

Planning Basics: Asset Management

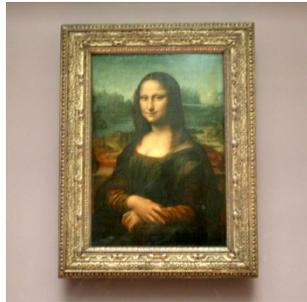
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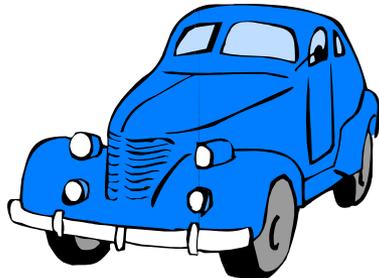
New Mexico Infrastructure Finance Conference

What is an Asset?

- Something you own that has value
- There can be assets that gain value over time....

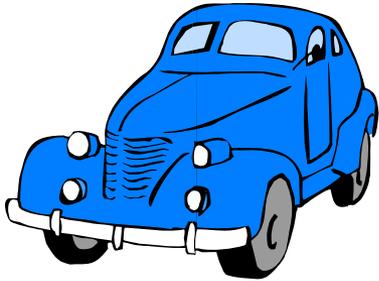


- or lose value over time

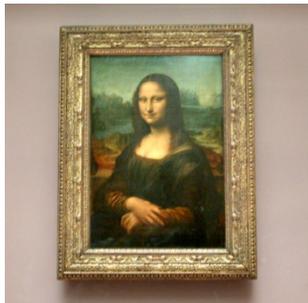


Asset Life

- Assets can be short-lived



- or long-lived





How Do We Take Care of Our Assets Over Time?

- Whether short or long-lived, appreciating or depreciating, need to manage them properly
- One approach: Asset Management



Basic Premise of Asset Management

Maintaining a *desired level of service* (what you want your assets to provide) at the *lowest life cycle cost* (best appropriate cost - not no cost)

Why Asset Management?

Several years of observance of issues facing owners of various kinds of assets (including utilities)

Asset Management Benefits from Overseas using an approach that was doable

Based on Common Sense

Can be scaled to any level of sophistication

Uses What A System Already Knows

Can be done by anyone

However.....

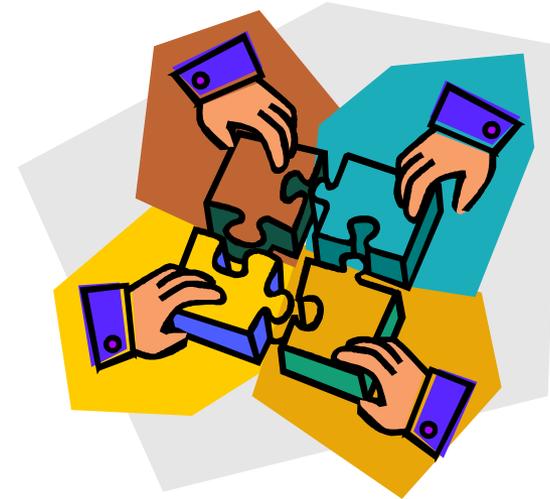
The main purpose of a
Community or Utility is
customer service
not the management of the assets



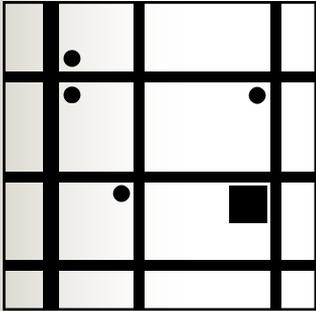
We manage assets in order
to provide the service!



Five Core Components of Asset Management



Core Component 1: Current State of the Assets



Where is it?



What do I own?



What is the useful life?



What condition is it in?



What is its value?



Focus on a Few Key Benefits Related to Small Systems

Technical

- Inventory/Maps
- Better Understanding of O&M

Financial

- Better Capital Projects

Managerial

- Customer Communication
/Customer Service

Core Component 2: What is the required Level of Service?



