



Supporting Asset Management: Beyond Fiscal Sustainability Plans

CIFA 2017 SRF National Workshop

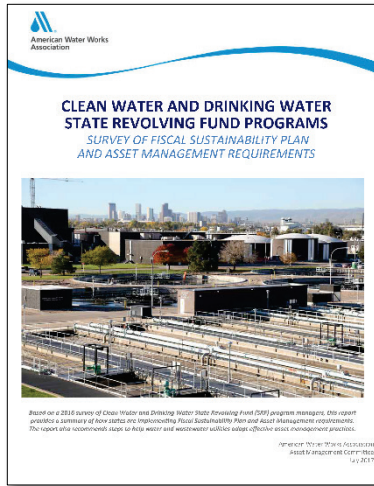
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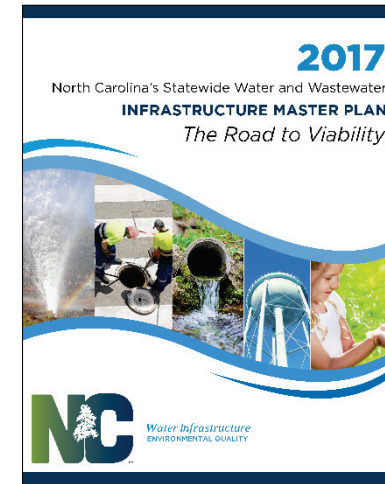


Beyond Fiscal Sustainability Plans



- Observations from AWWA Asset Management Committee's 2016 survey of SRF programs
- Dan Haddock, INTERA

- North Carolina's Asset Management Support and Infrastructure Master Plan
- Kim Colson, Division of Water Infrastructure, NC Department of Environmental Quality

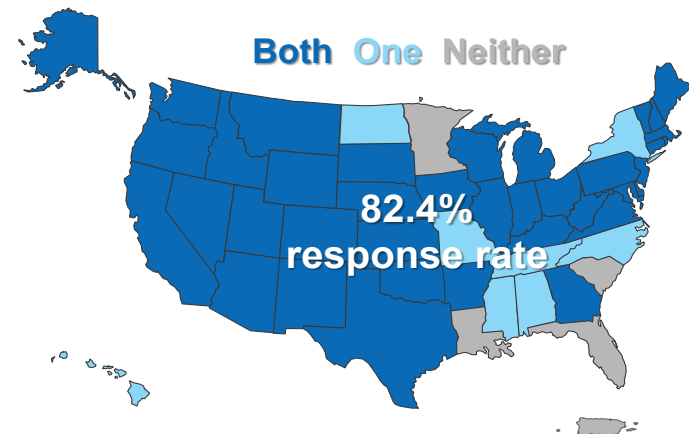
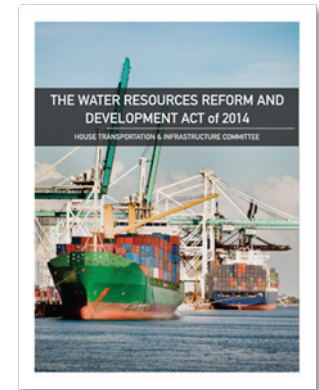


Survey of SRF Asset Management Requirements

- Conducted by AWWA Asset Management Committee in 2016 to understand
 - different ways that States are promoting Asset Management
 - how to better support utility members in their efforts to improve asset management
- Surveyed CWSRF and DWSRF Program Managers - great response
- Interesting data, and..
- even more interesting questions



American Water Works Association

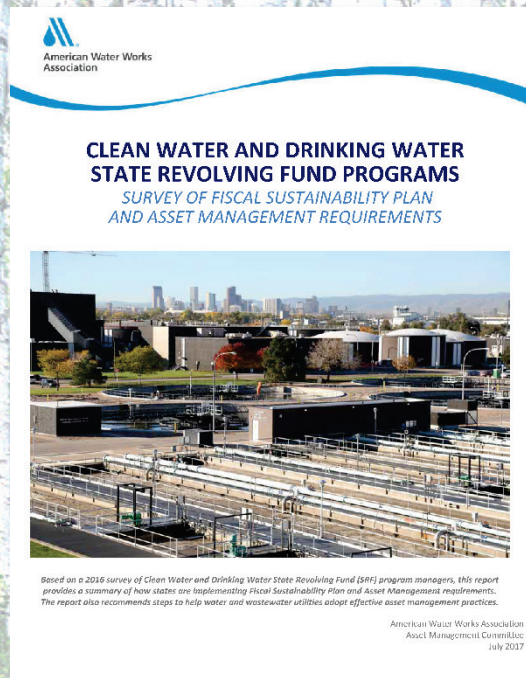


Clean Water and Drinking Water State Revolving Fund Programs, Survey of Fiscal Sustainability Plan and Asset Management Requirements (AWWA, 2017)



Survey of SRF Asset Management Requirements

It's the Technical, Managerial, and Financial Capacity...



