City of Vincent Asset Management Discussion Paper

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Overview

Purpose

The purpose of the City of Vincent Asset Management and Sustainability Strategy (AMSS) is to provide a strategic framework that guides the:

- planning, management and provision of assets;
- renewal and investment in assets;
- utilisation and rationalisation of assets; and
- best use of resources for the benefit of current and future generations.

The Challenge

The City of Vincent's challenge is that asset renewal demand currently exceeds the City's ability to fully resource asset renewal investment.

To meet this challenge, the City must strike the balance between maintaining our current portfolio and scale of ageing assets whilst meeting the needs of a growing and diverse community and a changing environment. This needs to happen within our means and be financially sustainable in the long term.

The draft AMSS is designed to set out our challenges, identify objectives and assist in mapping out the opportunities for better asset management for a sustainable future in consultation with the Vincent community.

The AMSS Vision

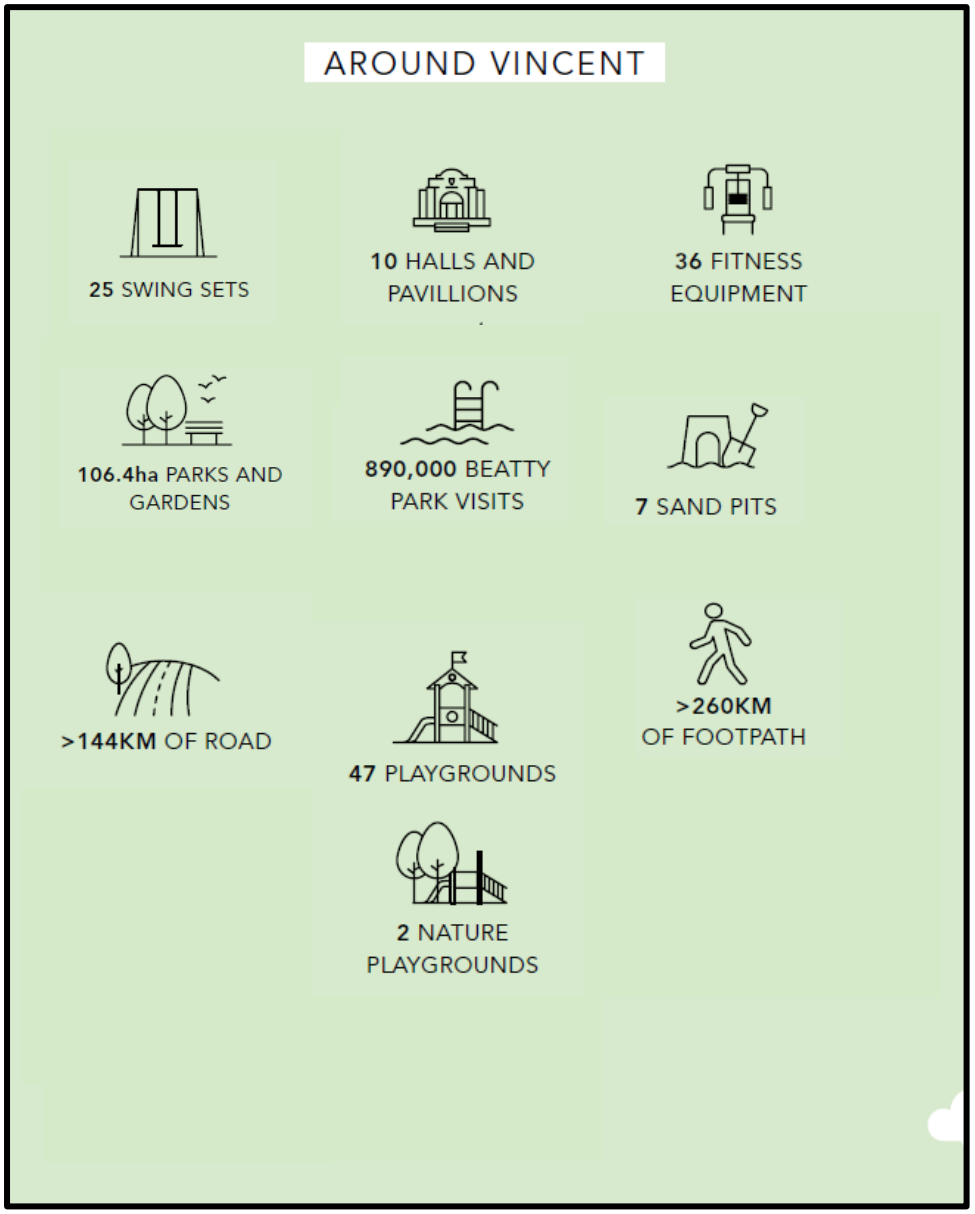
Our assets and facilities are cared for and well utilised, meet the needs of our growing and diverse community and respond to a changing environment in a planned and financially sustainable way.

