

Review of Asset Management Plans

Friday, 12 April 2024
Audit and Risk Committee

Strategic Alignment - Our Places

Program Contact:
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Public

Approving Officer:
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Services

EXECUTIVE SUMMARY

This report presents to the Audit and Risk Committee (ARC) the draft Buildings, draft Park Lands and Open Space, draft Water Infrastructure and draft Public Lighting and Electrical Infrastructure Asset Management Plans (AM Plans) for review and advice to Council, in accordance with the legislative requirements under the *Local Government Act 1999 (SA)* as well as the requirements of the ARC Terms of Reference.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Receives the draft Buildings Asset Management Plan as per Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 April 2024 and provides the following advice
 - 1.1. _____
 2. Receives the draft Park Lands and Open Space Asset Management Plan as per Attachment B to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 April 2024 and provides the following advice
 - 2.1. _____
 3. Receives the draft Water Infrastructure Asset Management Plan as per Attachment C to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 April 2024 and provides the following advice
 - 3.1. _____
 4. Receives the draft Public Lighting and Electrical Infrastructure Asset Management Plan as per Attachment D to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 April 2024 and provides the following advice
 - 4.1. _____
 5. Notes the draft Buildings Asset Management Plan as per Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 April 2024 was endorsed by Council on 27 February 2024 for the purposes of public consultation.
 6. Notes the draft Park Lands and Open Space Asset Management Plan, draft Water Infrastructure Asset Management Plan and draft Public Lighting and Electrical Infrastructure Asset Management Plan as per Attachments B, C and D to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 April 2024 were endorsed by Council on 26 March 2024 for the purposes of public consultation.
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IMPLICATIONS AND FINANCIALS

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| City of Adelaide 2024-2028 Strategic Plan | <p>Strategic Alignment – Our Places</p> <p>Manage assets to meet the needs of our community</p> <p>Community assets are adaptable and responsibly maintained</p> |
| Policy | <p>Asset Management Policy</p> <p>Strategic Asset Management Plan</p> <p>Public Communication and Consultation Policy</p> |
| Consultation | <p>The Audit and Risk Committee (ARC) is being consulted in line with the requirement of the <i>Local Government Act 1999 (SA)</i> and ARC's Terms of Reference which allows ARC to review and provide advice prior to Council making a decision on the adoption of the AM Plans.</p> <p>Consultation on the draft Buildings AM Plan is currently open for a six-week period. Consultation commenced Monday 4 March 2024 and will conclude Friday 12 April 2024. The results of the consultation feedback and analysis will be reported to Council in May 2024.</p> <p>Consultation on the draft Park Lands and Open Space, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans is currently open for a six-week period. Consultation commenced Tuesday 2 April 2024 and will conclude Friday 10 May 2024. The results of the consultation feedback and analysis will be reported to Council in June 2024.</p> |
| Resource | Not as a result of this report |
| Risk / Legal / Legislative | <p>The review and update of AM 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>.</p> <p>There is a requirement under the <i>Local Government Act 1999 (SA)</i> and the ARC Terms of Reference to review and provide feedback on the Council's AM Plans.</p> |
| 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 (e.g. maintenance cost) | As documented within AM Plan (no change) |

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| Other Funding Sources | External funding opportunities will continually be pursued to offset costs, bring forward works, or provide for additional enhancements. |
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DISCUSSION

Purpose

1. Under the *Local Government Act 1999 (SA)* and the Audit and Risk Committee's (ARC) Term of Reference [[Link 1](#)], ARC has responsibilities to review and provide advice on Asset Management Plans.
2. The purpose of this report is to present the draft Buildings, draft Park Lands and Open Space, draft Water Infrastructure and draft Public Lighting and Electrical Infrastructure AM Plans to ARC for its review and advice.
3. This advice will be incorporated into a report to Council prior to the adoption of these plans.

