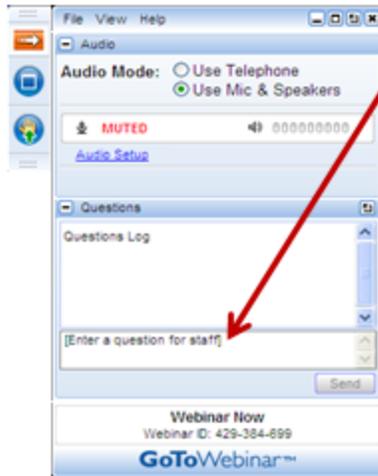




Allison – Hi everyone my name is Allison Watanabe and I'm with the Environmental Protection Agency's Office of Ground Water and Drinking Water, and I will be your host for today. I want to welcome you to today's webinar on Water System Partnerships. Today's webinar is called *Partnering Over Time: Vinton County Water joins Jackson County Water*. And this is the first installment in our webinar series on water system partnerships.

How to use the webinar

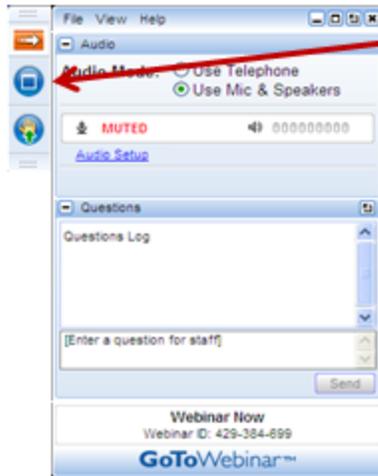


- Call GoToWebinar Technical Support:
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- Just use the question and answer pane that is located on your screen
- We will address as many questions as possible

2

Allison - But before we get started, we're going to go over a few housekeeping items. First, if you are having any technical issues, please call the GoToWebinar Technical Support number at: 1-800-263-6317. Second, we have a Q&A period reserved for the end of the webinar but you can submit questions at any time during the presentation. Just use the question and answer pane that is located on your screen. We will try to address as many questions as possible at the end of the webinar.

Maximize Your Screen



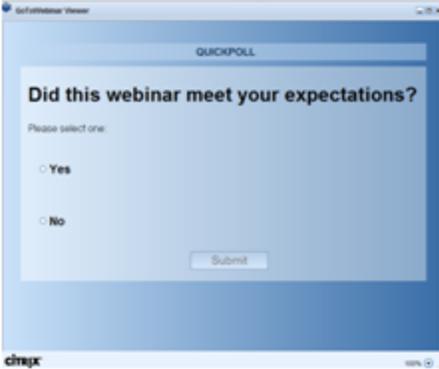
- For a full screen view hit F5 or full screen icon on your console
- To return to the regular view, hit F5 again or regular screen icon
 - You need to be in “regular” view to submit text questions
- Hitting Control + H will also give you a larger view

3

Allison - If you want to maximize your screen you can either click on the blue circular button with a square on your console or you can hit F5 on your keyboard.

Polls

- Polls will be launched during the presentation
- Please be sure to respond to the polls
- You will not be able to view the presenter's screen until the poll is closed by a webinar organizer



The screenshot shows a web browser window titled "GoToWebinar Viewer". Inside the window, there is a "QUICKPOLL" section. The poll question is "Did this webinar meet your expectations?". Below the question, it says "Please select one:" followed by two radio button options: "Yes" and "No". At the bottom of the poll area is a "Submit" button. The browser's address bar shows "citrix" and the page number "4" is visible in the bottom right corner of the browser window.

Allison - Finally, polls will be given during this presentation. Please be sure to respond to the polls by clicking on one of the radio buttons. Once you have answered the poll, you will not be able to view the presenter's screen until after the poll is closed by the presenter. Until then, you will just see a blue background.

Quick Poll:

Who is joining us today?

Allison - Now let's try our first poll. We'd like to know who is joining us today. If you answered "other", can you please use the question and answer pane that we just highlighted to tell us what your organization is? Keep in mind that you will not be able to view the presenter's screen until after the poll is closed by the presenter. Until then, you will just see a blue background.

Disclaimer

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6

Allison - Here is a disclaimer saying that this presentation does not supersede any regulations or legally binding agreements.

Today's Panel



Allison - Here is our panel for today. We have Larry Foster from Jackson County Water, Jim Holtz formerly from Vinton County Water and now a Board Member of Jackson County Water, David Douglas from USDA, Sarah Wallace from Ohio EPA, and John Rauch and Deb Martin from Great Lakes RCAP. Deb will actually be facilitating our panel discussion today. Now, I'll let them introduce themselves.

Larry Foster

Larry has been General Manager of Jackson County Water Company since 1990. Under Larry's leadership, Jackson County Water Company has grown to serve over 6000 customers. He is a Class III Water Operator. He is involved in many organizations including Ohio Rural Water Association and AWWA. Larry and Jackson County Water Company have been a partner with the Rural Community Assistance Program and were recognized in 2010 for their good work.



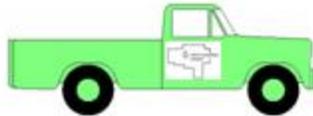
Jim Holtz

Jim was appointed to The Vinton County Water Company Board of Trustees after attending a board meeting to complain about the telemetry. Jim was then elected Vice President and held that position until the association was unincorporated.



Jim was elected to the Jackson County Water Company board and serves on several committees. His leadership is appreciated by all members in the service area.

THEN



NOW



Jim – I originally went to the Vinton County Water board meeting to complain about the telemetry being frozen up. I had run out of water and I called a plumber that cost me \$300. But all the time it was Vinton County Water's fault. Anyway, I went to complain and it so happened that they were short a board member, so they asked if I wanted to be on the board. I guess I was in the right place at the wrong time.

David Douglas



Dave is the Community Program Director at USDA - Rural Development. Both Jackson County Water Company and Vinton County Water Company were started with financing from then FmHA. USDA has played a major role in both organizations.



Dave - I've been the Ohio Community Program Director since 1999. We feel the Vinton County Water Company and Jackson County Water Company merger was a win-win for all involved. I want to especially thank Christine Crowell and the USDA Marietta Area office CP staff for all their hard work to make this merger possible.

Sarah Wallace



Sarah is an environmental engineer with Ohio EPA. In addition to working with public water systems, Sarah coordinates SRF activities in over half of Ohio's Appalachian Counties. She is always looking for solutions that make sense.



