



**District Council of Franklin Harbour**

# **Asset Management Plan**

**Local Government Assets**

**2014 – 2024**

**Resolution SP110/07/14**

# 1. EXECUTIVE SUMMARY

This Asset Management plan deals specifically with assets that are used by the Franklin Harbour Council in relation to what can be considered as the normal activities carried out by a local government entity.

This plan is broken up into 3 distinct categories being:

- Road
- Buildings & Structures
- Plant & Equipment

With regard to buildings & structures and plant & equipment only those assets used in local government activities have been included in this plan.

The current replacement costs of the entire stock of each classification of asset listed above are as follows:

- Road \$16.2M
- Buildings & Structures \$6.3M
- Plant & Equipment \$3.04M
  
- **Total \$25.54M**

## 1.2 Forecast Capital Expenditure on Local Government Activity Assets for the Next 10 Years

The forecast total cost per asset category for the next 10 years in relation to replacing existing assets is:

- Road \$5.03M
- Buildings & Structures \$0.0.0M
- Plant & Equipment \$3.61M
  
- **Total \$8.64M**

The forecast cost total cost per asset category for the next 10 years in relation to building new or upgraded assets is:

- Road \$0.25M
- Buildings & Structures \$0.08M
- Plant & Equipment \$0.00
  
- **Total \$0.33M**

Reference is made in Councils Long Term Financial Plan in relation to projects and new asset construction that may or may not go ahead in the future. Please refer to section **NEW ASSETS** of the LTFP for further information on potential new assets

that may be agreed to at some stage in the future. Should this occur then this AMP and the LTFP should be amended to reflect this. e.g;

- 1) Council decides to construct the CWMS in Cowell.
- 2) If Council is successful in obtaining grant funding then a new Council Office will most likely be built.

## **2. INTRODUCTION**

### **2.1 Background**

This Asset Management Plan (AMP) is designed to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate the funding needed to provide the required expected levels of service.

The AMP is to be read with council's asset management policy, asset management strategy, Rural Roads Hierarchy and Service Levels Policy and the following associated planning documents:

- District Council of Franklin Harbour Strategic Plan
- District Council of Franklin Harbour Long Term Financial Plan 2014 -2023

### **2.2 Goals and Objectives of Asset Management**

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers.

The key elements of infrastructure asset management are:

- Taking a life cycle approach
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.

### 2.2.1 Vision

The following vision statements are contained in the *Franklin Harbour Strategic Plan 2012 – 2017*;

***“A proud, growing and unified community benefiting from a diverse and environmentally sustainable economic base”.***

***“The District Council of Franklin Harbour will provide our community with:***

- ***A high standard of essential services in an efficient manner***
- ***Positive leadership***
- ***Representation of our needs to the wider population***
- ***Stimulus for economic growth***
- ***Sound management of our valuable natural environment”***

### 2.2.2. Goals

- **Goal 1** To Maximise the benefit to the community from improved community services
- **Goal 2** To foster a diverse and growing economic base that results in an increase in employment and population
- **Goal 3** Maintain our high quality living environment
- **Goal 4** A professional, effective and customer oriented organisation playing the lead role in community development

### 2.3 Plan Framework

Key elements of the plan are:

- Levels of service
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation’s objectives.
- Asset management improvement plan

### **3. LEVELS OF SERVICE**

This plan has been prepared on the assumption that current service standards are adequate to meet the expectations of the community. Council has participated in the LGA's Business Partnering Program which is focused on developing mechanisms to comprehensively record the range and levels of both operating services as well as asset services. Once the range and level of services are identified then the associated cost of providing these services is quantified. This then provides Council with solid decision making data to analyse the impact of various scenarios on Councils long term financial position where services are increased or decreased. Service levels will be defined in two terms:

#### **3.1 Community Levels of Service**

Relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance. Community levels of service measures used in the asset management plan are:

- Quality How good is the service?
- Function Does it meet users' needs?
- Safety; Is the service safe?

