

SHORT-LIVED ASSETS

PER Guidance

USDA Rural Development (RD), NY

2 August 2012

The preliminary engineering report submitted to RD with an application for funding is to address annual costs per year for the project, including an annual operating budget. The annual costs are to include proposed debt, existing debt, O&M, water usage costs, interest on loans, short-lived assets, etc. System costs for short-lived assets (SLA) should be for reserves to replace/repair components of the facility which is being financed "... which have a useful life significantly less than the repayment period of the loan." For example, if the project is only construction of water distribution mains for a new water district there will likely be no SLAs. But if the project and/or facility being financed include a treatment plant, pump station and/or water storage tank, there will be SLAs.

SLA items are equipment/assets which are not daily/weekly/monthly O&M type items. The time frame for these items has been established in three periods: 0-5 years, 5-10 years, and 10-15 years. SLA costs and replacement times can be provided in a tabular form or simply listed in the body of the Preliminary Engineering Report (PER). Some typical SLA items and their time periods are:

Short Lived Assets			
Asset	Years		
	5	10	15
Pumps (years depends on type)	x	x	x
Meters			
Individual	x	x	
Master		x	
Tank Painting			x
Control Valves	x	x	
Disinfection Equipment	x	x	
Computer Equipment/Software	x		
Control Equipment	x		
Gauges		x	
Transmitters		x	
Sensors		x	
Power &/or Specialty Equipment			x
Vehicles		x	
Lab Equipment	x		
Tools	x		
Emergency Generator			x
Tank Cathodic Protection Replacement		x	
Filter Media Replacement			x