



# Improving System Efficiency

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## Utility System Challenges

- ◆ **Growing cost of operating and maintaining system**
- ◆ **Overwhelming potential capital improvement costs**
- ◆ **Meeting regulatory mandates**
- ◆ **Maximizing Efficiency and minimizing costs**

## Area's of Focus

- 💧 **Capital Costs**
- 💧 **Operating Expenses**
- 💧 **Maintenance Expenses**
- 💧 **Administration Expenses**

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## Operating and Maintenance Costs

### 💧 Operating Costs

- ∪ Labor
- ∪ Energy
- ∪ Chemicals
- ∪ Residuals
- ∪ Outsourced services
- ∪ Residuals management

## Operating and Maintenance Costs

### 💧 Maintenance Costs

- ∪ Labor
- ∪ Parts
- ∪ Replacement equipment
- ∪ Capital replacements
- ∪ Outsourced services

## Implementation & Execution

- 💧 **Simplify your outlook - generalize your costs.**
- 💧 **Provide multiple levels of oversight and budget control.**
- 💧 **Provide overwhelming barriers to budget increases.**
- 💧 **Provide technical and managerial expertise without additional cost.**

## Implementation & Execution

- **Assign specific individual responsibility for budgets and related expenses.**
- **Define level of acceptable risk.**
- **Require individual responsibility for meeting the technical and budgetary compliance.**

## Goals

- **Define level of cost efficiency to be achieved.**
- **Establish the required level of service.**
- **Maintain 100% regulatory compliance.**
- **Develop consensus of any additional protections that are to be provided.**
- **Level of risks to be shifted to responsible party**

## Alternatives Summary

- **Medium to large entities may have the resources to accomplish this internally.**
- **Small to medium entities may not have access to the needed resources.**
- **Any size entity can benefit from a public-private partnership structured to accomplish all of the goals.**

## Asset Management Method

### 💧 **Private partner provides:**

- ∪ all personnel, materials and chemicals, equipment
- ∪ facilities maintenance, repair and replacement
- ∪ laboratory, industrial monitoring and administrative services
- ∪ guaranteed regulatory compliance

### 💧 **Public partner provides**

- ∪ all capital improvements financing, engineering, procurement and construction

**RESULTS IN FIXED, LOWER COSTS AND "VALUE ADDED" SERVICE**

## Risk Shifting

### 💧 **Private partner assumes risks including:**

- ∪ Environmental/public health standards compliance
- ∪ Capital improvement regulatory approval
- ∪ Staffing (certification, labor contract negotiations, skills upgrading, etc.)
- ∪ Market conditions (consumables, energy, treatment residuals disposal, etc.)
- ∪ Cost control (fixed cost with known adjustment indices)

## What a Private Company Brings

- 💧 **Financial accountability and responsibility**
- 💧 **Private-sector efficiencies**
- 💧 **Specialized expertise**
- 💧 **Stabilized tax and user rates**
- 💧 **Funding for capital improvements**
- 💧 **Contractually guaranteed performance**

## Benefits of a Private Company

- 💧 **Repair and replace facilities as needed**
- 💧 **Reduce administrative burdens**
- 💧 **Comply with environmental and health regulations**
- 💧 **Facilitate economic development**
- 💧 **Attract private investment**
- 💧 **Broaden the tax base**
- 💧 **Retain jobs**
- 💧 **Benefits and compensation guaranteed**
- 💧 **Provide new training and safety programs**