

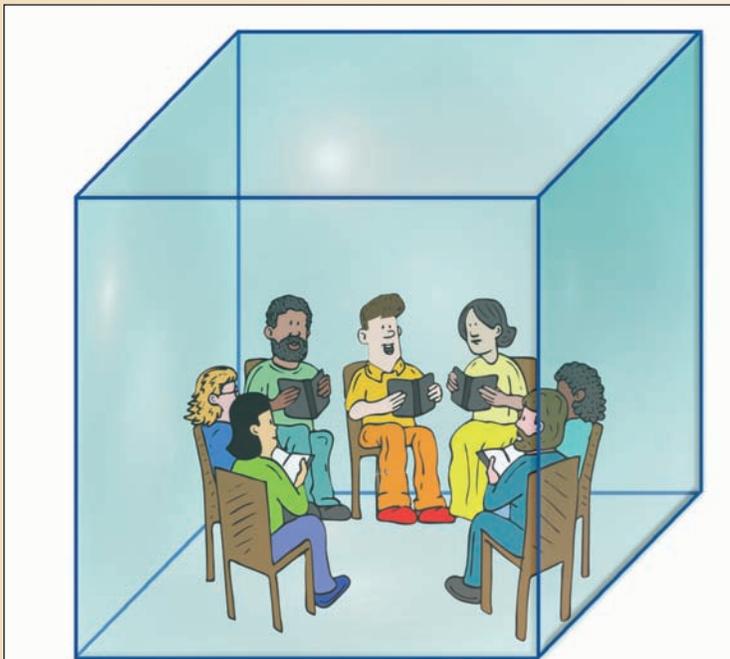
Creative Solutions for Water System Management – Can You Play Well with Others?

Rural water systems face an uphill battle every day; the inherent challenges in providing safe drinking water in rural areas are the reason that Congress began assisting rural water districts with funding after World War II. Water districts are apt to have low customer density which translates as fewer customers shouldering the cost of water service over far-flung areas. There is no mandatory connection policy. As a result distribution costs are higher. Cities have always had the advantage of serving more customers within a smaller area and having a captive audience, so to speak. If you live inside the city limits, you are on city water. Cities also have multiple revenue streams, while rural water districts are “SIPS” – Single Interest Public Service entities. They sell water and nothing but water.

Yet rural water districts still must comply with the same increasingly complex state and federal water quality mandates as large cities, and do so with less money and fewer employees. No question about it. Rural district board members have a tough job, and it is a labor of love. No glamour, no atta-boys, no parades. For really small systems with no fulltime manager, the board is managing the system directly. These board-managed systems require even more work from the board members. Maybe this is why in many areas, it is becoming more difficult to even keep board seats filled. And it is easy for boards to become isolationist. Rural water associations, especially KRWA, do a fantastic job of providing an opportunity for rural water district boards and managers to communicate with one another and share ideas. Unfortunately, more communication needs to occur outside of the annual conferences and water districts need to start thinking ahead of time about cooperation, before disaster strikes.

Isolationist v. new-style culture

An isolationist policy is probably a result of the very nature of rural water districts, but this corporate culture needs to change if rural water districts are going to meet the challenges they face in the future. The days of the old-style board are gone. By old-style board, I mean the independent-minded can-do folks who took the initiative forty or more years ago and banded together in order to make sure that their neighbors had safe drinking water. Those were the folks who laboriously worked with USDA to fill out the first grant/loan applications, obtain sign-ups, then easements and then later went out to fix a well pump with their own hands in the middle of the night. Many of these original boards served for years and years because no one else wanted the headache of running the district. The downside of these sacrifices and this initial dedication, is that because rural water boards were forced to be independent and self-reliant, they did not develop the habit of reaching out to other rural water districts or small towns. In addition, many boards became very vested in running “their” district and may not have really welcomed “outsiders” on the



The RWD Glass Box board meeting was held last week, no issues were resolved, no outside help was needed and we still haven't found a new chairman.

Graphic by Vicki McCallum

board. And we won't even begin to discuss what territorial disputes have done to foster a sense of isolation amongst some rural water boards!

So it is time for "new-style" boards. A new-style board does more than attend the awesome KRWA conference each year! A new-style board makes long-term plans, just like counties and cities and then creates short-term contingency plans for all sorts of emergencies. And the primary way that a new-style board does this is by networking and exploring cooperative opportunities with other rural systems and small towns.

But before a board can reach out and explore new opportunities, it has to be a board. This is actually a threshold problem for many districts and it deserves some discussion. Typically, this problem occurs when the earlier generation of board members have retired or sadly, even died, and no one steps forward to fill their shoes. So the board limps along with few vacant seats and may not even have a quorum. Legally, a board without a quorum cannot take action, but as a practical matter, those remaining board members have no choice but to keep the doors open and continue to operate.

