FALL 2025

THE CORD REPORT

The Official Quarterly Newsletter of CORD

MORE STORIES INSIDE:

CORD

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SUMMER RECESS AND LOOKING INTO THE FALL: WHAT TO EXPECT NEXT FROM THE 136TH GENERAL ASSEMBLY

Michael Guastella
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General Update

The General Assembly has been on summer recess since the passage of HB 96, the state operating budget. Most members of the General Assembly have been in their districts, in parades, and catching up on some much-needed family time. But, this is the time of the year that we call the "eye of the hurricane," because we are getting ready to ramp up legislative activity in late September. Here is the latest and greatest on what is going on at the Statehouse!

Please contact Michael if you have any questions or would like to discuss anything further.

Priority Legislative Updates

HB 96 - Biennial Operating Budget (Contract Retainage)

CORD was **successful** in advocating for the removal of harmful changes to contract retainage in the state operating budget. Out of all the local government groups, CORD was the leading entity in the State to advocate and change this language to make it work for 6119 districts. As well, CORD was the only one that caught the change in the first place!
For a brief recap, In the as-introduced version of HB 96, the Ohio Facilities Construction Commission included a series of changes to contract retainage of public improvement contracts (FCCCD15). As part of those changes, there was an unfortunate unintended consequence with the way some of the language was written.

The change would have required that contractors be paid-in-full after substantial completion of the work as opposed to final completion of the work. While seemingly minor, this change would have inhibited a 6119 district, or any other owner of a public improvement project, from being able to wrap up the project entirely before the contractor is required to be paid.

CORD approached OFCC and the other proponents of these changes in good faith to discuss the unintended consequences of this change in HB 96, where we had the chance to express our concerns and make them aware of how the language is being interpreted by local government groups.

We quickly confirmed that it was not at all their intent to move this goalpost and got to work on a solution. In a combined effort with the Ohio Facilities Construction Commission, the Cleveland Chapter of the National Electrical Contractors Association (NECA), and the Associated General Contractors of Ohio, we were able to craft language that fixes this issue and accomplishes the same goals of streamlining the payment process to contractors and had it drafted as an amendment.

Ultimately, the language was included in the Senate substitute bill, survived the conference committee process, and was included in the final version of the bill signed by Governor DeWine on June 30.

HB 49 – Water Improvement Districts

This bill is a re-introduction of Rep. Claggett's HB 616 from the previous General Assembly. The legislation would create a new type of District – a "water improvement district" (WID), which looks and acts very much like a 6119 district with a couple of major differences. Namely, a WID would be able to bypass the State's competitive bidding and prevailing wage laws.

As well, the bill creates a duplicative regulatory structure, with a WID having most of the same type of authority that a 6119 has.

CORD continues to remain opposed to the bill, given the additional bureaucracy and regulatory confusion that having WIDs and 6119s at the same time would create. We are committed to working with the bill sponsor to address the issues that prompted this legislation.

HB 49 has been referred to the House Natural Resources committee, where it heard sponsor testimony from Rep. Claggett on April 9, 2025. The committee has yet to have an additional hearing on the bill. We are continuing to attempt to work with the bill's sponsor to have a major overhaul of the language as it is currently written.

HB 92/SB 118 – Lien Certification

These bills are a reintroduction of HB 93 from the previous General Assembly.

HB 92 and SB 118 are bills that, if enacted, would prohibit a **municipality** from having the ability to place a lien on a property that is owned by someone who is not the occupant of that property due to unpaid water bills. Today, if a renter does not pay their water bill and moves away, the property owner/ landlord is liable for the unpaid water bills. If the owner fails to pay, and that property is in the service territory of a municipality, the municipality can place a tax lien on the property until the bills are paid. This bill would remove the municipality's ability to place the lien for that reason, and the municipality would be left to find other means of finding payment for the account.

A key point to make for our purposes is that **6119 districts are not currently in this bill**. So, while CORD members are currently not affected by these bills, we remain on the sidelines ready to oppose the bill should we become included.