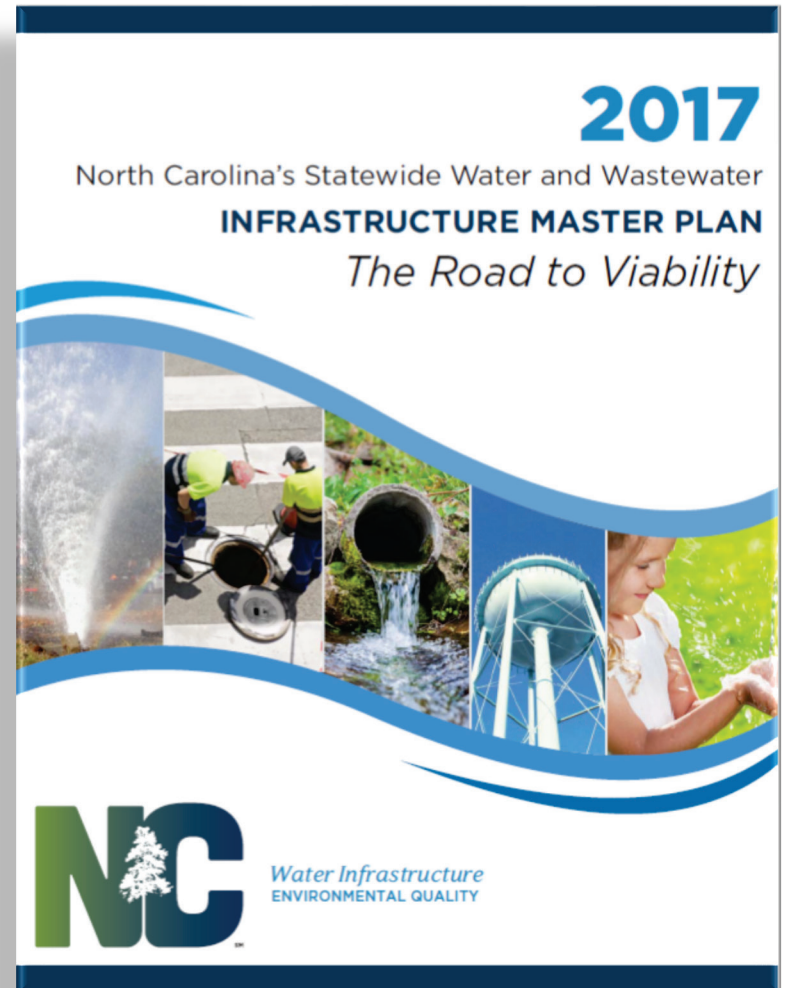
- Change at local level
- Support for utilities
- Value of partnerships
- Agency capacity
- Informed policy



Master Plan Vision

The state will best be able to meet its water infrastructure needs by ensuring individual utilities are, or are on a path to be, viable systems

