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Practical Implementation of an Asset Management Process for SCMA

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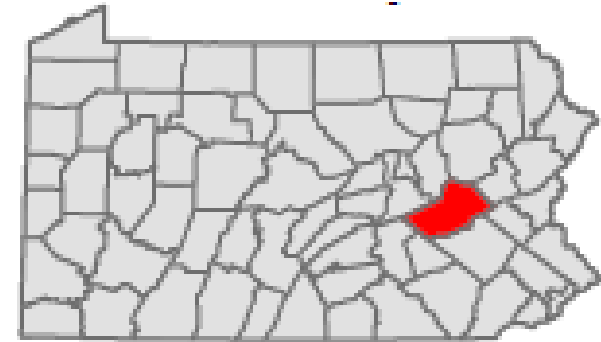


Pennsylvania AWWA

American Water Works Association

Schuylkill County Municipal Authority

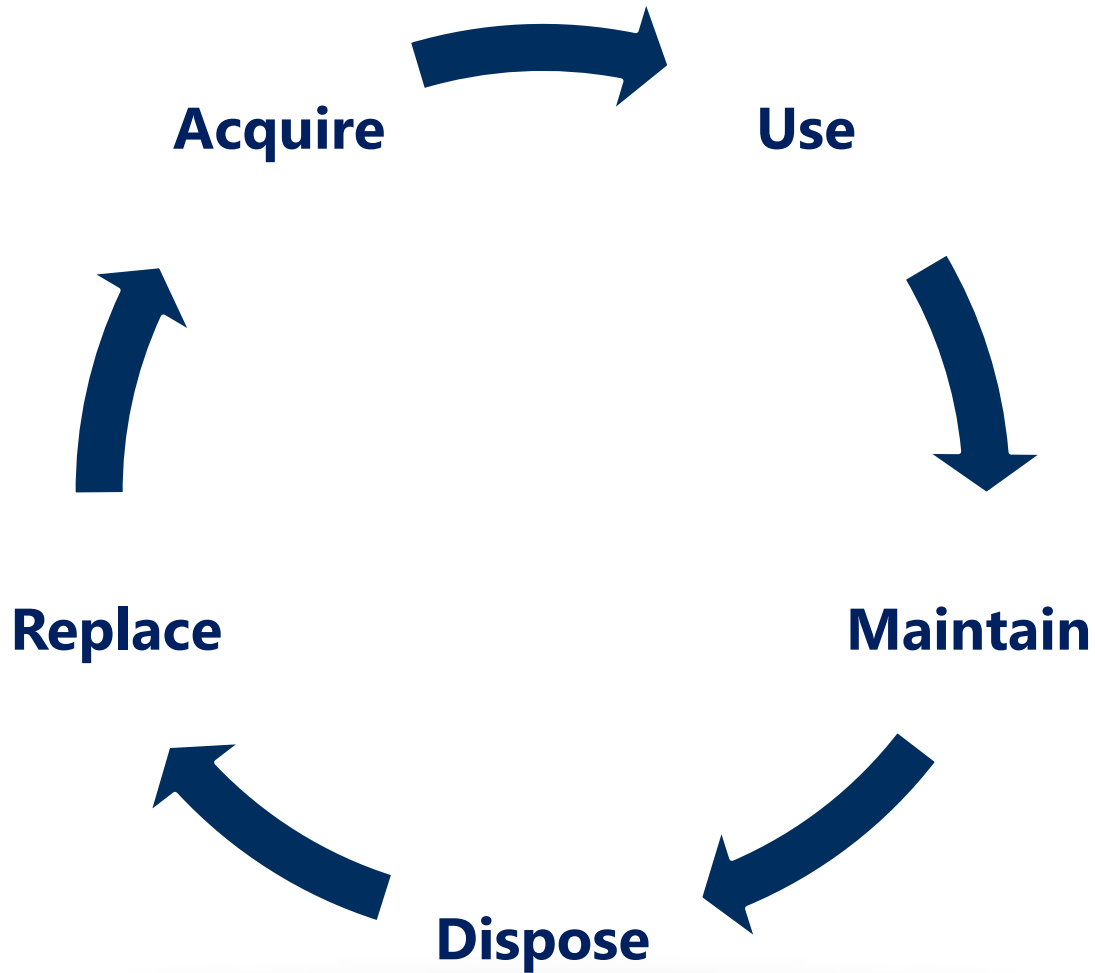
- Origins in 1834
- 30,000 customers in 25 municipalities
- 6 WTPs, 5 WWTPs
- 7 surface water sources, 8 wells
- 27 pump stations
- 250 miles of water and sewer main
- 10 water storage tanks



