

NEBRASKA

***PUBLIC WATER SYSTEM
CAPACITY DEVELOPMENT PROGRAM***



***Report to the Governor
September 2014***



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Governor***

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Table of Contents

<u>Executive Summary</u>	<u>3</u>
<u>Overview of Capacity Development Requirements</u>	<u>4</u>
<u>Public Water System Information Collection</u>	<u>6</u>
<u>State Revolving Loan Program</u>	<u>7</u>
<u>Requirements for Water Meters</u>	<u>10</u>
<u>Capacity Development for New Public Water Systems</u>	<u>11</u>
<u>Elements of Capacity Development Strategy for Public Water Systems</u>	<u>11</u>
<u>Collaboration with Other Organizations</u>	<u>13</u>
<u>Assistance to Water Systems</u>	<u>14</u>
<u>Public Water System Training</u>	<u>15</u>
<u>Public Water System Owner Training</u>	<u>16</u>
<u>Hardships faced by Small Systems</u>	<u>17</u>
<u>Measure of Success of the Capacity Development Strategy</u>	<u>18</u>
<u>Conclusion</u>	<u>21</u>
<u>Samples of Success</u>	<u>22</u>

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EXECUTIVE SUMMARY

The 1996 amendments to the Federal Safe Drinking Water Act (SDWA) require states to adopt a strategy for ensuring that new community and non-transient non-community public water systems (PWS) have the required technical, managerial, and financial capacities to provide safe and adequate water to their consumers. The amendments also require states to develop a strategy to help existing public water systems develop and achieve technical, managerial, and financial (TMF) capacity.

This 2014 Report to the Governor on the Nebraska Public Water System Capacity Development Program (Report) summarizes activities completed, currently underway, and planned by Department of Health and Human Services (Department) Capacity Development Program (CDP). In addition, this report fulfills the State's obligation under Section 1420(c) (3) of the SWDA to report the status of the program to the Governor, every three years by September 30th. Specifically, this report informs the Governor's Office of the program's effectiveness and progress made improving the TMF capabilities of the State's public water systems.

As we continue to provide assistance to public water supplies, we are constantly exploring new tools that will further enhance our ability to assist systems in need.

Although a wide variety of resources is available to be utilized by small water systems for development of capacity, it is acknowledged that the principal driving mechanism to an effective state strategy is the State's enforcement capability. The act of enforcement itself is a legitimate tool for the acquisition and maintaining of capacity by public water systems. When other avenues such as training, education and technical assistance do not achieve compliance with regulatory requirements, a consistent and fair-minded application of enforcement is imposed.

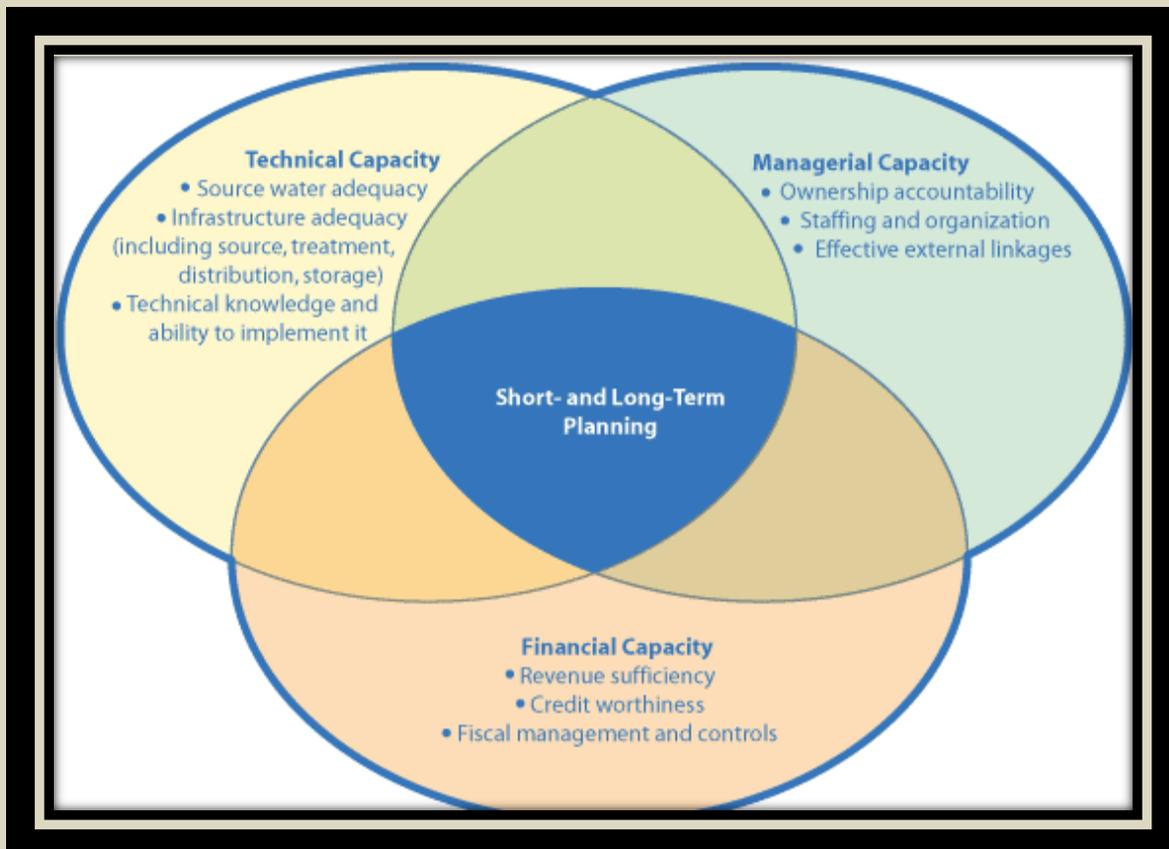
OVERVIEW OF CAPACITY DEVELOPMENT REQUIREMENTS

The CDP is a program to help drinking water systems improve their finances, management, infrastructure, and operations so they can provide safe drinking water consistently, reliably, and cost-effectively. More specifically, the federal SDWA capacity development provisions establish a flexible framework for the Department and water systems to work together to ensure the systems acquire and maintain the technical, financial, and managerial resources necessary to consistently achieve the health objectives of the 1996 SDWA.

Smaller systems often have more resource challenges than their larger counterparts. Today, challenges for small as well as large systems are daunting and usually include:

- Inadequate funds to upgrade or replace aging infrastructure;
- Lack of availability of a properly trained and licensed water operator;
- Lack availability of an adequate and safe supply of source water;
- Protection of the water source;
- The public's increasing demands for lower service costs; and
- Establishment of more enhanced and protective regulatory requirements and rules.

Capacity development and sustainable infrastructure efforts are focused on ensuring all water utilities are managed well today and are prepared to operate sustainably into the future. The bottom line is that capacity development is the key to compliance and sustainability for water systems large and small. Through capacity development water systems acquire and maintain adequate technical, managerial, and financial capabilities to enable them to consistently provide safe drinking water now and in the long term.



SDWA Definitions:

"Public water system (PWS)" is a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves at least 25 individuals daily at least 60 days out of the year.

"Community water system (CWS)" is a public water system that serves at least 15 service connections used by year-long residents or regularly serves at least 25 year-long residents of the area served by the system.

"Non-transient non-community water system (NTNC)" is a public water system that is not a community water system and that regularly serves at least 25 of the same persons over six months per year.

"Transient non-community water system (TNC)" is a non-community water system that does not regularly serve at least 25 of the same persons over six months per year.

In developing the regulatory requirements that directed each state's Capacity Development Strategy, EPA specified five elements the strategy must address. These elements include:

- A. How to identify systems in need of technical, financial and managerial assistance.
- B. Determining factors that enhance or impair a system's capacity development.
- C. Recommendations on how the state can use its authority and resources to help systems improve capacity.
- D. How to measure the success of a state's Capacity Development Strategy.
- E. Public involvement in its development.

Nebraska developed the State of Nebraska's Capacity Development Strategy with these elements in mind. The major objectives of our Capacity Development Strategy are to:

- Collect useful information about a system's capacity,
- Develop effective working relationships with the technical assistance providers in Nebraska,
- Educate the general public, owners and operators of systems and train system operators,
- Encourage land use planning to protect the quality of groundwater,
- Require the use of water meters on system wells and service connections, and
- Security for water systems.

All of these objectives are aimed at helping systems to provide an adequate supply of safe drinking water to its consumers on a continuous basis, to take care of its own problems when they arise, and to achieve compliance with all existing and upcoming regulations. A system's capacity should reflect a need for a minimal amount of reliance on outside sources of assistance for all but the most desperate of situations. As we continue to provide assistance to public water supplies, we are constantly exploring new tools that will further enhance our ability to assist systems in need.

Public Water System Information Collection

Beginning January 1, 2003, all Department field staff started entering all sanitary survey deficiency data directly into the Safe Drinking Water Information System (SDWIS)/State database. This has greatly enhanced the Department's ability to identify, quantify and target common problems noted during surveys. A comparison of the survey information from January 1, 2011, until December 31, 2013, is shown in "**Attachment B**" of this report.

