

Asset Management

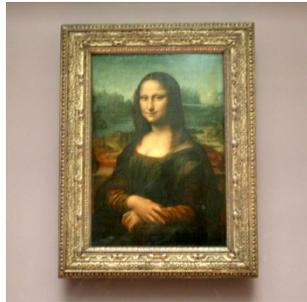
Presented by: Heather Himmelberger, P.E.

Director, NM EFC

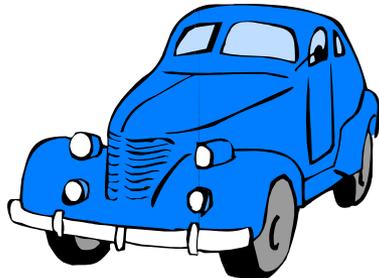
New Mexico Infrastructure Finance Conference

What is an Asset?

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



- or lose value over time





What is 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)



However.....

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

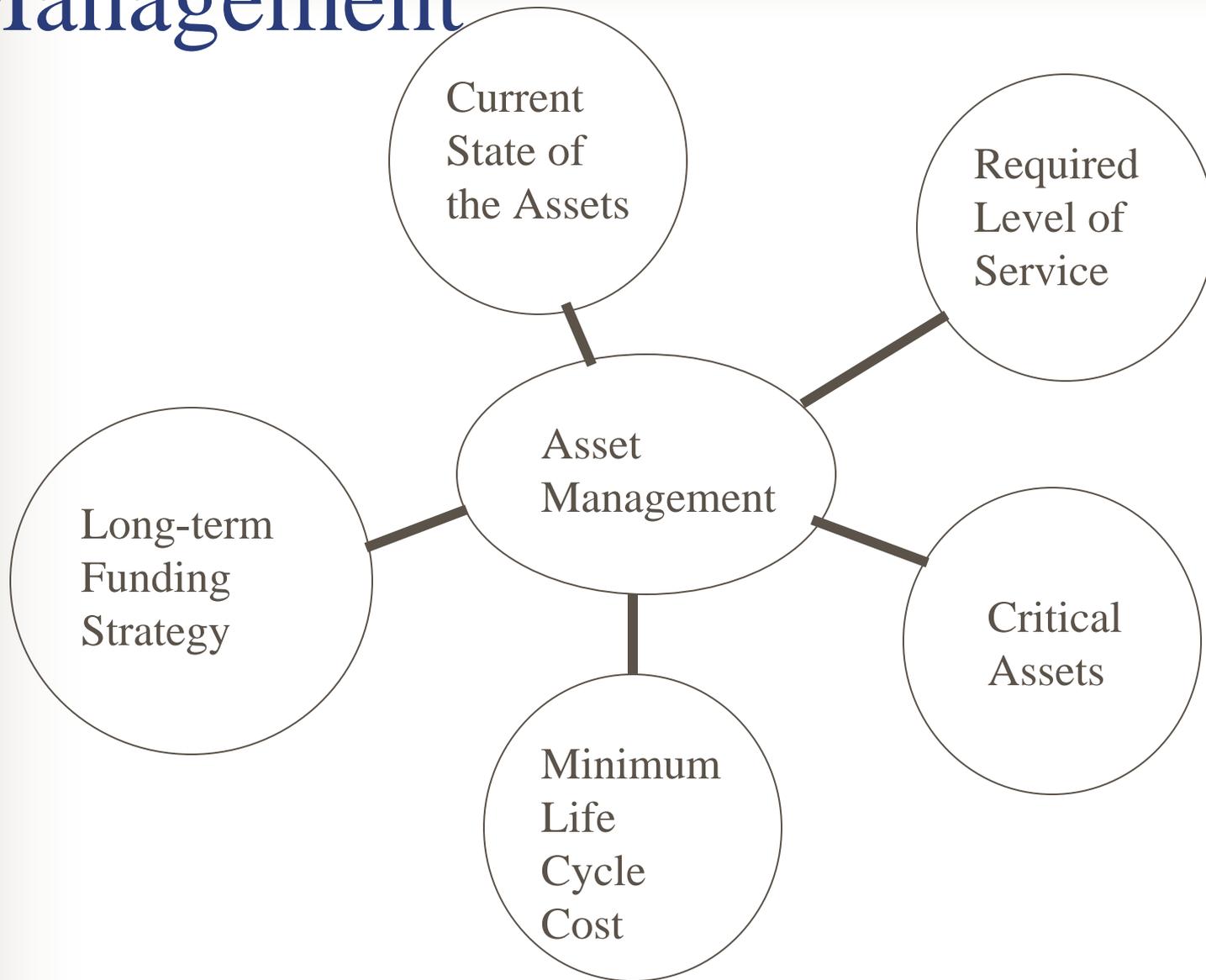
We manage assets in order to provide the
service!



