



State of New York  
Department of Health

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**REPORT TO THE GOVERNOR:**

**AN ASSESSMENT OF THE PUBLIC WATER  
SYSTEM CAPACITY DEVELOPMENT PROGRAM**

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## TABLE OF CONTENTS

Executive Summary .....	II
Glossary of Terms.....	IV
1.0 Introduction .....	1
2.0 Capacity Development Provisions in the Safe Drinking Water Act .....	1
2.1 New Systems Provision .....	2
2.2 DWSRF Applicants .....	2
2.3 Existing Systems Provision.....	3
3.0 Assessment of Capacity Development Strategy.....	3
3.1 Objectives .....	3
3.2 Accomplishments.....	4
4.0 Improving the Capabilities of Public Water Systems in New York.....	8
5.0 Challenges Remain for New York’s Public Water Systems .....	11
5.1 Long-term Challenges.....	11
6.0 Conclusions .....	12

## Executive Summary

In the 1996 Amendments to the Federal Safe Drinking Water Act (SDWA), Congress mandated that states develop capacity development strategies to enhance the ability of public water systems to provide safe drinking water. These strategies are aimed at helping water systems acquire and/or maintain the technical, managerial, and financial abilities needed to properly operate, manage, and finance their systems. With the assistance of a stakeholder group of State agencies, public water system owners, technical assistance providers, local government representatives, and environmental groups, the New York State Department of Health issued their Capacity Development Strategy Report on August 6, 2000.

Each state's strategy had to include provisions for new systems, for systems applying for funding within the Drinking Water State Revolving Fund (DWSRF) program, and for existing systems. Under this program, new and existing water systems are to be evaluated for their technical, managerial, and financial capabilities.

The 1996 SDWA Amendments also require that each state submit a report to the Governor assessing the efficacy of its Capacity Development Strategy and document the progress made towards improving the technical, managerial, and financial capabilities of its public water systems. This report satisfies the statutory requirements of the SDWA and assures that New York will not be penalized twenty percent of the DWSRF capitalization grant for failure to comply.

The report is divided into five sections.

- Section 1 provides a general review of the SDWA and the capacity development program.
- Section 2 describes the three capacity development provisions through which a public water system's technical, managerial, and financial capabilities will be evaluated. The new system provision requires all new community water systems and all new nontransient noncommunity water systems (NTNCWS) that begin operation after October 1, 1999, to demonstrate adequate capacity. The Drinking Water State Revolving Fund provision prohibits states from providing Drinking Water State Revolving Fund assistance to public water systems that lack adequate capacity. The existing system provision is intended to provide direct assistance to existing public water systems to help them acquire and maintain the necessary capacity.
- Section 3 provides an assessment of New York's Capacity Development Strategy. There were six objectives identified in the Capacity Development Strategy: identify and prioritize those public water systems that need assistance with their technical, managerial, and/or financial capacity; provide direct assistance to public water systems in need; identify and attempt to

overcome a prioritized number of barriers to capacity development; establish a baseline measure of capacity for public water systems; utilize other available resources in New York State to assist public water systems with their technical, managerial, and/or financial capacity; and continue to involve the public in the capacity development of public water systems. In addition to the objectives, the activities that were undertaken to address them are discussed.

- Section 4 details the progress made in assisting public water systems to improve their technical, managerial, and financial capabilities. The successes are measured through existing programs and new initiatives that assist public water systems acquire, maintain, and build upon their technical, managerial, and financial capabilities.
- Section 5 describes the challenges that exist to public water systems in their efforts to develop their technical, managerial, and financial capacities.
- Section 6 provides conclusions regarding the efficacy of the Capacity Development Program.

## Glossary of Terms

**Community water system (CWS)** is a public water system with at least five service connections used by year-round residents or that regularly serves at least 25 year-round residents.

**Drinking Water State Revolving Loan Fund (DWSRF)** was created in 1996 as a result of New York State's enactment of Chapter 413 of the Laws of 1996 (Clean Water/Clean Air Bond Act) and passage of the 1996 Amendments to the Safe Drinking Water Act by the U.S. Congress.

