

Water Finance Forum

Water Rate Setting and Long Term Fiscal Planning for Small Water Systems

Hosted by: The Environmental Finance Center at the University of North Carolina, U.S. EPA Water Infrastructure Resiliency Finance Center, U.S. EPA Region 4, and the Alabama Department of Environmental Management

Wednesday, July 26, 2017
Marriott Shoals Hotel & Spa, Florence, Alabama

Agenda

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| Registration and Breakfast | 8:30 - 9:00 am |
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| Welcome and Introductions | 9:00 - 9:30 am |
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Introductions will include brief information about housekeeping and Clearinghouse.

Stacey Isaac Berahzer, Environmental Finance Center at UNC

Jeff Hughes, Environmental Finance Center at UNC

John Covington, U.S. Environmental Protection Agency

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| Small Water Utility Finance 101 | 9:30 - 10:00 am |
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Session will discuss how to think about the water system as a financial entity. Small water systems face special challenges. The infrastructure needs per residential connection are much greater for small systems. Smaller systems also tend to have a higher number of health violations.

Stacey Isaac Berahzer, EFC at UNC

Jim Grassiano, Alabama Department of Environmental Management

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| Networking Coffee Break | 10:00 - 10:15 am |
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Benchmarking & Assessing the Financial Condition of Your Water System 10:15 - 11:00 am

Session will examine the key financial indicators that allow water systems to make informed decisions in planning and investment. In a hands-on exercise, participants will learn how to calculate and interpret a water system's operating ratio, debt service coverage ratio, current ratio, and days of cash on hand. We will also discuss how funders use these numbers in deciding whether or not to loan systems money needed for capital improvements.

Moderator: Jeff Hughes, EFC at UNC

Facilitators: David Austin, Jeremy Cormier, and Dana Eldridge,

Georgia Environmental Finance Authority

Generating Need Revenue: Rate Setting 11:00 - 12:00 pm

Session will provide an overview of best management practices in rate setting. Water utilities generally get most of their revenue from rates. In order to ensure proper funding of utilities, it is critical that small water systems fully understand both long-term fiscal planning and rate setting. Systems should understand how policy decisions that promote economic development or conservation can impact revenues and look to set rates that promote utility priorities while recovering the full cost of operation.

Jeff Hughes, EFC at UNC

Jason Barrett, Mississippi State University Extension

Networking Lunch - Lunch Provided 12:00 - 12:45 pm

Asset Management 12:45 - 1:00 pm

Session will provide a framework for embarking on Asset Management. While we will provide an overview of the 5 core components of Asset Management, we focus on the components of "level of service" and "criticality."

Stacey Isaac Berahzer, EFC at UNC

Chris Lovelace, Alabama Rural Water Association

Panel on System Collaboration 1:30 - 2:30 pm

Session will provide some of the benefits and examples of water systems collaboration. Collaborating with other utilities is one strategy to help systems address some of their challenges. There are many different ways systems can collaborate, from extremely informal information sharing sessions, to sharing of personnel or purchasing to assistance with regulatory compliance. In some cases of collaboration, several systems actually merge into one. We will look at an example where systems from different states have regionalized into one system.

Dennis Harrison, ADEM

Roger Recktenwald, Kentucky Association of Counties

John Walton, Logan-Todd Regional Water Commission

Funders Overview

2:30 - 3:30 pm

Session will provide descriptions of individual financing programs and how they may interact with each other. There are several federal and state programs that provide financing for water infrastructure projects. However, the process for securing even loan funds is often highly competitive. Speakers include persons involved in administering the programs in the state.

Desmone Black, Mississippi State Department of Health

Michael Griffiths, CoBank

Chris Jones, GEFA

Annaka Woodruff, Appalachian Regional Commission

Wrap Up

3:30 - 4:00 pm

Speaker Bios

Jason Barrett, jason.barrett@msstate.edu

Assistant Extension Professor, Mississippi State University Extension Service

Dr. Jason R. Barrett is originally from Clarksdale, MS and now resides in Starkville, MS. Jason began his career with the Mississippi State University Extension Service as a Graduate Assistant in the Food and Fiber Center. Jason went on to work in the Agricultural Economics Department and then moved to the Center for Government and Community Development as an Assistant Extension Professor. His passion is in assisting and educating the private drinking water well owners of Mississippi. He also has interests in the finance, rate setting, and economic development factors associated with public drinking water systems and public wastewater systems. His expertise is in economics, business management, marketing, communications, and finance. He enjoys working with the Mississippi regulatory agencies for drinking water, wastewater, and storm water management in providing technical assistance in an effort to increase the compliance and capacity of water systems and wastewater systems.

