

Asset Management and Project Portfolio Management

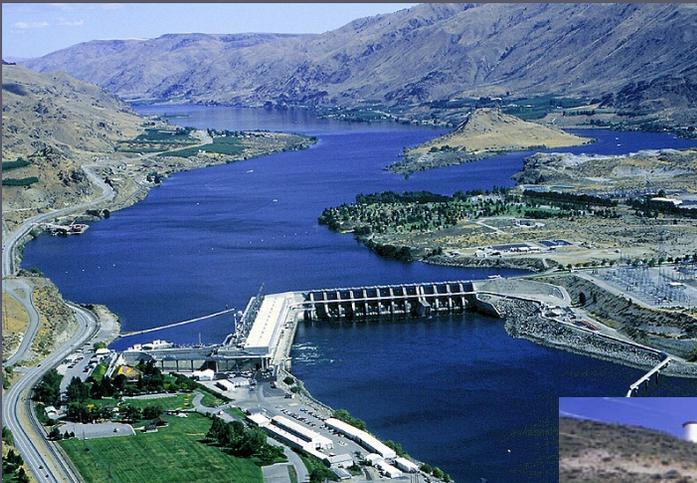
2006 Northwest Region
Dam Safety Forum

Chris Church, PE
Director Engineering Services
Chelan County PUD

Purpose of this presentation

- ▶ Focus on the project side of asset management
- ▶ Touch on some of Chelan PUD's approaches
- ▶ Share ideas and best practices

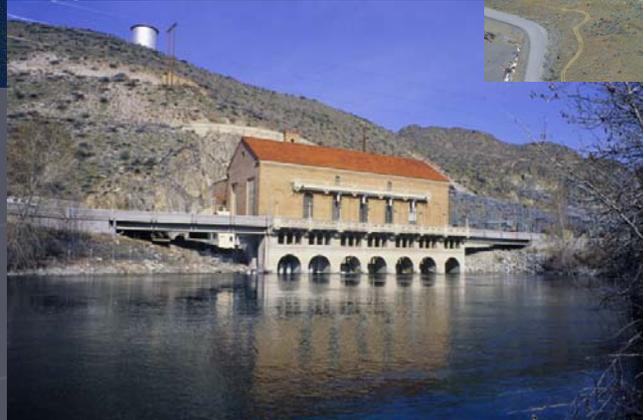
A quick overview of Chelan County PUD



Rocky Reach



Rock Island



Chelan Falls

What is Asset Management?

"A comprehensive and structured approach to the long term management of assets as tools for the efficient delivery of benefits to customers or community."

American Public Works Association

Some definitions

“Combination of management, financial, economic, engineering (*and maintenance*) practices applied to physical assets to meet the objectives for providing the required level of service in the most cost effective manner.”

International Infrastructure Management Manual

“.....Strategic planning, replacements, additions, extraordinary items, deferred maintenance and condition assessment.....”

*“United States Bureau of Reclamation
Volume 6-1, Management of Power Facilities”*

"A strategy designed to maximize the performance of physical assets that have a direct impact on achieving objectives."

Chris Church, Chelan PUD

Benefits

- ▶ Better Decisions
- ▶ Improved Reliability
- ▶ Sustainability
- ▶ Reduced total cost of ownership
- ▶ Obtaining funding

Building Blocks/Success Factors

► Mission



“Safely provide reliable, low-cost power”