Currently, routine sanitary surveys of community water systems and non-transient non-community water systems are conducted once every three (3) years utilizing the enhanced sanitary survey. The information collected consists mainly of technical issues centered on water system regulatory compliance. Managerial information is assessed by noting if management has taken the necessary steps to stay in compliance with the applicable regulations. Public water system financial data (operating budgets and water rates) are being gathered and analyzed to determine the financial capacity of the systems. Complete managerial, and financial assessments of community water systems that are

in line to receive financial assistance through the Drinking Water State Revolving Loan Fund for infrastructure improvements, are currently being done to create a benchmark to measure improvements. Once financial assistance has been given and the project has been completed and is in operation, a second assessment is completed to ascertain the sustainability of the system.

STATE REVOLVING LOAN PROGRAM

The Nebraska Drinking Water State Revolving Fund (DWSRF) Program was established pursuant to the federal Safe Drinking Water Act of 1996. Neb. Rev. Stat. § 71-5314 to 71-5327 created the Drinking Water State Revolving Fund Act. The federal Safe Drinking Water Act and state statutes established the Drinking Water State Revolving Fund Program to provide loans at reduced interest rates to finance the construction of publicly and privately owned drinking water facilities. Instead of making grants to communities that pay for a portion of the building of drinking water facilities, the program provides for low interest loans to finance the entire cost of qualified projects. The program provides a flexible financing source which can be used for a variety of projects.

Loans made by the program must be repaid within 20 years, except that disadvantaged communities have 30 years to repay their loans. All repayments, including interest and principal, is used for the purposes of the program.

The program was capitalized by EPA by a series of grants starting in 1997. States are required to provide an additional 20 percent of the federal capitalization grant as matching funds in order to receive a federal grant.

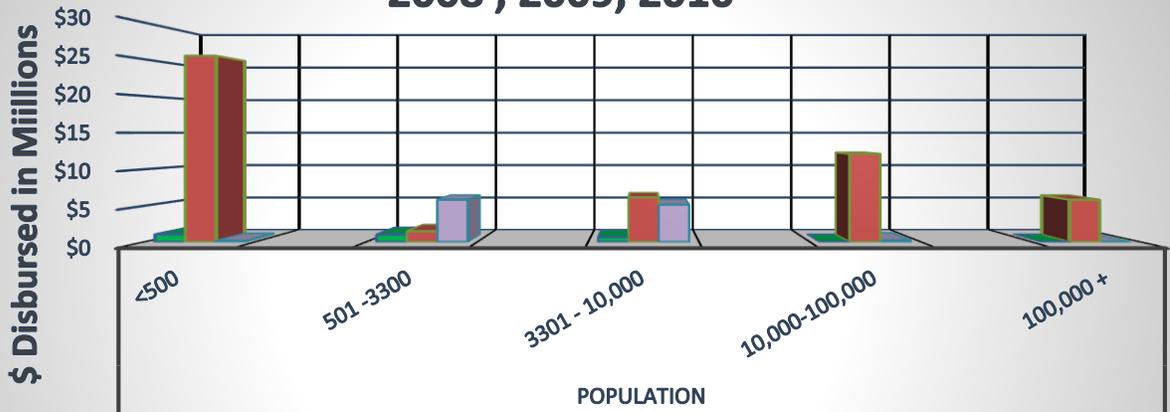
The program is administered by the Nebraska Department of Environmental Quality and the Nebraska Department of Health and Human Services – Division of Public Health (Department). The Department's primary activities with regard to the program include the prioritizing of projects for making of loans for facilities and the management and coordination of the program. The Nebraska Environmental Quality Council approves the rules and regulations and the program's Intended Use Plan.

Water systems needing funds to make capital improvements to their systems can apply for low or no cost loans from the Department. For all systems applying for DWSRF funds, an assessment is done on the system rating the TMF capabilities. Systems with insufficient TMF capabilities are required to address their deficiencies. These deficiencies are typically financial and/or the managerial aspects of financial planning. In such instances the system must develop proper managerial/financial planning. The systems typically also have technical deficiencies. However, all DWSRF reviews have shown the proposed project will address needed system technical improvements.

Since the DWSRF program began in 1998, more than one hundred ninety (190) loans totaling in excess of \$199 million dollars have been disbursed for water system upgrades in Nebraska. To date these funds have been distributed to a range of systems sizes; systems ranging from 65 customers to more than 100,000. Graph A illustrates the funding distribution to various system sizes that would have corresponded with the Governors Report of three years ago. Graph B shows the distribution of funding for the last three years.

Graph "A"

Distribution of Loan Dollars by Population 2008 , 2009, 2010

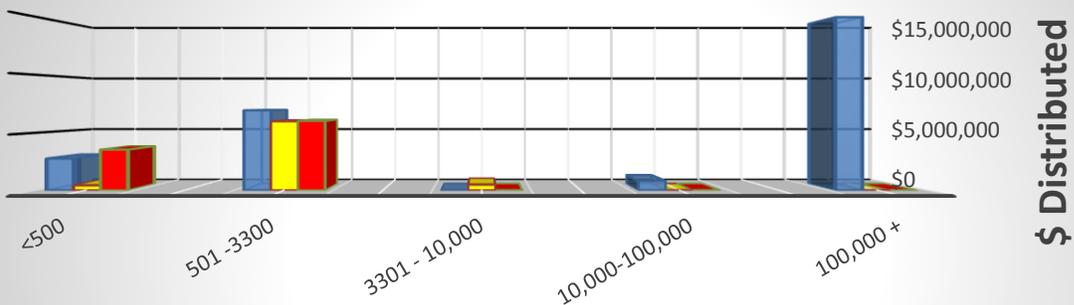


	Population					
	<500	501 -3300	3301 - 10,000	10,000- 100,000		100,000 +
■ 2008	\$1,057,060	\$1,030,100	\$671,843	0		0
■ 2009	\$25,501,30	\$1,461,505	\$6,136,964	\$12,105,77		\$5,797,062
■ 2010	\$165,399	\$5,805,433	\$5,129,192	\$212,927		0

It should be noted that the EPA defines a small system as having a population of 10,000 or less (<10,000), and more than 97% of systems in Nebraska meet this definition.

Graph "B"

Distribution of Loan Dollars by Population 2011 , 2012, 2013



	<500	501 -3300	3301 - 10,000	10,000- 100,000		100,000 +
■ 2011	\$2,758,528	\$6,936,390	0	\$826,223		\$15,000,00
■ 2012	\$436,344	\$5,976,671	\$495,928	0		0
■ 2013	\$3,530,172	\$6,022,070	0	0		0

System Population

■ 2011 ■ 2012 ■ 2013

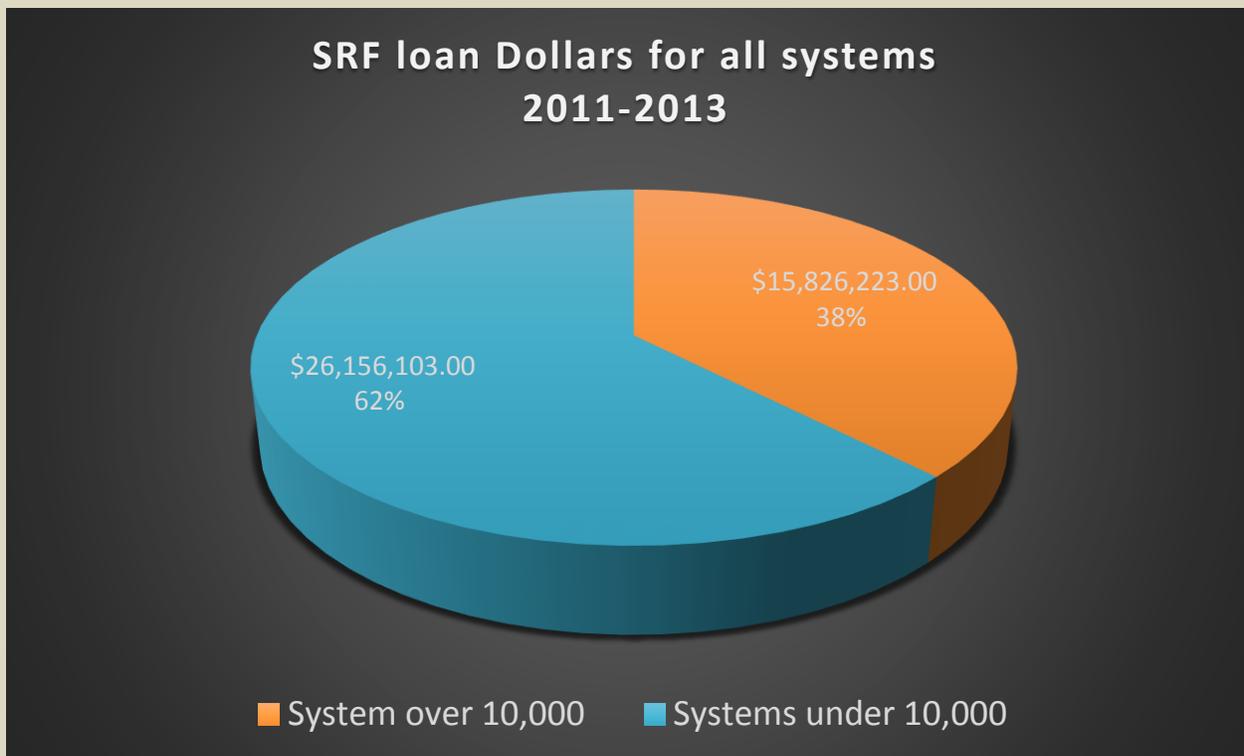
In the last three years there have been thirty eight (38) systems that have received loans from the DWSRF. Out of those there were thirty-six (36) systems that had a population of <10,000. Thirty three out of the thirty-six had a population under 3,300.