#### **3.2 Technical Levels of Service**

Supporting the community service levels are also technical measures of performance. These technical measures relate to the allocation of resources to service activities that the council undertakes to best achieve the desired community outcomes.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleansing frequency, mowing frequency, etc.
- Maintenance – the activities necessary to retain assets as near as practicable to its original condition (eg road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (eg frequency and cost of road resurfacing and pavement reconstruction, plant replacement and building component replacement),
- Upgrade – the activities to provide an higher level of service (eg widening a road, sealing an unsealed road or a new service that did not exist previously (eg a new library).

## 4. Future Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, changes in agricultural practices, mining developments, environmental awareness, etc.

The view taken in the preparation of this plan as well as the LTFP is that there will be a 1% per annum. Growth in population.

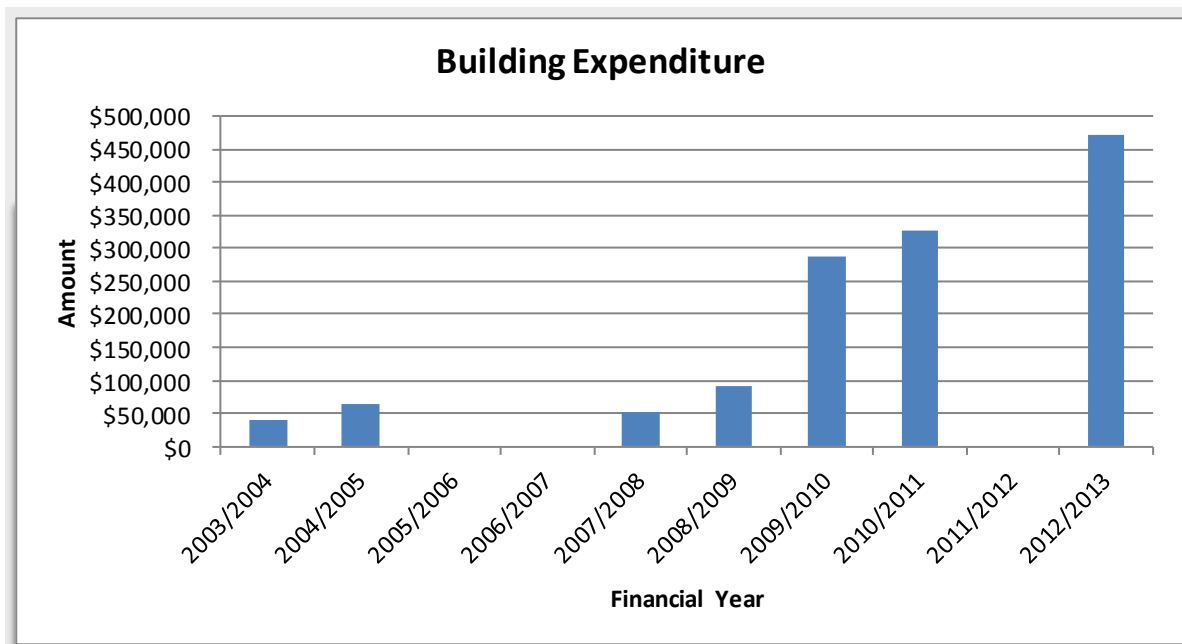
## 5. Age Profiles of Councils Existing Assets

Age profiles for roads in most cases have been calculated based on current condition assessments and expected service lives for asset management purposes.

### 5.1 Age Profile of Buildings & Structures

A large spike is observed between 2009 and 2011 due to the construction of the Foreshore toilet Block.

