

Assessing Community Capacity Development Needs
Workshop Exercise
Prepared by the UNC Environmental Finance Center

This is an interactive exercise that allows participants to share their experiences and opinions on how to customize capacity development investments and strategies in a way that maximizes results.

Instructions: Participants have been assigned to small groups of 6 to 7 participants. Each group will be assigned one community to study. The groups will use the very limited information below to identify potential capacity development needs and technical assistance initiatives. Each group will have 25 minutes to review the community information and answer the discussion questions listed after the community descriptions. Please identify a note taker and “spokesperson” for each of the groups. After 25 minutes, the small groups will reconvene to discuss and share findings with the large group.

1. Smallville

Smallville is a small unincorporated community in a very slow growing area of the state. The community is located approximately 4 miles from the nearest town. Smallville’s residents have septic tanks and are served by a small community water system owned and operated by a non-profit water corporation. Smallville’s well and tank water system began with a one-time grant approximately 30 years ago. The system is operated (somewhat reluctantly) by a community member who does not have proper operator certification. The system is believed to serve somewhere between 40 and 50 people (20 households). There is little documentation related to the system’s assets or its customers. There are no planning documents, engineering drawings or capital improvement plans for the system. Revenue collection is informal. In cases where households have not paid the relatively modest flat water monthly fee, they have been disconnected. Disconnected customers often turn their water back on themselves. The system has a long history of compliance problems. The water system has had multiple operator certification and reporting violations over the last few years and currently has almost \$70,000 in unpaid penalty assessments.

Smallville is located about four miles from a fairly large well managed municipal water system. The cost to connect to this larger system is estimated to be approximately \$300,000 not including connection charges. The state’s public water regulating agency has had preliminary discussions with other water providers (the municipal system and a regional for-profit water corporation) about helping to serve Smallville. Neither of the other systems ruled out any options but both expressed serious reservations related to the quality of the current system and the ability of customers to pay.

2. Sprawlville

Sprawlville is a town situated near several major transportation corridors. After years of very limited growth, the town has begun experiencing the explosive growth that has changed the character of many of their neighboring communities. The town's charismatic and savvy city manager has been heavily engaged in economic development activities to attract new industries to the area. His hard work is paying off and Sprawlville has a number of new residential and commercial developments either already under construction or under consideration. Sprawlville's corporate limits were recently expanded through a large annexation that tripled the town's population and quadrupled the town's area. The annexation area includes a number of large vacant properties that are being considered for future commercial and residential development. Many of the new residents moving into Sprawlville are well-to-do transplants from other areas of the state; however, the town continues to have a very sizable population of very low income residents. Approximately 35% of the population households live below the poverty line. The town recently acquired a series of grants to expand its water distribution system and to install a new sewer collection system. In the past, the town owned and operated a series of wells and an elevated storage tank. The wells and tank were "retired" approximately 5 years ago. The town bulk purchases its water and sewer services from neighboring utilities under a flat volumetric rate structure, and operates its own distribution and collection system. The town's audited finance statements (which include depreciation) reveal that the water system has operated at a significant financial loss over the last 3 years. The town has a small, but very competent group of employees that are "quick learners"; however, they have very limited experience specifically relating to water system management. The system has not changed its water rate structure or its rates in the last 5 years and uses a decreasing block rate structure. The town has a document labeled as a "capital improvement plan" that consists solely of a list of projects with cost estimates. The town bills its customers on a declining block rate structure.

3. Millville

In the last three years, Millville has lost four major manufacturing and textile facilities. As a result of the closings, many town residents have lost their jobs and have either moved away or remain unemployed looking for work. The facilities that closed accounted for 50% of the town's water volume sales and 65% of their revenue. In anticipation of even more closures in the future, the town decided to get out of the water treatment business. Several years ago, the town was able to get a sizable grant to pay the costs of connecting the system's water and wastewater system to a neighboring town. The town maintains control of its water distribution and collection system, and has entered into a long term bulk purchase agreement with the neighboring town. The town purchases water for \$2.80/1,000 gallons. Prior to signing the contract with the new town, Millville had charged its customer \$1.60/1,000 gallons. Immediately after signing the agreement, the town doubled their water rates to \$3.20/1,000 gallons. Eight months into the new agreement and their budget year, the town has expended their entire yearly budgeted amount for bulk water purchases. More importantly, the town has found that it is buying approximately 135% more water from their neighboring system than they actually sell to their own customers.

4. Elderville

Elderville is a beautiful town in a beautiful part of the state. It has become a popular retirement community with approximately 30% of its population over the age of 70. The town owns and operates its own water and sewer utility including a water treatment plant that was constructed at the turn of the century and retrofitted and expanded in 1983. The town has one of the most abundant and high quality water supplies in the state. The town's economy has slowly shifted over the last 15 years from relying on manufacturing to relying more on tourism and medical facilities. Several large manufacturing plant closures have freed up system capacity to allow Elderville to easily meet the steady new demand it gets from its growing residential population. The town has a 25 page capital improvement plan that was completed in 1988 as part of a planning grant the town received. Despite the age of the plan, it remains fairly accurate in terms of projects. The town has funded 2 of the 23 projects listed in the plan – both of these projects were rather small and were linked to commercial development. The estimated cost (in today's dollars) of the remaining projects is approximately 29 million dollars, about 15 times the annual water and sewer budget for the town. The average age of the town's distribution and collection lines is 80 years. Despite the system's age many parts of the distribution and collection system continue to function quite well; however, there appears to be several areas of the system that have consistently failed (pipe breaks and sewer overflows) over the last few years. Customers also are known to complain about lack of pressure, too much pressure, and brownish water. The town recently invested in its first computerized work order system replacing the paper work order system that the town had been using for the last 40 years (the last 10 years of forms take up 3 file cabinets in the central office). The town does not currently track its water losses. Elderville has some small pockets of low-income customers including several very low income mobile home parks and retirement homes, but the town as a whole is decidedly middle-class. The town's population and average income make it ineligible for most major public funding assistance.

Discussion Questions

Each group should be prepared to present answers to the following questions.

1. What do you think are the priority capacity challenges for the community that you think can be addressed through capacity development assistance?
2. What would be the first major task that you would undertake if you began to work in this community?
3. What potential pitfalls might you encounter in trying to provide the community with assistance?
4. Which of the tools that we've discussed during the workshop do you think hold the most promise in this community?
5. If you decided to carry out a major assistance effort in the community, how do you plan to measure and evaluate the results of your work?