

## 1.0 Purpose and Need

HRSD is an asset intensive organization. Managing this diverse portfolio of assets effectively and efficiently is critical to HRSD's long term financial sustainability. This policy describes the key principles and requirements that HRSD will adopt for managing its assets.

The goals of Asset Management are to make more informed decisions, based on improved asset data, to better manage risk, and to instill risk based decision making and lifecycle cost evaluation into the organization's culture.

## 2.0 Definitions

**Asset:** Plant, equipment, buildings, property, pipelines, infrastructure and other items that have potential or actual value to the organization through the production and delivery of the utilities' service to the community or group of customers.

**Asset Lifecycle:** Stages involved in the management of an Asset. These stages or activities include asset planning, design, construction, commissioning, operation, maintenance, and retirement/decommissioning.

**Asset Management Framework:** organization's asset management policies; asset management strategy; asset management objectives; asset management plans; and the processes, information systems and organizational structures necessary for their development, implementation and continual improvement.

**Asset Management Policy:** intentions and direction of an organization as formally expressed by its top management. Consists of principles and mandated requirements derived from (and consistent with) the organizational strategic plan and/or goals, providing a framework for the development and implementation of the asset management strategy and the setting of the asset management objectives.

**Asset Management Program:** a program to implement asset management improvements, focusing on developing an organization's asset management capabilities and its asset management maturity. Typically includes development of people, processes and information systems (including asset data).

**Asset Management Strategy:** strategy for improving asset management capabilities of an organization, focusing on people, processes and procedures, and information systems.

***Investment:*** capital expenditure and operations and maintenance expenditure (including labor and materials) that enables an organization to realize value from its assets in order to achieve its levels of service and organizational objectives.

***Levels of Service (LOS):*** a statement of outputs or objectives that an organization or activity intends to deliver to customers and stakeholders.

***Risk:*** the effect of uncertainty on objectives. Risk is often expressed in terms of a combination of the consequences of an event and the associated “likelihood” of occurrence.

***Risk Based Approach:*** decisions are informed by the assessment of risk.

### **3.0 Guiding Principles**

HRSD’s Asset Management Vision is “making the right investment at the right time” and we will achieve this through our Asset Management Program.

HRSD’s Asset Management Policy is intended to facilitate the planning, construction, operation, maintenance, and retirement of needed infrastructure. The Asset Management Program will promote a lifecycle approach to managing assets in order to balance asset performance, cost and risk.

In managing our assets, we will:

- Establish levels of service and monitor the performance of assets or class of assets
- Use cost effective approaches that consider the asset lifecycle
- Use integrated enterprise systems and asset management tools to inform decision making
- Follow a risk-based approach to prioritize maintenance, capital projects and asset replacements

In implementing the Asset Management Program, we will:

- Establish an Asset Management Framework aligned with industry best practices
- Develop an Asset Management Strategy that is aligned with the Strategic Plan
- Determine data needs for managing our assets, including maintenance management, risk assessment and replacement planning
- Establish a risk management methodology and process
- Develop a robust long term investment plan for rehabilitation and replacement of assets
- Perform research and development to find new technologies and optimize existing operation and maintenance strategies

**COMMISSION ADOPTED POLICY**  
***Asset Management***



Adopted: January 23, 2018

Revised: N/A

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- Develop resource and training plans that align with Asset Management Strategy requirements
- Incorporate regular audits and formal management reviews to promote continual improvement



HRSD will provide sufficient information, training and resources to enable continuous improvement of the Asset Management Program.

**4.0 Responsibility and Authority**

Effective asset management and continuous improvement of the Asset Management Framework is the responsibility of all HRSD employees, consultants and contractors in accordance with the Asset Management policies, standards, procedures and guidelines.

The Chief of Asset Management is responsible for the periodic review and update of this policy and for coordinating related training for HRSD employees.

Approved:  \_\_\_\_\_   
Frederick N. Elofson  
Commission Chair  
Date

Attest:  \_\_\_\_\_   
Jennifer L. Cascio  
Commission Secretary  
Date