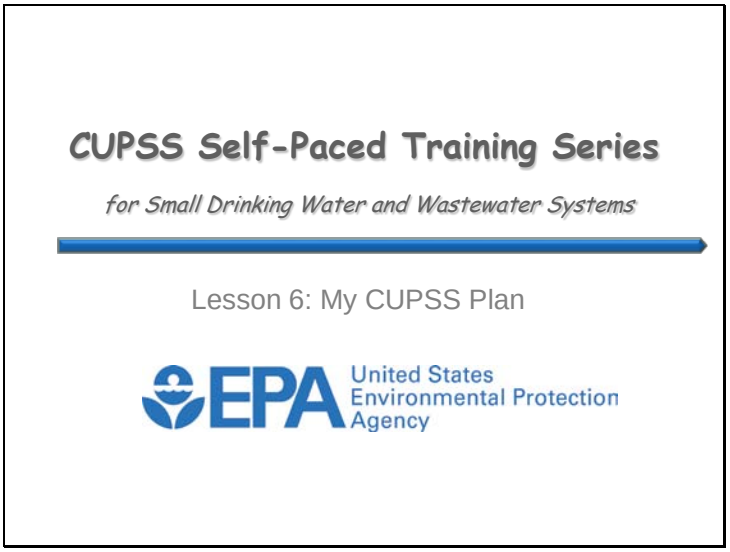
Slide 1



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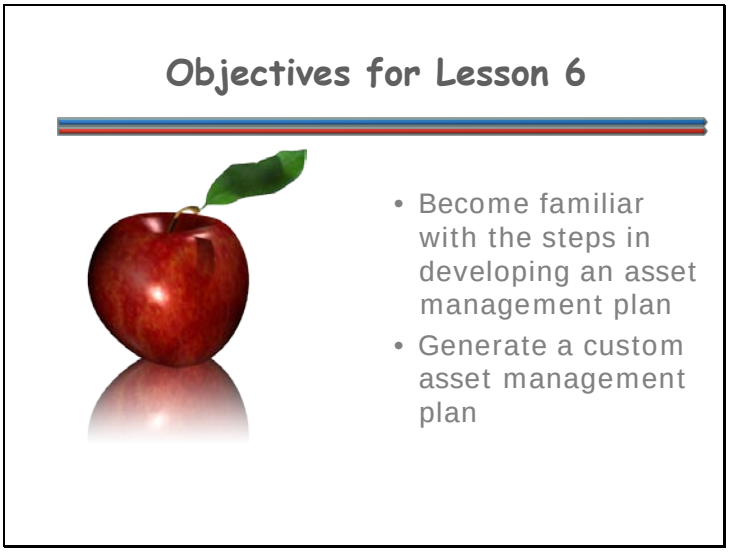
Welcome to Lesson 6 of the Check Up Program for Small Systems (CUPSS) Self-Paced Training Series! This lesson will explain how your community can get started with generating an asset management plan through the My CUPSS Plan module.

Before you begin using this self-paced training, you might have a few questions about using CUPSS for managing your assets, tasks, and finances. In this lesson, we'll provide information about how the CUPSS software can help you develop a personalized asset management plan. At the beginning of the lesson, we'll review the five core questions of asset management to give you a sense of what's included in an asset management plan. The My CUPSS Plan module will then be introduced and the lesson will conclude with you being ready to prepare your own asset management plan.

Let's get started!

Slide 2



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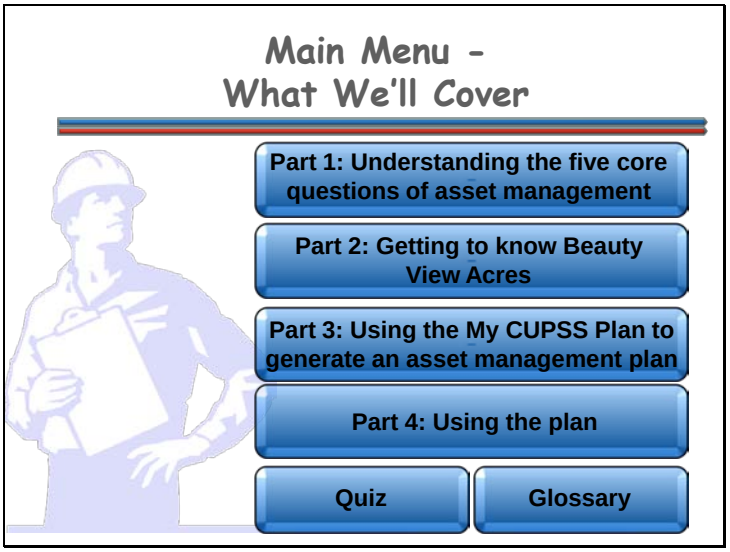
Lesson 6 will introduce you to the My CUPSS Plan module where you'll become familiar with the steps in developing an asset management plan. At the end of this lesson, you will see how a custom asset management plan is generated.

Slide 3



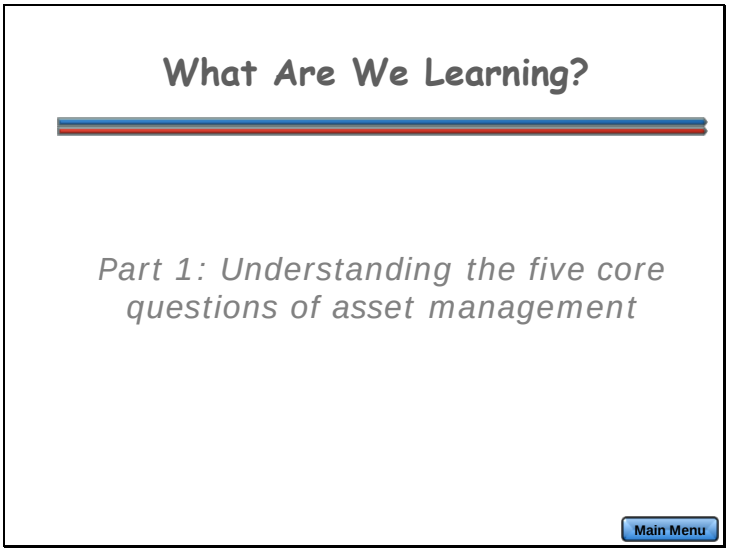
Navigation: *Click a button on the slide to begin a part of the lesson. You can start at the beginning or skip ahead, the choice is yours. You may also choose "Quiz" to find test questions or "Glossary" to find term definitions. If you do not want to hear the audio, set the sound scale on the bottom left to zero or mute the computer's sound.*

This lesson is designed to familiarize you with the My Finances Module and the My Financial Check Up Report. Each lesson within the Self-Paced Training Series begins with an overview of the five core questions of asset management.

Here's what will be covered in this lesson:

Part 1: Understanding the five core questions of asset management
Part 2: Getting to know Beauty View Acres
Part 3: Using the My CUPSS Plan to generate an asset management plan
Part 4: Using the plan

Slide 4



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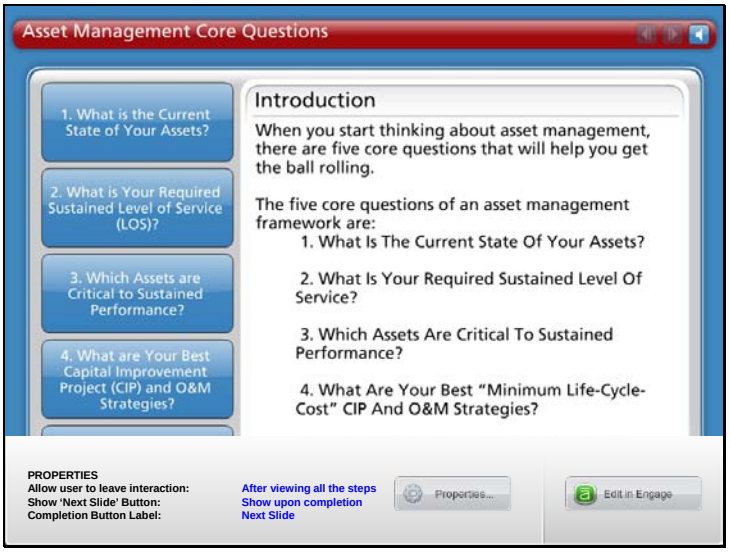
For each lesson within the Self-Paced Training Series, you'll start with the basics. Let's review the five core questions of asset management.

Slide 5



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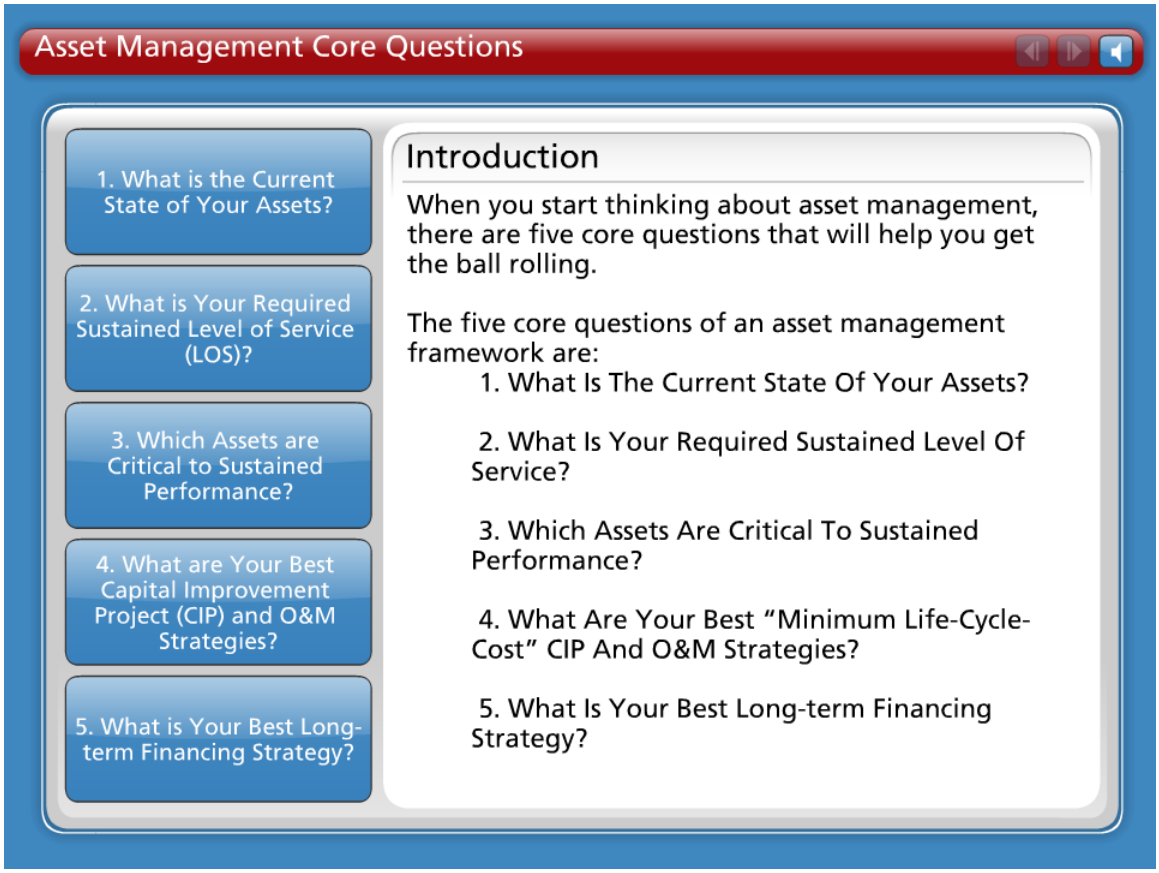
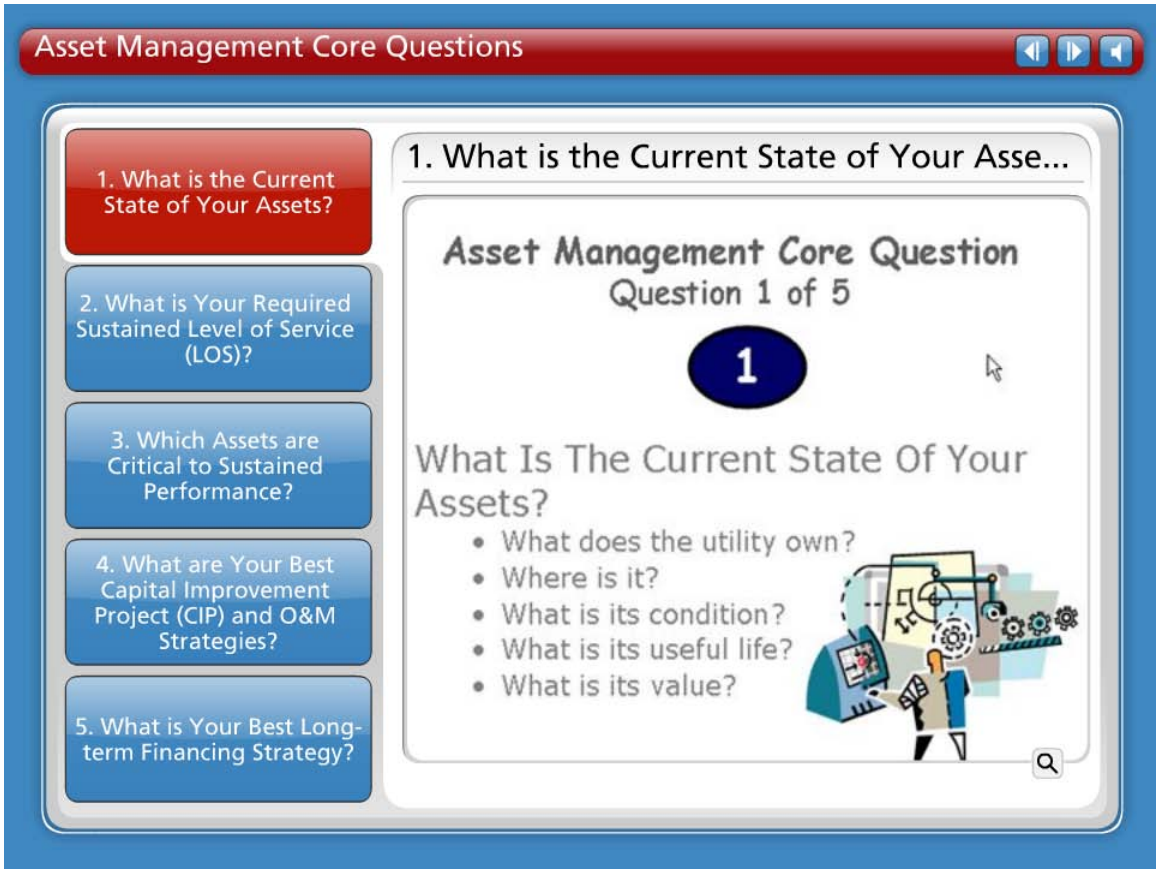


Introduction
When you start thinking about asset management, there are five core questions that will help you get the ball rolling.

The five core questions of an asset management framework are:

- What Is The Current State Of Your Assets?
- What Is Your Required Sustained Level Of Service?
- Which Assets Are Critical To Sustained Performance?
- What Are Your Best "Minimum Life-Cycle-Cost" Capital Improvement Project (CIP) and Operation and Maintenance (O&M) Strategies?
- What Is Your Best Long-term Financing Strategy?

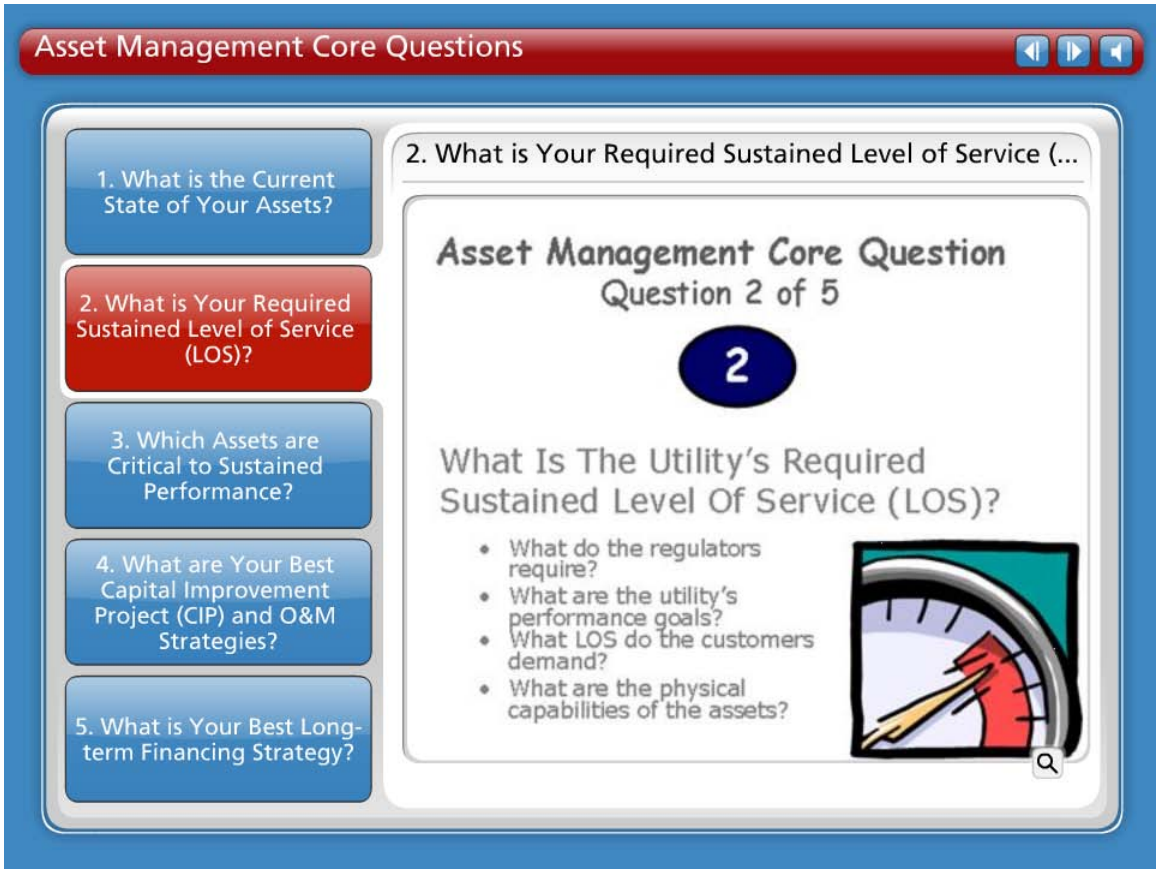
You'll soon see how these questions all relate to effective asset management!



Question 1 What Is The Current State Of Your Assets?
The first step in managing a utility's assets is knowing their current state. Because some of this information may be difficult to find, estimates can be used when necessary. Over time, as assets are replaced or rehabilitated, the utility's inventory will become more accurate.

Questions to ask:

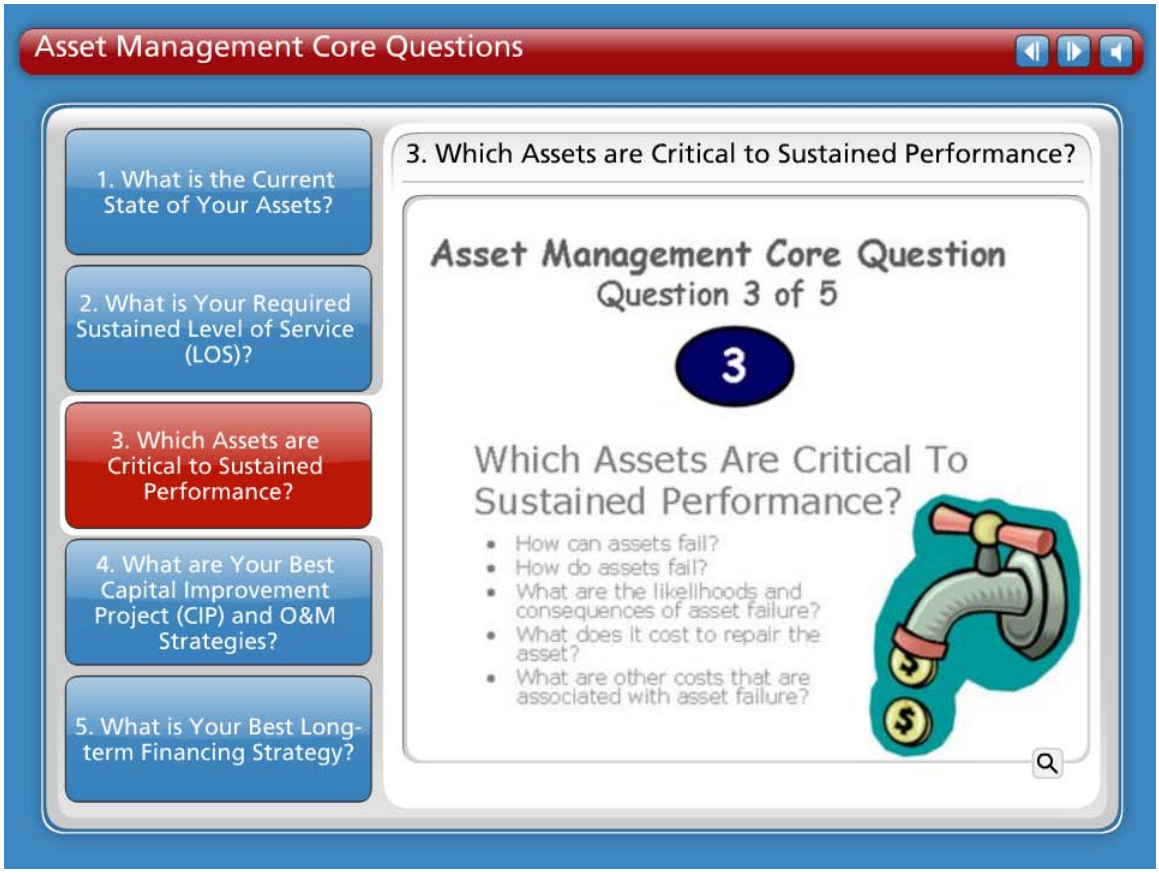
- What does the utility own?
- Where is it?
- What is its condition?
- What is its useful life?
- What is its value?



Question 2 What Is Your Required Sustained Level Of Service?
Knowing the utility's required "sustainable" level of service will help the utility implement an asset management plan and communicate to stakeholders what is being done. The required sustainable level of service is the set of features that describe the utility's short- and long-term performance standards as well as the customer's expectations.

Questions to ask in determining the utility's Level of Service (LOS):

- What do the regulators require? Find out what the utility has to provide and how.
- What are the utility's performance goals? Or what services is the utility currently providing? Find out if the services can be improved.
- What level of service do the stakeholders and customers demand or expect? Another way to ask this is 'what is the best way to meet the needs of the customers'? Find out from customers what services are most important to them.
- What are the physical capabilities of the assets? Or what else can the utility do in it's current capacity? Figure out if the utility is doing all it can do.



Question 3 Which Assets Are Critical To Sustained Performance?
Because assets fail, how you manage the consequences of failure is vital. Not every asset presents the same failure risk, or is equally critical to the drinking water or wastewater system's operations. Therefore, it is important to know which assets are required to sustain the utility's performance. Critical assets are those that you decide have a high risk of failing (like if the asset is old or in poor condition) and major consequences if they do fail (major expense, system failure, safety concerns, etc.). You can decide how critical each asset is and rank them accordingly.

Questions to ask:

- How can assets fail? Different things contribute to an asset failing. This can include: Demand exceeds design capacity (which comes from population growth) or physical deterioration from age, usage, or nature.
- How do assets fail? The type of failure depends on the type of asset: Water pipes can leak or disinfection equipment can stop working.
- What are the likelihoods (meaning the probabilities) and the consequences of asset failure? Likelihoods of failure depend on age and condition. Consequences of failure depend on how critical the asset is: Is it the Chlorinator in a small system that has no other backup? Are the customers logging more complaints than comments?
- What does it cost to repair or replace the asset? Cost depends upon if the utility has to repair, rehabilitate, or replace the asset.

