



# Rural Utilities Partnering in Economic Development

**T**he depopulation of rural America has been going on for generations. The effect has been consolidation of schools, churches, agricultural services, rural electrics, telecoms, reduction of small businesses as well as other services. Future consolidations will continue. The outmigration of population is particularly acute in the Midwest; some counties in Kansas rank highest in the nation in that regard.

Times are changing as farms and ranches are larger with a concentration of livestock. Larger and ever more efficient equipment has resulted in less employment while producing greater output. This results in fewer family farm units and less employment opportunities.

The depopulation is affecting utilities such as Rural Electric Cooperatives (REC), rural telecommunication systems (Telecoms), rural water districts (RWD) and communities. Utilities are challenged with maintenance for infrastructure with fewer customers and an excess of service capacity.

For more than seventy years, the RECs and Telecoms have reinvested in facilities a number of times over – with fewer customers. RECs and Telecoms were aware that jobs were critical for their customers and new customers were essential. Realizing this, RECs and Telecoms have been active with economic development groups for some time. However RWDs have been slower to come to the same realization that economic development is important for future service.

For a RWD this may be partly due to the “culture” of their leadership. Over the years the board of directors has been primarily composed of farmer/rancher members who constructed their water system for rural needs. The RWD looked to the community for leadership of economic development initiatives.

In their book “Hollowing Out the Middle – The Rural Brain Drain and What It Means for America”, Patrick J. Carr and Maria J. Kefalas write about the depopulation of rural

America. They note that our rural high schools prepare students to leave – with a focus on college preparatory classes. Rural high schools tend to offer few “life skills” classes for those who wish to “stay” in the community.

The authors have broken down the class demographics as the “The Achievers” – college prep; “The Stayers” – remaining in the community; “The Seekers” – joining the military or going elsewhere and “The Returners” – coming back after military, the college dropout, etc. We can identify the above individuals at class reunions.

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So why bring up these demographics while discussing economic development? It has to do with having a trained workforce for the “Stayers” and the “Returners”.

The authors point out that one important alternative is a school district relationship with the area community college. They emphasize that a high school could offer college introductory curriculum such as welding, health services, computer service or other trade experiences. A few of these trades may be useful to local industry. It is important the student get a “taste” of what the job market expects post high school.

A student may pursue an associate degree from a community college through this experience. The trained young adult may now have a livable wage. These will be the future firemen; churchgoers; supporting schools and users of business and utility services. The Stayers and Returners with proper training may choose to remain in their community. It is vital that economic development leaders promote with the high school these educational opportunities for the viability of their area.

There are many spokes in the wheel of economic development necessary for business opportunities. There are several which are critical. We have already addressed the educated work force and the other is broadband access.

Today, the need for broadband availability is a prerequisite. Broadband is essential for business but is also vital for progressive individual agricultural and the home-based business communicating with the “outside world”. If broadband is not available it is highly unlikely a business can remain competitive or want to locate in a rural community. We all know that a workforce and broadband are needed to hold a business and their jobs. Other essentials such as utilities can adjust if these two components are available.

An economic development entity may be a public body or a non-profit

organization. They vary in size from a community club to staffed community/county group. The source of revenue typically is dependent on membership dues from individuals; small business; public body allocations; utilities and perhaps state and federal grants for a specific purpose.

The over-arching word for being a member would be “communication”. An example may be if there is conflict of service territory between a city and the RWD. The issue may be resolved early with a discussion in the economic development group. When possible, both parties could avert legal costs, stress, tension, broken relationships and maybe loss of jobs because a business did not know who would provide water service.

A RWD may service territory in urbanizing areas with several different governing jurisdictions. If the system is located in a multi-jurisdictional area, the aggressiveness and political landscape will certainly be different. For reasons previously discussed, it is important for the RWD to consider belonging to several groups. In these situations, decision making for utility service is expected to be quick and well planned.

A RWD in an urbanizing area should not necessarily disregard meeting city design needs such as fire suppression — but think “outside of the box” on how it may be furnished. This may include different rules and regulations, or financing and investment strategies that can be viable and profitable.

The membership in an economic development organization will vary from group to group – it may be several hundreds or thousands of dollars. Remember, as a RWD, you are purchasing access to

## RWD leaders need to be participants in “economic development”

How does economic development relate to rural water districts and independent community water utilities? What needs to happen to be a participant of an economic development group in your area?

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The initial step for the utility leadership is to strategize why it is essential to participate with economic development organization(s) in the service area. The leadership needs to start with the identification of opportunities – short and long term. This includes what service can be provided; how this supports users and how will the utility assist the rural area and communities with businesses and jobs.

Here are factors to consider when evaluating membership in an economic development group:

- You are “at the table” and a participant in the discussion
- You can communicate on business strategy, annexation, commitment and project development
- You will be familiar with the “heavy hitters” -- politically and economically in the area and state
- You can address potential service conflicts early; service to be provided; sharing of service
- You can discuss “fire suppression service” and how it can be furnished
- You can offer endorsement to initiatives – such as workforce training in the high school; broadband development, etc.
- You will be viewed as a strong and active partner in economic development

## RWD Financing Economic Development Initiatives

- State/Federal Business Grants
- City or County Tax Increment Financing (TIF)
- Developer Contributions
- Joint Financing with Private/Public Partnerships
- Revenue Bonds/Promissory Notes
- RWD Financial Contribution

## Rural Utility Benefits of Economic Development Membership

- Being a part of the economic development decision making
- Becoming familiar with the local & state players
- Looking out for the interests & services of the utility
- Providing opportunities for new users
- Supporting activity that generates jobs for your customers
- Being a service provider or jointly with others
- Supporting the regional community, businesses, schools & services
- Improving communication with others who have the same goals

information not an inventory of pipe. You are participating in planning with others and it allows you to do strategizing. You are developing a relationship that may be beneficial down the road when you may need support on a utility issue.

A high percentage of your customers are already residential and you may be seeing the number of farmer/rancher customers declining. Without the jobs there will be decreased residential users. It is important the RWD and community leadership shift their vision from farms to retention of families. The viability of all utilities will be dependent on the trained jobs and the availability of broadband. Unfortunately it is recognized that some rural areas will continue to depopulate – regardless of local effort.

Include in your utility’s strategic plan how to support

economic development. It will take each utility member, the leadership and other community organizations working together, to make it happen. The cost of your future utility service will be dependent on a stable population.

Rural utilities need to become active participants in the economic development group serving your area. Pay the membership dues and be at the table as a part of the discussion, planning and decision-making. It is supporting existing customers and developing new opportunities of service. It is about your future.

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