Stacey Isaac Berahzer, berahzer@unc.edu

Senior Project Director, Environmental Finance Center at the University of North Carolina

Stacey Isaac Berahzer is a Senior Project Director with the Environmental Finance Center at the University of North Carolina in Chapel Hill. She has an undergraduate degree from North Carolina Central University in Environmental Science. Her Master's in Public Administration is from The University of North Carolina at Chapel Hill. Stacey works from a satellite office in Georgia. Here she is very involved in leadership in the environmental community, serving on the Board of Directors for the Institute for Georgia Environmental Leadership, and teaching in the Georgia Association of Water Professional's Leadership Academy. Her main areas of expertise are pricing and affordability of water/wastewater services, and financing stormwater management.

Desmone Black, desmone.black@msdh.ms.gov

DWSRF Administrative Coordinator, Mississippi State Department of Health – Bureau of Public Water Supply

Desmone Black has a Bachelor of Science in Business Management from Belhaven University. She also has a Master of Science in Business Management from Belhaven University. She has been employed with the state government for about 16 years. She has spent half of her state government with the Mississippi State Department of Health working as an Accountant Auditor I & II as well as a Health Information Clerk.

Jim Grassiano, gwj@adem.alabama.gov

Chief of the Operator Certification and Compliance Assistance, Alabama Department of Environmental Management

Jim is the Chief of the Operator Certification and Compliance Assistance programs at ADEM. He is also the ADEM Ombudsman and Small Business Development Coordinator and manages the Landfill Operator Certification programs and also the Well Driller Licensing Program at ADEM. Jim has his master's degree in Environmental Engineering from Virginia Tech. He is a licensed Professional Engineer in Alabama.

Michael Griffiths, MGriffiths@cobank.com

Relationship Manager, CoBank

Michael Griffiths has been a Relationship Manager for CoBank in the water and wastewater division for approximately one year. At CoBank Michael primarily serves the Alabama, Louisiana, and Illinois markets. Prior to working at CoBank, Michael was a Commercial Loan Officer in the Chicagoland market serving commercial, industrial and agricultural customers. Michael has a M.B.A with a certificate in Finance and a B.S. in Management from Northern Illinois University.

Dennis Harrison, ddh@adem.state.al.us

Chief of the Drinking Water Branch of the Water Division, Alabama Department of Environmental Management

Dennis Harrison is the Chief of the Drinking Water Branch of the Water Division of the Alabama Department of Environmental Management. He has an undergraduate engineering degree from Auburn University. He also has a Juris Doctorate from Faulkner University. He is responsible for the state of Alabama's Public Drinking Water Program, including the regulation of over six hundred public water systems. In addition to his work at the Alabama Department of Environmental Management, Dennis Harrison works as an adjunct professor of law at Faulkner University. He has taught a range of courses, including Water Resource Law, Environmental Law, Property, Torts, Contracts, Evidence, Sales, Law Office Management, Real Estate Practice, Advanced Legal Analysis, and Products Liability. He is licensed to practice law in Alabama, is a Certified Public Manager in Alabama, and is a licensed Professional Engineer in Alabama and Florida.

Jeff Hughes, jhughes@sog.unc.edu

Director, Environmental Finance Center at the University of North Carolina

Jeff Hughes is the Director of the Environmental Finance Center at UNC. Jeff works with local governments, not for profit organizations, and private companies to identify and implement innovative methods of financing and maintaining environmental facilities and programs. Jeff has a Masters in Water Resources Engineering from the School of Public Health, University of North Carolina at Chapel Hill and an undergraduate engineering degree from Duke University. Jeff served as the Chatham County Public Works and Utility Director between 1996 and 1999.

