

May 21, 2018

Narragansett Bay Commission (NBC) Fiscal Sustainability Plan

Purpose

The NBC shall maintain and implement this Fiscal Sustainability Plan (FSP) in accordance with the NBC's Board of Commissioner's Fiscal Sustainability Plan Policy. The FSP shall serve to comply with the Amendments in the Water Resources Reform and Development Act to Titles I, II, V, and VI of the Federal Water Pollution Control Act (Regulations) with respect to the establishment of an FSP to ensure the maintenance, protection and ongoing operation of NBC's assets.

Applicability

The NBC's Board of Commissioners (Board) approved the establishment of the FSP through the adoption of a Fiscal Sustainability Plan Policy and has designated the Executive Director as the Plan's Administrator (Administrator). The Administrator is responsible for the FSP's oversight and ensuring that the resources are available to effectively implement the FSP. Responsibilities related to the FSP may be delegated as determined by the Executive Director.

General Objectives

NBCs significant capital investments have been protected through the Board's adoption of various best practices including the Asset Management Program (AMP), Operating Capital Program (OCP), Capital Improvement Program (CIP) and Annual Operating Budget. These planning and funding tools have been formally incorporated into a FSP. In addition, this plan formally incorporates NBC's water and energy conservation efforts into the infrastructure and facility planning process.

Identification, Condition Assessment, Maintenance and Replacement of Assets

Asset Management Program

The NBC has developed a comprehensive AMP and a summary of the computerized database is shown as Attachment A. To support the implementation and sustainability of the AMP, an Asset Management Manual was created. This manual is an important element of a comprehensive AMP and documents the practices, methods and procedures necessary for successful asset management at NBC. NBC's Asset Management Manual is in electronic format on NBC's Intranet.

As set forth in the AMP, a computerized database shall be maintained that includes:

1. An inventory of all treatment and collection assets constructed, purchased and expired.
2. The initial assessment shall review, evaluate and record the condition and performance of said inventoried assets.
3. A regular review of the inventoried assets shall also be conducted to update and record condition status, repair work and performance.

4. The information in the database shall be used to develop a plan to maintain, repair, and as necessary, replace said assets including:

Planned Activity	Board Approved Document	Funding Source
Preventive Maintenance	Annual Operating Budget	Operations & Maintenance Fund
Predictive Maintenance	Annual Operating Budget	Operations & Maintenance Fund
Corrective Maintenance	Annual Operating Budget	Operations & Maintenance Fund
Operating Capital Replacements	Operating Capital Program	Restricted Account - Operating Capital
Capital Improvements	Capital Improvement Program	Various Capital Funds

Planning and Funding of FSP

NBC Policies

NBC's Board of Commissioners has adopted Operating Budget, Capital Budget and Debt Policies that apply to the planning and funding of the FSP. Excerpts of these policies are included in the Annual Budget on NBC's website www.narrabay.com.

Capital Budget

Operating Capital Program

During each budget cycle, the NBC's OCP identifies programmed asset purchases for the current budget year and subsequent four years, incorporating information from the AMP, facility inspections and established programmatic priorities. The OCP is limited to items that meet the definition of a capital expenditure in accordance with NBC's capital asset policy. Using the information generated by the AMP, the OCP identifies new items or existing items that need replacement over the next five-years. A detailed list of operating capital items with supporting documentation for the upcoming year is included in the OCP and the items programmed for funding by cost center. In accordance with the directive of the Rhode Island Public Utilities Commission (PUC), these expenditures may be funded through Restricted Account–Operating Capital fund. NBC shall seek the funding of certain reserves for these items should a need be so demonstrated in the future. See attachment B for the current Operating Capital Plan.

Capital Improvement Plan (CIP)

Each budget cycle, the NBC shall prepare a five-year CIP. The CIP shall identify ongoing and new capital improvements which may involve the planning, design and construction of new or replacement infrastructure assets as identified through the AMP. As part of the planning process, the Project Manager shall ensure that projects evaluate and implement water and energy conservation efforts as part of the project development. Specifically, NBC shall maximize efficient water use, reuse, recapture, and conservation, and energy conservation opportunities taking into account the cost of constructing the project or activity and the cost of operating and maintaining the project or activity over the life of the project or activity. Funding for the CIP shall be optimized through the use of a Long-Term Financial Plan. Specific resources available include the Restricted Account-CIP, the Grant and Project Reimbursement Account, proceeds from loans

through the Rhode Island Infrastructure Bank and Revenue Bonds. Anticipated borrowings are translated into projected debt service and funded through the annual operating budget. See Attachment C for the current five-year CIP.

Operating Budget

The operating budget is prepared annually and includes resources to fund preventive, predictive and corrective maintenance items identified by Operations and Interceptor Maintenance staff as identified through the AMP and based on prior experience. Ensuring proper funding of asset maintenance including staff, tools and service contracts is a high priority and sufficient resources are allocated for this core business function as part of the annual operating budget process. Due to the nine-month PUC rate review process, operating needs are continuously assessed to determine if rate relief is required to fund these core business functions. In addition, debt service associated with capital assets are programmed into the operating budget.

Annual Administration

At least annually, the Administrator shall review and update this Plan if necessary to reflect changes in policies or practices.