HB 92 has had three hearings so far, most recently on May 21st in the House Local Government committee. After hearing opposition testimony from over a dozen entities, the committee is attempting to convene an interested party discussion. SB 118 had its first hearing in the Senate Local Government committee on May 28, 2025 and a second hearing on June 11, 2025.

HB 139 – Fire Hydrant Mandates

HB 139 establishes a series of standards for the operation and maintenance of fire hydrants. Including:

- Fire hydrants must be inspected annually and after each operation. A flow test and general maintenance must be conducted annually.
- Fire service main piping must be inspected annually. A flow test must be conducted every five years.
- Fire service main piping strainers must be inspected and receive general maintenance care after each use.

CORD is opposed to this legislation and is actively working with the bill sponsor, Rep. Thomas Hall on a major overhaul of the policy.

In Case You Missed It—OEPA Sets September 22nd Deadline for Loan Funding

The Ohio EPA has announced that nominations from Districts and other political subdivisions for the Water Pollution Control Loan Fund (WPCLF) and the Water Supply Revolving Loan Account (WSRLA) for Program Year 2026 are due by the close of business on Monday, September 22nd. Nominations can also be made for replacement of Household Sewage Treatment Systems (HSTS). The nomination form is available online: **WPCLF Nomination Form**. Questions should be directed to the Division of Environmental and Financial Assistance at: **defamail@epa.ohio.gov** .

A NOTE ON THE NEW CYBERSECURITY LEGISLATION

Written by Keith Faber
Auditor
State of Ohio

The increasing threat of cybercrime to Ohio's governmental entities is a reality that requires increased security efforts by all public officials, which is why the Auditor of State's Office (AOS) supported the new requirements for local governments to formally adopt cybersecurity programs in the recently passed biennial state budget.

Cybersecurity Program Requirements: This new law requires local governments to adopt a cybersecurity program appropriate for their needs. Since political subdivisions vary widely in their size and responsibilities, it only makes sense that cybersecurity programs should be tailored to reflect these different circumstances. I recognize the importance of local control, and this bill preserves local authorities' ability to have the final say on how this policy is implemented. Key areas to consider include: identifying critical functions and risks, setting up threat detection systems, creating response procedures, planning for recovery and ongoing security, and establishing security training requirements for all employees based on their job duties.

Ransomware: Paying ransom to cybercriminals is a terrible use of public funds, and I believe it only encourages more ransomware attacks in the future. As a general rule, AOS prefers a statewide "No Ransom Policy" to send a message that criminals won't get paid holding Ohio governments ransom. While this bill doesn't bar local governments from paying ransoms, it only allows payment if the local legislative authority adopts a resolution explaining to the public why they think paying the ransom is the best solution.

Audit Requirements and Public Records Exemption: When my office conducts a regular audit, we will be checking that the requirements of this new law are being met. I recognize that a one-size-fits-all policy doesn't work for the thousands of local governments across the state of Ohio. This legislation allows local officials to design a program that best fits their needs, and our staff will simply audit according to that program. This legislation also exempts records, documents, or reports related to cybersecurity programs as well as reports of cybersecurity incidents from public records law to protect local governments from having to release public records that could be a cybersecurity risk.

Notifying State Authorities: This legislation also requires that local governments who fall victim to a cyber-attack must notify the Ohio Department of Public Safety (DPS) within seven days and the AOS within thirty days.
In the coming months, my office will be putting out additional detailed guidance. If you have questions, please contact us by visiting ohioauditor.gov. We know these fraudsters will never stop trying to steal public dollars, so those of us in government can't afford to be caught off-guard – our communities are relying on us.

Editor's Note: For more information, please refer to the flyer at the end of this issue of The CORD Report. Also, the State Auditor has now issued Bulletin 2025 that provides detailed guidance on this new legislation. The Bulletin is at: *Bulletin 2025-007: Adoption of Cybersecurity Program* .