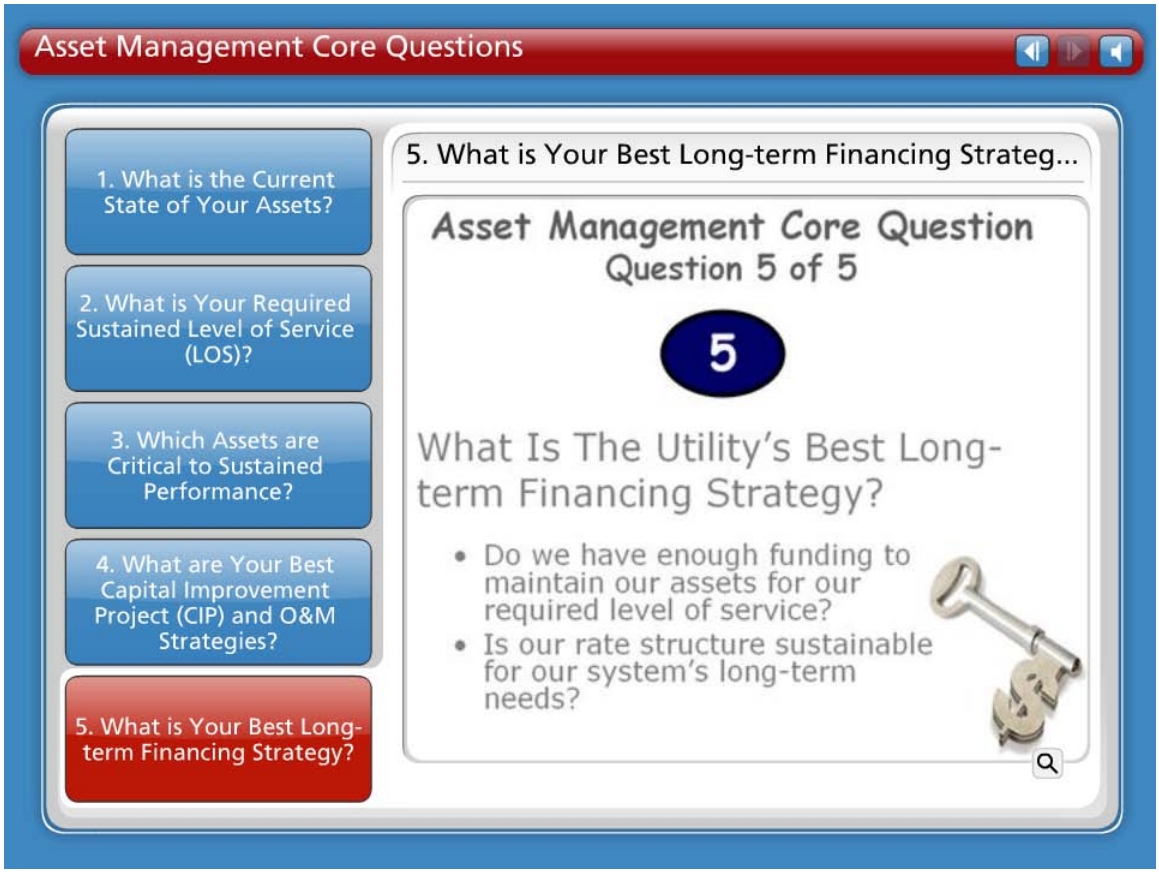
- What are the other costs (such as social costs or environmental costs) that are associated with asset failure?

These are important values to know, understand and consider in any decision-making process. Running a utility is fundamentally a business operation and should be treated that way.

Question 4 What Are Your Best "Minimum Life-Cycle-Cost" Capital Improvement Project (CIP) and Operation and Maintenance (O&M) Strategies?
It is important to recognize that operations and maintenance (O&M), personnel, and the capital budget account for an estimated 85 percent of a typical system's expenses. Asset management enables a system to determine the lowest cost options for providing the highest level of service over time. Utilities want to optimize the work O&M crews are doing, where they are doing it, and why. An asset management program helps a utility make risk-based decisions by choosing the right project, at the right time, for the right reason.

Questions to ask:

- What alternative management strategies exist? Run to failure may be a very real option for some utilities. Is it necessarily the best option?
- What strategies are the most feasible for the organization?

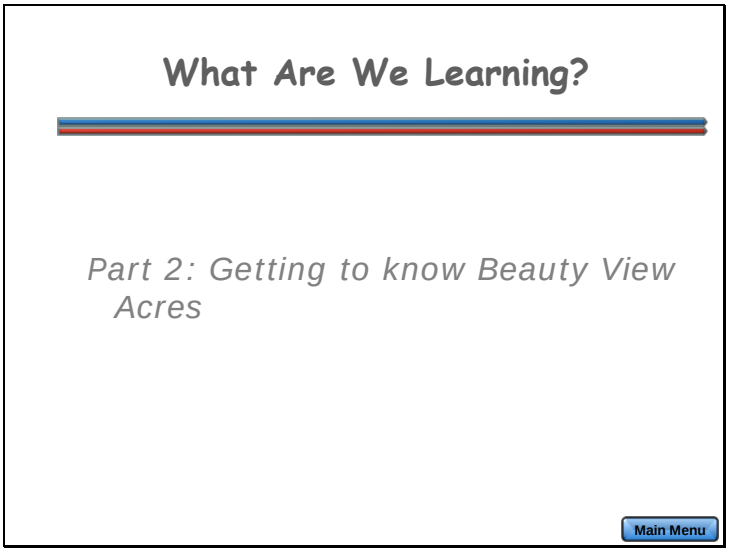


Question 5 What Is Your Best Long-term Financing Strategy?
Knowing the full economic costs of services provided is critical for making sound financial decisions and developing an effective long-term funding strategy. Having this information in an asset management plan will help tell the utility's "story." An asset management plan that refers to the utility's sustainable level of service is good for communicating this information to decision makers and customers. The utility can decide how to fund it's strategies by knowing the system's financial forecast.

Questions to ask:

- Do we have enough funding to maintain our assets for our required level of service?
- Is our rate structure sustainable for our system's long-term needs?

Slide 6



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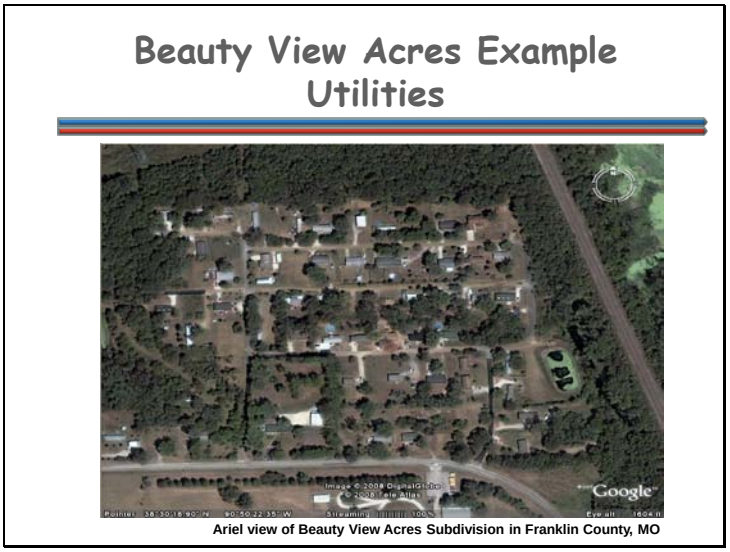
In Part 2, you're going to be introduced to Beauty View Acres, the example drinking water and wastewater systems within CUPSS.

Slide 7



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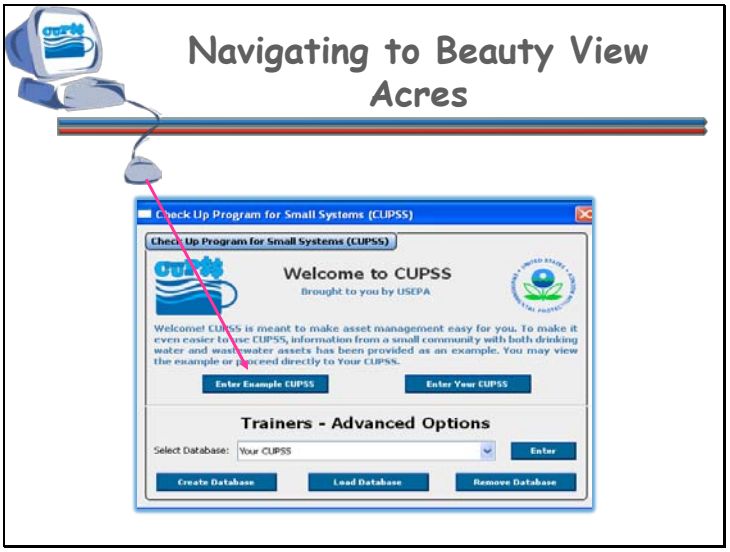
An important feature within the CUPSS application is that an example drinking water utility and an example wastewater utility are included. These are real utilities that are using CUPSS. Beauty View Acres is a subdivision in Franklin County, Missouri with a population of about 75 people. Data from Beauty View Acres has been added to each module to be used as a helpful tool in case you don't know what to enter, or where to enter your own information.

Slide 8



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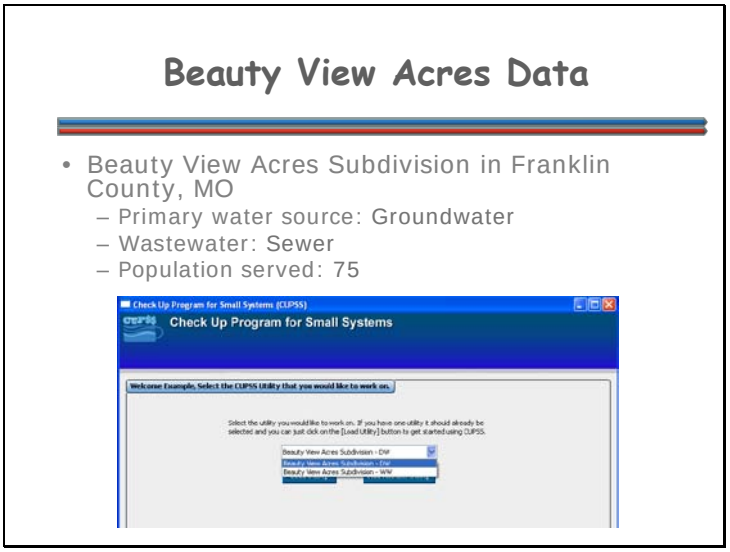
When you first open CUPSS, you will see a welcome screen. To view the example Beauty View Acres utilities, click the "Enter Example CUPSS" button to proceed to the CUPSS homepage. Information (including the username and password) is pre-populated in the example to show you what your CUPSS can and will look like.

Slide 9



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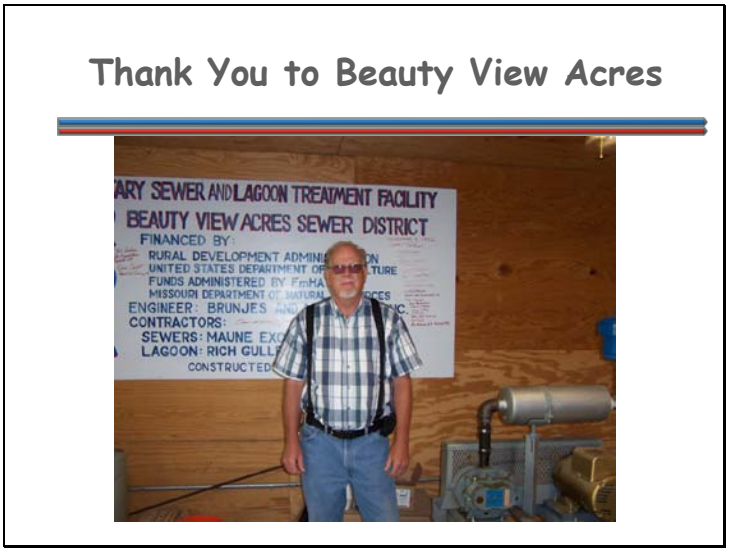
Once you've entered the Example database, you can view either the drinking water system or the wastewater system. Beauty View Acres' primary water source is groundwater and they have a sewer wastewater system. The population of the subdivision is about 75 people.

Each example system contains assets that have been entered in the My Inventory module, tasks that have been entered in the My O&M module, budget information that have been entered in the My Finances module, and additional information that have been entered in the My CUPSS Plan. You can view all of this information to get an idea of the data that is needed for your system.

Slide 10



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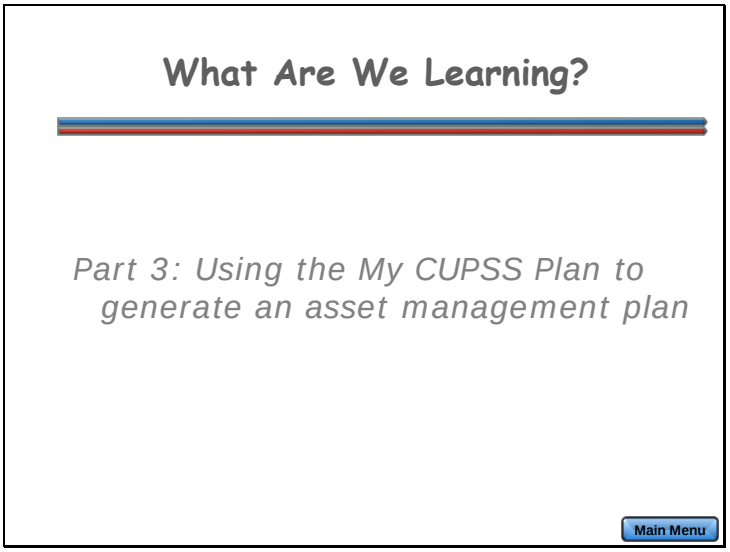
This is Joe from Beauty View Acres. We would like to thank him and all others who helped gather the data to be used as example projects in the CUPSS application.

Slide 11



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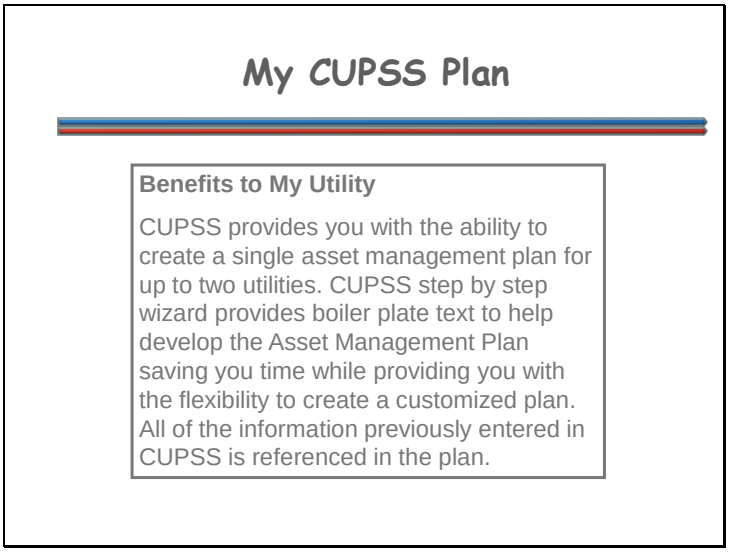
In Part 3, you're going to learn how to use the My CUPSS Plan to generate an asset management plan.

Slide 12



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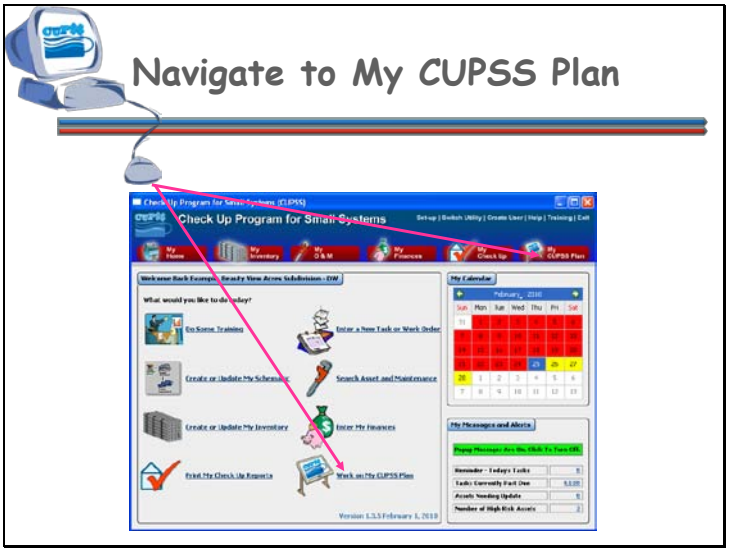
We are ready to review the different elements of the personal asset management plan that CUPSS will develop for you. This module is called My CUPSS Plan.

Slide 13



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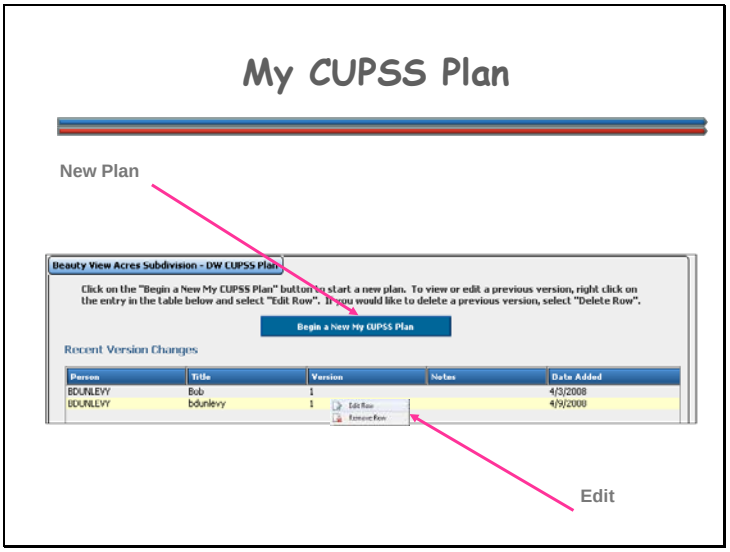
These are ways that you can get to the My CUPSS Plan module from the My Home page.

Slide 14



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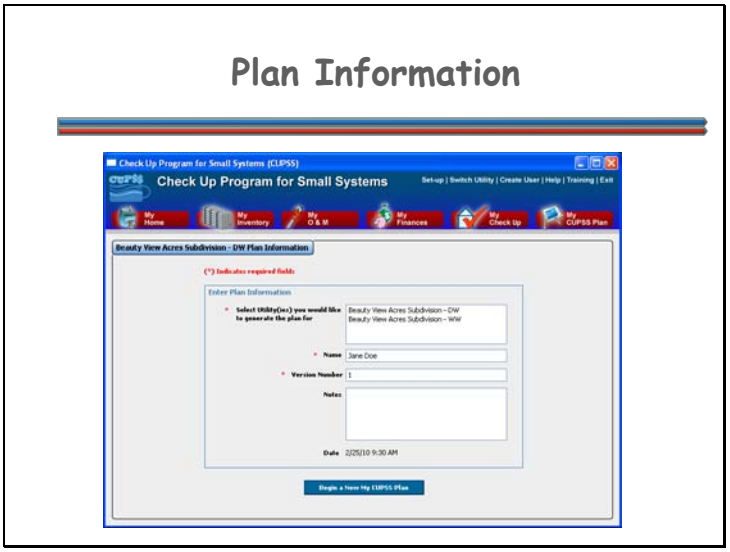
Click on "Begin a New My CUPSS Plan" to start a new plan. If you want to edit a previous version, right click on the version you would like to make edits to and select "Edit Row".

Slide 15



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The next step is to enter specific information about this plan. When you have finished entering data here, click the "Begin a New My CUPSS Plan" button to continue.

Fields available on the New Plan page:

Select Utility(ies) you would like to generate the plan for Select one or more utilities to add to the report. Hold down the Ctrl key to make multiple selections.

- **Name** Enter your name (format: "First Name" "Middle Initial" "Last Name") and your job title.
- **Version Number** If multiple versions of MY CUPSS Plans have been or will be created, indicate which version number this Plan is.
- **Notes** Enter notes if desired and/or necessary.

Slide 16

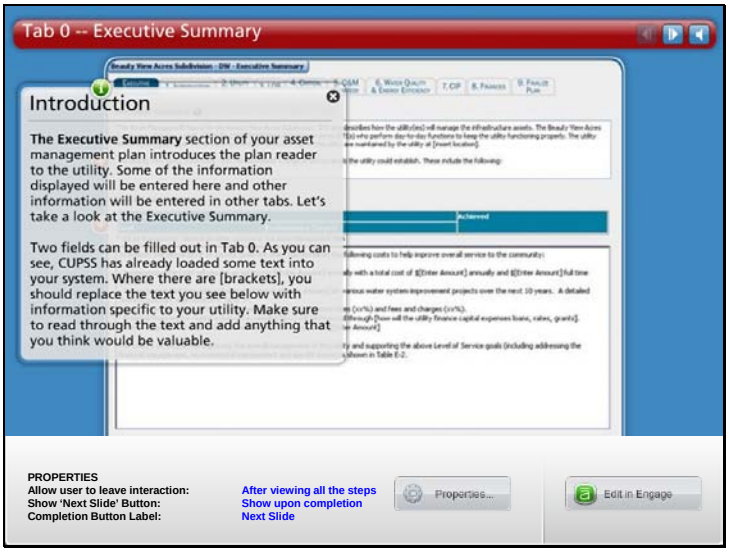
Navigation: *Use the arrows in the bottom-middle of the screen to navigate backward to previous screens or forward through the lesson screens. When you enter an interactive tool, check the notes to receive instruction on using that tool's navigation. If you do not want to hear the audio, set the sound scale on the bottom left to zero or mute the computer's sound.*

There are ten steps in filling out in "My CUPSS Plan Wizard." Much of the information is pre-populated with boiler plate text. You can customize this text by deleting sections you don't need or adding sections that may not be already included. The ten steps are:

- Executive Summary
- Step 1 – Introduction
- Step 2 – Utility Overview
- Step 3 – Level of Service (LOS)
- Step 4 – Critical Assets
- Step 5 – Operations & Maintenance (O&M) Strategy
- Step 6 – Water Quality & Energy Efficiency
- Step 7 – Capital Improvement Projects (CIP)
- Step 8 – Finances
- Step 9 – Finalize Plan

It is important to remember to save the contents after each step. To complete the plan click on “Save and Generate Plan,” or to continue working on the plan click on “Save and Continue” at the bottom of the page.