Objectives

The AMSS has four key objectives to meet the City's asset sustainability goals:

1. Having enough funds to keep our assets up-to-date;
2. Keeping our historic assets safe for use;
3. Planning for the future of our assets; and
4. Making sure we have the assets we need now and in the future.

The draft AMSS is intended to guide the management of the City's asset portfolio over the next ten years with regular review of progress of the Implementation Plan.



Background

When we talk about assets, we mean something that is a physical resource. An asset has value, provides a service and has an economic life greater than 12 months. Assets include buildings, roads, parks, vehicles, computers and many other physical objects.

In the City of Vincent, our assets include six major sporting and leisure facilities, 144km of road, 10 community halls and pavilions, and 47 playgrounds.

Caring for our assets has a direct bearing on the health and wellbeing of our community who use them. To care for our assets appropriately, we need a plan that addresses our challenges and opportunities. This is where our ‘Asset Management and Sustainability Strategy’ (AMSS) comes in.

Purpose

What is the Asset Management and Sustainability Strategy (AMSS)?

The purpose of the AMSS is to address the City's Strategic Community Plan Innovative and Accoutable Priority.

"Our assets and facilities are cared for and well utilised, meet the needs of our growing and diverse community and respond to a changing environment in a planned and financially sustainable way."

This is also the vision for the AMSS. The AMSS includes guidance for decisions around the planning, management and provision of the City's assets. In the AMSS, we have grouped our key assets into three asset classes:

- Transport
- Recreation/Parks
- Buildings

What is the Asset Management Discussion Paper?

This Asset Management Discussion Paper is intended to accompany the AMSS by highlighting the key points that we need to inform the community about. As a discussion paper, a lot of the ideas in here are draft and may change based on community engagement exercises.

What is asset management?

Asset management generally involves the day-to-day operation and maintenance of assets as well as construction, acquisition, upgrading, renewal, sale and demolition.

Asset management is the process of balancing the needs of the community, with financial and environmental responsibilities throughout the lifetime of the asset.

From our research, we've come up with the following key objectives that the AMSS seeks to address:

1. Having enough funds to keep our assets up-to-date
2. Keeping our historical assets safe for use
3. Planning for the future of our assets
4. Making sure we have the assets we need now and in the future

1. Having enough funds to keep our assets up-to-date

The Challenge

An asset sustainability ratio indicates whether assets are being kept up-to-date, or if they are degrading over time.

According to the Department of Local Government and Communities Asset Management Guidelines (2016), an asset sustainability ratio of less than 90% indicates that the local government may be underinvesting in renewal and replacement of its asset base and therefore these assets are degrading too much.

The asset sustainability ratio for the City in 2018/19 was 33%, equating to an asset renewal gap in a single year of approximately $7.5 M. Although we have been below the recommended level in recent times, it is not fatal. The AMSS will help us get back above 90%.

Other challenges with funding is that a number of State/federal grants are only provided if the City also contributes funds. The City also actively looks for funding from both State and federal sources but funding is often available to build new facilities but not to maintain existing facilities.

Addressing the Challenge

An overriding principle of the AMSS is **renew over new** so that the City will be in a better position to manage risks within available funding. This means prioritising maintenance projects above new, expansion or upgrade projects, where possible.