TOP DRAWER REGIONAL DISTRICTS: AN OASIS FOR RURAL COMMUNITIES: THE NORTHWESTERN WATER AND SEWER DISTRICT'S WATERSHED

Written by Theresa Pollick
Public Information Officer
Northwestern Water and Sewer District

In some areas of rural Ohio, access to clean, drinkable water remains a challenge. According to the Ohio EPA, approximately 700,000 Ohio households rely on private wells for their water supply. These wells can face quality issues, including hard water and various contaminants. In Northwest Ohio, black sulfur and iron are particularly problematic, leaving many rural communities with foul smelling and tasting water. The Northwestern Water and Sewer District (The District) developed an innovative solution to address this issue: a WaterShed.

The Birth of the WaterShed

The concept of the WaterShed emerged from a collaboration between Jerry Greiner, District President, Tom Stalter, at that time an engineering consultant, and Dan Wickard, District Superintendent. They encountered complaints from residents on rural sewer projects regarding undrinkable well water due to high levels of black sulfur. Inspired by standalone drinking water dispensers, the team conceptualized a vending unit housing a small, but advanced, water treatment system.

WaterShed Technology

The treatment system contains a sophisticated nine-step filtration unit, including multiple micron filters, carbon filtration, a reverse osmosis membrane system, and ultraviolet sterilization.

Community Impact

The first WaterShed debuted at The District's main office in 2011, followed by a successful installation in the Village of Custar. Today, there are twelve WaterSheds throughout Northwest Ohio. Water is sold for just 25 cents per gallon —affordable and available 24/7.

WaterShed customers appreciate the taste and accessibility. To date, WaterSheds have generated over two million dollars in revenue, the equivalent of eight million quarters!

Looking Forward

District Watersheds are a model for innovation and community partnership, offering a real, affordable water solution to rural areas grappling with safe water access. Their success shows how creative, localized efforts can meet essential infrastructure needs.

Learn more at:

nwwsd.org/WaterShed

COLLECTING DELINQUENT WATER, SEWER & STORMWATER BILLS: TERMINATING SERVICE, DUE PROCESS REQUIREMENTS & OTHER ISSUES

Written by John Albers, Esq.
Albers and Albers

The General Law for Regional Water, Sewer & Stormwater Districts

Most Regional Districts are familiar with the provisions of Division W(1) of ORC 6119.06 which allows Districts to certify delinquent bills to the County Auditor for collection with the payment of property taxes. Essentially, this provision of law allows Districts to:

1. Charge, alter and collection of rentals and other charges for the use of services.

2. Refuse to provide services if any rentals or other charges are not paid. This includes any penalties for late payments.

3. Certify any rentals or other charges, if not paid when dues, to the County Auditor to be placed on the real property tax duplicate (list) kept by the Auditor to be collected as are other real property taxes. This action has the effect of placing a lien of the property.

There are some minor exceptions to the power to certify delinquent bills to the County Auditor in Divisions W(2), (3) and (4) of this section that are too complex to discuss in this article. See ORC 6119.06 at this link: https://codes.ohio.gov/ohio-revised-code/section-6119.06 for the statutory language of these exceptions.

Terminating Water Service: Due Process Requirements

Water service is often terminated before certification of a delinquent bill to the County Auditor. And sometimes a water user "withholds payment" because of a dispute over the amount of the bill or other issues. It is important to realize in these situations that Due Process Requirements of the U.S. and Ohio Constitutions generally apply. The U. S. Supreme Court has stated that:

> "And elementary and fundamental requirement of due process in any proceeding which is to be accorded finality is notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections."[1]

Thus, the two basic requirements include: (1) A **Right to Notice**, and (2) **An Opportunity for a Hearing**. The Court has also found that "some kind of a hearing" can include an opportunity for a meeting well in advance of the date of termination with a responsible employee empowered to resolve the dispute would meet this requirement. In subsequent rulings courts make it clear that notice may not always be constitutionally required if there is "ready access to a resource that describes the procedure for requesting a hearing."2 So, for example, if the procedure is in a original water contract or on the website where payments are made, it might meet these the judicially specified requirements, but we all know that customers may not know or understand these procedures. So, it is good practice to be sure that notice is provided to each customer whose service is to be terminated and the process for a "hearing" is specific.