Pressure



Flushing



Water Quality



Repairs



Considerations for Level of Service

8 to 12 Good
Items

Items that are
Measurable

Track Progress:
Measure how
well you're
doing

Customer Involvement/Customer Communication

Core Component 3: Which Assets Are Critical to Sustained Performance?



How do my assets fail?



What is the likelihood of failure?

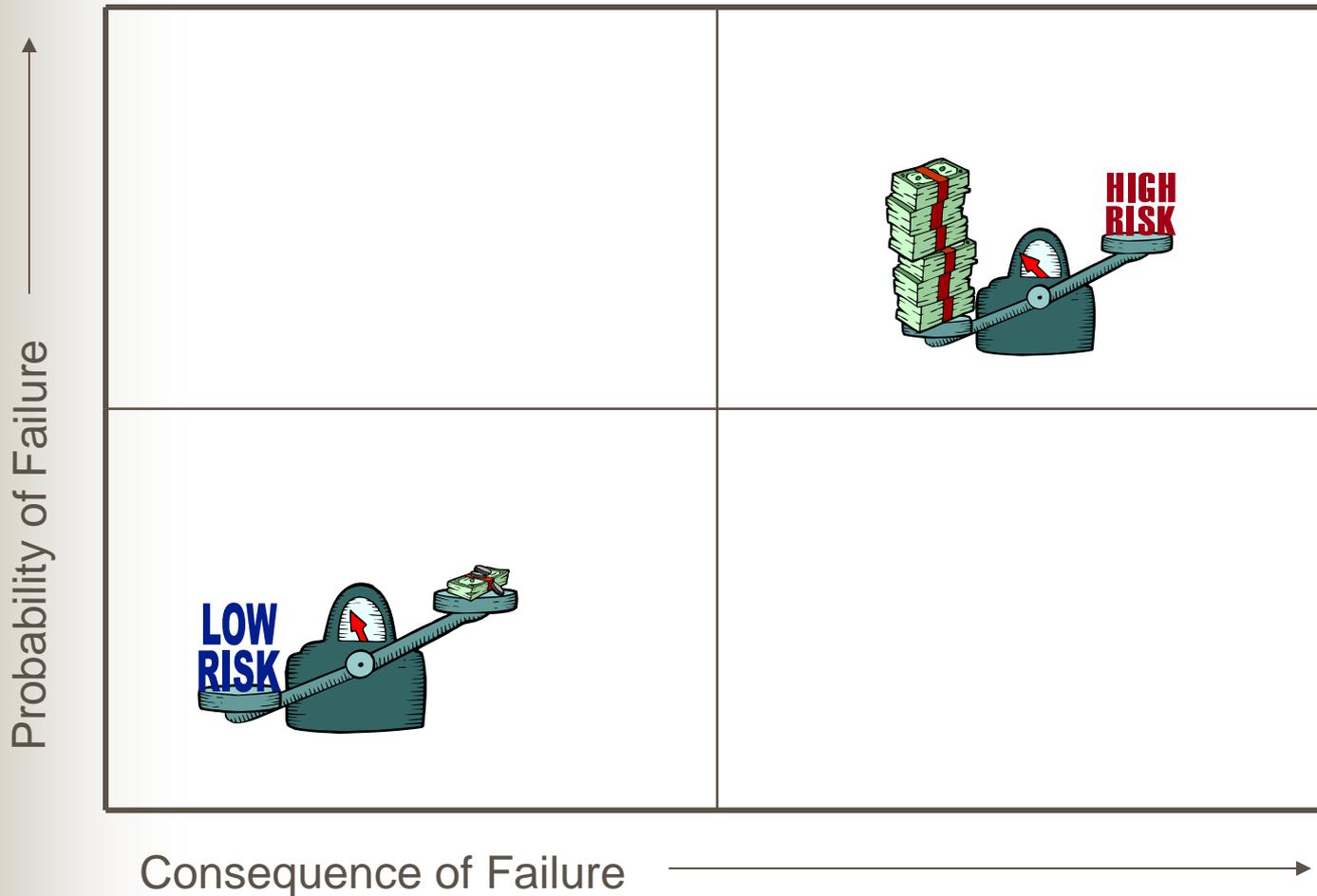


What are the consequences of failure?