The Long Term Financial Plan (LTFP) has also set long-term targets to address our asset renewal gap.

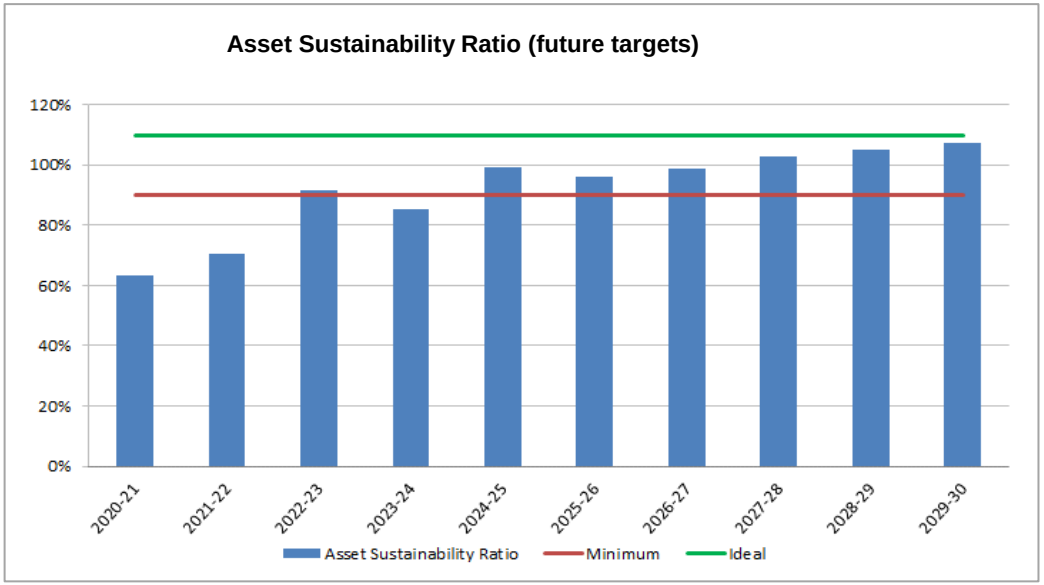
Renew Over New

Hyde Park East Toilet Block

As part of the public toilet renewal program, the tired and worn out asset has now been renewed while keeping the existing heritage structure.

It is noted here that there is no single indicator that demonstrates a local government's financial sustainability nor does it necessarily mean that it is fatal if a particular local government falls below the DLGSCI's 'preferred' benchmark for that particular indicator in a single year.

Projected ratios for the Asset Sustainability Ratio range is between a low of 63% and a high of 107% for 2020-2030.



Addressing the renewal gap: renewal targets from the Long Term Financial Plan (Source: LTFP 2020/21-2029/30)

Hyde Park (2017)

Case Study 1 – Roads

The City has over 144 km of roads, including some that carry more than 25,000 vehicles per day.

District Distributor roads in the City of Vincent, such as Loftus Street and London Street, carry more than 25,000 vehicles per day. Some Access Roads (residential streets) carry fewer than 200 vehicles per day.

As would be expected, the road surface on those major roads deteriorates faster than the low volume residential streets. We gather data on road condition to determine the annual road resurfacing program.

An interim crack sealing, - preventative maintenance, to extend the life of the asset
(Fleet St – Access Road)

Why do we have a resurfacing program?

It costs, on average, three times as much to reconstruct a road than it does to resurface it. The City strives to intervene at the optimum time, the point at which preventive maintenance becomes cost prohibitive and before surface failure requires reconstruction. Each year, we prepare a list of roads and undertake the necessary upgrades for each of them.

By resurfacing at the optimum time, the road will not have to be fully reconstructed for 20 to 25 years.

A recently resurfaced road
(Angove Street - District Distributor B)

2. Keeping our historical assets safe for use

The Challenge

The City's asset portfolio includes a number of long-lived assets that are getting older and more expensive to maintain.

The significant aged condition of some of the City's assets are in urgent need of attention to keep them safe for users. If they are not maintained to appropriate levels, there may be several consequences including user safety, higher maintenance costs and a loss of amenity.

