

Division of Water

**Request for Legislation**

**A codified ordinance authorizing the Division of Water to reimburse suburbs for water main projects in connection with the Suburban Water Main Renewal Program. The Program rehabilitates or replaces local water mains in those suburbs that have signed the new Restated Water Service Agreement.**

---

---

Background/Purpose:

In 2007 and 2011 Cleveland Water negotiated a new Restated Water Service Agreement with the Suburban Water Council of Governments, and has executed the new agreement with 34 suburban communities. The new agreement includes regional cooperation, anti-poaching and tax sharing provisions.

Under the new Restated Water Service Agreement, ownership of the local water mains in the suburbs that sign the new agreement is transferred to the Division of Water, providing greater stability to CWD's customer base. In return, Cleveland Water is responsible for ongoing capital reinvestment in those mains. The Division of Water is currently spending \$15M a year on this program, and has spent or committed \$117M to date.

The suburbs can choose to have Cleveland Water execute the improvement contracts for the design and construction of the projects, or the suburbs can administer the design and construction contracts themselves, in which case Cleveland Water reimburses the local community. When the water work is performed in conjunction with other local infrastructure work the suburb wishes to perform, like a total road rebuild or new traffic signals or a new sewer, using a single, combined public improvement contract for all of the improvements, reimbursement to the suburban community for the water items is the only option, since CWD cannot contract for such other suburban infrastructure work.

In the new Water Service Agreement there is no termination to Cleveland Water's obligation to reinvest in these suburban water mains. Hence, Cleveland Water is seeking codified authority to reimburse the suburban communities that choose to contract for the design and construction of the improvements. In those other cases where CWD will contract with contractors for the improvements, Cleveland Water will seek separate authority for those public improvement contracts.

The Ohio Environmental Protection Agency and the Ohio Water Development Authority jointly administer the state's Water Supply Revolving Loan Account ("WSRLA"). The account provides financial assistance for the planning, design and construction of improvements to community water systems and non-profit non-community public water systems.

Scope of Work/Commodities/Services:

The Cleveland Division of Water is obligated to fund water main renewal projects in the suburban communities that have signed the new Restated Water Service Agreement. The Division of Water is seeking codified authority to reimburse the suburbs for the design, construction and administration of the water main renewal work on those projects the suburbs administer.

Justification/Urgency:

The program's previous 5 year authority is expiring at the end of 2017. The Division of Water's capital renewal responsibility is ongoing for as long as the new water service agreements are in effect. Additionally, Cleveland Water's suburban customers suffer from local water networks that are deteriorated or insufficient, including compromised structural integrity, poor flow availability for fire protection, water quality problems,

and frequent main failures that contribute to pavement damage. This program improves service to Cleveland Water's suburban customers.

Anticipated Costs and funding source:

The Division of Water is spending \$15,000,000 annually on this program. The funding sources include various bonds and operating revenue.

Schedule or Term of Contract:

Requesting codified authority to reimburse suburbs on a project by project basis based on the water service agreement.