

Asset Management Guidance Supplement to the CWSRF Integrated Priority Rating System Guidance

(For Items 18 and 19 of the CWSRF Priority Rating Sheet)

The purpose of this asset management guidance is to determine point applicability for the CWSRF Integrated Priority Rating System (rating system). It is not intended to be an exhaustive resource for the development of asset management plans. Applicants are strongly encouraged to research guidance on the development of asset management plans and to exceed these minimum requirements to receive priority points. The rating system divides asset management plan points into two separate line items:

1. having an asset management plan in place at the time of application for systems with greater than 10,000 service connections or
2. agreeing to have an asset management plan in place at the time of contracting for systems with less than (or equal to) 10,000 connections.

Systems with greater than 10,000 connections

The requirements for an asset management plan must be in place at the time of application to receive points. For systems that already have an asset management plan, a narrative is required to be submitted which details the applicant's asset management plan including a specific section for each of the five required items.

Systems with less than 10,000 connections

For those systems in this category that agree to develop an asset management plan (or to make necessary modifications to an existing plan), it is extremely important to review the expectations of the future plan to ensure the funding commitment is not withdrawn later in the funding process. Submittal of a rating sheet with points for asset management and the execution of the funding application indicates the applicant understands the expectations for plan content and implementation. **All aspects of the asset management plan required herein must be implemented prior to execution of construction contracts for the funded project. Failure to provide evidence that this requirement has been met will result in the withdrawal of CWSRF funding for the project. If the applicant wishes to still pursue CWSRF funding for the project, the applicant must re-apply for consideration.**

The number of service connections is for residential sewer service accounts only. For systems less than 10,000 service connections that already have an asset management plan, changes to meet this guidance may be addressed before contracting. The applicant should review this section of the guidance to see if any changes to the plan will be required.

The asset management plan must include five items: (1) an inventory of assets, (2) an assessment of the condition of that inventory, (3) a capital improvement plan (CIP) with projected costs estimates, (4) a rate plan to implement the CIP, and (5) an operation and maintenance plan to ensure proper management of the assets. There are many other aspects of asset management that may tie into a system owner's plan (e.g., financial aspects such as [GASB 34](#)), but for the purposes of the points system they will not be reviewed. There are no requirements that the asset management plan be managed electronically; however, at some point for larger systems, software becomes necessary to adequately manage the volume of data.

Inventory

The inventory of assets must include a map of the collection system that includes, for gravity sewers and force mains, the age, type, size of pipe materials; and for pump stations the number and capacity of pumps, power reliability, and telemetry. However, the map, or a narrative

supplement to the map, should still indicate the general age and condition of those collector sewers not shown in detail (e.g., by subdivision, sub-service areas, etc.). For wastewater treatment plants (WWTP) include number and capacity of each treatment unit along with a process schematic. Units that were built as part of a larger wastewater treatment process at the same time and that are in the same general condition may be grouped together. All asset items (e.g., manholes, line segments, pump stations, treatment units, etc.) must be given a unique identifier. Other assets such as reclaimed water distribution systems must be included in a similar fashion to the above.

Assessment

The assessment of existing infrastructure may be based on (1) operator knowledge, (2) formal evaluations (e.g., sanitary sewer evaluation study), (3) broad assumptions based on age and type of facilities (e.g., 40 year old concrete pipe can be assumed to be in poor condition), and (4) condition of other similar facilities in the system where formal evaluations have been conducted, etc. The assessment scale (e.g., excellent – poor condition) is at the discretion of the applicant. However, the assessment scale should be submitted with clear explanations of each category (e.g., “Poor” rated sewer lines are those with offset joints, significant corrosion, cracks, experience surcharging, etc.). The project included as part of the funding application must be included in the CIP. If that project does not address infrastructure in the “poor” category, provide a discussion and justification of the prioritization of capital projects. An example might be that other high priority projects are being implemented with local funds.

Capital Improvement Plan

A capital improvement plan must set out the applicant's expected wastewater infrastructure needs for at least 10 years and must include specific cost estimations for the first five years. The first five years of the plan should include projects to address infrastructure assessed as “poor” condition. Exceptions will be considered if a formal assessment has not been made (e.g., condition is based strictly on age rather than firsthand knowledge) as long as an assessment project would evaluate the condition of that infrastructure within the first five years of the CIP. If there are significant capital projects for infrastructure in poor condition, the length of the CIP may be extended. Justification based on rates compared to median household income and other affordability factors should be provided. However, acceptance of a CIP for the purposes of awarding points for funding priorities in no way absolves the system owner of responsibility for regulatory noncompliance.

User Rates

A rate system that results in long-term implementation of the CIP must also be included. The rate system must include documentation that the Operating Ratio (OR), including debt service, is greater than or equal to one. The OR must be calculated for the enterprise fund (e.g., if utility operates both water and sewer, the OR should be calculated based on both water / sewer expenses and water / sewer revenue). The rate system may be implemented in a tiered manner over the years of the CIP; however, a resolution (or other formal approval document) from the governing body must include acknowledgement that rates will increase as necessary in future years to implement the approved CIP.

Operation and Maintenance Plan

The operation and maintenance (O&M) plan should be based on manufacturers’ recommendations and/or typical industry best management practices.