

Draft Transportation Asset Management Plan

Tuesday, 5 December 2023

Infrastructure and Public Works Committee

Strategic Alignment - Dynamic City Culture

Program Contact:

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Public

Approving Officer:

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EXECUTIVE SUMMARY

Asset Management is a key business function undertaken by Councils to ensure their infrastructure portfolio is managed responsibly and effectively. Under the *Local Government Act (SA) 1999*, Councils are legislatively required to establish a suite of Strategic Management Plans, which guide future planning, asset management and financial sustainability. Included in this suite are six Asset Management Plans (AM Plans), which are currently in the process of being reviewed and updated. Each AM Plan will require Council adoption prior to 30 June 2024 to enable review by the Essential Services Commission of South Australia (ESCOSA).

The draft Transportation AM Plan has been informed by a community engagement process to understand current levels of community satisfaction and has been developed consistently with the Recommended Levels of Service report approved by Council in June 2022. The AM Plan has prepared on the basis of documenting the asset management activities and funding requirements (operations, maintenance and renewal) recommended for inclusion into the Long-Term Financial Plan (LTFP) to achieve our asset performance targets (levels of service).

The draft AM Plan's renewal strategy aims to minimise the number of assets that deteriorate into a poor condition and prohibit assets reaching a very poor condition. This ensures we continue to provide services in line with the community's expectations, appropriately manage risk and optimise whole-of-life costs. The forecast renewal costs are approximately \$33.62 million on average each year across the ten-year planning period (including a significant \$60 million renewal allocation for Adelaide Bridge). The current LTFP accommodates renewal funding of \$24.13 million on average each year (or 72% of the forecast costs). This means that additional funding of \$9.49 million on average each year will need to be considered to deliver the recommendations of the draft AM Plan.

While this AM Plan does not identify forecast costs associated with new and upgrade projects, ongoing integrated planning will ensure asset renewals are aligned (where practical) with key new and upgrade projects required to deliver our Strategic Plan objectives, identified within the Resource Plan and Business Plan and Budget.

The purpose of this report is to seek Council endorsement to undertake community consultation for a six-week period, ahead of the future adoption of the Transportation AM Plan scheduled for March 2024. The consultation will include a YourSay engagement page in conjunction with drop-in session proposed for the City and North Adelaide, with physical and electronic promotion through CoA platforms (e.g. community centres, social media).

RECOMMENDATION

The following recommendation will be presented to Council on 12 December 2023 for consideration

THAT THE INFRASTRUCTURE AND PUBLIC WORKS COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL

1. Notes the draft Transportation Asset Management Plan as per Attachments A and B to Item 5.3 on the Agenda for the Special meeting of the Infrastructure and Public Works Committee held on 5 December 2023
2. Endorses the draft Transportation Asset Management Plan as per Attachments A and B to Item 5.3 on the Agenda for the Special meeting of the Infrastructure and Public Works Committee held on 5 December, for the purposes of public consultation

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Dynamic City Culture
Policy	Asset Management Policy Strategic Asset Management Plan Public Communication and Consultation Policy
Consultation	Consultation on the draft Transportation AM Plan will be open for a six-week period from Friday 15 December 2023 to Friday 26 January 2024. The results of the consultation feedback and analysis will be reported to Council in March 2024.
Resource	Consultation will be conducted using existing resources. There are no additional resources required as a result of this report.
Risk / Legal / Legislative	The review and update of Asset Management Plans, including levels of service, is required every four years or within two years of a general Council election pursuant to section 122 of the <i>Local Government Act 1999 (SA)</i> .
Opportunities	Not as a result of this report.
23/24 Budget Allocation	Not as a result of this report.
Proposed 24/25 Budget Allocation	2024/25 budgets will be set by Council through the Annual Business Plan and Budget Process (noting Asset Renewal Funding Ratio targets of between 90-110%). Asset renewal is generally funded through operational revenue, which includes rates, commercial revenue and grant allocations.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
23/24 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	As documented within AM Plan (no change).
Other Funding Sources	External funding opportunities will continually be pursued to offset costs, bring forward works, or provide for additional enhancements.

