

Asset Management and Implementation

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Overview

- Benefits of Asset Management
- Senate Bill 2
- Rules
- How GIS fits into Asset Management
- Implementation
- Funding

What Can Asset Management Do for a Water System?

- Can help raise capital to improve infrastructure
- Operation and maintenance on a frequency that makes sense to get the maximum life of the assets
- Replace assets when condition warrants it, not just because they're old, helps prioritize projects
- Set aside reserves to replace critical infrastructure in emergencies

What Can Asset Management Do for a Water System?

- Allows a system to plan ahead for future improvements and adjust rates gradually to meet future financial needs
- Allows a system to adequately address the health, safety and welfare of their customers
- Establishes real costs of infrastructure if replacement needed, adequate insured \$\$\$

What Can Asset Management Do for a Water System?

- Make staying in compliance easier
- Save the system money!

SB2 Asset Management Provisions

- Components:
 - Inventory and evaluation of all assets
 - Operation and maintenance programs
 - Emergency preparedness and contingency planning program
 - Criteria and timelines for infrastructure rehabilitation and replacement
 - Approved capacity projections and capital improvement planning
 - Long-term funding strategy to support asset management program implementation

Rules

- To mesh with the proposed statutory change and our existing capability rules, we have drafted rules to address the managerial, technical and financial capability of all water systems
- We will follow our typical rulemaking process, including stakeholder outreach and public comment (early stakeholder already completed)
- Written asset management programs required by October 1, 2018

Managerial Capability

- Documentation of ownership
- Documentation of a certified operator
- Brief non-technical description of the water system
- Operating plan
- Written procedures
- Inventory of external contacts
- Internal contracting and purchasing procedures (routine and emergency)

Technical Capability

- Map (build on the existing lead maps)
- Inventory of assets
- Evaluation of assets
- Risk identification
- Level of service goals
- Metrics

GIS and Mapping

- Distribution system
 - Pipe size
 - Pipe material
 - Valve locations and details (opens right/left, etc.)
 - Hydrants (used by Fire dept., weep holes, etc.)
 - Breaks (locations and repair types)
 - Age
 - Color coding/tagging assets based on evaluation
 - Condition assessment

Technical Capability cont.

- Operation and maintenance programs
- Approved capacity projections
- Criteria and timeline for rehabilitation and replacement
- Capital improvement plan (CIP)

GIS and Maintenance

- Track repairs/maintenance tasks
 - Important that it also interfaces with maintenance tracking software of the system.
 - Location, time, date
- Information from the map about maintenance can be used to notify about reoccurring tasks.
- Information about breaks and repairs from the map can be used to develop timeline and CIP.

Financial Capability

- Pro-forma statements (5 years previous and 5 years projected)
- Income statement
- Balance sheet
- Statement of cash flow

Financial Capability

- Amortization schedule for outstanding debt
- Capitalization terms of debt
- Current water rate ordinance and triennial water rate evaluation
- Documentation of all customers billed per metered water usage
- Information demonstrating bond or credit ratings

Pulling It All Together

- Most systems have a lot of this information, they just need to write it down and gather it in one place
- Systems can do a lot of this without outside help, saving them money and helping them understand their system better
- An asset management program is more than just software
- They don't have to have a software system to track everything, but it helps for more complex systems

Implementation

- Prioritizing systems requesting SRF loans, systems under enforcement and systems with obvious capability issues
- These systems will undergo a capability screening to identify areas of deficiency
- The systems' asset management program will need to address these areas

Purpose of Capability Screening

- We want to get all responsible parties for the water system in the same room so they all hear the same thing
- We also want them to understand where each of them fits into the overall operation of the water system and understand their respective responsibilities

Funding for Asset Management

- Planning loans are available
- Terms of 5 years at 0% interest
- Potential for \$10,000 in principal forgiveness

Questions?

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