



Rural  
Community  
Assistance  
Partnership

---

# RCAP Virtual Capitol Hill Briefing: Big Ideas for Water Regionalization Policy

Sarah Buck, Senior Director of Programs, RCAP

Laura Landes, Senior Manager of Research, RCAP

---



# Rural Community Assistance Partnership



RCAP National Office



COMMUNITIES  
Unlimited

# FY21 RCAP Impact

- Over **4.3 million** people served
- In **2,503** communities
- **Average population** in a community served: **1,636**
- **% of communities** with **3,300** or fewer population: **86%**
- **Average MHI** of communities: **\$39,498**
- **People of Color** served: **1,322,249 (30%)**
- **Tribal members** served: **344,204 (8%)**
- **Low-income** individuals: **1,126,906 (26%)**
- **More than \$400 million** in leveraged funds for small, rural, and tribal communities

# What is Regionalization?

- Collaboration between two or more utilities/communities for **mutual benefit**
- Regional Collaboration, Partnerships
- Regionalization includes consolidation as an option but is only **one** of many forms
- Regionalization is a spectrum ranging from informal to formal and everything in between

# Types and Examples of Regionalization

## Informal Cooperation

- Sharing equipment
- Sharing bulk supply purchases, such as chemicals
- Mutual aid agreements

## Contractual Assistance

- Contracting operations, billing and/or management
- Outsourcing engineering services
- Purchasing water /receiving and treating wastewater

## Shared Governance

- Joint Powers Agencies (JPAs)
- Sharing system management and/or operators
- Sharing source water

## Ownership Transfer

- Acquisition & physical interconnection or satellite management
- Becoming a larger system or new entity made up of more than one individual system

*Increasing Transfer of Responsibility*



# Why is Regionalization Important?

- Over 70% of publicly owned treatment works and over 90% of public water systems are small (serving 10,000 or less)
- The industry is facing major challenges from aging workforce to new regulations to affordability to climate change
- Regionalization can be a solution to help small, rural and tribal systems meet requirements and become more sustainable and resilient in the long-term

## Why RCAP?

- As a national technical assistance provider, we have helped support hundreds of regional collaboration projects over the last decade across the country
- Often RCAP acts a technical, managerial and financial advisor as well as a neutral third-party facilitator
- We have witnessed firsthand the many benefits and barriers to regionalization
- Policies exist at the local, state and federal level – some help incentivize regionalization, others can hinder it

---

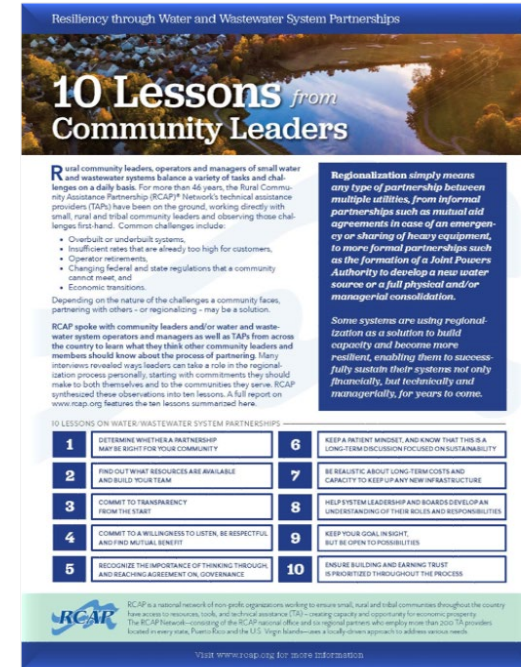
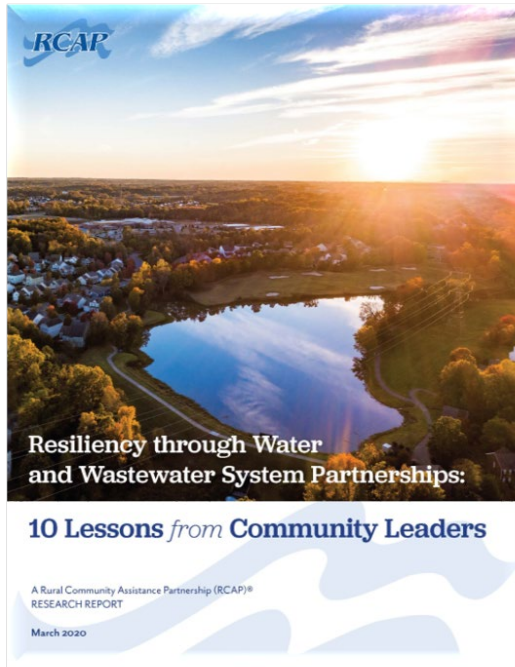
# Research

---



# Community-focused research report

## • Resiliency Through Water and Wastewater System Partnerships: 10 Lessons from Community Leaders



# Policy research

- Focused on all levels of government
- Uses a combination of RCAP data on regionalization projects, knowledge of existing policies and advocacy efforts, and research on state policies related to regionalization
- [Regionalization: RCAP's Recommendations for Water and Wastewater Policy](#)
  - 22 recommendations total
  - Report is available on our website
  - Executive summary and one-pager also available
  - Today, we focus on federal policies

## Why is policy important?

*Regionalizing and partnering with everyone to pull water from the river is obviously the best long-term solution, but how can I justify it in the short-term to my residents? It is expensive – far more expensive than continuing to operate on our own. There is nothing out there to incentivize all of us to partner and pull off this huge project (a cost of \$50 million) – we have only found hurdles to overcome. It seems like all these government agencies would rather we stay separated, though it will be better for us to work together.*

-- A reflection from a town mayor RCAP has been working with on a large regionalization effort to develop a new source and treatment plant from which multiple communities will be able to purchase water.

