

Managerial and Financial Capacity Assessment Results
For Community Water Systems with 100-1,000 connections

Target group:

Total: 562

Respondents:

Total: 304 (54%)

Ownership Type

47% Public
18% Private for profit
35% Private non-profit

Ownership Type

47% Public
20% Private for profit
33% Private not for profit

Size

43% 100-200 connections
35% 201-500 connections
22% 501-1,000 connections

Size

42% 100-200 connections
32% 201-500 connections
26% 501-1,000 connections

Region

33% Eastern
37% Northwest
30% Southwest

Region

34% Eastern
38% Northwest
28% Southwest

1. Are you the owner of the system?

Owner - Someone who can make decisions on water system operating policies, personnel management, budgeting and finances, and regulatory compliance (such as a board member, council member, or sole owner).

52% Yes

48% No

If no, did you review these questions with the owner before answering the survey?

61% Yes

39% No

2. Please rate how strongly you agree with each of the following statements about your system's technical, managerial, and financial capacity.

My system has adequate technical capacity.

Technical capacity means the physical and operational ability of the system to serve customers now and in the future. Here are some examples of strong technical capacity:

- The system has qualified operators with the knowledge and skills to operate the system.
- The system's source can meet current and anticipated demand.
- The system's source is adequately protected, treated, and sampled.
- System infrastructure is in good condition.

2% 1 - Strongly disagree

2% 2 - Disagree

4% 3 - Neither agree nor disagree

38% 4 - Agree

54% 5 - Strongly agree

My system has adequate managerial capacity.

Managerial capacity means the system has the administrative and organizational ability to be successful now and in the future. Here are some examples of strong managerial capacity:

- Owners, managers, and operators are accountable and knowledgeable about the system.
- Owners, managers, and operators receive ongoing training.
- We plan for current and future needs.
- We interact well with customers and regulatory agencies.

3% 1 - Strongly disagree

1% 2 - Disagree

2% 3 - Neither agree nor disagree

35% 4 - Agree

59% 5 - Strongly agree

My system has adequate financial capacity.

Financial capacity means the system can generate or obtain enough funds to maintain the system and pay for future improvements. Here are some examples of strong financial capacity:

- System revenue pays for the full cost of providing service.
- We know and can measure all costs and revenues.
- Reserves are available for unexpected expenses.
- We use good budgeting and accounting practices.
- We can access capital through public or private sources.

- 1% 1 - Strongly disagree
- 5% 2 - Disagree
- 12% 3 - Neither agree nor disagree
- 49% 4 - Agree
- 33% 5 - Strongly agree

3. How many people have served in the lead operator position in the past 10 years?

- 45% 1
- 51% 2-3
- 4% 4 or more

4. Do you have a complete Water System Plan (WSP) or Small Water System Management Program (SWSMP) that is actively used to operate and manage your water system?

- 78% Yes - We have a complete WSP or SWSMP that is used to manage and operate our system.
- 19% No - We have started a WSP or SWSMP, but it is not complete.
- 3% No - We have not done any planning, or our planning documents are no longer useful.

→ If you said, “No - We have started a WSP or SWSMP, but it is not complete.” please answer the following:

Do you have complete, current, and useful plans or programs in the following four areas?

Yes	No	
83%	17%	Operations & maintenance
90%	10%	Component inventory and up to date distribution system map
80%	20%	Wellhead protection/source water protection
83%	17%	Emergency response

5. Do you own a generator with capacity to power your system and supply water to all your customers during a power outage?

54% Yes

5% No - But we have an emergency intertie that can supply customers with basic water service for at least 24 hours without the need for any pumping.

33% No - But we have gravity storage that can supply customers with basic water service for at least 24 hours without the need for any pumping.

8% No

6. Is your system willing to consider connecting to a nearby water system, forming a consolidated system?

The responsibilities and costs of owning and operating a public water system can be overwhelming. Some water systems are interested in the economic and operational benefits of consolidating facilities and operations with another utility.

“Near” or “Nearby” means your distribution system is within 1,000 feet of the other water utility’s distribution system.

Example: Valley Pines Water System is a small system that struggles to afford treatment costs and often faces water outages in summer months. They would like to consolidate their system with a system that has a reliable source. Sweet Meadow Water System is a larger, well-operated system located 300 feet from the Valley Pines’ distribution system. Both utilities agree to physically connect their two systems. Valley Pines is no longer responsible for owning and operating a public water system.

31% There is not another system near our system.

12% Yes - We would consider consolidating with a nearby system.

25% Maybe - We would need to understand the potential costs and benefits first.

19% No - We are not willing to consolidate with a nearby system.

13% No - We are not willing to consolidate with a nearby system, but we would consider an intertie with another system.

7. Is your system willing to consider transferring ownership, management, and operations to another water utility?

Sometimes consolidation isn't possible due to the distance between systems. In these situations, some water systems are interested in the benefits of transferring ownership, management, and operations to another utility (known as restructuring).