Chelan County PUD



Building Blocks/Success Factors

- ▶ Mission
- ▶ Strategic planning





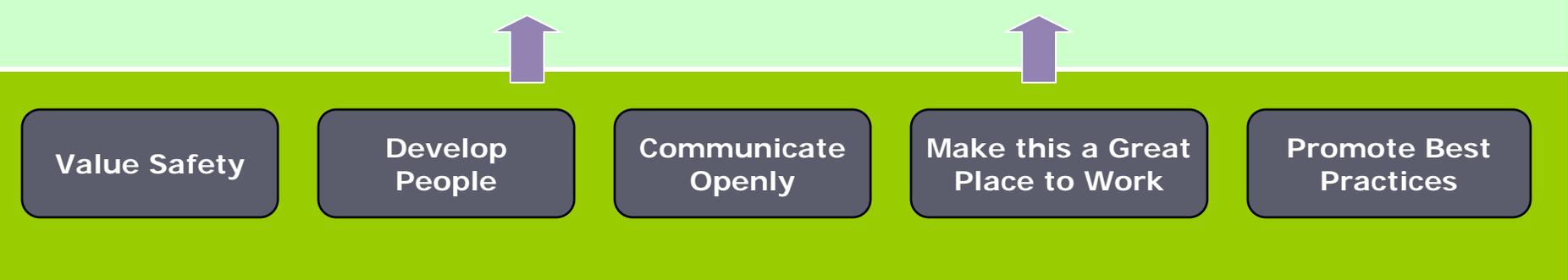
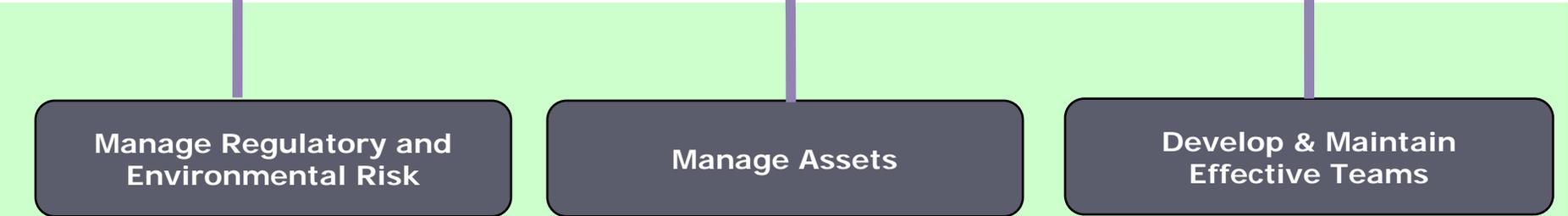
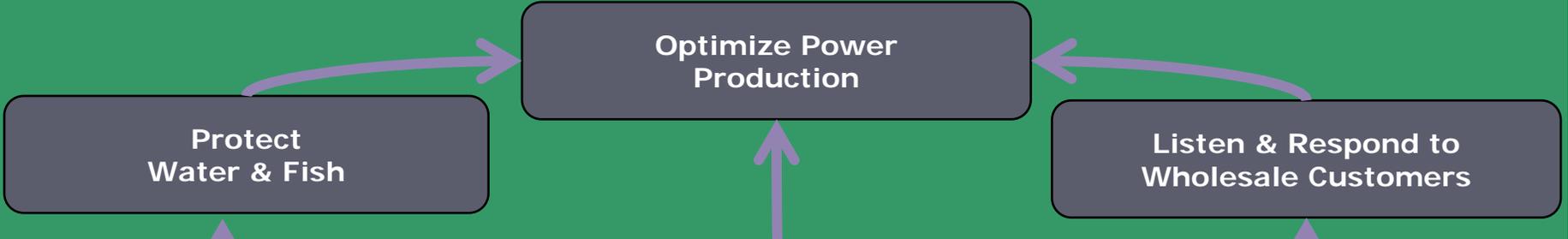
Stakeholders

Financial

Internal

Enablers

To Safely Provide Efficient, Reliable, Low-Cost Power



Building Blocks/Success Factors

- ▶ Mission
- ▶ Strategic planning
- ▶ Good information



Chelan County PUD IT Systems

- ▶ Maintenance management – Maximo
- ▶ Financial and business management – Peoplesoft
- ▶ Project and portfolio management – Primavera (under development!)