The City's Asset Management Plan (AMP) has already identified Beatty Park Grandstand and Leederville Oval Grandstand as having known service performance deficiencies.

Addressing the Challenge

Having identified the issues, we're now focussing on creating detailed and targeted plans for Beatty Park and Leederville Oval.

Our initial findings show that there will be a considerable cost to keep these assets safe. Alongside our other asset management commitments, our annual income cannot currently cover all of these costs.

Part of the deliverables detailed in the AMSS Implementation Plan will be advocating to federal and State governments to provide support for the City's assets as well as sourcing other alternative funding contributions.

Having identified the issues, we're now focusing on creating detailed and targeted plans for the ageing Beatty Park grandstand (which has been closed to the public for several years) and the Leederville Oval grandstand.

We want to make sure these great facilities are safe, open and available to the public, but we must ensure sufficient funds are available to keep them adequately repaired and maintained.

Beatty Park Leisure Centre (2017)

Case Study 2a – Beatty Park Leisure Centre Grandstand

This highly-valued asset is in need of significant additional investment to keep it maintained for future generations.

Owned by the State of Western Australia and vested in the City of Vincent, the site has become an icon as one of the most popular and identifiable aquatic facilities in WA. Nearly 1 million people visit the centre each year.

In 1962, the pool on the Beatty Park site was constructed for the Commonwealth Games before being opened to the public. In 1993-94 the State of Western Australia vested Beatty Park Leisure Centre with the newly formed Town of Vincent. There were substantial upgrades ($5.3m) during this time and a further $17.5m in upgrades that were undertaken by the City of Vincent in 2011-2013. In the 2020/21 financial year, the City has committed a further $2.9m for major renewal to the indoor swimming pool, change room facilities and upgrading electrical and filtration systems.

Certain parts of the facility, such as the heritage-listed grandstand, has been retained and represent a significant risk to the City and further investment is needed. The project will cost between $8 to $12m to retain and safeguard the structure of the grandstand for the next 25 years. This investment is currently beyond our means and not contained within the City's LTFP. We will need support, additional funding contributions or a creative solution to enable us to progress any significant work to the grandstand.

Beatty Park Leisure Centre c.1962

Leederville Oval (2018)

Case Study 2b – Leederville Oval

The facilities at Leederville Oval are dated and ageing and not keeping pace with community expectations

Leederville Oval is a Western Australian Football League ground that is located at 246 Vincent Street, Leederville. The facility is used as a home ground by the East Perth Football Club and the Subiaco Football Club.

Leederville Oval is owned by the State of WA and vested in the City of Vincent through a Management Order. The City of Vincent is working with East Perth and Subiaco football clubs, the WA Football Commission and the community to commence a master-planning project for Leederville Oval. The Master Plan will explore development opportunities for the oval and address the facility's outstanding maintenance and repair work.

The Master Plan considers upgrades, replacement or construction of new buildings, landscaping, playing surfaces and other facilities for community and sporting club use.

The Master Plan aims to make Leederville Oval a high quality and fit-for-purpose facility with additional and improved services and infrastructure. Further integration with Leederville Town Centre will also improve community access and usage. The Master Plan will explore:

- Current and future requirements of the WA Football Commission, East Perth Football Club and Subiaco Football Club;
- Facility management options; and
- Capital funding model options.

The estimated costs for the Leederville Oval Precinct development includes $12-13m as a short-term development option. The Master Plan also considers more substantial development options linked to precinct-wide opportunities. These figures are not contained in the City's LTFP.

3. Planning for the future of our assets

The Challenge

The City of Vincent has several master plans and development plans that are proposed to be implemented over the course of the AMSS (ten years). Historically, the actions within these master plans and development plans have been prioritised and budgeted on an annual basis. Moving forward, the lifecycle costs of priority projects will be included in the City's long-term financial planning.

The preliminary costings for some of these works are significant. For example, the Public Open Space (POS) Strategy has 32 key actions with a total cost in the order of $37.6 million. The POS Strategy is currently unfunded and the City will need to plan how it delivers the actions over a period of time.

