

Report to the Governor on  
Iowa's Capacity Development Program



Iowa Department of Natural Resources  
Environmental Services Division  
Water Supply Section

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## **EXECUTIVE SUMMARY**

During the past two years, the Iowa Department of Natural Resources (IDNR) has worked to implement a strategy to assist public water systems in developing their technical, financial and managerial capacity as required by the federal Safe Drinking Water Act (SDWA) amendments of 1996. This report discusses IDNR's progress in implementing the strategy and its effectiveness in improving the capabilities of water systems.

The capacity development strategy was developed with the assistance and input of a stakeholder group called the Viability Assessment Advisory Group. Over a twelve-month period, the Advisory Group developed recommendations regarding the programs that the IDNR Water Supply Section could strengthen or establish that would assist water systems in building capabilities to achieve compliance with the requirements of the SDWA. These recommendations were used to develop the final strategy, which was approved by the Environmental Protection Agency in 2001 following a period of public comment.

This report discusses each of the Advisory Group's recommendations and the elements chosen to implement the recommendations. A summary of IDNR activities with respect to each element is also included. Progress is occurring with respect to some of the elements, while others have not yet been addressed. Since the capacity development strategy is meant to be a "living document" that reflects the changing times, IDNR reviewed each recommendation and corresponding element with the Advisory Group to decide whether or not each should remain in the strategy. The Advisory Group elected to retain all of their previous recommendations and, as a result, IDNR intends to keep working toward implementation of all recommendations.

The amount of resources directed toward the water supply program remains a concern to all Advisory Group members, but progress is occurring despite IDNR's resource limitations. Overall public water system compliance rates remain high and the technical, financial and managerial capabilities of public water systems are improving with the assistance of Drinking Water State Revolving Fund loans, third-party technical assistance, and IDNR staff efforts. The Department will continue to implement the strategy with the ultimate goal of reducing the need for enforcement action and providing overall improvement in the safety of drinking water for the citizens of Iowa.

## **OVERVIEW**

In 1996, Congress re-authorized and amended the Safe Drinking Water Act (SDWA). One of the amendments added a new section entitled “Capacity Development Strategy.” Capacity is generally defined as a system’s ability to provide safe, high-quality drinking water to its customers at a reasonable cost for the foreseeable future, and is referred to as “viability” in the Iowa Code.

This new section of the SDWA, among other things, required each state to develop and implement a strategy by August of 2000 to assist its public water systems in acquiring and maintaining technical, managerial, and financial capacity. Failure to do so would have resulted in a withholding of up to 20% of federal grant funds for the Drinking Water State Revolving Fund (DWSRF) program. The SDWA required that the state consider, solicit public comment on, and include as appropriate five different elements in developing its strategy. The elements considered were:

- Methods or criteria to prioritize systems [§1420(c)(2)(A)]
- Factors that encourage or impair capacity development [§1420(c)(2)(B)]
- How the State will use the authority and resources of the SDWA [§1420(c)(2)(C)]
- How the State will establish the baseline and measure improvements [§1420(c)(2)(D)]
- Procedures to identify interested persons [§1420(c)(2)(E)]

The SDWA amendments also require each state, within two years of adopting a capacity development strategy and every three years thereafter, to submit to its Governor a report on the efficacy of the strategy and progress made toward improving the technical, managerial, and financial capacity of public water systems in the state. The report must also be made available to the public. The intent of this report is to fulfill the SDWA’s statutory requirement.

## **DEVELOPMENT AND IMPLEMENTATION OF IOWA’S CAPACITY DEVELOPMENT STRATEGY**

During 1999 and 2000, IDNR convened a group of stakeholders collectively called the Viability Assessment Advisory Group for a series of ten meetings to discuss the five elements requiring consideration prior to development of the state’s capacity development strategy. This group produced a document entitled, “Report of Findings on Improving the Technical, Financial and Managerial Capacity of Iowa’s Public Water Systems,” attached as Appendix A.

The Report of Findings was made available for public comment in October and November of 1999. The Department notified every public water system of its availability, posted it on the IDNR website, issued a press release highlighting its availability, and held three public meetings across the state. Comments received were placed in an appendix to the Report of Findings and were utilized during preparation of the Capacity Development Strategy. The Report contained eight recommendations for use in the capacity development strategy.

