



How Risk-Based Asset Management Programs Can Catalyze ERM

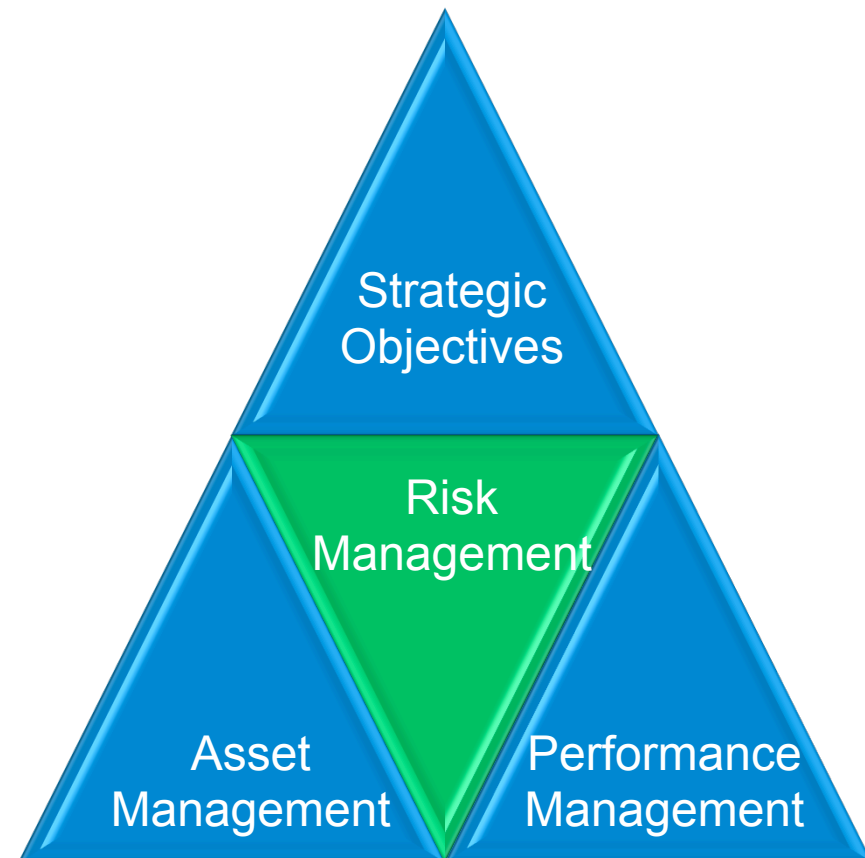
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ERM Complements Performance



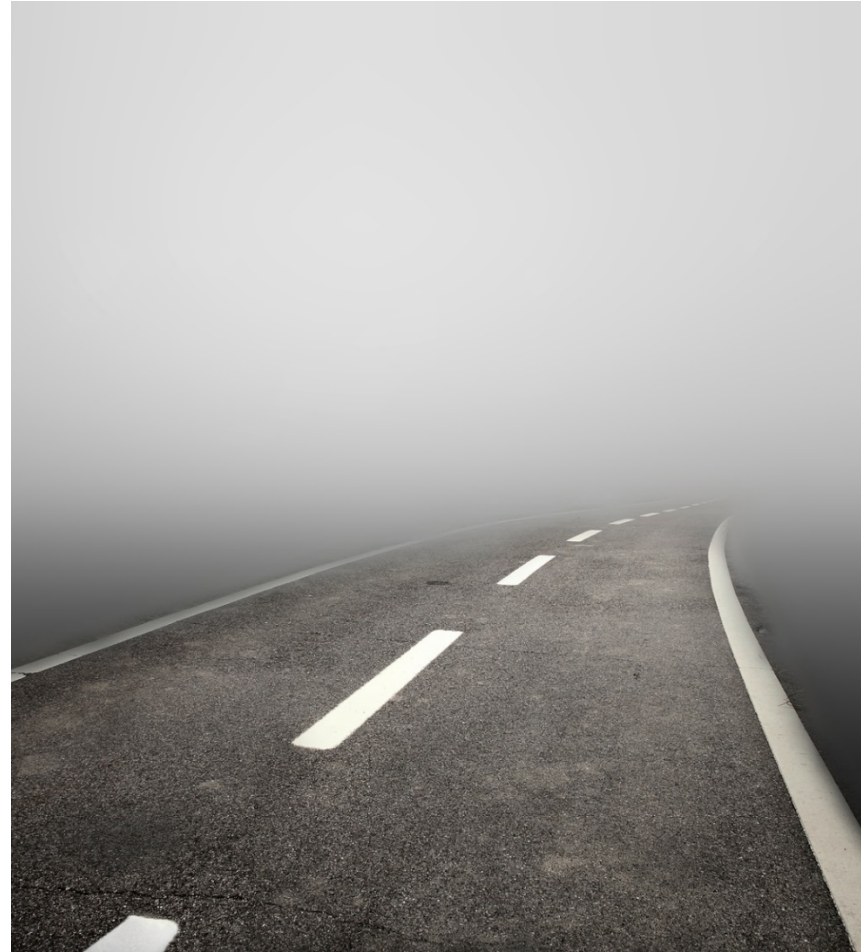
- “Risk is the positive or negative effects of uncertainty or variability upon agency objectives.”
- It includes
 - Uncertainty
 - Variability
 - Threats
 - Opportunities