Chris Jones, cjones@gefa.ga.gov

Deputy Director, Georgia Environmental Finance Authority

Chris has worked for the state of Georgia for the past 22 years in both engineering and finance roles at the Department of Transportation, Governor's Office of Planning and Budget, and currently at the Georgia Environmental Finance Authority (GEFA). Chris' roles at GEFA have included CFO overseeing the financial underwriting and accounting functions, and as deputy director overseeing the water and energy resources divisions. Chris serves on an educational design team organized by the Association County Commissioners of Georgia and the Carl Vinson Institute of Government, developing capital improvement planning curriculum for the county commissioner and county official educational series. He is an advisory board member for the Center for State and Local Finance at Georgia State University. Chris is also one of six reviewers in Georgia for the Government Finance Officers Association's Popular Annual Financial Reporting Program, which recognizes state and local governments for their annual reports. Chris earned his bachelor's degree in civil engineering technology from Southern College of Technology, and a master's degree in business administration from the Keller Graduate School of Management at DeVry University. He also holds a Certified Government Financial Manager® (CGFM®) designation.

Chris Lovelace, clovelace@alruralwater.com

Program Manager, Alabama Rural Water Association

Chris Lovelace has 24 years experience as a certified Water and Wastewater Operator. He worked with the City of Athens Utilities for 7 years, the Town of Falkville for 3 years as the Public Works Director, and has been with the Alabama Rural Water Association for 14 years. Mr. Lovelace also served in the U.S. Army for 7 years active duty and the U.S. Army Reserves for 13 years, before retiring in 2008.

Roger Recktenwald, roger.recktenwald@kaco.org

Director of Research and Planning, Kentucky Association of Counties

Roger Recktenwald has served as director of research and planning for the Kentucky Association of Counties since 2006, assisting county governments and their respective special districts with a range of development and infrastructure related efforts including utility planning, establishing water and sanitation district, mergers, consolidation; drafting of ordinances and interlocal cooperation agreements; identification of funding sources, assisting with project implementation and other similar community organizing and local government support activities.

John Walton, elkton1@mchsi.com

Director of Marketing, Logan-Todd Regional Water Commission

John Walton was the mayor of the city of Elkton from 1999-2007. The city of Elkton has a water system that is a member of the Logan-Todd Regional Water Commission, and he was mayor during part of the development of the Regional Water Commission. He served on the Logan-Todd board of directors from 1999-2007. And in 2007, after his retirement, he was hired by the Regional Water Commission to become director of marketing. Part of his job is to assist cities and water districts needing funding for water and wastewater projects.

Annaka Woodruff, annaka.woodruff@dca.ga.gov

Program Manager, Appalachian Regional Commission

Annaka Woodruff is the Appalachian Regional Commission Program Manager for the State of Georgia. She has 19 years' experience working in community and economic development, strategic planning, community finance, and partnership-building. She studied at Emory University and Georgia Institute of Technology and is a Certified Economic Development Professional.

About the Hosts

The United States Environmental Protection Agency: Water Infrastructure Finance Center (WIRFC)

Mission of the Center: The Water Infrastructure and Resiliency Finance Center identifies financing approaches to help communities make better informed decisions for drinking water, wastewater, and stormwater infrastructure that are consistent with local needs.

Vision: Leader in financial expertise that provides guidance on financing the planning, design, and construction of sustainable and resilient water sector infrastructure.

Goals: The center seeks to accelerate and improve the quality of water infrastructure by promoting:

- Effective use of federal funding programs
- Leading edge financing solutions
- Innovative procurement and partnership strategies
- Collaborative financial guidance and technical assistance efforts
- Data and learning clearinghouses that support effective decision-making



Environmental Finance Center at the University of North Carolina at Chapel Hill

The Environmental Finance Center at the University of North Carolina reaches local communities through the delivery of interactive applied training programs and technical assistance. The EFC at UNC sees one of its major roles as increasing the capacity of other organizations to address the financial aspects of environmental protection and service delivery.

For this reason and to support the leveraging of resources, the EFC does most of its training in a collaborative manner – partnering with established organizations that have environmental but not necessarily financial expertise. In addition to direct community outreach, the EFC works with decision makers to assess the effectiveness of environmental finance policies at a regional or state level, and to improve those policies as a way of supporting local efforts. The EFC at UNC is dedicated to enhancing the ability of governments and other organizations to provide environmental programs and services in fair, effective, and financially sustainable ways.



Alabama Department of Environmental Management

The mission at the Alabama Department of Environmental Management is to assure for all citizens of the State a safe, healthful, and productive environment. The ADEM Drinking Water Branch works closely with the more than 700 water systems in Alabama that provide safe drinking water to 4 million citizens. Each month the bacteriological quality of the drinking water being provided is tested by the individual systems with the results submitted to ADEM for review and approval. Both quarterly and annually certain chemical contaminants are analyzed to ensure that the drinking water meets all established drinking water standards.