Background

4. Under the *Local Government Act 1999 (SA)*, 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.
5. The City of Adelaide has six AM Plans, which include Transportation, Park Lands & Open Space, Buildings, Water Infrastructure, Lighting & Electrical and Urban Elements.
6. Each AM Plan has been developed with alignment to the City of Adelaide Strategic Plan 2024-2028 and have been informed by a community engagement process to understand current levels of community satisfaction and have been developed consistently with the Recommended Levels of Service report approved by Council in September 2023 (Buildings), October 2023 (Public Lighting and Electrical Infrastructure) and November 2023 (Park Lands and Open Space and Water Infrastructure).
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 AM Plans, concise standalone summary documents have also been prepared to improve community engagement and understanding.
9. The draft Buildings AM Plan was first presented to the Infrastructure and Public Works Committee (IPWC) on 20 February 2024 [[Link 2](#)]. At that time the IPWC considered the draft Plans and recommended to Council that the Plans be endorsed for the purposes of public consultation.
10. At the Council meeting on 27 February 2024, Council resolved to undertake public consultation on the draft Buildings AM Plan [[Link 3](#)].
11. The draft Park Lands and Open Space, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans were first presented to the Infrastructure and Public Works Committee (IPWC) on 19 March 2024 [[Link 4](#)]. At that time the IPWC considered the draft Plans and recommended to Council that the Plans be endorsed for the purposes of public consultation.
12. At the Council meeting on 26 March 2024, Council resolved to undertake public consultation on the draft Park Lands and Open Space, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans [[Link 5](#)].

Asset Class Overview

13. Buildings
 - 13.1. View [Link 6](#) for the comprehensive Draft Buildings AM Plan.
 - 13.2. The City of Adelaide's Building portfolio is made up of 184 individual assets and is valued at approximately \$510 million.
 - 13.3. These assets provide services for recreational activities through facilities including libraries, community centres, sporting clubs and public toilets. Our building portfolio also includes assets

which provide accommodation for the civic, administrative and operational functions as well as a number of commercial (income generating) assets.

14. Park Lands and Open Space

- 14.1. View [Link 7](#) for the comprehensive Draft Park Lands and Open Space AM Plan.
- 14.2. The City of Adelaide's Park Lands and Open Space assets portfolio is valued at approximately \$46.3 million and are comprised of green assets (trees, turf, biodiversity and landscaped areas) and infrastructure assets (irrigation systems, playgrounds, sportsfields, and water features).
- 14.3. Green assets provide various benefits and contribute significantly to the aesthetic and environmental quality of our surroundings. They are not recognised as capital assets holding financial value from an accounting perspective and the management of green assets is primarily funded through operational and maintenance budgets.
- 14.4. Infrastructure assets are classified as capital assets and the replacement of these assets is managed through capital renewal budgets.

15. Water Infrastructure

- 15.1. View [Link 8](#) for the comprehensive Draft Water Infrastructure AM Plan.
- 15.2. The City of Adelaide's Water Infrastructure portfolio is valued at approximately \$282.1 million and provides critical services which protect the community from heavy rainfall and flood events, conserve the ecological health of our waterways and provide recreational facilities and natural amenity within our Park Lands.
- 15.3. These assets include the underground stormwater drainage network, stormwater management devices (e.g. detention basins, gross pollutant traps), Karrawirra Pari/River Torrens (including Weirs and retaining structures), Park Lands watercourses, potable and non-potable water distribution systems and sewer infrastructure.
- 15.4. Work is currently underway to significantly improve the spatial data, asset condition information and asset attribute information utilised within Water Infrastructure AM Plan. These activities align with good asset management practices and will provide more granular information to enable robust analysis to inform future decision making. The outcome of this work, which is due for completion by June 2025, will enable a more mature Water Infrastructure AM Plan with a higher degree of confidence for the future requirements of the asset class.
- 15.5. Therefore, due to the current maturity level of the asset data, this Water Infrastructure AM Plan will be considered an interim document, which will be updated following the completion of the spatial data improvements, condition audit, and subsequent modelling and analysis.