SCMA Facing Significant Current and Future Replacement and Renewal Needs



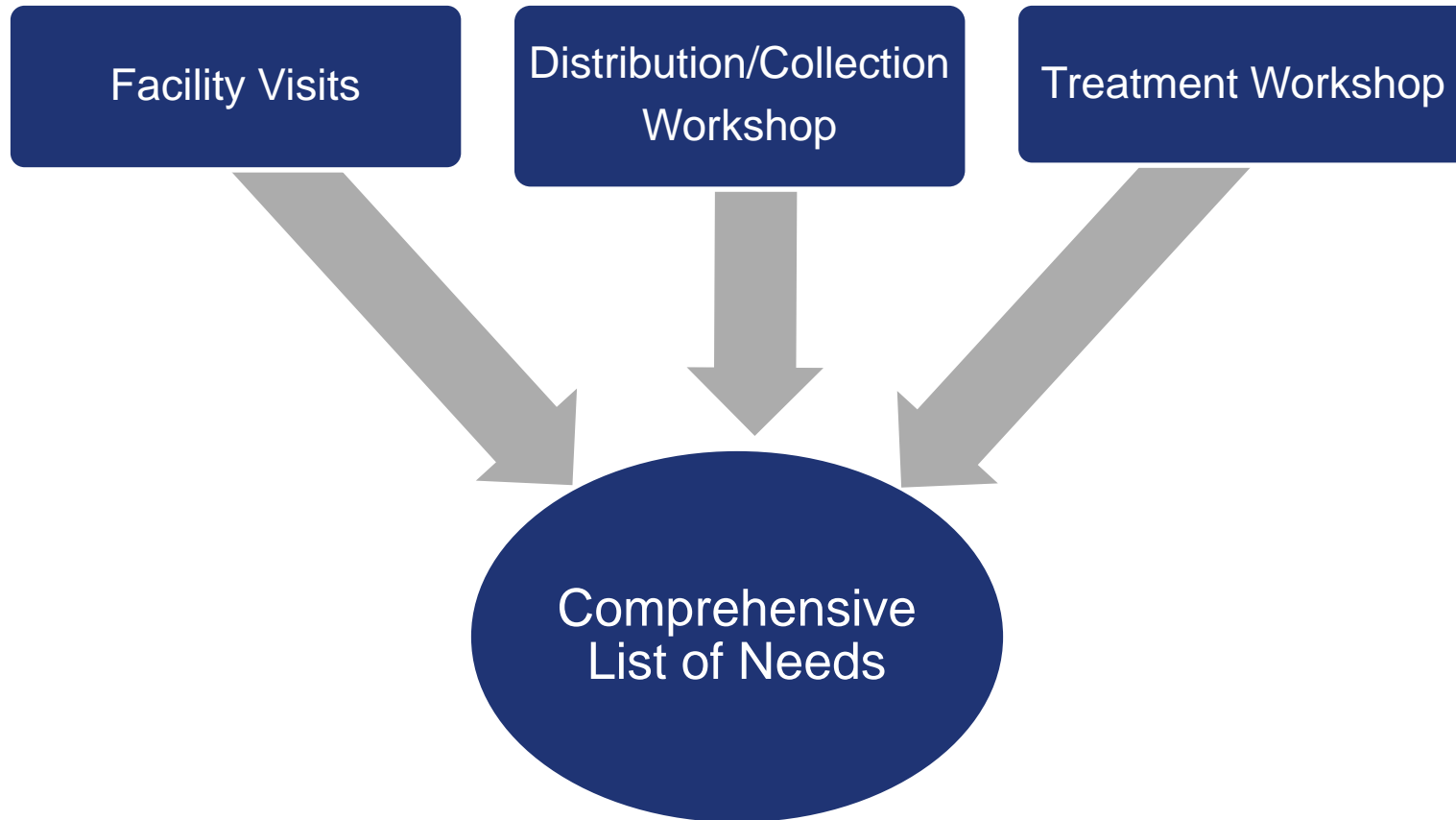
Asset Management is a Process that Guides the Use, Gaining, and Disposal of Assets