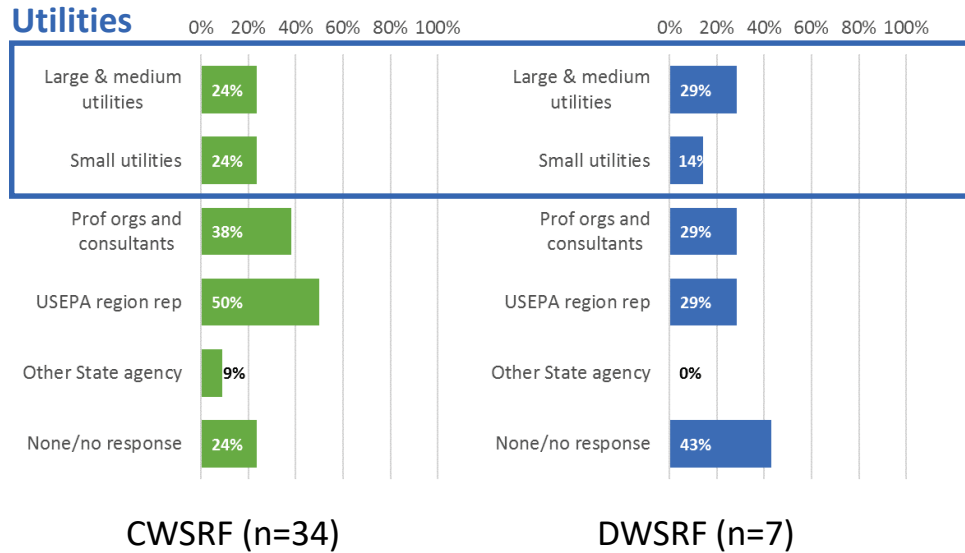
A viable system is one that functions as a long-term, self-sufficient business enterprise, establishes organizational excellence, and provides appropriate levels of infrastructure maintenance, operation, and reinvestment that allow the utility to provide reliable water services now and in the future



Change at Local Level : AWWA Survey

- Asset Management or Fiscal Sustainability Plan (FSP) requirements typically emphasize plan development, only indirectly address underlying need of cultural change
- Few SRF programs reported follow through on actual implementation
- Few SRF programs reported engaging utilities in development of FSP requirements

Q: What stakeholders were included in the development of the state's Fiscal Sustainability Plan requirements?



Change at Local Level : North Carolina

Asset Management Prioritization

- **Funding Programs Priority**
 - Asset Management Plan
 - Capital Improvement Plan
 - Operating Ratio
- **Change at local level?**
 - Some plans sat on shelf
 - Some resulted in actual asset management programs
- **Results for one small system**
 - 30 miles of sewer
 - After survey — 60 miles sewer

Three challenges in implementing AMP:

1. Lack of funding
2. Short-term focus of governing boards
3. Most importantly, need for cultural change

CTAM 100 course



Change at Local Level : North Carolina

Characteristics of Viable Systems

- Organization embraces responsibility for utility's mission
- Ability to access a range of different forms of capital
- Prioritize/continuously reinvest in the most critical components
- Proactively manage system assets & minimize reactive projects
- Function as self-sufficient business enterprise
- High degree of partnership with other utilities
- Transparent decision-making
- Engage stakeholders and customers



Change at Local Level : North Carolina

Local Level Results

- **Local discussion of water infrastructure issues**
- **Governing boards must make long-term decisions about water and wastewater infrastructure spending**
 - **Investing in their economic future**
 - **Beyond 2- to 4-year terms**

“I’ve already used this information on several occasions and it has helped make the point of the current state of the industry and what we can expect going forward as far as the priorities of your Division.

If this Master Plan and the strategic approach it promotes gains traction long term, it will give utilities like us the stability we need to map our own path forward with some certainty.”



Change at Local Level

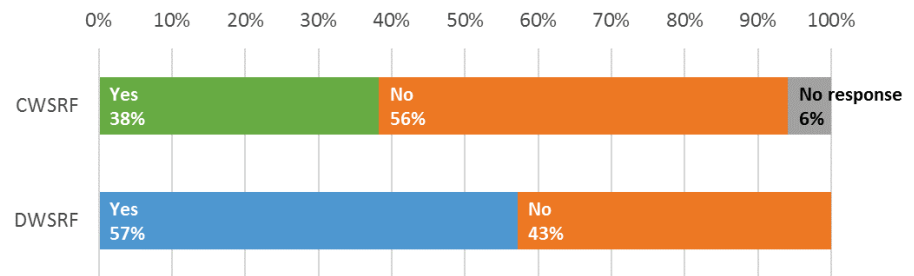
- **Successes in improving the self-sufficiency and viability of utilities?**
- **Raising local government and public awareness of infrastructure issues?**



Support for Utilities : AWWA Survey

- CWSRF programs reported providing grants (24%) and loans (76%) for plan development.
- DWSRF programs reported providing grants (3 of 7) and loans (5 of 7) for plan development.
- Some agencies reported additional financial and technical support for small or disadvantaged utilities
- Comments that requirement to develop plans viewed as a burden for small or struggling utilities

Q: Does the state facilitate access to asset management tools such as software, templates, or guides? If so, please describe.