The IDNR reviewed the findings, recommendations, and public comments to determine which recommendations were feasible and would assist Iowa public water systems in improving their technical, managerial and financial skills and enhance their capacity. The resulting recommendations were then incorporated in the Capacity Development Strategy. The strategy, attached as Appendix B, was submitted for EPA review in August of 2000 and was approved in early 2001. The strategy was also reviewed and adopted by the Iowa Environmental Protection Commission.

Implementation of the strategy has been ongoing and this report summarizes the accomplishments of the program during the past two years. Areas of limited progress will continue to be evaluated to determine whether it is still appropriate to include them in the strategy. The strategy is considered a “living” document and may be modified if and when the Department finds it necessary to make changes to achieve capacity development goals. When changes to the strategy are anticipated, the input and opinions of the Viability Assessment Advisory Group will be incorporated to the greatest extent possible.

## **DISCUSSION OF STRATEGY ELEMENTS**

In preparing for this report, IDNR re-convened the Viability Assessment Advisory Group and asked for comments regarding the efficacy of the program, the progress IDNR has made in improving the technical, financial and managerial capabilities of Iowa water systems, and barriers they see to the process. Each of the elements listed in the strategy was reviewed and the implementation progress discussed. The feasibility of each element was also reviewed in light of the activities undertaken within the last two years.

The stakeholders noted that the increasingly limited resources of the water supply program have prevented the state from reaching all of its capacity development goals. When the original strategy was written in 2000, several of the stakeholders’ suggestions were not adopted because of resource constraints. In the two years that followed, the state has experienced a budget shortfall and the amount of funding provided by the legislature to the water supply program has decreased significantly. Given this difficult situation, IDNR was not able to implement all of the elements adopted in the capacity development strategy, but has made considerable progress in some areas.

It is important to remember that prior to making recommendations contained in the Report of Findings, the Advisory Group developed a list of 26 enhancements and 56 impairments to water system capacity at the federal, state, and local level. The recommendations were made with the intention of building on the enhancements and overcoming the impairments facing public water systems. The stakeholders recognized that implementation of the recommendations was not the sole responsibility of IDNR, but that it should be shared and the various groups’ resources leveraged to provide the best possible program.

Following is a summary of each strategy element, the activities that have occurred to date, and any modifications suggested by the Advisory Group members.

## **RECOMMENDATION 1: COLLECT ADDITIONAL TECHNICAL, FINANCIAL, AND MANAGERIAL INFORMATION FROM PUBLIC WATER SYSTEMS**

REASONING: The Department currently collects information from water systems once every five years via inspections called “sanitary surveys.” The primary purpose of the survey is to evaluate the technical aspects of the system. Because of the federal requirement to improve the financial and managerial skills of water systems as well as the technical aspects, it was decided that one of the barriers to capacity development was the lack of financial and managerial data related to water system operations.

ELEMENT 1: Develop and use an enhanced sanitary survey to collect technical, financial, and managerial information.

- The IDNR has developed and begun the use of an enhanced sanitary survey. The enhanced survey collects financial and managerial information that has not previously been evaluated by inspectors and this requires additional time preparing for and conducting inspections. Because of personnel and resource limitations, the enhanced survey is only being used for systems utilizing surface water or groundwater under the influence of surface water that serve a population of 10,000 or more. The new survey will begin to be used for surface water or surface water influenced systems serving less than 10,000 persons beginning January 1, 2004, and for the remaining groundwater systems following the effective date of the Ground Water Rule which has not yet been promulgated but is expected by 2006. The enhanced survey may be implemented more quickly if water supply program resources allow.

ELEMENT 2: Department personnel would attend the water board or city council meeting to go over the sanitary survey report, answer questions, and encourage long-range planning.

- Field office inspectors do attend board and city council meetings upon request to discuss sanitary survey results and to encourage planning. Many times water operators request the presence of field office staff to explain the inspection reports to their board or council members so that the governing body understands the need for capital improvements and IDNR has been willing to accommodate these requests within time and resource constraints. As the concept of capacity development becomes more integrated into the sanitary surveys, it is expected that the requests for IDNR field staff to attend these meetings will become more frequent.

