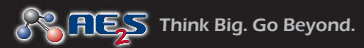


# The Source

UTILITY ENTERPRISE MANAGEMENT

1st Quarter 2008



## Minnesota Revolving Fund Deadlines

**M**ay 2, 2008 is the deadline to receive project descriptions for the Minnesota Clean Water and Drinking Water Revolving Fund Project Priority Lists. In addition, clean water facilities plans and stormwater project plans must be submitted to the MN Pollution Control Agency by March 7, 2008. If financing will be sought between July 1, 2008 and June 30, 2009, project summary information must be received for the Intended Use Plan by June 6, 2008.

For submission information go to [www.pca.state.mn.us/water/wastewater-financial.html](http://www.pca.state.mn.us/water/wastewater-financial.html) for Clean Water projects, [www.health.state.mn.us/divs/eh/water/dwrf/](http://www.health.state.mn.us/divs/eh/water/dwrf/) for Drinking Water projects, and [www.deed.state.mn.us/community/assistance/pfa.htm](http://www.deed.state.mn.us/community/assistance/pfa.htm) for the Intended Use Plans. ■

## 2008 AE2S Regional Utility Rate Surveys Underway

**E**ach year, AE2S conducts surveys of water, wastewater, stormwater, and solid waste utility rates for cities throughout the region and regional water systems. This year, we will also be including questions related to drought contingency planning and wastewater. The information is compiled in an easy to read report with graphs for quick comparison and distributed to survey participants to use in their rate planning. Rate survey participants have indicated that the survey report is an invaluable tool for utility and finance managers to use when discussing rates with government decision makers and

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**P**roviding public water and sewer is the second highest category of local government spending, second only to public education, according to the National City Water Survey (NCWS) 2007. In 2005 more than \$82 billion was invested in water and wastewater utility infrastructure, and annual local government spending is expected to exceed \$110 billion by 2010. While utility management accrues many essential public benefits, managers are often measured by the simple balance of revenues and expenditures.

## Asset Management Programs In America's Major Cities

The United States Conference of Mayors

conducted the NCWS 2007 "The Status of Asset Management Programs in the Public Water and Sewer Infrastructure in America's Major Cities" including 330 major U.S. cities. Objectives of the survey were to examine the extent to which public water and sewer infrastructure managers are integrating asset management programs (defined in the survey as "a set of management practices and techniques that can be applied to the operation, maintenance and replacement of physical assets") into their system, as well as provide information on common challenges cities face in managing the physical assets. This article highlights select information from that survey. Copies of the survey are available through AE2S by emailing Grant Meyer at [Grant.Meyer@ae2s.com](mailto:Grant.Meyer@ae2s.com).

Objectives of Asset Management Programs:

- Provide an opportunity for utility managers to maintain and expand services, while simultaneously achieving cost savings and system efficiencies. Asset management programs include a number of practices that can be coordinated and applied to help system managers minimize the overall cost of acquiring, operating, maintaining, and rehabilitating water and sewer assets through their lifecycle while maintaining the desired public service levels.
- Enable managers to determine utility rate structures that lead to self-sustaining water and wastewater utilities. Integrating asset management techniques can help close the gap between system revenues and expenditures.
- Educate the public about the value of water and sewer service, communicate the true cost to provide the desired level of service, and instill confidence that user fees and utility rates are being used effectively and responsibly; thereby increasing public support for critical infrastructure investment.

The Tables below and on the following page from the NCWS 2007 illustrate the increasing popularity and demonstrated value in asset management practices.

Infrastructure Category	Asset Management Plans		Asset Inventories	
	Yes	No	Yes	No
Water Treatment Plant	71.2%	28.8%	93.5%	6.5%
Water Distribution Pipes	71.9%	28.1%	92.9%	7.1%
Wastewater Treatment Plant	75.9%	24.1%	94.3%	5.7%
Wastewater Collection Pipes	73.5%	26.5%	93.2%	6.8%

Cities Implementing Full or Partial Asset Management Programs or Asset Inventories

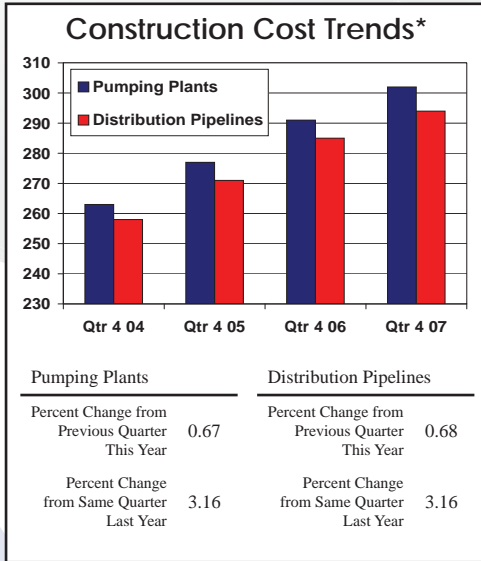
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**(Rate Surveys continued from first page)**

constituents. All survey participants receive a complimentary copy. The survey questionnaires will be available online at [www.ae2s.com](http://www.ae2s.com) on February 22nd. The regional water system questionnaires are due March 5th; city surveys are due March 12th. Completed questionnaires may also be emailed to [Sheryl.Smith@ae2s.com](mailto:Sheryl.Smith@ae2s.com). ■

**(Asset Management Programs continued from first page)**

Achieved Savings	Water Treatment Plant	Wastewater Treatment Plant
Capital Costs		
Yes	21.2%	38.8%
Not yet, but expected to	61.2%	51.5%
No	17.6%	17.1%
Operations & Maintenance Costs		
Yes	22.5%	32.2%
Not yet, but expected to	59.6%	51.3%
No	17.9%	16.4%



\*Based on information from the Bureau of Reclamation

**Cities that have Achieved Cost-Savings from Implementing Asset Management Programs**

Congress has considered legislation that would require public utilities to implement asset management programs as a condition of receiving financial aid for infrastructure investment. Although a majority of survey respondents oppose a legislative mandate (59 percent), a similar majority indicated that they would utilize asset management training.

The United States Environmental Protection Agency estimated that an additional investment of \$500 to \$600 billion in public water and sewer systems would be needed between 2000 and 2019 to comply with existing laws. The substantial amount of public resources devoted to our nation's water and sewer system strongly support the implementation of responsible asset management systems that allow managers to take advantage of opportunities of cost savings and efficiencies while continuing to provide the highest levels of service and protecting public health. ■

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