



Meeting: **Reservoir Committee & Authority Board**
Agenda Item 2.1

July 19, 2024

Subject: **Asset Management Policy**

Requested Action:

Reservoir Committee and Authority Board considers approval of the new Asset Management Policy.

Detailed Description/Background:

A new Asset Management Policy is proposed to establish guidelines for the effective and efficient management of assets owned and operated by the Sites Project Authority in compliance with relevant contractual and regulatory requirements and industry best practices (e.g., ISO 55000).

The policy outlines the principles, responsibilities, processes and performance monitoring to ensure the optimal utilization, maintenance and renewal of assets to support the construction and operation of the Sites Reservoir Project.

It is understood that the Sites Project is currently in the planning and development stage (Phase 2) and is expected within the next 18-24 months to continue into final design, construction, commissioning and operations (Phase 3/4/5). The only current activity that warrants the creation of an Asset Policy is early land acquisition. The Policy as presented is adequate for this purpose. This Policy will need to be modified as future development of the Project occurs, and additional assets are acquired. Further development of the Asset Management Policy will be informed by the development of the Chart of Accounts and the financial system and software that are needed for Phase 3/4/5.

The Budget and Finance Committee recommended approval of this Policy to the Reservoir Committee and Authority Board at their July 12, 2024 meeting.

Prior Action: None.

Fiscal Impact/Funding Source:

Developing policies and procedures is included in the Amendment 3 Work Plan.

Staff Contact:

Joe Trapasso/Brian Thomas

Attachments:

Attachment A – Sites Project Authority Asset Management Policy

	DOCUMENT TYPE	Policy
	DOCUMENT NO.	xxx
	ADOPTED	TBD
	LAST UPDATED	New

Sites Project Authority Asset Management Policy

1. Purpose

The purpose of this Asset Management Policy is to establish guidelines for the effective and efficient management of assets owned and operated by the Sites Project Authority (Sites Authority) in compliance with relevant contractual and regulatory requirements and industry best practices (e.g., ISO 55000).

This policy outlines the principles, responsibilities, processes and performance monitoring to ensure the optimal utilization, maintenance and renewal of assets to support the construction and operation of the Sites Reservoir Project (Sites Project) that the Sites Authority Board (Sites Board) has approved and is implemented. It is understood that the Sites Project is currently in the planning and development stage (Phase 2) and is expected to continue into final design, construction, commissioning and operations (Phase 3/4/5). This Policy will be modified as future phases of the Sites Project occur and assets are acquired, necessitating policy changes.

2. Scope

This policy applies to all assets owned, operated and controlled by the Sites Authority, including but not limited to land property, water storage, water rights, permits, infrastructure, facilities, equipment, vehicles and information systems.

3. Principles

- **Asset Stewardship:** The Sites Authority and its Executive Director, Agents, employees, and consultants have a responsibility to protect, maintain and enhance, when practicable, the value of the Sites Authority's assets throughout their lifecycle while achieving the project goals set forth by the Board of Directors.
- **Decision Making:** The governing documents of the Sites Project allow for reserved and delegated powers to be established and adjusted from time to time. This Policy is intended to be consistent with and complementary to the established governance documents.
- **Risk Management:** Applying asset management principles relies on risk assessments to mitigate potential failures, disruptions, and hazards. The risk analysis involved in managing the Authority's assets is to be performed by the staff, with recommendations for appropriate asset investment brought to the Board through the annual budgeting process.

- **Strategic Plan Policy Direction:** The values and strategic goals of the Sites Authority will be set forth in the updated Strategic Plan. Staff shall consider these as critical success factors in implementing asset management.
- **Data-Driven Decision Making:** Asset management decisions will be based on accurate and up-to-date data, including condition assessments, performance metrics and financial analyses.
- **Compliance:** Asset management activities will comply with relevant laws, regulations and contractual obligations.

4. Roles and Responsibilities

- **Board of Directors:** The Sites Authority’s Board of Directors, or as delegated in governing documents, is responsible for providing general oversight and strategic direction for asset management activities, including approving policies and capital and operating budgets.
- **Executive Director:** The Executive Director is responsible for implementing and administering the asset management program in accordance with Board and Reservoir Committee directives within authorized budgets, and reporting on performance and compliance.
- **Asset Manager:** The Asset Manager is the designated “landlord” within the staff organization structure, responsible for developing and implementing asset management plans, conducting asset inventories, monitoring asset conditions and performance, and recommending maintenance, repair and replacement strategies and budgets.

5. Asset Management Processes (These items are to be implemented within the limits of available resources reflected in budgets authorized by the Sites Authority)

- **Asset Inventory and Classification:** Maintain an accurate inventory of all assets, including their location, condition, criticality and depreciation status as reflected in annual financial statement reporting.
- **Lifecycle Planning:** Develop long-term asset management plans that outline strategies for asset acquisition, operation, maintenance, rehabilitation, enhancement and disposal.
- **Maintenance and Inspection:** Implement preventive and corrective maintenance programs to prolong asset life and minimize downtime, supported by regular inspections and condition assessments.
- **Risk Assessment and Mitigation:** Identify and assess risks to asset performance, safety, and compliance and develop strategies to mitigate risks through proactive maintenance, redundancy, and contingency planning.

- **Financial Planning and Budgeting:** Develop and maintain financial plans and budgets that allocate resources effectively to support asset management objectives, including funding for maintenance, renewal, enhancement, and replacement activities.

6. Performance Monitoring and Reporting

- **Key Performance Indicators (KPIs):** Establish KPIs to measure and report on the performance and effectiveness of asset management activities, such as asset utilization, reliability, maintenance costs, condition and compliance with contractual and regulatory requirements.
- **Monitoring and Evaluation:** Regularly monitor and evaluate asset performance against established KPIs, identify trends and opportunities for improvement, and adjust asset management strategies and plans as necessary.
- **Reporting:** Provide reports to the Sites Authority on a frequency concurrent with budget considerations on asset conditions, performance, risks and compliance with asset management policies and objectives.

7. Review and Continuous Improvement

This Asset Management Policy shall be reviewed periodically to ensure its effectiveness and relevance in meeting the Sites Authority's evolving needs and objectives. Feedback from Project Participants and staff, changes in governance, regulations or industry standards, and lessons learned from asset management practices will inform updates and improvements to the policy and associated procedures.