ELEMENT 3: Develop a “scorecard” approach to evaluating enhanced sanitary survey results. Stakeholders felt that specific scores in the areas of technical, financial and managerial capacity would provide the water system operators with a relative idea of how they were performing, especially if the scores of the neighboring systems were made available.

- The scorecard has not been developed or implemented. At this time, IDNR is evaluating a proposal to use handheld computers to perform sanitary surveys. During the recent Advisory Group meeting, it was suggested that points be assigned to various questions as they are programmed into the handheld computer so that the scorecard would be easy to

print out as part of the inspection report. The stakeholders voted to keep this element in the strategy even though it has not been developed or implemented. The Department will continue to evaluate the usefulness of a scorecard approach in concert with the use of handheld computers for sanitary surveys.

**RECOMMENDATION 2: IMPROVE THE KNOWLEDGE OF PUBLIC WATER SYSTEM OPERATORS REGARDING REGULATIONS AND IMPROVE THE KNOWLEDGE OF THE PUBLIC WITH REGARD TO THE PRODUCTION OF DRINKING WATER**

REASONING: Stakeholders identified the lack of knowledge about drinking water protection rules among operation and management personnel as a significant barrier to capacity. Many times the language and format used for rules and regulations are difficult for the operators to understand. Additionally, the group felt that operators should be provided with additional information when current rules are modified or new rules are proposed. On the management side, water board and city council members are generally responsible for the financing and management of water systems, but they generally lack the technical knowledge to make good decisions regarding rates and capital improvements.

ELEMENT 1: Offer Continuing Education Units (CEUs) for operator attendance at rules hearings or meetings.

- Certified water system operators must earn a specified number of CEUs every two years depending on the level of their certification. The Department has offered CEUs for operator attendance at several meetings and rules hearings and will continue to offer this opportunity for education related to the drinking water rules and regulations. Recent rule changes will require certified operators for smaller public water supplies and this will further promote knowledge of rules and regulations among all water supply operators.

ELEMENT 2: Develop an automatic e-mail service to keep operators updated on rule development or modification.

- The Department began collecting water operator's e-mail addresses as part of the information collected for certification renewal during 2001 and water system e-mail addresses as part of the annual fee billing in 2002. Because of the large number of certified water operators and the difficulty with keeping addresses current, it was decided that this might be better implemented by providing updates to our stakeholder organizations for distribution through their systems. These organizations use e-mail to notify their members of updates and alerts and have already created the mailing lists. The Department could provide additional e-mail addresses to these organizations and any rule change or proposal notices could be provided to them for distribution. A schedule was not set for implementation of this element but the stakeholders felt it would provide a valuable service to the operators and should not be eliminated.

ELEMENT 3: Mail an annual rules status update to all water system operators

- This element has not been developed or implemented because of the time required to produce the report and the cost of mailing to more than 2,000 certified operators. The stakeholders, several of whom are certified operators, felt this was still a valuable element that should be kept in the strategy. The Department may pursue the use of a contractor for this service and will also investigate other avenues of delivery. One possibility is inclusion in the State's Annual Report on the water supply program.

ELEMENT 4: Provide on-site board or council member training, focusing on long-term planning, financial management and full-cost financing

- The Department has access to federal funding for the provision of technical assistance to small water systems through the Drinking Water State Revolving Fund capitalization grant. Up to two percent of each year's federal grant may be used for this assistance, and IDNR has generally used these funds to contract with various organizations to provide different types of technical assistance to systems serving less than 10,000 people. The Department issued a request for proposals (RFP) on new technical assistance projects in August and the suggestion for a project to provide on-site board or council member training was included in the RFP. It is anticipated that at least one of this year's projects will address this need.

ELEMENT 5: Provide IDNR standard forms for water supplies in electronic form to eliminate paperwork.

- Although the water supply section does not have the ability to electronically receive forms at this time, many of the construction application forms and other items are available to the operators and engineers in an electronic format either on the IDNR web site or by contacting staff and requesting an electronic version. This element will remain in the strategy as an overall objective of the Department.