DISCUSSION

1. The purpose of this report is to present the draft Transportation AM Plan and seek Council endorsement to release the summary and comprehensive versions of the Plan (as presented in Attachments A and B) to community consultation for a six-week period, ahead of the future adoption of the Transportation AM Plan currently scheduled for March 2024.

Background

2. Under the *Local Government Act 1999*, we are required to develop AM Plans for a period of at least 10 years, which includes information about the operation, maintenance, renewal, acquisition, expansion, upgrade and disposal for each infrastructure asset class under our care and control.
3. The City of Adelaide has six AM Plans, which include Transportation, Park Lands & Open Space, Buildings, Water Infrastructure, Lighting & Electrical and Urban Elements.
4. The City of Adelaide's transportation network is valued at approximately \$1.14 billion and provides vital services that support pedestrians, cyclists, motorists, and public transport users to move into and around the City and Park Lands. These assets include roads, kerb and watertable, footpaths, bridges, and traffic signals.
5. The Transportation AM Plan has been developed with alignment to the draft Strategic Plan 2024-2028. The intention is that any AM Plans updates required following the finalised Strategic Plan, would be undertaken in January 2024 after the conclusion of community consultation of the Transportation AM Plan.
6. The Transportation AM Plan has been informed by a community engagement process to understand current levels of community satisfaction and has been developed consistently with the Recommended Levels of Service report approved by Council in June 2022.
7. AM Plans are technical documents, which are prepared in accordance with industry standard templates developed by the Institute of Public Works and Engineering Australasia (IPWEA) to ensure alignment with best practice and ISO 55000.
8. Due to the length of the Transportation AM Plan, a concise standalone summary document has also been prepared (Transportation Asset Management Plan Summary) to improve community engagement and understanding.

Lifecycle Management Summary

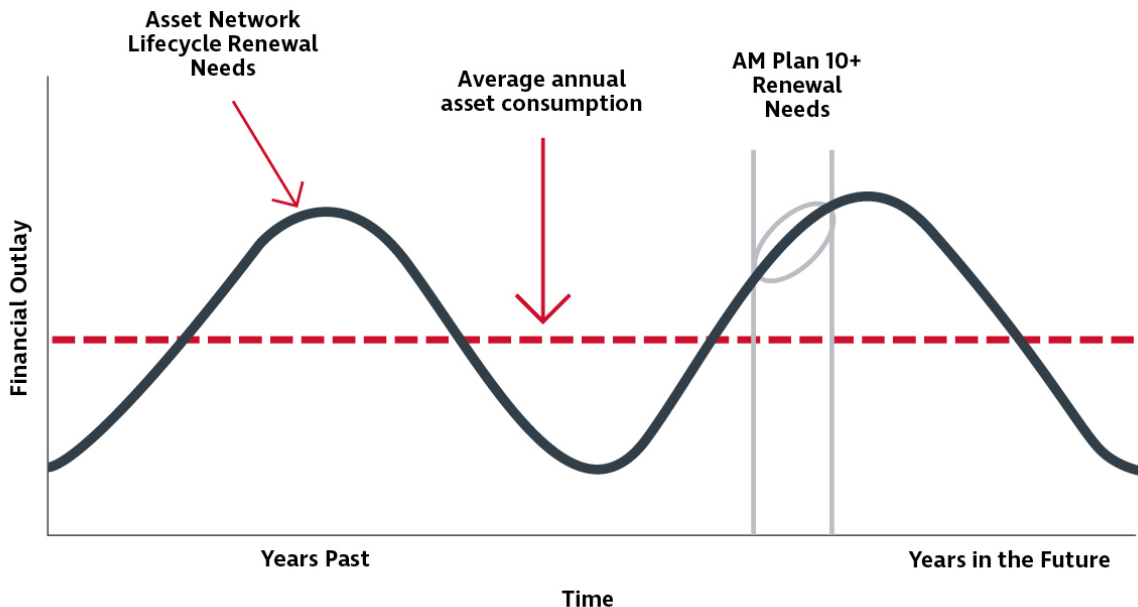
9. The Transportation AM Plan defines the current state of our \$1.14 billion asset portfolio, as well as the asset management activities and associated funding requirements recommended for inclusion into the LTFP to achieve our asset performance targets (levels of service).
10. This AM Plan's renewal strategy aims to minimise the number of assets that deteriorate into a poor condition and prohibit assets reaching a very poor condition. This strategy ensures we can continue to provide services in line with the community's expectations, appropriately manage risk and optimise whole-of-life costs. Renewal forecasts within the Transportation AM Plan are presented in FY 24/25 dollars have been derived utilising predictive deterioration modelling for road, kerb and water table and footpath assets, engineering recommendations for bridge assets and a network funding model for traffic signals.
11. This AM Plan does not identify forecast costs associated with new and upgrade projects, however ongoing integrated planning will ensure asset renewals are aligned (where practical) with key new and upgrade projects required to deliver our Strategic Plan objectives, identified within the Resource Plan and Business Plan and Budget.
12. This AM Plan does not identify financial forecasts associated with asset disposal, however where recommended, significant assets will be identified for decommissioning and disposal through Council Reports, to then be considered within the LTFP and Business Plan and Budget.