**New York State Department of Health (Department)** is the agency responsible for administering the drinking water program in the state.

**Noncommunity water system (NCWS)** is a public water system that provides water to people in places other than their residences.

**Nontransient noncommunity water system (NTNCWS)** is a public water system that does not serve a resident population but serves at least 25 of the same persons, four hours or more per day, for four or more days per week, for 26 or more weeks.

**Public water system (PWS)** is a community, noncommunity, or nontransient noncommunity water system that provides piped water to the public for human consumption. The system must have at least five service connections or regularly serve an average of at least 25 individuals daily for at least 60 days out of the year.

**Safe Drinking Water Act (SDWA)** is the federal law passed by the U.S. Congress in 1974 and amended in 1986 and 1996, which authorizes the United States Environmental Protection Agency and the states to oversee public water systems and set standards for drinking water to protect public health.

**Significant noncomplier (SNC)** is a public water system that persistently violates drinking water standards specifically defined in USEPA policy.

**United States Environmental Protection Agency (USEPA)** is the federal agency responsible for overseeing the state drinking water programs.

## **1.0 Introduction**

The objective of the 1996 Safe Drinking Water Act Amendments (Amendments) is to ensure that public water systems provide safe drinking water to the public. The Amendments seek to prevent compliance problems and associated health risks by ensuring that public water systems have the capability to produce safe drinking water now and in the future. To achieve these goals, the Amendments include provisions for several prevention programs – one of which is the Capacity Development Program.

Water system capacity is the ability to plan for, achieve, and maintain compliance with all applicable drinking water standards. There are three components to capacity: technical, managerial, and financial. 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. Adequate capability in all three areas is necessary for the successful operation of a public water system.

Capacity development is the process by which water systems acquire, maintain, and build upon their technical, managerial, and financial capabilities to enable them to consistently provide safe drinking water to their customers in a reliable and cost-effective manner. The capacity development program provides a framework for state agencies, local governments, stakeholder groups or organizations, water systems, and the public to ensure that drinking water systems acquire and maintain the technical, managerial and financial capacity needed to achieve compliance with applicable state and federal drinking water regulations.

The purpose of this report is to provide an assessment of the capacity development program in New York and the statewide strategy for assisting public water systems in need. The report highlights the progress made toward improving the technical, managerial, and financial capabilities of public water systems in New York as a result of the New York State Department of Health's Department capacity development program.

## **2.0 Capacity Development Provisions in the Safe Drinking Water Act**

The Amendments included three capacity development provisions.

1. All new community water systems and all new nontransient noncommunity water systems that begin operation after October 1, 1999, must first demonstrate that they possess adequate capacity.
2. States are prohibited from providing Drinking Water State Revolving Fund (DWSRF) assistance to public water systems that lack adequate capacity, unless that assistance

is directly related to improving the system's technical, managerial, or financial capacity.

3. States must develop and implement a strategy to assist existing public water systems acquire and maintain the necessary capacity.

## **2.1 New Systems Provision**

Section 1420(a) of the Amendments, the new systems provision, applies to all new community water systems (CWSs) and all new nontransient noncommunity water systems (NTNCWSs) that begin operations after October 1, 1999. New York State had to demonstrate to the United States Environmental Protection Agency (USEPA) that it had the legal authority to ensure that all new CWSs and all new NTNCWSs had the technical, managerial, and financial capacity to comply with all applicable state and federal drinking water regulations. On February 26, 1999 the USEPA determined that New York State met the guidance and statutory requirements under Section 1420(a). On October 1, 1999, New York State began implementing the new systems provision of the Amendments.

To date, the Department has submitted eight annual new systems progress reports to the USEPA. In those reports, the Department documented that the evaluation of new systems is ongoing and addresses the required capacity determinations for new water systems. Since 2004, the new systems progress report has been included in the overall program implementation report submittal entitled, "*Capacity Development Program Implementation Report.*" The Implementation Report must be submitted to the USEPA annually.

