

Testimony to the Ohio Senate Finance  
Subcommittee regarding the Asset  
Management Initiative in the 2016-2017  
Biennium Budget Bill

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Good afternoon Chairman Jordan, Vice Chair Gentile and members of the Finance Subcommittee on General Government. I am Wayne Cannon, Rural Development Specialist with the Ohio Rural Community Assistance Program (RCAP). Thank you for this opportunity to address a very important issue relating to the management of drinking water systems in Ohio.

In this testimony, I am speaking in favor of requiring public water systems to develop and implement asset management plans. This requirement was included in the as-introduced version of HB 64 and subsequently removed by the House of Representatives. I strongly support the re-inclusion of this provision in the state budget bill.

Ohio RCAP is often called to assist communities with utility management problems. Usually the underlying problem was caused by management decisions to minimize utility rates at the expense of sustainability, resulting in years of deferred and neglected maintenance. Many times these problems could have been prevented, or at least delayed, had the community practiced the principles of asset management.

Regulatory agencies have historically focused the majority of their attention on treatment facilities. As a result, most utilities do a reasonably good job of maintaining the treatment plant. Water distribution and wastewater collection is another story. Historically no one had paid much attention to underground infrastructure. This is a perfect example of "Out of sight and out of mind!" Many different decision makers and operators are involved when working with assets that have a useful life of 100 plus years. Asset management provides the necessary framework to manage equipment over multiple generations.

As a result, many, perhaps most, communities have festering problems in their water distribution and wastewater collection systems. The replacement of underground infrastructure is prohibitively expensive when performed on a massive scale. Best practices such as asset management are necessary to preserve its useful life to buy time for communities to save money for its renovation and replacement.

I will highlight two communities with utility management problems. Working with these communities motivated me to become involved in teaching asset management and later assisting communities directly with the development and implementation of asset management planning.

**Community #1** was a village of approximately 1,200 people and was struggling with drought conditions. They had pumped their well field dry. Fortunately they had an emergency connection with a regional water provider. However, their first bulk water bill showed that they purchased 1,000,000 gallons more than they sold. Here were the problems- (1) Water sales and water production records were never reconciled because the employees in charge of each never spoke to each other. (2) The majority of the water meters were over 30 years old. (3) There was a large leak that was draining directly into the storm water system and several vacant houses which had basements full of water.

Within three months of repairing the water leaks and before the drought ended, well field production returned to normal. Actually well field production continues to provide the community with a satisfactory water supply today. The water operator now reports water loss to council each month. Improved management allowed the community to postpone the installation of a new well.

**Community #2** was a small village with 200 customers who received ARRA stimulus financing to replace all of their water distribution mains. From the beginning, the engineer stated that the project would "pay for itself" because the village was losing 50% of the water they purchased. The financial projections prepared for the loan request assumed that the village's water utility expenses would decrease by \$20,000 per year which was more than the loan payment. However after construction was completed the distribution system replacement project did not provide a measurable reduction in water loss and the village was unable to make the first loan payment to Ohio EPA. Here were the problems- (1) New water mains that were

replaced were connected to the old service lines that were not replaced and a percentage of the water loss was occurring on the old service lines between the new water main and meter. (2) The project failed to include SCADA controls. As a result the water tower frequently overflowed because the tower did not communicate with the rest of the system. (3) The waterline replacement project did not include meter replacement and 50 of the 200 meters were very old and 20 were no longer operational. (4) The village estimated water usage when access was not provided or meters were not working properly.

The village installed SCADA controls on the water tank, replaced non-operational water meters, relocated some meters from houses to curb boxes, started using a computerized billing system, and read all meters and was able to reduce water loss to more reasonable levels.

Problems with deferred maintenance and aging underground infrastructure are not isolated to small communities. Large communities can more easily afford to increase treatment and storage capacity to hide the negative impacts of drinking water loss and storm water inflow and infiltration into the sanitary system. Asset management is an important tool to help communities identify and address these shortcomings. Improving utility system management will be the KEY to SUCCESS.

Thank you for the opportunity to testify on these proposed changes. It is my hope that these changes will make water systems more self-sufficient and sustainable in the future. Thank you.