I have seen some "interesting" solutions to this problem too. One water district could not get a seat filled for more than two years. No one wanted to commit to a three-year term. This was extremely inconvenient because on more than one occasion, meetings had to be postponed for lack of a quorum. Then one customer agreed to run. He was a great candidate, but he knew he could only serve one year. The board asked him to run anyway, even though they knew he would have to be replaced. He was elected and the board

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replaced him mid-term by appointment about eighteen months later with the brother-in law of a board member, who agreed to serve for the remainder of the term. He ended up running for his seat again, but they had another board seat where no one was willing to run for a three-year term. The board decided that they would follow the same approach and just get someone to run and serve for one year, with the understanding that he could resign and be replaced.

The problem with this solution is that it is just plain wacky! It also fosters the private club mentality of many rural water boards which seems to stem from the isolationist culture of rural water boards. I have seen too many boards just throw up their collective hands and say that they cannot find any qualified people to run or that they don't know anyone who will run, when what they are really saying is that they cannot get any of their personal friends to agree to run.

WHATEVER IT TAKES!

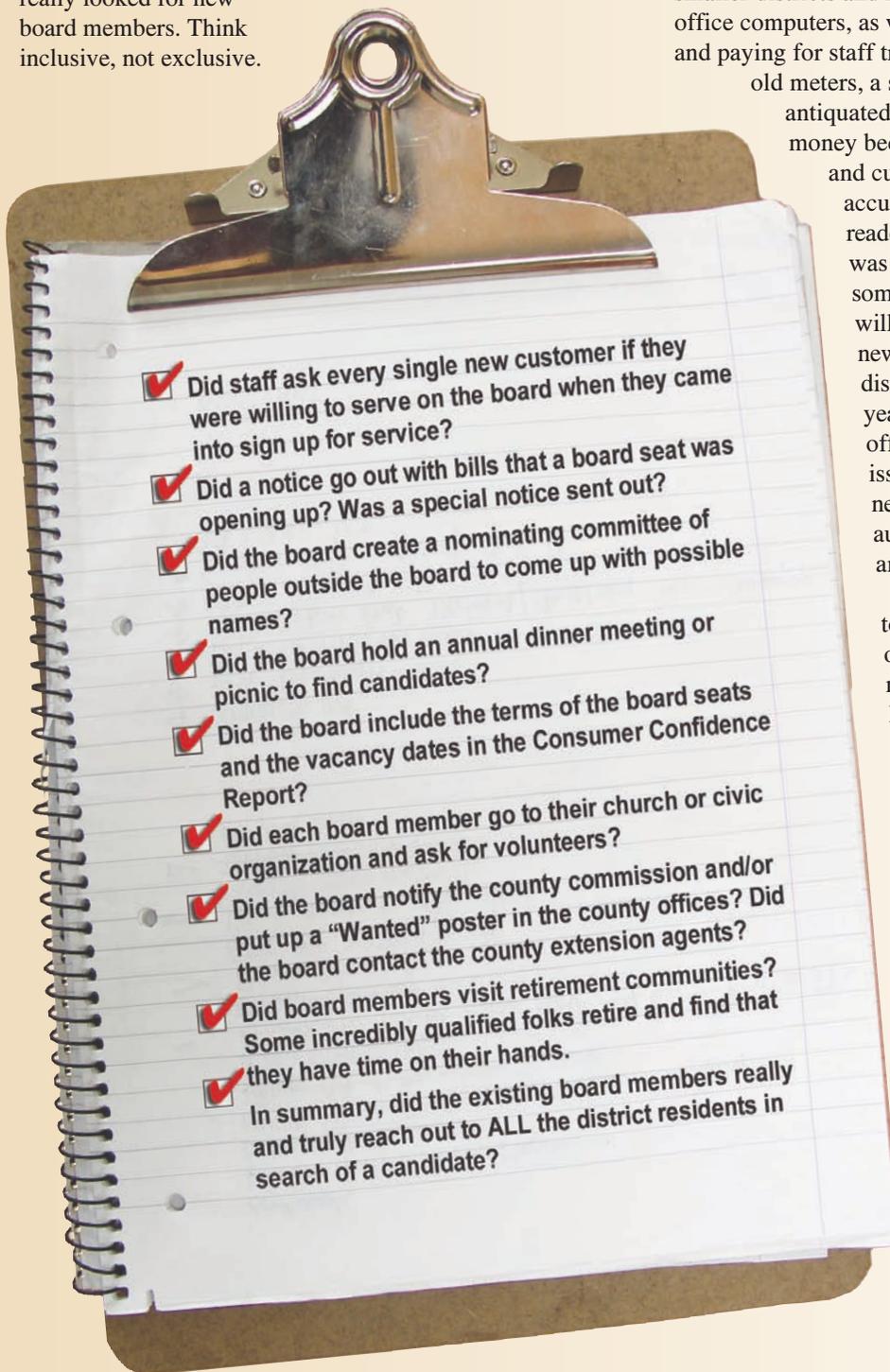
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Getting beyond psychological boundaries

This is one of the biggest hurdles for a new-style board to overcome. I refuse to accept that a water district (or nearly any other board for that matter) cannot find board members! Now, they may not be able to find board members whom they know personally, who will share their viewpoint on matters and who will vote without discussion, i.e. good candidates for the exclusive club. But unless a water district board can answer NO to every one of the following questions, then they haven't really looked for new board members. Think inclusive, not exclusive.