## **2.2 DWSRF Applicants**

Section 1452(a)(3) of the Amendments applies to those public water systems that seek assistance from the DWSRF. Under this provision, states are prohibited from providing DWSRF assistance to a public water system that lacks the technical, managerial, and financial capability to ensure compliance with the Amendments or that is in significant noncompliance with applicable state and federal drinking water regulations. However, states are allowed to provide DWSRF assistance to such a public water system if the use of the assistance will assure compliance, or if the owner or operator of the system agrees to undertake feasible and appropriate changes to acquire and maintain the system's technical, managerial, and financial capabilities over the long term.

New York State's capacity development review criteria for DWSRF applicants are described in each year's Intended Use Plan. An annual summary of the results of capacity assessments conducted on those systems seeking funding under the DWSRF is included in the Intended Use Plan.

## **2.3 Existing Systems Provision**

Section 1420(c)(2) of the Amendments requires that New York State develop and implement a capacity development strategy to assist public water systems acquire and maintain technical, managerial, and financial capacity. With the assistance of a stakeholders group of state agencies, public water suppliers, technical assistance providers, local government representatives, and environmental groups in 1999 and 2000, the Department developed a comprehensive Capacity Development Strategy to assist public water systems. The Strategy considered identifying and prioritizing public water systems most in need of improving their technical, managerial, and financial capabilities; identifying the institutional, regulatory, financial, tax, or legal factors that encourage or impair capacity development at the federal, state, or local level; describing how the State will use the authority and resources of the Amendments to assist public water systems in need; establishing a baseline measure of public water system capacity and a means to measure improvements in capacity of public water systems; and identifying those persons that have an interest in capacity development. The Department submitted a Capacity Development Program Strategy Report: Improving the Technical, Managerial and Financial Capabilities of Public Water Systems in New York in August 2000. On September 29, 2000, the USEPA determined that the New York State capacity development strategy met the guidance and statutory requirements under Section 1420(c) of the Amendments. On October 1, 2000, the Department began implementing the existing systems provisions of the Capacity Development Strategy.

To date, the Department has submitted seven annual “Capacity Development Program Implementation Report”(s) to the USEPA. The Implementation Report documented that the Department is implementing a fully functioning existing water system plan according to its capacity development strategy.

## **3.0 Assessment of Capacity Development Strategy**

### **3.1 Objectives**

In the Capacity Development Program Strategy Report, the Department identified and indicated that it would undertake the following activities:

- identify and prioritize those public water systems that need assistance with their technical, managerial, and/or financial capacity;
- establish a baseline measure of capacity for public water systems;
- establish a method of measuring improvements in system capacity;
- provide direct assistance to public water systems in need;

- identify and attempt to overcome a prioritized number of barriers to capacity development;
- utilize other available resources in New York State to assist public water systems with their technical, managerial, and/or financial capacity; and
- continue to involve the public in the capacity development of public water systems.

### **3.2 Accomplishments**

The Department has conducted a number of activities to fulfill the objectives specified in the Capacity Development Strategy Report. Below is a summary of these activities.

- Initially, to identify and prioritize public water systems that need assistance with technical, managerial, and/or financial capacity, local health department staff were requested to identify public water systems in need and to provide a list of those public water systems to the Department's capacity development coordinator. Local health department staff provided the list of systems in need and the capacity development coordinator prioritized the list along with follow-up action.

Currently, the Department identifies systems in need of capacity development by utilizing a data management system, along with direct input from local health department staff. The data management system is able to prioritize systems in need of capacity development by evaluating the system against specific criteria established in the Capacity Development Strategy Report. Local health department staff reviews the prioritized list and provide additional information regarding the specific type of assistance needed. In addition, the local health department staff may request that particular systems be classified at a higher or lower priority based on their intimate knowledge of the systems within their jurisdiction.

