

State Water Infrastructure Authority
March 10, 2021 Meeting
Agenda Item J – Approval of Educational Component Required Under Session Law 2020-79

Division of Water Infrastructure Staff Report

Background

Session Law 2020-79, entitled in part “An Act to Improve the Viability of the Water and Wastewater Systems of Certain Units of Local Government...”, requires that any local government unit (LGU) designated as distressed by the State Water Infrastructure Authority (Authority) and the Local Government Commission (LGC) participate in initial training and education for elected officials and utility staff [G.S. 159G-45(b)(2)]. The purpose of this staff report is to provide an overview of the educational process proposed by the Division.

A curriculum covering utility management and best practices was developed in the Fall 2019 and Winter 2020 to be a part of joint training delivered by the Division and the NC League of Municipalities (NCLM). Division staff is in the process of adapting this curriculum to provide the required initial education to LGUs designated as distressed.

Intended Audience

As indicated above, the audience for the training will be the elected officials and utility management staff of LGUs that will be designated as distressed. Depending upon the outcome of determining the best mechanism to deliver training, Division staff plan to further tailor the curriculum to match those LGUs who will be participating in the training.

Basic Goal of Training

The basic goal of training will be to provide an overview of utility management and “first steps” systems can take to maintain viability or move toward viability. To determine where attendees stand before the class, Division staff propose to offer a short quiz that would ascertain attendees’ level of knowledge related to utility management and the best practices as outlined in the North Carolina’s *Statewide Water and Wastewater Infrastructure Master Plan: The Road to Viability* (Master Plan). Pre-class scores will be compared to post-class scores, which is in line with how the Southeast Rural Community Assistance Program, Inc. (SERCAP) conducts its financial training for small systems. Division staff seek comment from the Authority related to this overall approach of ascertaining training effectiveness.

Outline of Potential Training Topics

The number of hours of training offered is yet to be determined; Division staff are investigating the best length for training (see Delivery Mechanism section below). Staff ask for Authority input related to the length of initial training.

As shown in the draft outline below, attendees will learn the basics of utility management, then delve further into the three best practice areas of the Master Plan. Each best practice area includes first steps that trainees can implement to better manage their water and wastewater utilities.

- I. Introduction & Keynote speaker
 - a. Introductions with trainees
 - b. VUR Overview
 - i. Process for identifying designation, explanation of scores
 - ii. Removal of distressed designation – review cycle, completion of requirements
 - iii. Statutory requirements for distressed units
 - iv. Funding availability - VUR, other programs
 - c. Keynote speaker – Someone who has experienced challenges related to utility management
- II. Utility management basics
 - a. Why people notice their utilities
 - b. How a drinking water system works
 - c. How a wastewater system works
 - d. Key takeaway – Most infrastructure is out of sight, and when it is out of sight, it also can be forgotten.
- III. The value of water and Master Plan basics
 - a. Exercise to get at the true value of water
 - b. Role of water in communities
 - c. Utility Viability
 - d. Utility Challenges
 - e. Viable Utility definition
 - f. Three best practices
- IV. Infrastructure best practices
 - a. Best practice definition
 - b. First steps
 - i. Talk to managers and staff
 - ii. Understand the risks in your system
 1. Critical infrastructure
 2. Assessing infrastructure
 3. Non-revenue water
 4. Inflow / infiltration
 - iii. Prioritize projects
 - c. Start taking second steps
 - d. Case study #1
- V. Organizational best practices
 - a. Best practices definition
 - b. First steps

- i. Board and customer expectations for utility
 - ii. Utility expectations and performance
 - iii. Organizational process
 - iv. Understand the value of communication
 - 1. Between board and utility management / staff
 - 2. Between board and customers
 - c. Organizational best practices discussion
- VI. Financial best practices (developed based upon input from LGC staff)
 - a. Best practices definition
 - b. First steps
 - i. Understand basic financial management
 - ii. Conduct annual rate checkup
 - iii. Build reserves
 - iv. Have a strong collections policy
 - v. Have regular budget discussions
 - c. Start taking second steps
 - d. Case Study #2
- VII. Overall case study

Division staff seek Authority input on the content of the training outline. Please note that this outline is for a full day's worth of training and may be shortened depending upon the outcome of this Authority meeting as well as interviews underway as discussed in the section below.

Delivery Mechanisms for Education and Determination of Effectiveness of Education

Division staff are in the process of examining delivery mechanisms for the initial education for elected officials and utility staff of LGUs designated as distressed. As part of her Certified Public Manager® (CPM) program, Jennifer Haynie is examining both the potential delivery mechanisms for delivery of the educational component of the VUR program and methods for determining the effectiveness of the education.

Challenges related to delivery mechanisms include: length of training as discussed above, best days/times for training, method of training (in-person vs. virtual), and the advantages / disadvantages for different methods of training. Ms. Haynie is utilizing a project team consisting of Division staff and resource agency partners. Additionally, as part of her CPM work, she is interviewing 15 people related to educational delivery mechanisms. The project is scheduled to be completed in May with work being wrapped into the final initial education product. Division staff seek Authority input on (1) best days / times for training and (2) method of training.

Continuing Education for Utility Management Staff

As required by G.S. 159G-45(b)(3)(b), LGUs designated as distressed also must include continuing education as part of their action plans. Once the initial education process is underway, Division staff will be assessing ways to implement the continuing education process

for both utility and financial staff. A couple of thoughts related to continuation of education are as follows:

- Develop a course catalog of existing education offered by resource agencies that LGU elected officials and staff can take.
- Work with resource agencies to develop a “second steps” series of education that can focus on the best practice areas.

Next Steps

- Division staff will take the input received from the Authority and work related to Ms. Haynie’s CPM project and will create a final initial education product for the viable utility program. Under NCGS 159G-45(b)(2), the education program requires Authority and LGC approval. The final initial education product will be presented at the July meetings of the Authority and the LGC for both entities review and approval.
- Pending results of the July meetings of the Authority and the LGC, Division staff will proceed with the initial education program.
- At the July Authority meeting, Division staff also will present an update on the development of the continuing education portion of the VUR program.

Summary of Input Sought

Division staff seek Authority input on the following:

- The manner to determine effectiveness of initial education
- The proposed length of training
- Best days / times for training
- Content of training
- Method of training (in-person vs. virtual)