Slide 17



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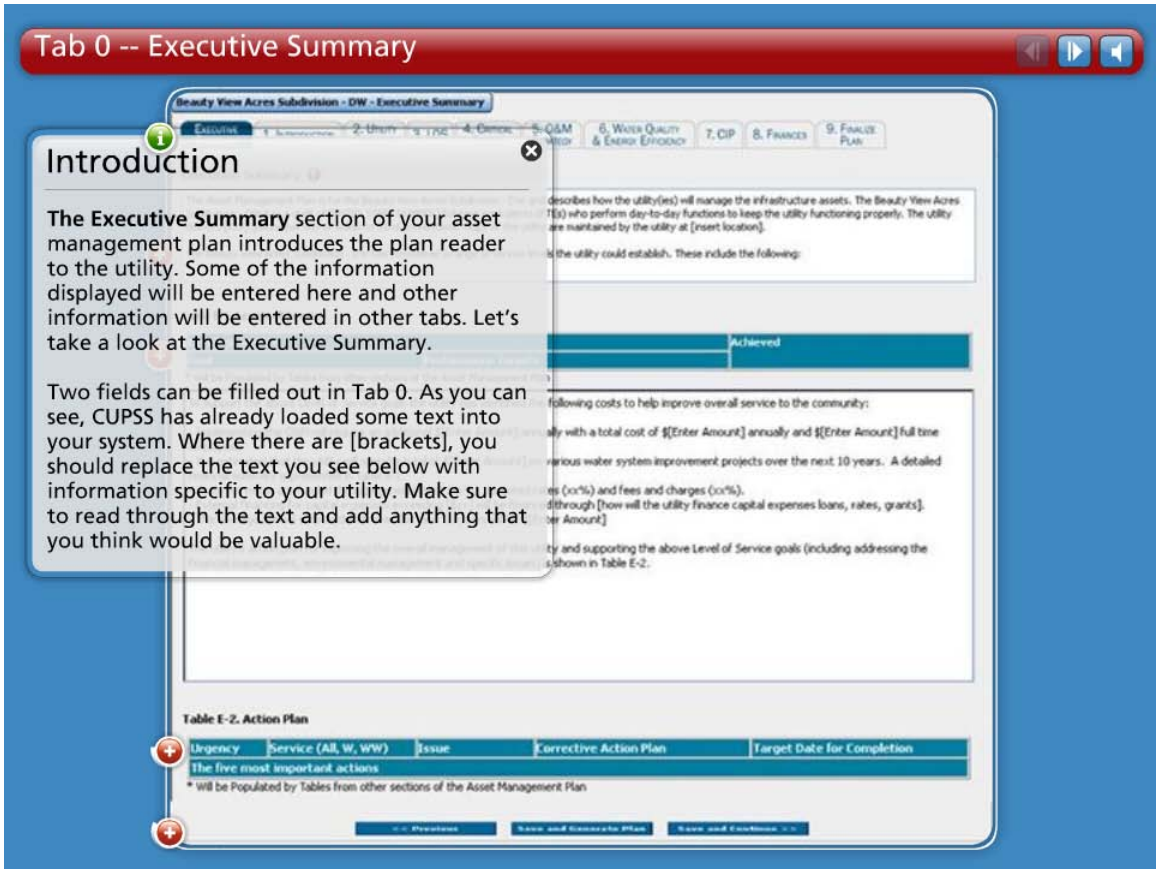
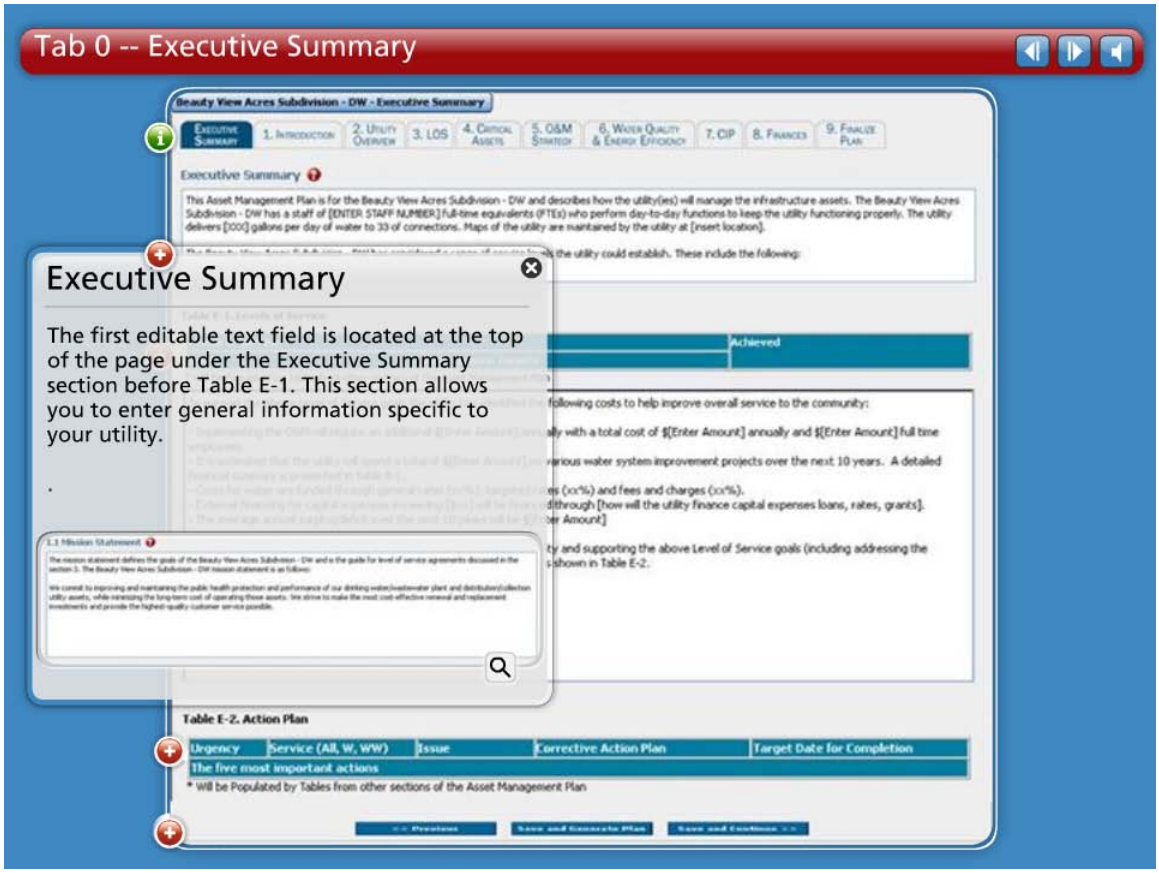


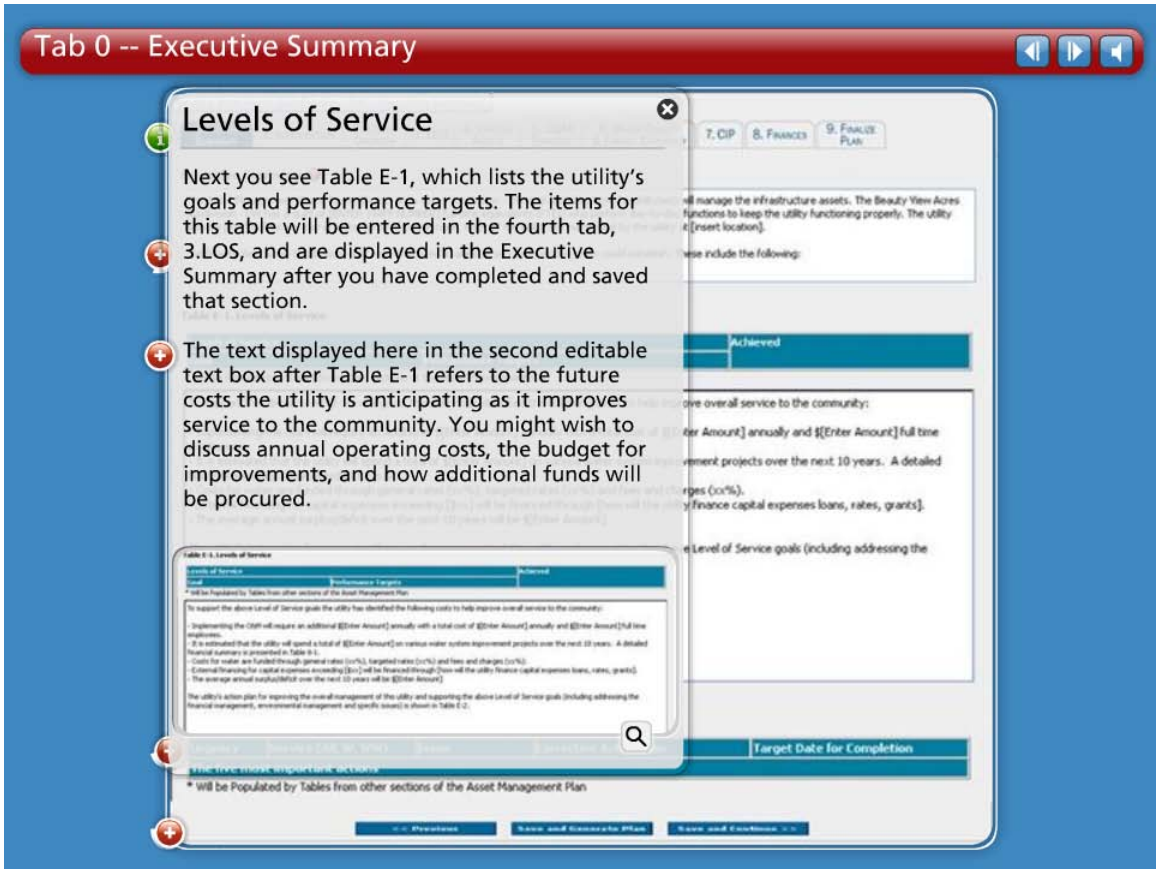
Introduction

The Executive Summary section of your asset management plan introduces the plan reader to the utility. Some of the information displayed will be entered here and other information will be entered in other tabs. Let's take a look at the Executive Summary.

Two fields can be filled out in Tab 0. As you can see, CUPSS has already loaded some text into your system. Where there are [brackets], you should replace the text you see below with information specific to your utility. Make sure to read through the text and add anything that you think would be valuable.

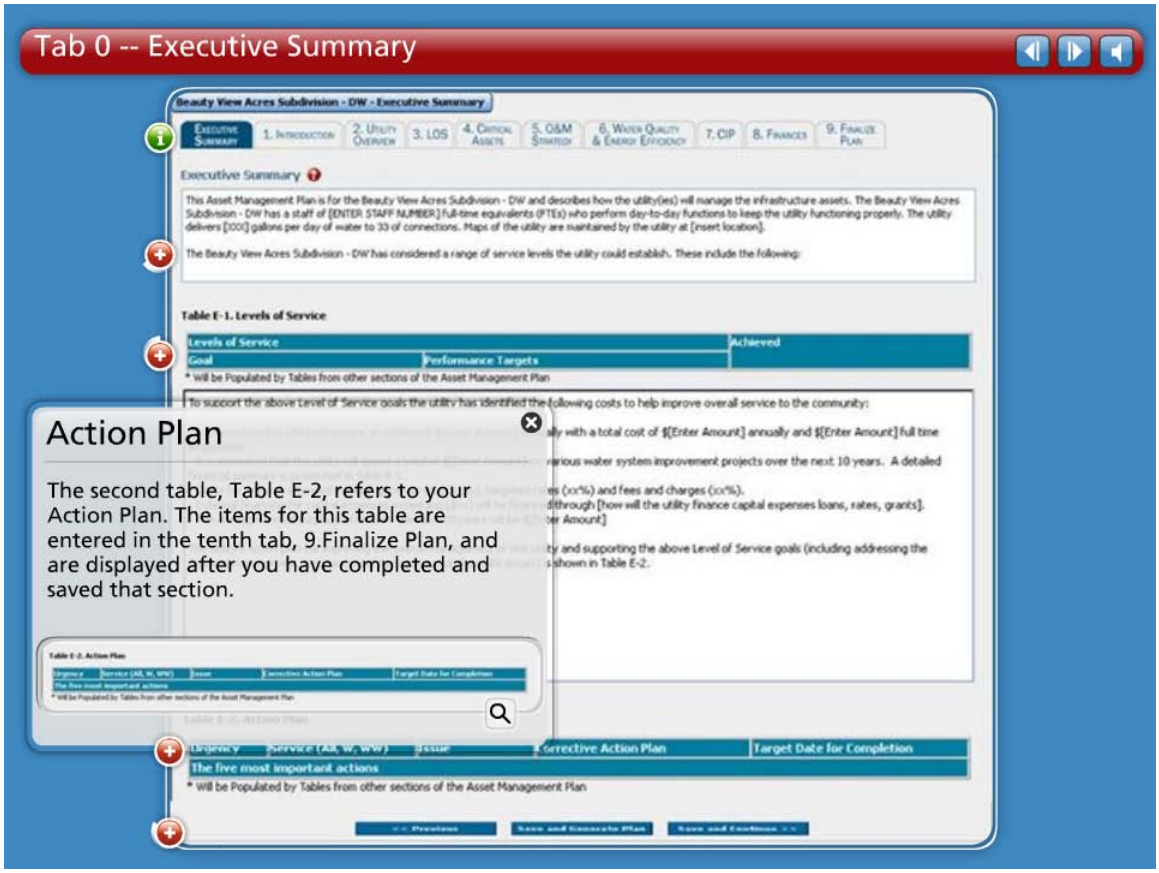


Executive Summary
The first editable text field is located at the top of the page under the Executive Summary section before Table E-1. This section allows you to enter general information specific to your utility.



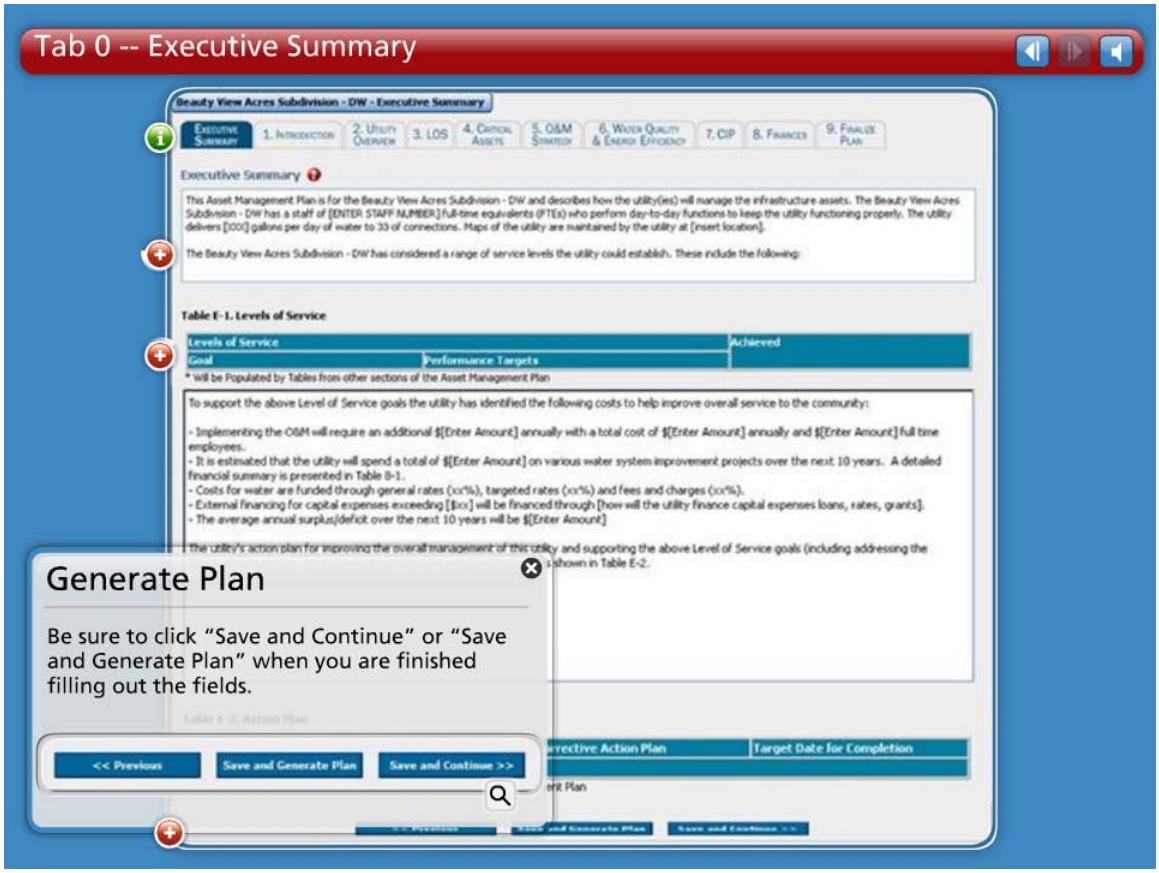
Levels of Service
Next you see Table E-1, which lists the utility's goals and performance targets. The items for this table will be entered in the fourth tab, 3.LOS, and are displayed in the Executive Summary after you have completed and saved that section.

The text displayed here in the second editable text box after Table E-1 refers to the future costs the utility is anticipating as it improves service to the community. You might wish to discuss annual operating costs, the budget for improvements, and how additional funds will be procured.



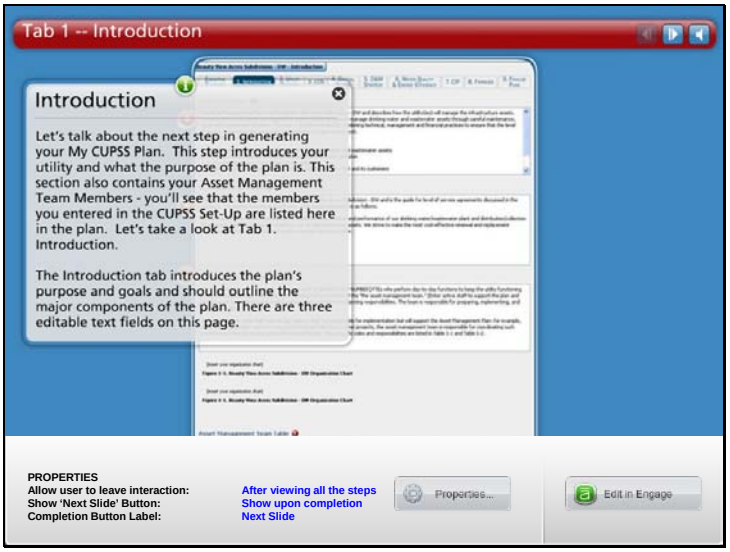
Action Plan

The second table, Table E-2, refers to your Action Plan. The items for this table are entered in the tenth tab, 9.Finalize Plan, and are displayed after you have completed and saved that section.



Save and Generate Plan
Be sure to click “Save and Continue” or “Save and Generate Plan” when you are finished filling out the fields.

Slide 18



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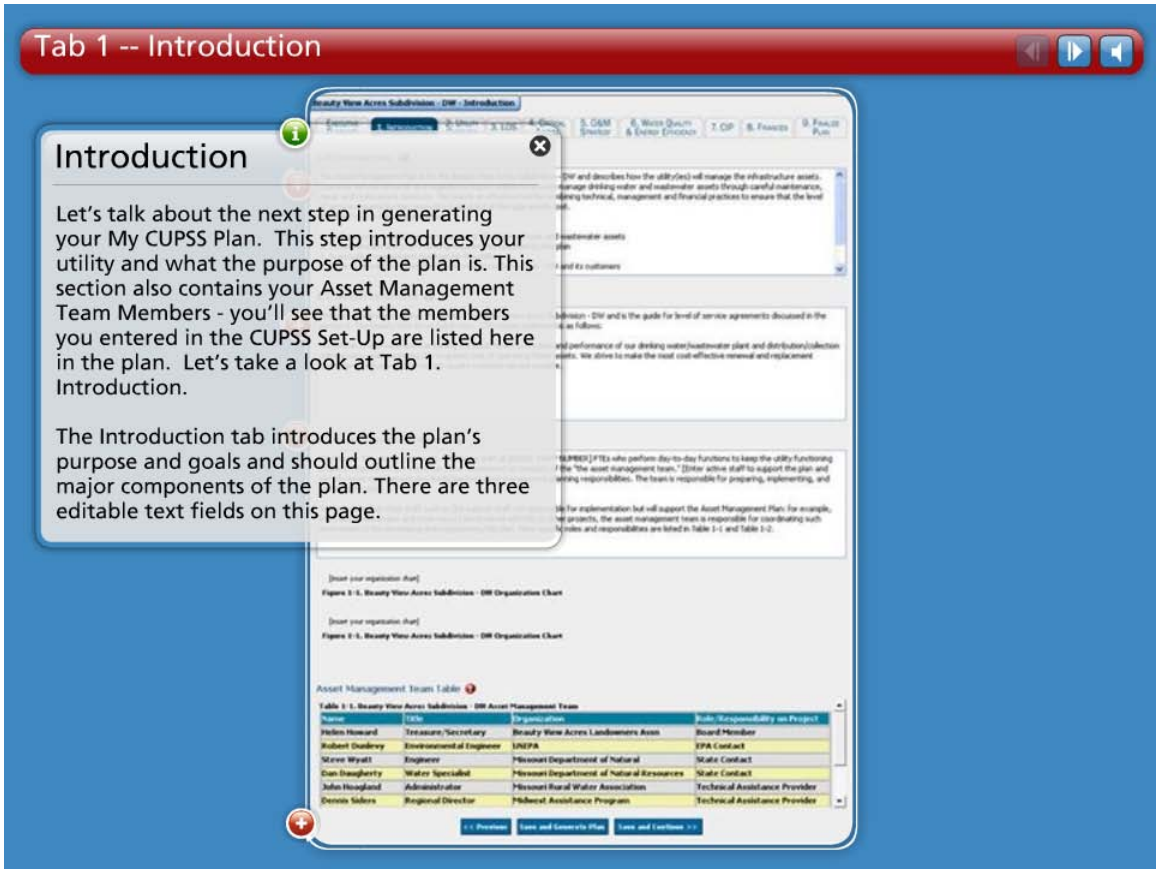
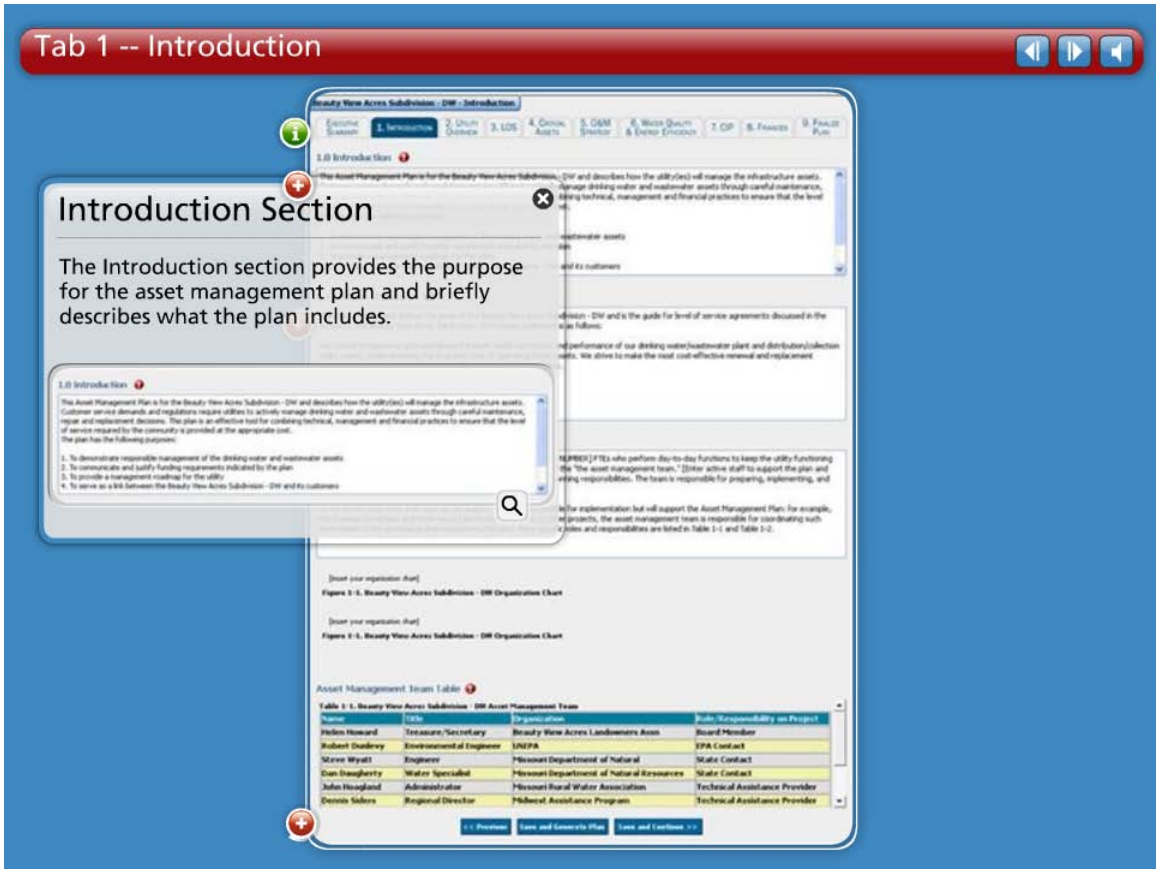
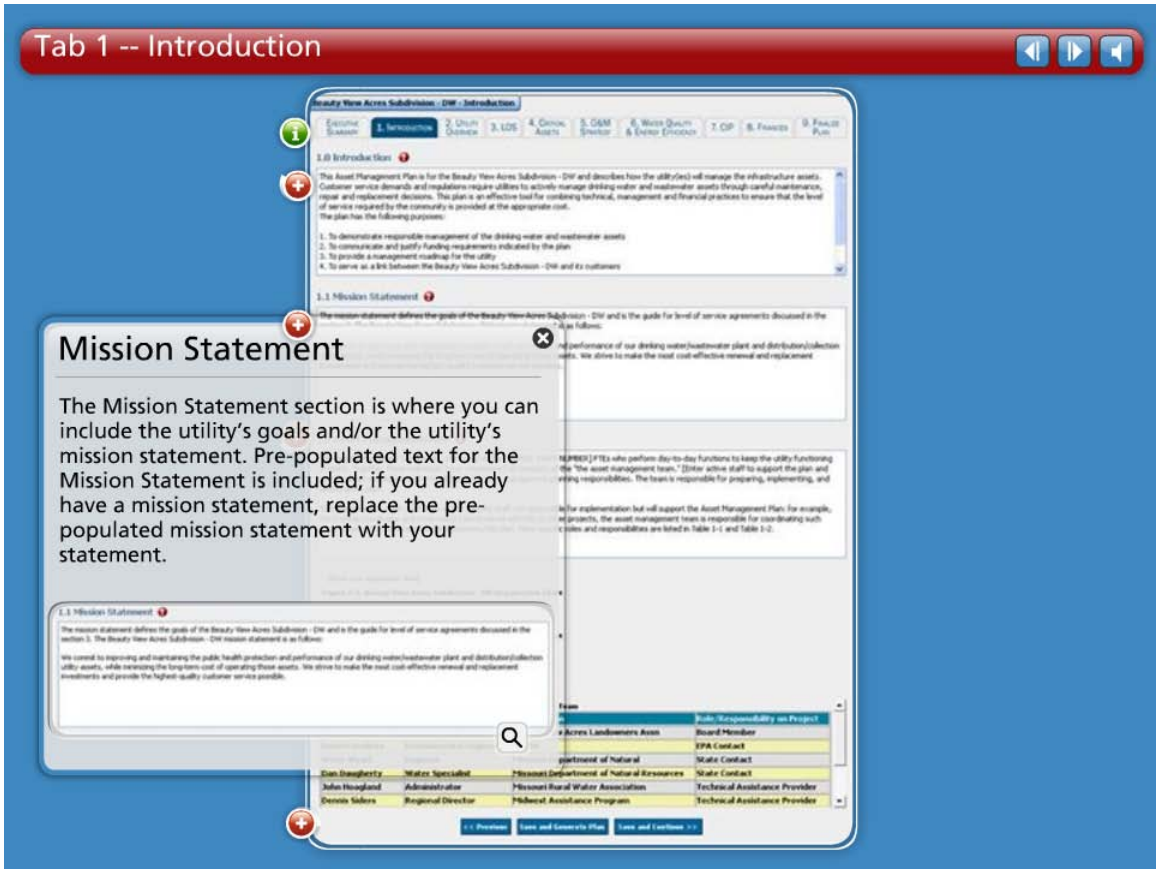


Introduction
Let's talk about the next step in generating your My CUPSS Plan. This step introduces your utility and what the purpose of the plan is. This section also contains your Asset Management Team Members – you'll see that the members you entered in the CUPSS Set-Up are listed here in the plan. Let's take a look at Tab 1. Introduction.