- To establish the initial baseline measure of capacity for public water systems, local health department staff reviewed public water systems identified to be in need against the capacity development evaluation criteria and provided this data to the Department's capacity development coordinator. The evaluation criteria along with compliance information, sanitary survey information, and/or comprehensive performance evaluation information were used to establish the initial baseline measure of capacity for public water systems.

Enhancements to the initial baseline were made as a result of improved methods of collecting and storing data related to public water system operations and new data reported by the local health departments. As

discussed previously, a data management system was created to prioritize systems in need of capacity development by evaluating each system against the capacity development criteria.

- To measure improvements in the capacity of public water systems, the data management system determines a score for each individual public water system based on the capacity development evaluation criteria. The capacity score for each system can be compared from year to year to determine the improvements in system capacity (see Section 4 for specific details). In addition, local health department staff provides feedback on particular systems that are/were in need of assistance as another way to track progress in system capacity development.
- Department staff, in conjunction with the local health department staff, provides direct technical assistance to systems in need through ongoing sanitary surveys, comprehensive performance evaluations, security inspections, and direct technical advice. In addition, prior to taking enforcement action on a public water system that persistently fails to comply with drinking water regulations, the Department engages in activities designed to assist the troubled system come into compliance. These activities include engineering support, training, and establishing compliance schedules. Also, the Department has contracted the New York Rural Water Association to provide technical assistance to small public water systems (see Section 4 for specific details).
- There were 165 factors identified in the Capacity Development Program Strategy Report that impair capacity development in New York State. Since it was not feasible to address each barrier, a prioritized number of barriers were selected to be addressed.

As discussed in previous reports to the Governor, dated August 6, 2002, and July 29, 2005, during the first four years of implementing the capacity development strategy, the Department addressed the following barriers that impair capacity development:

- lack of formal coordination among funding organizations;
- lack of knowledge at the community level regarding capacity development issues, community water systems, and how the capacity development of a water system ties into a community's overall well being;
- lack of up-front money for water project engineering and planning purposes;
- lack of emergency preparedness plans;
- lack of a statewide well registration program and a certification program for well drillers;
- cost of training and certification of operators;
- lack of knowledge of source and land use around the source;

- lack of awareness of applicable drinking water regulations;
- lack of the ability to keep up with regulatory changes; and
- lack of adequate training for operators.

In the three years since submitting the last Report to the Governor, the Department has addressed a number of additional barriers identified in the Capacity Development Strategy Report. A summary of specific barriers that have been addressed is provided below.

The lack of knowledge of the availability of loan and grant opportunities was identified as a financial barrier to capacity development. During FFY 2005, FFY 2006, and FFY 2007, the New York State Water & Sewer Infrastructure Co-funding Initiative provided free workshops throughout the state that provided detailed information on available government funding and application processes and procedures. Workshop attendees included officials from local municipalities, water system operators, private water system owners, and technical assistance providers. These workshops are expected to continue in the future.

Numerous rules and regulations becoming burdensome to small governments was identified in the Capacity Development Program Strategy Report as being a regulatory barrier to capacity development at the local level. While small governments recognize that they must comply with all applicable regulations, the regulations may become less burdensome if they are better understood. To help small governments as well as private system owners and operators understand drinking water regulations as well as other issues related to drinking water, the Department sponsored and/or provided training throughout the state to over 1,500 operators at no cost to the operators. In all, 31 training sessions were conducted on the following topics:

- Total Coliform Rule (12 sessions)
- Cross-Connection Control (7 sessions);
- Understanding the Role and Responsibility of an Operator (2 sessions);
- Regulatory Updates (5 sessions); and
- Updates to the Water Treatment Operator Training Program (5 sessions).

