systems in navigating the financial and technical assistance programs available in the state. Communities have the opportunity to present their projects to a number of RWIC funding partners. Together, the community and funding partners can work to find the best possible solution to the community's infrastructure needs.
- RWIC also partners with the North American Development Bank to offer annual utility manager training through the Utility Management Institute (UMI). The UMI faculty includes water and wastewater utility management experts from across the country. The purpose of the trainings is to improve the managerial, financial and leadership skills necessary to successfully operate a utility in the border region. Licensed operator attendance is encouraged and is eligible for operator credit hours from the Arizona Department of Environmental Quality.

SUCCESS MEASURES

- RWIC's members have been able to provide practical suggestions for technical, operational or financing matters; develop possible solutions; follow up on actions or referrals; conduct trainings, on-site visits or technical assistance; and guide systems through their next steps.
- RWIC has increased its visibility in the state as an organization that provides assistance and guidance to drinking water and wastewater utilities. For example, RWIC will be participating in and presenting at the Rural Water Association of Arizona's annual conference this year.
- While RWIC does not specifically track the outcome for projects that are proposed at RWIC meetings, its coordinators have noted that several co-funded projects that received funding each year started out with an RWIC inquiry.
- RWIC has also received significant positive feedback on the UMI management trainings, which typically attract 35 people per year for each intensive two and a half-day training session.

Consider These Next Steps...

Hopefully, the ideas and examples in this document have spurred some thoughts of your own for potential funding collaboration in your state. As you reflect on these examples, consider a couple of questions:

- Are there some practical new approaches you discovered that could lead to increased funding collaboration, effectiveness and efficiency in your program?
- Which examples are the most compelling for you? Is your state similar or different? How would you need to modify a particular approach in order for it to be successful in your state?

Once you have some ideas you would like to try out, consider what steps you would need to take. For example:

- Who are the key decision-makers and partners you would have to enlist to implement any new ideas you have in mind? What information would you need to provide in order to convince them of the benefits?
- What are the measures of success for your program? How would increased funding collaboration move you closer to your goals? How would you know if it is working?
- Are there some non-funding benefits that might occur from implementing funding collaboration measures?

State/EPA Collaboration Workgroup

This document was developed with input from the State/EPA Collaboration Workgroup. The Workgroup state members were:

ASDWA	Bridget O'Grady, Association of State Drinking Water Administrators Jim Taft, Association of State Drinking Water Administrators
California	George Fagella, California Department of Public Health Kelvin Yamada, California Department of Public Health
Kentucky	Julia Kays, Kentucky Division of Compliance Assistance Cindy McDonald, Kentucky Department for Environmental Protection
Nevada	Reggie Lang, Nevada Division of Environmental Protection Andrea Seifert, Nevada Division of Environmental Protection
South Dakota	Paul Oien, South Dakota Department of Environment and Natural Resources
Washington	Loralei Walker, Washington State Department of Health

Additional documents developed by the Workgroup include:

- Program Collaboration: Using Teamwork and Program Staff Expertise and Authority to Assist Small Systems
- Capacity Development and Operator Certification Collaboration: An Essential Partnership to Promote Small System Capacity