The Introduction tab introduces the plan's purpose and goals and should outline the major components of the plan. There are three editable text fields on this page.

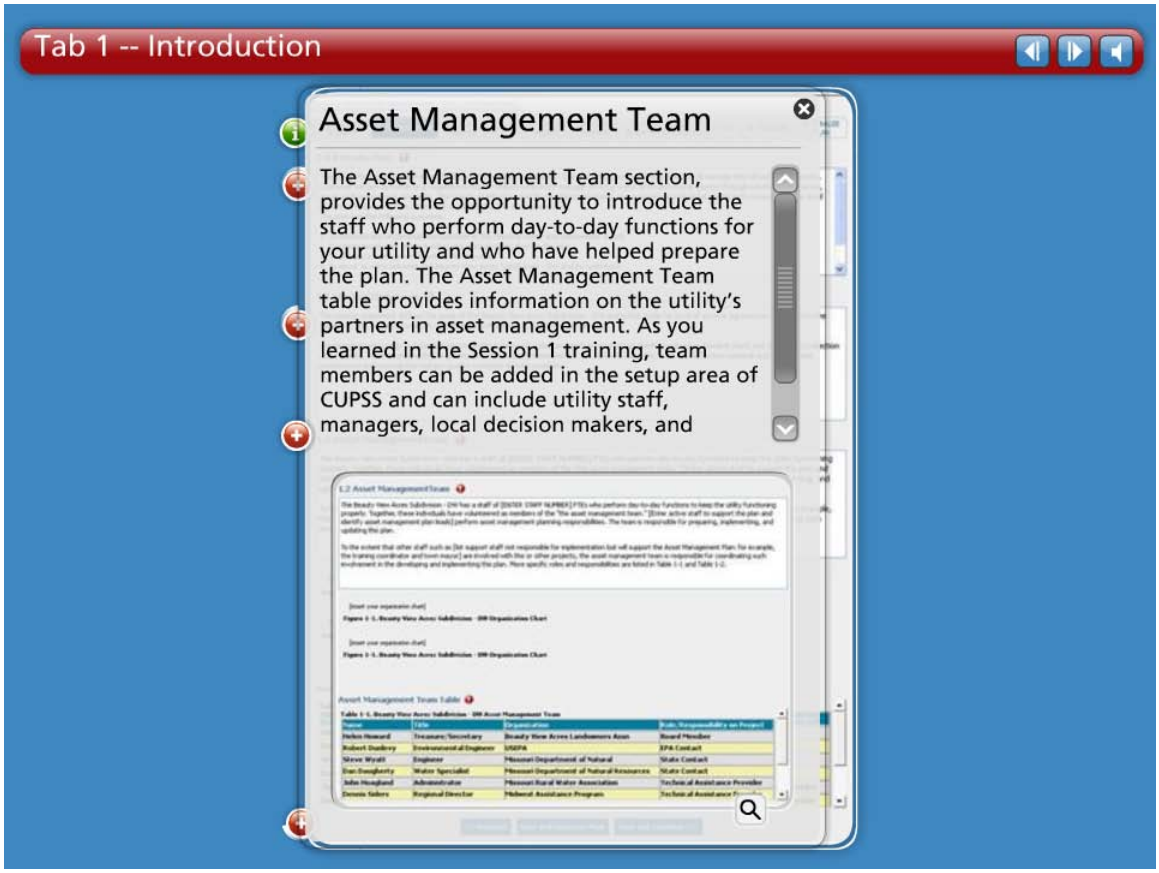


Introduction Section
The Introduction section provides the purpose for the asset management plan and briefly describes what the plan includes.



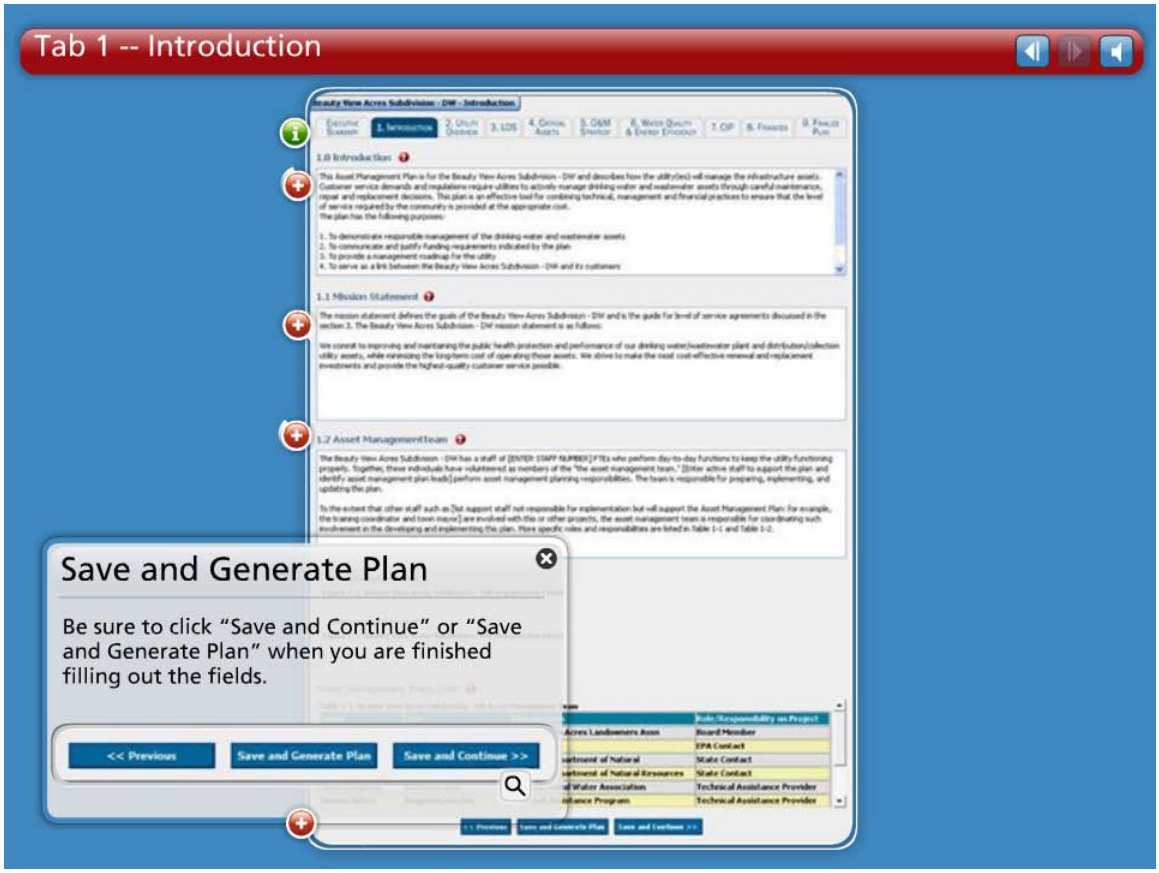
Mission Statement

The Mission Statement section is where you can include the utility's goals and/or the utility's mission statement. Pre-populated text for the Mission Statement is included; if you already have a mission statement, replace the pre-populated mission statement with your statement.



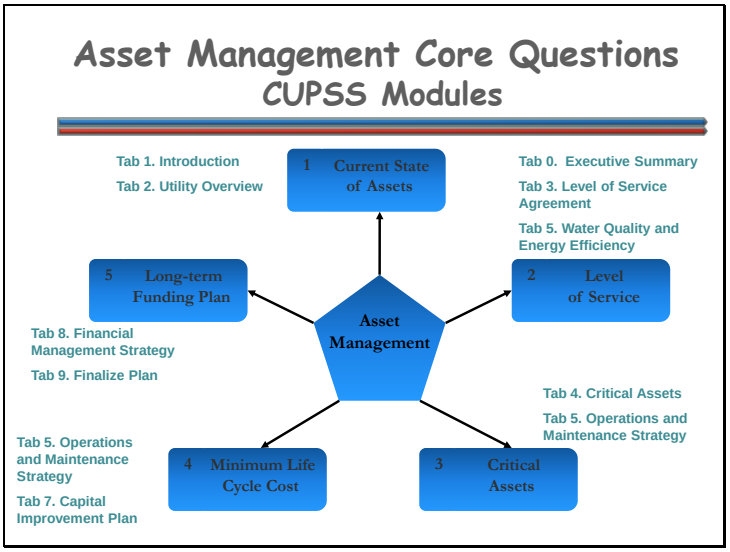
Asset Management Team

The Asset Management Team section, provides the opportunity to introduce the staff who perform day-to-day functions for your utility and who have helped prepare the plan. The Asset Management Team table provides information on the utility's partners in asset management. As you learned in the Session 1 training, team members can be added in the setup area of CUPSS and can include utility staff, managers, local decision makers, and technical assistance providers.



Save and Generate Plan
Be sure to click “Save and Continue” or “Save and Generate Plan” when you are finished filling out the fields.

Slide 19



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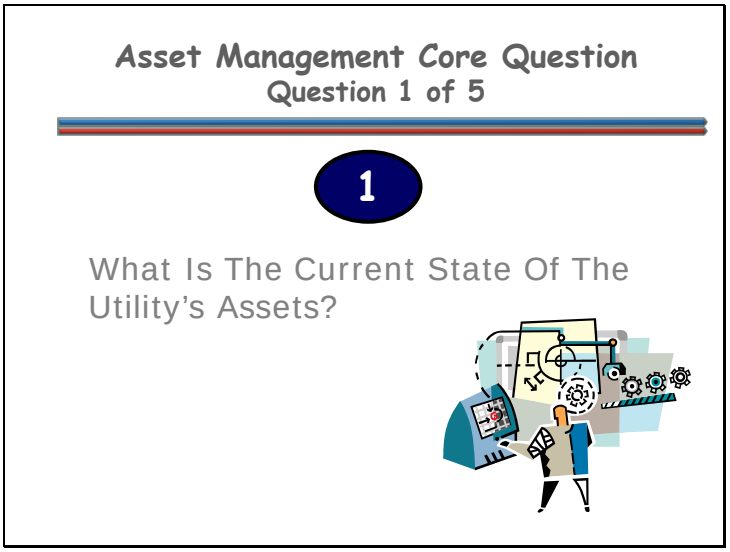
Here's a diagram showed earlier and you can see how the My CUPSS Plan wizard relates to asset management. My CUPSS Plan wizards takes a utility through ten easy steps to provide answers specific to that utility and create an Asset Management Plan. An Asset Management Plan will provide a utility with valuable information that can be used when making key management decisions.

We will now demonstrate how the My CUPSS Plan assists in answering all 5 core asset management questions. Each core question will be displayed and then the corresponding My CUPSS plan sections that answer the question.

This way when you start working through the My CUPSS Plan wizard you will understand which asset management core question or questions you are answering! Let's get started!

Slide 20



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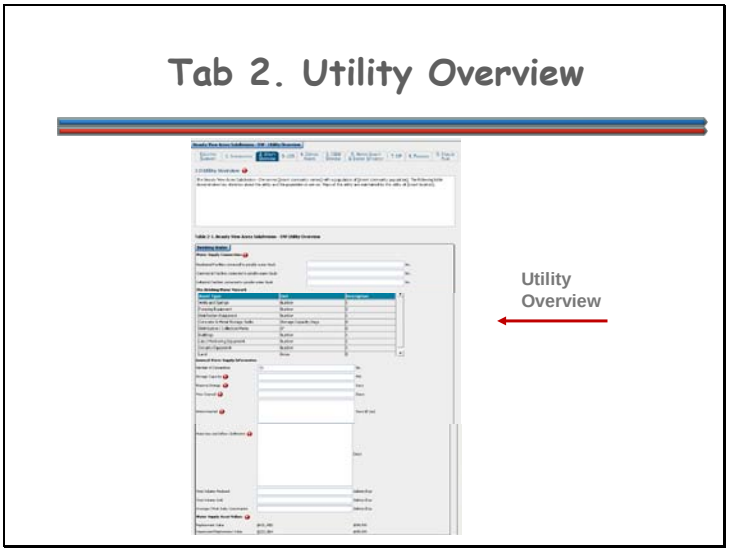
The first step in managing a utility's assets is knowing their current state. The Utility overview tab provides tables and pre-populated tables that summarize the state of a utilities assets.

Slide 21



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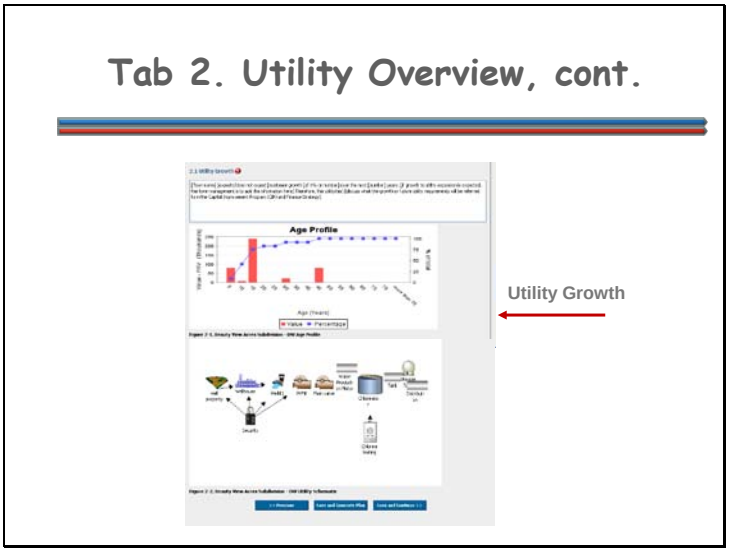
The Utility Overview tab provides an overview of the utility, the community or communities it serves, and the size of the population served. The editable text box provides you with some starter text on this general information and gives you the ability to add additional information that would be helpful to the plan reader.

You can use the Utility Overview summary graph to enter summary information for your utility, such as the types of customers served, storage capacity, volume serviced, and asset values. Information for your drinking water network is populated from the My Inventory module within CUPSS and lists the assets in your utility.

Slide 22



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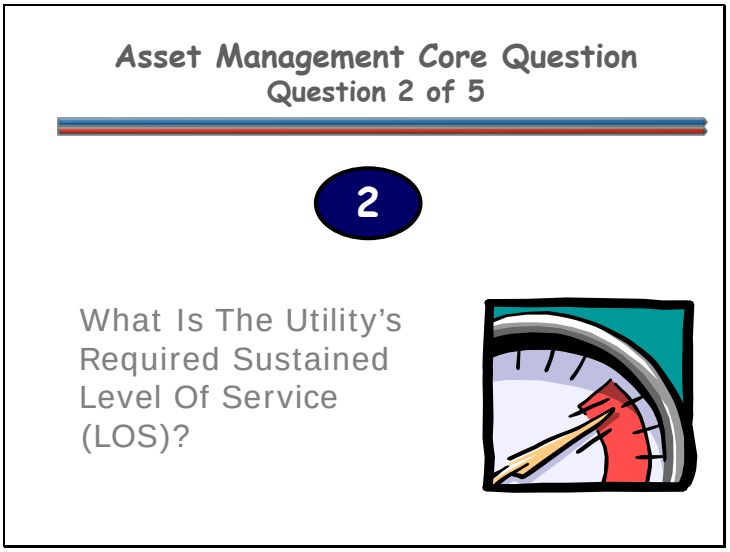
The Utility Growth section of the plan discusses the future customer growth, or lack of growth, anticipated and the utility expansions or downsizing that will be required to meet the growth prediction. When entering this information you might wish to refer to your future Capital Improvement Projects or financial strategies.

The Age Profile is created from the assets in My Inventory and graphs the age and value of assets for your utility.

The utility schematic at the bottom of the page displays the diagram you may have completed within the My Inventory module within CUPSS.

Be sure to click "Save and Continue" or "Save and Generate Plan" when you are finished filling out the fields.

Slide 23



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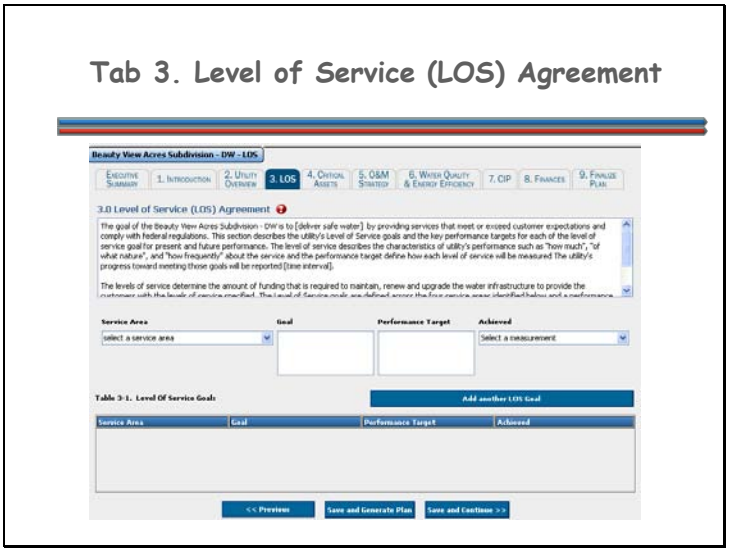
Knowing the utility's required "sustainable" level of service will help the utility implement an asset management plan and communicate to stakeholders what is being done. The required sustainable level of service is the set of features that describe the utility's short- and long-term performance standards as well as the customer's expectations.

The LOS tab of the My CUPSS plan allows for level of service goals to be entered for various service areas. In addition, the Water Quality and Energy Efficiency tab helps to support answering core questions. This section describes the utility's water quality and energy efficiency strategies.

Slide 24



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Tracking your level of service goals will help you determine your short- and long-term goals which will enable you to establish best practices. Listing these LOS goals in your asset management plan will allow you to prioritize and optimize everyday activities.

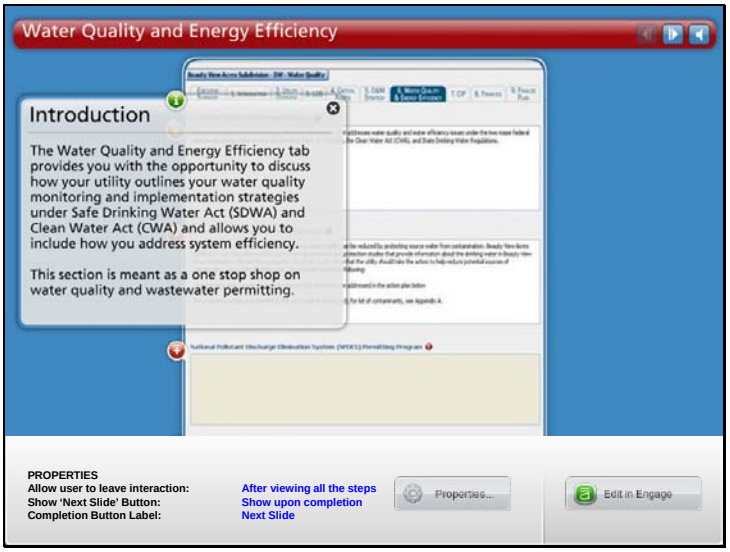
This section of the Asset Management Plan provides information on the obligations of the utility, as well as future performance goals. This information is important because it identifies the utility's goals and how often those goals are achieved, an important measure that the utility is being managed effectively. You need to input data as prompted, including information regarding how often goal performance will be met and which aspects of the utility have LOS Agreements. Additionally, you need to input your LOS goals and the level at which that the goals will be met. CUPSS Self-paced Training Lesson 1: Asset Management 101, introduced the notion of developing SMART goals – goals that are Specific, Measurable, Attainable, Realistic and Time-based."

To add a new goal, select one of the four service areas from the dropdown list and enter text for your goal and performance target. Also specify a measurement by which you can gauge if the target was achieved. Click Add another LOS Goal to save your entry

and to add another goal. The performance targets also show in the dropdown under Tab 9. Finalize Plan when you are identifying your action items.

Make sure to click “Save and Continue” or “Save and Generate Plan” when you are finished filling out the fields.

Slide 25



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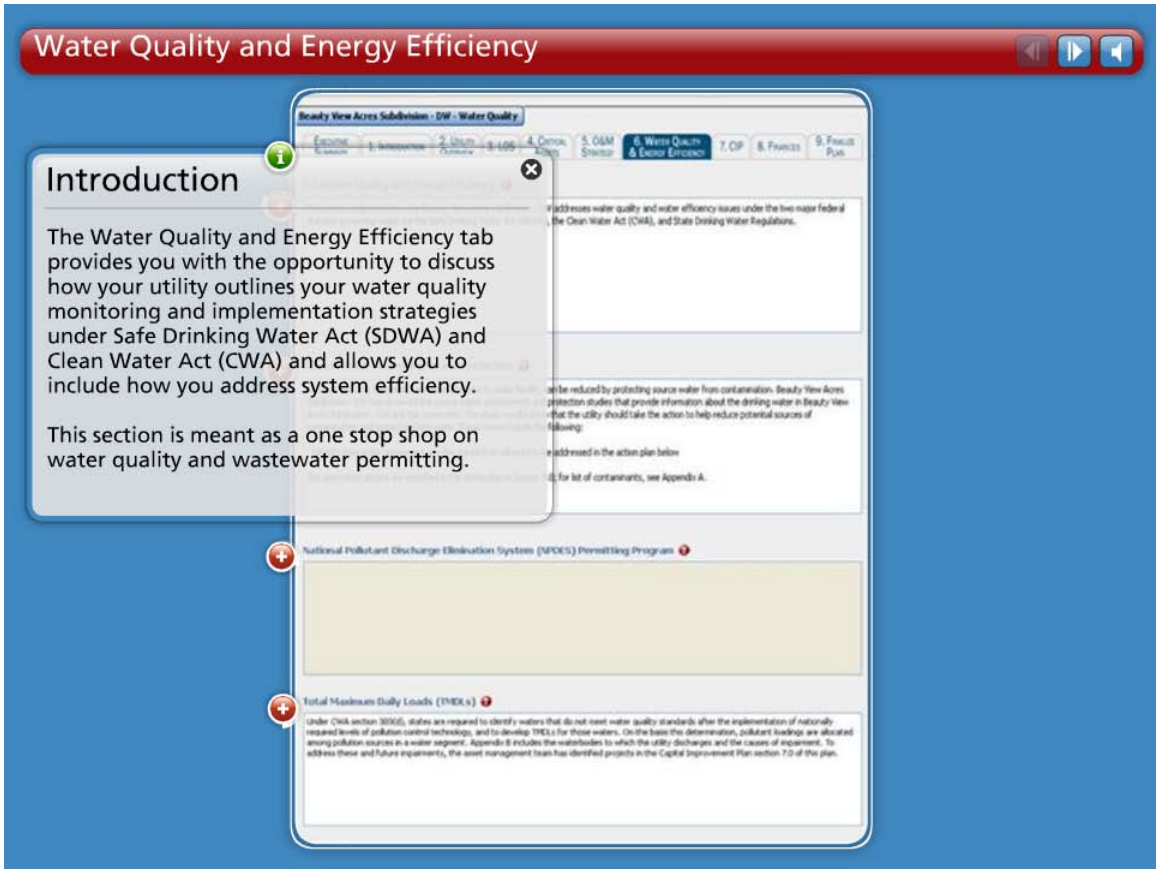
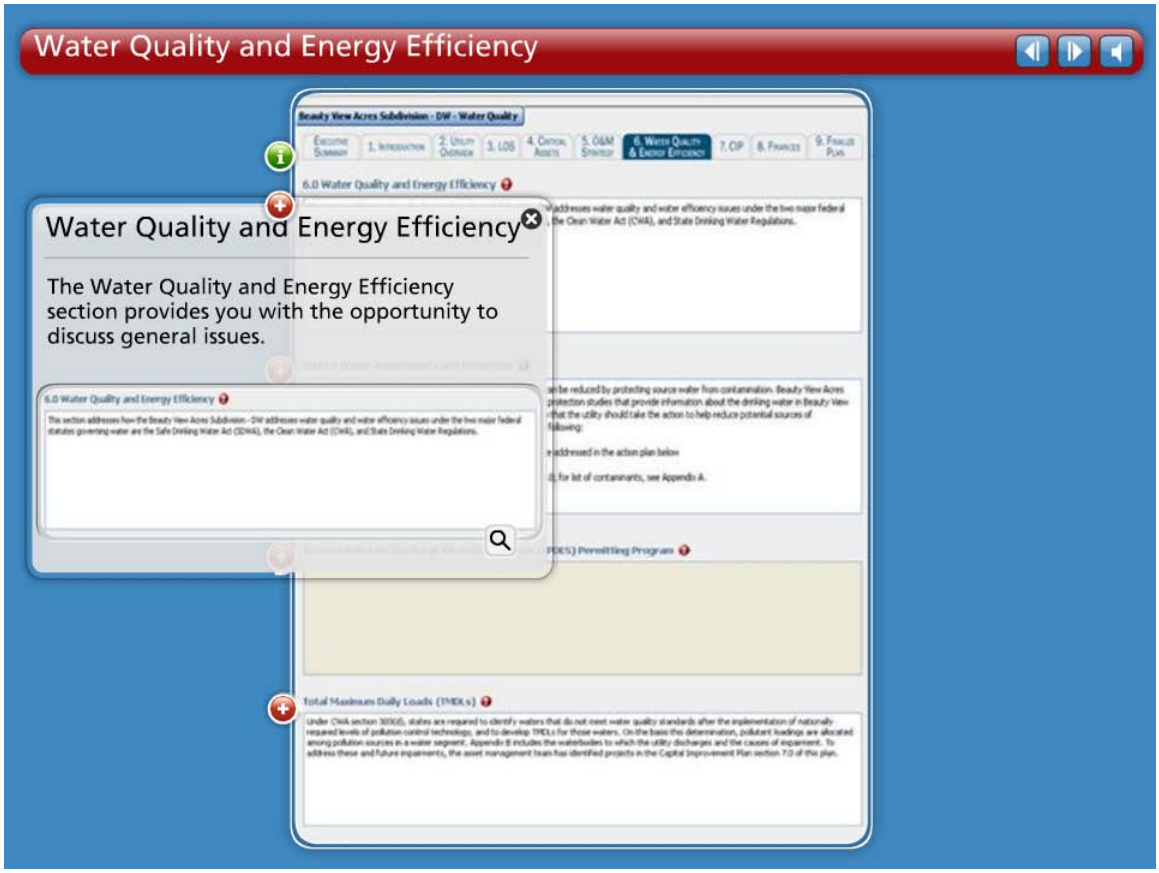


