



Keeping the Water Flowing in Rural America for 35 Years

by Mary Mann

Clean, safe water. We use it for drinking, bathing and washing. It is a resource we take for granted ... a resource that is available to everyone, everywhere and is in abundant supply. Or is it?

Did you know that, according to water.org, more people in the world have cell phones than have access to toilets? That the ancient Romans had better water quality than half the people alive today? And did you realize that 1.4 million children worldwide still die each year from water born diseases?

At Community Resource Group, Inc. (CRG), the Southern affiliate of RCAP, we know we can't fix the world, but we fulfill our mission of helping people build secure and sustainable futures by working hard to make sure every child in rural America has access to clean, safe water. With infrastructure rapidly aging in most of our nation's 54,000 small water systems, the clean water and drinking water industries face a significant challenge to sustain and advance achievements in protecting public health for people who live in rural America.

At CRG we have been doing our part on this front for 35 years. As a private, nonprofit community development organization headquartered in Fayetteville, Ark., we have worked with thousands of small water systems across multiple states since 1976 becoming an expert on small community, water and wastewater system operations and management.

CRG's water and wastewater program provides on-site technical assistance and training for small towns and rural communities (populations less than 10,000) with community water supply and wastewater disposal problems. Our technical assistance is focused on improving community and environmental health, complying with state and federal health standards, providing sustainable water and wastewater disposal services, and

improving the capabilities of local leadership to address current and future needs. CRG receives funding from various state and federal government contracts to provide technical assistance, at no charge, to rural water/wastewater systems throughout our seven-state service area, which includes Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, Tennessee and Texas.

Meeting Critical Capital Needs

In addition to technical assistance, CRG provides funding to small, rural water systems through our Revolving Loan Fund. “You can solve a lot of problems through technical and staff training but after we began working with the communities we realized that there were many instances where dispensing advice and training was great but it wasn’t going to get a broken pump or leaking water line fixed,” says CRG CEO John Squires. So in 1992 CRG established its own loan fund to fill the financing gap.

According to Squires, water systems built in America 30 to 40 years ago are now wearing out, and small communities in rural America are hard-pressed to find smaller loans (under \$250,000) to help keep their water system infrastructure intact.

“In trying to help these communities secure infrastructure financing for their water systems we’ve found that banks rarely understand how systems work and are apprehensive about lending money to them, even though such a loan carries a relatively low risk because each borrower has a protected market and is selling water - a product people must have,” he says.

“In addition, it’s just as much work for the federal government to execute a \$90,000 loan as a million dollar loan, so it’s often difficult for water systems to obtain small loans from the government in a timely manner.” This financing gap becomes particularly critical, says Squires, when the funds necessary to meet predevelopment expenses for larger improvement projects or urgent needs are not available.

The CRG Loan Fund is supported by a variety of different investors including corporations, foundations and governmental entities, and makes small loans (up to \$250,000 with terms up to 10 years) to small communities for infrastructure and improvement projects. In 2001 CRG became a Community Development Financial Institution (CDFI), as designated by the U.S. Department of the Treasury. Since creating its loan fund, CRG has closed over 337 water and wastewater loans in 19 states totaling more than \$24.7 million.

“We are definitely filling a need,” says Bruce Darr, CRG lending director. “Many times the small systems we are working with



CRG made a \$38,000 loan to the Randolph Water System to construct a new pressure tank pump, add new piping, and removal of old pump house. Photo courtesy of Community Resource Group.

have special situations where interim or emergency financing is needed and it would put the system in jeopardy to try to wait on traditional financing – which can take up to two years or more to secure.”

Finding New Funding

The problem now and in the near future, agree both Darr and Squires, is that many of the long-term financing options (i.e. federal funds) are being cutback at the same time that the demand for small, rural community water assistance loans is increasing. In order to meet the increased demand for loans, CRG is now working hard to find alternate ways to fund its loan capital and maintain its current level of technical support services.

“We are definitely looking at new ways of doing things that will ensure that we are there to help small, rural water systems in the future,” says Squires. Concludes Squires, “I think that in the future we will see a new era where private investors, community organizations and businesses will have to step up to the plate to replace federal funding programs, and work together with organizations like CRG to help ensure the future of rural America remains sustainable and viable.” ■

Mary Mann, Director of Communications, Community Resource Group (CRG), the Southern RCAP, www.crg.org