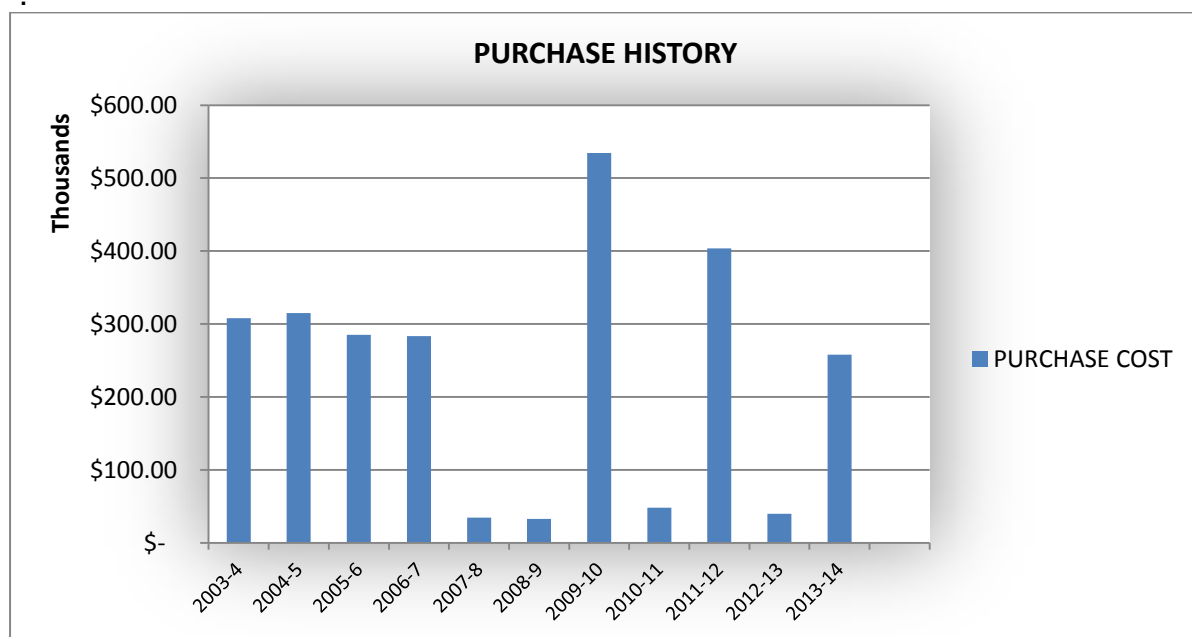
Another large spike is also observed in 2013 representing the construction of the CEO House.



## 5.2 Age Profile of Plant & Equipment

Plant items are replaced when they near the end of their economic useful lives, for major plant items (graders, Trucks etc) this is usually around 10 years or 10,000 hours. Minor plant vehicles etc) are replaced at 2-4 year intervals. This maximizes trade in values and minimizes the costly repairs and downtime that are associated with operating older machinery.

The spikes observed in the chart below are primarily due to the purchases of Graders, these are exaggerated when other major plant items were purchased in the same year. Where possible, in this plan, the purchase of major items has been staggered to avoid these spikes.



## 6. Capital Expenditure Required on Local Government Assets for the Next 10 Years.

### 6.1 Construction of New or Upgraded Assets as distinguished from the Renewal or Replacement of Existing Assets

The following definitions have been obtained from the South Australian Local Government Model Financial Statements.

A *new asset* is additional to Council's previous asset complement.

E.g. Roads constructed as part of a Council owned subdivision are new assets.

Similarly laying footpaths in areas where they did not previously exist are also new assets.

An *upgraded asset* replaces a previously existing asset with enhanced capability or functionality.

*Renewal or replacement* of an asset occurs where a previously existing asset is replaced without enhancement of the service capability except where this is incidental and unavoidable.

It is possible for capital expenditure to be a *combination of renewal as well as upgrade*.

E.g. the replacement of a road that was initially a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade.

The important point to understand is that if Council is not able to replace its existing assets in a timely manner then new assets should not be built unless less essential.

By building new assets Council is effectively building new liabilities as the assets usually don't generate revenue (e.g. roads) cannot be sold and will need to be maintained and eventually replaced. Fortunately the Franklin Harbour Council is not in this situation at present.

The graphs in the following sections highlight the peaks and troughs of expenditure requirements required to maintain Councils existing local government asset portfolio.

With the exception of roads the assets renewal dates have been determined from Councils' asset registers by comparing each assets construction date with its total useful life.

The only new local government assets planned to be constructed is roads, footpaths, kerbs & guttering. These are covered under 6.2.2.