16. Public Lighting and Electrical Infrastructure

- 16.1. View [Link 9](#) for the comprehensive Draft Public Lighting and Electrical Infrastructure AM Plan.
- 16.2. The City of Adelaide's Public Lighting and Electrical Infrastructure portfolio is valued at approximately \$145.6 million. It is made up of 7829 streetlighting columns, 9986 streetlights, 993 switchboards, 153 CCTV cameras and 41 electric vehicle charging stations. These assets provide services that facilitate safe access and enjoyment of the City and its amenities at night, in conjunction with supporting pedestrians, cyclists, motorists move into and around the City and Park Lands.
- 16.3. Work is currently underway to significantly improve the spatial data, asset condition information and asset attribute information utilised within this Public Lighting and Electrical Infrastructure AM Plan. These activities align with good asset management practices and will provide more granular information to enable robust analysis to inform future decision making. The outcome of this work, which is due for completion by June 2025, will enable a more mature Public Lighting and Electrical Infrastructure AM Plan with a higher degree of confidence for the future requirements of the asset class.
- 16.4. Therefore, due to the current maturity level of the asset data, this Public Lighting and Electrical Infrastructure AM Plan will be considered an interim document, which will be updated following the completion of the spatial data improvements, condition audit, and subsequent modelling and analysis.

Lifecycle Management Summary

17. Buildings

- 17.1. The Buildings AM Plan defines the current state / condition of our \$510 million 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).
- 17.2. 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 Buildings AM Plan are presented in 2024/25 dollars.
- 17.3. Asset renewal requirements have been forecast for years 1-5 utilising replacement cost and remaining useful life estimates identified through a combination of condition audits, maintenance inspections and engineering recommendations. For years 6-20, the AM Plan recognises the replacement of full building structures at their forecast end of life (e.g. Rundle UPark), as well as provides an ongoing funding provision aligned with the average annual asset consumption, to fund anticipated minor component renewals and rehabilitation treatments.
- 17.4. It is important to note that our heritage assets do have a different lifecycle management approach, where more frequent cyclic rehabilitation and conservation works are undertaken to ensure assets are maintained in accordance with conservation management plans.
- 17.5. This AM Plan also includes forecast functionality-based renewals for Park Lands Sporting Clubs, North Adelaide Golf Course Club House, Public Toilets as well as our Horticulture Nursery and supporting Park Lands Hubs. A key challenge will be ensuring that the supporting upgrade/new funding requirements to ensure a fit-for-purpose outcome can be incorporated into the LTFP and Business Plan and Budget. All improvements to Park Lands Sports Clubs will be consistent with Park Lands Community Buildings (Sport and Recreation) Policy once adopted by Council (to be presented in March), with relevant touch point and approvals with Kadatilla and Council through reports and presentations.
- 17.6. This AM Plan includes a significant forecasted \$60 million renewal allocation in years 8 and 9 for the Rundle Street UPark. In 2022 significant structural rehabilitation works were undertaken on the building to extend the service life of the asset by 10 years through to 2032. For preliminary planning purposes, renewal forecasts have assumed the full replacement of the Rundle Street UPark, however a strategic review will be undertaken in the coming years with an accompanying Council Report, to determine whether Council retain the asset, redevelop the asset, or dispose of the asset. It is important to note that further structural investigations would be required to test the viability of further extending the life structure.
- 17.7. Following the commitment from the State Government to redevelop the Adelaide Aquatic Centre, the asset was financially impaired in the 2022/23 Financial Year. The redevelopment will result in the disposal of the existing facility in August 2024, when the State Government take possession to create and operate a new facility that will be operated under the care and control of the Office for Recreation, Sport and Racing. As such, no associated renewals have been forecast within the draft Buildings AM Plan. The costs associated with the returning the existing site to Park Lands will be accounted for through future capital works that have been factored into the LTFP.
- 17.8. The key high priority renewal projects forecast within this AM Plan over the next 4 years are presented in the following list [\[Link 10\]](#).
- 17.9. 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.
- 17.10. This AM Plan does not identify financial forecasts associated with asset disposal, however where recommended, significant assets (e.g. the Adelaide Aquatic Centre) will be identified for decommissioning and disposal through Council Reports, to then be considered within the LTFP and Business Plan and Budget.
- 17.11. This AM Plan does not propose any forecast increases for operational and maintenance activities. Following the completion of this Asset Management Plan, operations and maintenance standards will be reviewed for building assets, to formalise intervention levels and response times for general maintenance and establish an acceptable balance between cost, risk, and customer expectations.