13 of 34 CWSRF Programs

4 of 7 DWSRF Programs



Asset Inventory & Assessment Grants



Asset Management: A Handbook for Small Water Systems

**One of the Simple Tools for Effective
Performance (STEP) Guide Series**

1. Taking an inventory
2. Prioritizing your assets
3. Developing an asset management plan
4. Implementing your asset management plan
5. Reviewing and revising your asset management plan



Support for Utilities : North Carolina

Asset Inventory & Assessment Grants

- General Assembly acted on recommendation in 2015
- First available in 2016
- \$150,000 per grant (one every 3 years max, water & sewer separate)
- Inventory existing water and/or sewer system
- Document condition of infrastructure
- Define and prioritize most critical projects
- Prepare capital improvement program
- Priority is need and ability to manage data
- Not to prepare an asset management plan



Support for Utilities : North Carolina

Asset Inventory & Assessment Grants

Funding Round	No. of Applications	Funds Requested	No. Funded	Funding Provided
Spring 2016	182	\$19,974,375	42	\$5,126,444
Fall 2016	196	\$22,798,900	65	\$8,274,229
Fall 2017	168	\$22,271,726	tbd	tbd

“This process has opened our eyes as staff as well as opened the line of communication to our governing board on the condition and needs of our aging infrastructure.”



Support for Utilities

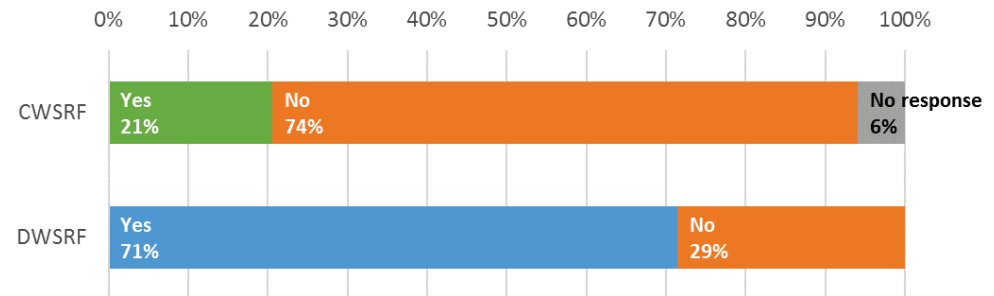
- What have you had success with?
- Experiences with funding to support capacity development?



Value of Partnerships : AWWA Survey

- SRF programs utilize set-asides to provide technical assistance
- Few (21%) of CWSRF programs reported utilizing partnerships
- Reported partnerships with EFC, NRWA, RCAP, AWWA
- SRF loan program has limited reach, but technical assistance via partnerships can provide wider benefits

Q: Does the state partner with other organizations to provide Fiscal Sustainability Plan-related guidance and support to utilities? If so, which organizations and what type of support is provided?



7 of 34 CWSRF Programs

4 of 7 DWSRF Programs



Value of Partnerships : North Carolina

Fostering Partnerships

- NC Rural Water Association
- NC AWWA-WEA
- UNC School of Government / Environmental Finance Center
- NC Councils of Government (COGs)
- NC Local Government Commission
- Buried Asset Management Institute — International
- NC Dept. of Commerce — Rural Economic Development
- US Dept. of Agriculture — Rural Development
- NC League of Municipalities
- NC Association of County Commissioners
- Southeast Rural Community Assistance Project (SERCAP)



Value of Partnerships

- **What organizations have you successfully partnered with and for what?**
- **Successes reaching different audiences?**



Agency Capacity : AWWA Survey

- Staffing and training is limited
- Few agencies provide technical review of asset management plans.
 - Of CWSRF agencies, 21% (7 out of 43) reported that they require submittal of plan in addition to certification
 - Four of those reported that they review the submitted plans.
- 71% of CWSRF programs reported no follow up on implementation

Q: If the state requires submittal of Fiscal Sustainability Plans for this program, are they formally reviewed? If so, who reviews them? What criteria are used for review of the content?

Q: Are there follow-up requirements after the initial submission of the Fiscal Sustainability Plan (FSP)?



