

# “Fussing and Fighting in the Same Sandbox”

OR

# “Working Together for the Community?”

**T**oo many times, water utilities seem to be concerned with “self preservation” rather than focusing on cooperation and vision. This leads to “fussing and fighting in the sandbox” rather than “working together as a community” for stability and growth. Unfortunately this happens with both rural water districts (RWDs) and cities. For this article, my reference to “community” means a county, multiple cities, the rural area or an encompassing trade area.

Utility leaders and staff need to assess the sustainability of their service as a part of the community. Is there annual assessment of service for the future? Has the city or RWD recently reviewed its policies and the effects on adding new customers? Does the city or RWD regularly seek input from the community on services being provided or needed? Are you cooperating and working with the community for economic sustainability?

As a utility leader, how does your city or RWD work with the community through self-assessment, economic development and governmental cooperation?

## **Influence results from good leadership**

A board/council member has the ability to influence how services may be provided.

Utility investments of hundreds of thousands or millions of dollars impact the services provided in a community. Board/council policies influence customers and growth of the community. Your system’s planning will guide utility service, staff and the types of services provided.

A board/council member’s regular meeting attendance is crucial. Reviewing previous meeting minutes and financial statements is a must; board/council members should not be afraid to ask questions. Understanding of the

utility policies is important when working with staff and understanding service for customers.

Another responsibility often overlooked is the “risk management” of the enterprise. What plans have been made for operational emergencies, loss of management, or financial challenges? Your city or RWD may not have contingencies for every circumstance but it’s critical to continue to ask questions and work with staff to be prepared. Remember, knowledge plus vision equals leadership.

When a management vacancy occurs, step back and have discussions on what you want that position to accomplish in the future. The Manager/CEO/Superintendent reports to the board and selection reflects how policies and services

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Prior to advertising the position, develop a job description and a “pay range” that the entity is willing to support. If assistance is needed in addressing these points, there are “head-hunter” businesses that can assist with research and development of a job announcement. There will be a financial cost for the service but preparation is critical and worth the investment. The Kansas Rural Water Association staff may also have suggestions.

When hiring a new manager, it is difficult to convey expectations if the district or city does not have a mission statement, vision and strategic plan for the organization. The quality applicants may be reluctant to pursue the position if they are not given this information. Take time to review or develop a strategic plan to identify the needs and new services for the utility in the future. This is crucial for the customers, the board and a new manager being hired.

**Strategic planning is important for organizational sustainability**

Strong leaders recognize that a strategic plan is important for stability. Strategic planning is a tool for assessment, goal setting and an action schedule that is beneficial to board, staff and the customers. Here is a summary of a strategic plan benefits.

- An analysis of “strengths, weaknesses, opportunities, and threats” as viewed by leadership, staff, customers and external collaborators
- It is a planned vision for three or more years

- Goals include thoughtful planning for capital improvements
- Engages everyone about user services and working with the community
- Considers new types of services that may be offered by the RWD or the city
- Reviews how community economic development may fit future participation and growth

Many times the dominating issue will be capital improvements and how debt will be paid. This planning process will lay out the path by which investigation and partnerships can be evaluated for affordability of services and facilities. The identification of collaborators, stakeholders and even competitors is important as the board/council addresses the issues – keeping in mind the benefits to the “community”.

The priority of goals will be identified in the strategic plan. Under each of the goals are action items with multiple steps for decision-making. When completed it is published for all to see. Customers, staff and board will hold each accountable to see that it is accomplished.

**Economic development initiatives by utilities, benefit to the community**

Whether the system is a RWD or a city, the governing body and staff should have a strong interest in retention and creation of jobs. Customers have a direct interest in job retention or future opportunities. This is important for utility

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support and sustainability for years to come.

As a leader, your knowledge and contribution to the discussion of economic development is critical to the future success of your utility. Too often I have observed a utility playing “catch up” when asked to respond to a request for services. A board may adopt “knee-jerk” policies on a major request without thoughtful planning; this can be a costly route. Opportunities for business may not happen because the “homework” on how service might be provided. Here are some considerations for serving business or large users:

- Are current policies for adding business or large users restrictive? Are they costly? Does the water system have any flexibility?
- What is the capacity of your source, treatment, storage

and distribution? Where are the “weak” components that may limit service?

- Is your system prepared to discuss options by which service may be provided without placing undo investment risk on current users?
- Do you involve collaborators in the discussion such as water suppliers who may also benefit from the sale of water?
- What “external” financial programs may be available from the federal, state, county/city taxing authority or the private business to make service possible?
- Has the board/council and staff been educated on the

## Rural Water District Growth and Sustainability

Below are two examples of rural water systems in Iowa that are addressing the sustainability, growth and economic development in their service areas. I mainly use Iowa systems to demonstrate the manner in which they make new services very affordable.



CIWA is located at Newton, IA and serves counties in central and northeast Iowa with water and wastewater service.