The associated financial impacts will need to be further considered in future revisions of this AM Plan and the Long-Term Financial Plan (LTFP).

- 17.12. Current operations and maintenance budgets accommodate proactive maintenance inspections on all of our building assets and inform legislative maintenance, preventative maintenance and general maintenance programs. Currently, not all general maintenance activities can be accommodated within existing budget allocations, resulting in works being prioritised with respect to budget provisions within the LTFP and Annual Business Plan and Budget. Where there are any critical maintenance requirements that cannot be accommodated within exiting budgets, these are assessed through regular budget reviews to ensure resources are appropriately re-allocated.

18. Park Lands and Open Space

- 18.1. The Park Lands and Open Space AM Plan defines the current state/condition of our \$46.3 million 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).
- 18.2. 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.
- 18.3. Renewal forecasts within the Park Lands and Open Space AM Plan are presented in FY24/25 dollars and have been derived utilising predictive deterioration modelling for playground equipment & softfall, sportsfields, irrigation systems and water features. Playground areas are planned for full renewal at the expiration of a recommended 20-year design life to ensure playgrounds remain fit-for-purpose and meet with the evolving needs of the community.
- 18.4. 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.
- 18.5. 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.
- 18.6. This AM Plan does not propose any forecast increases for operational and maintenance activities. Following the completion of this AM Plan, operations and maintenance standards will be reviewed for building assets, to formalise intervention levels and response times for general maintenance and establish an acceptable balance between cost, risk, and customer expectations. The associated financial impacts will need to be further considered in future revisions of this AM Plan and the LTFP.
- 18.7. 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 exiting budgets and assessed through regular budget reviews to ensure resources are appropriately re-allocated.

19. Water Infrastructure

- 19.1. The Water Infrastructure AM Plan defines the current state / condition of our \$282.1 million 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).
- 19.2. 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. In addition to condition-based renewal interventions, this AM Plan also forecasts service /capacity-based renewal interventions to address known performance deficiencies (i.e. where pipe sizes and side entry pit inlet capacity are not sufficient to manage stormwater runoff) at strategic locations where streetscape upgrades are being undertaken (e.g. Main Street Revitalisation Projects) as well as significant road renewal projects. Renewal forecasts within the Water Infrastructure AM Plan are presented in 2024/25 dollars.

- 19.3. Asset renewal requirements have been forecast for years 1-4 utilising replacement cost and remaining useful life estimates identified through a combination of condition audits and engineering recommendations for both condition-based interventions and service-based interventions. For years 5-20, the AM Plan forecasts the renewal of the Torrens Weir (years 5 and 6), as well as provides a forecast average renewal funding provision of \$6 million/year based on the condition of assets, and a forecast funding provision for capacity-based renewals for anticipated future stormwater works required to be delivered in conjunction with streetscape upgrades of \$4 million/year.
 - 19.4. This AM Plan recognises that the Torrens Weir is approaching the end of its useful life. A lifecycle study is currently underway that includes an options analysis that will guide the future management strategy of the asset and refine costings and timing of a preferred rehabilitation or replacement option. The Improvement Plan has explicitly referenced actions to refine the scope/costs/timing of works through the options analysis as well as investigate external funding opportunities.
 - 19.5. 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.
 - 19.6. 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
 - 19.7. This AM Plan does not propose any forecast increases for operational and maintenance activities. Following the completion of this AM Plan, operations and maintenance standards will be reviewed for Water Infrastructure assets, to formalise intervention levels and response times for general maintenance and establish an acceptable balance between cost, risk, and customer expectations. The associated financial impacts will need to be further considered in future revisions of this AM Plan and the LTFP.
 - 19.8. Current operations and maintenance budgets accommodate maintenance inspections for critical assets and which inform legislative maintenance and general maintenance programs. Currently, not all general maintenance activities can be accommodated within existing budget allocations, resulting in works being prioritised with respect to budget provisions within the LTFP and Annual Business Plan and Budget. Where there are any critical maintenance requirements that cannot be accommodated within existing budgets, these are assessed through regular budget reviews to ensure resources are appropriately re-allocated.
20. Public Lighting and Electrical Infrastructure
- 20.1. The Public Lighting and Electrical Infrastructure AM Plan defines the current state / condition of our \$145.6 million 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).
 - 20.2. 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 Public Lighting and Electrical Infrastructure AM Plan are presented in 2024/25 dollars.
 - 20.3. Asset renewal forecasts have been derived based on the average annual asset consumption of the Public Lighting and Electrical Infrastructure asset class. It is supported by a detailed 4-year renewal plan, which has been developed utilising existing asset data captured within our Asset Management System, validated through on-site inspections, in conjunction with workshops with key operational staff to identify and discuss known performance deficiencies and risks.
 - 20.4. Asset renewal forecasts include a luminaire renewal program, which aims to convert all existing High Intensity Discharge Lamps to LED technology. LED technology enables better outcomes with respect to lighting levels, while also being more energy efficient with lower operating costs.
 - 20.5. 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.

