

# REGIONALIZATION OF WATER AND WASTEWATER SYSTEMS

## FIVE KEY TAKEAWAYS

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CIFA SRF WORKSHOP

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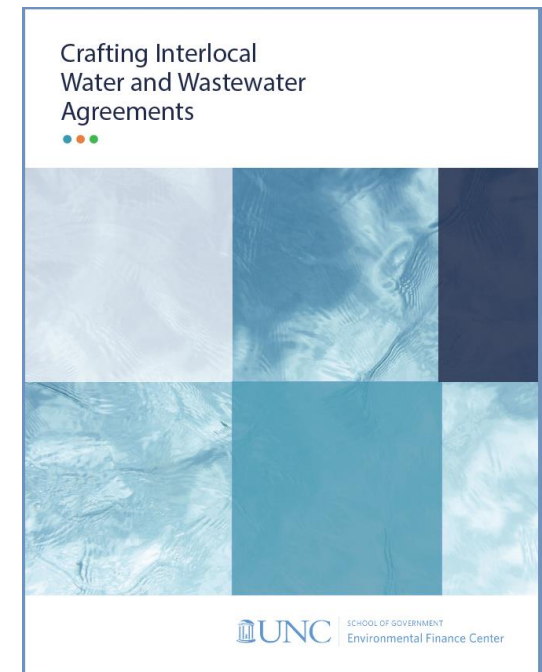
SCHOOL OF GOVERNMENT  
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# I. MANY REASONS TO CONSIDER REGIONALIZING

- Efficiencies of Scale
- Failing or Aging Infrastructure
- Unaffordable Rates
- Water Supply Needs
- Population Changes
- Regulatory Compliance
- Very specific staffing/expertise
- Resilience or Environmental Justice

## 2. GOOD CONTRACTING IS ESSENTIAL FOR PARTNERSHIPS

- Contracts often lack depth and detail
- Interlocal Agreements for water and wastewater services are effective for building robust and lasting contracts.
- Topics include but are not limited to
  - Ambiguities related to current and future service areas
  - Precisely defined key usage thresholds and limits
  - Meter maintenance and ownership responsibilities
  - Non-revenue water
  - Excessive inflow and infiltration



*As part of the EFC's contract with the NC Division of Water Infrastructure, we put together a guide on interlocal agreements.*

## WHAT WE HAVE SEEN IN OUR WORK...

- Contracts that don't contemplate growth in the service area or newly incorporated areas
- Complex substantive interlocal arrangements with 2-3 page written interlocal agreements
- Concern about how to contract for new capacity

# 3. EFFECTIVE COMMUNICATION ABOUT REGIONALIZATION IS CRITICAL

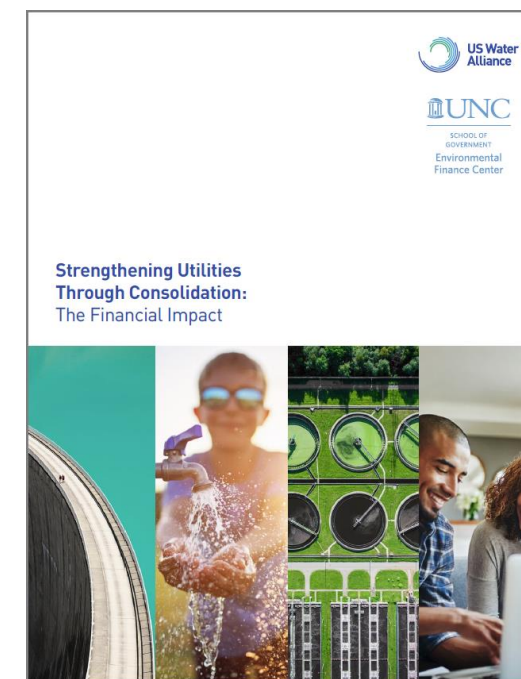
- Some terms like “Regionalization” and particularly “Consolidation” carry with them negative connotations
- Simplified resources and effective tools must be used to communicate your message
  - One-page documents capture key discussion points
  - Excel based tools are helpful for evaluating system health and gauging affordability
  - Infographics simplify technical concepts
  - Simplified videos of less than 5 minutes are very effective

## WHAT WE HAVE SEEN IN OUR WORK...

- It's critical to have a 3<sup>rd</sup> party mediator who has no vested interest – parties need to be able to communicate their needs and concerns
- In a group of utilities – there will likely be different priorities from every seat at the table
- Regionalization is not just for failing systems – there are benefits and opportunities for all systems in regional partnerships
- If you have incentives and/or indirect benefits – it's important to communicate why other systems (those who are not on the brink of failing) should care about regionalization

## 4. BROAD RANGE OF FINANCIAL IMPACTS OF CONSOLIDATION

- The EFC conducted eight consolidation case studies across the US.
- Focused on more than just rate impacts
  - Economic and financial benefits were abundant
  - Economies of scale
  - Lower or equalized customer rates
  - Increased opportunity for economic development



*Our report focuses on the financial outcomes and impacts of consolidations.*

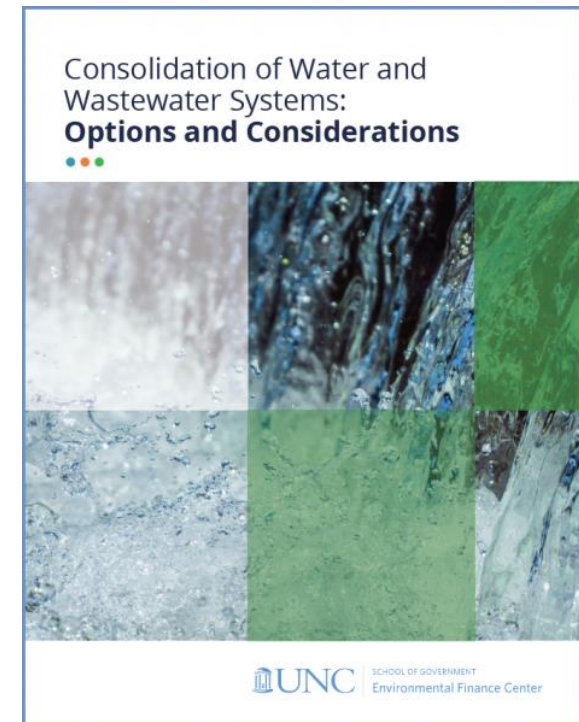
# WHAT WE HAVE SEEN IN OUR WORK...

- Individual financial impact for a community is very important to focus on – sometimes gets overlooked
- When mixing large systems with small systems – the regional impact and the individual impact should be considered separately and communicated directly to the systems
  - Don't underestimate the benefit to a region of quality and sustainable water sector services – it is essential to attract economic development
- Digging deep is critical – grants can often mask the financial health or sustainability of a system
  - “I have this shiny new infrastructure! But I don't have enough customers to support it into the future...”
- Lots of fund bundling opportunities – don't just look at consolidation through the lens of rate revenues and utility enterprise borrowing
  - State and federal grant opportunities, zero interest loans, other sector opportunities for sharing costs



## 5. THERE IS NO SINGLE ROAD MAP FOR CONSOLIDATION

- What works here may not work elsewhere
- Unique characteristics of each community to account for
- Our report offers considerations and options available for consolidation of water and wastewater systems



*This guide seeks to provide insight on how to develop fair, effective, and efficient consolidated services in your community.*

## WHAT WE HAVE SEEN IN OUR WORK...

- You cannot apply the same solution to every situation...it simply won't work.
- Be creative! And listen to the unique needs and priorities of the communities at the table.

# CONTACT US FOR QUESTIONS AND CONCERNS

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