Guidelines for Termination Notices & Hearings

Given the fact that most customers probably do not understand the process to make their case before the District even if in a water contract or the District website, it is important to provide the detailed procedure in the final notice before termination. So how does the procedure work? Here are some questions and guidelines that may be helpful:

1. Do your regulations specify possible reasons for termination and explain the procedure? They should!

2. Is delinquency one of the reasons?

3. Do you have customer service agreements?

4. Do you have tenant service agreements?

5. Who is responsible?

- Property owner? tenant?
- Usually, you want the property owner responsible.
- An imperfect system.

6. "Final notice Before Termination"

- Account #
- Service Address
- Customer Name
- Scheduled date for termination
- Reason for termination
- How to avoid termination
- Hearing available; procedure to request
- Deadline for requesting hearing
- Who to contact for more info

7. If hearing requested, pause.

8. If no hearing is requested, terminate and leave NOTICE OF TERMINATION OF WATER SERVICE

9. If hearing requested, schedule the hearing

10. The Hearing

- Conducted by non-billing employee, board member, and others.
- Designate who in regulations.
- Schedule within reasonable time. 5-7 days.
- May be represented, call witnesses.
- One continuance permitted.
- Give reasonable access to records.

11. The Decision

- Hearing officer decision: immediate or within reasonable time.
- Notify of termination date, in writing. Leave NOTICE OF TERMINATION OF WATER SERVICE.
- What happened and when.
- Instruct customer how to restore service.

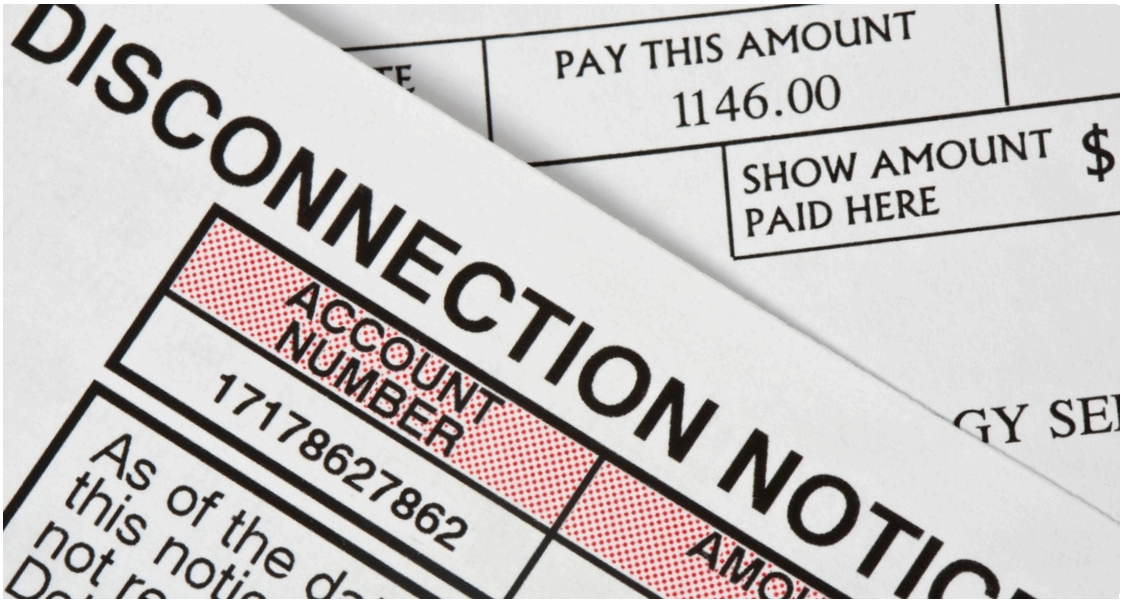
Issues for Districts that Only Provide Sewer Service: A Dilemma

For Regional Districts that provide only Wastewater Treatment, terminating service is a predicament. We all know that there is no practical way to shut down or turn off these services as is possible for water. And, even if it could be done, most customers would not care if this service ended as they certainly care about receiving their water service.