John Rauch

John is the RCAP Coordinator for the Great Lakes Region. He has worked with Jackson County Water Company and Vinton County Water Company since the mid 1990's. One of his duties includes working with water systems to facilitate partnerships. Prior to joining RCAP, John worked for FmHA.



John – I was contacted by Dave, Sarah, Jim and Larry all within a week to work with Vinton County Water system. Vinton County Water Company had two member meetings and rejected selling the system both times. Stating at this point, I worked with both systems until the sale.

Deb Martin



Deb is Director of Great Lakes RCAP. She started in the field as a technical assistance provider and has set the bar very high in terms of quality of service and work ethics. Today, Deb will be facilitating the discussion between our panelists.



Today's webinar:

- What are water system partnerships?
- The partnership between Jackson County Water and Vinton County Water
 - How the partnership changed over time
 - The players – their roles and perspectives
 - Lessons learned

Allison – Here is the agenda for today's webinar. First, we're going to give a very brief background and explain what water system partnerships are. Then, we're going to jump right into our case study – the partnership between Jackson County Water and Vinton County Water. As we're going through the case study we'll highlight a few things:

- 1) how this partnership evolved over time;
- 2) who the players were in the partnership – their roles and perspectives;
- 3) some lessons learned from the partnership.

What are Water System Partnerships?



What are water system partnerships?

- It's a **tool** for building technical, managerial and financial capacity.



Allison - First, water system partnerships are a tool for building technical, managerial and financial capacity.

What are Water System Partnerships?

Do you know a system that faces these challenges?

- **Technical**
 - Inadequate or aging infrastructure
 - Limited/poor source quality/quantity
 - Lack certified operator

- **Financial**
 - Diseconomies of scale (few households = high costs)
 - History of water rates that are too low
 - Limited knowledge of financing options

- **Managerial**
 - Limited part time management attention
 - Lack of expertise in long-term water system planning or operations

Allison - But what do we mean by technical, financial and managerial capacity?

Well let's ask this question - do you know a water system that faces these challenges or maybe lacks capacity in one of these areas? For example, under technical, do you know a system that has aging infrastructure or lacks a certified operator? Under financial, do you know a water system that has a history of low water rates? Under managerial, do you know a water system that has only part-time management attention or where there is a lack of expertise in planning or operations?

What are water system partnerships?

The range of different types of partnerships



Allison - Again, one tool for building capacity and addressing these challenges is system partnership solutions. It's simply 2 systems working together to overcome challenges and build capacity to create a win-win situation for both systems. This graphic illustrates that there are a range of water system partnership solutions, a range of different ways systems can work together. On the far left you have informal cooperation, such as operator-to-operator mentoring, or sharing equipment. Next, you have contractual assistance, such as contracting operations or management services. Next you have joint powers agency – which is where systems can get together and form a new agency to share management or share operators. Finally, you have ownership transfer. This can sometimes involve pipe-to-pipe consolidation. One thing we will highlight today, is how Jackson County Water and Vinton County Water's partnership solutions changed over time and fell in different categories along this spectrum

Quick Poll

What kind of partnership have you seen the most often?



Allison – Now it's time for another poll. What kind of partnerships have you seen the most often? If you answered "other," can you please use your question and answer pane to name some examples? Keep in mind that you will not be able to view the presenter's screen until after the presenter closes the poll. Until then, you'll just see a blue background.

The story of two water systems: Vinton County Water & Jackson County Water



Allison – Now I'm going to turn the reigns over to Deb Martin from Great Lakes RCAP to facilitate the discussion with our panelists.

Deb- This is the story of two water systems – Vinton County Water and Jackson County Water.

Location of Systems

Ohio
MHI \$40,956



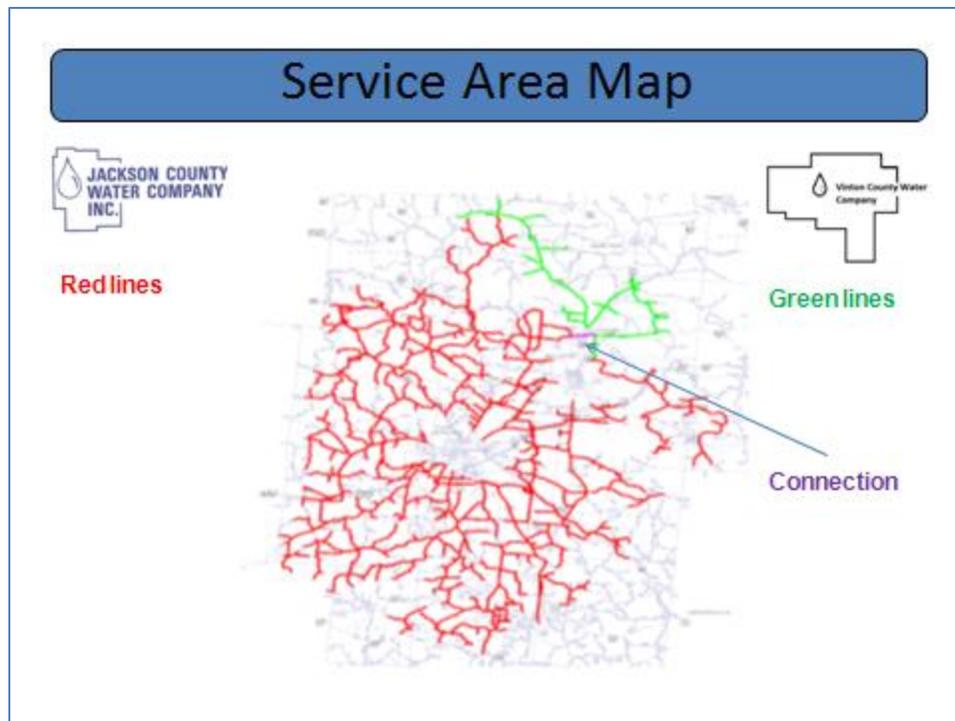
Vinton County
MHI \$29,465

Jackson County
MHI \$30,661

Deb – This is a map of Ohio where the water systems are located. Larry, please tell us a little bit about the location of the water systems.

Larry – The systems are both in the Southeast of Ohio. They have similar topography. The systems are in separate counties but shared some common service area boundaries. Both have a lower median household income in comparison to the average for Ohio.

Deb – Thank you Larry.



Deb – This is a service area map of the two systems. Larry, can you tell us a little more?
 How many miles of pipes are part of Jackson County Water?

Larry – Jackson County water is represented by the red lines and it has about 800 miles of water mains.

Deb – How many miles of pipes are part of Vinton County Water?