**More must be done to make regionalization a viable option for communities, especially those that are small, rural, and/or tribal.**

# Methods

- Built from the EPA's "[Water System Partnerships: State Programs and Policies Supporting Cooperative Approaches for Drinking Water Systems](#)," published in 2017
- RCAP dataset of regionalization projects by TAPs in the past seven years including information on outcomes, incentives, and funding sources
- Knowledge from our regionalization and advocacy experts at RCAP National office and our six RCAP regions
- Focus group of external experts to ground-truth and expand upon findings

## Key research takeaways

1. The need for flexibility. Policy at the federal, state, and local levels should allow for as many ways of implementing, encouraging, and incentivizing regionalization as possible. This should be paired with capacity building opportunities for communities to access those options so that each community can find the right solution for its unique needs.
2. The need for more funding for regionalization efforts across the spectrum of informal-formal that is supported by all levels of government.

---

# Federal policy recommendations

---

# Overarching recommendation



#1: Coordinate and communicate with other governmental entities (at the same level and at different levels) to understand what gaps and opportunities exist.

# Overarching recommendation



#2: Incentivize regionalization efforts through intentional, targeted, and more favorable funding terms. This could include increasing grant funding, increasing grant/loan ratios, reducing match requirements, capping interest rates, and/or increasing the availability of principal forgiveness.



# Overarching recommendation



#3: The federal government should work with state and local governments to administer funds to those communities and systems which most need the assistance and encourage (or require) regionalization studies in those communities. It should also provide funding specifically for technical assistance to rural and tribal communities and colonias to help them through the regionalization process.

# Overarching recommendation



#4: Anyone encouraging feasibility studies (such as by providing grants to perform them) should also consider supporting capacity-building training (such as board trainings), third-party facilitators, and technical assistance, as well as setting requirements for transparency.

# Overarching recommendation



#5: Recognize the importance of and provide for planning and capacity-building as well as actual project construction.

# Federal recommendation



#14: USDA should allocate funds intentionally focused on helping small water and wastewater systems achieve regionalization and annual appropriations by Congress should prioritize regionalization projects and technical assistance for regionalization efforts.\*

# Federal recommendation



#15: USDA should prioritize regionalization projects within scoring criteria. USDA should also allow for a higher grant to loan ratio for regionalization projects based on said scoring criteria.\*

# Federal recommendation



#16: USDA should consider regionalization activities as progress towards financial sustainability.\*

\*If appropriations/other legislative action needs to be taken to make the above three recommendations feasible, we support that.

# Federal recommendation



#17: USDA should consider changing its policies and regulations to allow refinancing of debt, as well as to provide debt forgiveness and principal forgiveness in select circumstances to make these flexibilities available when appropriate. If this is infeasible, legislative action should be taken to ensure statutory clarity and make it allowable for projects that involve system regionalization.

# Federal recommendation



#18: USDA should create stronger requirements around the quality, breadth, and depth of the required analysis of regional alternatives within a Preliminary Engineering Report (PER). It would be beneficial for USDA to enforce this so that analyses are comprehensive and unbiased and so communities have all the information at hand to make the decision that is in their best interest.



# Federal recommendation



#19: EPA should require states to condition SRF funding on an analysis of regional alternatives.

# Federal recommendation



#20: Federal laws should encourage regionalization to the greatest extent possible without requiring or mandating it.

# Federal recommendation



#21: Strengthen safe harbor provisions for compliant systems involved in managerial consolidation/ownership transfer

# Federal recommendation



#22: The federal government should create a program to fund technical assistance for small, distressed communities to help them access federal resources, including technical assistance to work towards regionalization during a nationally declared emergency.

---

# Resources

---

# Learn more about regionalization

- RCAP
  - Managerial and financial hub: <https://www.rcap.org/managerialfinancialhub/>
    - Regionalization page: <https://www.rcap.org/managerialfinancialhub/regionalization-partnerships/>
    - Research reports
    - External reports
    - Webinar recording: “Systems Helping Systems: A Conversation on Utility Collaboration”
- EPA
  - Partnerships page: <https://www.epa.gov/dwcapacity/about-water-system-partnerships>

# Thank you!

- Sarah: [sbuck@rcap.org](mailto:sbuck@rcap.org)
- Laura: [llandes@rcap.org](mailto:llandes@rcap.org)