

ASSET MANAGEMENT, A BIG PART OF CAPACITY DEVELOPMENT

Capacity Development, most all of us know is the emphasis of NHHS and EPA's drinking water program. The three aspects of Capacity Development are Technical, Managerial, and Financial. I have always professed that the later mentioned Financial is the real key. If you don't have the finances, you most likely don't have the Technical expertise, or the Managerial capabilities to run a water system.

Looking more closely though, you really can't have a true financial picture of your system without proper management. To understand what kind of money is really needed to keep the system in optimal shape, you first must understand what shape the system is in at the present time. This is where record keeping is crucial. Records of when lines were installed or repaired, hydrants flushed, valves exercised, meters installed or tested and tank painted or cleaned are vital to know the true shape of your water system and to understand what kind of expenses you are facing in the near future.

Let's assume, (and I know that this is a big assumption!) that everyone has excellent records of all of the installations and repairs of the system. How do you best use this information to manage your assets? The following table shows the typical life expectancies of various water system components. Keep in mind that a number of factors can affect how long a certain asset will last. This is where good record keeping is crucial. If an item has been well maintained and serviced, it will have a greater life expectancy. Excessive use and environmental conditions such as poor water quality can reduce the life expectancy.

ASSET MANAGEMENT, A BIG PART OF CAPACITY DEVELOPMENT

SYSTEM COMPONENT	AVERAGE USEFUL LIFE
Wells	40 years
Pumping Equipment	10 years
Disinfection Equipment	5 years
Elevated Storage	80 years
Valves	35 years
Mechanical Valves	15 years
Computer Equipment	5 years
Electrical Transformers/Switchgear	20 years
Motor Controls/Variable Frequency Drives	10 years
Distribution System (pipes)	50 years
Hydrants	40 years
Meters	20 years

ASSET MANAGEMENT, A BIG PART OF CAPACITY DEVELOPMENT

To determine the adjusted useful life of an asset, use the table and adjust according to current age and condition of the equipment. Once you have determined the remaining useful life of all components of your system, it is time to start planning. Now that you have an idea how long you expect each component to last, a little research will tell you what it is going to cost to replace or repair it. Parts suppliers, Well drillers, Tank contractors, Engineers, etc. can be very helpful in this process.

Now that you know how much time you have, and an estimated cost, you can calculate how much money should be set aside each year to have the financial resources to rehabilitate and or replace each component when necessary.

Unless your water system is in better shape than most, you will probably also have to prioritize. Decide which item is most critical and budget accordingly. Once again, good records are crucial. They will help convince the water board or City Council that these items definitely need to be budgeted for.

If you would like assistance with this effort or any other aspect of your water system give us at Nebraska Rural Water Association a call.

Randy Hellbusch, NeRWA Circuit Rider

ASSET MANAGEMENT, A BIG PART OF CAPACITY DEVELOPMENT