Elements of Risk in TAM



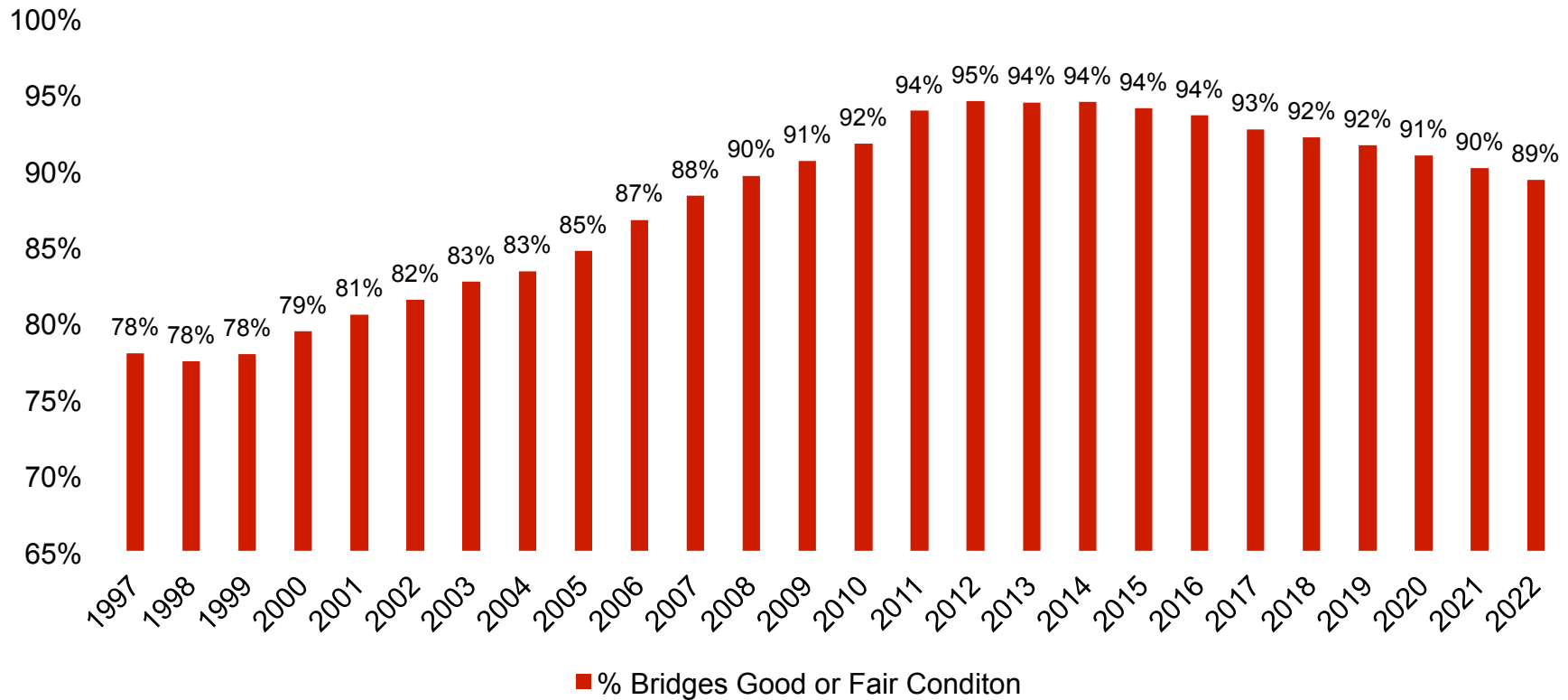
- Asset management plans will include
 - Specific condition targets
 - Long horizons which bring uncertainty about:
 - Revenues
 - Asset performance
 - Model accuracy
 - Traffic loadings
 - Political support



