

Each issue, we ask members of the *On Tap* Editorial Advisory Board to answer a drinking water-related question. We then print as many responses as space permits. The opinions expressed are not necessarily those of NESCA.



Across the country, small water systems are joining together or they are being purchased by larger systems. Whether it's called consolidation, regionalization, or mergers, these systems seem less and less likely to go it alone and many experts see this trend continuing for the foreseeable future.

## Q: Are water system mergers happening more often in your region?

### Does this trend help small communities?

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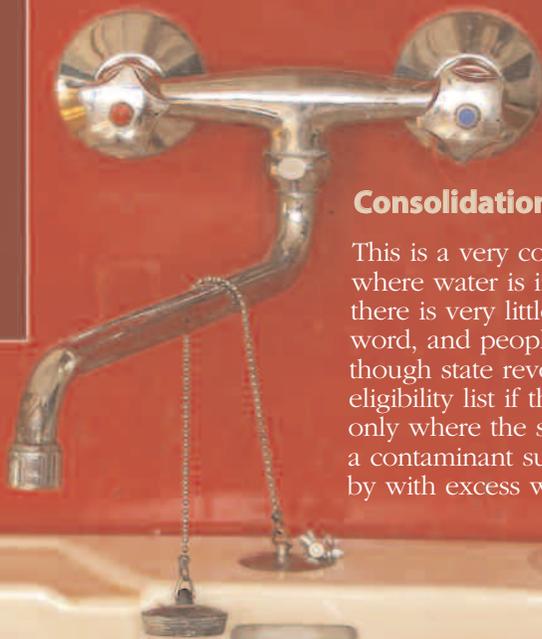
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#### Consolidation Is a Dirty Word

This is a very contentious issue for most small water systems. In the West, where water is in short supply and the distances between systems large, there is very little incentive to consolidate. In fact, it is considered a nasty word, and people that espouse the principle are considered meddlers. Even though state revolving loan funds often offer to move systems up on the eligibility list if there is consolidation, it very rarely happens. Usually it is only where the system must begin treatment with an expensive process for a contaminant such as nitrate or arsenic, and there is another system near by with excess water (very rare) do you see consolidation.



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## State Support for Regionalization

Since 1994, Washington State has had a regulation supporting and regulating regionalization of public water systems. This regulation addresses water purveyors—called Satellite Management Agencies (SMA)—that want to manage or own multiple water systems. Additional drinking water regulations require newly created public water systems that fall under the federal Safe Drinking Water Act and smaller water systems that fall under state regulations to be managed or owned by an SMA. Currently, there are 46 state-approved SMAs.

Existing water systems generally seek out an SMA when they are having trouble that may be beyond their financial or technical expertise. However, some systems with fewer than 100 connections also seek SMA services or other certified operators to take the place of grandparented operators.

Municipal water systems (including SMAs) in Washington have a financial advantage available to them for acquiring other water systems. The state approved \$4 million for the Water System Acquisition and Rehabilitation Program (WSARP) in 2003 and \$2 million in 2005.

Under the WSARP, grants ranging up to \$500,000 could be used to pay for a portion of planning, design, and other pre-construction activities; system acquisition; and capital construction costs. Applicants with sound drinking water utility management that own at least one municipal Group A public water system (small community, including non-transient, non-community, and transient, non-community systems) were eligible for funding.

The program received 43 applications for assistance worth nearly \$13 million. The Department of Health reviewed, ranked, and prioritized the eligible applications. Then, the Public Works Board approved grant funds for 18 projects that were ready to proceed. Twenty-eight water systems were acquired and rehabilitated as the result of 2003 WSARP projects. An additional 12 water systems were acquired and rehabilitated as a result of the 2005 WSARP projects.



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## Give Consolidation a Chance

In western states, small water systems are joining together into regional systems for a variety of reasons, including access to better quality source water, economic viability, and to ensure operation by qualified staff. There has also been an increase in the number of contract operators who are responsible for several individual systems.

These consolidations have helped in the short term. In most cases I know of, changes were made as a matter of necessity to provide a reliable, safe supply of drinking water. Sometimes this was accomplished at a significantly higher cost but the resulting quality supply of water has been worth it.

Today, there is more reliance on technology solutions to monitor water system operating parameters from a central location. Operators must be well acquainted with the instrumentation and the equipment must be properly maintained. Centralized operations also come in with a built-in risk: Increased distance from remote locations and longer response times to handle emergency situations are dangers that these regionalized systems assume.

The individual attention of a competent operator focused on one water system (that he or she knows very well) is hard to beat. Yet, an operator that has other system experience may bring more to the job in knowledge and experience. Times are changing. Let's see how well these regional systems and contract operators do over time.