Asset Management Most Effective When Implemented in Manageable, Functional Phases

- 1. Existing information to establish short-term beneficial conclusions.**
- 2. Avoid embarking on an overly ambitious data collection effort.**
- 3. Provide an initial identification of prioritized replacement and renewal requirements.**
- 4. Identify a revenue and financing strategy.**
- 5. Identify priorities for the long-term Strategic Asset Management Plan.**

Staff Feedback to Establish Level of Service, Criticality, Risk Probability, Risk Magnitude



Executive Staff Feedback for Prioritization and Long-Term Vision

Comprehensive List of Needs

Executive Management Workshop

Summary of Prioritized Needs

Executive Management Workshop



Establish Beneficial Conclusions while Building For Long-Term Success

Phase I Outcomes:

- 1. Prioritized 10-year Capital Replacement and Renewal Plan (Table 1)**
 - **Water System Pipeline R& R Program (Table 2)**
 - **Water Valve R/R Program (Table 3)**
- 2. Operations, and Maintenance Needs (Table 4)**
- 3. Misc System Needs (Appendix A)**
4. Preliminary Revenue and Funding Strategy

Major Capital Replacement and Renewal Plan Summary

- **Nearly \$50 million in next 10 years**
- **Nearly \$20 million Short-Term (Years 1-3)**
 - Water Main Replacement Program
 - Lead Service Line Replacement Program
 - Major Facility Upgrades/Replacements
- **Immediate Implementation of High Priority Short-Term improvements**
 - GIS
 - Storage Tank Repaints and Repairs

Need to Establish Financing Plan to Implement Short-Term Needs

	Option 1 Pay-As-You-Go	Option 2 Short-term Financing	Option 3 Long-term Financing	Option 4 Hybrid Financing
Pay-As-You Go Financing	\$ 11,700,000	\$ -	\$ -	\$ 5,400,000
Debt Service Financing	\$ -	\$ 11,700,000	\$ 11,700,000	\$ 6,300,000
Total Funded	\$ 11,700,000	\$ 11,700,000	\$ 11,700,000	\$ 11,700,000
Length of Financing	3 years	7 years	25 years	25 years
Interest Rate(1)		2.4%	3.3%	3.3%
Annual Financing	\$ 2,925,000	\$ 1,835,689	\$ 694,564	\$ 2,173,996
Current Annual Capital Reserve	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
(Annual Deficit)/Annual Reserve	\$ (925,000)	\$ 164,311	\$ 1,305,436	\$ (173,996)
Rate Increase to Address Deficit	13.3%	(2)	-	2.5%

Board and Staff Meetings for Uniform Buy-In



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ASSET MANAGEMENT, PH I

**SUMMARY OF FINDINGS/IMPLEMENTATION
WORKSHOP**

December 5, 2017



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ASSET MANAGEMENT, PHASE I

SUMMARY OF FINDINGS

**Operating Committee Meeting
October 17, 2017**



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Effective Asset Management is a Process, Not a Project

- 1. Yearly Review/Update of Plan**
- 2. Yearly Update of Financing Strategy**
- 3. Comprehensive Update of Plan Every 3 to 5 years**
- 4. Establish Administrative and Staffing Plan**
- 5. Complete Studies/Investigations to Define Improvements**
- 6. Continued Enhancement of Asset Management System**

Implementation of the Asset Management System

Dear Past,
thank you for
all the lessons.
Dear Future,
I'm now ready.

QUOTED I A B Y I M E

Questions??



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