

Introduction to the Water Business

Owning & Operating a Public Drinking Water System in Connecticut

“Business as Usual?”

Providing drinking water to the public, directly or indirectly, is more than “just a business”. Public Water System (PWS) owners and operators must provide a safe product that meets drinking water standards. You are a Public Water System if you are providing drinking water to 25 or more persons daily, 60 or more days a year. Current and prospective small drinking water system owners should know what it takes to operate and maintain a PWS. Note that all new water systems must be designed to certain specifications.

The process of being able to maintain and improve system finances, infrastructure/operations, service, promote continuous improvement, consistently provide safe drinking water, and maintain compliance with all applicable drinking water standards is called “Capacity Development”. You must be technically, financially, and managerially capable to have “capacity”. To learn more about this read on.....

Q: What is Financial Capacity?

A: Financial Capacity is the ability to obtain sufficient revenues, remain credit worthy, maintain fiscal management and control, and financially maintain and operate the water system.

Q: What is Managerial Capacity?

A: Managerial Capacity is the ability to own and operate a public water system. This includes staffing, organization and adequately planning for current and future needs. There must also be an understanding and implementation of regulatory responsibilities.

Q: What is Technical Capacity?

A: Technical Capacity is the ability to maintain adequate supply and infrastructure and to implement the necessary requirements to maintain that adequacy. This includes the responsibility of protecting the sources of supply (i.e. source water protection). To assess your financial capability to run a water business, you should know.....

Q: What Does it Take to Manage Revenue Effectively?

A: You must be aware of budgeting, accounting, maintaining adequate records, and financial planning, including major improvements.

Q: What are the Costs for Monitoring and Testing?

A: Monitoring and testing is essential to ensure compliance with drinking water standards. Only laboratories certified in the State of Connecticut may be used for testing of compliance water samples. Please refer to the CTDPH Environmental Laboratory Certification Unit at www.ct.gov/dph for more information.

Q: What Other Costs are There?

A: Water system operating costs include labor, insurance, training, taxes, water, supplies, energy, accounting, equipment, and chemicals. Major improvements like a treatment plant, pumps, etc. are usually financed over several years. These costs should be expected when preparing your annual budget. The bottom line is.... You need to earn more money than you spend!

Unforeseen emergencies happen, too. You also need to account for that in your annual budget. What would you do if something broke down and needed to be replaced? What if lightening hit the well? What if the water quality monitoring frequency needed to be increased? Remember that most, if not all, emergencies require immediate attention.

Q: Should I charge separately for water?

A: Per state statutes, if water usage is billed or otherwise charged for independently from other charges (e.g. rent/lease payment), then the water system may be subject to additional regulations. If the expenses due to the water system are included as part of the total rent/lease charge and not itemized, then the water system may not be subject to the additional requirements.

Q: What Other Resources Are Available?

A: Environmental Protection Agency (EPA):

- Drinking Water Academy online at www.epa.gov/safewater/dwa ;
- Safe Drinking Water Hotline at 1.800.426.4791; small water systems info at www.epa.gov/safewater/smallsys.html ;
- Environmental Finance Program at www.epa.gov/efinpage ;
- EPA Region 1 small business assistance at www.epa.gov/region1/assistance/smallbusiness/index.html ; Or...

There are organizations that work specifically with small water systems. Some examples are:

- Rural Community Assistance Program (RCAP) at www.rcap.org
- Atlantic States Rural Water & Wastewater Association at www.asrwwa.org.

They both offer technical and managerial assistance and may also be able to provide financial assistance;

- United States Department of Agriculture, Rural Development: www.usda.gov/rus/water;
- National Environmental Services Center: www.nesc.wvu.edu;

Or... For general information about starting a business, contact the Small Business Association at www.sba.gov or at 1.800.827.5722; or go to the State of Connecticut website www.ct.gov and click on “Doing Business”; Or ...

The American Water Works Association (AWWA) and the Water Environment Federation (WEF) sponsor “QualServe”. This program provides help for self-assessments, peer reviews, customer satisfaction surveys, etc. All QualServe programs are based on agreed upon “Best Practices”. You can access QualServe online at www.awwa.org/science/qualserve or at 303.794.7711.

Development of a New Water Company

A public water system is also a “water company”. The creation of a PWS will then also result in the creation of a water company. A “Screening Application for Water Companies” form must be completed and submitted for any proposed project that may result in a water company, prior to development of any water source or construction of the water supply system. This screening tool is used to determine whether it is necessary to create a new water company, or if existing water service can be utilized for the proposed project. The form is available on the Certificate of Public Convenience and Necessity page on the DWS webpage, www.ct.gov/dph/publicdrinkingwater

Contact the Drinking Water Section:

The CT Department of Public Health’s (CTDPH) Drinking Water Section (DWS) staff can provide you with answers regarding public drinking water system requirements. The Section also certifies public drinking water system personnel for the operation of small water systems, treatment plants, and distribution systems.

Operator Certification Program staff can provide you with information or you can access our website at www.ct.gov/dph Look for the DWS's Operator Certification page.

You can contact the DWS at 860.509.7333. Our office hours are M-F; 8:30 a.m.-4:30 p.m. If you need to contact the department after hours (during emergencies) call 860.509.8000.