Loan percentages:

- 2011 = 86% of loans went to systems <10,000 – average population was 649
- 2012 = 100% of loans went to systems <10,000 – average population was 1617
- 2013 = 100% of loans went to systems <10,000 – average population was 499

Graph “C” illustrates the percentage of funds disbursed to various sizes of systems with 38% going to systems over 10,000 population and 62% of the funds going to the small systems.

Graph C



In keeping with the Capacity Development Strategy for assisting with small systems (<10,000), the DWSRF dollars help keep water systems sustainable in rural Nebraska.

THE REQUIREMENTS FOR WATER METERS



This aspect of the Capacity Development Strategy was officially implemented with the fiscal year 2002 Drinking Water State Revolving Fund - Intended Use Plan. This requirement states that if a system uses DWSRF money for a project, it will be required to install water meters as part of the project if it is an un-metered system. This brought the Department in line with the requirements of the other lending agencies and bolsters the Department's stance that the installation of water meters has been constantly demonstrated to serve as a management and conservation tool without decreasing revenue.

At this time there is approximately 25% of the community water systems that do not have meters. The average population of these systems is 325. Eight systems have a population over 1,000 but under 3,300. The CDP does not consider these systems to have managerial or financial capacity due to the lack of ability to measure and equitably charge for the water being used by each individual customer.

“You can't manage it if you don't measure it”.

A success story

Village of Holstein...pop 214

Through the DWSRF's Green Project Reserve program, loan and forgiveness assistance was provided to the Village to install water meters on all service connections. The project will promote water conservation and allow Holstein to more accurately identify revenue needed to efficiently manage a public water system.

Profile for Nebraska Public Water Systems

The state regulates approximately **1,311** public water systems.

About 98 percent of Nebraska's community public water systems are small, serving fewer than 10,000 people. These systems are the main target of Nebraska's capacity

development efforts because of their higher rate of non-compliance. Based on the past three years of enforcement records, 97 percent of the deficiencies issued by the state are directed to community water systems serving fewer than 10,000 people.

CAPACITY DEVELOPMENT FOR NEW PUBLIC WATER SYSTEMS

Nebraska’s new-system strategy is to prevent any new system from forming that doesn’t have the necessary capacity to serve its customers safe drinking water. This strategy is not as extensive as the existing-system strategy because we don’t see an appreciable number of brand new water systems being created.

As of October 1, 1999, all new community and non-transient non-community public water systems had to meet CDP requirements. A new public water system applying for a “*permit to operate*” must demonstrate as part of their application that the water supply system will meet the minimum technical, managerial and financial capacity requirements of the State of Nebraska. The requirement for new community and non-transient non-community systems to obtain a “*permit to operate*” is to assure that the new systems possess adequate capacity before operating and to be assured that the systems will continue to possess capacity into the future. (See Attachment D) Table 1 shows the new systems that have been permitted over the last three years.

The Department issued *permits to operate* to eleven (11) newly constructed community and non-transient non-community public water systems in the period July 1, 2011, through June 30, 2013. Of the eleven (11) systems subject to Title 179 NAC 2-015 Capacity Development regulations, four (4) newly constructed systems are non-transient non-community systems and seven (7) are community systems.

Table 1
Permits to operate new public water systems July 1,2011 – June 30, 2013

NE3121337	Wau-Col RWS – East Side	C	Active	02/13/2012
NE3121355	Pioneer Hi-Bred International	NTNC	Active	04/02/2012
NE3121369	ADAMS LAND & CATTLE EAST LOT	NTNC	Active	11/27/2012
NE3121363	MEADOWBROOK ESTATES	C	Active	01/03/2013
NE3121338	BILL SUMMERS FORD LLC	NTNC	Active	01/30/2013
NE3121370	WAU COL RWS - WEST SIDE	C	Active	06/20/2013
NE3121368	LOWER BIG BLUE NRD – WYMORE (SW portion ONLY)	C	Active	07/15/2013
NE3121381	RAVEN’S NEST	C	Active	07/31/2013
NE3121382	OTOE CO RWD #3 – LOUISVILLE	C	Active	08/03/2013
NE3121383	MONTESSORI WEST MAPLE	NTNC	Active	10/24/2013
NE3121385	GREEN ACRES MOBILE HOME COURT - NORTH	C	Active	01/24/2014

CAPACITY DEVELOPMENT STRATEGY FOR PUBLIC WATER SYSTEMS

Nebraska's existing-system strategy focuses on working with challenged water systems that lack adequate capacity through a variety of assistance efforts including reduced term loans, planning loans, and user rate analysis. The reduction of federal dollars has a direct impact on the amount of assistance the Department can provide, either through reduced cost loans or outreach and assistance programs. Systems that lack adequate capacity run the risk of service disruptions, poor quality water, upset customers, and the inability to make necessary improvements or plan for future needs.

Nebraska's Capacity Development Strategy for Existing Public Water Supply Systems was implemented on January 1, 2001. A copy of the revised strategy is included with this report as "Attachment E".

Public water systems provide water to approximately 80 percent of the people of Nebraska. Private domestic wells provide water for other Nebraskans.

The trend in Census reporting shows that populations are shifting away from small towns to the larger more viable communities. This is putting an extra burden on those smaller communities to comply with regulations to continuously provide clean drinking water to their customers. The tax and/or fee base for these small systems is dwindling to a point where they do not have enough customers to be able to become or remain a viable self-sustaining system. This situation leads to one obvious conclusion: these small systems are going to become or remain an enforcement problem for the state. This is based on the realization that these systems, even though they may have the necessary managerial and technical capacity, will probably not be able to develop enough financial capacity to "pay their own way." Without the financial capacity they cannot keep qualified operators and the technical operation of their systems will suffer as a result.

In many small communities the lack of forward looking leadership from board members has put those water systems in jeopardy of failing. Unwillingness to raise water rates means that proper maintenance and repairs are not being accomplished. This poses a constant threat of a disruption in their customers' drinking water supply. Any such disruption could threaten customers' health and welfare and be an impediment to economic survival. Inevitably, not all water systems will survive.

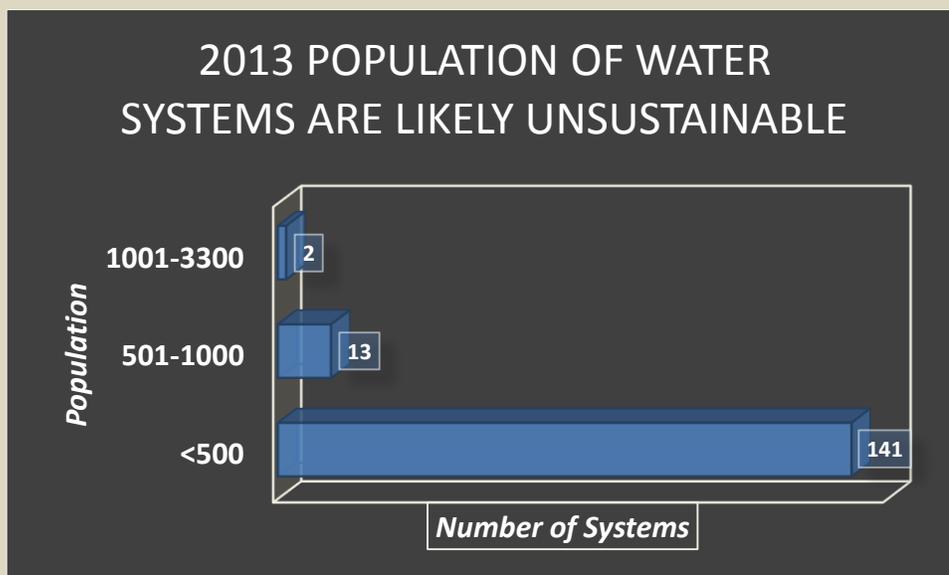
Information was gathered through sanitary surveys, system assessments, 2% List and a program that was developed for NDEQ from the Wichita State University Environmental Finance Center – Assessing Wastewater Infrastructure Needs (AWIN). The AWIN Sustainability Model is a probability model that evaluates Nebraska communities' sustainability risk. This model determines the sustainability risk of a community's ability to pay for infrastructure needs in the future by analyzing individual community's population trends, economic status and resources.