Larry – Vinton County water is represented by the green lines and it has about 42 miles of water mains.

Deb – How long is the connection?

Larry – The connection is represented by the purple line and it is about 2 ½ miles.

Deb – Thank you Larry.

The Systems at a glance

Vinton County Water Company

- Member owned Not -for-Profit
- Served a very rural area
- Served about 600 connections
- Distribution System bought treated surface water
- System is about 20 years old



Jackson County Water Company

- Member owned Not -for-Profit
- Serves a very rural area
- Serves about 6,000 connections
- Treats and distributes ground water
- System is about 40 years old



Deb – Jim, tell us what Vinton County Water looked like at the time you came in.

Jim – Vinton County Water was in a rural area. It has 600 connections.

Deb – What kind of system is it?

Jim – It's a distribution system that bought treated surface water.

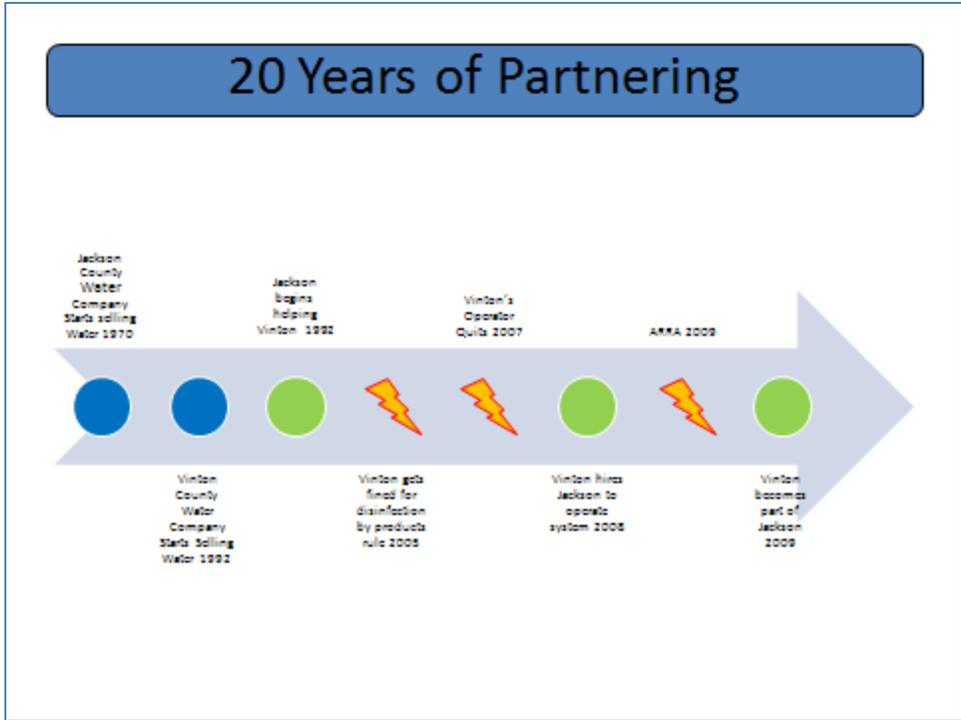
Deb – Larry, tell us a little about the similarities and differences between Jackson County Water and Vinton County Water

Larry – They are both in a similar type of area. They have similar topography and similar challenges. But Jackson County Water is much larger and serves a more densely populated area. Vinton County Water has a smaller customer base and the population is more spread out, so it takes more water line on the average to pick up customers in Vinton County than in Jackson County. One of the main differences between the systems is that Jackson County Water came on line earlier than Vinton County Water, so Jackson County Water had years of experience under its belt before Vinton County Water even got started.

Deb – What kind of system is it?

Larry – In the beginning, Jackson County Water was a distribution system which relied on surface water. We eventually developed a well field and now Jackson County Water treats and distributes its own ground water.

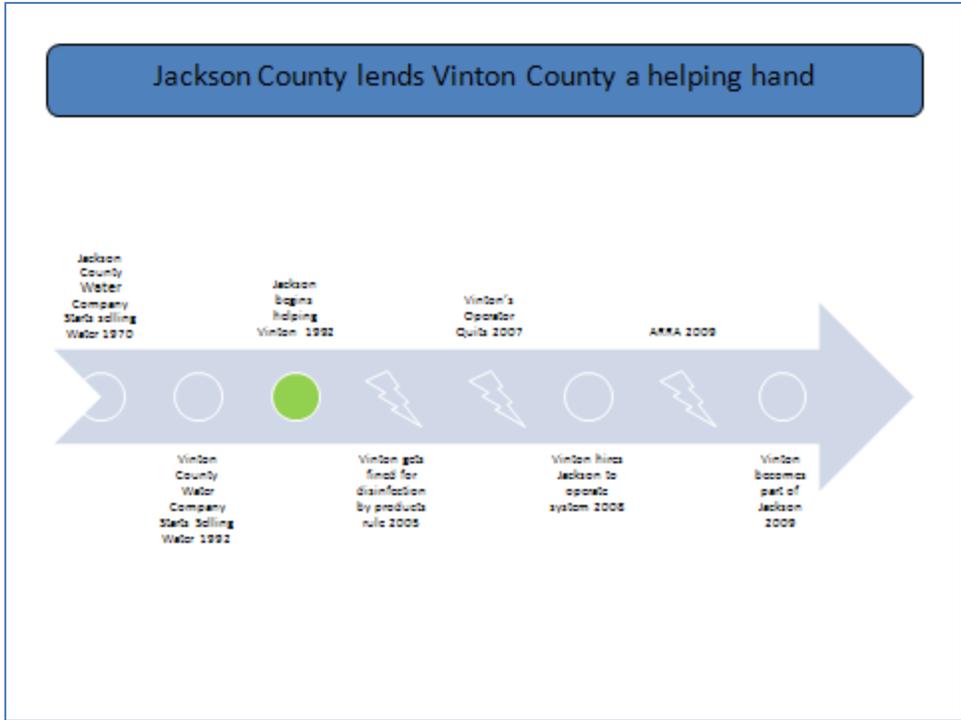
Deb – Thank you Larry.



Deb – Here is a timeline illustrating 20 years of the two systems partnering together. The blue dots represent when the two water companies started selling water. You can see that Jackson County Water is older than Vinton County Water. The green dots represent the different type of partnerships that the systems had over time. Every green dot represents a change, or a new phase in the partnership. The lightning bolts represent events that happened that contributed to the change in the partnership. Now we’re going to hear more about the phases in this evolving partnership.

