

Case Study 3: Providing Water and/or Wastewater Services for Small Communities

Regional Water System A and Community 001

Issue: An Iowa community with a population of less than 500 did not have their own treatment center and had been purchasing water for distribution to its residents and businesses from a nearby community.

Solution: The Regional Water System found that it could help the community by providing residents with good service, water quality and convenience at a similar cost. The Regional Water System already served most of the rural areas of the county and had a 12 inch pipe within one half mile of city. The City entered into a franchise agreement with the Regional Water System.

Under this agreement, the Regional Water System provides operational and administrative services for water and sewer services. This includes customer billing, customer service, maintenance, construction, inspection, and compliance issues to the community. The regional water system owns the water distribution system within the incorporated city limits.

The Regional Water System also agreed to assume complete responsibility for principal and interest due on water revenue bonds and outstanding notes owed by the city.

Benefits: For this community, the cost of building, maintaining and upgrading water systems was becoming simply too expensive. Many small systems are unable to achieve the economies of scale necessary to achieve operational, maintenance, and compliance costs. By joining the Regional Water System, customer service rates remained the same and had more water pressure than the previous provider.