This sustainability model was developed from the 2000 and 2010 Census, 2008-2012 American Community Survey and the Wichita State University Finance Center decision-making tool.

By this baseline information being gathered – it was ascertained that Nebraska has approximately 33% (156) of community water systems that are likely unsustainable. Out of the 156 water systems that are doubtful, only 15 are over 1,000 population, or about 9.5%

2013 Baseline Water system Categories and Population Served are shown in Graph D.

Graph D



The vast majority of troubled systems are in the “less than 500 population” category. The CDP is dedicated to helping those receptive systems in attaining their TMF capacity to have a viable water system for their customers. Continued program funding is necessary to maintain TMF support for these systems.

CAPACITY DEVELOPMENT COLLABORATION WITH OTHER ORGANIZATIONS

The Department works with several technical assistance organizations to assist Nebraska’s public water systems in acquiring capacity. In the past, several of these organizations have served under contract with the Department. Monies from the 2% Set-aside of the Drinking Water State Revolving Loan Fund (DWSRF) have been utilized to fund these contracts. The 2% set-aside is designated specifically for technical assistance capacity development activities while the other set-asides (4%, 10% and 15%) are designated for other activities ([Attachment C](#)).

The following entities are all considered members of Nebraska's 2% Technical Assistance Team. It is called the 2% Team because many of the activities of this group are funded through use of the DWSRF 2% set-aside. They have all had contracts with the Department.

- The Nebraska Rural Water Association (NeRWA),
- The Midwest Assistance Program (MAP),
- The League of Nebraska Municipalities (LoNM),
- The Nebraska Section American Water Works Association (NSAWWA), and
- The Central Community College (CCC).

The underlying goal of all of these entities is the same: to help systems develop capacity and provide valuable educational opportunities for water system owners, board members and operators. A brief description of each of the 2% Team members is in “[Attachment F](#)”

ASSISTANCE TO WATER SYSTEMS

All systems, regardless of size, are provided assistance by State staff, whether it be from the CDP or field personnel. This assistance includes sanitary surveys, site visits, training sessions, and meetings with water system operators, managers, owners, and board members.

The field staff conduct approximately 400 sanitary surveys per year. In doing the sanitary surveys they check for compliance and provide advice or assistance. System assistance with field staff is highly effective with receptive water systems.

Some systems have unique deficiencies that are specific to their system, some have deficiencies that are common to numerous systems, and some have both.

Examples of site-specific deficiencies are:

- ✚ No method to measure well production
- ✚ Failure to inspect storage facilities as required
- ✚ No ability to apply emergency disinfection
- ✚ Failure to have a licensed operator available
- ✚ No updated or current map of system

Staff can assist water systems in addressing site-specific deficiencies through:

- ❖ Assigning 2% Team members to assist
- ❖ Providing educational information
- ❖ Assisting with training sessions

Examples of common deficiencies:

- ✚ No long-range financial planning (2 and 10 year plans)
- ✚ No preventive maintenance program
- ✚ Failure to require cross-connection surveys
- ✚ Failure to submit written response within 30 calendar days

- ✚ Failure to meet on-going cross-connection public education requirement

Staff can assist water systems in addressing common deficiencies through:

- ❖ Workshops
- ❖ Group training sessions
- ❖ Guidance documents

In addition, all of the 2% Team provides assistance.

Public Water System Training

Public water system training is a primary component of the strategy. This is the element where the Department must succeed in order to ensure the long-term viability of Nebraska's public water supply systems.

Training is separated into two distinct categories. The first section addresses system operator training strategies and efforts the Department is making to enhance public water systems' technical and managerial capacity. The second section addresses system owner training strategies and describes how the Department is working to increase system managerial and financial capacity.

Community and non-transient non-community public water systems are classified as Class I (highest classification) through IV (lowest classification) depending on the water treatment provided and population served. All public water systems are required to obtain the services of an operator holding a valid license equal to or greater than the classification of the water system.

The Department offers four (4) different grades of water operator licenses for operators of community and non-transient, non-community public water systems. Issuance of a water operator license for any grade level requires documentation of minimum education and experience requirements applicable to the license grade, and successful completion of an examination.

While members of the Training Coalition provide the majority of training for water operator continuing education purposes, the Department conducts all of the training courses associated with initial operator licensing for Grades I through IV. The courses vary in length from two (2) days for a Grade IV Water Operator Course (entry level) to four and one half (4.5) days for Grades III, II, and I (highest level). At the conclusion of each training course, a licensure exam is offered to those individuals that meet the minimum education and experience requirements. Grade IV training is also offered by the Department through a correspondence course by which the student completes a series of 10 lessons and then takes the licensure exam. These individual exams are offered on one day every month in each field office. The training course curriculums are designed so that the subjects being covered are representative of the class of systems that a particular level of license would allow a person to operate.

On an annual basis, the Department offers six Grade IV courses, two Grade III courses and two courses for combined Grade I and II Course. The location for these courses in Nebraska is based on identified need within the state. The number of water operator licenses issued per grade level for calendar years 2011 through 2013 is as follows:

Number of Water Operator Licenses Issued 2011–2013

YEAR	Grade I	Grade II	Grade III	Grade IV
2011	1	3	11	69
2012	5	6	11	83
2013	0	1	16	91

With the combined efforts of our Training Coalition, Technical Assistance Providers, judicious efforts in enforcement, and Department staff responsible for water operator education courses, the number of systems operating without a licensed operator has been minimal. At any given time during the year, that number averages around two (2) to three (3) systems operating without a licensed operator. This number is largely due to personnel turnover at small community and non-community systems.

Public Water System Owner Training

The Department fully recognizes that the weakest link in developing a public water system’s capacity is owner ignorance. Consequently, the Department places a very high emphasis on strengthening this link.

With a new 2% assistance provider contract awarded to MAP and implemented on July 1, 2013, a more aggressive board/owner training program was begun. The contract is for two years with the option of two - one year extensions.

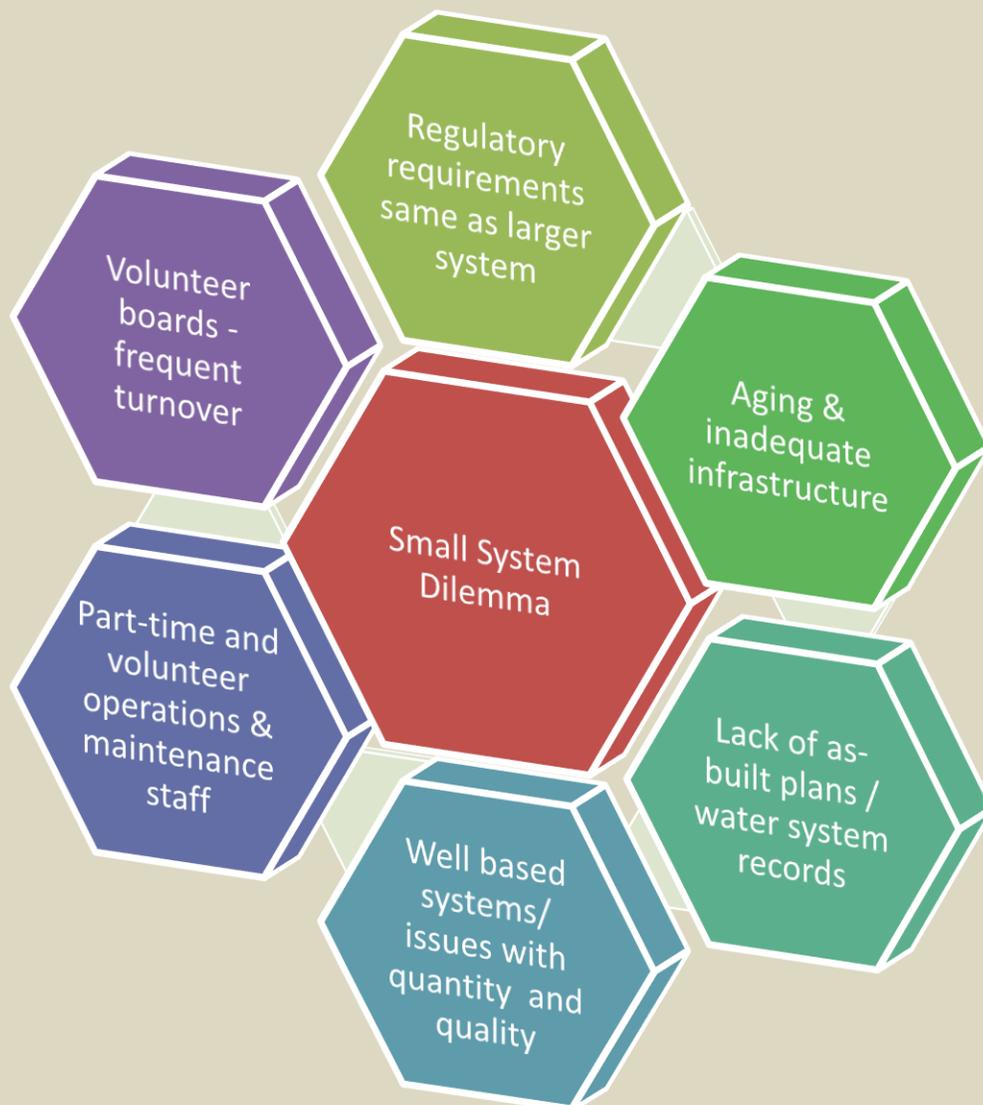
After several sanitary surveys are conducted in a confined geographic area, MAP schedules a training session in that area and offers instruction to Board/council members and Owners of community water systems (CWS). After that, if needed, a system-by-system approach is used, depending on the type of training needed, to address specific problems.