Building Blocks/Success Factors

- ▶ Mission
- ▶ Strategic planning
- ▶ Good information
- ▶ Communication



Enterprise Wide

- ▶ Management
- ▶ Finance
- ▶ Engineering
- ▶ Maintenance
- ▶ Operations

Core Practices

- ▶ Integrate goals with strategy
- ▶ Evaluate assets (and projects) as investments
- ▶ Budget with flexibility
- ▶ Optimize management practices
- ▶ Identify and embed lessons learned



Integrate goals with strategy

- ▶ Know what you own – what are your assets?
- ▶ What condition are your assets in?
- ▶ Determine performance targets
- ▶ Look for gaps
- ▶ Develop a long term capital and O&M plan

Evaluate assets as if they are investments

- ▶ Decide how to fill the gap – identify and evaluate alternatives
- ▶ Review and approval framework
- ▶ Make decisions based on priorities and criteria



Review and Approval Process

RFA



Feasibility Study



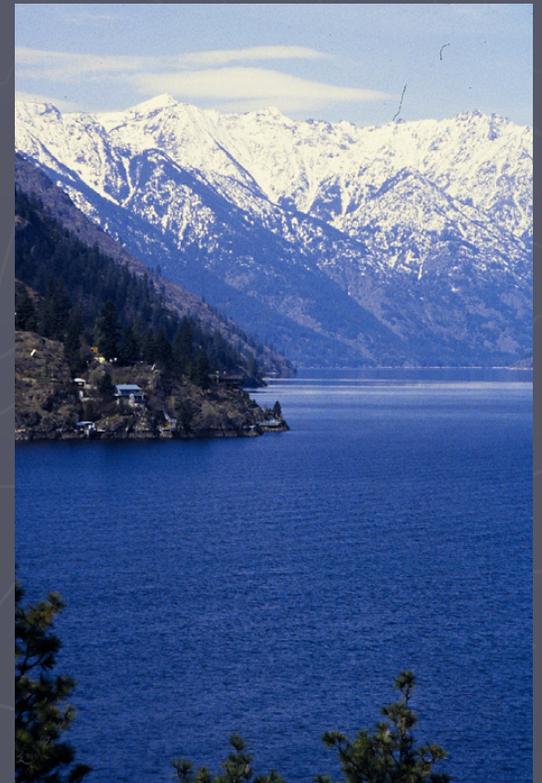
PRC Review



Develop Budget

Balance budgetary control and managerial flexibility

- ▶ Identify the total cost of ownership
- ▶ Avoid incremental funding
- ▶ Get support from stakeholders



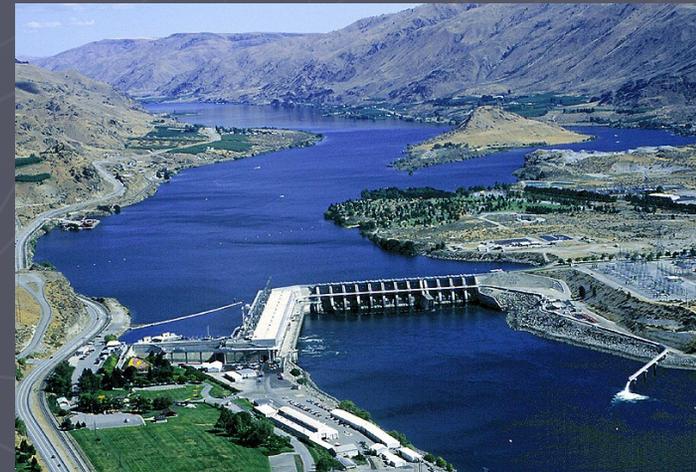
Optimize management practices

- ▶ Integrate teams (cross functional)
- ▶ Identify and involve the owner and stakeholders
- ▶ Link projects to strategic goals
- ▶ Identify risks early
- ▶ Monitor progress
- ▶ Improve continuously

Identify and Embed Lessons Learned

Projects don't end at start up

- ▶ Prepare a close-out report
- ▶ Identify lessons learned
- ▶ Apply to future efforts
- ▶ Evaluate and measure performance
- ▶ Follow up on warranty



Take a Balanced Approach

- ▶ Financial → Did we get the expected benefit or return?
- ▶ Internal → Did we improve or sustain safety, quality, reliability or cost ?
- ▶ Learning and growth → Did we improve skills and processes?
- ▶ Customer → Did we improve value, satisfaction or relationship?

Questions and Discussion

