

## **\*\*\*TO BE RESCINDED\*\*\***

### **3745-87-02      Capability assurance plans.**

All applicants for financial assistance from the water supply revolving loan account established in division (H) of section 6109.22 of the Revised Code and all applicants for approval under section 6109.07 of the Revised Code that are new community or non-transient non-community public water systems which will commence operation after October 1, 1999, shall submit a capability assurance plan to the director, in a format acceptable to the director, consisting of, at a minimum, the following parts.

- (A) A general plan identifying the scope of the water service to be provided. In addition to the requirements of Chapter 3745-91 of the Administrative Code, the general plan shall include, but not be limited to, the following:
- (1) An assessment of current and reasonably foreseeable requirements for complying with Chapter 6109. of the Revised Code and the rules adopted thereunder, based on monitoring data from the proposed sources of water supply.
  - (2) A description of the alternatives considered and the rationale for the approach selected to provide water service. This description shall include the technical, managerial, financial, operational and local decision-making rationale for the selected approach. Unless the new public water system obtains all of its water from another public water system, the plan shall also include the rationale for creating a separate system.
  - (3) An engineering description of the existing facilities and the facilities to be constructed, including the construction phases and the plans for future expansion. This description shall include an estimate of all the costs of any required construction, operation, and maintenance and anticipated sources of funds to cover estimated costs.
- (B) A management plan specifying the financial and personnel commitments that are needed to provide for effective management and operation of the public water system. The management plan shall include, but not be limited to, the following.
- (1) Documentation of ownership accountability which includes the legal authority to take the measures necessary for construction, operation, and maintenance of the system. The documentation shall include, but is not limited to, documentation of ownership where the applicant is the owner of the public water system or, where the applicant is not the owner, legally enforceable management contracts or agreements.
  - (2) Assurances that the applicant has committed to proper operation and management of the public water system including assurance of compliance with certified operator requirements in accordance with Chapter 3745-7 of the Administrative Code, contingency plan requirements in accordance with Chapter 3745-85 of the Administrative Code, and all other operational requirements as applicable. These assurances shall be in the form of documentation of the organizational structure, credentials of management and operations personnel, and cooperative agreements or service contracts.
  - (3) Demonstration of the applicant's ability to address both customer and compliance issues, including violations of applicable portions of the Revised Code and the Administrative Code.
  - (4) An operating plan defining the tasks to be performed in managing and operating the public water system. The operating plan shall consist of at least the following:
    - (a) A description of management and administrative duties; and

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- (b) An operation and maintenance plan.
- (5) A listing of external contacts and resources and a description of how they will be effectively utilized.
- (C) A financial plan describing the public water system's revenues and cash flow for meeting the costs of construction and the costs of operation and maintenance for at least five full years from the date the applicant anticipates initiating operation. At a minimum, the financial plan shall include:
  - (1) Projected financial statements for each of the first five years of operation, including:
    - (a) A balance sheet;
    - (b) An income statement;
    - (c) A statement of cash flow; and
    - (d) An amortization schedule of all water system debt.
  - (2) A demonstration of ability to fund the cost of repairs, capital replacement, and compliance with the escrow requirements of section 6109.08 of the Revised Code and Chapter 3745-92 of the Administrative Code.
  - (3) The organizational structure of the financial management personnel and information demonstrating bond or credit rating.
  - (4) Applicants that are existing public water systems shall submit data and information contained in the last five years of annual financial statements which describe the performance of:
    - (a) All assets, liabilities, income, expenditures, and balances of the owner of the water system;
    - (b) All assets, liabilities, income, expenditures, and balances of the water system; and
    - (c) Schedule of water system indebtedness.