- 20.6. 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.
- 20.7. This AM Plan does not propose any forecast increases for operational and maintenance activities. Following the completion of this AM Plan, operations and maintenance standards will be reviewed for Public Lighting and Electrical Infrastructure assets, to formalise intervention levels and response times for general maintenance and establish an acceptable balance between cost, risk, and customer expectations. The associated financial impacts will need to be further considered in future revisions of this AM Plan and the LTFP.
- 20.8. Current operations and maintenance budgets accommodate maintenance inspections for critical assets and which inform legislative maintenance and general maintenance programs. Currently, not all general maintenance activities can be accommodated within existing budget allocations, resulting in works being prioritised with respect to budget provisions within the LTFP and Annual Business Plan and Budget. Where there are any critical maintenance requirements that cannot be accommodated within exiting budgets, these are assessed through regular budget reviews to ensure resources are appropriately re-allocated.

Financial Summary and Implications

21. Buildings

- 21.1. The development of the draft Buildings 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
- 21.2. The draft Buildings AM Plan forecasts renewal costs of approximately \$15.24 million (un-escalated) on average each year across the ten-year planning period, which sets the base for measuring the ARFR. That is, if \$15.24 million is fully expended, this would reflect an Asset Renewal Funding Ratio (ARFR) of 100%.
- 21.3. Currently, the renewal funding allocation for Building Assets within the LTFP is \$10.49 million (un-escalated) on average each year, which represents 69% of the funding required to deliver the recommended asset renewals outlined in the draft AM Plan if the base was reset to \$15.24 million (an additional funding requirement of \$4.76 million on average each year to achieve a 100% ARFR under the draft AM Plan).
- 21.4. It is important to recognise that the renewal / redevelopment of the Rundle Street UPark is a generational project. If this asset did not fall due for renewal within the 10-year planning period of this AM plan, the resulting renewal forecast would reduce to approximately \$9.24 million (un-escalated) on average each year across the 10-year planning period.

22. Park Lands and Open Space

- 22.1. The development of the draft Park Lands and Open Space AM Plan has identified an asset renewal funding surplus for continuing to provide current levels of service.
- 22.2. The draft Park Lands and Open Space AM Plan forecasts renewal costs of approximately \$2.85 million (un-escalated) on average each year across the ten-year planning period, which sets the base for measuring the ARFR. That is, if \$2.85 million is fully expended, this would reflect an Asset Renewal Funding Ratio (ARFR) of 100%.
- 22.3. Currently, the renewal funding allocation for Park Lands and Open Space Assets within the LTFP is \$4.32 million (un-escalated) on average each year, which represents 152% of the funding required to deliver the recommended asset renewals outlined in the draft AM Plan if the base was reset to \$2.85 million (a funding surplus of \$1.47 million on average each year to achieve a 100% ARFR under the draft AM Plan).

