

A Return to the Good Old Days – What **RWD Boards** and **City Councils** Can Do to Help

Many rural systems, which include both small municipal systems as well as water/sewer districts, started noticing a decrease in new connections in 2008 as new home starts declined. Water and wastewater systems are not a recognized economic indicator, but they should be. They actually provide a good early warning of economic downturn, because new home construction is directly tied to new system customers. Many of the rural systems I work with have added few new customers over the last four years. Fewer new customers, combined with a reluctance by boards/councils to increase rates during the recession, has drained cash reserves. As we all know, even if plans for system expansion are tabled, system maintenance must go on. As we also know, the useful lives of many of our rural system facilities are reaching their end and the only way to comply with the burden of state and federal regulation may involve upgrading aging systems. Many systems have been able to accrue reserve funds through careful system management but these funds are dwindling as they

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are spent on repairs and upgrades. Like it or not, many systems that would not normally consider incurring more debt are reaching out to state and federal loan programs for system repairs and upgrades.

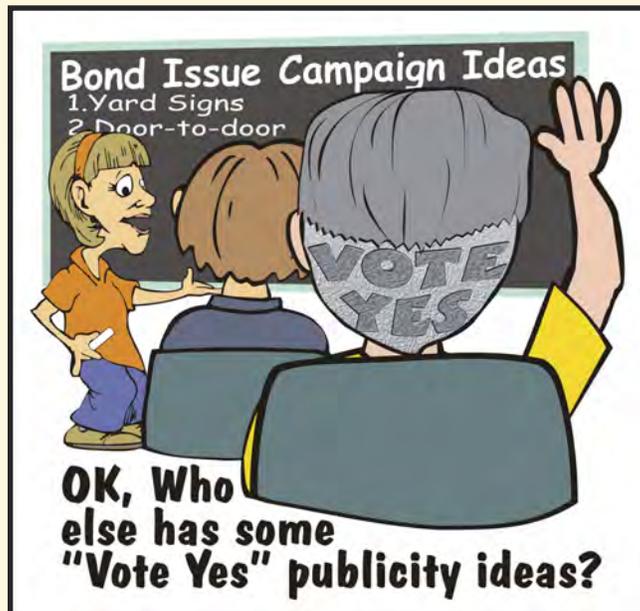
This actually opens up an opportunity for board/council members to help defray the costs of these projects in a very old-fashioned way. As part of my practice, I have reviewed many sets of system formation and USDA loan documents going back as far as the 1960's and I have worked closely with many "original" board/council members. You know the type. The ones who have been board/council members for 20-plus years and know where every foot of pipe is buried. I have gotten a pretty clear snapshot

from them of what it was like in the beginning for many rural systems that were being formed under this brand new government program that followed on the heels of rural electrification. None of the original systems had managers. Few of them even had any full-time employees. I've talked with folks who did water sampling or went out at night during power outages and storms to check wells, etc. They have also told me tales of sitting down with the local Rural Development representatives and filling out the actual formation documents and loan applications themselves. I've seen these handwritten documents in files along with fill in the blank mimeographed forms. Today's board/council member can be equally involved in system management and do far more than merely show up at monthly meetings. In this time of economic pressure, members can provide a valuable service to their system by participating more directly in special projects such as construction loan applications. A loan/grant application is incredibly time-consuming. Just keeping up with what types of funding are available is demanding. Even systems that have full time managers have a hard time

moving forward with the paperwork required for a loan/grant.

In fact, with the tools available on the Internet, I am seeing a return to an old-fashioned type of board/council member who is much more hands on. In the last several years, I have observed several examples of this type of outreach and when you pull them together they paint a picture of proactive, creative board/council members who are tapping into their life experience and taking on tasks that simply cannot be managed by the paid staff alone. Hopefully one or more of these will strike a chord and inspire activity in your system.

Monthly newsletter. A recently retired council member who had run a successful local marketing company was appalled to discover that her system did not capture customer email addresses. The system had several hundred customers; most people paid their bills in person at the city hall. Special notices to customers were printed and included at additional expense in the monthly bills. The system was facing a possible utility merger with a local district, which would require a joint election as well as a possible bond election. The council member proposed that she work on a project with the staff to capture email addresses for all new customers as a matter of routine. But more importantly, she started collecting email addresses as existing customers paid their bills and created an email database for customers. She also suggested that the system add a box on the bill for customers to indicate a change of email address. The project also included phoning customers in order to collect email addresses where necessary. The result was an email database that allowed the system to start sending an electronic



newsletter about the merger information about the merger and potential the bond election. That newsletter was written by another council member who was motivated by the email project.

Show me the money! A system board member who had recently applied for an economic development grant in order to expand his business,

became aware of state funding sources for utilities as part of his research into the application process. Basically, all these programs were handled out of the same state office. He offered to monitor state/federal loans and grant availability; he periodically updated the board at monthly meetings, as the board had some planned projects and was trying to decide whether or not to issue bonds and fund the work through private placement. He also got interested in the state list of SRF-funded projects; he watched to see which systems were getting projects funded. This became incredibly valuable when the economic stimulus funds

became available for shovel ready projects. No one really knew how the funds would be administered (it varied from state to state) or what the exact criteria would be. Even consultants and engineers were scrambling to keep up and figure out which state office would handle the funds and what projects would be eligible. The board member

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had contacts in place with the state offices and was more of a subject matter expert than many of the professionals. He reached out to state SRF officials who were administering funds and determined the project criteria very quickly. He was able to help the engineer get up to speed and got approval for a project that might not have been approved otherwise.

