WFX
WATER FINANCE EXCHANGE
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WEBINAR SUMMARY

Water System Regionalization: Utilities and Communities

June 18th, 2025

The Water Finance Exchange (WFX) hosted a webinar on June 18th, 2025 about opportunities and perspectives of regionalization of water and wastewater systems. Speakers included current and former utility managers who have executed regionalization, consolidation, or shared services projects in the water and wastewater sectors. Watch the recording of the webinar at this link.

Key Themes and Takeaways

1. The Urgency for Regionalization

- Many small and rural utilities are facing a crisis due to outdated infrastructure, regulatory pressures, workforce shortages, and shrinking tax bases. Regional solutions allow systems to pool resources, share services, and reduce per-customer costs, making compliance and sustainability more achievable.

2. Benefits of Regional Solutions

- **Cost savings:** Regionalization can drastically reduce both capital expenditures and operating costs through efficiencies and economies of scale.
- **Regulatory compliance & environmental improvement:** Through regional partnerships, communities can achieve higher performance standards and better manage supply and demand of water resources and utility services.
- **Workforce resilience:** Shared staffing arrangements and centralized administration help alleviate the growing shortage of licensed operators and skilled technical staff, which is particularly acute in rural areas.

3. Challenges & Solutions

- **Community resistance and distrust:** Regionalization often stirs fears of lost local control or identity. Proposed regional solutions must emphasize the importance of early and ongoing engagement through community meetings and trust-building efforts.
- **Capital funding gaps:** Upfront investments in pipes or upgrades of struggling systems can deter participation. Regulatory agencies can help by offering planning grants or forgiving loans if consolidation is the most effective solution for the struggling utility.
- **Regulatory risk to the lead utility:** Healthy systems hesitate to absorb distressed systems due to fear of inheriting regulatory and enforcement violations. Establishing a regulatory “safe harbor” protects the acquiring utility from immediate enforcement, encouraging participation from larger or healthy utilities.

4. Role of States and Regulators

- **Enabling legislation:** States are encouraged remove statutory or administrative barriers to inter-local agreements and system mergers.
- **Encouraging planning & transparency:** Grant funding for engineering, cost-benefit, and governance studies helps communities make informed decisions and avoid duplicative investments.
- **Incentive-based compliance:** States are leading the way on developing the incentivizing legislation for voluntary regional solutions. For example, Arkansas's Act 605 requires financial viability assessments and board training, and ties funding eligibility to rate-setting. This nudges systems toward fiscal responsibility and encourages regional discussions to lower costs through economies of scale without imposing mandates.

5. Governance & Representation

- Concerns about "losing control" are a major hurdle for many communities. Some regional systems allow new participants to elect board members (like co-ops), others use advisory committees, and some maintain separate boards with shared operations — all aiming to keep communities engaged and informed.

6. Technical Assistance & Private Sector Roles

- Technical assistance (TA) providers like Water Finance Exchange, Moonshot Missions, the Rural Community Assistance Partnership affiliates, and the state Rural Water Associations play a critical early role in guiding operational support, feasibility studies, stakeholder engagement, and implementation planning.
- Private and contract operators can also be effective, especially for communities with limited in-house capacity — though care is needed to ensure equitable contracts and protect ratepayer interests. Private companies' can have higher cost structures due to taxes and profit requirements, which can limit their effective application in low-income areas.

Final Thoughts

Community members are primarily concerned with water quality and reliability — not who sends the bill. Focus groups and feedback at EJ Water Cooperative show that customers value service delivery over local system ownership.

Bill Teichmiller
CEO, EJ Water Cooperative, Inc.

States should proactively identify low-income, non-compliant communities and help them find solutions through partnerships or shared services. Supporting feasibility studies, offering legal templates, and providing technical assistance can help overcome inertia and fragmentation.

Andy Kricun
Managing Director, Moonshot Missions

Plan for the future, not just today. Water infrastructure decisions should be made with a 30–50 year horizon in mind — systems built now will serve future generations, so regional planning is essential.

Tad Bohannon
CEO, Central Arkansas Water