



**Interested Party Written Testimony
Misty Casto, Executive Director
Buckeye Hills-Hocking Valley Regional Development District**

**Senate Committee on Energy and Natural Resources
Wednesday, Feb. 22, 2017 – 2:30 p.m.**

Chairman Balderson, Ranking Member O'Brien, my name is Misty Casto and I am the Executive Director of the Buckeye Hills-Hocking Valley Regional Development District. I am submitting written testimony on behalf of the Buckeye Hills-Hocking Valley Regional Development District. We are a regional council serving members in eight Appalachian counties in southeastern Ohio including Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry & Washington.

Thank you for the opportunity to provide written testimony on SB2 and its impact to rural Appalachian areas.

As a local development district (LDD) for the Appalachian Regional Commission (ARC), a federal-state partnership, and for the Ohio Governor's Office of Appalachia, we administer a variety of water and sewer projects across the region. We work closely with counties, villages and small water systems in the Appalachian region to plan, execute, and manage system upgrades and maintenance.

Through grants to support our Geographic Information Systems (GIS) program, Buckeye Hills has also assisted small communities with the identification of key system assets and digital mapping of water system resources in the region – that were previously only available on paper.

While we all agree that incentivizing Asset Management is an essential component of infrastructure planning and administration and a prudent activity for water systems in rural Appalachia, this will create and unplanned cost pressure on many small communities. SB2 would require all public water systems to demonstrate technical, managerial, and financial capability by implementing an asset management program by October 1, 2018. We would submit that not all public water systems are created equal. Many of the systems in our region have no existing maintenance, mapping and inventory plans.

To that end, we ask that this committee consider two items as SB 2 is debated and, eventually, signed into law:

1. Delay implementation date for communities in Ohio's 32 Appalachian and other rural areas or small communities to October 1, 2019, to assist with the transition and education for these smaller systems.
2. Support and adopt Greater Ohio's policy recommendations for possible grant funding streams to help pay for asset management planning in smaller communities.

At a recent Executive Committee meeting of Buckeye Hills, Jon Honeck, PhD, of the Greater Ohio Policy Council met with leaders from our eight counties, as well as operators of a variety of water systems to explain the asset management approach. While those present were in agreement in



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theory, they were gravely concerned about the policy implementation timeframe, and concerned about feasibility without necessary initial and ongoing funding and/or training of personnel.

Operators of waters systems across Appalachia already face a variety of rate setting issues that include resident consumers who face a poverty rate of 21.1%, an unemployment rate of 8.73% (well above both the national and state averages) and a median household income of only \$34,000. To assume that rural water systems could simply pass along the cost of creating and maintaining Asset Management plans to the consumer is not realistic.

In addition, these systems often lack staff capacity. For example, multiple systems in Athens County share a part-time operator. Many of the systems in our region will not have the staff capacity or the funding necessary to meet the Asset Management requirements set forth in SB2 and keep them operationally current moving forward.

We agree with the Greater Ohio Policy Center and its proposal for a two-year, \$20 million GRF pilot program (to be included in the FY2018-2019 operating budget) to provide grants and technical assistance activities to small and medium-sized utilities (drinking water and wastewater). The current funding recommendations within SB2 are too limited, and again, for water systems in rural Appalachia, would create yet another un-funded state mandate. In addition, Appalachian counties and communities are already bracing for the impacts to local governments faced by the reduction of income due to the state's Medicaid MCO Sales Tax plan changes.

While we agree that asset management programs are an EPA "best practice," as Ohio coordinates implementation, providing technical assistance and funding to communities trying to improve their long-term technical, managerial and financial sustainability will be key. Partnerships to deploy the training and perhaps "regional" asset management plan development could be forged with Ohio's regional councils like Buckeye Hills and the Rural Community Assistance Program (RCAP).

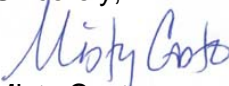
Bear in mind that the need for investment in our communities and infrastructure is staggering. It is also important to note that 48% of local municipalities have not requested any grant funding from the State Appalachia Fund or Public Works during a recent 5-year time frame. Contributing factors include a lack of local matching funds and a lack of local grant writing experience and technical ability.

Buckeye Hills works diligently to develop and improve Appalachia's infrastructure to make the Region economically competitive. We work with our local community partners to identify projects, secure funding from various sources, and serve as grant administrators through completion of projects. In addition, we provide direct, last-mile funding for important projects through state and federal money administered through the LDDs. Finally, we serve as development advisors to many local governments who may not have a history or expertise in this area.

Ohio's Local Development Districts provide crucial support for projects in the Appalachian region. We support Asset Management but not without necessary grant funding and a longer timeline and pilot plan for implementation in rural areas.

Thank you for the opportunity to provide written testimony. If we may provide any additional information, please contact us at your convenience 740-376-1034 or mcasto@buckeyehills.org.

Sincerely,


Misty Casto
Executive Director