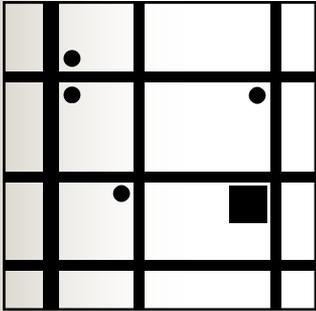
Asset Management is a **tool**

it can be used to help assure that utility services are provided in a sustainable, cost-effective way

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?

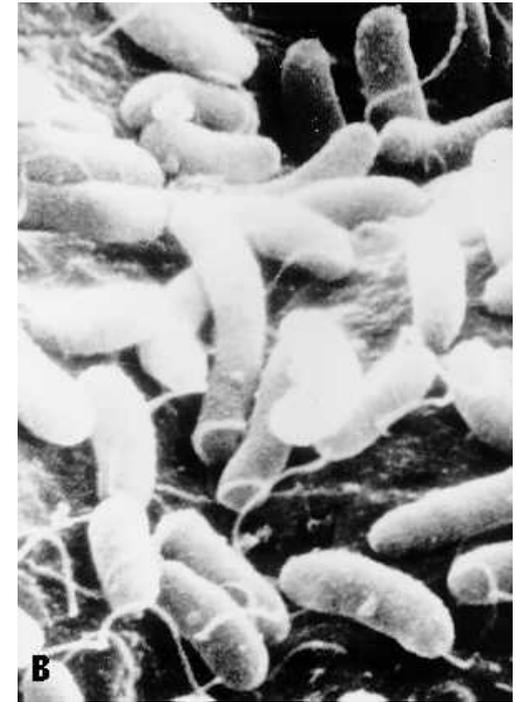
Core Component 2: What is the required Level of Service?



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?