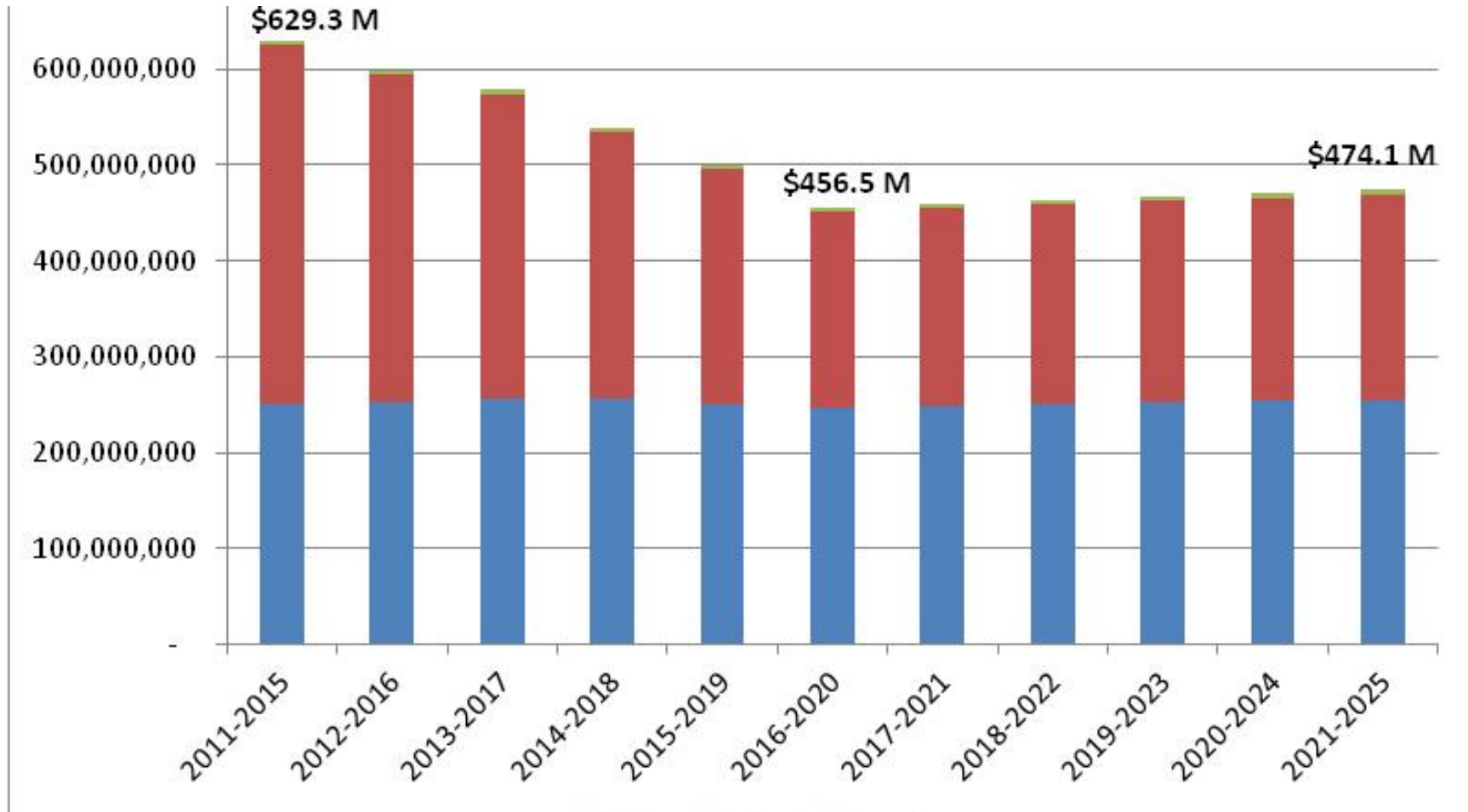
Model Risk



% Bridges Good or Fair Condition



Revenue, Economic Political Risk



Risk-Based Tradeoffs



- Not all assets are equal
- Risk helps prioritize asset investments
- Agencies often face tradeoffs
- Risk justifies difficult tradeoffs



Construction Price Risks



FHWA Construction Inflation Trends