MAP conducted fourteen workshops throughout the state with an average of eight persons in attendance. The need to encourage more owners to attend training is critical.

In keeping with the Capacity Development strategy, the need to improve management knowledge of drinking water regulations and operations is a must.

Hardships faced by our small water systems today

The overall goal of capacity development is to improve the rate of compliance and long-term sustainability of water systems. Nebraska's program is focused on water systems serving communities with fewer than 10,000 people, because they have the greatest challenge in meeting the public health and reporting requirements of the SDWA.



Systems that lack adequate capacity run the risk of service disruptions, poor quality water, upset customers, and the inability to make necessary improvements, or plan for future needs.

MEASURING THE SUCCESS OF THE CAPACITY DEVELOPMENT STRATEGY

In comparing data, the 2013 Governors report has shown a leveling off of deficiencies; however in general the Department believes that our Capacity Development Strategy is successful.

- A.** A comparison of January 1, 2011, through December 31, 2013, Public Water System Sanitary Survey Data shows the following: (Also, [Attachment B](#))

In 2011, field personnel conducted 398 sanitary surveys (194 community, 41 non-transient non-community, and 152 transient public water systems) and 57 follow-up surveys (36 community, 4 non-transient non-community, and 17 transient public water systems) in Nebraska. Field personnel also check for the presence of a certified water operator, an emergency plan, and a cross-connection control program. When deficiencies are found, the system is notified of the needed improvements. A total of *943 deficiencies* were found in 2011, showing an average of 2.4 deficiencies per sanitary survey. There was an average of 2.8 deficiencies found in community systems, and average of 1.7 deficiencies found in non-transient non-community water systems, and an average of 2.0 deficiencies in transient water systems. In 2011 there were 696 significant deficiencies and 247 minor deficiencies.

Of the deficiencies found in SFY2011 there were only 38 left to be corrected. The vast majority of these were record keeping related deficiencies. This means that for SFY2011 Nebraska had 97% deficiency correction rate.

In 2012, field personnel conducted 393 sanitary surveys (198 community, 61 non-transient non-community, and 131 transient public water systems) and 66 follow-up surveys (42 community, 12 non-transient non-community, and 12 transient public water systems) in Nebraska. A total of *1,044 deficiencies* were found in 2012, for an average of 2.6 deficiencies per sanitary survey. There was an average of 3.4 deficiencies found in community systems, an average of 2.5 deficiencies found in non-transient non-community water systems, and an average of 1.5 deficiencies in transient water systems. In 2012 there were 758 significant deficiencies and 286 minor deficiencies.

Of the significant and minor deficiencies found in SFY2012 there were only 55 left to be corrected at the end of the year. This means that for SFY2012 Nebraska has 95% deficiency correction rate.

In 2013, field personnel conducted 410 sanitary surveys (208 community, 79 non-transient non-community, and 123 transient public water systems) and 65 follow-up surveys (39 community, 8 non-transient non-community, and 18 transient public water systems) in Nebraska. A total of *1,020 deficiencies* were found in 2013, an average of 2.5 deficiencies per survey. There was an average of 3.3 deficiencies found in community systems, an average of 1.5 deficiencies found in non-transient non-community water systems and an average of 1.6 deficiencies in transient water systems. In 2013 there were 700 significant deficiencies and 320 minor deficiencies.

Of the significant and minor deficiencies found in SFY2013 there were only 62 left to be corrected. This means that for SFY2013 Nebraska had a 94% deficiency correction rate.

There are 48 PWSs that had a RSS in SFY2013 as of June 30, that had at least one outstanding deficiency. Eighty-seven percent of the PWSs have fully complied with all deficiencies that were found

- B.** The Department has made a strong commitment to reduce the number of overdue deficiency corrections by systems. Weekly updated overdue compliance lists are distributed to the 2% Technical Assistance Team to keep them abreast of the systems that have been added to or removed from the list. The reason for supplying this list to the 2% members is so they may provide on-site technical assistance to these systems to help correct their deficiencies. In 2011, on average, there were forty (40) systems on this list at any given time. In 2012 the average number of systems on the list was thirty-four (34), with an average of thirty-eight (38) in 2013. Some of the systems on the list have been included on more than one list during the year.

Number of Systems on Overdue Compliance List/month

Governors Report 2008		Governors Report 2011		Governors Report 2014	
	Number of Systems		Number of Systems		Number of Systems
2005	86/mo.	2008	36/mo.	2011	40/mo.
2006	81/mo.	2009	46/mo.	2012	34/mo.
2007	53/mo.	2010	44/mo.	2013	36/mo.
Avg. over 3 yrs. <u>73/mo.</u>		Avg. over 3 yrs. <u>42/mo.</u>		Avg. over 3 yrs. <u>38/mo.</u>	

These tables show a 42.5% decrease, from the 2008 Report to the Governor to the 2011 Report. The difference from the 2011 Report and the 2014 Report has continued to decrease by 9.5 percent in the number of systems that have had deficiencies that put them on the overdue compliance list.

2011

There were 226 PWSs, or approximately 17% of Nebraska's systems were put on the 2% Priority List that did not remedy their deficiencies in the allotted time frame. With the assistance of NeRWA and field staff the list was narrowed to where there were only 29 PWSs that still had at least one outstanding deficiency. There was approximately an 87% reduction in the number of PWS's on the 2% Priority List.

2012

There were 189 PWSs, or approximately 14% of Nebraska's systems were put on the 2% Priority List that did not remedy their deficiencies in the allotted time frame. With the assistance of NeRWA and field staff the list was narrowed to only 31 PWSs that still had at least one outstanding deficiency. Approximately an 85% reduction in the number of PWSs on the 2% Priority List.

2013

There were 213 PWSs, or approximately 16% of the systems were put on the 2% Priority List that did not resolve their deficiencies in the allotted time frame. With the assistance of MAP and field staff the list was reduced to only 31 PWSs that still had at least one outstanding deficiency. Approximately an 85% reduction in the number of PWSs on the 2% Priority List.

Over the three-year period, an average of 85% of the systems that were put on the 2% Priority List due to outstanding deficiencies, were helped and returned to compliance.

- C. Another statistic used to measure success of Nebraska's public water system Capacity Development Strategy is sanitary survey compliance follow-up. DHHS DPH field inspectors also perform follow-up sanitary surveys on at least 5% of all community RSS done every year to verify that the identified deficiencies have been corrected or to check on systems that may not have responded to the deficiency letter that is sent to the system after the survey is completed.

Percent of Follow-up Surveys Completed

2011 Follow-up
14%

2012 Follow-up
11%

2013 Follow-up
16%

Going above and beyond to follow up on systems that have deficiencies - field personnel assist with problems and suggest remedies to help alleviate struggles that systems face.

CONCLUSION

The statistics show that Nebraska's Capacity Development Strategy is having a positive impact on developing and enhancing Nebraska's public water systems' technical, financial and managerial capacity.

In conclusion, the Department and all of its public water system partners have worked hard to implement Nebraska's public water system Capacity Development Strategy and believe that we are meeting the intent and goals of the strategy. Not only are the Department and its partners working to lower the number of public water system violations, but we are also striving to provide the public water systems with the necessary information and tools to achieve long-term self-sufficiency. With this information and these tools, Nebraska's public water systems will be able to achieve on a continuous basis compliance with EPA's and the state's existing and future public water system regulations. That is the ultimate measurement of success.

The Drinking Water Program direction and collaborative efforts with other organizations will continue to advance the improvement in TMF capacity of public water systems.

This report will be disseminated to the public via the Department's website (<http://www.dhhs.state.ne.us/enh/pwsindex.htm>). We will also supply the major media sources with information about the website and the fact that this report may be obtained there. A hard copy will be maintained at the Department offices at the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska. A copy of this report in its entirety shall be provided to any group or individual calling or writing the Department to request a copy.