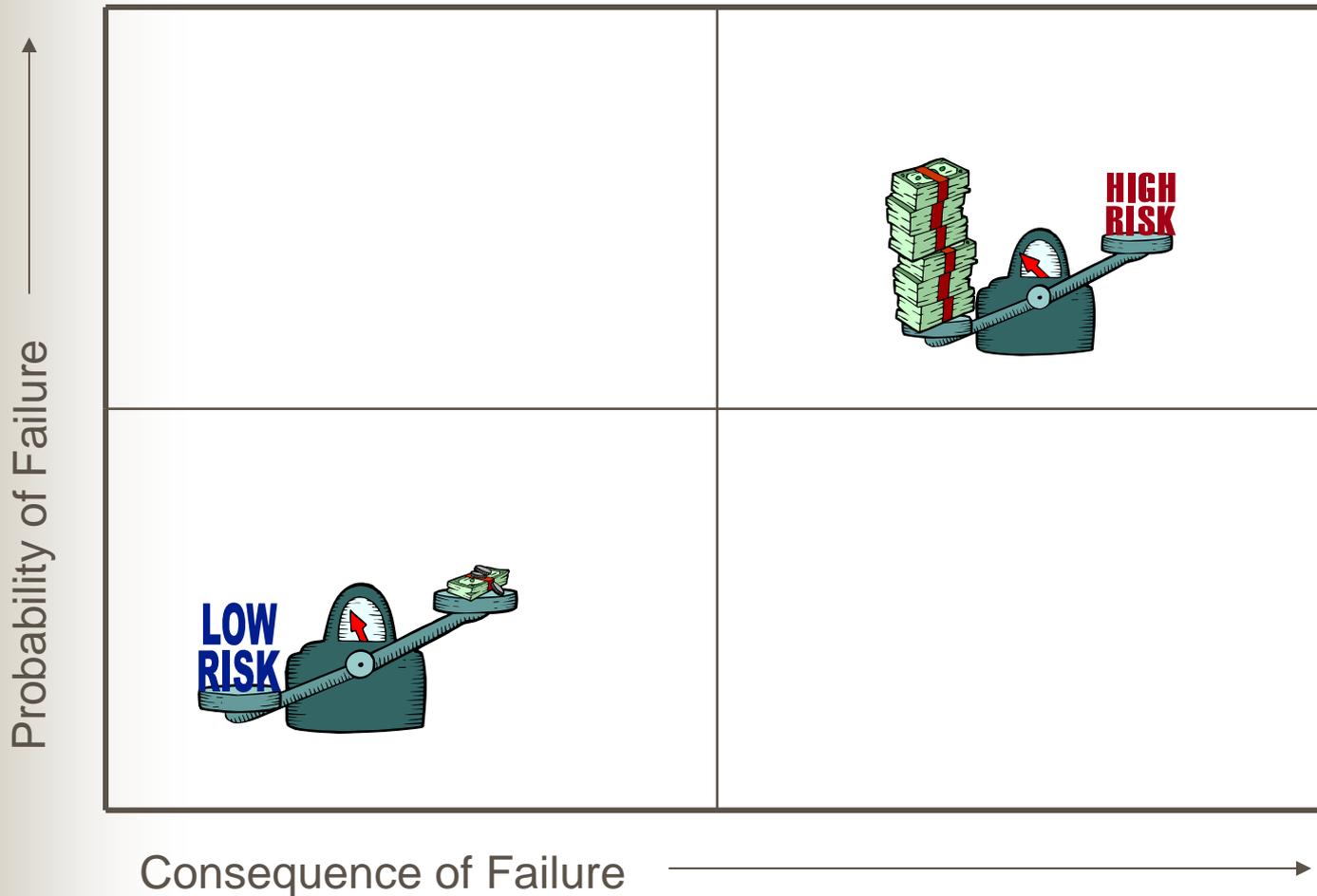


What are the consequences of failure?



What is the cost of the repair?

Critical Assets



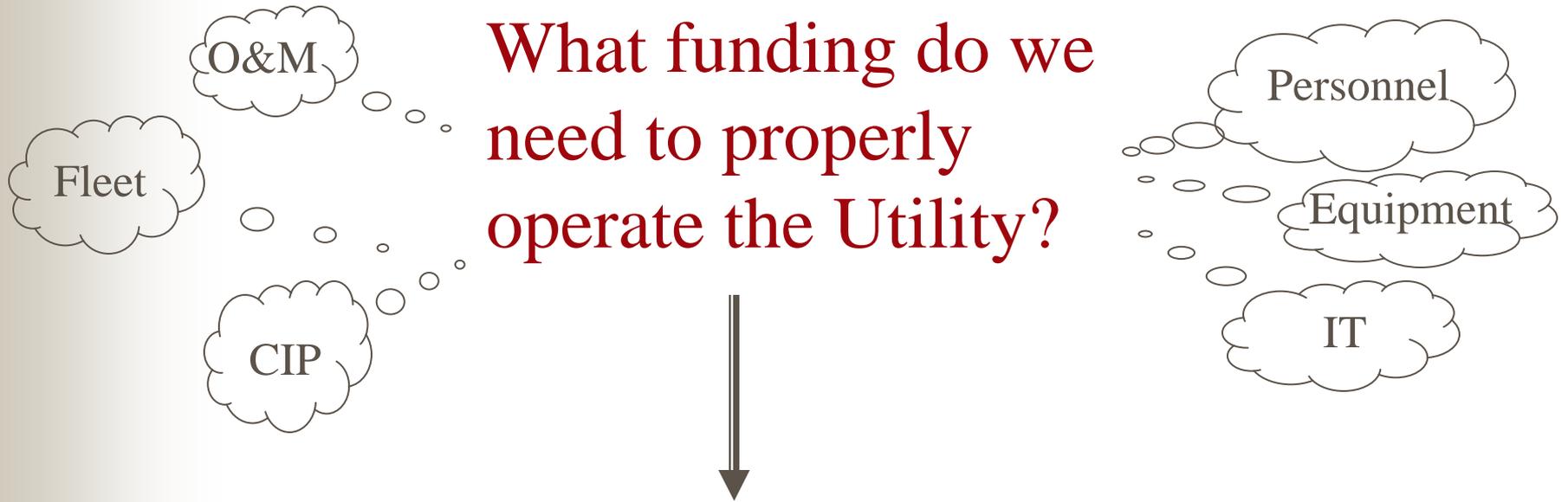
Which category of assets do I care the most about, the least?

