



Asset Management: An Overview for Decision Makers

Safe, Reliable Water: It's up to you!

WHY ASSET MANAGEMENT?

Asset management provides the information you need to make confident management and financial decisions, and effectively engage your customers in the process, and generate cost savings over time.

GET PERSPECTIVE

Ask yourselves: "Are we providing the service that our rate-payers expect within the financial capability of our utility?" Understanding what your utility is doing and for whom it is providing service can give all involved perspective.

WHERE TO START

Asset management helps you organize what you already know about your system. Start by documenting what you know best and add from there. Soon you'll have an asset management plan in place!

Asset Management is a framework to help utilities provide the desired level of service at the lowest life cycle cost.

- Desired level of service is what you want the various parts of your water system to provide (*e.g., water pressure, taste preferences, minimal service interruptions, etc.*)
- Lowest life cycle cost is the best appropriate cost for operating the utility.

Level of Service

- Communication and feedback are essential when determining your level of service. Ask and listen:
 - What service levels do our rate-payers expect
 - What service levels can we provide within our system?
 - How will we measure performance?

Current State of the Assets - The Asset Inventory

- Assets are the parts and pieces that make up your water system (*pipes, pumps, water towers, basins, etc.*)
- An asset inventory is a list and maps of all of the utility's assets, including what type and how many, where they are, their condition, useful remaining life, and replacement costs.
- Asset inventories can also include repair logs, maintenance schedules, and Operation & Maintenance (O&M) schedules.

Criticality

- Criticality is a measure of the Probability of Failure and the Consequence of Failure. It provides a way to develop and prioritize repair, rehab, and replace schedules based on risk.
- The assessment offers answers to the questions, "Which assets are most likely to fail?" and "What is the consequence if they do fail?"

Life Cycle Costing

- Understanding the life cycle of utility assets can help with decision making.
- An examination of the entire life of the asset as a way to optimize O&M, repair, rehab, replace schedules for system assets.

Long Term Funding

- To maintain desired level of service for lowest life cycle cost, a utility must have sustainable funding.
- An asset management plan will help you determine what funding is needed.
- Capital Improvement Plans (CIP) are valuable for determining and communicating long term funding needs

Visit the [Southwest Environmental Finance Center Asset Management Switchboard](#) to learn more about the 5 core components of Asset Management.

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