

**State Water Infrastructure Authority
Meeting Date – February 19, 2025
Agenda Item O – Training Grant Reauthorization**

Division of Water Infrastructure Staff Report

Background

On January 15, 2025, the Viable Utility Committee (VUC) met, and staff presented findings regarding funding and utilization of Training Grants. In 2022, the State Water Infrastructure Authority (Authority) and Local Government Commission (LGC) authorized training grants to be awarded from the Viable Utility Reserve (VUR) to local government units that were designated as distressed at the time and those that will be designated as distressed through Calendar Year (CY) 2025. Each authorized training grant amount is \$2,000, and each training grant expires on the second anniversary of issuance for the local government unit. The grants could be utilized for any utility-related training. Most expenditures have been related to completion of statutorily required Best Utilities Management Practices (BUMP) training.

The initial obligation of training grant funds in 2022 was \$190,000. Over the life of the program, the obligation has totaled \$302,000. The Division has disbursed \$25,699 over the life of the program to date.

Staff Findings

The Authority will need to re-authorize training grants beyond CY 2025 if the Authority wishes to continue awarding training grant funds from the VUR. The Viable Utility Committee recognized a need to continue to offer grant funding assistance to encourage training. Division staff have found that funds have not been utilized at the level of obligations (\$302,000 obligated, with \$25,699 used). The first cohort of training grants that were obligated have expired since two years have passed. More than half of the local governments currently designated no longer have access to training grants, per the original 2022 Authority and LGC award. Staff have theorized that use of the VUR training grants has been low because of training grant expiration for the earliest cohort designated as distressed. This may be due to a variety of factors, including limited outreach from the Viable Utilities Unit during those early years while the program was being developed. Additionally, staff have found that local government units (LGUs) experience frequent turnover of staff and elected officials, which requires that new staff and/or elected officials receive the BUMP training beyond the two-year life of the grant.

Calculation of Reserve

At the Viable Utility Committee meeting, Committee members recognized a need to continue to offer grant funds from the VUR to encourage trainings in a more flexible manner, while not encumbering too large of an amount of VUR grant funds for trainings that may not be used. One option that was considered and garnered support is to encumber an amount from the

Viable Utility Reserve as funding that will be made accessible to reimburse any local government units designated as distressed for eligible training expenses, essentially through a “Training Reserve”. The amount of the Training Reserve can be determined by the Division based on availability of VUR funding and based on assessments of the potential use of training grant funds.

The Division Staff determined an estimated initial training reserve amount by the methodology shown in Table 1. Note that the reserve amount will change over time as the Staff re-assess based on availability and other factors.

Table 1. Estimated Initial Training Reserve Calculation			
Training Type	Training Seats *	Per Trainee Cost	Line-Item Totals
In-person BUMP	114 **	\$97.20 ***	\$11,081
On-line BUMP	57 **	\$72	\$4,104
Ongoing (Ongoing training needs other than BUMP)			\$24,815
Initial Reserve			\$40,000

*Assuming up to five LGUs to be designated as distressed annually, resulting in a need to train an additional 20 staff per year. Conservatively, LGUs experience ~20% turnover in trained staff annually resulting in an additional 120 individuals that will require training. Total new trainees per year = 140

**Assume one out of three elect to take the online training at \$72 each: 57 * \$72 = 4104

*** Assume that the remaining attend in-person training and have an average round trip of 180 @ \$0.54 per mile: 94 * 180 * \$0.54 = \$11,081

The initial training reserve should adequately cover all disbursement requests for ongoing training needs from all local government units designated as distressed without impacting claims for BUMP training, which is statutorily required.

Proposed Staff Implementation Plan

Division staff would implement the training grants by the following methodology.

- The Authority would establish a training reserve to cover all training disbursement requests from distressed LGUs to cover eligible utility-related training costs. The training reserve amount will be established by the Division based on availability and other factors.
- The training grant cap per LGU would remain at \$2,000. Past disbursements under the old program would count against this cap.
- All distressed LGUs would have access to the training reserve, even if their initial training grants have expired, as long as they have not exceeded the training grant cap.
- Distressed LGUs would remain eligible for disbursements as long as they remain distressed and have not exceeded the cap.

- Disbursements would be dependent upon fund availability.

Staff Recommendation

Division staff recommend that the Authority approve training grants from the Viable Utility Reserve to any local government unit designated as distressed to be paid from a Training Reserve that is established and administered by the Division, at the Division's discretion.

Note that this action will also require Local Government Commission concurrence.