The CWMS at Port Gibbon is included in the Asset Group Buildings and Structures.

If the CWMS in Cowell goes ahead these assets will be placed in a group of their own.

This Asset Management Plan does not include the following Asset Groups:

- Boat Ramp
- Stormwater
- Footpaths

### **6.2.1 Projected Capital Renewal Expenditure on Roads**

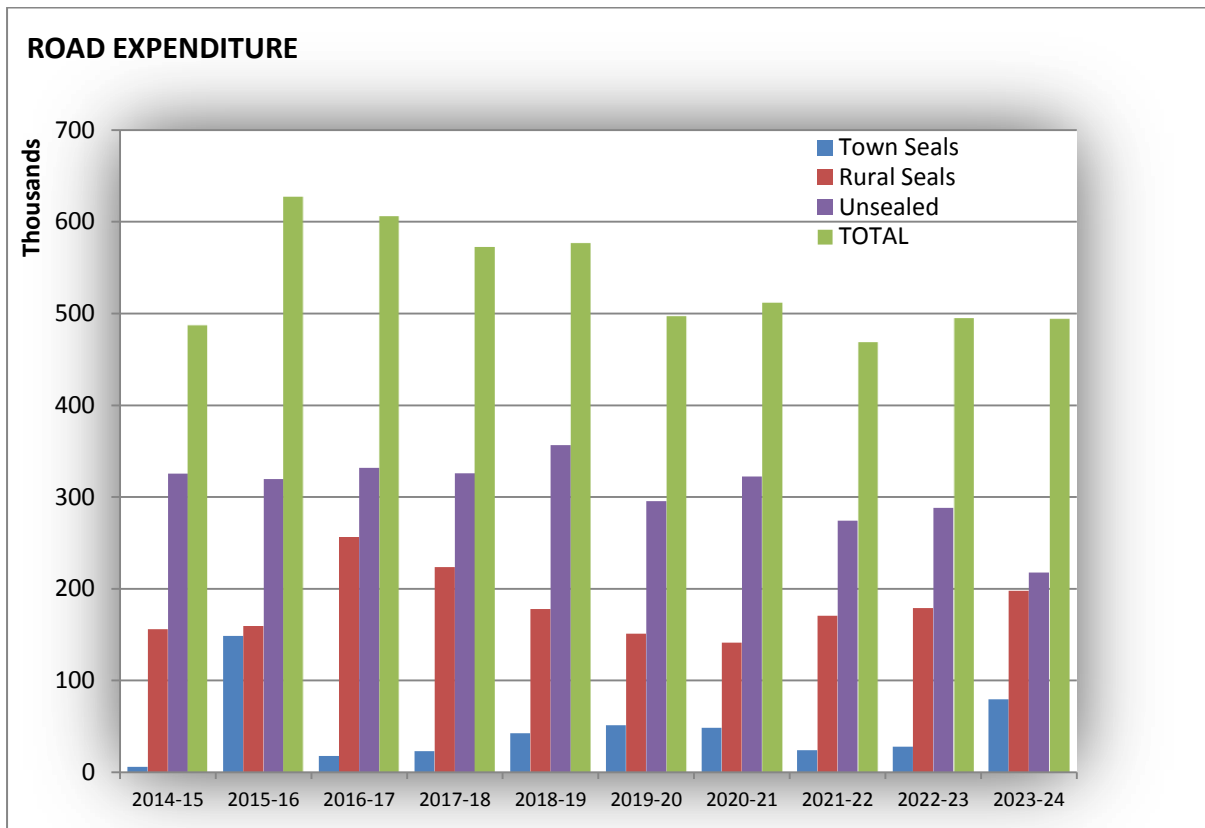
The recommended renewal program for roads totals \$5.8M for the ten year time frame of this plan.

The graph below indicates a spike in Town Road re-seals in 2015-16, this is due to a build up of work that has been put on hold pending the CWMS project.

Stormwater infrastructure is not included in the figures below, it is anticipated that funds allocated for annual maintenance budgets will sustain these assets for the



term of this AMP. As further data becomes available this plan should be reviewed accordingly.