**RECOMMENDATION 3: DEVELOP MORE TRUST IN THE RELATIONSHIP BETWEEN IDNR AND THE WATER SYSTEMS IT REGULATES BY PROVIDING INFORMATION ON ACTIVITIES UNDERTAKEN EACH YEAR AND ACCOUNTING FOR FEE EXPENDITURES**

REASONING: Mistrust between the EPA, IDNR and water systems was identified as a barrier to the capacity of water systems.

ELEMENT 1: Create a periodic newsletter to be sent to each water supply by IDNR.

- This element is very similar to Element 3 of Recommendation 2. The newsletter has not been developed or implemented because of resource limitations but the stakeholders felt this element should be retained as part of the strategy. Developing periodic newsletters summarizing recent developments, updates, etc. requires considerable effort if the newsletter is to be read and respected. Staff dedicated that purpose are needed and the Department will continue to explore this idea with its internal information and education staff. This is also an area where stakeholder groups such as AWWA and IAMU may be able to assist in disseminating information through already-established means.



ELEMENT 2: Prepare an annual report for the water systems to account for spending of the annual fees paid by the water systems.

- Funds expended by the water supply program, including fees, general fund appropriations, and EPA grant funds are well documented on an annual basis through the existing state budget process. Specific water supply staff activities are also tracked and accounted for on an annual FTE basis. The fees paid by water supply systems (capped at \$350,000 per year) fall far short of meeting total program needs. At the time of the strategy's preparation, there was a surplus of funds in the water supply program and the water systems were interested in why the fees were necessary when they were not being utilized on an annual basis. During the past two years, however, the surplus has essentially disappeared as surplus funds have been used to replace general fund shortfalls. The Department has not prepared and distributed reports on the use of fees, but will consider this for future reports, perhaps incorporating this into the annual water supply compliance report. The stakeholders agreed that an annual budget report would be a valuable tool in obtaining the support of the water systems when additional funds are needed, either from the legislature or through an increase in water system fees. The Department agreed that it could provide an annual accounting of all sources and uses of funds to the stakeholder organizations. These organizations could then provide this information to their members.

**RECOMMENDATION 4: IMPROVE CUSTOMER KNOWLEDGE OF WATER SYSTEM PERFORMANCE AND FINANCING**

REASONING: Most Iowans have access to a source of safe drinking water on a consistent basis. Because of this, many people take the provision of this essential service for granted. Customers and elected officials carry the perception that safe drinking water should be enjoyed at little or no cost to consumers, making it difficult for water systems to charge the rates necessary to operate the system over the long term. The stakeholders felt that public education with regard to water supply would be valuable and beneficial.

ELEMENT 1: Provide incentives for schools to include water treatment and supply as a curriculum topic.

- Each year, the Department co-sponsors the Children's Water Festival; a one-day event designed to bring fifth-graders from across central Iowa together to learn about water. Teachers are provided with curriculum materials and asked to incorporate them into the classroom prior to the Festival. Activities and materials related to water supply education are also available for purchase through the Iowa Water Pollution Control Association (IWPCA). Because of the benefits associated with impressing the value of safe water on young children, who will in turn tell their parents about it and grow up to be more knowledgeable consumers, the stakeholders felt that IDNR should pursue the use of the IWPCA materials and notify the Iowa Association of School Boards of its availability in addition to continuing its involvement in the Children's Water Festival. The Department will continue to pursue the children's education approach as well as develop information

and distribute it through various venues. However, marketing research indicates the information transfer from school children to their parents is minimal and the Department should evaluate approaches specifically targeted to adults.

ELEMENT 2: Access EPA environmental education grant funding to assist with the implementation of Element 1.

- The Department has not pursued this yet because of resource limitations, but the stakeholders noted that IDNR could apply for the grant funds as a third party using another organization such as the Iowa Ground Water Association or the American Water Works Association – Iowa Section as a primary grantee. The grant funds could be used to purchase the IWPCA materials for use in interested school districts.