What is the cost of the repair?

Critical Assets



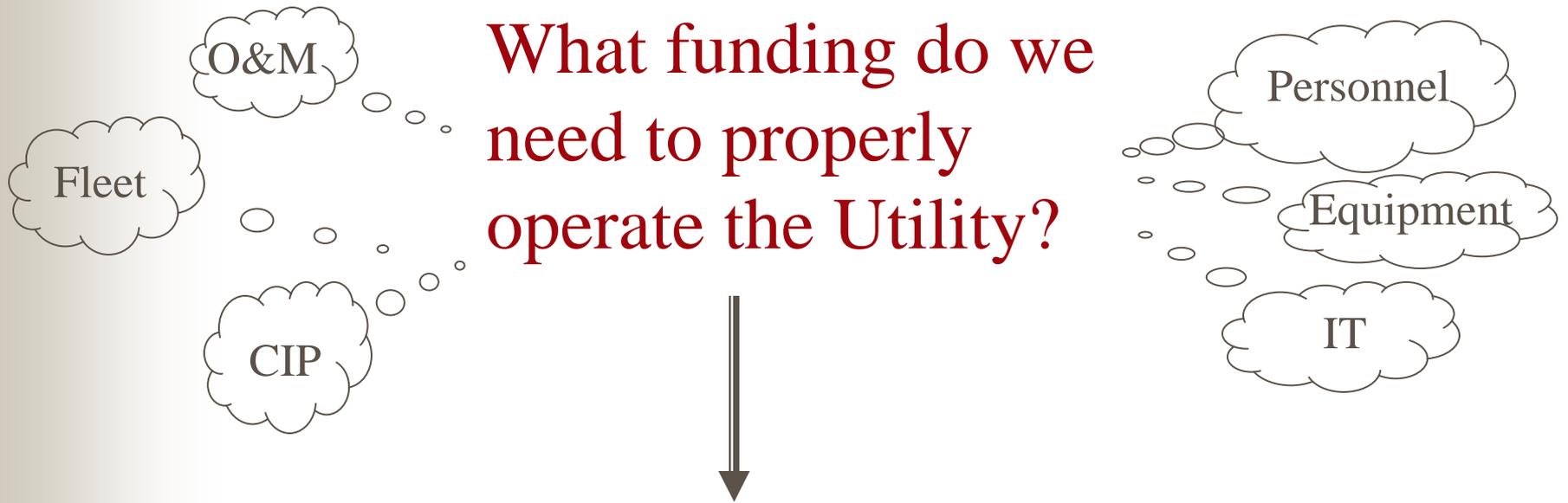
Which category of assets do I care the most about, the least?

Core Component 4: Best Minimum Life Cycle Cost for CIP and O&M



Balancing O&M with Capital Costs

Core Component 5: What is the Best Long-term Funding Strategy



Where will the funding come from?