One possible method is to see if the provider of water service would enter into a contract with the District that would terminate water service to a customer that has not paid their sewer bill. It appears this could be carried out under the provisions of ORC 6119.06(O) and/or (P), but there appears little incentive for the water provider, often a municipality or a Village Board of Public Affairs, to execute such an agreement. Of course, this depends on the local relationships to what extent the water providing jurisdiction cares about the overall benefits of these services to their area.

A Note on the Authority to Certify Delinquent Bills to the County Auditor for Collection

As we all know, there have been continuous efforts over the last few decades to change the law to make it harder for local governments, including regional districts, to certify delinquent bills to the County Auditor. Most of these efforts are being spearheaded by landlords and apartment owners. Currently there are two bills pending in the General Assembly that would place limits on recovery and lien imposition by municipalities against property owners of non-owner-occupied properties for unpaid water, sewer, and disposal services rates and charges. H. B. 92 and S. B. 118 would end the right to certify delinquent bills unless the owner occupies the property. This would simply transfer the cost onto other ratepayers. It would essentially mean that the only way to collect these delinquent chares on tenants would be through civil action in a county or municipal court. And, we all know that the cost of such legal actions may exceed the amount of the delinquent charges. At this stage in the process both of these bills apply only to municipalities.



DEVELOPING AND INVESTMENT STRATEGY FOR REGIONAL DISTRICTS: A DISCIPLINED APPROACH TO MANAGING PUBLIC FUNDS

Written by Kirk Ludwig
Director
Institutional Investment Management
SJS Investment Services

Kirk Ludwig
Director of Institutional Investment Management, Senior Advisor
SJS Investment Services

If you're responsible for managing reserve funds for a 6119 Regional Water and/or Sewer District, the responsibility goes beyond safety. Yes, protecting principal is essential, but those funds also need to be ready when needed and, ideally, earning a reasonable return in the meantime. The good news? You don't need a complex strategy to get there. You just need a clear process that follows Ohio law and fits the financial goals of your District.

The starting point is the Ohio Revised Code Section 135.14, which outlines what public entities like 6119 Districts can invest in. It's not an exciting list, and primarily includes U.S. Treasuries, federal agency bonds, CDs, commercial paper, and government money market funds, which provides a solid and safe framework. The key is what you do within those parameters.

That begins with having a written Investment Policy Statement (IPS). Unfortunately, it's more common than not that Districts either do not have an IPS or are using a generic version from another entity. A good IPS should reflect the goals and constraints of the specific District and include, at least, the following: (1) objectives, (2) permitted investment types, (3) maturity guidelines, (4) liquidity requirements, and (5) responsible contact for oversight. The Government Finance Officers Association (GFOA) is a good resource on this topic.

The next step is to understand your cash flow needs, and this is where I believe that the investment process begins. Cash flow is your calendar! It tells you what needs to be held in cash and what can be invested out a bit further. The goal is to determine how much should be held in money market or cash-like investments, then identify funds that can be invested for longer periods of time based on projected needs. If you've got a capital project in 13 months, consider matching it with a maturity. If you have seasonal dips in revenue or irregular spending obligations, many Districts use CDs or Treasuries to help bridge those shortfalls with planned maturities. Once there is a clear picture of the cash flow, it will be easier to evaluate how to allocate reserve balances.

A common approach includes using a mix of Treasuries and agencies with short- to intermediate-term maturities that align with expected liquidity needs. Laddering maturities is one strategy often used to create ongoing access to funds while still capturing yield along the curve. In today's environment, money market yields may appear attractive, but they're also subject to change…and sometimes quickly. If interest rates decline, reinvestment risk can become a challenge, especially when future obligations depend on maintaining current income levels. Many Districts place equal emphasis on managing both interest rate risk (the potential decline in value if rates rise) and reinvestment risk (the challenge of reinvesting at lower yields if rates fall) when evaluating their reserve strategy.

If you take nothing else away, take this: you don't need to predict the Fed's next move. You need a repeatable and disciplined process that fits your District's needs and timeline. ORC Section 135.14 is the guideline and foundation, but the value comes from understanding your cash flow, having a policy that actually guides decisions, and sticking to a process that doesn't chase yield or react emotionally to headlines. That's how reserves become a strategic asset instead of just an idle balance.