The monopoly. In a state where SRF/CDBG/USDA officials held unofficial joint monthly meetings in order to review proposed projects, smaller communities often felt that they were pushed to the side in favor of larger projects with larger communities with a history of construction projects. The implication was that smaller projects required more oversight because the community wasn't as experienced at managing construction. After getting passed over a few times

for no apparent reason and feeling like the engineer was not proactive enough, the entire council requested attendance at the next state funding meeting. This had never occurred before and there was some push back but the council persevered. The council made their case for the project and pointed out many intangibles not included in the paperwork. One council member was an experienced project manager for the local electric cooperative and that another council member owned a construction company. The council was successful in getting the project funded before the engineer had to update the PER, which would have cost more money.

Political outreach. Board/Council members often forget that as elected officials, they can reach out directly to fellow state and federal elected official both during time of crisis and in order to get support from them for system projects. A great example of this occurred recently when a district was trying to refine the budget for a project that received bids two times the estimated costs. The entire board reviewed the budget line by line. One of the board members noticed that it was going to cost about \$40,000 to have the grant portion of the project administered by a grant administrator from the local university. This community outreach office made

money by administering the grant portion of projects and those fees came out of the grant itself. The member suggested that the board self-administer the grant. He discovered that if he took a class offered by the state, he would be qualified to do so. Unfortunately, when the university found out, they contacted the state and convinced the state project liaison to refuse to allow the board to self-administer. The board reached out to the local state representatives and requested a face-to-face meeting. In fact, they invited them to the next board meeting and explained their idea and showed that saving the \$40,000 would make the difference between raising rates for their constituents or abandoning the project. The elected officials were stunned at the "collusion" between the state and the university and acted quickly to correct the matter! The board's willingness to reach out to fellow officials was crucial in overcoming this obstacle.

Door to Door. In order to determine CDBG eligibility, a district needed to conduct an LMI survey, because they would not qualify for the grant under the current census data. This can often be a huge hurdle, as residents do not understand that the surveys are anonymous and are reluctant to share household income information. The board members each took their sub-district and went door to door and conducted the survey. They also held public meetings where they, as the friend and neighbors and fellow residents of the district explained the need for the survey to district residents. They also got creative and carried surveys to civic groups and local events. Then they collated the surveys and prepared the maps with the coded information per the CDBG requirements. They worked closely with the CDBG staff in order to comply with the requirements as well as coordinated their work with the project engineer. This saved the district several thousand dollars in administrative fees. It allowed them to receive the grant, which made the project possible without a large rate



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increase. This same board also went door to door and gathered easements. They worked with the project engineer and the lawyer (yours truly) who prepared the easements. The members reviewed the list of all the right-of-way easements that were required and determined who the best board member was to contact each individual. They then went to each house to talk with people they knew personally in order to obtain the easements. This allowed the system to avoid pursuing the easements through condemnation which would have been expensive and a political nightmare. Original boards did the same thing in order to obtain the first project easements.

Bond election. A district that had failed to pass a bond election in recent years was under the gun to make system improvements. Without passing a revenue bond, the district would be ineligible for any USDA funds and faced serious violations of the water quality guidelines. The board decided to make sure that the bond would pass. They developed an entire campaign in coordination with the financial advisor and bond counsel. They reached out to the local newspaper and radio. They gave interviews. They developed talking points. When public meetings were poorly attended, they took the message to their church groups, boy scouts, saddle clubs, civic groups and other venues to encourage people to vote in favor of the bond. They put out yard signs and worked the polls on the day of the election as well. Some of them even went door to door in their sub-districts. As residents, neighbors and board members, they reached out to the community and were successful. The bond was passed with a huge margin and the district was on its way to making the needed upgrades.

USDA liaison. One community with a failing system was trying to decide whether or not to pursue a USDA loan, but they did not have the funds to hire an engineer or a lawyer to help them explore this. A member who had dealt with the local USDA office for years as a farmer volunteered to meet with area specialist, who suggested that they look

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at the USDA Web site. Another member researched the USDA Web site where much of the information concerning a project loan is available. This team reviewed the preliminary checklist for a prospective loan with the area specialist and requested that she attend a special workshop meeting in order to review the information with entire board. The board determined that there were many preliminary parts of the project that they could complete themselves instead of paying lawyers and engineers to do the work. From gathering background documents to tracking the USDA project checklists and keeping the project on track by interacting directly with the area

specialist. They decided to set aside time at each meeting to provide updates on the project and to assign tasks to themselves. This self-help attitude was very reminiscent of earlier boards on original USDA projects.

In these real life examples, these board/council members used their skills and a great deal of common sense to reach out and create solutions to problems, just like valued employees. But wait, isn't that what an elected board/council member really is – an unpaid employee of their district/municipality? Every rural system can use board/council members like these, especially during these tough economic times. Your state rural water association and other organizations are very capable of providing guidance too. So ask yourself, "What can YOU do for your system?"

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