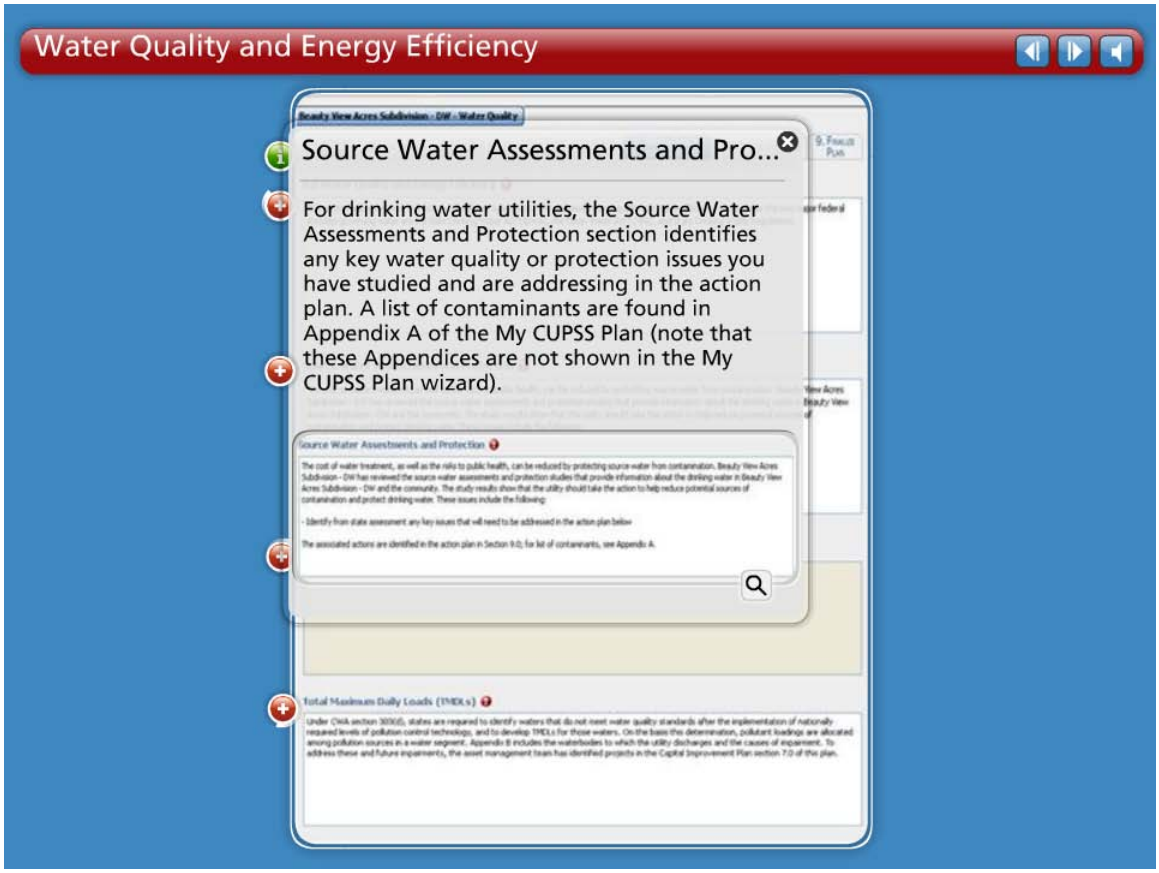
Introduction

The Water Quality and Energy Efficiency tab provides you with the opportunity to discuss how your utility outlines your water quality monitoring and implementation strategies under Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) and allows you to include how you address system efficiency.

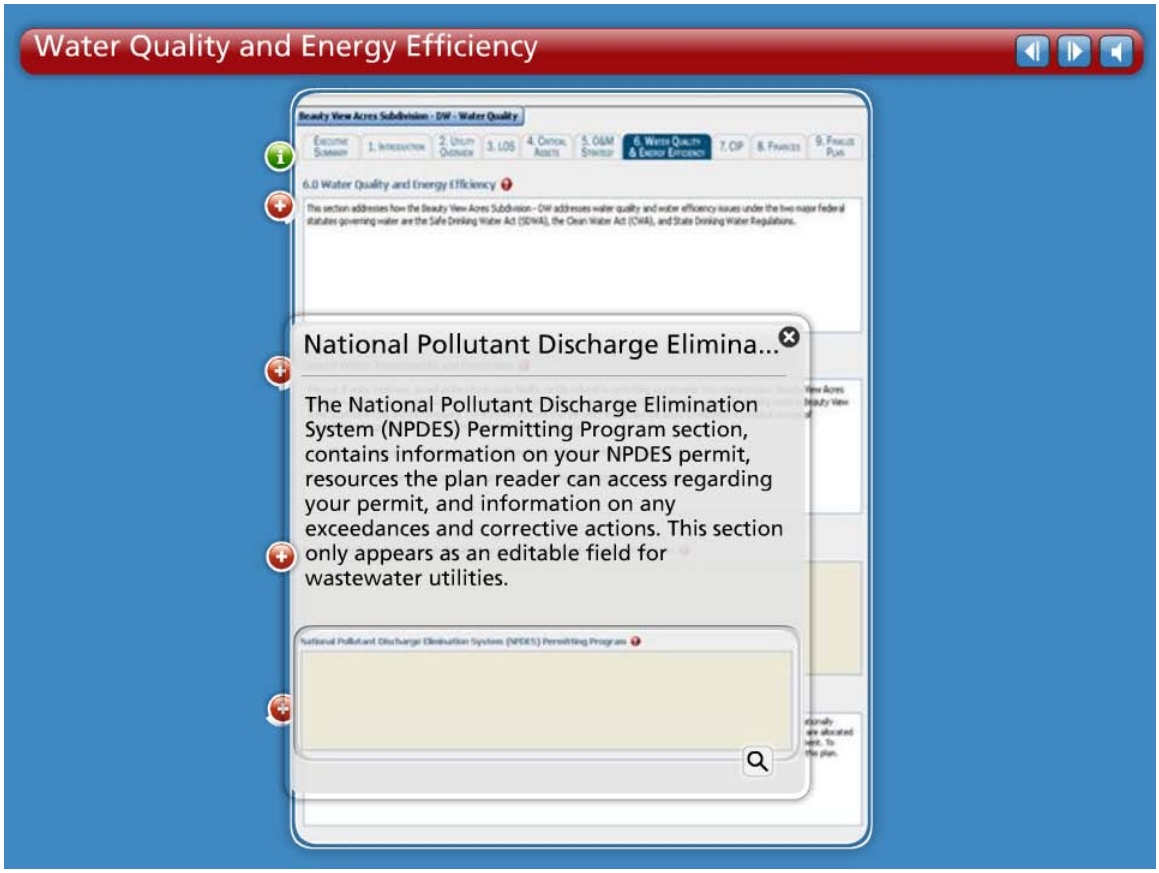
This section is meant as a one stop shop on water quality and wastewater permitting.



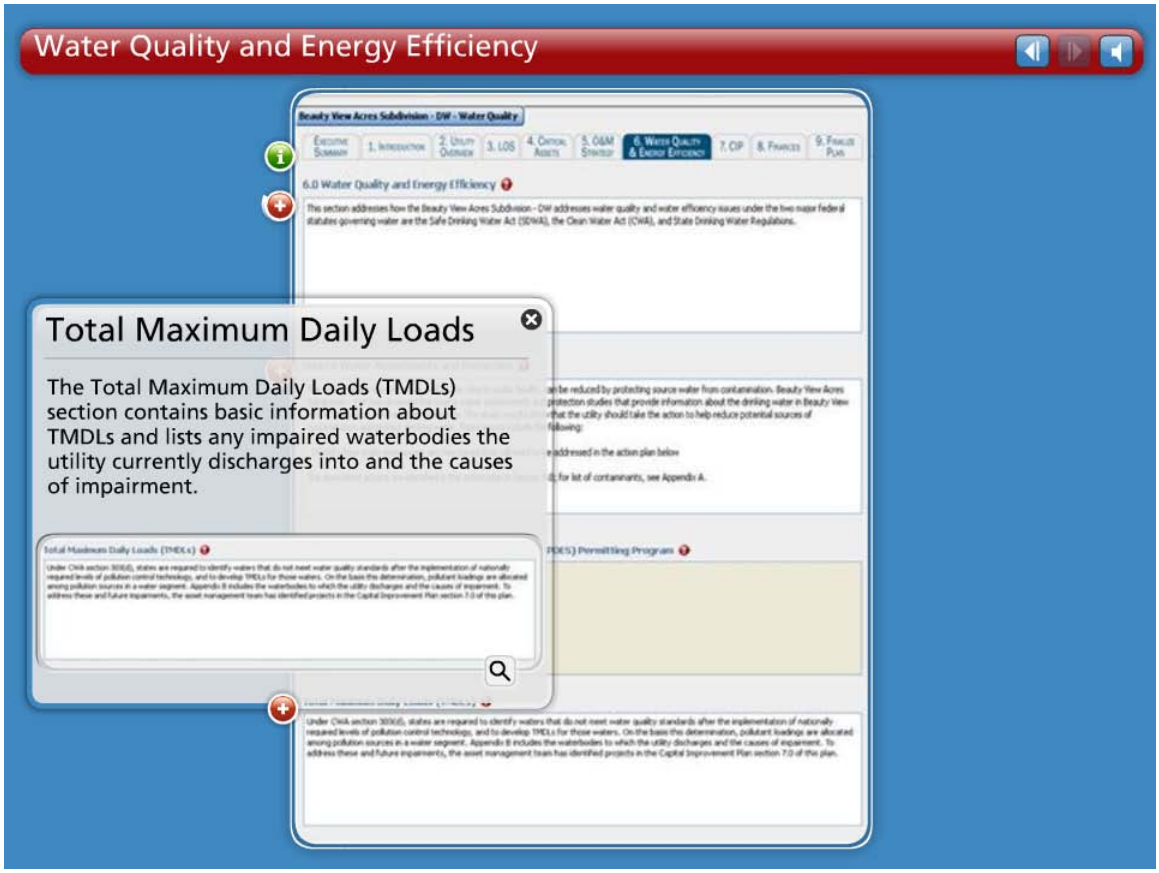
Water Quality and Energy Efficiency
The Water Quality and Energy Efficiency section provides you with the opportunity to discuss general issues.



Source Water Assessments and Protection
For drinking water utilities, the Source Water Assessments and Protection section identifies any key water quality or protection issues you have studied and are addressing in the action plan. A list of contaminants are found in Appendix A of the My CUPSS Plan (note that these Appendices are not shown in the My CUPSS Plan wizard).

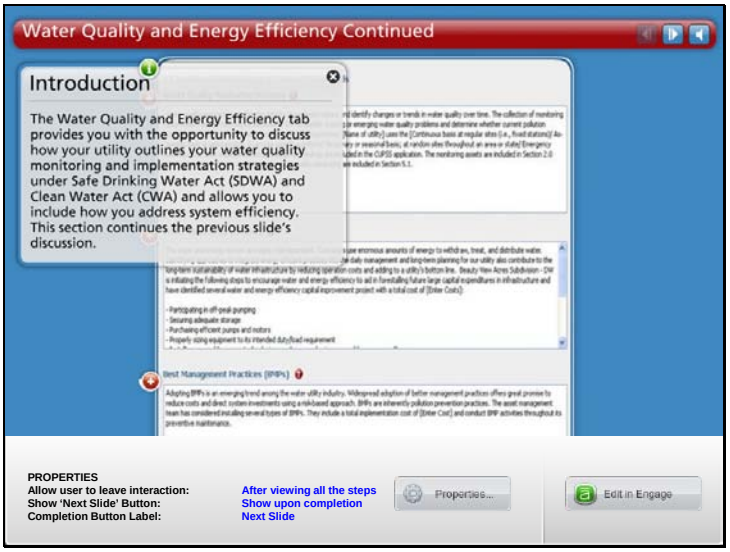


National Pollutant Discharge Elimination System Permitting Program
The National Pollutant Discharge Elimination System (NPDES) Permitting Program section, contains information on your NPDES permit, resources the plan reader can access regarding your permit, and information on any exceedances and corrective actions. This section only appears as an editable field for wastewater utilities.



Total Maximum Daily Loads
The Total Maximum Daily Loads (TMDLs) section contains basic information about TMDLs and lists any impaired waterbodies the utility currently discharges into and the causes of impairment.

Slide 26



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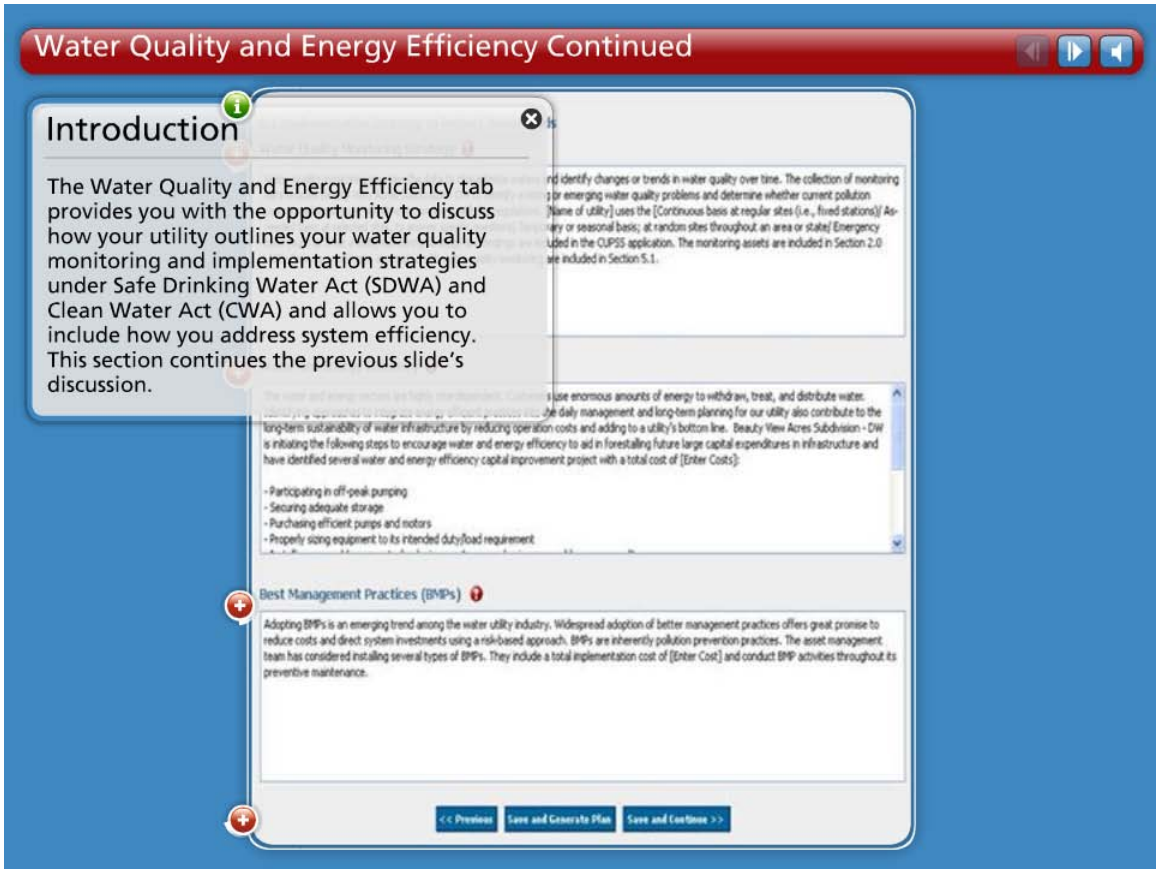
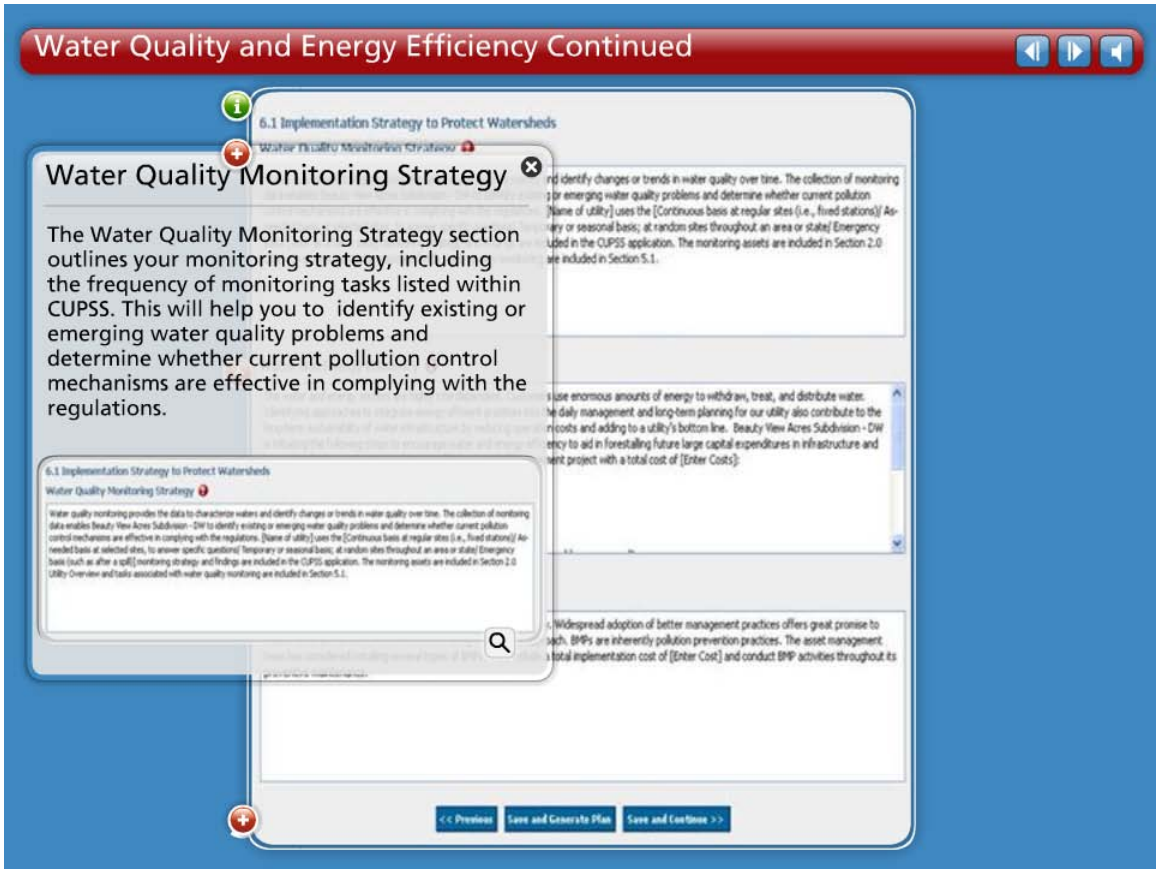
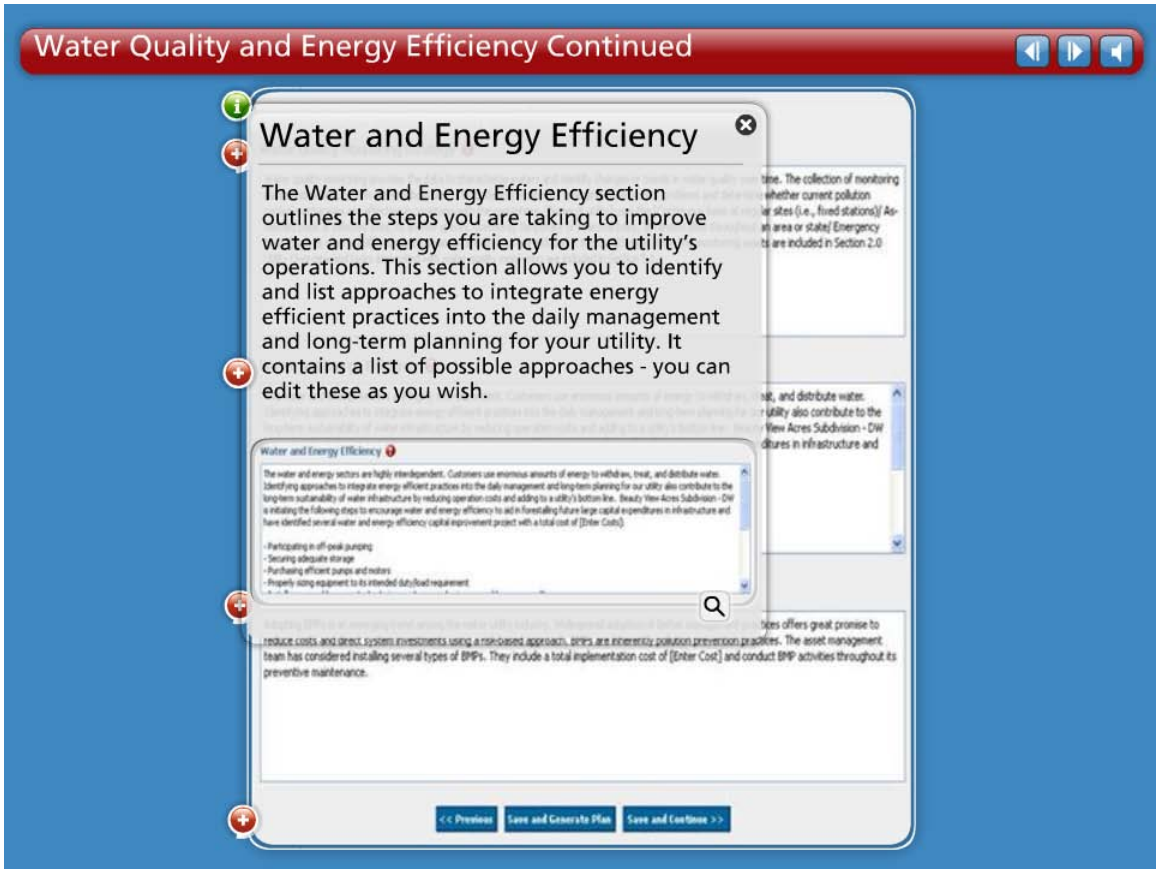


Introduction Water Quality and Energy Efficiency Continued
The Water Quality and Energy Efficiency tab provides you with the opportunity to discuss how your utility outlines your water quality monitoring and implementation strategies under Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) and allows you to include how you address system efficiency. This section continues the previous slide's discussion.