A helping hand





Deb – Looking at the timeline, Jackson County Water and Vinton County Water started partnering almost as soon as Vinton County came on-line in 1992.

Jackson County lends Vinton County a helping hand

- Jackson County Water Company acted as a good neighbor to Vinton County Water Company



Deb – Larry, how did Jackson County Water System first start assisting Vinton County Water System?

Larry – We provided them with some used office equipment when they were first getting started.

Deb – Why did you decide to do that?

Larry – We had a healthy curiosity about them as soon as they came on line. We made our presence known to them and when we heard they needed help, we provided some assistance. We provided them assistance as long as it didn't interfere with our own ability to run our system and stay in compliance. This laid the groundwork for our future partnerships.

Deb – Thank you Larry.

Informal Cooperation

The range of different types of partnerships

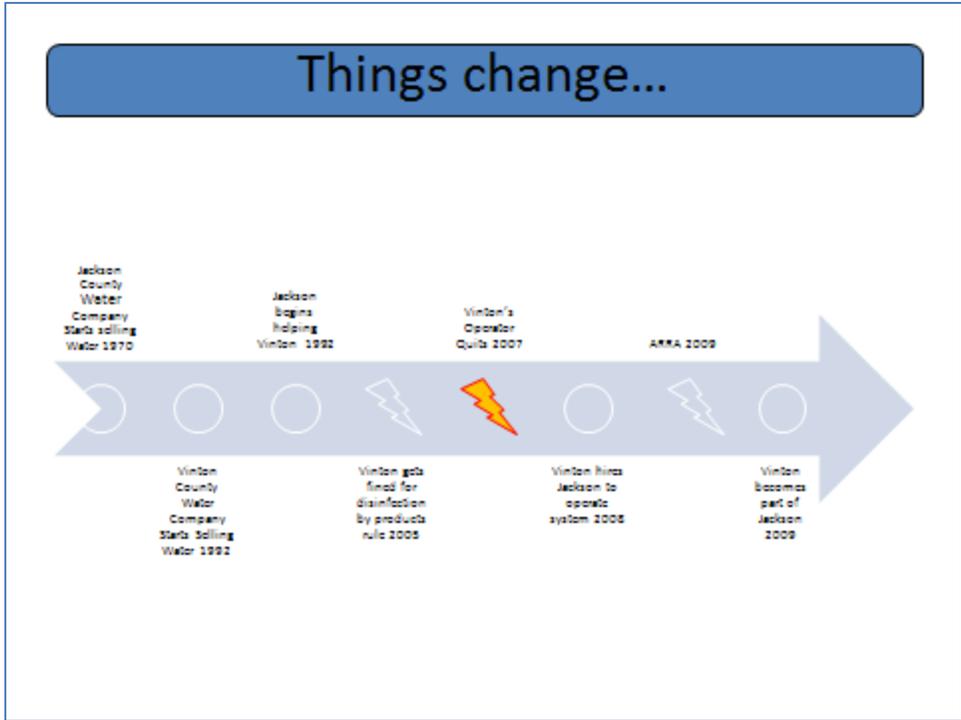


Deb – This type of helping hand partnership is very informal. Other examples of this informal cooperation include sharing equipment or sharing bulk supply purchases.

Things change



Deb – The partnership could have remained the kind of situation where Jackson County just lent Vinton County a helping hand once in awhile, but it didn't. Things change.



Deb - Vinton County started experiencing some big changes that were negatively impacting their ability to provide safe, reliable water. Jim, can you tell us what happened in 2007?

Jim – At that time, all we could pay for was a part-time operator. He had a full-time job at another system, but his wife thought he was spending too much time working, so he quit our system in 2007. In our rural area, there wasn't another operator available.

Deb – So what did you do?

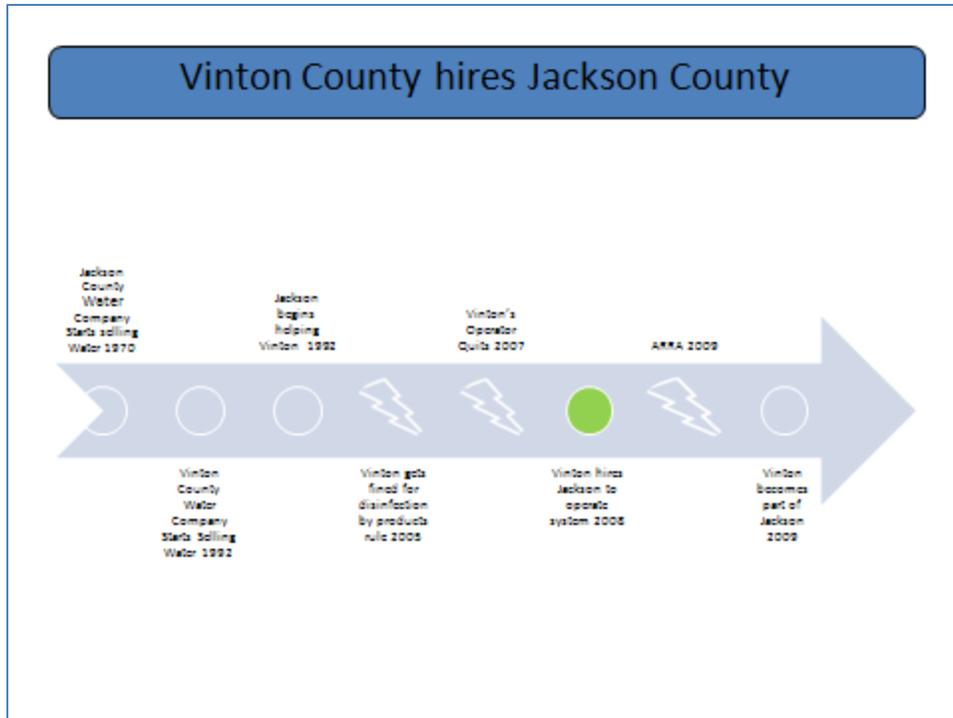
Jim – In the beginning, I was doing some of the maintenance work myself, but it got to the point where we needed to add chlorine. And I wasn't licensed to do it. And I decided that I was not going to do it. So, I contacted Jackson County Water and they began helping us out.

Deb – Thank you Jim.

A new working relationship



Deb – Eventually, Vinton County Water and Jackson County Water entered into a new kind of partnership when Vinton County Water decided to hire Jackson County Water to operate the system.



1 minute

Deb – Larry, can you tell me a little bit more about why Vinton County Water decided to hire Jackson County?