13. Operational and Maintenance activities are generally evaluated and prioritised with respect to budget provisions within the LTFP and Business Plan and Budget, where any critical maintenance requirements that cannot be accommodated within existing budgets and assessed through regular budget reviews to ensure resources are appropriately re-allocated. Following the completion of this AM Plan, we will be reviewing operations and maintenance standards for transportation assets, with a view to develop more structured and proactive maintenance regimes which provide an acceptable balance between cost, risk, and customer expectations. The associated financial impacts will need to be further considered in future revisions of the Transportation AM Plan and LTFP.
14. Engineering inspections and preliminary project planning for Adelaide Bridge has identified the requirement to bring works forward and spread forecasts renewal costs (totalling \$60 million) over two financial years (2027/28 and 2028/29). The Improvement Plan has explicitly referenced actions to refine the scope/costs/timing of works through the options analysis (currently underway) as well as investigate external funding opportunities.
15. All assets with renewal requirements forecast within the next 5 years (based on predictive modelling and renewal intervention levels) have been scheduled to align with Main Street project timings outlined within the 27 June 2023 Council Decision.
16. Upon completion of the Integrated Transport Strategy in 2024, the Transportation AM Plan will be reviewed with consideration of priority upgrade/new initiatives that are included within the Resource Plan, to ensure alignment with asset renewal programs. This action has formally been recognised within this AM Plan's Improvement Plan.

Financial Summary & Implications

17. The development of the draft Transportation AM Plan has identified additional funding requirements, when compared against the adopted LTFP to enable the optimal renewal of our assets and continue providing current levels of service, which aim to provide services in line with community expectations, whilst optimising whole-of-life costs and appropriately managing asset risk.
18. The draft Transportation AM Plan forecasts renewal costs of approximately \$33.62 million (un-escalated) on average each year across the ten-year planning period, which sets the base for measuring the ARFR. That is, if \$33.62 million is fully expended, this would reflect an Asset Renewal Funding Ratio (ARFR) of 100%.
19. Currently, the renewal funding allocation for Transportation Assets within the LTFP is \$24.13 million (un-escalated) on average each year, which represents 72% of the funding required to deliver the recommended asset renewals outlined in the draft AM Plan if the base was reset to \$33.62 million (an additional funding requirement of \$9.49 million on average each year to achieve a 100% ARFR under the draft AM Plan).
20. It is important to recognise that the renewal/rehabilitation of Adelaide Bridge is a generational project. If the bridge did not fall due for renewal within the 10-year planning period of this AM Plan, the resultant renewal forecast would reduce to approximately \$27.62 million (un-escalated) on average each year across the ten-year planning period.
21. Contributing factors for the gap between the forecast renewal costs and current budgets within the LTFP include:
 - 21.1. Not achieving our ARFR targets over the past 4 financial years as a result of COVID-19 resourcing impacts and project delays associated with post-pandemic market saturation.
 - 21.2. Comprehensively updating our AM Plans (noting the last comprehensive update was undertaken in 2015, with a desktop update made to financial forecasts and LTFP in 2021).
 - 21.3. Utilising advanced predictive modelling, that analyses asset condition information collected within the last 4 years to better recognise the changing asset investment needs over time to maintain service levels.
 - 21.4. Ensuring we accurately recognise asset replacement costs, utilising current unit rates that take into consideration increasing costs associated with inflation and industry escalations (We have experienced significant increases in project unit rates, noting that the Local Government Association (LGA) have indicated that costs and materials have increased up to 25% post pandemic).