The difficulty of the Department and local health department staff in keeping up with regulatory changes was identified as a regulatory barrier to capacity development at the state and local levels. To address the training needs of the Department and local health department staff, the Department has implemented a professional staff development program in which staff members are able to attend various training courses or workshops that provide continuing education credits for professional licenses. In addition, the Department and/or local health departments provided and/or sponsored training for staff. Training was conducted on the following topics:

- Total Coliform Rule
- Stage 2 Disinfectant/Disinfection Byproducts Rule
- Violations of Stage 2 Disinfection Byproducts Rule
- Long Term 2 Enhanced Surface Water Treatment Rule
- Filter Backwash Recycling Rule
- Groundwater Rule
- Arsenic Rule
- Water Treatment Technologies
- Operator Safety/National Institute Management System
- Water System Security
- Sampling Issues and Laboratory Certification
- Water Valves
- Source Water Protection
- Disinfection By-Products

Other barriers to capacity development identified at the local level pertain to local board members. These barriers include lack of knowledge of local boards, local board failure to understand importance of training and proper staffing, and lack of communication between government officials. To address these barriers, the Department developed a capacity development training program that targeted board members, local officials, and systems owners, as well as system operators. This training was provided at approximately 15 training sessions conducted throughout the State.

Several other barriers to capacity development at the local level were identified. These barriers include lack of staffing, difficulty enforcing regulations, and lack of thorough sanitary inspections. To address these barriers, the Department has implemented the Drinking Water Enhancement (DWE) Program, which provides grants to local health departments. The 2004-05, 2005-06, and 2006-07 State Budgets have included \$6 million each year for the DWE grants. This funding has allowed local health departments to add new staff to assist in enforcing regulations, conducting sanitary surveys, and improve the technical, managerial, and financial capabilities of New York's public water systems.

- The Department utilizes other available resource in New York State to assist public water systems with their capacity needs. Various other government agencies within the State, as well as other organizations that partner with the Department on water supply issues, have programs, services, tools, and other available resources that can be used to assist public water systems acquire, maintain, and build upon their technical, managerial, and financial capabilities. In addition to the Department of Health, the New York State Department of state, New York State Environmental Facilities Corporation, New York State Public Service Commission, New York State Department of Environmental Conservation, New York Association of Towns, New York Conference of Mayors, New York State Association of Regional Councils,

New York Rural Water Association, New York Section of the American Water Works Association, RCAP Solutions, Tug Hill Commission, and United States Department of Agriculture Rural Development provide education and training to water system owners, operators, and managers; direct technical, managerial, and/or financial assistance to public water systems; direct community assistance, training, and education to elected officials; and funding in the form of grants and loans to eligible systems in need.

- To involve the public in the capacity development of public water systems, the statewide capacity development strategy is promoted through the education and training of water system owners; managers and operators; government officials; other water system professionals; and consumers about the principles and goals of the program. This public outreach includes attending and participating in formal and informal meetings, making speaking engagements, and offering training or presentations to groups and individuals with an interest in the capacity development of public water systems. In addition, the Department posts relevant capacity development information on the Department's web site.

#### **4.0 Improving the Capabilities of Public Water Systems in New York**

The Department's Capacity Development Program is improving the operations of public water systems throughout the state, thus protecting the public health of all New Yorkers. Below is a summary of a number of specific achievements made towards implementing a successful capacity development program.

- The Department is a partner in the New York Water and Sewer Co-funding Initiative. The Co-funding Initiative was recommended in the Capacity Development Program Strategy Report and addresses key recommendations in former Lt. Governor Donohue's Quality Communities Interagency Task Force Report. This initiative brings together those state and federal agencies that provide funding for drinking water and sewer projects to ensure optimum funding potential and assistance to New York's communities.
- The Department continues to provide a short-term financing program within its successful DWSRF program. The short-term financing program provides short-term interest free financing of up to three years in duration to recipients that are developing projects eligible for long-term DWSRF financing. In the three years since submitting the previous Report to the Governor (i.e., FFY 2005, FFY 2006, and FFY 2007) 56 short-term loans totaling \$156,205,561 were provided to public water systems under the short-term financing program. During the same period, the Department also provided 83 long-term financing totaling \$403,194,555. Overall, total financing and assistance of \$619,760,154 (including short-term loans, long-term loans, and federal

assistance payments) was provided to public water systems under the DWSRF program.