Scott Sprague
Capacity Development Coordinator

Sample of SUCCESS STORIES

[Village of St. Helena pop.96](#)

A Preliminary Engineering Report developed in March 2010 concluded St. Helena's water storage tank was in poor condition for its age, primarily due to the tank leaking for the last 20 years. Inspections noted corrosion and indicated that any subsequent sandblasting of the tank would ruin the seals. Accordingly, it was recommended that the tank be replaced. SRF loan and forgiveness assistance were provided to the Village to replace the leaking tank and re-establish the barrier between the water system and the environment, ensuring a safe drinking water supply to the community.

[City of Humboldt - pop 877 & Richardson Co. Rural Water District - pop. 805](#)

The project resulted in the development of a Blending Wellfield, Pump Station and Clearwell needed to augment the existing water supplies for both the City of Humboldt, as well as the Richardson County Rural Water District (RCRWD) No. 1. The DWSRF is collaborating with United States Department of Agriculture – Rural Development (USDA-RD) in providing funding assistance for the City's share, while USDA-RD is financing the RCRWD No. 1 portion of the project.

Both of those Public Water Systems were under an Administrative Orders issued by NDHHS-DPH due to elevated levels of nitrates. The completed project has returned both systems into compliance with that drinking water standard. Also, a portion of the City's transmission main was replaced, which met a goal of the U.S. Environmental Protection Agency's (EPA) Drinking Water Infrastructure Sustainability Policy.

[City of Gering - pop. 8,500](#)

With the pending onset of both the Arsenic and Uranium rules, the City of Gering saw the writing on the wall as early as 2003. All 3 of their existing wellfields had some type of naturally occurring contaminant concern. They began a multi-year search for a new water source, sampling numerous irrigation wells and drilling 6 test holes, finally ending up over 7 miles away from the community of ~8,500 people. On October 1, 2008, they closed a loan with the DWSRF to drill the new Gueck wellfield, lay 7 miles of 24-inch transmission main and make numerous distribution system improvements to blend that water supply with their existing mid-town wellfield through a new 1MG blending tank and high service pump station. Their two other wellfields were abandoned. The blended supply has Arsenic in the 3 to 4 µg/L range, with Uranium in the mid-20s. Should Uranium levels ever rise, the blending facility can be expanded to add lime softening, ensuring future compliance. The 10/1/2008 DWSRF loan closing date is the best part of the story, since when ARRA was signed into law several months later, the City was eligible to refinance their loan agreement to an ARRA loan agreement with significant increased forgiveness assistance. And for a project that ended up with over \$9.5M in total costs, the ARRA forgiveness will help the community keep their water rates down for the next 30 years.

ATTACHMENT A

Glossary of Terms

Capacity: The ability to plan for, achieve and maintain compliance with the Federal and State Safe Drinking Water Act regulations and the ability to reliably produce and deliver water meeting all applicable drinking water standards. Capacity is measured by evaluating the technical, managerial, and financial capabilities of the water system.

Capacity Development: The process through which water systems can improve their technical, managerial, and financial capacity to ensure compliance with current and future Safe Drinking Water Act requirements.

Community Water System: A public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents.

Financial Capacity: Refers to the monetary resources available to a public water system to support the cost of operating, maintaining, and improving the water system. This type of capacity also refers to the demonstration of sufficient revenues, credit worthiness and fiscal management controls.

Managerial Capacity: Refers to the expertise required of the personnel who administer the overall water system operations. This type of capacity also refers to the system's demonstration of clear ownership, proper organized staffing, and effective interaction with regulators and customers.

New Water System: For the purposes of the Capacity Development Program, includes both community water systems and non-transient, non-community water systems being newly constructed as well as systems which do not currently meet the definitions of a public water system but expand their infrastructure and thereby grow to become a community water system or a non-transient, non-community water system.

Non-transient, non-community Water System: A public water system that regularly serves at least 25 of the same persons per day more than six months in any given calendar year. Examples are schools, factories, offices, industrial parks, and major shopping centers.

Public Water System: A system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least 15 service connections or regularly serves an average of at least 25 individuals daily at least 60 days out of the year. A public water system is either a community water system or a non-community water system. Non-community water systems are classified as either a non-transient or transient water system.

Sanitary Survey: Sanitary survey is on-site review of a public water system's water source, facilities, equipment, operation, and maintenance. Surveys point out sanitary deficiencies and assess a system's capability to supply safe drinking water. A federally mandated review, sanitary survey lowers the risk of waterborne disease and identifies systems that require technical or capacity development. Eight areas are evaluated for compliance: water sources; treatment; distribution systems; finished water storage; pumps, pump facilities and controls; monitoring, reporting and data verification; water system management and operations; and operator compliance with state requirements.

Significant Non-Compliance: A term to define a system that has violated one or more National Primary Drinking Water Act Regulations repeatedly over an extended period of more than one monitoring period.

Technical Capacity: Refers to the adequacy, operation, and maintenance of a water system's infrastructure (infrastructure includes the source water, treatment, storage and distribution network of the water system). Also refers to the ability of qualified personnel with technical knowledge to operate and maintain the system.

Transient, Non-Community Water System: A public water system that serves at least 25 transient persons for at least 60 days in any given calendar year. Examples are restaurants campgrounds, and hotels.

Attachment B

The following figures give a comparison between calendar years 2011, 2012 and 2013 with respect to the number of RSS performed and the severity and number of deficiencies found.

CWS – Community Water System

NTNC – Non-Transient Non-Community Public Water Supply

TNC – Transient Non-Community Public Water Supply

RSS – Routine Sanitary Survey

Significant deficiency - This level indicates obvious technical deficiencies of an immediate nature that have a potential or direct threat to public health.

Minor deficiency - This classification is intended for those deficiencies that can be indicative of potential technical deficiencies.

	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>Total Number of RSS</i>	398	393	410
CWS	195	198	208
NTNC	42	57	57
TNC	142	137	145
<i>Total Follow-Up RSS</i>	57	43	65
CWS	36	29	40
NTNC	5	3	9
TNC	16	11	16
<i>Total Number of Deficiencies</i>	943	1044	1020
CWS	556	682	697
NTNC	76	155	123
TNC	311	207	200
<i>Significant vs. Minor Deficiencies</i>			
Total Significant Deficiencies	696	758	700
Total Minor Deficiencies	247	286	320
<i>Significant vs. Minor Deficiencies</i>			
CWS Significant	409	484	470
CWS Minor	147	198	227
NTNC Significant Deficiencies	61	129	86
NTNC Minor Deficiencies	15	26	37
TNC Significant Deficiencies	226	145	144
TNC Minor Deficiencies	85	62	56
<i>Average Number of Deficiencies per RSS</i>	2.3	2.6	2.5

Attachment C

SET-ASIDE ACTIVITIES

2% Technical Assistance to Small Systems

Nebraska uses up to 2 percent of its allotment to provide technical assistance to public water systems serving 10,000 people or less. If the state does not use the entire 2 percent for these activities against a given allotment, it can bank the excess balance and use it for the same activities in later years. These funds may be used to support a technical assistance team or to contract with outside organizations to provide technical assistance.

4% Administration

Nebraska may use up to 4 percent of the funds allotted to it for the reasonable costs of administering the program and providing technical assistance. These costs may include such activities as issuing debt; startup costs/ financial management; legal consulting fees; development of IUP (Intended Use Plan) and priority ranking system; development of affordability criteria; and costs of support services provided by other state agencies. If the state does not obligate the entire 4 percent for administrative costs in one year, it can bank the excess balance and use it for administrative costs in later years. The Department did not expend any of the administration costs from federal funds. The Administration costs were paid from loan fee revenues.

10% Public Water Supply System

Nebraska may use up to 10 percent of its allotment to:

- Administer the State Public Water Supply System program;
- Administer or provide technical assistance through source water protection programs, which include the Class V portion of the Underground Injection Control Program;
- Develop and implement a capacity development strategy; and
- Develop and implement an operator certification program.

15% Source Water Assessment Program

Identified in federal regulations as local assistance and other state programs, Nebraska may use up to 15% of the capitalization grant amount for specified uses as follows:

- Assistance to a public water system to acquire land or a conservation easement for source water protection purposes;
- Assistance to community water systems to implement voluntary, incentive-based source water quality protection measures;
- Provide funding to delineate and assess source water protection areas;
- Support the establishment and implementation of wellhead protection programs; and
- Provide funding to a public water system to implement technical and/or financial assistance under the capacity development strategy.

Attachment C

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- Provide funding to delineate and assess source water protection areas;
- Support the establishment and implementation of wellhead protection programs; and
- Provide funding to a public water system to implement technical and/or financial assistance under the capacity development strategy.

Attachment D

Title 179 NAC 2
Section 015

Section 015 Capacity Development For New Systems

015 Scope. This section applies to all new community and new non-transient, non-community public water supply systems; except for systems that were in existence prior to October 1, 1999, and do not expand their infrastructure, but expand by population only to become a public water supply.

015.01 Meet Technical, Managerial and Financial Capacity Requirements. New public water supply systems applying for a permit to operate the system after October 1, 1999, shall show, as part of their application, that the public water supply system will meet the minimum technical, managerial, and financial capacity requirements of this rule. No permit to operate the system will be issued until the requirements of this section and section 009, Permit for Operating a Public Water Supply System, are met.

