Why Regionalization Makes Sense!

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Agenda

• General perspective.
• Waste Water perspective.
• Currently available financial incentives.
Definition

• **Regional Infrastructure** – Independent local governments sharing the responsibility of providing services to their residential, commercial, and industrial customers.

• Sharing physical infrastructure.

• Sharing administrative and operational tasks.
Organizational Models

- Shared Authority
- Centralized Authority
Shared Authority

- Each local government cooperatively forms a single governing body to manage the treatment facility or the entire system.
Centralized Authority

• One local government provides treatment services to one or more other local governments. The relationship functions more like a contractual business relationship, with local governments purchasing services from another local government.

• More common.
Expanding Costs/Expertise

- Personnel
- Maximum Contaminant Levels
- Action Levels
- Emerging Contaminants
Benefits!

- Fewer fixed costs with a larger customer base.
- Can help address compliance issues.
- Increased access to water for customers.
- Possibly reduced bills for customers.
- Can be a solution to lower consumption, declining population.
Shared Services

• Relationship that benefits both water systems involved.
  – Important to have written agreement
• Can increase sustainability of water systems.
• Can decrease redundant services and overhead costs.
• May improve ability to stay in compliance.
Examples of Shared Services

• Operations – Sharing equipment
• GIS Mapping – Joining a GIS Cooperative
• Purchasing – Discounts with larger orders
• Emergency Response and Mutual Aid Agreements – Ohio WARN
Asset Management

• An asset management program will allow a system to be more informed about the needs to continue operation.

• Some systems may find that it would be better for them to get out of the water business.

• Water systems in this situation may look at shared services or regionalization.
Asset Management

- Required by all public water systems by Senate Bill 2. OAC Rules under development.
- Will demonstrate a utility’s viability.
- Highlight deferred maintenance.
- Technical, Financial and Managerial Capability.
Asset Management 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.
Asset Management Components

• Approved capacity projections and capital improvement planning.
• Long-term funding strategy to support asset management program implementation.
Implementation Plan

- 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.
Implementation Plan

• At the time of sanitary surveys, inspectors will initially be asking to see some basic components, such as asset inventory, maps, level of service goals, metrics, etc.

• Submission of the written asset management program will only be upon the Director’s request.
Example

• City of Canton Waterline Extension
  – Cleveland Ave SW/SR-800, Canton, OH 44707

• Elimination of 6 public water systems
  – Hayden Vocational Annex
  – Dollar General Store
  – The Pizza Oven
  – JSK Petroleum
  – Canton South Dental
  – Italos Pizza
How Does It Help?

For the Public Water System being connected:

• Avoid costly upgrades and compliance requirements.
• Intensively monitored parent water supply ensures highest quality of potable water is supplied.
How Does It Help?

• Deactivation as a PWS relieves them of regulatory requirements by Ohio EPA and can focus on business objectives.
• Larger systems have greater technical, managerial, and financial capability.
How Does It Help?

For the parent system adding additional customers:

• Lower unit cost for the production and delivery of water by targeting multiple businesses in a geographic area.
• Expanded customer base.
Wastewater Perspective

• Similar approach, slightly different implementation.
• Definition – Independent local governments sharing the responsibility of providing services to their residential, commercial, and industrial customers (physically connecting their sewage collection systems, or a centralized treatment system).
Must Account for Differences

• Clean water vs. sources of pollution.
• Pressurized vs. gravity systems.
• Small GW systems vs. batch plants.
• Individual well vs. Home Sewage Treatment Systems (HSTS).
SRF’s Current Focus

• Reduce the number of incapable/failing waste water treatment plants that have a permitted discharge.

• Eliminate community-wide failing unsewered systems.
Evaluating Regional Opportunities

Local governments must:

• Complete specific planning before they can construct wastewater treatment plants and other wastewater management infrastructure.

• Ensure that the requirements of NPDES or State discharge permits are met.
Evaluating Regional Opportunities

• Plan for the wastewater management needs of their present population, ensuring adequate infrastructure for the next 20 years.

• Should include any projected population growth or decline.
Sewer System Users

- Responsible for capital costs (usually through debt service on locally issued bonds or state loan agreements).
- Responsible for ongoing operation and maintenance, including replacement of worn out equipment.
Ecological Affect

• WWTPs employ complex mechanical and biological systems to meet discharge limits and work in conditions which vary widely across the state.

• There is no one-size-fits all approach. In some areas, a regional partnership with a large centralized treatment facility works best. In other places, smaller decentralized treatment systems may work better. It depends.
Economies of Scale

Why are large facilities, generally, less expensive to build than small facilities?

• Fixed costs of construction will apply regardless of the size of the treatment plant.
• Permits, mobilization costs, and overhead are about the same regardless of the project size. A two million gallon concrete tank does not cost twice as much as a one million gallon tank.
• More users to share the burden of costs.
Technical/Economic Analysis

Regionalization vs. decentralization – factors to consider.

- Distance between communities, relative elevations and sizes, how much sewage does each generate, chemical characteristics, topography, soil conditions, hydrogeologic conditions, etc.
Available Financial Incentives

DWAF Loan Program

- Planning loans for Asset Management available year-round.
- $10,000 principal forgiveness, rest at 0% loan.
- Will continue to be a priority for the program.
Available Financial Incentives

DWAF Loan Program

• Construction loans for emergency connections between two systems.
• 50% of the cost may be principal forgiveness, up to $50,000 max.
Available Financial Incentives

DWAF Loan Program

• Construction loans for regionalization. Program Year 2018 projects are already established.
• Focus on disadvantaged communities.
• 75% principal forgiveness, rest at 0% loan.
Available Financial Incentives

WPCLF Loan Program

• Construction loans for regionalization. Starting in 2018, projects will be eligible for 0% interest rate loan.

• In-capable systems must be decommissioned.
Available Financial Incentives

WPCLF Loan Program

• Partnering with local health departments, provide up to $200,000/county/year in principal forgiveness for HSTS repair.
• Up to 50% of the funds can be used to tie-in to existing sewer line.
Why Regionalization Makes Sense

• Available technical and financial assistance.
• Sustainability.
• Generally more cost effective long-term.
• Good for the community.
Questions?

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