Please refer to the Renewal Program at Appendix A for the year by year detail that underpins this graph

### 6.2.2 Projected Capital Expenditure on the construction of New Roads

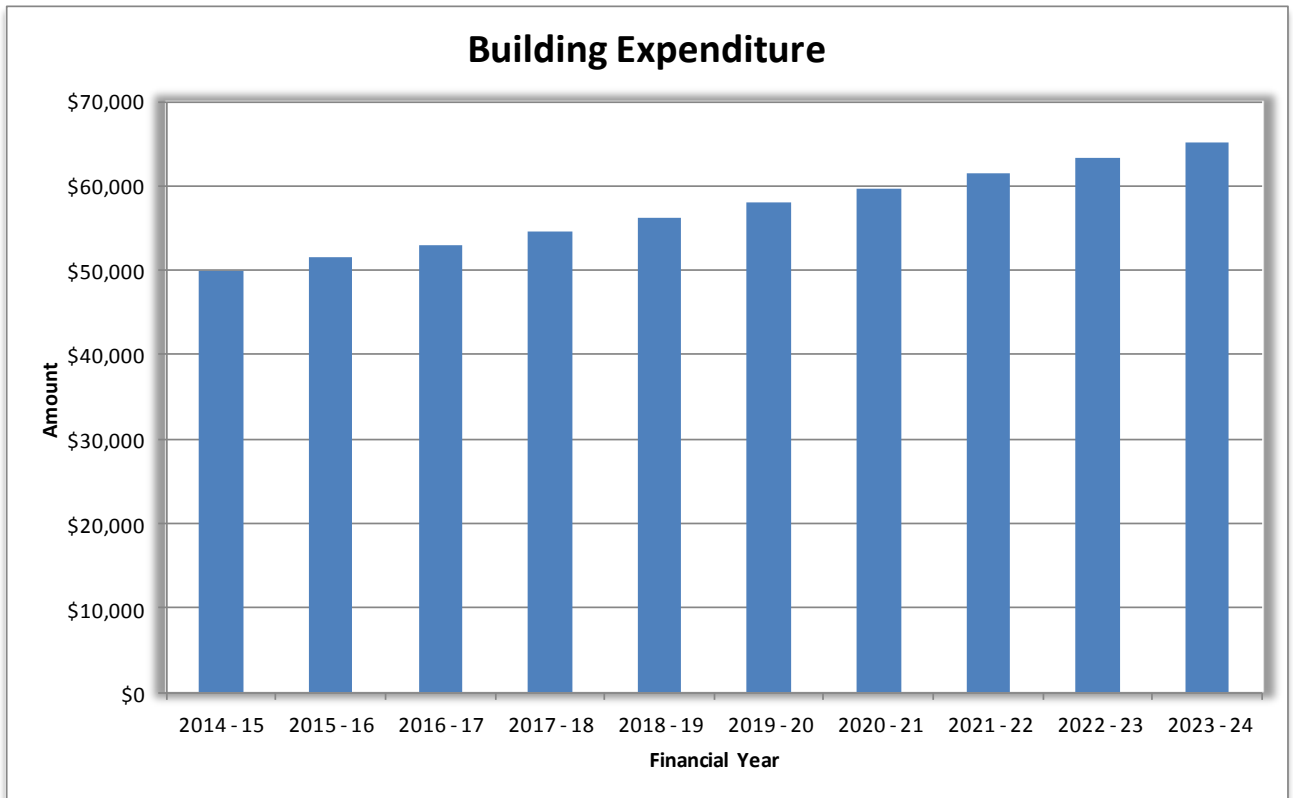
South Terrace (from Third St to High St), Cedar Avenue and Venning Street are currently the only unsealed roads in built up areas and have been identified as roads to be constructed and sealed by council during the term of this plan. Roads in the Port Gibbon Township are under consideration however a decision on their future is still pending. They will be included in this program once a decision is made.

Roads that are affected by the CWMS project will not be constructed until the CWMS proposal is resolved. The estimated total is \$160k for the 10 year timeframe of this plan.