Impact Fees

Customer Rates

Grants

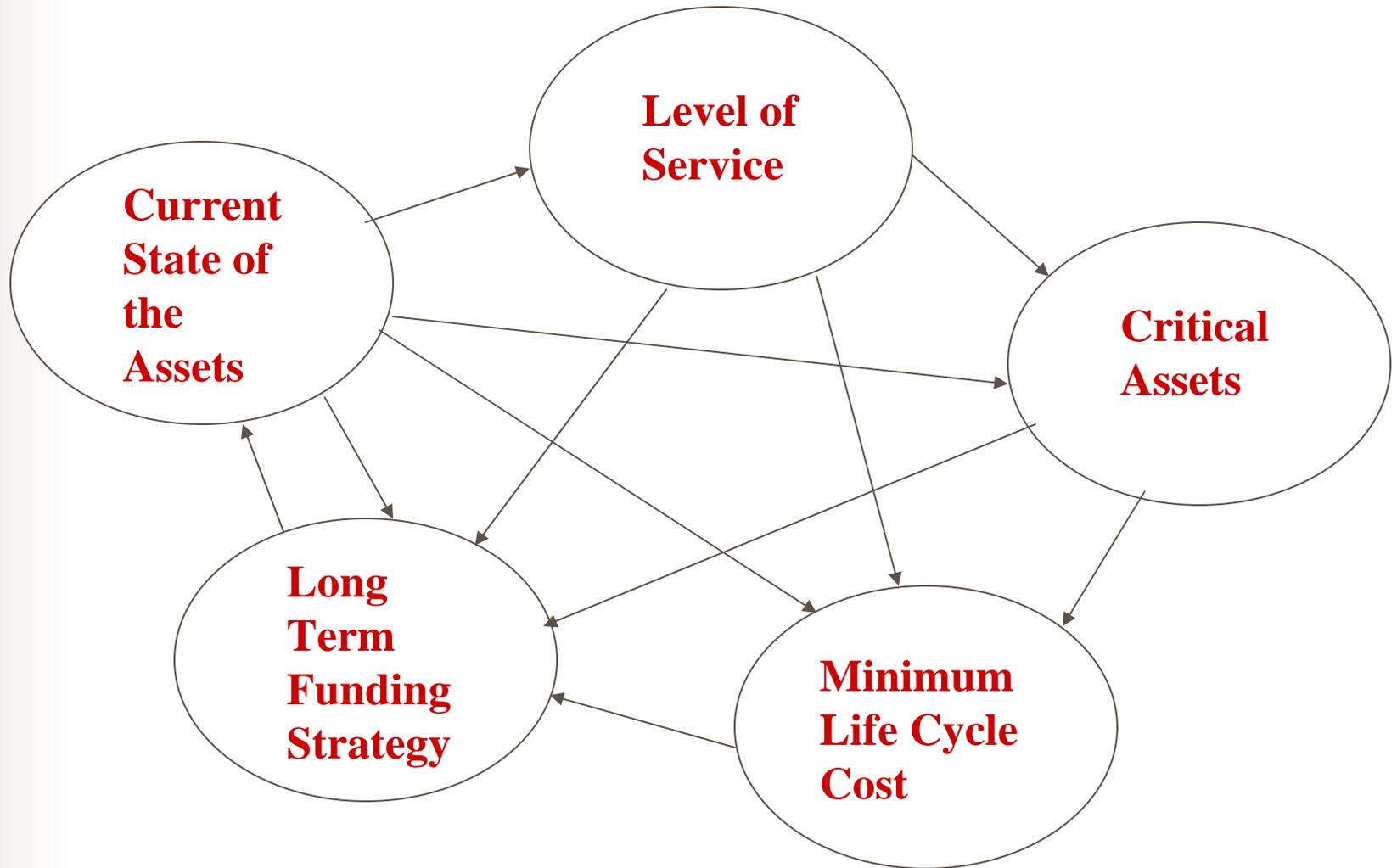
Customer Fees

Loans

Bonds

Special Funds

Communities Can Start Anywhere With AM to Achieve Victories





AM is cyclical
but each time
through the
cycle there is
improvement



AM Activities in NM

- Incentives in CDBG Program
- Required of Two Systems Under Clean Water SRF
- Future: Funding Sources Will Encourage or Require AM as a Condition of Funding
- Training in AM from EFC
- EFC AM Guide



For More Come to Aging
Infrastructure Session Tomorrow
Afternoon

Contact Info

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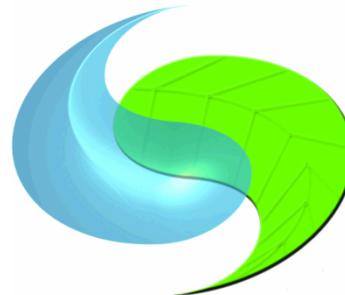
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