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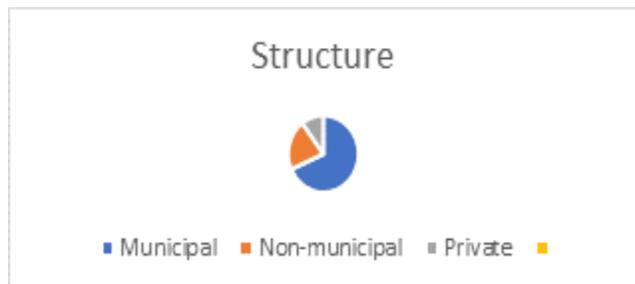
SPECIAL REPORT: Rural Water Districts Lead in Sustainability Partnerships

The National Rural Water Association’s Advancement and Sustainability Institute recently conducted a blind survey to determine the prevalence and nature of partnerships in the water industry. The purpose of the survey was to provide an empirical foundation for discussions taking place within governmental entities at the state and national level. This was a blind survey of water utilities with 3,073 respondents providing a 98% confidence factor.

The National Rural Water Association’s position regarding consolidation and partnerships is that the most effective and sustainable solutions are made by local decisions to address local concerns considering all options. These results provide a snapshot of the depth of cooperation between utilities to address sustainably and utility-specific concerns.

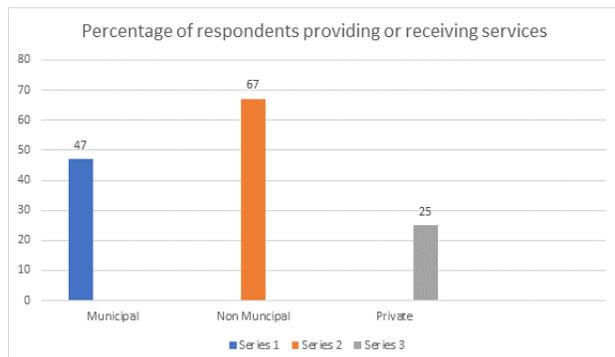
Respondents

Respondents governmental structures consisted of 68.43% municipal, 21.31% non-municipal such as districts, co-ops regional systems or special service districts and 10.25% privately owned. These responses immediately reveal that community water supplies, regardless of government structure, are engaged in mutual support of neighboring entities.



Shared Services

Respondents indicated that non-municipal systems are more-deeply involved in support partnerships, both providing aid to and receiving aid from their neighbors. This increase could be contributed to the smaller populations serviced and the larger areas of service provided by districts as opposed to a small community water system. This is reflected by 67% of non-municipal entities, such as districts and co-ops, responding they either receive or provide services to and from other entities as compared to 47% of municipals and 25% of privately owned entities.

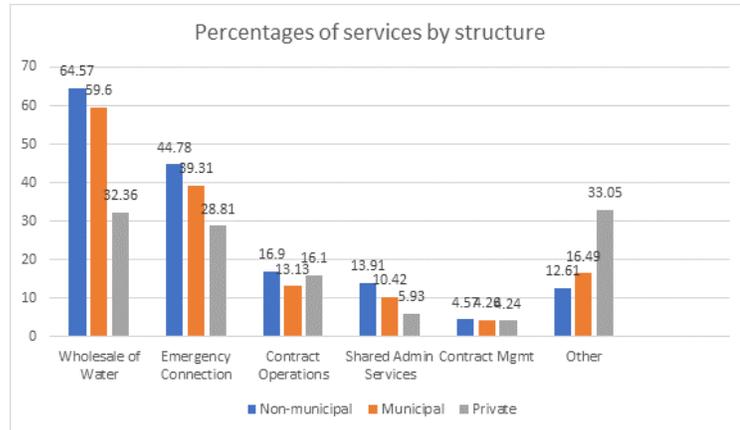


The Water Industry Advancement & Sustainability Institute is a 501(c)(3) established by the National Rural Water Association

Types of Services Provided or Received

The wholesale of water is the predominant shared service. In districts with large service areas they may buy wholesale on one end of the system and sell to another entity on the opposite end. These are typically long-term agreements to ensure continuity of service.

Emergency connections between systems is prevalent and a common safeguard where applicable. This type of partnership provides a mutual benefit to both entities.



Contract operations and management options are elected by entities for various reasons and issues. Issues resulting in these types of contract services are system specific.

Other types of services tend to be informal such as borrowing a piece of equipment or asking for some help to perform a task. These informal agreements are relationship based between staffing of entities. The data of this survey indicates this type of partnership is more pronounced in private entities.

Conclusions

The vast majority of community water supplies (54%) serve populations of less than 500. These systems are the essence of Rural America, they support the infrastructure that the nation depends on that has a direct impact on the nation's economy. They support agriculture for food production, energy production and our natural resources as well as the general public traveling the highways and byways of our nation.

These responses document the efforts that local communities undertake to ensure their systems remain sustainable and provide a safe quality water supply to their customers. The local decisions of sharing services, consolidating with a neighbor or contracting out operations should not be forced or made lightly. The system, as a first step, should undergo a complete system evaluation from a third party who does not stand to benefit from their recommendations. In the medical field, there may be a variety of treatments for a condition, but the procedures selected must match the needs of each individual case. Similarly, the decisions on the operation of water and wastewater utilities should be tailored to meet the concerns of each individual case. State Rural Water Associations provide a comprehensive evaluation of affordability, operational revenues versus expense and liquidity ratios as a foundation to consider various options available. The options can range from a policy or operational change to contract services or consolidation to name a few.

These types of local decisions being made at the local level are also documented by the reduction in the EPA community water system inventory which has declined by 3,805 entities since the year 2000. Contact your State Rural Water Association to consider your sustainability options or visit www.nrwa.org