Please refer to the Renewal Program at Appendix B for the year by year detail.

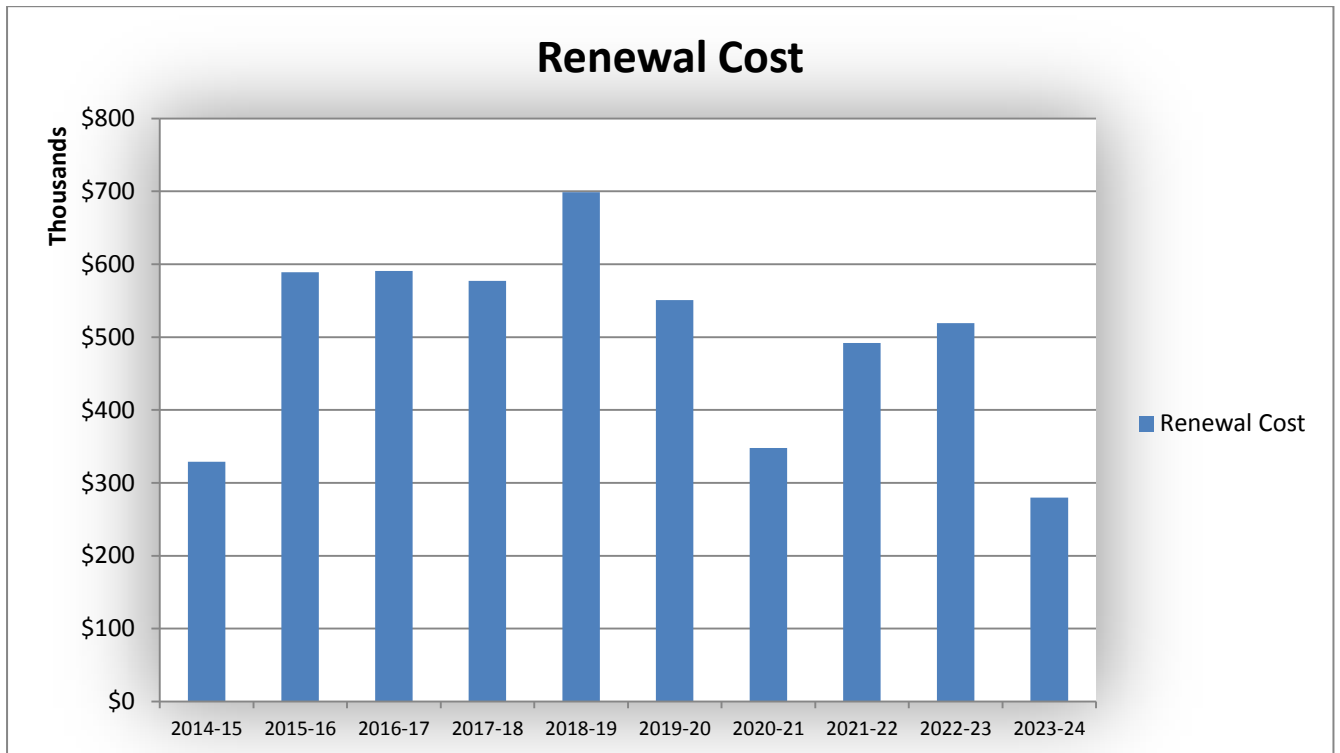
### 6.3 Projected Capital Renewal Expenditure on Buildings and Structures Used in Local Government Activities

At this stage there are no plans for renewal of any Council Buildings and Structures. The graph below represents projected maintenance costs to maintain the current standard of this class of assets.



#### 6.4 Projected Capital Renewal Expenditure on Plant & Equipment Used in Local Government Activities

The recommended renewal program for Plant & Equipment used in local government activities below totals \$3.35M in total for the 10 year time frame of this plan. As can be observed from the Chart below a larger than average expenditure will be required in the 14-15 and 16-17 years due to major plant item replacement.



Please refer to the Renewal Program at Appendix C for the year by year detail that underpins this graph.