Asset Management

The Foundation For Effective Planning
Asset Management

• A systematic process of maintaining, upgrading, and operating capital assets
  – Enhances knowledge of capital assets and their respective value
  – Establishes standard processes for investment decision making
The Challenge
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Management Tools

- Computer Aided Design (CAD)
- Geographic Information Systems (GIS)
- Computer Aided Facility Management (CAFM)
- Computerized Maintenance Management System (CMMS)
- Capital Asset Management System (CAMS)
Asset Management Technologies

CAMS
Capital Asset Management System
Lifecycle Management
Strategic Capital Planning

CMMS
Computerized Maintenance Management System
Fixed Asset /Routine Maintenance
Work Order Management

CAFM
Computer Aided Facility Management
CAD-centric Space Management
Move Management
Capital Asset Management

- Asset inventories and valuations
- Condition assessments
- Prediction and trend indicators
- Linkages to strategic performance measures
Asset Inventories / Valuations

- Facilities
- Infrastructure
Asset Inventories / Valuations
Facilities

- Conveying
- Electrical
- Exterior Circulation
- Exterior Closure
- Fire Protection
- HVAC
- Interior Construction
- Plumbing
- Roofing
- Structural
- Site
- Specialties
Asset Inventories / Valuations

Infrastructure

- Pavements
- Bridges
- Tunnels
- Drainage Systems
- Sewer and Water
- Dams
- Power & Lighting Systems
Asset Information*

- Name
- Type
- Size
- Cost
- Ownership
- Use

- Contact Information
- Construction
  - Year
  - Description
- Photos
- Sustainability
  - Carbon Footprint
  - Water Footprint

*Level of detail consistent with owners needs*
Condition Assessment

- Deferred maintenance
- Component lifecycle renewal
- Code compliance
- Functional deficiencies
- Design and performance standards issues
Prioritization

1. Currently critical – immediately (health and safety)
2. Potentially critical – 1 to 2 years
3. Necessary not yet critical – 3 to 5 years
4. Functional need
5. Code requirement
Condition Rating

Condition Index (CI) is an industry accepted method for comparison of condition

\[ CI = \frac{\text{total cost of existing deficiencies}}{\text{current replacement value}} \]
Prediction and Trend Indicators

CONDITION INDEX

TIME

Current Condition

“Best” M&R Point

Failure
(Often the Typical M&R Point)

Remaining Service Life
The Difference in Cost to Repair Between the “Best” M&R Point and “Typical” M&R Point
Linkages to Strategic Performance Measures

Minimal Funding

Serviceability

Time

Worst

Best

$
Linkages to Strategic Performance Measures

Maintain CI

Serviceability

Worst

Best

Time

$
Linkages to Strategic Performance Measures
*Reduce CI over 10 years*
Capital Asset Management

- Communicate needs; justify budgets
- Maintain serviceability
- M & R cost savings
- Proactive maintenance and repair
- Optimized spending
Supported Processes

- Annual Budget Submissions
- Capital Improvement Planning (CIP)
- CMOM Programs
- Storm Water Permitting
- Utility Rate Setting
- Security planning
- Bulk purchasing programs
- Competitive bid programs
- GASB 34/35 requirements
- Sustainability
GASB 34/35

• Intended to provide a more thorough understanding of government stewardship
  – Minimum
    • Inventory
    • Valuation
    • Depreciation
  – Modified Approach
    • Condition Assessment
    • Cost Analysis
    • Asset Management Planning
    • Documentation
Funding Asset Management

• Existing Utilities
  – Water
  – Waste water
  – Storm

• New Utility
  – Transportation

• Include in service fee for building occupants – can come from program revenues

• Include as a fee for new construction project - permit fee

• Return on Investment
Return on Investment Opportunities

- **Savings from avoiding emergency repairs**
  - Priority shipping / Overtime / Schedule disruptions

- **Savings from competitive bidding**
  - Larger / bundled projects - economy
  - Competitive pressure – “Sharpen the Pencil”
Return on Investment Opportunities

• Savings from bulk purchasing
  – Plan for bulk procurement of some items
  – Negotiate pricing for common materials

• Savings from planning efficiencies
  – Significant savings can be realized with a rational project planning process
Summary of Activities

• Develop a complete inventory of assets
• Develop a baseline assessment of current conditions of inventory
• Identify near and long term capital improvement needs
• Develop a plan for program execution
• Execute (design / bidding / QA-QC)
Putting Asset Management to use for Community Planning and Project Finance
Asset Management is not an end to itself ...
Asset Management will...

- Integrate Community Facilities into Planning Efforts
- Allow you to Access Funding Opportunities
Asset Management Addresses all Four Key Issues in the Asset Management/Planning Disconnect

• Information
• Experience
• Focus
• Tools
Asset Management Integrates with new Planning Efforts

- Sustainability
- Energy Efficiency
- Capital Improvements Planning
- Stormwater
- Green Buildings
- Energy Independent Communities
Project Finance Impacts

- Identifies Projects
- Provides timely information
- Saves money by avoiding grants
Identifies Projects

• First Step in All Grants is….

  What is the Project?
  When do you need it?
  Why do you need it?
  What will it cost?
Provides Timely Information

ARRA

EECBG
When you receive in a grant, you almost always end up spending money – sometimes a lot of money
Software Demonstration
Questions?

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