Practical Implementation of an Asset Management Process for SCMA

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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.

- **Acquire**
- **Use**
- **Maintain**
- **Replace**
- **Dispose**
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

- Facility Visits
- Distribution/Collection Workshop
- Treatment Workshop

Comprehensive List of Needs
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

<table>
<thead>
<tr>
<th></th>
<th>Option 1 Pay-As-You-Go</th>
<th>Option 2 Short-term Financing</th>
<th>Option 3 Long-term Financing</th>
<th>Option 4 Hybrid Financing</th>
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<tbody>
<tr>
<td>Pay-As-You Go Financing</td>
<td>$11,700,000</td>
<td>-</td>
<td>-</td>
<td>$5,400,000</td>
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<tr>
<td>Debt Service Financing</td>
<td>$ -</td>
<td>$11,700,000</td>
<td>$11,700,000</td>
<td>$6,300,000</td>
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<tr>
<td>Total Funded</td>
<td>$11,700,000</td>
<td>$11,700,000</td>
<td>$11,700,000</td>
<td>$11,700,000</td>
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<tr>
<td>Length of Financing</td>
<td>3 years</td>
<td>7 years</td>
<td>25 years</td>
<td>25 years</td>
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<tr>
<td>Interest Rate(1)</td>
<td>2.4%</td>
<td>3.3%</td>
<td>3.3%</td>
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<tr>
<td>Annual Financing</td>
<td>$2,925,000</td>
<td>$1,835,689</td>
<td>$694,564</td>
<td>$2,173,996</td>
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<td>Current Annual Capital Reserve</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
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<td>(Annual Deficit)/Annual Reserve</td>
<td>$(925,000)</td>
<td>$164,311</td>
<td>$1,305,436</td>
<td>$(173,996)</td>
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<td>Rate Increase to Address Deficit</td>
<td>13.3%</td>
<td>(2)</td>
<td>-</td>
<td>2.5%</td>
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</table>
Board and Staff Meetings for Uniform Buy-In

ASSET MANAGEMENT, PHASE I
SUMMARY OF FINDINGS/IMPLEMENTATION WORKSHOP
December 5, 2017

ASSET MANAGEMENT, PHASE I
SUMMARY OF FINDINGS
Operating Committee Meeting
October 17, 2017
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
Dear Past, thank you for all the lessons. Dear Future, I'm now ready.
Questions??

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