**RECOMMENDATION 5: IMPROVE PARTNERSHIPS AMONG OPERATORS, AMONG REGULATORY AGENCIES, AND AMONG TECHNICAL ASSISTANCE PROVIDERS**

REASONING: Stakeholders identified the need to encourage partnerships between agencies and among systems. They felt that this might result in the sharing of scarce resources and reduce the need for regulatory agency intervention.

ELEMENT 1: Use ICN training sessions or peer review forums targeted to operators, board/city council members and city clerks.

- The stakeholders felt that training offered via ICN offers the operators in regional areas a networking opportunity. The Department has not conducted any ICN training since the capacity development strategy was written but will encourage technical assistance providers requesting grant funds as part of the current request for proposals to consider offering training via ICN. Additionally, stakeholders commented that partnerships and networking are occurring at other meetings, especially the regional meetings of the Iowa Section of the American Water Works Association. They felt that Department staff should be attending these meetings and introducing themselves so operators feel more comfortable seeking their assistance. The Department will promote attendance at additional professional meetings, but the time demands must also be reconciled with the day to day program requirements and staffing shortages.

ELEMENT 2: Use the Iowa State University extension as a source of technical assistance for financial issues to operators and city clerks.

- The Department has not directly contacted ISU extension, but one of IDNR's technical assistance providers offers an annual workshop for the city clerks and has worked with IDNR staff to develop presentations on the financial aspects of water system operation. The Department does still plan to work with ISU extension on participating in their city clerk workshop at some point in the future if ISU is still providing these workshops.

ELEMENT 3: Encourage partnerships between technical assistance providers such as the Iowa Association of Water Agencies, the American Water Works Association, the Iowa Rural Water

Association, and the Iowa Association of Municipal Utilities through joint planning meetings with IDNR.

- The associations mentioned have begun holding monthly meetings, but have not invited IDNR to attend. The meetings will allow the technical assistance providers to discuss issues of mutual interest and to ensure that unnecessary duplication of training efforts will not occur.

ELEMENT 4: EPA should be encouraged to work more closely with USDA in providing funding for water system improvement projects and working on issues related to water and agriculture.

- The Department is pursuing this element through a senior staff member assigned to work on agricultural issues as they relate to IDNR programs. It is anticipated that this will continue as provisions of the new Farm Bill are enacted.

ELEMENT 5: Encourage and assist small systems in developing local cooperative buying agreements to procure chemicals and equipment at more competitive rates.

- One of the obstacles stakeholders identified for small systems was the fact that they pay more for chemicals and equipment because they only buy small quantities, while the larger systems pay less because of economy of scale. Stakeholders suggested that IDNR assist systems in developing local cooperative buying agreements so that by purchasing as a group, they could qualify for a lower price. The Department has learned that the Iowa Administrative code prohibits this activity and has committed to sending a letter to the appropriate agency to learn more about this limitation and ask that this rule be revised for the benefit of small systems if possible.

ELEMENT 6: Reimburse these types of activities through the operator certification training program.

- Iowa did apply for \$2.5 million and has received a \$1.94 million grant for operator certification training. The additional \$560,000 is expected in future years. These funds will be used to assist small water systems serving fewer than 3,300 persons with training new operators and reimbursing operators for their training and certification costs.

#### **RECOMMENDATION 6: BREAK DOWN BARRIERS TO INTER- AND INTRA-DEPARTMENTAL COMMUNICATION**

REASONING: Stakeholders recognized the lack of communication among regulatory agencies with authority over similar programs as a barrier to the increased capacity of the water systems.

ELEMENT 1: Increase contact with legislators and other agencies by scheduling a regular meeting with interested parties to discuss activities related to drinking water.

- The Department has not pursued this element but was encouraged by the stakeholders to keep working toward this goal. Additionally, the stakeholders suggested that they could assist the Department with this effort.

ELEMENT 2: Increase communication with the Department of Public Health to discuss drinking water program responsibilities and activities.

- While IDNR has primacy for the public drinking water program, the Health Department has jurisdiction over matters such as cross-connection programs and fluoridation, both issues of interest to public water supplies. Coordination between the two agencies is needed to avoid sending a confusing message to drinking water operators. The Department has not made a concerted effort to accomplish this but significant changes in personnel at the Department of Public Health during the past two years have further complicated interagency communication, although Department staff maintain good working relationships with Health Department staff. This change in personnel may provide a good opportunity for establishing strong working relationships and the stakeholders felt that this was still a reasonable goal for the drinking water program.