- The Department discourages the formation of new public water systems that lack technical, managerial, and/or financial capacity through a process of criteria and regulations. During FFY 2005, FFY 2006, and FFY 2007, the Department approved 112 new community and nontransient, noncommunity public water systems to proceed with system development.
- During FFY 2005, FFY 2006, and FFY 2007, the Department determined that, 79 applicants possessed adequate technical, managerial, and financial capacity to receive DWSRF assistance and that 2 applicants lacked capacity and were ineligible to receive DWSRF assistance. In addition, the Department provided DWSRF assistance to 6 applicants that were in significant noncompliance with applicable state and federal drinking water regulations, helping them achieve compliance by improving their capabilities. The Department also processed 37 applicants that were in significant noncompliance with applicable state and federal drinking water regulations for future DWSRF assistance.
- The Department provided technical, managerial, and financial assistance directly to public water systems in need to help them achieve and maintain compliance with applicable state and federal drinking water regulations. As a result of this initiative, by the end of FFY 2007, 421 public water systems demonstrated an improvement in system capacity relative to the baseline year (i.e., FFY 2002). In addition, 120 public water systems are no longer considered to be in “critical need” of capacity development when compared to the baseline measure of system capacity.
- The Department’s Small Water Systems Technical Assistance Program provided guidance to communities in considering project alternatives, calculating alternative project costs, preparing budgets for selected projects, and reviewing existing operation and maintenance practices. During FFY 2005, FFY 2006, and FFY 2007, between 30 and 40 communities were directly assisted by Department staff through the Small Water Systems Technical Assistance Program.
- In March 2005, the Department executed a contract with New York Rural Water Association (NYRWA) for a “circuit rider” assistance program to provide technical assistance (TA) to small community and non-community water systems throughout New York State. The latest contract expired on March 31, 2008; however, the Department is in the process of entering into another agreement with NYRWA that would cover a five-year period. The circuit riders were assigned tasks that include improving the capacity of the public water systems identified as being in need of capacity development. Through September 30, 2007, the circuit riders conducted over 726 on-site

visits to provide direct assistance to approximately 210 public water systems. The assistance provided included, but was not limited to:

- Assisting small public water systems (PWSs) with compliance;
  - Identifying, evaluating, and troubleshooting PWS problems/violations;
  - Educating water operators, municipal officers, elected officials, and system owners;
  - Providing necessary training (on-site or in a class room forum);
  - Assisting with the development of Emergency Response Plans;
  - Assisting small PWSs with security and vulnerability assessments;
  - Assisting small PWSs in developing a rate structure;
  - Assisting PWSs with leak detection programs;
  - Collecting water samples for analysis;
  - Evaluating PWSs current operating procedures;
  - Locating funding and assisting with funding applications; and
  - Coordinating activities with other TA providers.
- Since submitting the previous Report to the Governor in 2005, the Department has increased the level of security and emergency preparedness at public water systems. These efforts have included training of water system personnel; reviewing vulnerability assessments and preparing emergency response plans; notifying systems of potential and real threats; developing response protocols; and providing financial assistance to systems. Recently, the Department began conducting on-site security inspections of public water systems. Since FFY 2004, over 30 security inspections were conducted.
  - In 2001, the Department amended the Operator Certification regulations to ensure that all water system operators are properly certified and have sufficient technical and managerial training and experience to operate their public water systems. Since submitting the previous Report to the Governor in 2005, the Department has certified over 1,240 new operators and has renewed the certification of over 4,600 operators.
  - The Department continues to sponsor and/or provide training to water system operators at no cost to the operators. As discussed in Section 3.0, the Department conducted 31 training sessions throughout the state to over 1,500 operators.
  - The Department's Comprehensive Performance Evaluation Program reviews and evaluates the capabilities of existing drinking water treatment facilities to determine if the treatment facility and its public water system meet current standards and performance goals. During the FFY 2005, FFY 2006, and FFY 2007, the Department completed 10 comprehensive performance evaluations that included a detailed evaluation report, recommendations, and follow-up meetings with the community.