Larry – Jackson County Water performed maintenance and operational duties for Vinton County Water for a period of time following Vinton County’s operator leaving. Jackson County Water did this as a “good neighbor” at no cost until it became evident to both water systems that there was no possibility Vinton County Water could hire another operator. We decided to enter into a formal contract to protect both systems. That way, Vinton County Water knew exactly what services were being provided. We got approval from both Jackson County Water’s board and Vinton County Water’s board to enter into this contract.

Deb – Jim, did you look at any other possible contractors?

Jim – We looked at two other water systems, but we knew Jackson County, and we were already doing business with them.

Deb – Ok, thank you Jim.

Vinton County hires Jackson County

- Vinton County contracted with Jackson County to operate their system



Deb – Larry, can you tell us a little about the services Jackson County provided and how long you provided the service?

Larry - The first agreement was to do routine monitoring (CL2, Bacteriological, Pb & Cu sampling and maintenance work orders). Jackson County Water then contracted to do line maintenance and install services on Vinton County's system. At this time, it became apparent that a drastic measure would have to be taken to maintain a water system in Vinton County - to replace or bolster-up the system. Then, Jackson County Water contracted to take a more active role in the management and decision-making facets of the system. At that time, the Jackson County Water General Manager attended the Vinton County Water board meetings. But we were also very respectful of the fact that they were a separate water company. They still had ownership and we were the contractors. During this period, South East district office of Ohio EPA and USDA-RD were kept informed of our progress.

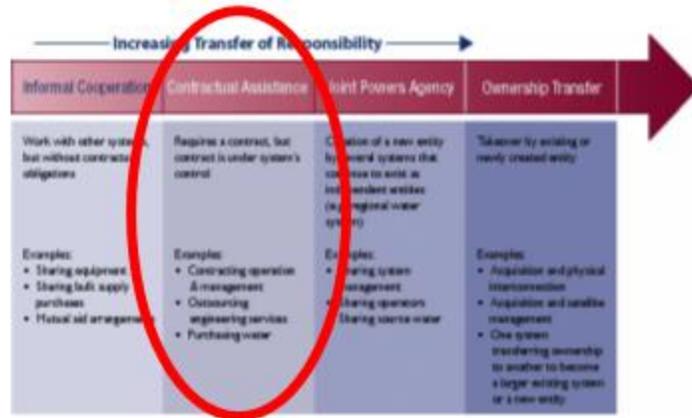
Deb – Jim, was it difficult negotiate this contract?

Jim – No it wasn't at all. I think they did it very fairly. They knew what our system needed more than anybody connected to Vinton County Water system did.

Deb – Thank you Jim.

Contractual Assistance

The range of different types of partnerships



Deb – Vinton County hiring Jackson County to run their system is a more formal type of partnership than the water systems had engaged in in the past.

More Changes Ahead:

**Vinton County
Water negotiates
to sell the system
to Jackson
County Water**



Deb – The partnership between Vinton County and Jackson County could have stopped there, but it didn't. In fact, the systems had already started talking about the idea of selling Vinton County Water to Jackson County Water.

Negotiating to Sell Vinton County Water



- Financed both Vinton County Water and Jackson County Water in the beginning
- Brought the two water systems together for some meetings to discuss a sale early on
- Payment problems / poor financial health



Deb – Now Dave, I hear that you and USDA played a role in bringing the utilities together, and that you actually organized some meetings to discuss merging the two water systems. Can you tell me why?

Dave – USDA financed both Vinton County and Jackson County in the beginning. At the beginning, both systems had an adequate number of customers to pay for the O&M and serve debt, and keep the rates reasonable. And there was room for both the systems to expand. And it appeared that both systems had a very good chance of succeeding. But over time, we were beginning to see some problems with Vinton County. Vinton County Water had been struggling with increased operating costs that were outpacing revenues. Vinton County Water was depleting cash on hand. Recordkeeping was antiquated and Vinton County Water could not afford to upgrade hardware and software. Also, the board had not enacted regular rate increases. Because they had not raised rates, they could not expand the system service area to add new customers. High water loss was blamed on faulty telemetry which was considered too expensive to replace. There was no capital replacement capacity, and no funds to correct a new THM problem. Vinton County Water was going to have trouble making the USDA payment and rates were already high compared to the median household income.

Deb – Jim and Larry, how did those negotiations go?

Larry - There were some uncomfortable moments dealing with individuals - board members and employees. But we had some advantage because we were dealing with this situation for over a year while we were determining if the ultimate merger would work. Contact with local government officials and with customers also helped, as opposed to just “appearing” as the new entity.

Deb – Jim, what was your perspective?

Jim – Even though some of the board members and employees didn't want to sell the system, the bottom line was that it had to be sold. And we wanted to do that before the system was broken beyond repair.

Deb – Thank you Jim

Negotiating to sell Vinton County Water



- Could not keep operator
- High THMs exceeded MCLs
- Board did not have training and experience to efficiently make operational decisions



Deb – Sarah, at what point did Vinton County appear on Ohio EPA’s radar screen?

Sarah – As the regulatory agency, we try not to get involved with a water system’s management structure, but when the new Disinfection Byproduct Rule came into place in 2004, it became evident that Vinton County could not meet the new regulations.

Deb – What was your major concern with the system?

Sarah – I think my two highest concerns were their high MCLs for THMs and the fact that they couldn’t keep an operator.

Deb – Sarah, did you notice any other TMF capacity issues?

Sarah – Well, since they didn’t have an operator, the board was making operational decisions, and they did not have the training or experience to do this. For example, we noticed that they weren’t conducting their monitoring on the right schedule.

Deb – Sarah, as the state regulator, what did you do about this? Did you enter into any formal enforcement actions?

Sarah – Ohio EPA issued Findings & Orders against Vinton County in 2005. The order included requiring a certified operator be hired and all tests be performed routinely. They were also fined \$6,000. Alternative water sources were explored.

Deb – Thank you Sarah.

Negotiating to sell Vinton County Water



- Economies of scale for the new wells & treatment
- Fits within long term plan
- Fixed part of Jackson County Water violations (G-Line)



Jackson County Water had been helping Vinton County Water for years - **Learned** the system

Deb – There seem to be a lot of reasons why Vinton County Water would want to sell their system, but why was Jackson County interested in buying it?

Larry – We had a plant with excess capacity and connecting to Vinton County Water would give us a place to expand. Also, connecting with Vinton County Water would allow us to connect with our G-Line water system and resolve some of the compliance issues that we were having there. As an added bonus, we felt very comfortable with the sale. By that point in time, we had learned their system. We knew what they had and we knew the condition of their assets.