Resources:
ORC Section 135.14: https://codes.ohio.gov/ohio-revised-code/section-135.14
GFOA Investment Policy Statements: https://www.gfoa.org/materials/investment-policy

Kirk Ludwig is a Senior Advisor with over 30 years of industry experience, working with institutional and Ohio public entity clients to develop fixed income strategies that balance safety, liquidity, and return. As a member of the SJS Investment Committee, he leads and contributes to their fixed income strategies and oversight, helping clients align their portfolios with legal guidelines and long-term objectives.

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OHIO EPA ASSET MANAGEMENT UPDATE

Kyle Linson,
Ohio EPA

The intent of an asset management program (AMP) is to provide public water systems (PWSs) with a tool to better manage, operate, and maintain their water systems so that they can cost-effectively and consistently meet safe drinking water requirements. Ohio EPA regulations governing asset management can be found in Ohio Revised Code Section 6109.24 and Ohio Administrative Code Chapter 3745-87.

On January 3, 2023, the Governor signed House Bill 364, which amends Ohio Revised Code 6109.24 by removing the asset management program requirements for transient noncommunity public water systems. The changes became effective on April 3, 2023. Although no longer required, Ohio EPA still recommends that transient noncommunity PWSs maintain an asset management program. The five-year rule review for Ohio Administrative Code Chapter 3745-87 was finalized on April 11, 2025.

Specific rule updates include:

- PWSs must now submit AMP-related materials to the state within five days of a request.
- The director may require fiscal and managerial training for water systems' governing bodies and responsible management, and documentation that they attend appropriate fiscal and management training. A significant deficiency is no longer required for this training if deemed appropriate.
- Nontransient noncommunity PWSs shall complete the approved, most current asset management program template to comply with contingency planning requirements. Nontransient noncommunity PWSs may create an asset management program using an alternative format, provided the format includes no less than the required information in the agency's asset management program template.
- The metrics reporting (Chapter 3745-87-05) updates include:
- The additional customer service metric to be reported annually is no longer required.
- The "breaks per length of pipe" metric was changed from per 10 miles to per 100 miles.
- The maintenance "tasks" per year metric was revised to "time spent" on maintenance tasks per year.

Ohio Environmental Protection Agency

Since Ohio's asset management rules were enacted, common challenges have been observed. Many systems struggle to maintain accurate and comprehensive asset data. This includes issues with outdated records, missing information, and inconsistent data entry practices. Data is often collected across different departments and systems, making it difficult to have a unified view of asset conditions and performance.
Securing sufficient funding for payroll and asset management activities, such as routine maintenance, repairs, and upgrades, remains a significant challenge. Budget constraints often lead to deferred maintenance, exacerbating issues over time.
Some PWSs rely on outdated software and systems that are not equipped to handle modern asset management needs. As systems adopt more digital tools and technologies, cybersecurity becomes a critical concern.

With limited resources, systems often face challenges prioritizing which assets to maintain, repair, or replace. Conducting criticality analyses and making informed decisions can be complex and time-consuming.

Establishing and implementing a comprehensive asset management program has benefited public water systems across the state. The case study below shows that asset management rules encourage systems to integrate various principles, including those not previously prioritized.

A small village used to experience widespread depressurizations whenever water main breaks occurred, largely due to a network of inoperable distribution isolation valves. The village lacked a proper valve-exercising program, which led to many valves falling into disrepair. However, with the implementation of AMP rules that mandate valve exercising programs at public water systems, they have taken significant steps to improve their infrastructure. The village PWS has since exercised all distribution isolation valves and identified over 15 inoperable valves, accounting for approximately 20% of the system, which are now being replaced. The village administration is planning capital improvements to add even more functioning valves, leveraging their AMP to strategically plan for system upgrades. As a result, the village now has a greater ability to isolate breaks and minimize disruptions to water service, ensuring a more reliable and resilient water supply for its residents.