- The Department's Sanitary Survey Program provides for complete and detailed assessments of public water system physical plants, maintenance and operations, and administrative abilities. One of the goals of this ongoing program is to review and evaluate the capabilities of existing facilities to determine if they can assure compliance with current and future drinking water standards and regulations. During FFY 2005, FFY 2006, and FFY 2007, approximately 22,626 sanitary surveys were completed.
- The Department takes enforcement actions against public water systems that persistently fail to comply with state and federal drinking water regulations and demonstrate a lack of capacity. Prior to taking enforcement action against a public water system that persistently fails to comply with state and federal drinking water regulations, the Department engages in activities designed to assist the troubled system to come into compliance. These activities include engineering support, training, and establishing compliance schedules.
- The 2004-05, 2005-06, and 2006-07 State Budgets have included \$6 million each year to assist local health departments enhance their drinking water programs. This funding has allowed local health departments to add new staff to assist in enforcing regulations, conducting sanitary surveys, and improve the technical, managerial, and financial capabilities of New York's public water systems.

## **5.0 Challenges Remain for New York's Public Water Systems**

There are many factors that impair the capacity development of public water systems. Since implementing the statewide capacity development strategy, some of these barriers have been overcome (see section 3.2). In subsequent years, the Department will continue to meet the challenges faced by New York's public water systems and assure the safety of the State's public drinking water. The Department and its partners, including public water systems, will need to be ever-vigilant in maintaining the necessary technical, managerial, and financial capabilities of public water systems, especially at smaller systems. Sufficient technical assistance, owner and operator training, and financial assistance, particularly for economically distressed communities, must continue to be made available.

### **5.1 Long-term Challenges**

Public water systems continually install, upgrade, and replace the infrastructure on which the public depends for safe drinking water. The cost of infrastructure investment is borne primarily by water system customers in the form of water rates. However, general revenues from federal, state, and local governments may supplement revenues from users. For major capital improvements, long-term financing is often

critical; it allows communities to spread out the cost of improvements over the expected life of a project, thereby allocating the costs to those customers who benefit from the improvements. Despite the importance of these projects for protecting public health, many public water systems may encounter difficulties in obtaining affordable financing for such improvements. The DWSRF Program, along with other federal, state, and local programs can provide financing for improvements necessary to protect public health and comply with drinking water regulations. However, a significant gap still remains between the necessary capital improvements and the amount of available financing.

For most public water systems in New York, there is no mandated review of the rate that a system charges its customers and no means to enforce an appropriate rate structure. A public water system that is unable to raise the necessary revenues to support its operating expenses, places a risk on its ability to produce safe drinking water. Legislation, regulations, and/or incentives that will encourage public water systems to review their water rates periodically and adjust them as necessary need to be considered.

Many public water systems, particularly small systems, have difficulty in understanding and complying with ever more comprehensive drinking water regulations. The Department has taken the lead in developing and implementing training programs to assist small public water system owners and operators to understand current and future drinking water rules and regulations. In addition, the Department continues to use the DWSRF to ease the economic impact on public water systems that must comply with new drinking water rules and regulations.

## **6.0 Conclusion**

This report provides an assessment of the capacity development program in New York and the statewide strategy for assisting public water systems in need. In addition, this report summarizes the progress made toward improving the technical, managerial, and financial capabilities of public water systems in New York as a result of the Department's Capacity Development Program. Overall, the Capacity Development Program, along with other state resources, has helped public water systems in New York acquire and/or maintain the technical, managerial, and financial abilities needed to properly operate, manage, and finance their systems. The Department will continue to strive to achieve the fundamental goals of the capacity development program, and looks forward to increasing the awareness of stakeholders of public water systems as well as the general public about new challenges and issues related to water system capacity as they arise.