

Incorporating Risk into a Transportation Asset Management Plan (Discussion)

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Asset Management Peer Exchange

Thursday, July 25th, 2013; 1:15-2:15pm

Objective:

The purpose of this session is to have an active and open dialogue with as many DOT participants as possible. You should be prepared to give a brief talk to set the context for the topic but then focus your attention on engaging peer exchange participants.

Talking Points (Context):

- MAP-21 requires that Transportation Asset Management Plans be risk based..
- Risk can be defined as *the effect of uncertainty on objectives* and should be assessed by determining the likelihood of a risk event occurring and the potential consequences if the event does occur.
- Risks may occur within an agency at various levels:
 - **Strategic-level risks** impede the achievement of an agency's vision, mission, and key results. They are broad risk areas and include financial, stakeholder, reputation, legal and compliance, safety and health, and business performance/continuity risks.
 - **Business-Line-level risks** impede an agency's ability to deliver products and services, meet established performance targets, and accomplish business objectives. Performance measures are useful for providing accountability regarding these risks.
 - **Project-level risks** threaten the scope, schedule, cost, or quality of agency projects. Risks at this scale may not be covered in the TAMP, at least for now.
- Within the Transportation Asset Management Plan, both *programmatic* and *system* risks should be identified and evaluated.
 - **Programmatic risks** are associated with implementation of the TAMP, and may include cost escalations, budget cuts, or environmental delays.
 - **System risks** may be internally or externally based, and may include asset failure, changes in technology or population, or weather-related events.
- AASHTO's Transportation Asset Management Guide recommends that a *risk register* be included in each state's TAMP, for purpose of aiding with risk management analysis. The risk register should provide the likelihood of occurrence, the consequences of occurrence, and mitigation options for each programmatic risk.

Risk Assessment Questions (Facilitation):

- Please give us a brief overview of how your state has, or intends to, apply risk analysis in asset management planning.

Follow up questions:

- What do you see as the major hurdles for your agency in conducting a risk analysis and creating a risk register? What are the greatest potential benefits to doing so?
- Have you defined asset management objectives, performance measures and targets?
- How do you think current targets and/or future targets will play a role in identifying, analyzing, evaluating, and responding to risks?