Ohio EPA has staff throughout the state dedicated to implementing asset management regulations. To get help developing your water system's asset management program or for specific asset management questions, please contact your district representative.

https://epa.ohio.gov/divisions-and-offices/drinking-and-ground-waters/public-water-systems/drinking-water-asset-management/asset-management

NEW TIMELINE FOR BALLOT ISSUE: PRIMARY IN MAY 2026

In the last issue of the CORD REPORT, it was reported that the CORD Board voted to support sending Ohio's voters a proposed constitutional amendment to allow the state to issue long-term bonds to fund the H2Ohio Program. This initiative now becomes more important because of the fact that H2Ohio funding has been cut by approximately $105 million (40%) in the recent state budget bill.

CORD is represented in the Coalition by Michael Guastella with Governmental Policy Group to assist with details of the proposal. The Coalition is led by representatives of a variety of environmental, conservation, and industry groups such as the Nature Conservancy, Ohio Environmental Council, Ohio Water Partnership, and the Ohio Farm Bureau. CORD joins other partners such as the Ohio Rural Water Association and the Ohio Municipal League in supporting the issue. Please feel free to reach out to Michael at michael@gpgrhr.com for more information or to share ideas on how the proposal can benefit Regional Districts.

While it was hoped the issue could be placed before the voters in November, the timeline has now been extended and will not appear on the ballot until May 5, 2026, the May Primary election. To have the bond measure on the ballot next May, the General Assembly must pass a resolution by February 4, 2026, at the very latest. This timeline means that the Coalition needs to move quickly to gain support for the issue. The total amount of the bond issue will ultimately be determined by collaborating with the Governor and leadership of both houses of the General Assembly. CORD members are urged to contact their legislators to support the issue.

THE VOLATILE GRANT MARKET AND FUNDING CHALLENGES

Written by Danielle Giannantonio
Senior Manager of State and Federal Affairs and Grants
Northeast Ohio Regional Sewer District

2025 has been a **tough** year for grant programs - for both grantors and grantees. From the outset of the year, federal grants were frozen, and in some cases, funds were even clawed back. States responded with budget adjustment and reductions, creating a state of uncertainty in the grant market space.

Danielle Giannantonio
Senior Manager of State and Federal Affairs and Grants

The cancellation of FEMA's Building Resilient Infrastructure and Communities (BRIC) program and the proposed FY fiscal year 2026 cuts to the State Revolving Loan Fund (SRF) programs — which distribute principal forgiveness loans, essentially grants, are actions that shook the water industry. Add to this the looming expiration of the *Investment Infrastructure and Jobs Act* (IIJA)*/Bipartisan Infrastructure Law (BIL)* funds in FY 2026, many of us are left wondering: ***where do we go from here?***

Thankfully, there are signs of a turnaround. Frozen grants are beginning to be resolved in the courts, internal agency reviews of grant programs are concluding, and grant opportunities are starting to re-emerge.

For example, FEMA has recently opened a slew of funding opportunities totaling billions of dollars across multiple non-disaster grant programs, including the **Homeland Security Grant Program (HSGP)** and the **National Dam Safety Program**. While BRIC is not included in that grant opportunity list, these funding releases signal a slow but steady stabilization of the grant market— and a shift away from the paralysis that defined the start of the year.

Similarly, the **National Coastal Resilience Fund (NCRF)**, a program back by NOAA funding (an agency flagged for potential defunding earlier in 2025), accepted grant applications until mid -July 2025. The program supports planning, designing, and implementation of nature-based solutions to enhance protection in coastal communities from the impacts of storms, floods, and other natural hazards while also improving habitats for fish and wildlife.

Not all funding sources were disrupted during the freeze. Earmarks, the Ohio Public Works Commission, and principal forgiveness opportunities under the current IIJA/BIL allocations in the SRF programs continued to provide support. Still, even as the grant market recovers, funding challenges remain on the horizon.

The President's fiscal year 2026 budget proposal includes a 90% cut to the SRF's. The House of Representatives proposal countered with a 25% cut to the SRF's, allocating half of all the remaining funding going to earmarks. The Senate, in contrast, proposed maintaining current SRF funding levels. As negotiations continue toward the September 30 fiscal year deadline, one thing is clear: whatever level is ultimately approved will have a significant impact on water utilities.