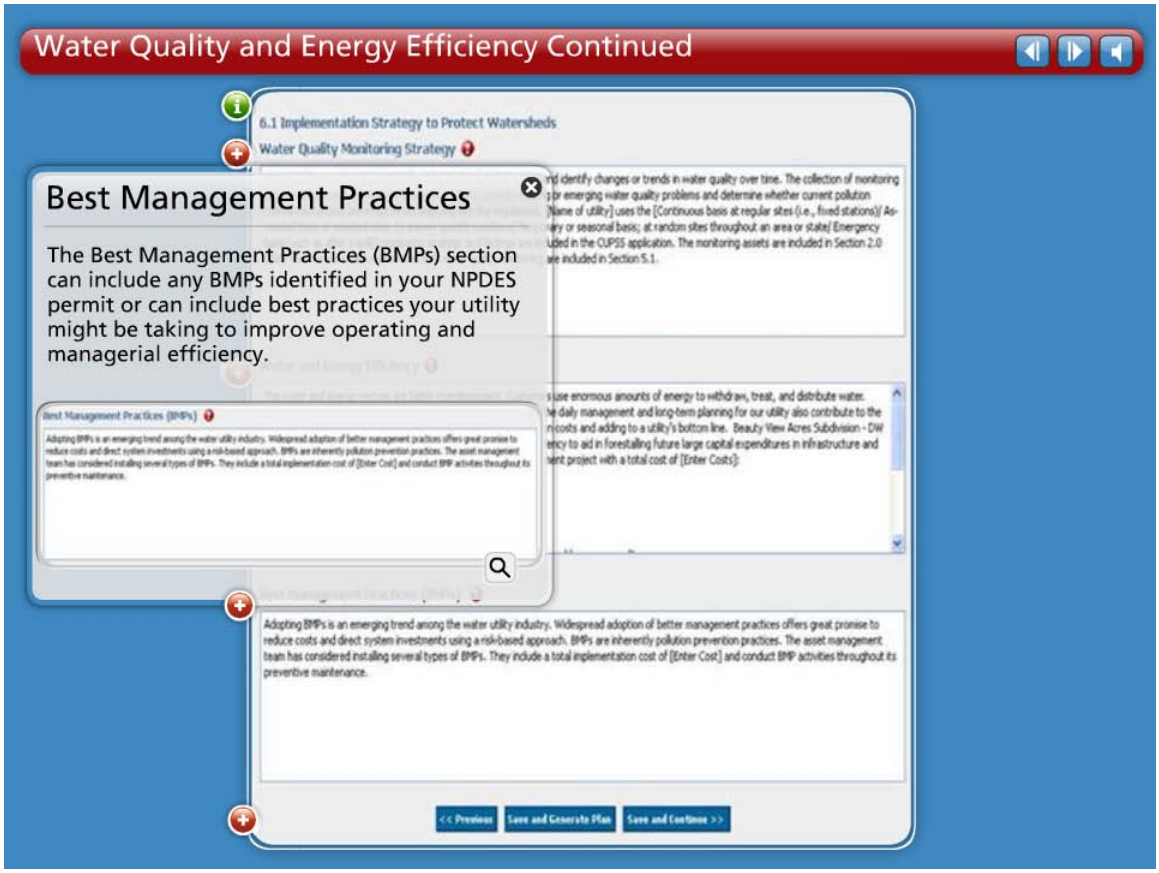
Water Quality Monitoring Strategy

The Water Quality Monitoring Strategy section outlines your monitoring strategy, including the frequency of monitoring tasks listed within CUPSS. This will help you to identify existing or emerging water quality problems and determine whether current pollution control mechanisms are effective in complying with the regulations.

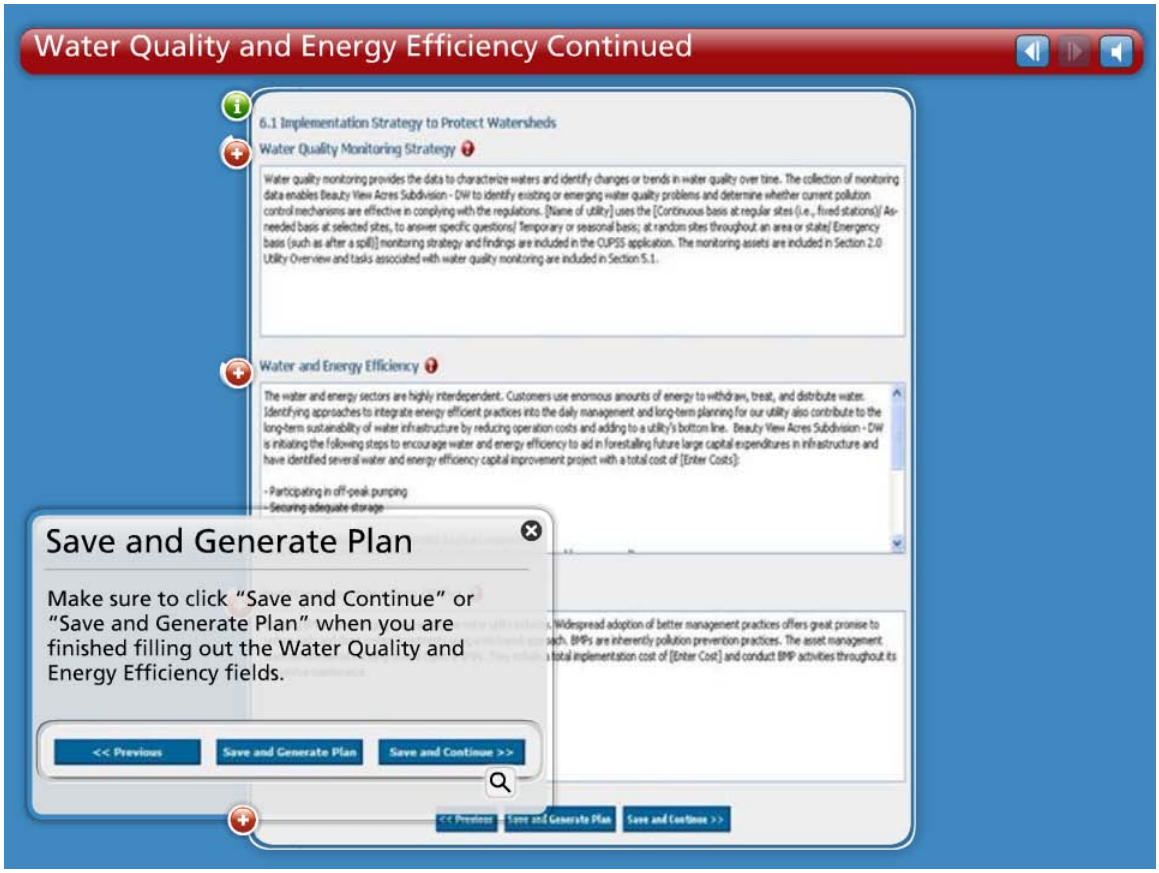


Water and Energy Efficiency

The Water and Energy Efficiency section outlines the steps you are taking to improve water and energy efficiency for the utility's operations. This section allows you to identify and list approaches to integrate energy efficient practices into the daily management and long-term planning for your utility. It contains a list of possible approaches – you can edit these as you wish.

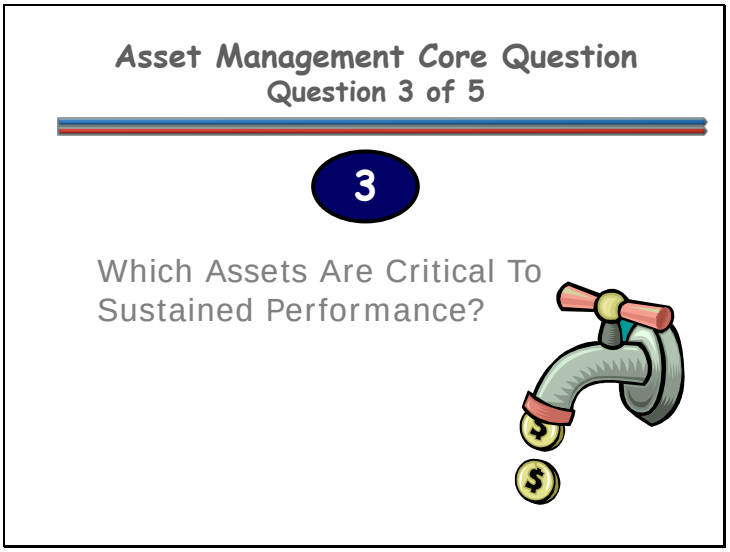


Best Management Practices
The Best Management Practices (BMPs) section can include any BMPs identified in your NPDES permit or can include best practices your utility might be taking to improve operating and managerial efficiency.



Save and Generate Plan
Make sure to click “Save and Continue” or “Save and Generate Plan” when you are finished filling out the Water Quality and Energy Efficiency fields.

Slide 27



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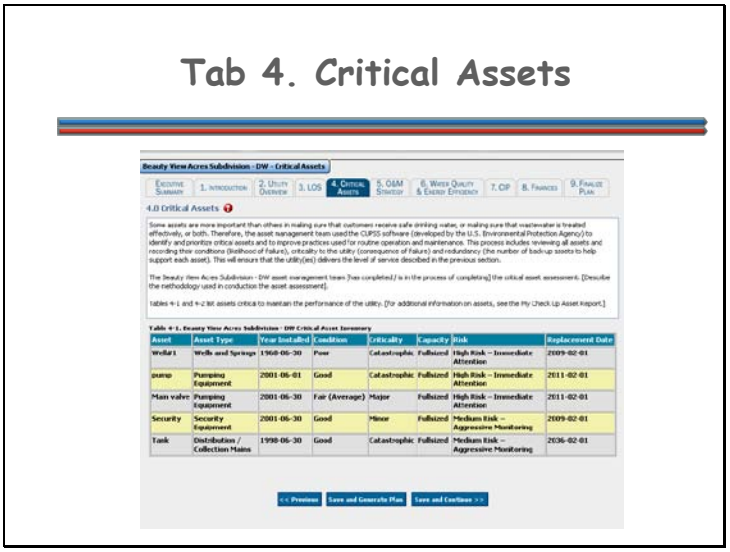
Because assets fail, how you manage the consequences of failure is vital. Not every asset presents the same failure risk, or is equally critical to the drinking water or wastewater system's operations. Therefore, it is important to know which assets are required to sustain the utility's performance. Critical assets are those that you decide have a high risk of failing (like if the asset is old or in poor condition) and major consequences if they do fail (major expense, system failure, safety concerns, etc.). You can decide how critical each asset is and rank them accordingly.

These are important values to know, understand and consider in any decision-making process. The Critical Assets tab provides information on the priority of distinctive assets within the utility.

Slide 28



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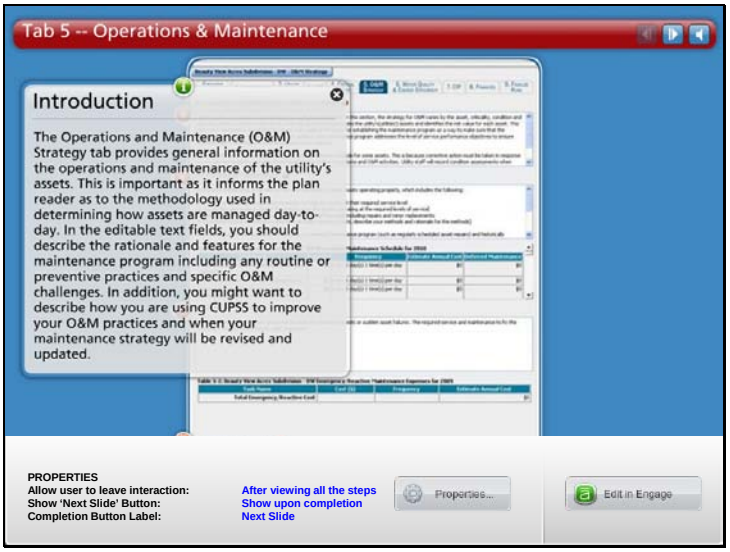
Tracking your assets will help you determine which assets are critical to your utility. Tracking your high risk assets will help you identify and prioritize these critical assets. This information will help you improve O&M practices and enhance your long-term planning efforts. Your asset management plan can keep a record of all assets and the consequence of their failure.

The Critical Assets tab provides information on the priority of distinctive assets within the utility. This information is crucial because it provides the reader with a concise overview of the state of each of the utility's critical assets, including information on the condition of the asset, the asset's consequence of failure, the risk associated with the asset, and the asset's targeted replacement date. The critical asset assessment should be conducted using the parameters in the My Inventory module within CUPSS. Enter information about what stage you have reached in the asset management process (complete/in the process).

The table in this section lists assets critical to the sustained performance of the system. These assets are ranked using the probability of failure (as a function of condition and redundancy) and the consequence of failure.

Make sure to click “Save and Continue” or “Save and Generate Plan” when you are finished filling out the Critical Assets section.

Slide 29



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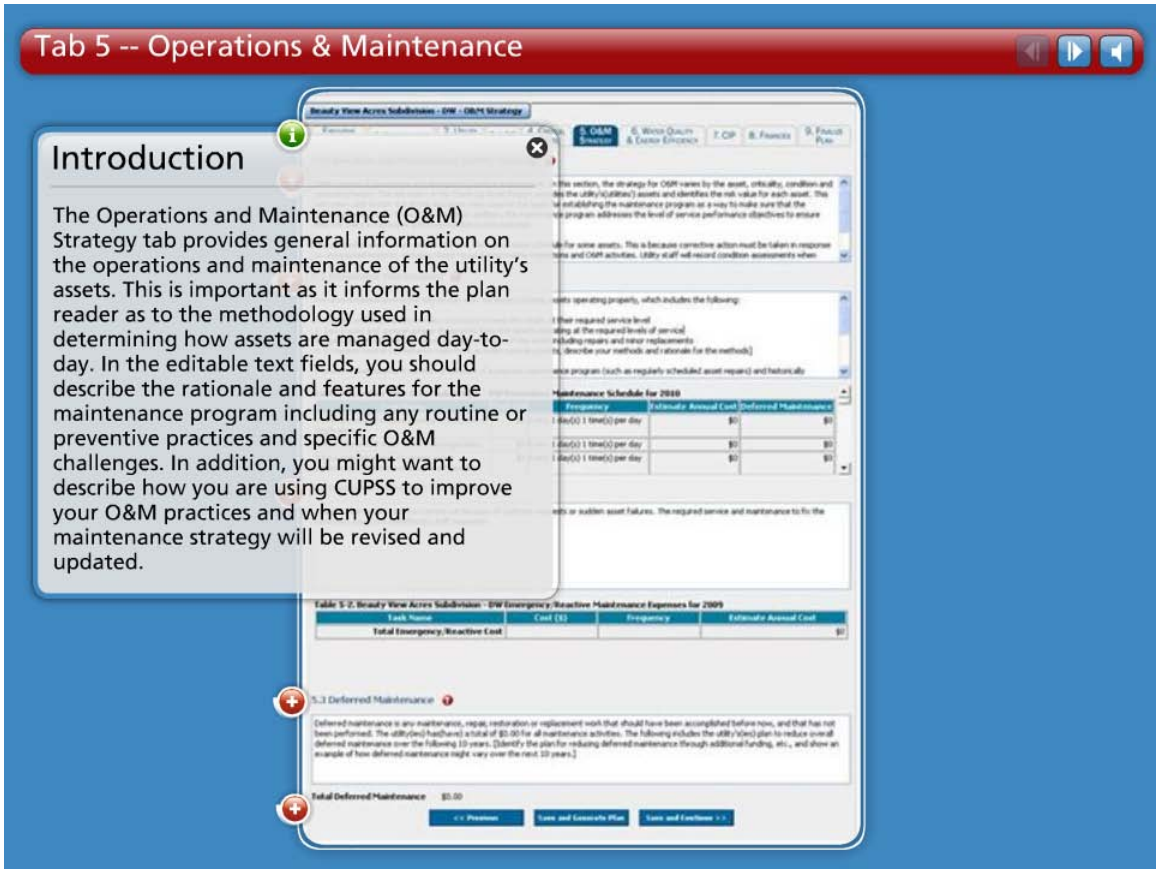
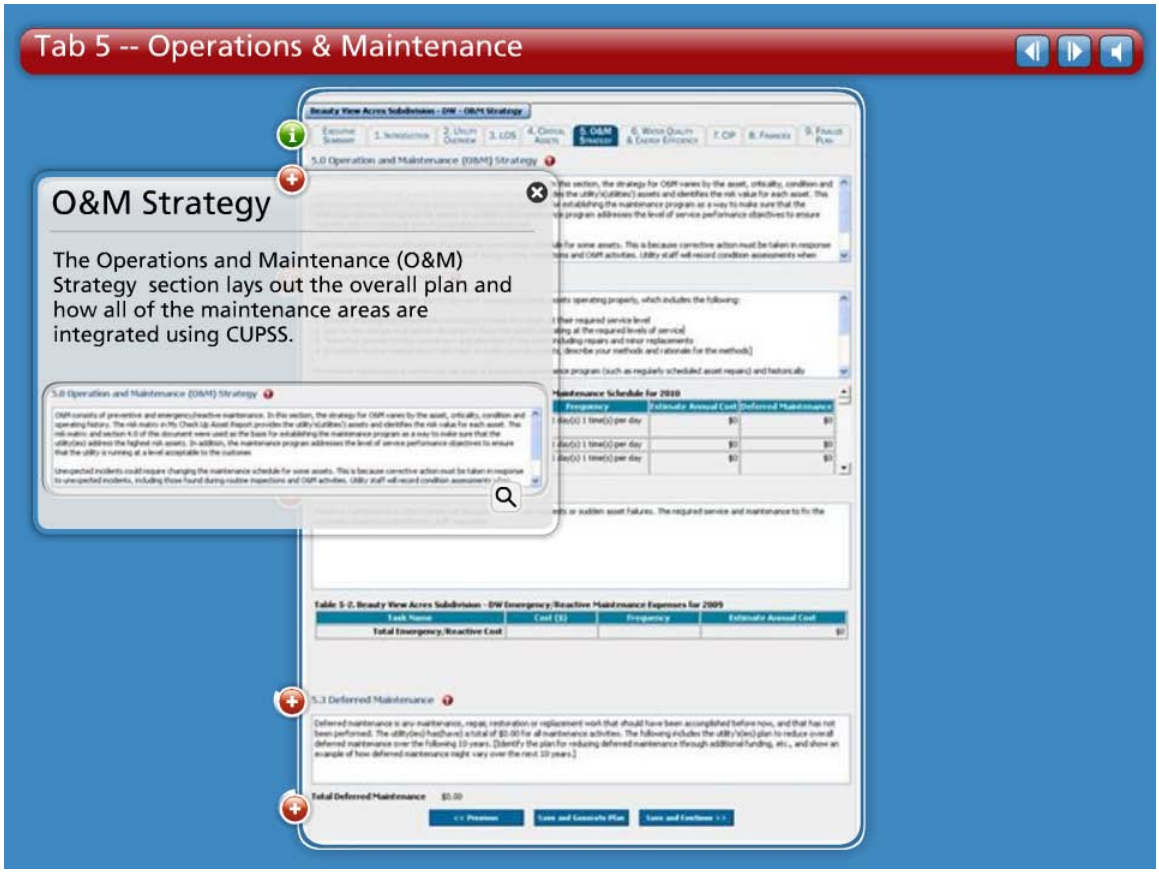
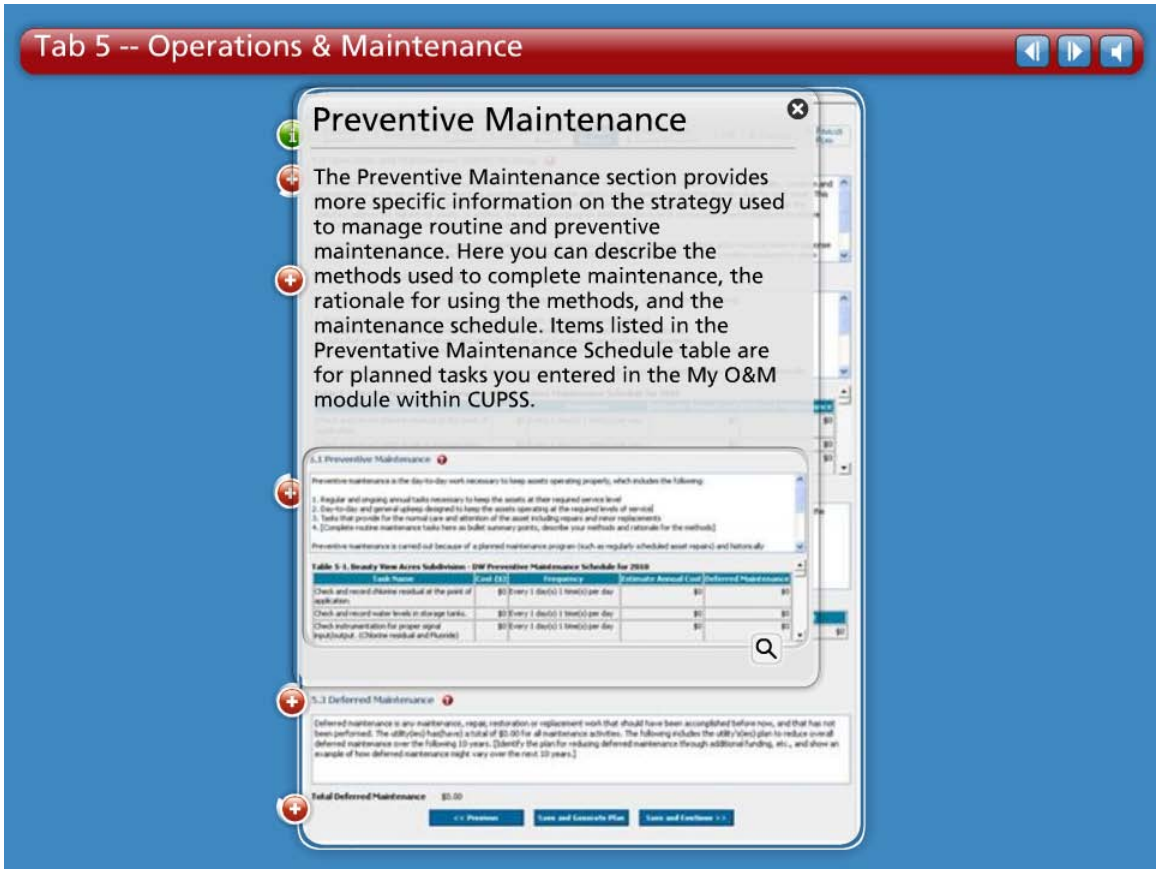


Introduction

The Operations and Maintenance (O&M) Strategy tab provides general information on the operations and maintenance of the utility's assets. This is important as it informs the plan reader as to the methodology used in determining how assets are managed day-to-day. In the editable text fields, you should describe the rationale and features for the maintenance program including any routine or preventive practices and specific O&M challenges. In addition, you might want to describe how you are using CUPSS to improve your O&M practices and when your maintenance strategy will be revised and updated.

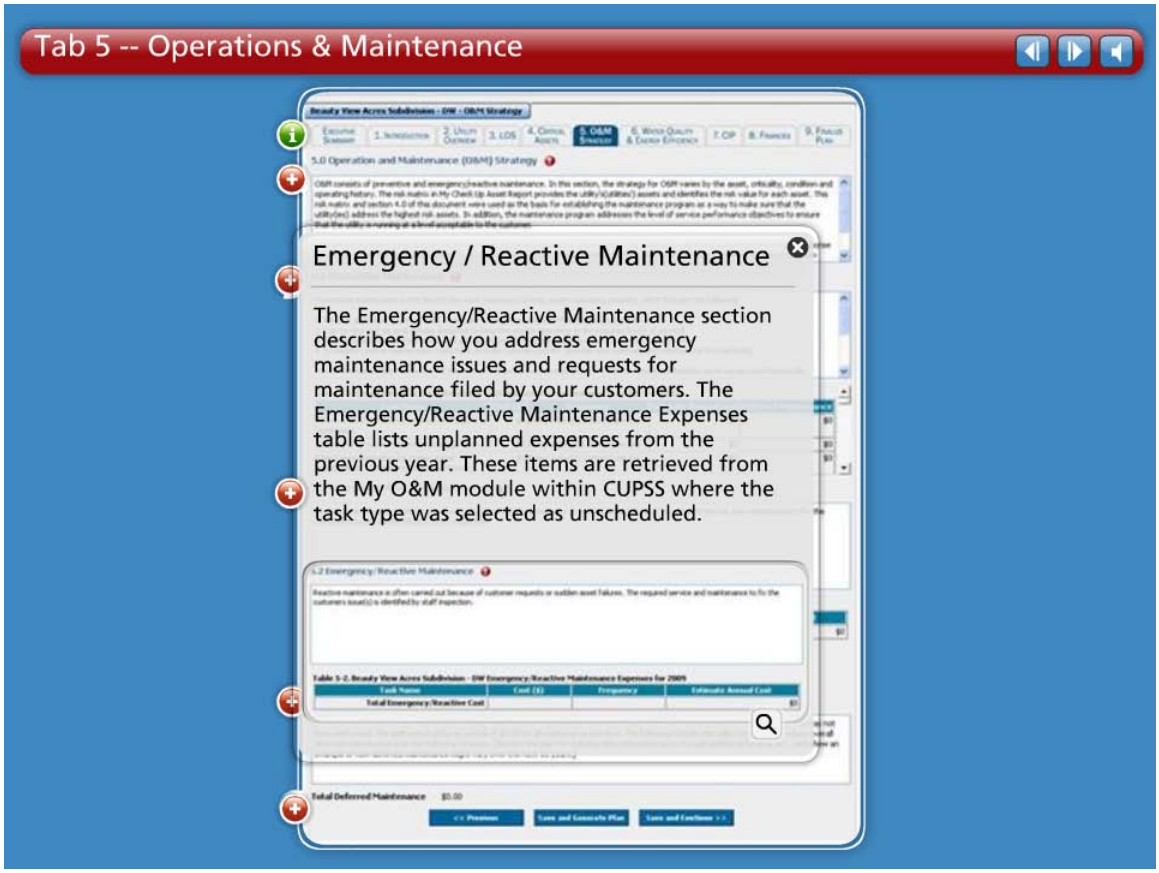


O&M Strategy
The Operations and Maintenance (O&M) Strategy section lays out the overall plan and how all of the maintenance areas are integrated using CUPSS.