23. Water Infrastructure

- 23.1. The development of the draft Water Infrastructure 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.
- 23.2. The draft Water Infrastructure AM Plan forecasts renewal costs of approximately \$12.60 million (un-escalated) on average each year across the ten-year planning period, which sets the base for measuring the ARFR. That is, if \$12.60 million is fully expended, this would reflect an Asset Renewal Funding Ratio (ARFR) of 100%.
- 23.3. Currently, the renewal funding allocation for Water Infrastructure within the LTFP is \$9.49 million (un-escalated) on average each year, which represents 75% of the funding required to deliver the recommended asset renewals outlined in the draft AM Plan if the base was reset to \$12.60 million (an additional funding requirement of \$3.11 million on average each year to achieve a 100% ARFR under the draft AM Plan).
- 23.4. It is important to recognise that the renewal/rehabilitation of Torrens Weir is a generational project. If the asset did not fall due for renewal within the 10-year planning period of this AM Plan, the resultant renewal forecast would reduce to approximately \$8.59 million (un-escalated) on average each year across the ten-year planning period.

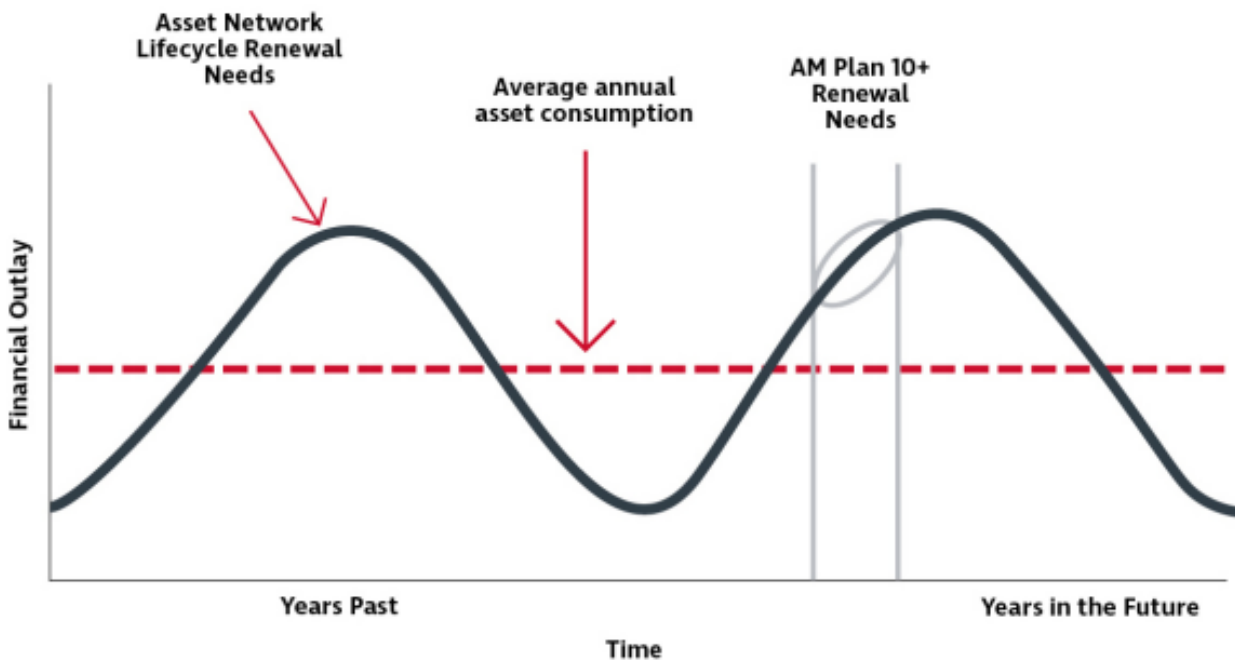
24. Public Lighting and Electrical Infrastructure

- 24.1. The development of the draft Public Lighting and Electrical Infrastructure 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.
- 24.2. The draft Public Lighting and Electrical Infrastructure AM Plan forecasts renewal costs of approximately \$4.88 million (un-escalated) on average each year across the ten-year planning period, which sets the base for measuring the ARFR. That is, if \$4.88 million is fully expended, this would reflect an Asset Renewal Funding Ratio (ARFR) of 100%.
- 24.3. Currently, the renewal funding allocation for Public Lighting and Electrical Infrastructure within the LTFP is \$1.76 million (un-escalated) on average each year, which represents 36% of the funding required to deliver the recommended asset renewals outlined in the draft AM Plan if the base was reset to \$4.88 million (an additional funding requirement of \$3.12 million on average each year to achieve a 100% ARFR under the draft AM Plan).