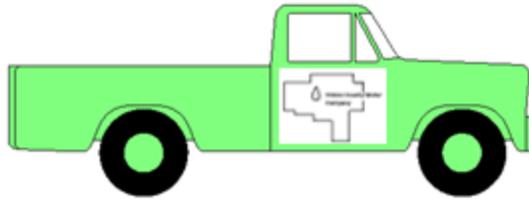
Deb – Larry, how did you know that Jackson County had the ability to operate both Vinton County and Jackson County?

Larry – Jackson County Water had evaluated the financial status of Vinton County Water and the impact the new infrastructure would have on Jackson County Water. Jackson County Water had discussed the feasibility with USDA-RD and had studied the operational feasibility through an engineering study. It is in everyone’s best interest to evaluate the financial and operational impact to the ultimate entity prior to commitment. It was helpful to perform these management and maintenance duties on a trial basis as well. Obviously, the unique nature of each situation will dictate how to proceed as well as what can reasonably be done.

Deb – Thank you Larry.

Negotiating to sell Vinton County Water

- Customers voted twice in 2008 not to sell Vinton County Water.
- The Truck Incident!



Deb – With all of the reasons that Vinton County Water had to sell to Jackson County Water, you would have thought this was an easy decision to make, but the customers actually voted twice to prevent the sale. Jim, can you tell me more about what happened?

Jim – First, I want to make clear that in our by-laws we need a certain amount of customers to vote for selling the system. And it took 3 votes to do that.

Deb – Jim, Why did it take three votes?

Jim - People don't like change, so I was hearing things from customers like:

- We wouldn't have a local office.
- People might lose jobs.
- The service won't be good.
- We'll be charged high rates

There was a lot of misinformation from people inside and outside the water company that didn't want the sale.

Deb - I also heard there was an infamous truck incident that almost broke down the discussions.

Larry, can you tell me a little more about that?

Larry – Vinton County Water got behind on payments for the contract operations, but they had a truck that they didn't need. We asked Vinton County Water to come up with a figure for the truck and we accepted it. We accepted the truck in lieu of payments for the value of the truck, and we even gave them cash for the difference. But this created lots of tension between the two systems. Some people associated with Vinton County Water were accusing Jackson County Water of not giving them the full value of the truck.

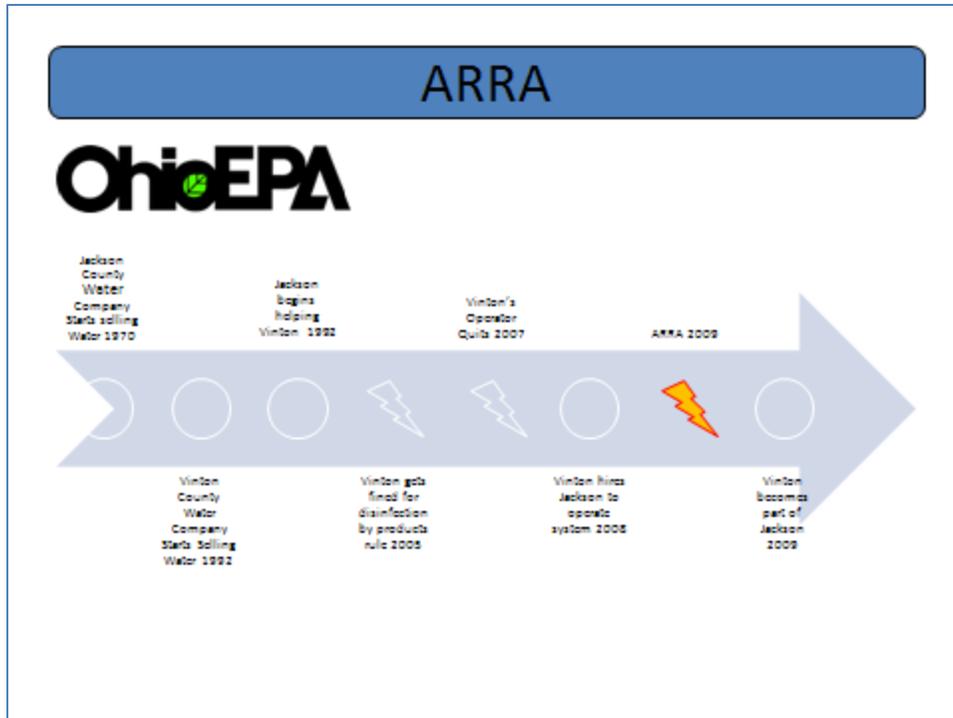
This was an example of where some emotions were involved. There were sentimental ties and a feeling of loss of ownership. It wasn't about the truck itself, but pieces of the system slipping through people's fingers.

Deb – Thank you Larry.

Quick Poll :

What do you think are the most common barriers to forming water system partnerships?

Allison - Now it's time for our next poll. We know that sometimes there are partnership solutions available, but they don't always work out. What do you think are the most common barriers to forming water system partnerships? If you answered "other", please use the question and answer pane to explain. Keep in mind that you will not be able to view the presenter's screen until after the poll is over. Until then, you'll just see a blue background.



Deb – Now Sarah, on top of all of this there was another big change that got thrown into the mix and that was ARRA. Can you tell us a little bit more about what role that played?

Sarah – Yes. ARRA came out in 2009. Vinton County Water had already been working toward an option to allow Jackson County Water to take them over. A significant capital cost was required to connect the two systems and allow adequate pressure and volume to all the customers. The ARRA program came around at just the right time and allowed Ohio EPA provide funding that made this project much more cost effective (80% forgiveness). Total project cost: \$1,388,203. ARRA: \$1,143,600. Loan repayment (0%) \$244,603 for 30 years.

Deb – Thank you Sarah.

Negotiating to sell Vinton County Water

- An INDEPENDENT view of all sides to the question.
 - RCAP completed a five year forecast and rate recommendations for Vinton County Water
 - Visioning session with the Board of Vinton County Water to look for alternative solutions
 - Worked with Jackson County Water to determine their needs.



Deb – Ok we have two member owned water systems, Ohio EPA and USDA Rural Development. John, with so many people involved, why was RCAP brought in?

John - Vinton County Water system brought in RCAP to do a rate study. Vinton County Water thought we could provide an independent point of view.

Deb – John can you tell us a little about what you did for the systems?

John - We did some visioning with Vinton County Water. This included looking at options for expanding the system vs. selling the system vs. the “no change alternative.” In the end, the board agreed that the goal of the water system was to provide safe water at a reasonable cost, so we helped them get this information out to their customers. We helped them with a media campaign to inform their customers of the facts.