- ◆ Staff person who does marketing and economic development networking
- ◆ Economic Development (ED) focused on interstate and four lane highway interchanges
- ◆ Advise ED groups not to make water and wastewater the last item to consider
- ◆ Provide ED groups maps of sized distribution system as a reference
- ◆ Work with county supervisors on zoning and industrial site issues
- ◆ Successfully market to small communities needing water and wastewater service
- ◆ Affordable connection fees; the district continues to expand. A connection fee (installation included) on an existing main is \$895; it's \$995 if the service line needs to come from the opposite side of the road and it's \$1,095 if the road is hard surfaced; individual applicants are responsible for any required extensions from existing pipelines. Applicants in new project areas pay \$600 total for a connection; small towns with CDBG funding have paid as low as \$25 per connection as a membership fee to the RWD
- ◆ The district's rates are: \$19.39 minimum (no water), then \$7.55 per M for the first 15,000 gallons; then \$5.50 per M for the next 10,000 and \$3 per M for all water over 25,000 gallons
- ◆ The district serves 12,750 customers with individual meters in 20 small towns and provides wholesale water to another 21 communities
- ◆ The district has 60 employees; project areas are solicited and developed in-house by the RWD staff
- ◆ Web site: [www.ciawa.com](http://www.ciawa.com)



SIRWA is located at Creston and serves nine south and southwest Iowa counties with water and wastewater service.

- ◆ Provide to Economic Development (ED) groups system distribution information
- ◆ Periodic contact with ED groups about water/wastewater policies and their needs
- ◆ Small rural communities approach them about franchising water/wastewater service
- ◆ Purchase all of their water from five county seat municipal water systems
- ◆ Work with the NRCS & the RC&D program for future water source development
- ◆ Hold periodic meetings with the county boards of county supervisors
- ◆ Have an “added user” construction program – SIRWA pays defined first cost. Cost of a new rural service is \$875 to includes installation. Extensions are responsibility of the customer other than in new areas that obtain financing. Rates are \$32.90 for 3,000 gallons; 3,000 to 6,000 gallons is \$8.25/M; 6,000 to 20,000 is \$5.50/M; 20,000 to 50,000 is \$5.50. “In city” rates are \$18.73 for 2,000 gallons as a minimum; then \$7.25/M for the next 2,000; then \$5.25 for the next 16,000 gallons. Cost of water from 20,000 to 50,000 gallons is \$4.50/M
- ◆ Serves 7,838 rural connections and 2,690 connections directly in cities with 10 additional wholesale connections to cities. The RWD services 1,290 wastewater customers in 15 cities
- ◆ Developing a wastewater service program for individual rural residential units
- ◆ District has 30 employees which includes a construction crew; new project areas are solicited and developed by district staff
- ◆ Web site: [www.sirwa.org](http://www.sirwa.org)

governmental and private programs used for economic development, tax incentives, etc.?

- Have you discussed and agreed on where a business may locate – city or rural area – even though one utility gains but the jobs benefit the community?

Economic development is “opportunistic” and an “educational” process – with some “luck” thrown in. However, some opportunities may be missed by not assisting local businesses to expand. Those expansions translate into jobs.

I recommend that you need to “put some skin” into the game. Consider joining the economic development organization in your community by paying the membership fees or with a donation. It provides access to information, knowledge, education and support along with an understanding of the political process. Having economic development knowledge is to your benefit for stability and growth.

### Working with your “external” customers is important

Utilities are being forced to work with many organizations, governing bodies and regulatory agencies, with marginal results sometimes. However, meetings with your “external” entities may be beneficial to the leadership and staff.

Following through with “community” discussion, there is value in meetings that influence service and planning. For example there may be multiple RWDs working with the

same county supervisors or commissioners and their agencies. A city or other supplier may be furnishing water to various RWD and cities. In many of these cases it will require leadership of the board/council to be at the table for discussion. In the end, whatever decisions are made between various entities may determine how utility policies are administered in the future.

Here are some examples why meetings with other entities are an advantage to the individual utility.

- The gathering of information and problem solving reduces a “power play” by an individual entity
- County agencies meeting together with multiple water systems can discuss items affecting all and everyone has input, i.e., zoning issues; construction in rights of way, etc.
- Periodic water supplier meetings with all purchasers of service at the same time. Topics on rate increases, capital improvements, regulatory requirements and legislative recommendations might be examples
- The economic development organization wants input and provides information on state initiatives, programs, plans, industrial site locations – inside/outside of the city or RWD
- Other group meetings that assist with the utility strategic planning

“When the rate of change on the outside exceeds the rate of change on the inside, the end is in sight!” This quote is attributed to Jack Welch, former CEO of General Electric.

This statement may apply to a utility that does not periodically assess their mission and vision of service. This includes working with the community for success such as advocating economic development and working with local entities.

Utilities dare not isolate their activity to just providing water/wastewater service but must continually develop avenues of sustainability by working as a partner in many facets of the entire “community”.

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