22. It is important to understand that infrastructure networks are comprised of assets with varying age profiles and different useful lives and replacement costs. This results in AM Plans often identifying the need to replace more assets in some periods when compared with others and means that it's very unlikely that asset renewal needs will be consistent over time. The figure below highlights a typical scenario of varying asset renewal expenditure requirements over the asset lifecycle.



23. The financial strategy associated with funding the AM Plans is proposed to be consistent with the 2023-24 to 2032-33 LTFP, ensuring we continue to deliver upon our current suite of services and asset maintenance requirements, where asset renewals are prioritised based on audit condition and risk.
24. Funding requirements will need to be considered in the development of the 2024/25 Business Plan and Budget. Council will need to consider financial levers available in order to ensure sufficient funding of both operational and renewal funding requirements.

Improvement Plan

25. Through the development of this AM Plan, a number of improvement actions and next steps have been identified to promote continuous improvement and improved overall asset management maturity. These are identified in Section 9 of the Transportation Asset Management Plan Summary (Attachment A).

Community Consultation

26. In accordance with section 122(6) of *the Local Government Act 1999*, Council will follow the relevant steps in our public consultation policy to facilitate community feedback on the draft Transportation AM Plan.
27. The consultation process will seek feedback from the community including our residents, ratepayers, businesses, and other key stakeholders.
28. Consultation will open on Friday 15 December 2023 and close on Friday 26 January 2024 (6 week duration in line with our Public Consultation Policy, noting the minimum legislative requirement is 21 days).

29. Notification of public consultation will be provided through the following avenues:
 - 29.1 A Public Notice in the Government Gazette and an advertisement in The Advertiser.
 - 29.2 Information published on the City of Adelaide website.
 - 29.3 Promotional advertisements on all Customer Service points including the Digital screens that Council operates, our Libraries and Community Centres.
 - 29.4 Social Media campaign via City of Adelaide social media channels.
30. 'Your Say Adelaide' - the community will be encouraged to engage and make written submissions on the draft Transportation AM Plan through City of Adelaide's website linking to detailed information on the 'Your Say Adelaide' platform.
31. Two drop-in sessions will also be scheduled at community centre locations in the City and North Adelaide.
32. Submissions and feedback will also be able to be sent in writing or through e-mail.
33. Hard copy submission forms will be available inside Consultation Packs from City of Adelaide's Customer Service Centre, libraries and community centres.
34. The community will have the opportunity to have their questions answered by City of Adelaide project staff over the phone or book an appointment to chat to staff in person.

Next Steps

35. Subject to Council endorsement, the draft Transportation AM Plan will be released for public consultation, with community engagement scheduled to occur from Friday 8 December 2023 to Friday 19 January 2024.
36. Following the six-week public consultation period, engagement feedback will be reviewed, and findings will be presented to Council in conjunction with the finalised Transportation AM Plan in March 2024 for adoption.
37. Following Council adoption of the Transportation AM Plan, the LTFP will be updated.
38. Adoption of renewal budgets will be considered by Council on an annual basis through the Business Plan and Budget Process.

ATTACHMENTS

Attachment A – Transportation Asset Management Plan Summary

Attachment B – Transportation Asset Management Plan (Comprehensive)
