

November 2009

## Capability Assurance Plans for New Public Water Systems

Ohio's Capability Assurance Program [same as U.S. EPA's Capacity Development Program] is designed to help public water systems improve their technical, managerial and financial capabilities so they can provide safe drinking water consistently, reliably and cost effectively.

By enhancing system operations and ensuring the technical, managerial and financial capability of public water systems, Ohio can promote greater long-term compliance with state and federal primary drinking water regulations.

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized the capability assurance program, which emphasizes preventing contamination problems. Since it focuses on prevention, this program is a more proactive and positive approach than the traditional regulate and enforce approach.

In addition, the SDWA requires each state to develop and implement a strategy to help public water systems acquire and maintain capability or be subject to a withholding of a portion of the state's drinking water state revolving fund program annual grant.

### Three Types of Capability

For a system to have long-term viability, adequate capability is required in three distinct but interrelated areas: technical, managerial and financial.

**Technical** – the physical and operational ability of a water system to meet state and federal requirements, including the

adequacy of physical infrastructure, technical knowledge and capability of personnel, and adequate source water.

**Managerial** – the ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with SDWA requirements, including institutional and administrative capabilities, ownership accountability, staffing and organization.

**Financial** – the ability of a water system to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with state and federal requirements, including revenue sufficiency, credit worthiness and fiscal management.

Ohio must ensure that public water systems that started operation after October 1, 1999, have adequate technical, managerial and financial capability before providing water service to customers.

### New Community and Nontransient Noncommunity Systems

Under Ohio law (ORC 6109.24), a new community water system or an nontransient noncommunity proposing to provide water to the public must include a capability assurance plan (CAP) with the submission of the general or detail plans required under ORC section 6109.07. The CAP must demonstrate the technical, managerial and financial capability of the system prior to construction. CAPs are not required for new transient noncommunity systems.

Ohio EPA notifies the new public water system applicant of any deficiencies in the general plans and detail plans, and provides an opportunity to address the deficiencies. Once the deficiencies have been addressed, Ohio EPA



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approves the general plans, detailed plans and CAP.

Ohio EPA may propose denial of the general plans, detail plans and CAP if the applicant fails to adequately address deficiencies.

## Required Information for a CAP

Some general guidelines are presented here. For a detailed discussion of what is required for a CAP, please see the Capability Assurance Guidance available at [www.epa.state.oh.us/ddagw/dwaf.html](http://www.epa.state.oh.us/ddagw/dwaf.html) or contact Ohio EPA's Division of Drinking and Ground Waters.

## Elements of Technical Capability

- **Source water adequacy.** The source must be adequate to meet current and future demands. It should be of generally good quality and be adequately protected.
- **System operations.** The system must employ an operator of record who understands public health protection, knows the applicable drinking water standards and regulations, understands the system's technical and operational functions and is able to properly implement the system's operation and maintenance plan.
- **Infrastructure adequacy and improvement.** The system can provide water that meets state and federal standards.

## Elements of Managerial Capability

- **Ownership accountability.** The system owners are clearly identified and can be held accountable for the system.
- **Staffing and organization.** System personnel must be clearly identified on a table of organization and their roles and responsibilities defined. Adequate staffing with expertise in system operations must be identified through certifications, licenses and applicable ongoing training.
- **Effective external linkages.** Water system personnel need to have regular outreach with their customers and regulators. It is imperative that personnel know where to obtain needed technical or financial assistance. Building and maintaining relationships with assistance providers, customers and regulators will ensure a system's ability to solve problems as they arise.

## Elements of Financial Capability

- **Revenue sufficiency.** Revenues from rates or other funding sources need to cover system expenses. A system must be able to identify and measure all costs and revenues. Rates or other funding sources need to reflect the actual cost of service.
- **Fiscal management and controls.** Keeping complete and organized books and records, utilizing appropriate budgeting and financial

planning, and managing revenues responsibly allows a system to maintain efficient and effective operations.

- **Financial plan.** This plan is essential to ensure the stability of the system operations and its financial viability. New water systems are required to establish a system of user charges or cost recovery mechanisms, including a financial management system that will accurately account for revenues generated by or funding of the system and expenditures for operation and maintenance.

## For More Information

For more information about capability assurance plan requirements, please contact Ohio EPA's Division of Drinking and Ground Waters at (614) 644-2752, or a district drinking water representative at the one of the numbers listed below:

- Central District Office (614) 728-3866
- Northeast District Office (330) 963-1178
- Northwest District Office (419) 352-8461
- Southeast District Office (740) 380-5207
- Southwest District Office (937) 285-6112