015.02 Demonstration of Technical, Financial, and Managerial Capacity of Public Water Supply Systems

015.02A Minimum technical capacity requirements shall include the following:

015.02A1 Conformance to the requirements stated in section 007, Siting, Design, and Construction of Public Water Supply Systems;

015.02A2 Certified water operator(s) as required in section 010, Operator Certification;

015.02A3 A current water system map; and

015.02A4 Installation of a service meter on each service connection.

015.03 Minimum financial capacity shall include the following:

015.03A Documentation that organization and financial arrangements are in place to construct and operate the public water system in accordance with these rules. This information can be provided by submitting estimated construction, operation, and maintenance costs; and

015.03B Presentation of a proposed water rate or revenue structure sufficient to cover operating, maintenance and capital costs. A preliminary operating budget and capital budget shall be provided.

015.04 Minimum managerial capacity shall include the following:

015.04A Provision of a clear statement of legal ownership and any plans that may exist for transfer of that ownership on completion of construction or after a period of operation;

015.04B The name, address, and telephone number of the person(s), other than the water system operator(s), designated and authorized to respond to issues of the water system's compliance with these rules;

015.04C The name, address, and telephone number of the system operator(s);

015.04D A description of the staffing and chain of command shall be provided to include the name, address and telephone number of the person(s) responsible for the system's interaction with customers, regulators, and other entities such as technical assistance providers and financial assistance providers, as appropriate.

Department of Health & Human Services

DHHS

N E B R A S K A

Capacity Development Program

Strategy

Revised July 2014

Capacity Development Strategy for Existing Public Water Systems

TABLE OF CONTENTS

History.....	2
Overview.....	2
Strategy for the Department.....	3
Information Collection.....	3
Intergovernmental and Regulatory Functions.....	4
Local Land Use Planning.....	5
Training and Technical Assistance.....	5
Security.....	6
Assessment Procedure.....	7
Measurement Tools.....	8

History

The Safe Drinking Water Act (SDWA) amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) loan program to help public water systems (PWSs) finance the infrastructure needed to achieve or maintain compliance with the SDWA requirements and to achieve the public health objectives of the Act. Section 1420(c) of the SDWA directed the Administrator of the United States Environmental Protection Agency (EPA) to withhold a 10% portion of a state's 2001 DWSRF, 15% in federal fiscal year 2002, and 20% in each fiscal year thereafter, if the state did not develop, implement and continue a capacity development program to assist existing PWSs in acquiring and maintaining technical, managerial and financial (TMF) capacity.

- **Technical Capacity** refers to a water system's ability to operate and maintain its infrastructure.
- **Managerial Capacity** refers to the expertise of the water system's personnel to administer the system's overall operations.
- **Financial Capacity** refers to the financial resources and fiscal management that support the cost of operating the water system.

The Department of Health & Human Services Division of Public Health (Department) solicited extensive public involvement in the development of this strategy. The primary purpose of this public involvement was to bring together individuals and organizations to form a stakeholder group that would represent the broadest possible spectrum of interested parties while at the same time respecting the need to keep the committee small enough to function efficiently. Based on the findings of the stakeholders and from information gathered at public meetings, the outline for the strategy was developed.

Overview

On July 25, 2014, the Department conducted its annual Capacity Development Strategy meeting for existing community and non-transient non-community Public Water Systems. The purpose of the strategy is to assist public water systems with a population of 10,000 or less, in acquiring and maintaining technical, managerial, and financial (TMF) capacity. The ultimate goal of the strategy is for Nebraska's public water supply systems to become self-sufficient and to achieve long-term TMF capacity.

The strategy was adopted and implemented in August 2000, and revised over the years since. The members of the 2% Team are: Nebraska Rural Water Association (NeRWA), Midwest Assistance Program (MAP), Nebraska Central Community College (CCC), League of Nebraska Municipalities (LoNM), the Nebraska Section of the American Water Works Association (NSAWWA). In an effort to continuously improve and refine the strategy, the 2% Team meets annually, along with other stakeholders, to review progress and develop new implementation strategies.

Strategy for the Department

The DHHS strategy was developed based on input from the capacity development strategy stakeholders and public input that was solicited via a series of three public meetings held throughout the state. It involves six broad strategy areas designed to be program or philosophical changes which further enhance the TMF capacity of Nebraska's public water systems. The six strategy areas are listed below.

1. Information Collection
2. Intergovernmental and Regulatory Functions
 - a. 2% Team Technical Partnership
 - b. State Public Programs
3. Local Land Use Planning
4. Training and Technical Assistance
 - a. Financial Management Training
 - b. Technical Training
 - c. Managerial Training
5. Security

1. Information Collection

The Department routinely collects information through sanitary surveys of public water systems. Surveys are conducted every three years for all community and non-transient-non-community systems and every five years for transient non-community systems. The survey collects the technical, and to some extent, the financial, and managerial capacity of each system. To enhance the collection of information additional questions on managerial and financial have been added to the sanitary surveys to allow better evaluation of the TMF of the systems. The additional information will be used to help determine the sustainability of the systems.

Inspections must be conducted by Department staff. The results of the survey are reported back to the governing body of the public water system, which may request that a Department inspector attend a meeting and present the results of the survey. Because it evaluates the current TMF capacity of the system and demonstrates areas for improvement, the survey is the cornerstone of the capacity development strategy.

Information is routinely collected relative to the technical capabilities of a PWS through the performance of sanitary surveys. The Department developed a financial and managerial capacity assessment tool that is used to assess communities that apply for funding from the DWSRF. The community's project is assessed initially and then again two to three years after completion to determine the impact of the improvements. A system can request the tool be used to assess their organization, even if they are not applying for a DWSRF loan.

2. Intergovernmental and Regulatory Functions

A. 2% Partnership

The 2% partnership program is funded by the DWSRF. A 2% set-aside fund is designated to financially assist in giving the state the option of providing capacity development services. The 2% team meets every other month with the Department to review the water systems needing assistance and to review the status of current projects. The “Technical Assistance Priority Ranking List”, known as the “2% List” is the vehicle used to identify PWSs in need of assistance. The 2% List is revised on a weekly basis and disseminated to the 2%TA team members via e-mail so that all the team members have an up to date list to work with.

The Midwest Assistance Program (MAP) is currently the only partner under contract. Through this two part contract, MAP first provides - technical, managerial, and financial assistance to PWS. Secondly, they are to provide at least one board/council training session in each of the eight field areas. The current contract is in force for two years, until June 30, 2015, with the option to extend the contract for two additional years, one year at a time.

B. State Public Programs- Education:

The stakeholders recognize there is a need for continued public education regarding the importance of water and infrastructure in the state. Elements that have been developed to improve public education include the following:

- The development and implementation of programs for public schools related to Drinking Water Week.
- The education of boards on the importance of appropriate water rates and the need for infrastructure as an economic development tool and quality of life issue.
- The continued and enhanced displays shown at Husker Harvest Days regarding the Department’s activities, and during cooperative information programs such as the Children’s Ground Water Festival and “World O! Water”.
- The development and/or procurement of brochures, bill-stuffers, and mailers/hand-outs pertaining to current water topics, for small and medium size systems that may lack the financial means to do so on their own.

The current public education campaign consists of television advertisements sponsored by the Natural Resource Districts on the protection of ground water along with brochures and Public Service Announcements developed by the Nebraska Section of the American Water Works Association.

3. Local Land Use Planning

Throughout the state, lack of planning and zoning in rural areas adversely affects the economics of producing safe drinking water. Typically this is associated with the failure of the local and/or county governments to incorporate drinking water issues into land use planning. This is especially relevant in developments in unincorporated areas adjacent to existing community and non-community public water supplies. The Department encourages consolidation of existing systems in some circumstances and requires new community and non-transient non-community public water systems to demonstrate TMF capacity prior to issuing operating permits.

The process of regionalizing water systems may play a large role in the future of Nebraska's public water system. Future regulations will require greater effort on the part of DHHS to act as a technical resource, helping local governments understand drinking water capacity issues and how to incorporate these ideas into future planning efforts.

4. Training and Technical Assistance

Small systems continue to face the on-going challenge of obtaining capital resources for improving or replacing system infrastructure. Fiscal responsibilities are essential components in achieving financial capacity. It is essential that small systems in Nebraska routinely review and adjust water service charges to keep pace with the full costs of operating and maintaining their water systems.

The stakeholders believe a significant gap exists in training around the need to improve operators' and managers' knowledge of drinking water regulations. The Department believes that meeting the training needs of both system management personnel and operators is a necessary element for a system to achieve and maintain TMF capacity. Rules and regulations are often written in complicated legal terms that are difficult for small system operators and managers to understand. In turn this can lead to confusion for systems with limited managerial capabilities and/or that have difficulty in tracking regulatory changes from proposed to final status. To assist in comprehension, the Department will continue to implement the following strategies:

- 1) Continued emphasis will be placed on the importance of board and council training. This training will include asset management, long-term planning, capital improvements planning, financial management, full-cost financing and regulatory environmental and financial controls. The annual League of Nebraska Municipalities (LoNM) conference in February and the LoNM City Clerks School would be an ideal place to host training for elected officials.
- 2) Encourage partnerships between agencies and systems. This will be accomplished mainly through training sessions and networking opportunities for operators and boards. Topics addressed will include consolidation (regionalization), mutual aid agreements, and shared equipment and/or operators.

