

ASSET MANAGEMENT MODEL



WATER UTILITY CHALLENGES



Aging infrastructure



Lack of capital



Increasing operating costs and staffing shortages



WHAT IS THE ASSET MANAGEMENT APPROACH?

Asset management is a planning process that ensures that **you get the most value from each of your assets and have the financial resources to rehabilitate and replace them** when necessary. Asset management also includes developing a plan **to reduce costs** while **increasing the efficiency and the reliability** of your assets.

United States Environmental Protection Agency



THE ASSET MANAGEMENT FRAMEWORK

What is my best long-term funding strategy?

Do we have enough funding to maintain our assets for our required level of service?
Is our rate structure sustainable for our system's long-term needs?

What is the current state of my assets?

What do I own?
Where is it?
What is its condition?
What is its useful life?
What is its value?

What are my minimum life cycle costs?

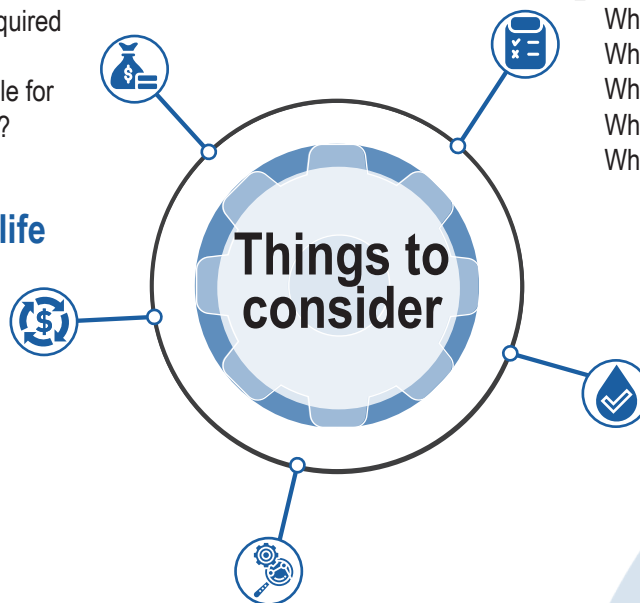
What are the costs of rehabilitation, repair, and replacement for critical assets?
What alternative strategies exist for managing Operations and Maintenance, personnel, and capital budget accounts?
What strategies are the most feasible for my organization?

What is my required level of service?

What level of service do my stakeholders and customers demand?
What do the regulators require?
What is my actual performance?
What are the physical capabilities of my assets?

What are my business risks?

How can assets fail?
How do assets fail?
What are the likelihoods (probabilities) and consequences of asset failure?
What does it cost to repair the asset?
What are the other costs (social, environmental, etc.) that are associated with asset failure?





USG WATER SOLUTIONS (USG) ASSET MANAGEMENT PROGRAM



USG WATER
SOLUTIONS



Condition Assessment

To find out the condition of the asset



Upfront Renovation

And design of a preventive maintenance schedule



Future Renovation on year N+1



Preventive Maintenance

Yearly inspections, washouts or chemical cleanings on year 1, year 2, year n as per the plan

- ✓ Lifetime warranty on coatings*
- ✓ No change orders or unplanned expenditures
- ✓ Predictable budget and cost certainty with annual fee
- ✓ Cost of initial rehabilitation can be spread if necessary
- ✓ Single source responsibility

100% of maintenance risk is transferred to USG



*For as long as the asset is in the maintenance program

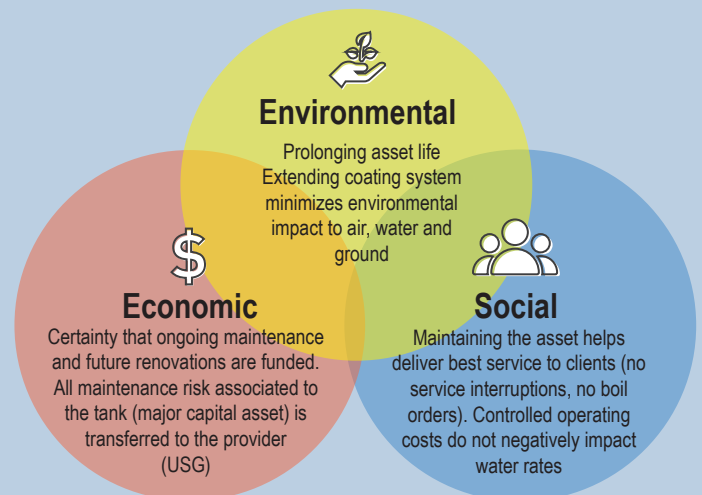


A SUSTAINABLE APPROACH

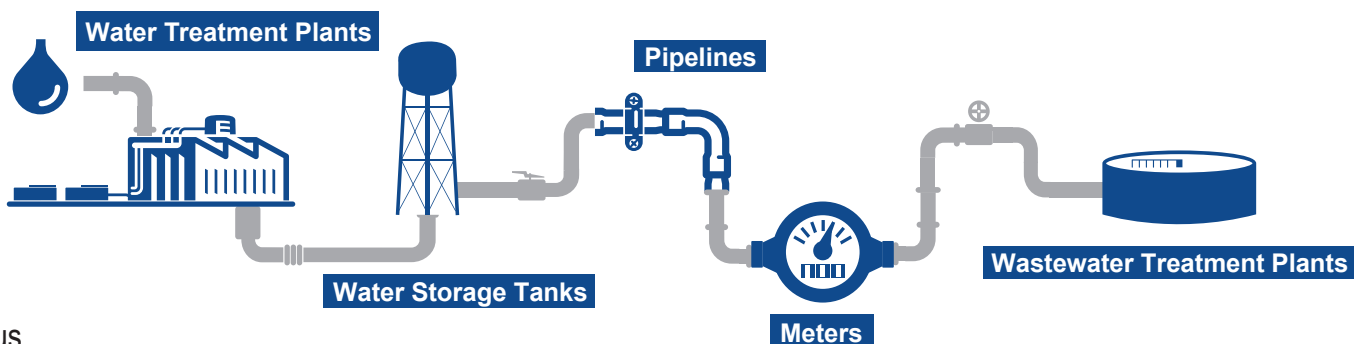
AWWA believes that utilities should adopt a **proactive, sustainable, solution-oriented approach** to manage assets **in support of the economic, social, and environmental needs** of the area served.

 American Water Works Association

The USG Asset Management Program (AMP™) is a **proactive** and **sustainable** solution that yields **environmental**, **economic** and **social** benefits.



APPLICABLE TO ALL ASSETS



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