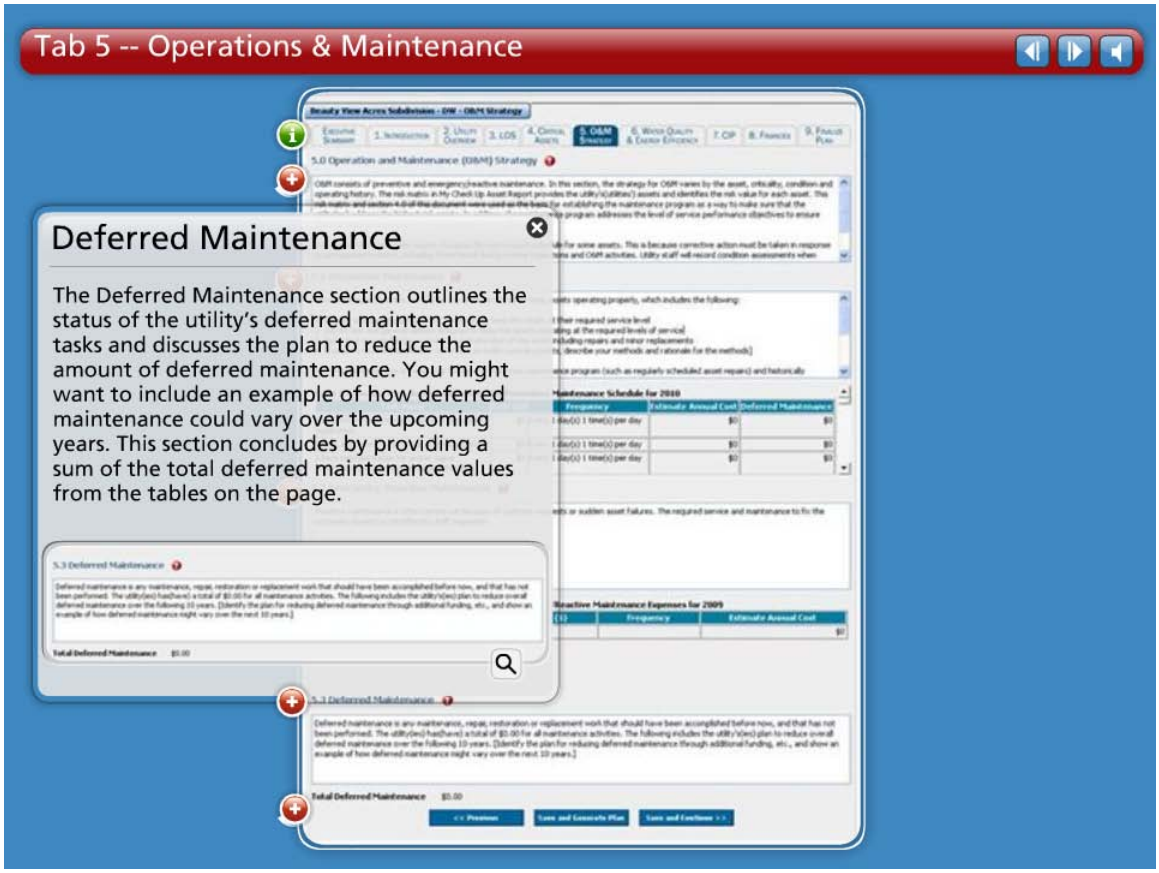
Preventive Maintenance

The Preventive Maintenance section provides more specific information on the strategy used to manage routine and preventive maintenance. Here you can describe the methods used to complete maintenance, the rationale for using the methods, and the maintenance schedule. Items listed in the Preventative Maintenance Schedule table are for planned tasks you entered in the My O&M module within CUPSS.



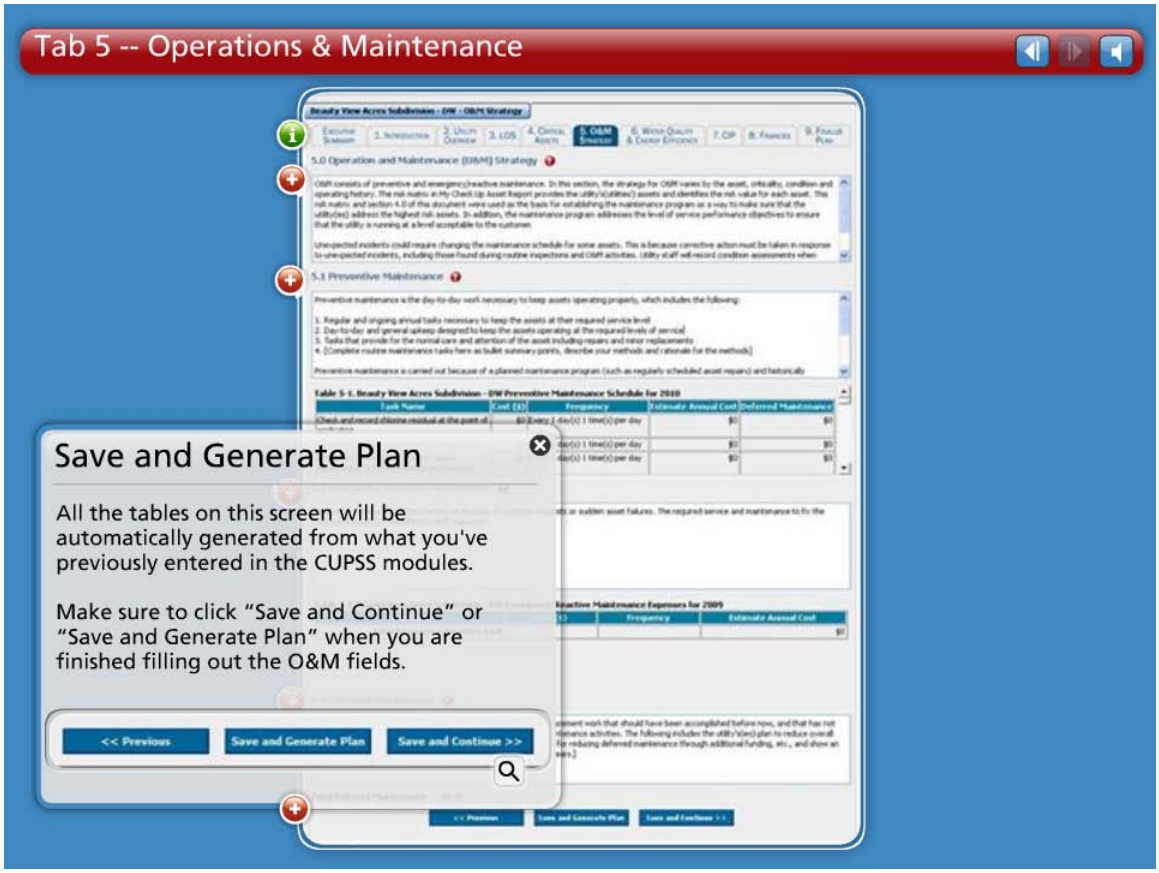
Emergency / Reactive Maintenance

The Emergency/Reactive Maintenance section describes how you address emergency maintenance issues and requests for maintenance filed by your customers. The Emergency/Reactive Maintenance Expenses table lists unplanned expenses from the previous year. These items are retrieved from the My O&M module within CUPSS where the task type was selected as unscheduled.



Deferred Maintenance

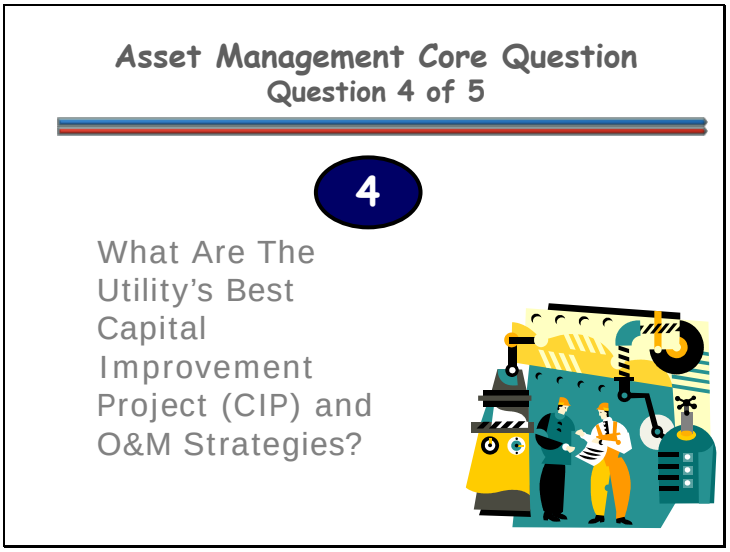
The Deferred Maintenance section outlines the status of the utility's deferred maintenance tasks and discusses the plan to reduce the amount of deferred maintenance. You might want to include an example of how deferred maintenance could vary over the upcoming years. This section concludes by providing a sum of the total deferred maintenance values from the tables on the page.



Save and Generate Plan
All the tables on this screen will be automatically generated from what you've previously entered in the CUPSS modules.

Make sure to click “Save and Continue” or “Save and Generate Plan” when you are finished filling out the O&M fields.

Slide 30



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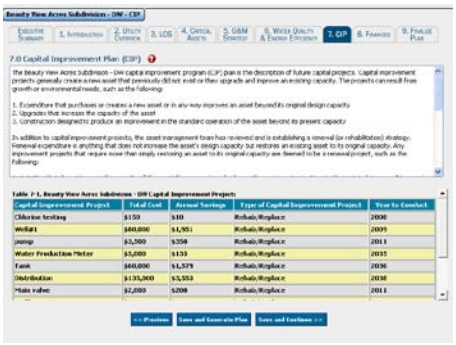
It is important to recognize that operations and maintenance (O&M), personnel, and the capital budget account for an estimated 85 percent of a typical system's expenses. Asset management enables a system to determine the lowest cost options for providing the highest level of service over time. Utilities want to optimize the work O&M crews are doing, where they are doing it, and why. An asset management program helps a utility make risk-based decisions by choosing the right project, at the right time, for the right reason.

Tracking your O&M tasks will help you develop an O&M strategy for your asset management plan. The Operations and Maintenance (O&M) Strategy tab gives you a template to describe your routine, preventive, and emergency maintenance approaches.

Tracking your high risk assets will help you identify and prioritize these critical assets. The Capital Improvement Plan (CIP) tab provides information that will help you improve O&M practices and enhance your long-term planning efforts.

Slide 31

Tab 7. Capital Improvement Plan (CIP)



Navigation: *Use the arrows in the bottom-middle of the screen to navigate backward to previous screens or forward through the lesson screens. When you enter an interactive tool, check the notes to receive instruction on using that tool's navigation. If you do not want to hear the audio, set the sound scale on the bottom left to zero or mute the computer's sound.*

The Capital Improvement Plan (CIP) tab provides information on the scope and cost of future projects. This information is important because it allows the plan reader to gain an understanding of upcoming obligations and resource needs. Items in this table are from the My Inventory module within CUPSS, for assets that have been marked as Future Investment as the asset status.

Make sure to click "Save and Continue" or "Save and Generate Plan" when you are finished filling out the CIP section.

Slide 32

Navigation: *Use the arrows in the bottom-middle of the screen to navigate backward to previous screens or forward through the lesson screens. When you enter an interactive tool, check the notes to receive instruction on using that tool's navigation. If you do not want to hear the audio, set the sound scale on the bottom left to zero or mute the computer's sound.*

Knowing the economic costs of services provided is critical for making sound financial decisions and developing an effective long-term funding strategy. Having this information in an asset management plan will help tell the utility's "story."

Tracking your finances will help you predict your yearly revenues and expenses. The Financial Management Strategy tab can help you analyze these annual financial trends and develop the best long-term financing strategy.

Slide 33

Navigation: *Use the arrows in the bottom-middle of the screen to navigate backward to previous screens or forward through the lesson screens. When you enter an interactive tool, check the notes to receive instruction on using that tool's navigation. If you do not want to hear the audio, set the sound scale on the bottom left to zero or mute the computer's sound.*

The Financial Management Strategy tab discusses the utility's financial condition and its strategy for future financing. You might wish to discuss expenses, how costs are covered, and financing methods for CIPs.

The Financial Forecast section shows the financial forecast and the financial projection summary graph from the My Financial Check Up Report. To change this graph, you can edit the financial information in the My Finances module within CUPSS.

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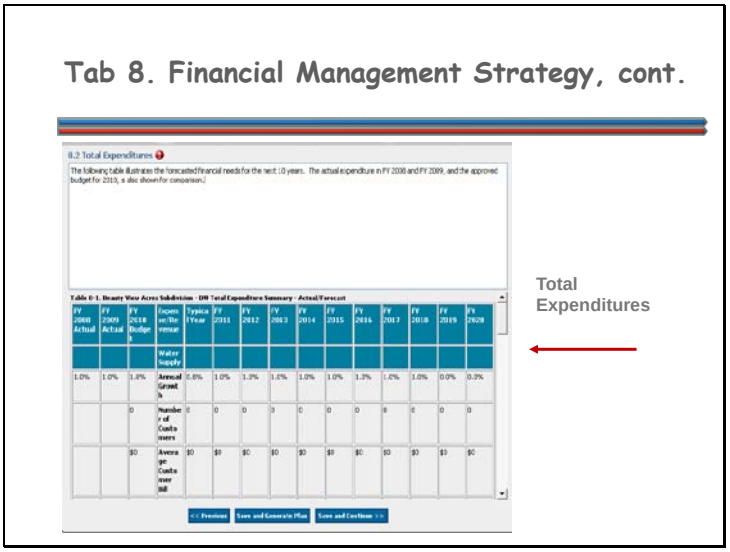

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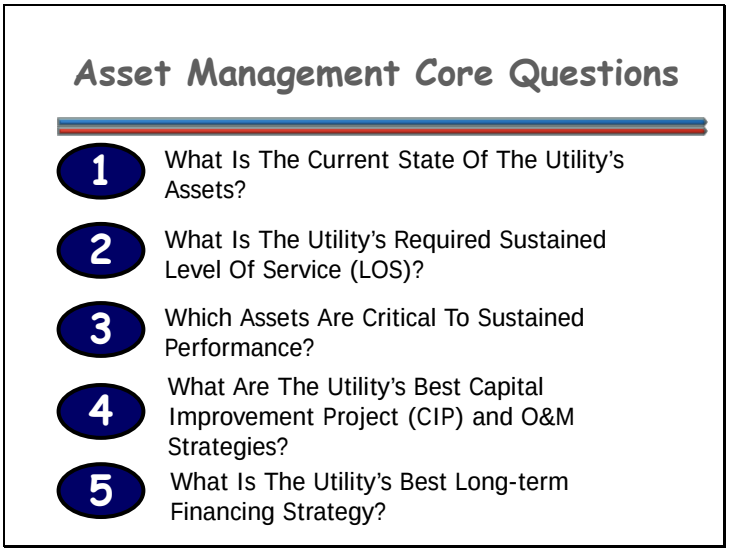
The Total Expenditure section of the plan addresses recent expenditures and anticipated expenses in the next 10 years. The Expenditure Summary table lists line items for expenses, revenues, and other financial items you have already entered in the My Finances module within CUPSS.

Make sure to click "Save and Continue" or "Save and Generate Plan" when you are finished filling out this section.

Slide 35



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You have completed answering all five core questions for your utility using the My CUPSS Plan wizard.

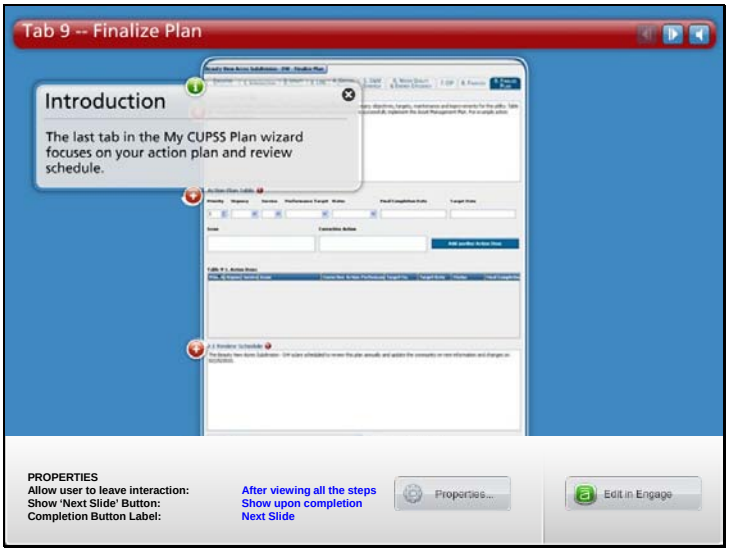
As a review the five core questions of an asset management framework are:

1. What Is The Current State Of The Utility's Assets?
2. What Is The Utility's Required Sustained Level Of Service?
3. Which Assets Are Critical To Sustained Performance?
4. What Are The Utility's Best "Minimum Life-Cycle-Cost" CIP And O&M Strategies?

- What Is The Utility's Best Long-term Financing Strategy?

There is one final step to finalize your plan with the Finalize Plan tab. Then you are ready to put your asset management plan in to action!

Slide 36



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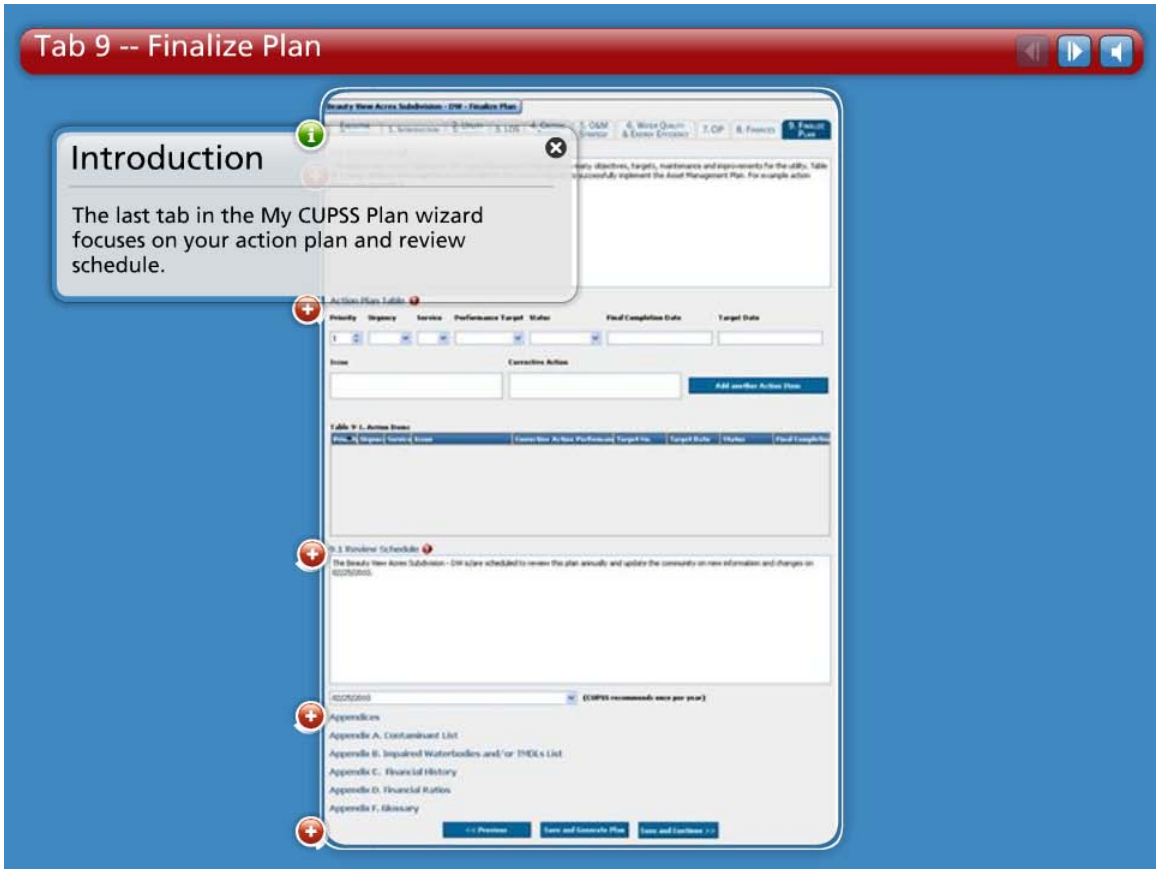
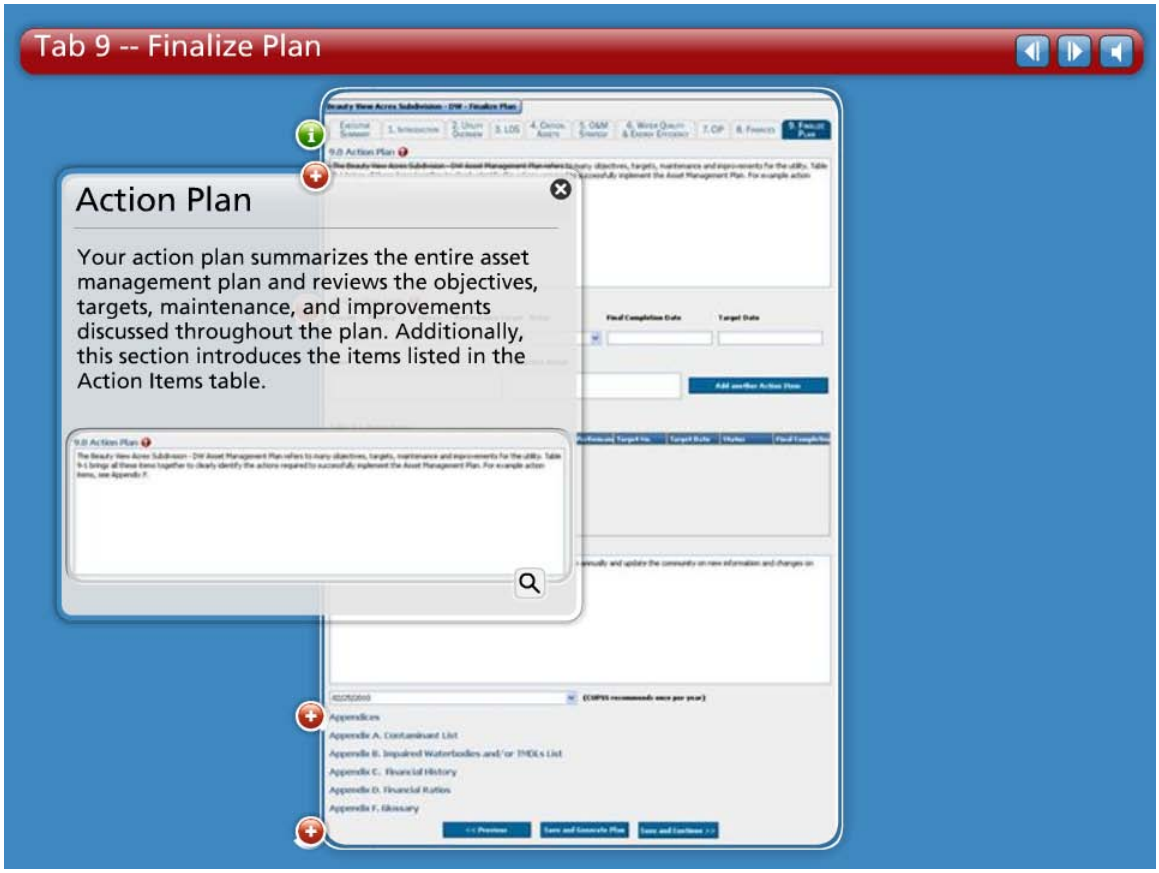
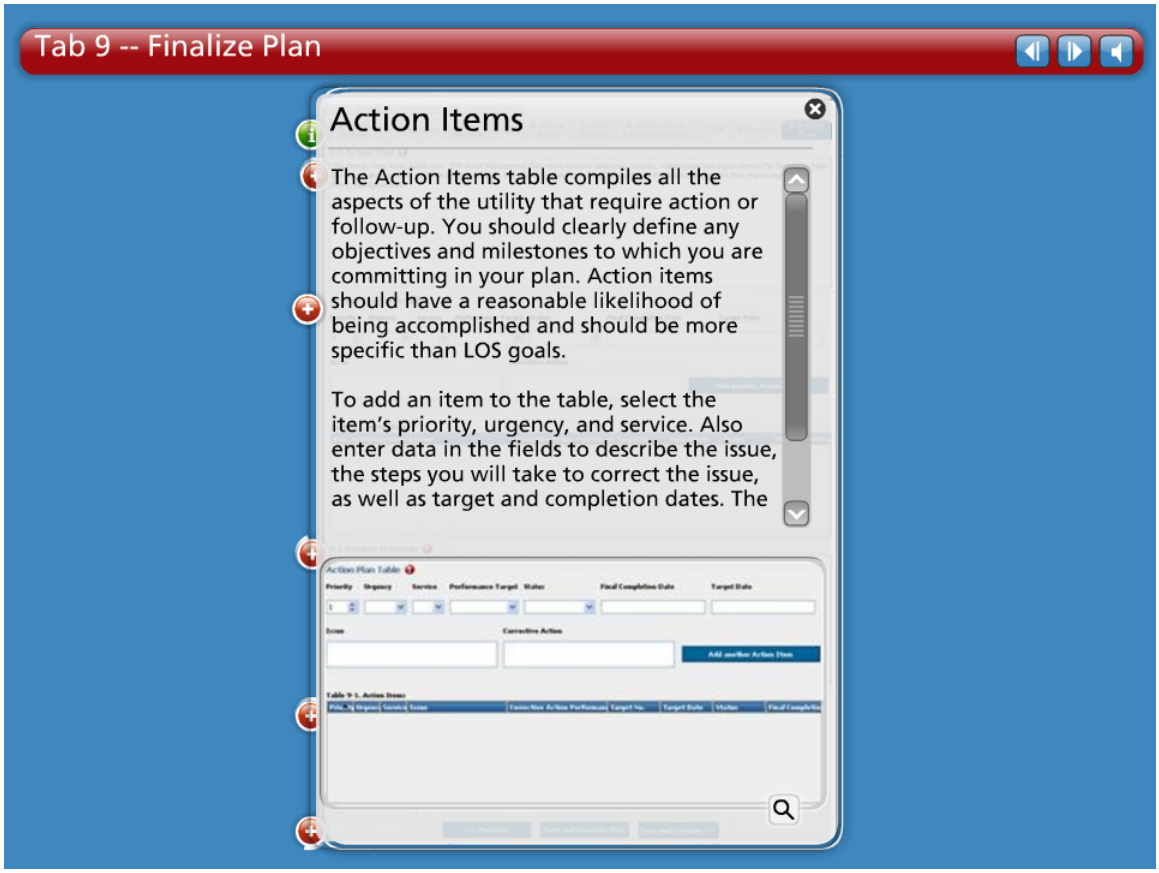


Introduction
The last tab in the My CUPSS Plan wizard focuses on your action plan and review schedule.