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

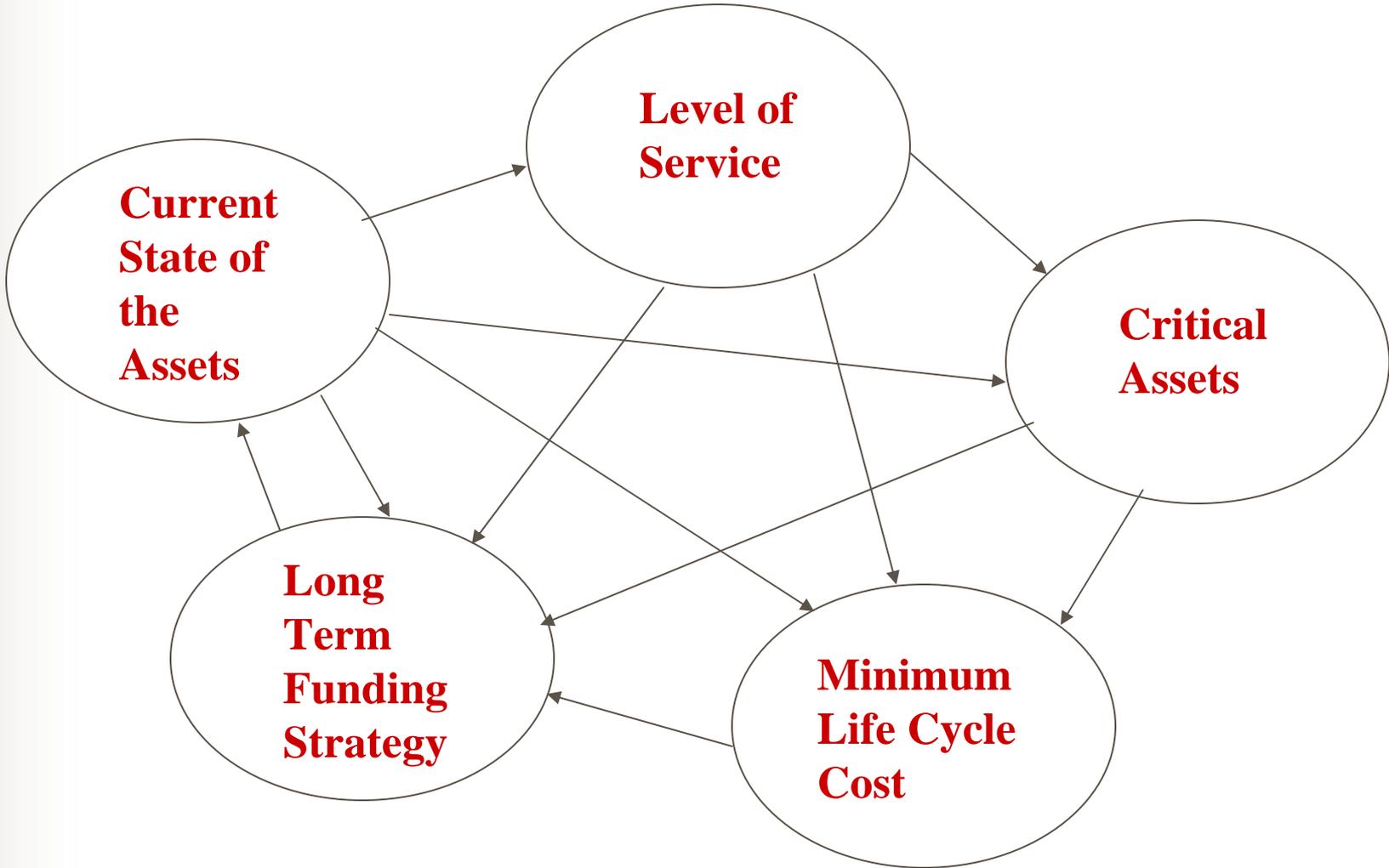
Customer Fees

Loans

Bonds

Special Funds

Components are Interrelated; Process Can Start Anywhere





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



What Conditions Make AM so Important

- Inadequate Capital Funding
- Aging Infrastructure
- Inadequate Cost Recovery Over Time

With these Conditions, Have to Be Smart About When to Do O&M, Repairs, Rehabilitation, and Replacement

A Few Key Benefits

Technical

- Inventory/Maps
- Better Understanding of O&M Costs and What O&M to do

Financial

- Better Capital Projects
- Capital Project Savings
- Best Customer Rate

Managerial

- Customer Communication /Customer Service
- Better Internal Communication
- Greater Efficiencies in All Areas of Operation



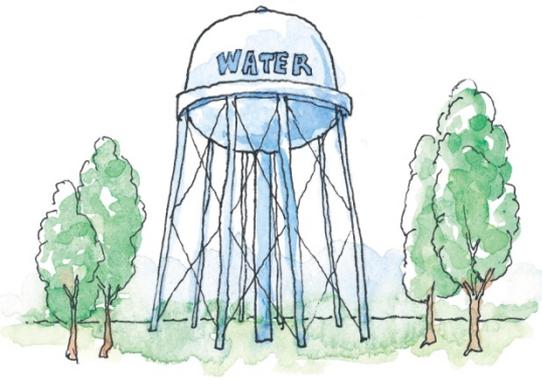
AM Is Coming To New Mexico

- CDBG Incentives: 10 points for Rates Setting Using AM
- Funding Requirements and Incentives



AM is the Future....

If it hasn't come to you yet, it
will!



Open Discussion/Q&A



Contact Info

Heather Himmelberger

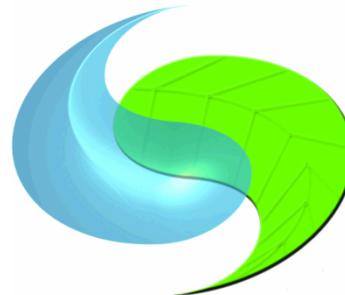
Director, NM EFC

2445 Alamo, SE

Albuquerque, NM 87106

(505)924-7028

heatherh@efc.nmt.edu



NEW MEXICO
ENVIRONMENTAL
FINANCE CENTER