Alternative Asset Validation Pathways

For Members not participating in the Centurisk onsite appraisal, ACWA JPIA provides flexible validation pathways to ensure Statement of Values accuracy. Members can choose an Agency Led Validation or Third Party Validation to support Buildings and Fixed Equipment with Replacement Cost New (RCN) ≥ $500,000.

Presented by: ACWA JPIA

What ACWA JPIA Will Provide

Statement of Values (SOV)

ACWA JPIA will provide the Member with a Statement of Values identifying the Buildings and Fixed Equipment items at or above the $500,000 threshold that require validation.

What We Need Back

Validation support for the SOV Buildings and Fixed Equipment items identified by ACWA JPIA, using Option 1 or Option 2 outlined in this document.

→ Applies To

Buildings and Fixed Equipment with Replacement Cost New (RCN) ≥ $500,000

→ Two Pathways

Choose the validation approach that works best for your agency

Replacement Cost Standard

Current RCN Values Required

Values must represent current Replacement Cost New (RCN) as of an identified effective date.

Trending Older Costs

If past project costs, prior appraisals, or older estimates are used as support, those costs should be trended/adjusted to the effective date and the index or factor source and timeframe should be identified.

These standards ensure that all validated values reflect current market conditions and provide defensible replacement cost estimates for risk management and coverage purposes.

Supporting Documentation Standard

Sample Size Requirements – Asset Selection Hierarchy

When supporting documentation is required, assets shall be selected as follows:

- **Primary selection:** Provide documentation for five assets within the top 20% of scheduled value in the SOV validation set.
- **Secondary selection:** If the top 20% includes fewer than five assets, document all assets within the top 20%, then continue sequentially with the next highest-valued assets until five assets are documented.
- **Limited asset sets:** If fewer than five total assets are identified for appraisal within the SOV validation set, supporting documentation shall be provided for all identified assets.

Acceptable Documentation Types

Examples include: project closeout or final cost summary; executed contract and final schedule of values; approved change orders; engineer's estimate used for final budgeting; vendor quote used for procurement; prior appraisal trended to the effective date.

Option 1

Member Led Validation

Flexible Methods

Step 1 — Validate the SOV Data (Required)

Review the SOV items provided by ACWA JPIA and confirm or update the RCN and key asset details. Excel format provided.

Step 2 — Methodology Summary (Required)

Provide a 1–2 page summary that includes: effective date; sources used; trending/index method and timeframe; key assumptions; inclusions/exclusions; how values are maintained.

Step 3 — Validation Method (Required)

Use one method or a hybrid of the methods detailed in the next section. Submit the support associated with the method(s) used.

Members electing to complete a member-led appraisal will have six months from the date of notification to complete the appraisal and submit supporting documentation for verification.

Option 1

Acceptable Validation Methods

Method A: Internal Engineering Review

Use internal estimates, cost references, quotes, and similar documentation to confirm values. Provide supporting documentation per the Supporting Documentation Standard.

Method B: Capital Project Cost Reconciliation

Reconcile values to completed project costs and trend to the effective date. Provide: reconciliation table (Excel) plus supporting project documents.

Method C: Hybrid Validation with Sampling

Use internal review for the full set and provide targeted support for selected items. Provide supporting documentation per the Supporting Documentation Standard.

Use one method or a hybrid of the methods above. Submit the support associated with the method(s) you select.

Option 1

Completion Steps

Step 4 — Signed Attestation

Confirms the SOV items identified for validation were reviewed and values represent current RCN as of the effective date.

Step 5 — Submit Package

Preferred: one PDF with methodology, supporting documents (as applicable), and attestation plus the updated SOV validation table (Excel). If using project reconciliation, include the reconciliation table (Excel).

Complete and organized documentation expedites review and ensures validation integrity.

Option 2

Third Party Validation

Member Selected Firm

Members may choose to engage a qualified third-party firm to conduct the validation. This option provides independent professional verification of asset values.

What to Submit

- Third party deliverable for the SOV items provided by ACWA JPIA
- Validate the SOV data (Excel)
- Submit complete package

Third Party Report Requirements

✓ Items valued

✓ Effective date

✓ RCN basis

✓ Methodology and key assumptions

✓ Inclusions/exclusions

✓ Treatment of older source costs (trending/index approach if applicable)

✓ Signature

Option 2

Detailed Requirements

Third Party Deliverable

A signed report or validation letter that includes: items valued; effective date; RCN basis; methodology and key assumptions; inclusions/exclusions; treatment of older source costs (trending/index approach if applicable); signature.

Validate the SOV Data (Excel)

Review the SOV items provided by ACWA JPIA and confirm or update the RCN and key asset details. If the third party deliverable clearly maps values to each SOV line item, the SOV update may be limited to confirming accuracy.

Submit Package: Preferred format is one PDF for the report or letter (and mapping if needed) plus the updated SOV validation table (Excel).

Comparison: Option 1 vs Option 2

Option 1: Member Led Validation

> Provides flexibility to leverage internal expertise and existing documentation. Members maintain full control over the validation process and methodology while meeting professional standards.

Option 2: Third Party Validation

> Offers independent professional verification from a member-selected qualified firm. Third-party validation provides external expertise and may be preferred when internal resources are limited or independent verification is desired.

Outcome

> Both options produce defensible, current replacement cost values that meet ACWA JPIA standards. The choice depends on your agency's resources, expertise, and preference for internal versus external validation approaches.

Member Support & Contact

Tyler Dietz

ACWA JPIA — Cost Estimator / Valuation Consultant

(916) 786-5742 Office

(916) 610-2300 Mobile

tdietz@acwajpia.com | acwajpia.com

ACWA JPIA can coordinate a short working session to align on required deliverables. Contact Tyler with questions about validation options, methodology, or documentation requirements.