



Core Component 5: Long Term Funding

A Long Term, Sustainable Funding Strategy

BE IN THE KNOW

Know how, why, and where your utility's money is being spent and if there are sustainable plans for funding.

BUDGETING VS LONG TERM PLANNING

Know the short and long term needs and goals of the utility. Review plans, budgets, and Capital Improvement Plans regularly to understand the trajectory of the utility's goals. This will inform the budgetary needs of the utility next year and over the next 20 years.

HOW TO START

Understand the short term vs. long term budgeting strategies of your utility. Know what is needed yearly and what is needed over time. Asset Management planning can help with this.

It is important to have adequate and reliable funding so that your utility can operate at regulated standards and continually provide your community with safe, reliable drinking water.

Budgeting and planning for sustainable financing is an on-going process.

Utility Budget Planning

- Budget planning considers the time, assets, and resources needed to operate the utility on a year-by-year basis. This planning includes:
 - Operations & Maintenance
 - Repairs, rehab, replacement of less expensive assets
- *Ask yourself these questions:*
 - Is the money being spent efficiently?
 - Are there ways to cut back in some areas and increase in others?
 - What is adequately funded?
 - What requires more funding?

Long Term, Sustainable Funding

- Planning multiple years ahead informs funding needs and reduces surprises. Long term plans for upgrades and expansions can include:
 - Major repairs
 - New facilities
 - Replacement of expensive assets
- *Ask yourself these questions:*
 - What is the funding strategy for this year? 5-years? 10-years? 20-years?
 - Does the utility have a Capital Improvement Plan? Is it reviewed often?

Where is the Money?

- Knowing where utility funds come from is essential to understanding your utility's financial sustainability.
- *Ask yourself these questions:*
 - What types of funds are available?
 - Are those funds permanently available?
 - What happens if those funds no longer exist?

Planning for Limited Dollars

- Consider developing a plan to address the best ways to spend limited dollars.
- Asset Management planning helps to prioritize needs and goals, which provides the utility with the beginnings of a funding plan for how to apply funds to projects in a way that doesn't compromise system operations.

Visit the [Southwest Environmental Finance Center Asset Management Switchboard](#) for more tips on Long Term Funding.

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