Lifecycle costs includes the cycle of activities that an asset goes through for the life of that asset. To keep the asset performing at an appropriate level, adequate funding needs to be set aside to maintain that asset each year for the life of that asset.

Addressing the Challenge

The AMSS requires that all new major capital work projects incorporate lifecycle costs as part of their detailed cost estimates. Only then will they be considered for endorsement as the full cost implications will be known.

A key action item in the AMSS is an Asset Prioritisation Plan that will provide important data to inform asset management decisions for new major capital work projects. The Asset Prioritisation Plan in the AMSS will speak to an asset hierarchy based on a matrix of measurements that includes utilisation, fit-for-purpose considerations and community values.

Through the AMSS, the City will be in a better position to manage risks within available funding not only by keeping to a principle of renew over new but also by:

- Considering lifecycle costs whenever new, expansion or upgrade projects are planned;
- Exploring additional funding opportunities, including the community's willingness to pay more; and
- Reducing the number of assets and the levels of service provided, if funding cannot be secured.

Air conditioning for North Perth Town Hall (2019)

Case Study 3 – Banks Reserve

The Pavilion is ageing, does not take advantage of the riverfront location, has limited use and provides limited activation opportunities.

The facility is not fit-for-purpose, it is not tenanted and is infrequently used. It would take significant investment to bring it up to a modern standard.

During community consultation for the **Banks Reserve Master Plan**, residents highlighted that the Pavilion is unsuitable for many activities due to its location, design and dated infrastructure. Feedback identified the need for an improved, shared community space that takes full advantage of the prime riverfront.

The Master Plan aims to improve the amenity of the foreshore area, reduce ongoing lifecycle costs and explore potential redevelopment opportunities.

The Banks Reserve Master Plan proposes the demolition of Banks Reserve Pavilion to create an open plaza area that will increase activation and promote greater use. Demolition of the pavilion would allow for a greater focus on enhancing well-used and in demand facilities to a standard that the community is proud to use.

Banks Reserve (2018)

4. Making sure we have the assets we need now and in the future

The Challenge

The City of Vincent has a growing population. Along with a changing demographic profile, this will influence demand on current and future assets. For example, our ageing population will require different facilities than youth, families and couples.

The City has a higher proportion of working aged adults than the State average. In 2016, it was identified that 81% of the City's resident workers were employed outside of Vincent. This means that the provision of reliable transport assets, such as roads and cycling paths, is critical to help them get to and from work.

In the City of Vincent, couples with no children represents 48% of the population. For this cohort, major assets include the provision of night time and weekend sport and leisure activities. Ensuring that the community has opportunities to remain connected to its local social networks is also a critical part of the City's Connected Community priority from the Strategic Community Plan.

After acquiring buildings that serve a certain need, it is important to update those buildings or assets in response to changing demands and community requirements.

Addressing the Challenge

Because the City of Vincent's community values and objectives are service-based, they help with determining community levels of service that are an important part of asset management. One of the key ways to identify these values and objectives is through our Strategic Community Plan that provides guidance on community values for our assets.

It is critical that we continue to prioritise engaging with our community on service levels and asset performance.

The Implementation Plan will address this issue through the establishment of a community focus group workshop to discuss asset management issues. This will help keep levels of service and community participation in asset discussions as key principles of the City's asset management going forward.

Mary Street Piazza (2017)

Case Study 4 – Braithwaite Park

Braithwaite Park Nature Play Playground - built around the philosophy of nature based elements

The City of Vincent provides 47 playgrounds, with many being the fixed, 'off the shelf', primary coloured metal variety that were ubiquitous in local government parks in the 1990s. More recently, the City has invested in two nature play areas at Braithwaite Park and Banks Reserve, which are more contemporary and challenging for a range of ages.

The City of Vincent's Public Open Space Strategy has also identified a gap in youth facilities, such as skate and active zones and more challenging play structures.

Based on population growth, changing demographics and community expectations, we will need to change our playground offering through significant capital investment over the next few years.

