

**Asset Management Committee**  
**Report to BACWA Board**

Committee Meeting on: 11/14/2023  
Executive Board Meeting Date: 12/15/2023  
Committee Chairs: Rebecca Overacre (EBMUD)  
and Khae Bohan (CCCSD)

Committee Request for Board Action: None

**27 attendees representing 11 member agencies, plus two guest speakers**

**Evolution of Project Prioritization at Hampton Roads Sanitation District**

Erin Girardi, Chief of Capital Finance at Hampton Roads Sanitation District in southern Virginia, presented on HRSD's system for prioritizing capital projects. He was joined by Anas Malkawi, HRSD's Chief of Asset Management. The presentation and ensuing discussion noted the following:

- The District serves 20 communities in southern Virginia and operates more than 5,000 miles of interceptor sewers. Their 10-year CIP has about 200 projects. In FY2023-2028, the number of CIP projects is not increasing, but the capital expenditures will be increasing significantly (2-3x typical levels) as HRSD implements several components of the SWIFT project. This project will recharge treated wastewater into the Potomac aquifer and is needed for regulatory compliance (nutrient discharge limitations into Chesapeake Bay). It will also address saltwater intrusion and land subsidence concerns. Due to the SWIFT project and others, HRSD's current capital program is mostly driven by new regulatory concerns ("reactive mode"). However, in the future, they expect this will shift back to being driven primarily by capital improvements ("proactive mode").
- About a decade ago, HRSD develop a list of 10 organizational values that were used for CIP project prioritization (Safety; Regulatory; Reliability/Risk; Capacity; Community Impacts; Net O&M Savings; Customer Service; Coordination; Sustainability; Implementability). At the time, this approach was a significant improvement over their previous approach because it reduced staff conflict during the prioritization process.
- HRSD recently enhanced its approach to CIP prioritization process, and now develops more information about each potential capital project before including it in the CIP prioritization system. When new CIP projects are proposed, there is an initial review meeting to understand the project concept and need; about half the time, the CIP project is modified at this stage.
- HRSD now uses a likelihood-vs-consequence rubric for project prioritization based on an a risk reduction ratio calculated for each project. The risk reduction ratio considers risk from environmental impact, regulatory compliance, public health, organizational risk (reputation/customer perception), safety, and financial impact (e.g., a cyberattack). The likelihood of failure score is based on the project as a whole, including all the assets within it. HRSD prioritizes the projects with the highest risk reduction score, although it is not the only tool used to develop the CIP.
- HRSD also shared details of their Asset Management Plan and Renewal Planning Model, which are used for longer-term planning. These software systems run on Microsoft BI with linkages to HRSD's CMMS software as well as other systems, such as hydraulic modeling. Each asset has a service life and an "effective age" that is based on condition assessments / performance.

**Next Meeting:** Early 2024, TBD