ANOTHER barrier identified during Advisory Group meetings was the lack of communication and coordination among divisions, bureaus, and sections of IDNR.

ELEMENT 1: Establish meaningful organization performance measures to increase public confidence in the Department and foster a higher sense of accountability.

- The water supply section has drafted performance objectives in an effort to determine the future direction of the program. Once the objectives are finalized, performance measures will be developed to measure the efficacy of the program in meeting the specified objectives. These objectives and measures, when finalized, could be provided to the stakeholders to improve Department accountability to its customers. In addition, the “accountable government” activities that all executive branch agencies will be carrying out will provide for measurable results in the water supply and other programs.

ELEMENT 2: IDNR management should address the issue of intra-bureau communication since the water supply section should be working closely with wastewater and water resources sections to accomplish their missions.

- In the past, the drinking water program was often viewed as a separate, distinct program as compared to surface water protection programs. A number of states’ drinking water programs are wholly contained within a health department as opposed to resource and environmental management agencies. Federal legislation also perpetuates this division as there are relatively few “bridges” between the SDWA and the Clean Water Act. With the introduction of source water protection, total maximum daily loads (TMDLs), pesticide management plans, and other program requirements, the need for better cross-program cooperation and coordination is apparent. The Department has taken a number of steps to promote better intra-departmental communication, such as putting all water quality-related programs under one division. Breaking communication barriers due to

“compartmentalized” programs with separate funding sources, enabling legislation, etc. is difficult, but progress is being made. The Department will continue to develop better cross-program communication through a variety of venues.

ELEMENT 3: IDNR management should address the issue of intra-agency communication since the water supply section should be working closely with underground storage tank and the geological survey bureau staff to accomplish their missions.

- As mentioned above, the Department has taken a number of steps to promote better intra-departmental communication, such as putting all environmental programs under one division. Breaking communication barriers due to “compartmentalized” programs with separate funding sources, enabling legislation, etc. is difficult, but progress is being made. The Department will continue to develop better cross-program communication through a variety of venues.

**RECOMMENDATION 7: DEVELOP INNOVATIVE TECHNIQUES FOR FINANCING CAPITAL IMPROVEMENT PROJECTS FOR SMALL SYSTEMS**

REASONING: Small systems face the challenge of acquiring capital resources for improving or replacing water system infrastructure. Non-governmental systems do not have access to traditional government-sponsored capital financing programs and even the systems that can qualify for traditional funding programs may have difficulty accessing capital financing.

ELEMENT 1: Sponsor a meeting or a series of meetings where capital financing agencies, public finance specialists and public water system stakeholder groups discuss innovative techniques for financing small system capital improvements.

- Although IDNR has not scheduled a meeting as described, several changes were made to the Drinking Water State Revolving Fund in 2001 to make it easier for small systems to borrow money for capital improvements. The interest rate has been set at 3 percent, the allowable term was reduced from a fixed 20 year duration to allow applicants to borrow for any number of years up to 20 years, and the minimum loan amount was reduced from \$50,000 to \$20,000. In 2002, 23 of 27 systems approved for Drinking Water State Revolving Fund loans were classified as small systems. Additionally, IDNR has participated in a series of meetings with the Iowa Department of Economic Development and the Rural Development Agency to develop a joint application that systems can use to apply for funds provided by any of the three participating agencies. The stakeholders felt that this element should remain in the strategy and that the Department should still pursue alternative financing options for small systems.

**RECOMMENDATION 8: ACQUIRE INFORMATION ON THE PERSONNEL AND FINANCIAL RESOURCES AVAILABLE TO THE STATE’S DRINKING WATER PROGRAM**

REASONING: The perception of the stakeholders during development of the capacity development strategy was that the personnel resources of the Department had not kept pace with the increasing responsibilities of the drinking water program. Stakeholders felt that an evaluation of

program resource needs would provide them with the information they needed to support the financial and staffing resource needs of the program.

ELEMENT 1: Commission a third-party assessment of current and future program resource needs.