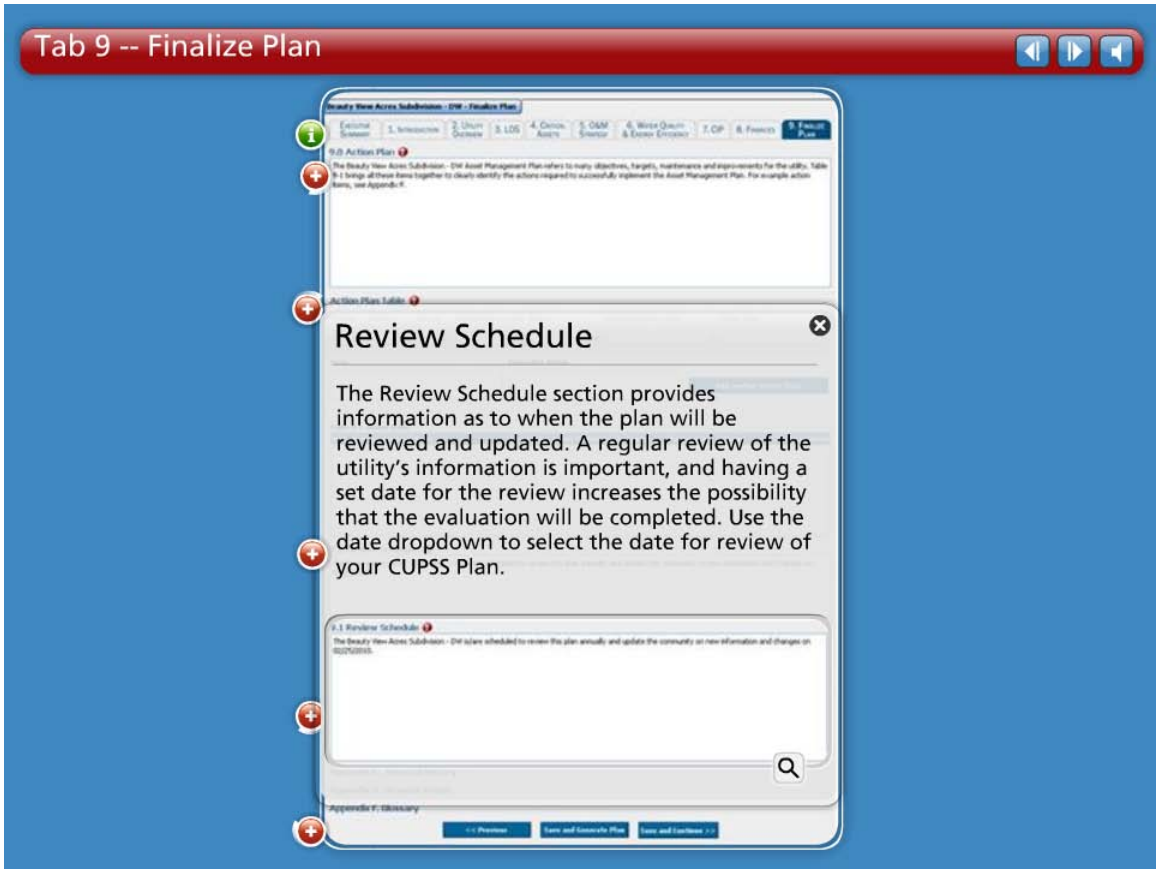
Action Plan
Your action plan summarizes the entire asset management plan and reviews the objectives, targets, maintenance, and improvements discussed throughout the plan. Additionally, this section introduces the items listed in the Action Items table.



Action Items

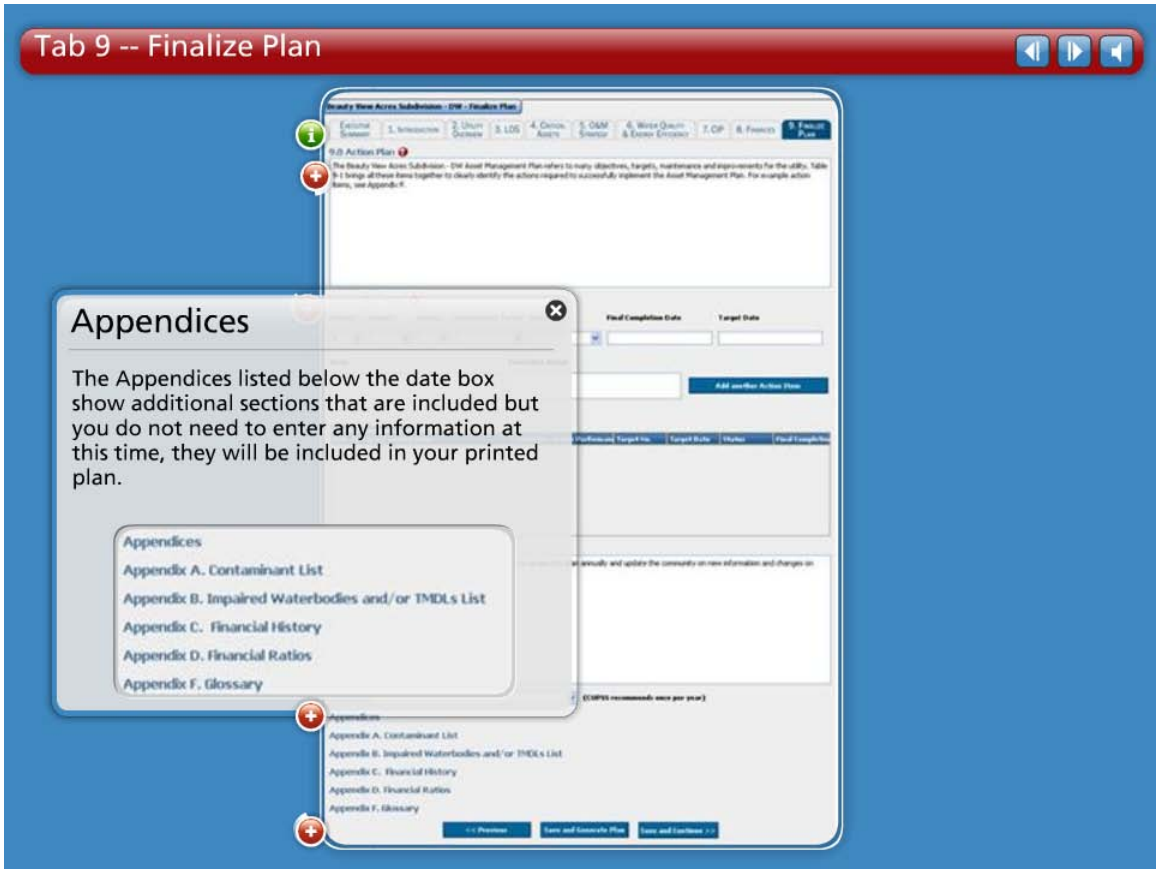
The Action Items table compiles all the aspects of the utility that require action or follow-up. You should clearly define any objectives and milestones to which you are committing in your plan. Action items should have a reasonable likelihood of being accomplished and should be more specific than LOS goals.

To add an item to the table, select the item's priority, urgency, and service. Also enter data in the fields to describe the issue, the steps you will take to correct the issue, as well as target and completion dates. The performance target options are set on the LOS tab. To save the data you have entered and to enter another item to the table, click Add another Action Item.

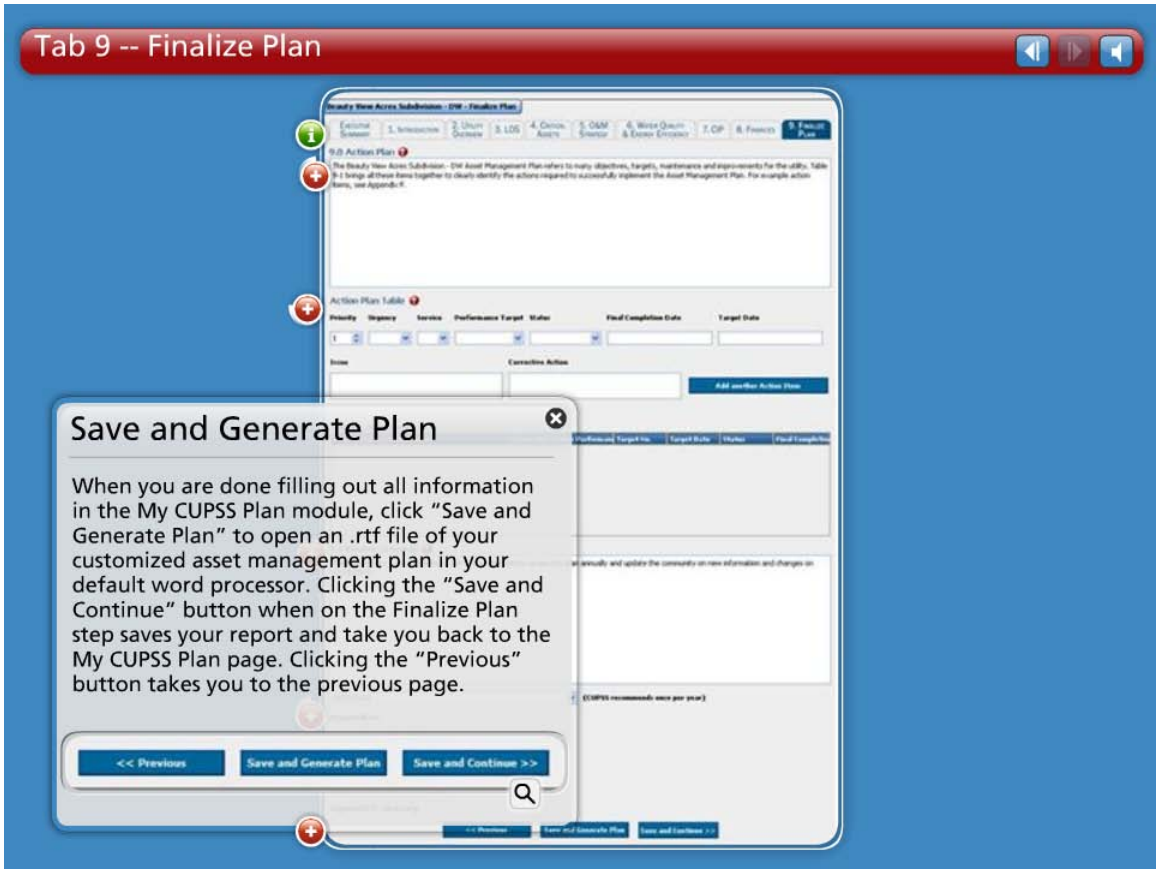


Review Schedule

The Review Schedule section provides information as to when the plan will be reviewed and updated. A regular review of the utility's information is important, and having a set date for the review increases the possibility that the evaluation will be completed. Use the date dropdown to select the date for review of your CUPSS Plan.



Appendices
The Appendices listed below the date box show additional sections that are included but you do not need to enter any information at this time, they will be included in your printed plan.



Save and Generate Plan

When you are done filling out all information in the My CUPSS Plan module, click “Save and Generate Plan” to open an .rtf file of your customized asset management plan in your default word processor. Clicking the “Save and Continue” button when on the Finalize Plan step saves your report and take you back to the My CUPSS Plan page. Clicking the “Previous” button takes you to the previous page.

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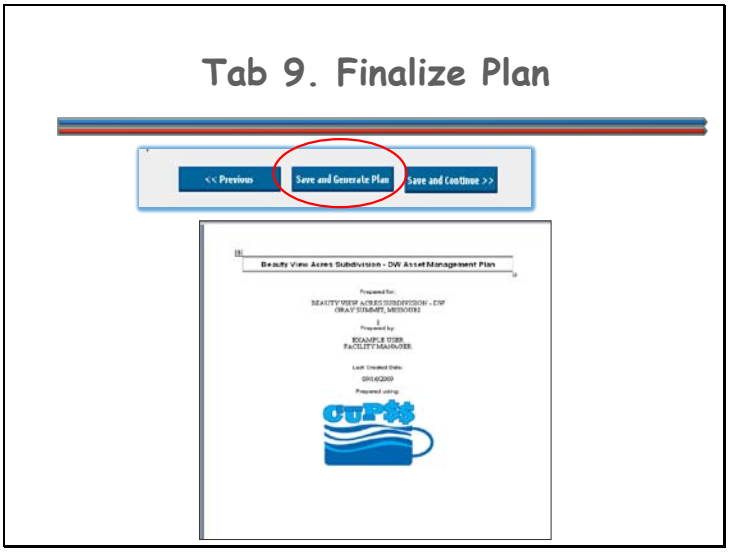

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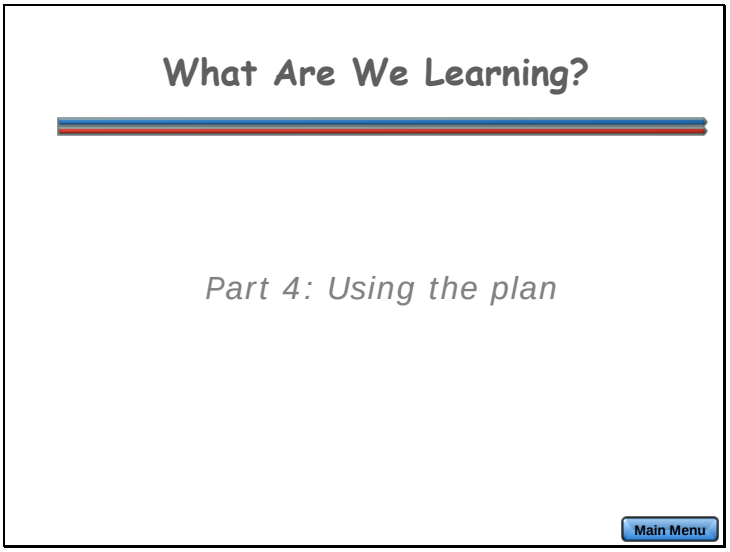
When you are done filling out all information in the My CUPSS Plan module, click "Save and Generate Plan" to open an .rtf file of your customized asset management plan in your default word processor.

Your word processor will open your My CUPSS Plan. You are now ready to share your plan with your CUPSS team and others. You are also able to make any additions or deletions you might find necessary in your word processor. Please keep in mind any changes made in your word processor will not be reflected in CUPSS. To save changes in CUPSS return to the My CUPSS module to edit your plan.

Slide 38



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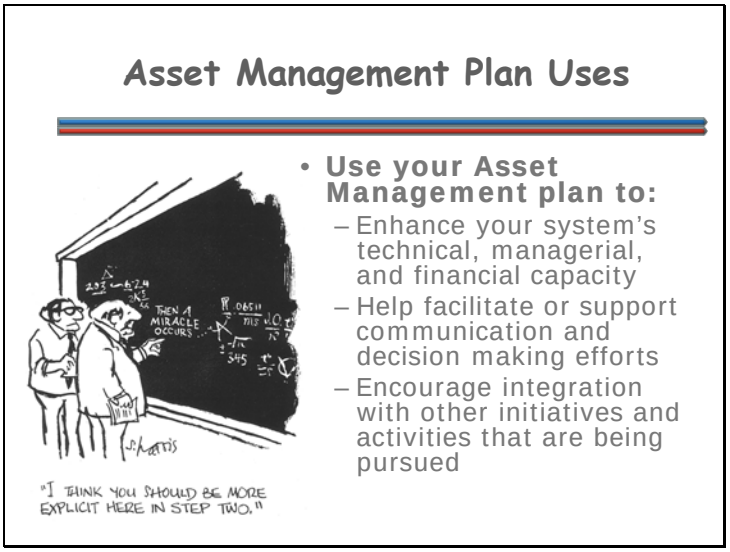
In Part 4, you're going to learn how to use the asset management plan that you've created.

Slide 39



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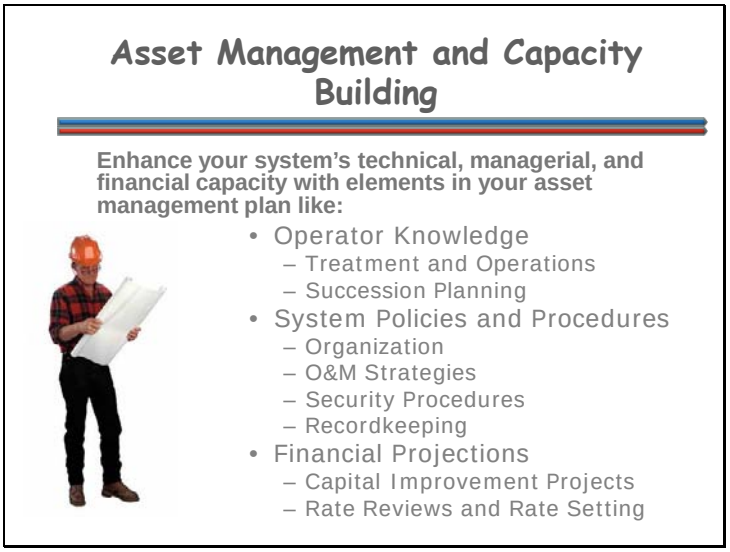
Now that you've created your Asset Management Plan, how do you use it? Your asset management plan can help improve your internal utility operations, your outside communication with decision makers, as well as implementing the other initiatives that are expected of you.

Use your Asset Management plan to:

- Enhance your system's technical, managerial, and financial capacity.
- Help facilitate or support communication and decision making efforts.
- Encourage integration with other initiatives and activities that are being pursued.

Slide 40



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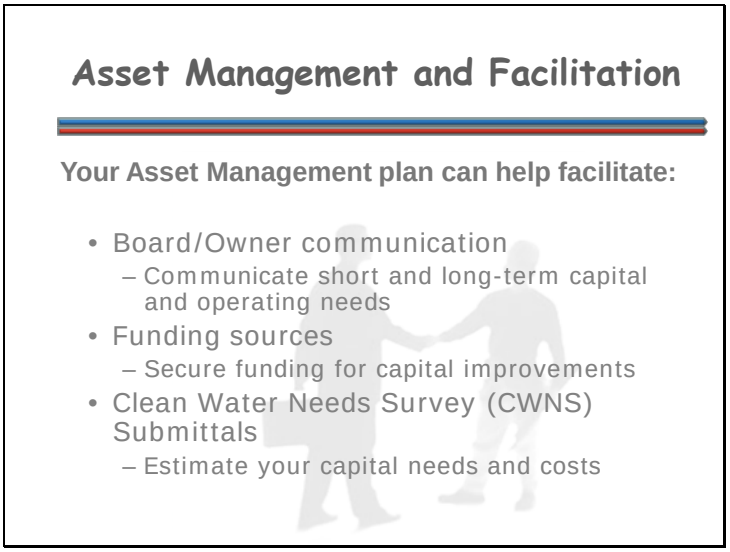
Your asset management plan can help address high-priority needs that are critical to your system's ongoing performance. You can enhance your system's technical, managerial, and financial capacity with elements in your asset management plan like:

- **Operator Knowledge** - Your plan contains a wealth of knowledge from your system's staff, which can range from a 1-person to multi-person team. Having years of experience of your system's treatment and operations written down and memorialized will help with consistency in administration and decision making as well as be an extremely important resource in succession planning.
- **System Policies and Procedures** - Your plan will note or maybe even create policies and procedures that your system uses in it's everyday functions. Your plan will contain your Asset Management Team showing your system's organizational structure, will detail your operation and maintenance strategies and your security procedures, and will also highlight your recordkeeping policies.
- **Financial Projections** - Your plan will also provide your system's financial status showing how much revenue is coming in and expenses going out so that you'll be able to project what funds are needed for upcoming capital improvements at your system. Looking at these projections will help determine if the system's rates are

sufficient and if a rate review needs to be implemented to accomplish your system's long-term goals.

Slide 41



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Your asset management plan can be used as a valuable tool in setting the stage for sustainable level of service conversations with your system's leadership, in describing financing needs, and in providing documentation of capital needs and expected future costs. You can use your Asset Management plan to help facilitate:

- Board/Owner communication - Your plan can help communicate short and long-term capital and operating needs with your board or owner.
- Funding sources - Your plan can help describe your financing needs that may be used to secure funding for capital improvements.
- Clean Water Needs Survey (CWNS) Submittals - Your plan can help estimate your capital needs and costs to submit to the CWNS to meet the water quality goals set in the Clean Water Act.

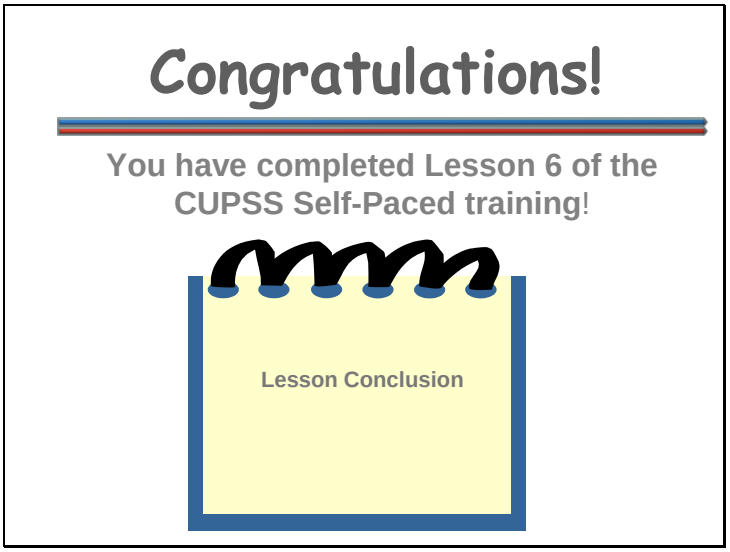
Slide 42

Navigation: *Use the arrows in the bottom-middle of the screen to navigate backward to previous screens or forward through the lesson screens. When you enter an interactive tool, check the notes to receive instruction on using that tool's navigation. If you do not want to hear the audio, set the sound scale on the bottom left to zero or mute the computer's sound.*

Asset management takes time and can be a lot of work when first getting started. The key is to know that asset management isn't a stand alone plan or new program. It actually can be integrated with a number of things a system is already doing. You can integrate your Asset Management Plan into initiatives that you're already pursuing or involved with like:

• **Security and Disaster Preparedness** - Vulnerability assessments include having an inventory list, mapping their inventory, and identifying critical assets. All of these are included in your asset management plan.
• **Water/Energy Efficiency** - Water and Energy Efficiency efforts can also benefit from asset management practices by looking at the condition of assets and if there is any redundancy.
• **Enforcement** - Also asset management can be integrated in enforcement efforts as well. If a system is having compliance problems, asset management can be used as a way to get them on track and can possibly be used to justify informal enforcement actions.

Slide 43



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Congratulations! You have completed Lesson 6 of the CUPSS Self-Paced training!

Slide 44

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