Example: Volunteers run Pleasant Vista Water System, and there is a lot of turnover. They would like to restructure with another system so they are no longer responsible for owning, managing, and operating a public water system. Sunny Springs is a well-managed utility that owns and operates several small systems. Under an agreement between both parties, Pleasant Vista becomes a satellite system of Sunny Springs. Sunny Springs now owns and operates Pleasant Vista.

3% Yes - We would consider transferring ownership of our system to another utility.

17% Maybe - We would need to understand the potential costs and benefits first.

4% No - But we would consider an agreement for operations and management by a Satellite Management Agency.

76% No - We are not willing to transfer ownership of our system to another utility.

8. Do you prepare a budget each year?

93% Yes

7% No

9. For last calendar year, did your system generate enough money to cover all system costs?

93% Yes - We broke even or had a surplus last year.

7% No - We had to borrow money or cut expenses.

10. What is the average monthly rate charged to your single-family residential customers?

If your water system doesn't send monthly bills, divide the average bill by the number of months in the billing cycle (for example, if the annual bill is \$600, divide that number by 12 for a monthly average of \$50).

If drinking water charges are part of another bill (such as rent), please figure as best you can the monthly amount that represents drinking water charges.

11% Less than \$20.00

28% \$20.01-\$30.00

41% \$30.01-\$40.00

17% \$40.01-\$60.00

3% \$60.01-\$80.00

0% Greater than \$80.00

11. How many times has the water system's rate been increased in the past 10 years?

9% 0

40% 1-2

30% 3-4

21% 5 or more

12. Which of the following best describes the rate structure you use?

Flat rate based on unmetered consumption - Services aren't metered, so each customer pays the same monthly, quarterly, or yearly rate.

Declining block rate - The cost of each billing unit (1,000 gallons or 100 cubic feet of water) decreases as the amount used goes up. The first block of use is charged at one rate, the next block is charged at a lower rate, and so forth. This rate structure gives price breaks to high-volume users.

Uniform block rate - The cost of each billing unit stays the same regardless of how much water is used. For example, a customer using 5,000 gallons per month pays the same price for each 1,000-gallon unit of water as a customer that uses 20,000 gallons per month.

Inclining block rate - The cost of each billing unit increases as the amount used goes up. The first block of use is charged at one rate, the next block is charged at a higher rate, and so forth. This rate structure rewards water conservation.

Seasonal rate - The cost of each billing unit increases or decreases according to water demand and weather conditions. Systems usually charge higher prices in the summer months when demand is highest and water supplies are stressed. This rate structure rewards water conservation.

19% Flat rate based on unmetered consumption

2% Declining block

16% Uniform block

59% Inclining block

4% Seasonal (combined with another rate structure)

13. How often do you compare operating expenses with operating revenue?

- 56% Monthly**
- 15% Quarterly**
- 12% Regularly (but not on a set schedule)**
- 2% Semi-annually**
- 14% Annually**
- 1% Rarely or Never**

14. Do you have enough in savings or reserves to cover all of the following?

Operating cash reserve - protects the system from cash flow problems when you must pay bills before customers have paid for service. We recommend setting aside one-eighth of your annual operating expenses.

Emergency reserve - allows you to replace a major, critical component of your system if it fails unexpectedly.

Short-lived asset replacement reserve - allows you to replace assets with a useful life of about 5 years or less (such as electrical controls, filter media, computers, and hypochlorinators) without disrupting your annual budget.

- 3% No - we don't have enough to fund ANY of these reserves.**
- 7% No - we have enough to fund ONE of these reserves.**
- 19% No - we have enough to fund TWO of these reserves.**
- 71% Yes - we have enough to fund ALL of these reserves.**

15. Do you have a plan to make capital improvements (such as replace water mains, construct/rehabilitate a well, or construct/rehabilitate a reservoir) in the next 6 years?

- 67% Yes**
- 22% No - we assessed our facilities and no improvements are needed in the next 6-year period.**
- 8% No - we assessed our facilities and need to make improvements, but have no plans to do so in the next 6-year period.**
- 3% No - we have not assessed our facilities.**

16. Which source would likely contribute the most funds to complete future capital improvements? (please answer regardless of whether you have a plan to make improvements)

57% Water System Funds (example: savings or reserves)

8% Line of Credit/Private Loan (example: bank loan)

23% Government Loan (example: State Revolving Loan Fund)

12% Government Grant (example: Community Development Block Grant)

17. Our staff and programs are here to help you build your system's capacity. Which areas are you or your system interested in? Check all that apply.

Total percentage exceeds 100% because respondents could choose more than one answer.

16% Completing a State Revolving Loan Fund application

22% Budgeting and rate setting

30% Planning for infrastructure replacement

5% Assistance to consolidate or restructure (transfer ownership)

15% Board training

38% I am not interested in assistance.

13% Other: (answers varied)

→ If you are interested in assistance (such as a phone call or workshop), when is the best time for you to receive assistance? Check all that apply.

Total percentage exceeds 100% because respondents could choose more than one answer.

90% Daytime

18% Evening

11% Saturday