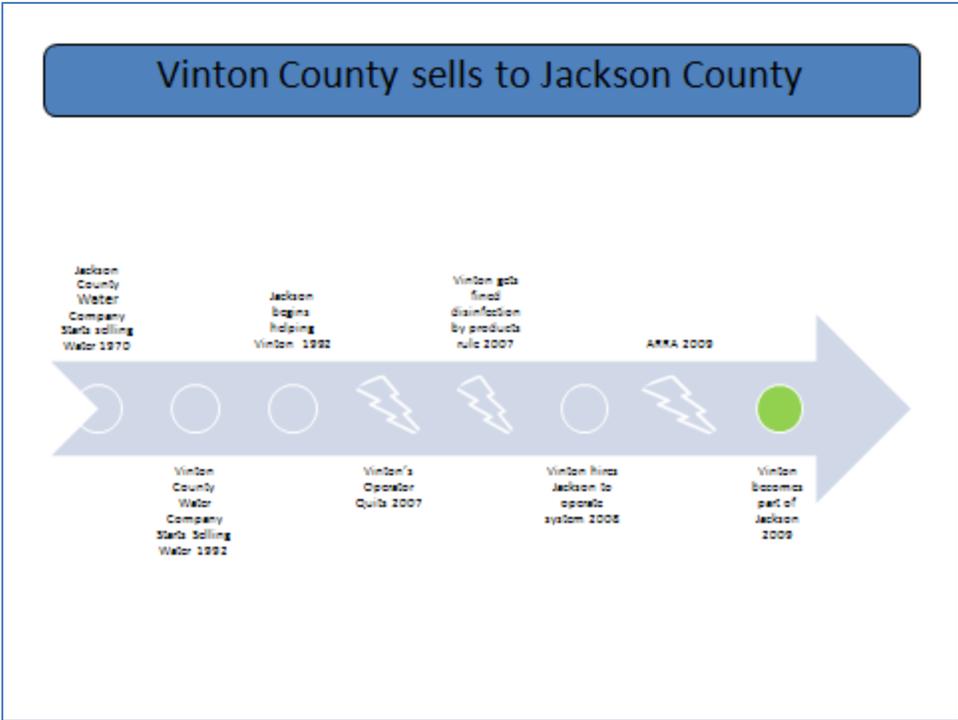
Deb – And did you work with Jackson County as well?

John – Yes we did. We helped to make sure that their concerns were fleshed out and addressed as well. They were concerned that Vinton County Water was a 15 year old system with no asset management. Vinton County Water had no money for capital replacement.

Deb – Thanks John.

**A Lasting Partnership –
Vinton County Water decides to
sell the system to
Jackson County Water**





Deb – Here we are in 2009, Vinton County Water decided to make the decision to sell.

Vinton County sells to Jackson County

The Results:

- Customers of both systems receive **reliable service**
- Both utilities are in **compliance**
- **Rates** are **affordable**
- Improved local buy in and stakeholder relations.
- Vinton County Water is more **sustainable**

Deb – So Larry and Jim, what was the end result?

Larry – The board of Vinton County Water finally voted to sell the system. And as you can see from the slide, that ended up in a lot of good results for both systems. We maintained good service, both systems are in compliance, both systems have affordable rates. For Jackson County Water, we now have more capacity to serve and we can build on the Vinton County Water infrastructure. It also enabled us to build an emergency connect to Village of Hamden off of the new line to Vinton County;

Deb – Jim, what's your perspective?

Jim – As part of Jackson County Water, the system was able to provide reliable service to customers. We got a new source of water and our rates actually went down. And our rates are still lower than when Vinton County owned the system.

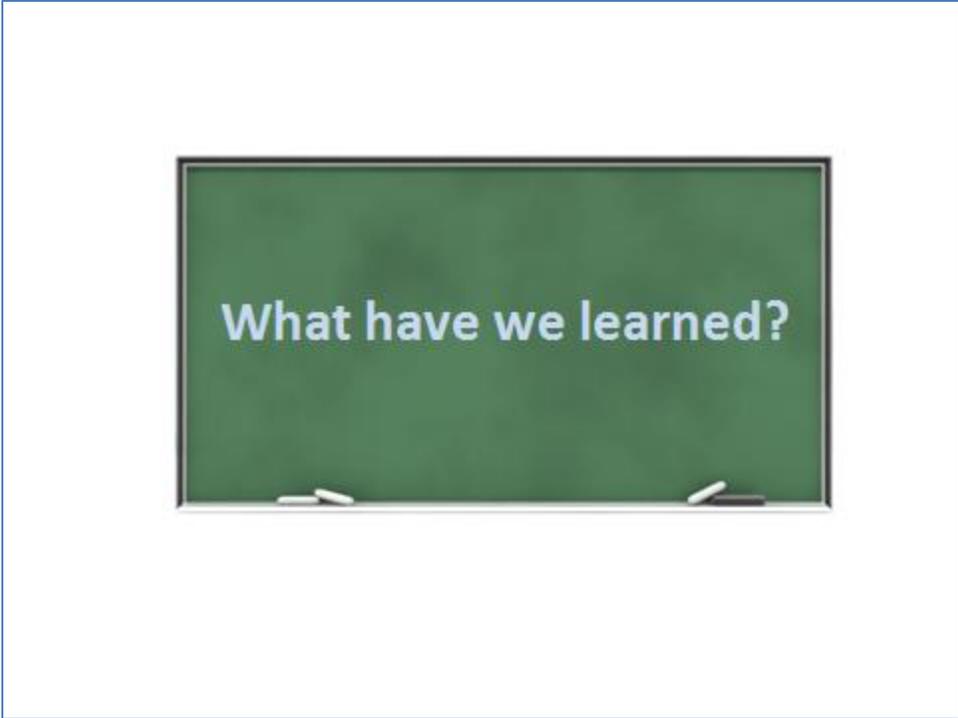
Deb – Thank you Jim.

Ownership Transfer

The range of different types of partnerships



Deb – Again, here is where Vinton County Water and Jackson County Water’s final partnership falls along this spectrum of partnerships.



Deb - Now let's talk about what we learned.

What have we learned?



- Fines **don't** solve problems
- **Educate** the decision makers
- The system has to be **willing** to resolve its problems



- Technical **assistance** is part of our responsibility
- **Stay on top** of the situation
- **Partnerships** are a tool

Deb – So Sarah, as the primacy agency, what did you learn?