25. Contributing factors for the gap between the forecast renewal costs in the Buildings, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans and current budgets within the LTFP include:

- 25.1. 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.
- 25.2. 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)
- 25.3. Ensuring we accurately recognise asset replacement costs, utilising current construction costs and 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).

26. Contributing factors for the identified surplus, when comparing the forecast renewal costs in the Park Lands and Open Space AM Plan and current budgets within the LTFP include:
- 26.1. Undertaking a comprehensive review of the current condition and replacement cost of our assets and re-forecasting asset renewal requirements within this AM Plan
 - 26.2. Undertaking a comprehensive review of the asset lifecycle management in conjunction with utilising predictive modelling to better understand asset renewal investment needs to maintain services levels over short, medium and long term.
 - 26.3. Re-aligning this AM Plan with City of Adelaide's Fixed Asset Guideline and advice from an external auditor. This involves the replacement of green assets (e.g. trees, turf and garden beds) being managed through operating budgets and the replacement of infrastructure assets (e.g. playgrounds, irrigation and sportsfields) being managed through capital budgets.
27. 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 is 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.



28. 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.
29. 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

30. Through the development of the AM Plans, 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 each of the AM Plan Summary documents (**Attachments A, B, C and D**).

Next Steps

31. Consultation on the draft Buildings AM Plan is currently open for a six-week period. Consultation commenced Monday 4 March 2024 and will conclude Friday 12 April 2024.
 - 31.1. Following the six-week public consultation period, engagement feedback will be reviewed, along with any advice provided by the ARC and findings will be presented to Council in conjunction with the finalised Buildings AM Plan in May 2024 for adoption.
 - 31.2. Following Council adoption of the Buildings AM Plan, the LTFP will be updated.
32. Consultation on the draft Park Lands and Open Space, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans is currently open for a six-week period. Consultation commenced Tuesday 2 April 2024 and will conclude Friday 10 May 2024.
 - 32.1. Following the six-week public consultation period, engagement feedback will be reviewed, along with any advice provided by the ARC and findings will be presented to Council in conjunction with the finalised Park Lands and Open Space, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans in June 2024 for adoption.
 - 32.2. Following Council adoption of the Park Lands and Open Space, Water Infrastructure and Public Lighting and Electrical Infrastructure AM Plans, the LTFP will be updated.
33. Adoption of renewal budgets will be considered by Council on an annual basis through the Business Plan and Budget process.

DATA AND SUPPORTING INFORMATION

Link 1 – Terms of Reference Audit and Risk Committee

Link 2 – Infrastructure and Public Works Committee Meeting Agenda 20 February 2024

Link 3 – Council Meeting Agenda 27 February 2024

Link 4 – Infrastructure and Public Works Committee Meeting Agenda 19 March 2024

Link 5 – Council Meeting Agenda 26 March 2024

Link 6 – Draft Buildings Asset Management Plan Comprehensive

Link 7 – Draft Park Lands and Open Space Asset Management Plan Comprehensive

Link 8 – Draft Water Infrastructure Asset Management Plan Comprehensive

Link 9 – Draft Public Lighting and Electrical Infrastructure Asset Management Plan Comprehensive

Link 10 – High Priority Renewal Projects (Buildings)

ATTACHMENTS

Attachment A – Draft Buildings Asset Management Plan Summary

Attachment B – Draft Park Lands and Open Space Asset Management Plan Summary

Attachment C – Draft Water Infrastructure Asset Management Plan Summary

Attachment D – Draft Public Lighting and Electrical Infrastructure Asset Management Plan Summary