Assuming that the district has a fully functioning board, that board should not be afraid to look outside the boundaries of the district for solutions to problems. It is trite, but problems are sometimes just opportunities in disguise. A few examples follow.

With the increased efficiency of the electronic office, and with automated meter reading and other labor-saving technologies, water districts need to assess their administrative functions. Is it time for a new billing system? New meters? This can be a huge expense for smaller districts and require upgrading all the existing office computers, as well as purchasing the billing software and paying for staff training. One very typical district had old meters, a self-read meter program and an antiquated billing system. They were losing money because the meters were running slower and customers were not reading their meters accurately or on time. The cost of a meter reader, even part-time, was expensive. So was a computer upgrade and there were some questions about the ability or willingness of the office staff to learn a new system. This was one of those districts with staff who had been there for years and the board was very loyal to the office manager and unwilling to push the issue. The solution? Reaching out to a neighboring town that was installing automated meter reading and already had an upgraded billing system.

Initially, the district and the nearby town just decided to work together in order to get a better price on the new meters. By placing a joint and therefore larger order, they kept the price down. Actually the meter sales representative was the one who came up with the idea of a joint order, because he cold-called on the district while he was in the area dealing with the town. The district and the town got a better price on the meters and planned on using existing field staff to read the meters using a laptop. The district started installing their meters first and eventually some of the district field staff started moonlighting as paid contractors in order to help out the town on its installations. This was done with the district's blessing. Wow! Together we thrive!

The district board was encouraged by this cooperation and joint venture with the town. Ultimately, the town and the district

entered into a billing agreement, under which the district provided the town with the electronic meter reading data and paid the town to send out the bills, as well as the shut-off notices. The district received a printout of the bills generated and customers could call the district office with questions. The district staff received all payments initially, tracked them on the billing sheet and gave that information to the town. Eventually, the town started accepting the payments directly and depositing them directly into a district bank account and logging the payments into the billing system. The district board received a monthly billing summary showing paid and unpaid bills. The district calculated that the cost savings on the billing system and avoiding the staff problems, as well as the improved revenue from more accurate meter readings more than offset the cost of the billing.

Does this sound like a unique situation? Well, it's not really. Every water district will have a different set of circumstances. What is really unique is the cooperative manner in which the district and the town decided to work together to solve their problems.

A similar scenario involved a small town with a new wastewater system which was a water customer of the water district. The town was having staff problems and had gone over budget on the wastewater system, to the point that it could not afford a billing system that could handle both water and wastewater billing. There was also a nasty political conflict over the wastewater system project and people were refusing to pay their new wastewater bills. (For all you folks who are NOT in the wastewater business, people will pay for clean drinking water, but it is much easier to flush and forget!) The water district had a much more advanced billing system, so the town agreed to install the same type of meter reading as the district (up to this point the town had been paying a flat rate per customer for water because it had no meters) and to pay the district to handle all the billing and payments. This was a dual, additional source of revenue for the district, because not only did the district make more money with metered water sales, it received revenue from the billing. Then they took it a step further and entered in a water shut-off agreement with the town, so that the district would be paid to handle water shut-offs for lack of payment of the wastewater bills and also to install new

A new-style board will not be afraid to explore cooperative opportunities.

meter sets. More revenue.

This type of cooperation was possible because both of the water district boards were willing and able to reach out beyond the psychological boundaries of their respective districts and think about what made the most sense for the district. A new-style

board will not be afraid to explore cooperative opportunities.

Suppose there are two small districts that each need a professional manager but can't really afford one full-time? Why not share a highly qualified manager between the two? Why not share construction equipment or contract out for construction services between districts? How about creating an emergency back-up plan with the neighboring district or town if key staff are ill or away? Rural water districts are familiar with the concept of emergency interconnects. They need to start thinking in terms of "people interconnects" as well. The ideal new-style board? That is the board that reaches outside the usual group for board members and then continues reaching out in order to find new solutions for old problems.

Elizabeth Dietzmann is a lawyer who has provided services to many cities and rural water districts and has presented workshops and seminars on utility management topics across the U.S. Contact: edietzmann@earthlink.net



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