5. *SECURITY*

One of the goals of the state's capacity development program is to encourage water systems to improve technical capacity through new security infrastructure, and enhanced emergency response capability. To this end, in 2005 the Department started funding water system security projects, providing direct assistance grants through the 15% set-aside, to help PWSs identify their vulnerability to security threats and vandalism and take steps to ensure the protection of public health. PWS security improvements and upgrades which require engineering plan review and approval are not fundable through the DHHS 15% Set-aside Security Grant program.

Assessment Procedure For Systems Most in Need of Assistance

The Department uses the following five variables to evaluate and prioritize systems most in need of TMF assistance weekly.

- An administrative order was issued.
- System has an ETT score of 11 or more.
- System issued an acute violation.
- System has had multiple violations in 12 months.
- Length of time on the 2% List.

When deficiencies are identified during the sanitary survey process, they are identified as follows:

1. **Significant category** - this level indicates obvious TMF deficiencies that have an immediate or direct threat to public health.
2. **Minor category** - This classification is intended for those deficiencies that can be indicative of potential TMF deficiencies.

Systems with deficiencies that fall in the minor category and systems that correct deficiencies as directed will not be offered direct assistance by the 2% Team, but are welcome to call and request assistance on an as-needed basis. Under the 2% contracts, all systems with a population of 10,000 or less have the option of requesting assistance for the purpose of setting up and implementing an asset management plan. This program will be reviewed annually and refined and changed as necessary.

Measurement Tools for Implementation of the Strategy

In order to measure the success of the Department's TMF strategy, the following measurements and actions will be utilized:

Measurements:

- Number of sanitary surveys performed on an annual basis.
- Number of site visits by the 2% Team members.
- Number of instances and types of assistance rendered to systems.
- Number of PWS that were removed from the Priority Assistance List as a result of a visit by a 2% Team member.
- Percentage of CWS that have been determined to have adequate capacity, evaluated on a yearly basis.

Subsequent steps to be taken following assistance by the 2% Team:

- Send a follow up survey to the system to solicit feedback for 100% of the systems.
- Evaluate the effectiveness of the corrective action recommended by the contractor.
- Track future compliance and compare to compliance prior to being listed on TMF priority list.

The final goal of this strategy is to not only lower the number of PWS violations as the strategy progresses through time, but also to provide the information necessary for Nebraska's PWSs to become self-sufficient and to achieve long-term TMF capacity. Only by developing adequate capacity, will Nebraska's public water systems be able to achieve, on a continuous basis, compliance with EPA's existing and future regulations. If all the water systems in Nebraska can meet compliance standards, then the strategy has met its purpose and that is the ultimate measurement of success.

ATTACHMENT F

2% Team Members

The 2% Team members meet with the Department a minimum of once every two months to discuss what needs different systems may have and which entity or group of entities could best provide the necessary assistance. The goal is that once the capacity needs have been identified for individual systems, the proper assistance is not only given to correct the problem, but the system is taught what is needed for long-term permanent solutions.

Nebraska Rural Water Association (NeRWA): The past Financial & Managerial contract (2007-2013) with NeRWA outlines their primary responsibility as providing assistance in developing financial and managerial capacity through on-site visits to water systems that serve 10,000 or fewer persons. NeRWA accomplishes this by helping water systems identify funding sources for infrastructure improvements, walking systems through the funding process and performing financial and managerial assessments of public water systems. This includes responsibility for assisting systems in procuring engineering services, providing water rate analysis and helping to review alternative options for system management. The contract requires that NeRWA perform financial and managerial assessments of all systems requesting funding through the DWSRF program. These assessments are focused on how the system is funded and managed. An assessment includes collecting and analyzing data pertinent to the financial and managerial capacity of a public water system and presentation of the assessment evaluation to the owners of the public water system. When deemed necessary, through analysis of the assessment information, financial and/or managerial goals are developed and provided to the public water systems as a recommended means by which it can increase and improve its capacity. These assessments are revisited when the projects for which the loans were sought are completed and the public water system has had a chance to implement the identified and suggested goals. The bulk of their time has been spent on systems that have been identified on the DWSRF Priority Funding List. The NeRWA has played a significant role in providing educational opportunities for water operators and system owners.

NeRWA's past technical and managerial contract (2008-2013) outlines their primary function as helping water systems develop capacity through assisting in evaluating different operational and managerial alternatives. The bulk of this assistance was to small water systems in dealing with sanitary survey deficiency correction and helping to decide the best way to correct the deficiencies to achieve a permanent solution. NeRWA also plays a significant role in providing educational opportunities for water operators and system owners.

Midwest Assistance Program (MAP): The present contract (2013-2015) [which combines all three aspects of capacity development TMF into one contract for the first time] with MAP outlines their primary function as helping water systems that serve 10,000 or fewer persons develop technical, managerial and financial capacity through assisting

in evaluating different alternatives. MAP accomplishes this by helping water systems identify funding sources for infrastructure improvements, walking systems through the funding process and performing financial and managerial assessments of public water systems. This includes responsibility for assisting systems in procuring engineering services, providing water rate analysis and helping to review alternative options for system management. The contract requires that MAP perform financial and managerial assessments of all systems requesting funding through the DWSRF program. These assessments are focused on how the system is funded and managed. An assessment includes collecting and analyzing data pertinent to the financial and managerial capacity of a public water system and presentation of the assessment evaluation to the owners of the public water system. When deemed necessary, through analysis of the assessment information, financial and/or managerial goals are developed and provided to the public water systems as a recommended means by which it can increase and improve its capacity. These assessments are revisited when the projects for which the loans were sought are completed and the public water system has had a chance to implement the identified and suggested goals. This assistance is to small water systems in dealing with sanitary survey deficiency correction and helping to decide the best way to correct the deficiencies to achieve a permanent solution. The secondary purpose of this contract is to provide instruction to Board/Council members and Owners of community water systems (CWS) regarding the technical, financial and managerial aspects of running a compliant and sustainable water system. MAP has also played a significant role in providing educational opportunities for water operators.

Central Community College (CCC): The CCC past contracts have been training oriented. CCC has been charged with providing hands-on training involving different treatment techniques such as disinfection, fluoridation, iron and manganese removal, arsenic and uranium removal and surface water treatment options, and others. The training and assistance offered under contract with the Department was at no cost to the systems. CCC provided training to individuals on developing effective and on-going cross-connection control programs, for Grade VI water operator certification training and the associated costs for related operation and maintenance.

Nebraska Section of the American Water Works Association (NSAWWA): The NSAWWA past contracts with the Department have provided technical and training manuals to small public water systems free of charge. NSAWWA's past contracts have required them to develop and implement a mentoring program through which operators from large systems offer on-site assistance to water operators of nearby small systems in all facets of water system operation and maintenance. Under these past contracts, mentors could be reimbursed for expenses and mileage when assisting other systems. While the mentoring program was not utilized as much as was hoped, mostly due to a lack of awareness by small systems, the program still has mentors available statewide and is ready to give whatever assistance may be needed. However, because NSAWWA currently has no contract with the Department, no reimbursement may be made from the 2% DWSRF set-aside to the mentors. Under the past contracts, a presentation of approximately 30 minutes in length was given at the NSAWWA annual fall conference, extolling the benefits and availability of this program. Notices about this program have

been provided not only at the NSAWWA annual conference but also in the Department's publication, *The Water Spout*.

League of Nebraska Municipalities (LoNM): Under a past contract and in conjunction with the Department, the LoNM helped develop a short videotape/DVD. The goal of this videotape/DVD is to provide an introduction to management responsibilities and to open the door for more in-depth training on a voluntary basis. The Department has recognized through survey findings and through reports from individuals providing on-site technical assistance, that the owner's lack of knowledge is a major limiting factor in developing management capacity for small systems. These videotapes became available for use and dissemination to PWSs in 2003. They have been distributed to systems and to the members of the 2% Team for use as a stand-alone educational tool or in conjunction with on-site capacity development activities.

The Department has received national recognition for this video and its efforts in this field. The American Water Works Association (the national organization) has requested and obtained permission from the Department to use this video to develop a video that would be applicable on a nation-wide basis. Following the success of the first video, the Department developed four (4) additional follow-up videos dealing with the remaining capacity development issues of financial and technical capabilities. There is one video aimed at financial matters and three technical videos which are focused on distribution systems, water treatment and cross-connection control. These videos were completed in the spring of 2006. As with the first video, these additional videos have been given to the 2% Team members for use as training aids and offered to water systems for their use, at no cost to the systems or trainers.