

Risk Based Capital Management Update

Chuck Wolf Technical Services Manager

Meeting Date: April 29, 2019



Objectives

Improve decision making on asset renewal through improved prioritization of assets across BRA

Improve long-term capital forecasting through improved assessment of renewal needs

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Process, In General

Assess

Asset
Condition
&
Criticality

Build

Relative Risk by Asset

BRA Asset

Risk

Profile

Prioritize

Asset
Renewal to
Lower Risk
Profile

Manage

Long-Term
Capital
Forecasting

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Identifying relative asset risk...

X

Likelihood of Failure

Consequence of Failure

X

Redundancy

Risk Score

Condition

- Mortality
- Capacity
- Availability
- Obsolescence

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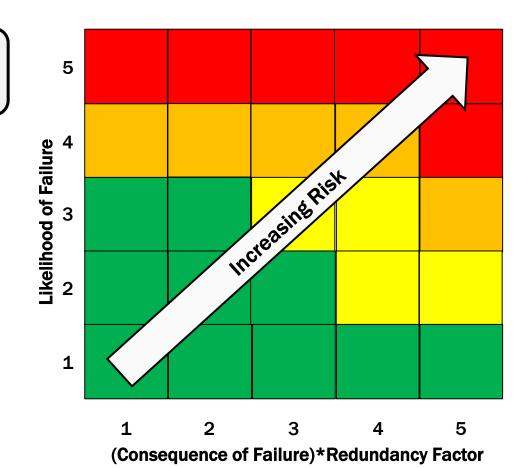
Level of Service

Criticality

- Economic Factors
- Regulatory Factors
- Organizational Factors

Risk Control

 No. of Units Required vs.
 No. of Units Provided



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Prioritize Assets to Reduce Risk Profile...

Business Rule #1: Risk Score

Business Rule #2: Condition Score

Business Rule #3: Remaining Useful Life (RUL)

CIP Group Definition Repair/Replace **Immediate** 1 - 5 Years Repair/Replace **Short-Term** 6 - 10 Years Repair/Replace **Mid-Term** 11 - 20 years Repair/Replace **Long-Term** >20 Years

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Updates from January

- Selected David Jones to serve as Capital Improvements Planning Administrator
- Reviewed Asset Hierarchies for:
 - Dams
 - Temple-Belton WWTP
 - East Williamson County WTP

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Next Steps

- FY19 Efforts
 - Map hierarchy to Infor financial database
 - Initial assignment of criticality information to groups of assets
 - Perform gap analysis on asset database

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Next Steps

- FY20 Efforts
 - Develop condition assessment data for all assets
 - Finalize criticality data for all assets
 - Use prioritization to frame FY21 CIP planning decisions
 - Develop initial estimates of replacement cost and timing for all assets

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