Agency Capacity : North Carolina

Asset Management Planning

- **Need for staff training**
 - Review plans for priority points
 - Looking ahead at possible new grants
- **Buried Asset Management Institute - International**
 - Certification of Training in Asset Management (CTAM)
 - Four levels
 - Training held in Raleigh
 - Guaranteed minimal number of staff at break even point



Agency Capacity : Discussion Prompts

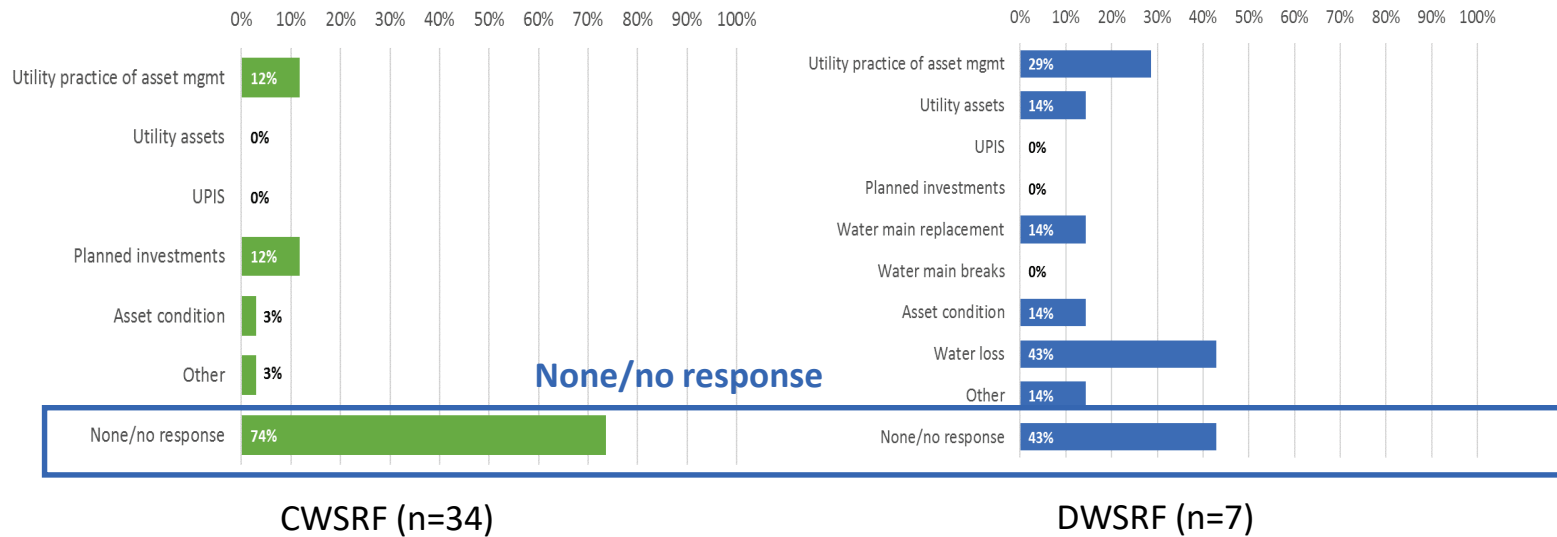
- Related to support for improved asset management, what capacity needs does your agency have?
- Successful approaches?



Informed Policy : AWWA Survey

- Very little state-level data available on practices and infrastructure needs
- Support for capacity development vs requirements for asset management plans
- Approach to promoting asset management varies from voluntary to incentives to mandates

Q: *What state-level data on utility asset management needs and practices is available?*



Summary of North Carolina's Asset Management Support

- Priority points in all funding programs
- Technical Assistance — Rural Water and other partners
- Staff training
- Asset Inventory and Assessment grants
- Establishing statewide expectation for utility management through the master plan
- Engaging local elected officials

Asset management can be complex, particularly to small systems, but the key is start the process and start the cultural change



Smart and Informed Policy : Discussion Prompts

- Approaches to collecting needed data?
- Experiences supporting this conversation?



Thank You!



Kim H. Colson

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North Carolina Department of Environmental Quality

Division of Water Infrastructure

<http://portal.ncdenr.org/web/wi/home>

State Water Infrastructure Authority

<http://portal.ncdenr.org/web/wi/authority>



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AWWA Asset Management Resource Page

<https://www.awwa.org/resources-tools/water-knowledge/asset-management.aspx>