Sarah – Throwing the stick at a problem through fines and penalties does not usually help the basis of the problem. All alternatives must be explored, regardless of the political implications.

Deb – What do you mean by political implications?

Sarah – Well, for example, in this case, Vinton County Water voted two times not to let the sale go through. It's important to have all of the facts up front. It's important to lay things out as an economic option or a public health option, not a political one.

Deb – If you had any advice for other primacy agencies who have systems they are concerned about, what would you suggest that they do?

Sarah – Don't be afraid to explain the issues to the management system of the utility. Operators are our true allies in that they know their system and what needs to be done. Sometimes the "money men" of the utility need to be educated as to what it really takes to run a water system. Noncompliant water systems become that way for one of two reasons - technical issues beyond their control or management that doesn't have the knowledge to make informed decisions. All primacy agencies want to work with the system to resolve noncompliance but can only do so if the party is willing. Resorting to fines and penalties is the last thing we want to do.

Deb – I have the same question for you Dave. What did you learn as the funder and what kind of advice do you have for other funders out there who are looking at the same kind of systems?

Dave – USDA has a responsibility to provide technical assistance to our borrowers. We look at annual reports and audits and make sure we stay on top of financial performance. When we see system problems, we first try to have the borrower solve those problems on their own. When it

becomes apparent that problem resolution will exceed what reasonable user rates will cover, we look at partnership options. In the case of Vinton County Water, we started with informal cooperation with Jackson County Water, and ended with ownership transfer to Jackson County Water. As a result, Vinton County Water users have better water supply and better rates. Jackson County Water utilizes more of their water capacity. USDA removes a potential servicing problem. Vinton County Water wins, Jackson County Water wins and USDA wins! Deb – That’s great. Thank you Dave.

What have we learned?

- Look for a **WIN, WIN** solution
- **Transparency** is key to building trust
- Maintain mutual **respect**
- Be patient, **patient**, patient



Deb – So John, as the facilitator, what did you learn? What do you recommend to other facilitators out there?

John – You have to look for the win-win situation. We did some visioning with the water systems and helped them figure out what their goals were. And we worked with them to help them answer that “what’s in it for me question.” Then we looked at both of the water systems’ goals and where they overlapped. Second, transparency is key to building trust. In this particular case, everything had to be out in the open for the customers of Vinton County because they had to vote to approve the sale. We had to explain what they could expect after the ownership transfer. That included details like what the rates would be, where they would pay their bills, how quickly a truck could get out to them if there was a break. And we also had to show them the alternatives, especially what their rates would be. We worked with the Vinton County Board to help them communicate all this information to the customers. Third, we had to make sure customers remained respectful of the board, and the board remained respectful of each other. We set ground rules for public meetings. At the meetings, we had to let people have their say, but we needed to prevent “rock throwing.” We needed to keep people from being rude and making accusations of other parties. We maintained close proximity to the speakers and we rephrased what they were saying if the language they were using was too inflammatory. Flip charts helped us keep on track and stop re-hashing of issues. Finally, be patient, patient, patient. You need to help people come to these decisions in their own time. If you push people into an agreement too hard or too fast, then they will start pushing back like two kids on a playground. In this case, we really had to take it slow when we were negotiating the points that needed to be in the agreement for the purchase of the water system.

Deb – Thank you John.

Closing thoughts from Vinton County Water & Jackson County Water



Deb - Jim and Larry, do you have any final thoughts? Any advice for other water systems out there?

Larry – As far as advice, I would just emphasize the importance of evaluating the objective benefits to such a consolidation, to review thoroughly the financial and operational impacts, to keep the customers informed, and to keep the regulatory and financial agencies informed (so as to achieve their “buy-in” as well as their advice and objective third-party overview). Then, from a purely human relations standpoint, to be sensitive to the emotions and impressions of those involved that may have no basis in fact, but nevertheless, have a direct bearing on participation and cooperation in the process. The idea of territorial invasion, criticism of management abilities, and the sentimental implications to the system that is losing control of what they started cannot be underestimated.

Deb – Jim, can you give us your perspective?

Jim – The first thing for utilities is that you need to stay on top of your financial statements and keep good records. Sometimes financial statements are hard to understand, so you just throw them in a corner. Second, if you see things are starting to head south, then you need to ask for help. There are organizations that can help you, like RCAP. Third, if you decide to sell your system, you must hash out what you are going to do about the existing employees and board members. For example, one of the things you can hash out is whether there will be a severance package for employees that might lose their jobs after the sale. Finally, you need to keep good neighborly relations because you never know what’s going to happen. And you don’t know who you might need to rely on.

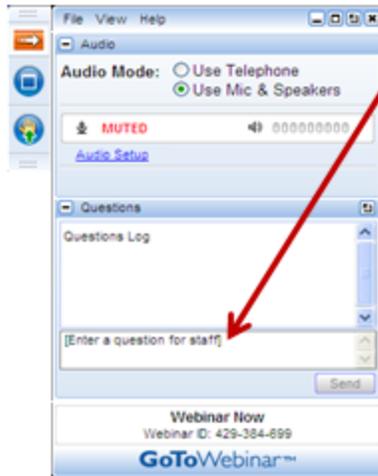
Deb – That’s great. Thank you Jim. Now I’ll turn things back over to Allison.

Quick Poll:

Webinar evaluation

Allison – Thank you Deb. That is the end of the presentation portion of our webinar. Now we will have a couple quick polls that will ask you about what you thought of this webinar and what you'd like to see in the future. After the poll is finished, we will have time for questions and answers. Keep in mind that you will not be able to view the presenter's screen until after the poll is closed by the presenter. Until then, you'll just see a blue background.

Questions and Answers



- You can submit questions/comments any time during the presentation
- Just use the question and answer pane that is located on your screen
- We will address as many questions as possible

52

Allison - Now we'll start our Q and A session. Some of you have been submitting questions as we went along, but for those of you that would like to submit a question now, just use the question and answer pane that is located on your screen to submit your questions. I will read some of the questions out loud and ask the panelists for their opinions.

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Allison - I want to thank all of the panelists for their participation. I want to especially thank RCAP for their work with the two water systems and for all of their help in preparing today's webinar.

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-
- This Power point is available for download at:
 - <http://www.glrca.org/ohio/>
 - <http://water.epa.gov/infrastructure/sustain/partnerships.cfm>

Allison – Here is some contact information for our panelists today
And if you have a partnership experience that you would like to share with us, please feel free to contact me, Allison Watanabe. This power point presentation will be available for download from both EPA and RCAP's websites. Thank you everyone!