Braithwaite Park (2017)

Braithwaite Park (2017)

Implementation Plan

The purpose, vision and objectives of the AMSS will be achieved through the implementation of the following short (1 – 3 years), medium (4 – 7 years) and long term (8 years +) and ongoing (Ong) key deliverables.

No.	Action – what we'll do	Deliverable – how we'll do it	Timing					Funding Allocation
			Short	Med	Long	Ong	Priority	
1	Consider and then implement long-term funding scenarios that will close the asset renewal gap and plan for relevant projects that have detailed cost estimates and timelines	Improve the City's Asset Sustainability Ratio restored to a minimum 90% position by 2022/23	●				High	As per LTFP (Base Position)
		Improve the City's Asset Sustainability Ratio restored to a minimum 100% position for the life of the AMSS			●		High	As per LTFP (Base Position)
		Consider base position and other long-term financial scenarios and determine preferred option for future planning	●				High	Operational
		Consider additional costings for relevant projects listed within the City's CBP that have provided lifecycle costs as part of its detailed cost estimates and timelines. Make informed implementation decisions that link to LTFP projections	●	●			High	Operational
		Report on renewal ratio for key assets and provide targeted financial details that will inform annual budget reviews				●	Medium	Operational

No.	Action – what we'll do	Deliverable – how we'll do it	Timing				Priority	Funding Allocation
			Short	Med	Long	Ong		
2	Review key asset classes to allocate levels of service (both current and future usage) to provide a framework for asset sustainability and rationalisation going forward	Develop an Asset Prioritisation Plan for Building, Transport and Recreation/Parks that is informed by: • Building conditions audit (2018) • Current rationalisation program of works (informed by building conditions audit and condition grading assessments) • Active Reserve Strategic Club Allocation & Facility Rationalisation Plan (feeds into Sports and Recreation Facilities Plan that is in development) • AMPs for Building, Transport and Recreation/Parks	●				High	$80,000
		Review, classify and allocate levels of service to all City buildings for current and future usage of assets that incorporates population forecasts and demographic changes and align with SCP priorities (feeds into AMPs)	●	●			Medium	$40,000
3	Review and update Asset Management Framework that supports asset sustainability management principles	Provide detailed cost estimates and timelines including lifecycle cost template in project management framework to be used for all new substantial capital works projects (also informed by recommendations of Asset Prioritisation Plan when completed)				●	High	Operational
		Revise current AMPs as part of three year cycle (2021/24/27/30)				●	High	Operational
		Review Asset Management Policy 2009		●			Medium	Operational
		Completion of Asset Management Plan (Plant and Equipment)		●			Medium	$15,000
		Completion of Asset Management Plan (Information Communication Technology)		●			Medium	$5,000
		Plan, allocate resources and deliver upgrades to meet disability access improvements, risk management and compliance and legislative requirements				●	High	Operational

No.	Action – what we'll do	Deliverable – how we'll do it	Timing				Priority	Funding Allocation
			Short	Med	Long	Ong		
4	Work towards best practice in asset management through continuous improvement in asset management processes, capability and maturity	Skill development of staff using GIS to map asset locations appropriately				●	Medium-High	$5,000
		Explore *Assetfinda* and Civica (Authority) asset management software to replace current asset data storage	●	●			High	Operational
		Adopt software that improves consistency in asset class use across the organisation	●	●			High	$40,000
5	Provide support and oversight on critical asset management issues and ensure ongoing monitoring of Implementation Plan	Establishment of AMS sub-committee to oversee implementation of current and proposed relevant development plans and master plans				●	High	Operational
6	Enhance current demand management practices through public consultation and associated measurement of current community service levels	Ensure participatory asset discussions by undertaking a community focus group workshop to understand community value of assets and compare with current service level measurements	●				High	$2,000
7	Advocate for support for asset sustainability through the promotion of City assets and the development potential of underutilised public open spaces	Advocate to State and Federal Government for support to renew the City's regional facilities				●	Medium	Operational
		Pursue partnership opportunities with appropriate funding bodies				●	Medium	Operational