- In August of 2002, Cadmus, an Environmental Protection Agency contractor, conducted a program evaluation. Cadmus is independent and staff are extremely knowledgeable with regard to drinking water regulations and state programs. The Cadmus evaluation showed that IDNR is doing an excellent job of enforcing current regulations with limited staff and resources. As several new regulations have been promulgated and will become effective within the next six years, however, the Cadmus resource model indicates that Iowa's drinking water program will be significantly understaffed and underfunded, and will experience increasing difficulty in implementing the recently adopted and forthcoming federal rules and programs. The stakeholders expressed interest in reviewing the audit, but Cadmus is in the process of finishing the report at this time. Interested parties may request a copy of the report following its completion.

## **SUMMARY**

The Iowa Department of Natural Resources is continuing implementation of its capacity development strategy for existing public water supplies, but the success of this program is difficult to measure after only two years. One of the major goals of the original strategy was to begin identifying systems that were in need of assistance to improve their technical, financial, and managerial capacity through a quarterly evaluation of systems that had difficulty meeting the state's drinking water regulations. This would allow staff to offer assistance to these systems and eventually reduce the number of noncompliant systems without the use of enforcement. Resource constraints have kept IDNR from implementing this portion of the strategy, and this frustrates the stakeholders who advised the Department to adopt this idea when the strategy was developed.

Instead, IDNR has relied on field office personnel to determine which systems appear to be in need of assistance during inspections. Although this approach has identified several systems, and these systems are accepting assistance on a voluntary basis to avoid enforcement, this approach only identifies a very limited number of systems. Field office personnel have expressed discomfort with making determinations on the managerial and financial aspects of the systems since they feel their expertise lies in the technical arena. As they become more comfortable with this process, it is likely that more systems will be identified for assistance, but in the interim, many more systems could be reached if screening based on compliance was performed for each system on a regular basis.

Limited resources are directed to the capacity development program in Iowa, even though several other states have adopted this program as the cornerstone of their drinking water programs. The Environmental Protection Agency has identified billions of dollars of drinking water infrastructure that will be in need of improvement within the next 20 years. With limited state and federal funds available to the water systems, it makes sense to ensure that these systems are financially sustainable and looking to the future before the need for critical infrastructure becomes imminent. Additionally, assisting systems that are in need of technical, managerial, or

financial capacity when they are willing to voluntarily make improvements can be done with fewer resources and with more protection of public health than relying on standard enforcement procedures.

The Environmental Protection Agency has suggested that the Department answer the question, “What is the efficacy of the state’s capacity development program?” as part of this report. It is a difficult question to answer with the limited resources available to the program, but progress is being achieved, even if it is only incremental. Systems are improving their capability with the help of Drinking Water State Revolving loans, with the assistance of technical assistance providers, and with the assistance of IDNR staff. There is more to be done, but the continued development of this program should provide results over time. The above-mentioned EPA/Cadmus program evaluation resulted in favorable program comments in spite of resource limitations. Annual compliance reports, initiated in 1998, have documented improved compliance, albeit slight, with all monitoring and other drinking water program requirements and overall compliance rates with significant health related requirements remain high. Nonetheless, the Department recognizes the need for continued efforts in this direction, especially in the area of assisting small systems.

#### **AVAILABILITY OF THIS REPORT**

This report must be made available to the public as required by the amended Safe Drinking Water Act of 1996. It will be placed on the IDNR water supply section web page with links provided to stakeholder groups, a press release describing the availability of the report will be provided to stakeholders for use in their newsletters, and a notice will be placed in the Iowa Administrative Bulletin. Copies of the report will also be available from the Iowa Department of Natural Resources, Water Supply Section at 401 SW 7<sup>th</sup> Street, Des Moines, IA 50309-4611.

APPENDIX A: REPORT OF FINDINGS ON IMPROVING THE TECHNICAL,  
FINANCIAL AND MANAGERIAL CAPACITY OF IOWA'S  
PUBLIC WATER SYSTEMS



**APPENDIX B: CAPACITY DEVELOPMENT STRATEGY  
FOR IOWA'S EXISTING PUBLIC WATER SYSTEMS**