

Our Asset Management Charter

Our organization is embarking on a journey to better manage our assets. Asset Management is a way to evaluate and discuss choices we make in taking care of the bureau's aging infrastructure. The term may be unfamiliar to us, but the principles of Asset Management really are not, having been practiced to some degree throughout our organization since the water delivery system was first created in the late 1800's. We have always done asset management; now we want to become better at it, as an advanced asset management organization.

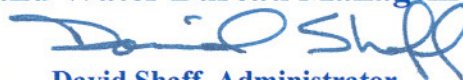
The current focus on advanced asset management (AAM) is simply an effort to consistently apply accepted principles of science and economics to better determine when certain groups of assets will be maintained or monitored for condition changes; as well as whether to repair or replace those assets that have failed or will likely fail soon.

According to the International Standard, an advanced asset management organization should do the following:

- **Service Level:** Measure the level of service our assets currently deliver, the level of service our customers expect, and our customers' willingness to pay for that level of service.
- **Physical Condition & Criticality of Assets:** Understand and monitor the condition of assets so we can predict what future action will be necessary, and when. Understand the relative criticality of each asset so our focus is on maintaining or replacing those assets most critical to our business of delivering service.
- **Failure Modes of Assets:** Assess and understand the various ways in which an asset may fail and take steps to reduce the risk of failure by preventing or overcoming those failures.
- **Performance of Assets:** Measure and understand the performance of our assets in order to assess the effectiveness of operations, maintenance and capital improvement programs.
- **Prioritization of Projects Based on Value:** Schedule projects to suit available budgets so those with the greatest ratio of benefit to cost are undertaken first. The prioritization should consider lifecycle cost analysis, the triple bottom line (economic, social and environmental factors), and the impact of the project on risk of asset failure and on level of service.
- **Optimization of Operations and Maintenance Activities:** Minimize costs through an optimal blend of planned and unplanned maintenance activities, and by operating the system cost-effectively.

These are our goals. We need your participation and contributions to make this a success.

Portland Water Bureau Management Team



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