



Agenda Date: 7/19/2017

Agenda Placement: 8C

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors
FROM: Timothy Healy - General Manager
NS-Technical Services/Engineer
REPORT BY: Robin D. Gamble, Asset Manager - (707) 258-6031
SUBJECT: Receive Presentation from Staff on Asset Management Program

RECOMMENDATION

Receive presentation from staff on Asset Management Program, discuss and provide direction to staff.

EXECUTIVE SUMMARY

Goal 1b of the Board's Strategic Plan for 2017 – 2019 is to continue implementing an asset management (AM) program that will help NapaSan to be proactive in addressing the management of its infrastructure.

Asset management is a management approach that balances levels of service (LOS) with cost of service (COS) at a level of risk that is acceptable to the Board. Levels of service are dynamic and evolve with the adoption of new regulatory requirements and in response to shifting economic and social priorities within the service area. Best practices for NapaSan are unique to this agency and the adopted asset management program needs to be fit-for-purpose and flexible.

Implementing an asset management program is an investment in leading practices that over time will allow NapaSan to prioritize its maintenance and capital project needs. Without the asset management program, spending decisions are based on available information that is not always complete or verified. Asset management doesn't save money per se, it provides tools and procedures that are necessary for NapaSan to make informed decisions that balance levels of service with risk and cost.

The Asset Management Plan, which is a roadmap for implementing a more robust asset management program was prepared with a four phased approach. The plan provided three timing options for the road map to be implemented based on NapaSan's annual reassessment of the program and which consist of 4-year, 7-year or 10-year implementation.

The Asset Management Plan provides a roadmap for implementing the asset management program, which consists of four phases:

- Phase 1* – Refine existing asset management practices and replace CMMS
 - Phase 1A – Necessary improvement tasks
 - Phase 1B – CMMS implementation
 - Phase 1C – Planning tasks and Phase 2 preparation tasks
- Phase 2 – Prepare tactical asset management plans
- Phase 3 – Optimize data-driven decision making
- Phase 4 – Review and refine the asset management program

*A detailed description of each Phase 1 task is located in the attached Technical Summary.

Implementation of the asset management program is expected to take seven or more years and require about \$4.08 million in resource costs (including software purchases) over that period. These investments will provide the means to make informed investment decisions in the future that optimize the balance between meeting levels of service while minimizing costs and managing risks.

Appropriation of funds will be at the Board's discretion and based on the realized value of the AM program as implemented. Based on future Board decision, the program can be scaled back accordingly. The recommended Phase 1 tasks are necessary, however, to update current practices and software to current industry standards. Phase 1 costs are \$570,120 in FY17/18 and \$466,960 in FY18/19. These investments will provide the means to make informed investment decisions in the future that optimize the balance between meeting levels of service while minimizing costs and managing risks.

The full Asset Management Plan is available upon request.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	The budget for Phase 1A tasks is \$500,000 which is covered in the 17/18 operating budget and 10-year capital plan. Staff will return to the Board at a future meeting to discuss budget approval for Phase 1C and Phases 2-4. It is likely that Phases 2-4 will be broken down into sub-phases similar to Phase 1. In the future, the Board will have the opportunity to reevaluate their desire for resource allocation to the asset management program.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The item is a Board Strategic Plan Goal.
Is the general fund affected?	Yes
Future fiscal impact:	None.
Consequences if not approved:	If the asset management program does not proceed, only the Phase 1A tasks will be completed.

Additional Information:

ENVIRONMENTAL IMPACT

None.

BACKGROUND AND DISCUSSION

On November 16, 2016, the Board authorized staff to execute a task order with GHD to prepare an Asset Management Plan that provides a roadmap for implementing an asset management program. On March 1 and again on April 19, 2017, GHD presented to the Board a progress report on the development of the Asset Management Plan.

SUPPORTING DOCUMENTS

- A . Asset Management Program Presentation
- B . Asset Management Plan - Technical Summary

Napa Sanitation District: Approve

Reviewed By: Timothy Healy