The consequences could range from maintaining the current status quo to facing significant funding reductions. If the House or White House's proposals prevail, many state SRF programs would receive reduced capitalization grants, limiting their ability to issue loans and provide principal forgiveness loans in the future. This is extremely concerning given recent national surveys estimating over $1.255 trillion in drinking and clean water infrastructure needs. In Ohio alone, the need is $36 billion—split between $20 billion for clean water and $16 billion for drinking water.

SRF funding is vital for long-term rate control and stability. SRF loans offer attractive financing terms, including below-market or zero interest rates, deferred principal payments, and extended loan terms. Additionally, these loans don't require offering documents, bond ratings, or bond counsel, making them an essential tool for smaller or less experienced borrowers with limited exposure to debt financing.

Compounding this issue is that new public water and wastewater infrastructure will be necessary to meet the demands of the growing private sector. As Ohio positions itself as a national leader in the economic development space, the availability of reliable, scalable infrastructure will be a determining factor in the success of new business ventures. Investment in these systems is not optional—it's foundational to Ohio's economic future.

The SRF programs represent one of the most successful federal-state-local partnerships in accelerating investment in water. Since inception, Ohio EPA's Drinking Water and Clean Water SRF's have financed over $16.3 billion in projects to date and awarded over 6,800 total loans/awards. Ohio's return on investment for federal dollars is more than 300%, underscoring the effectiveness—and importance—of continued funding for these essential programs.

Overall, while funding challenges may lie ahead—whether related to grants, SRFs, or other sources—it's essential that utilities continue to vocalize their support for these programs. As noted earlier, the grant landscape is showing signs of recovery, making now a smart time to explore available opportunities while funding is still accessible. As the old saying goes: Carpe diem!

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New Cybersecurity Laws for 6119 Districts

As part of the recently-passed state operating budget, HB 96, the legislature enacted several new requirements on Ohio's political subdivisions, including 6119 districts, related to the cybersecurity laws of the state. This document summarizes those changes and informs you as to when the various new regulations in ORC 9.64 will take effect.

Cybersecurity Program Requirements

Ohio's political subdivisions, including 6119 districts, will be required to adopt a cybersecurity program that safeguards the district's data, information technology (IT), and IT resources to ensure availability, confidentiality, and integrity. To allow for time to develop and adopt their cybersecurity programs, the Auditor of State will check for compliance that 6119 districts will have adopted a plan by **July 1, 2026.** Your program must include all of the following:

- Identify and address the critical functions and cybersecurity risks and the potential impacts of a cybersecurity breach.
- Specify mechanisms to detect potential threats and cybersecurity events, specify procedures to establish communication channels, analyze incidents, and take actions to contain cybersecurity incidents.
- Establish procedures for the repair of infrastructure impacted by a cybersecurity incident and the maintenance of security after the incident.
- Establish cybersecurity training requirements for all employees of the political subdivision; the frequency, duration, and detail of which shall correspond to the duties of each employee. *(Note that annual cybersecurity training provided by the state, and training provided for local governments by the Ohio Persistent Cyber Initiative Program of the Ohio Cyber Range Institute satisfies this requirement.)*

...continued on next page

Questions? Contact your team at Governmental Policy Group!

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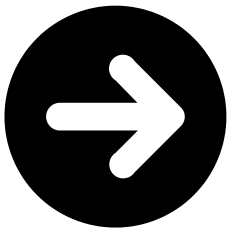
Ransomware Payment Requirements

The new law **prohibits** a political subdivision that is under a ransomware attack from making payments or otherwise complying with the ransom "demands" **unless** the legislative authority (such as a Board of Directors of a 6119 district) formally authorizes the payment.

Notification Requirements

There is also a new requirement to report incidents of cybersecurity breaches within seven days to the Department of Homeland Security and also the Auditor of State. The notification requirements take effect on **September 30, 2025.**



What's Next?

The Auditor of State will issue more comprehensive guidance on how they will be enforcing this new law in the coming weeks and months. CORD will share that with you once it is issued. Until then, please contact Michael Guastella at Governmental Policy Group with any preliminary questions!

Questions? Contact your team at Governmental Policy Group!

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