

Asset renewal thresholds and community feedback – attachment

Purpose:

This attachment has been compiled to accompany the Council report “Asset renewal thresholds and community feedback”. It contains the renewal thresholds for Council adoption referred to in the report, all necessary background information and a summary of the community feedback that has been accounted for in setting the thresholds.

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Levels of service

A vast pool of assets supports the provision of many of Council's service towards the community. Improvements in the management of these assets have been a focus at Council for several years now, particularly with regards to long term planning. In order to provide all of the services that rely on assets, however, a large number of decisions need to be made on a regular basis about which assets to provide, how many are required to meet the community's need, the standards to which they are maintained, when they should be replaced and where they are best located. These decisions have always been made internally and have long been based on informal consultation with the community through residents' feedback to Councillors, customer service requests, consultations around specific projects and satisfaction surveys.

The possibility of current and potential future funding gaps in the management of these assets has driven the establishment of more formally documented guidelines for such decision-making based on a comprehensive program of community education and consultation. All of the above mentioned decisions (and more) determine the level to which Council is able to provide services. In other words, *Service Levels*.

Service Levels are defined by the International Infrastructure Management Manual as the:

‘...defined service quality for an activity or service area against which service performance may be measured’

As already indicated, Service Levels encompass a range of decision types. As Council's asset management practices progress, these different types of Service Levels will be quantified, documented and presented for Council Adoption. Setting these levels will affect how services are delivered as well as how future funding is planned for.

Four main divisions can be identified for Service Level types. They are:

1. Quality – the physical condition and appearance of assets. Affects expenditure and planning for asset renewals and partial renewals (or repairs).
2. Maintenance & response standards – how frequently and to what standards maintenance tasks and inspections are carried out. Includes preventative and reactive maintenance. Affects maintenance expenditure and planning.
3. Capacity and functionality – whether assets are the correct size and design to deliver the services with which they are associated. Affects capital planning.
4. Strategic – whether an asset portfolio as a whole covers the community's needs, with the right type and number of services in the right places. Affects strategic planning.

The first type of Service Level above, *Quality*, is the focus of this report. The other three types are continually taken into account where relevant in long term planning, but are not yet formally documented. They will be presented to Council at future dates.

Renewal thresholds

The Service Level targets being proposed for adoption relate primarily to asset quality, i.e. physical condition and appearance. Council can control the overall quality of its vast asset pool by setting *renewal thresholds*. This means that once an asset is inspected and found to have exceeded a threshold or, in the absence of inspection data, is predicted to have reached a threshold, Council will aim to repair it in the most cost effective manner. When this involves complete replacement, it is referred to as *renewal*.

At the most basic level, the threshold for renewal is usually a condition rating along Council's 0-5 condition scale, where zero represents a brand new asset and 5 is the end of the asset's useful life. Council's default condition rating scale is provided below. Those asset classes where knowledge is more technically advanced have more complex scoring systems, but all are translated back to this fundamental rating scheme for valuation purposes.

Rating	Description
0	Brand new or very good condition. Providing full service potential.
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of service.
2	Aged but in good condition. Providing an adequate level of service.
3	Providing an adequate level of service but some concerns over the ability of the asset to continue to provide an adequate level of service in the medium term. May be signs of obsolescence in medium term.
4	Indicators that Council will need to renew, upgrade or decommission in near future. May need to be included in the capital works plan over the short term. Very low level of service.
5	At intervention point. No longer providing an acceptable level of service. Action must be taken immediately by Council to renew, upgrade or decommission asset.
End of life	Theoretical end of life – asset is either decommissioned or deemed obsolete and scheduled for future closure.

Renewal or partial renewal always results in an improved asset condition and an extended useful life, without providing any additional service above or beyond the existing asset. All other works are classified as maintenance, new or upgrade (see glossary). In the case of complete replacement, condition is reset to zero as if for a brand new asset. For many asset classes, however, complete replacement is not the most cost-effective approach. In these cases only the only damaged parts of the asset are repaired and the condition may not be completely reset, but only improved slightly. This is called *partial renewal*.

In planning and executing works, as well as predicting future required funding, Council needs to define renewal thresholds for all asset classes. These are essential for the objective prioritisation of works, particularly where funding is considered insufficient, and for quantifying funding gaps. Once set, these thresholds become targets against which performance can be measured.

How have the targets been set?

Council has previously estimated renewal thresholds based on experience, informal community feedback and technical knowledge. Using these estimates, the first round of expenditure forecasts and asset management plans (AMPs) were published in 2012.

To improve Council's estimates, community feedback has been sought on the level of service provision by Council relating to community assets. Feedback was obtained on a broad range of service level types, including physical condition and appearance.

The community feedback section in the second half of this attachment provides detail on Council's engagement with the community and the salient points arising from feedback.

Large quantities of wide-ranging data types have been analysed in order to interpret the community's expectations around asset quality. Analysis has been used to support existing estimates of renewal thresholds or to justify changes to previous estimates. The resulting renewal thresholds, proposed for Council's adoption, are described for each major asset class throughout the remainder of this section.

What is the next step?

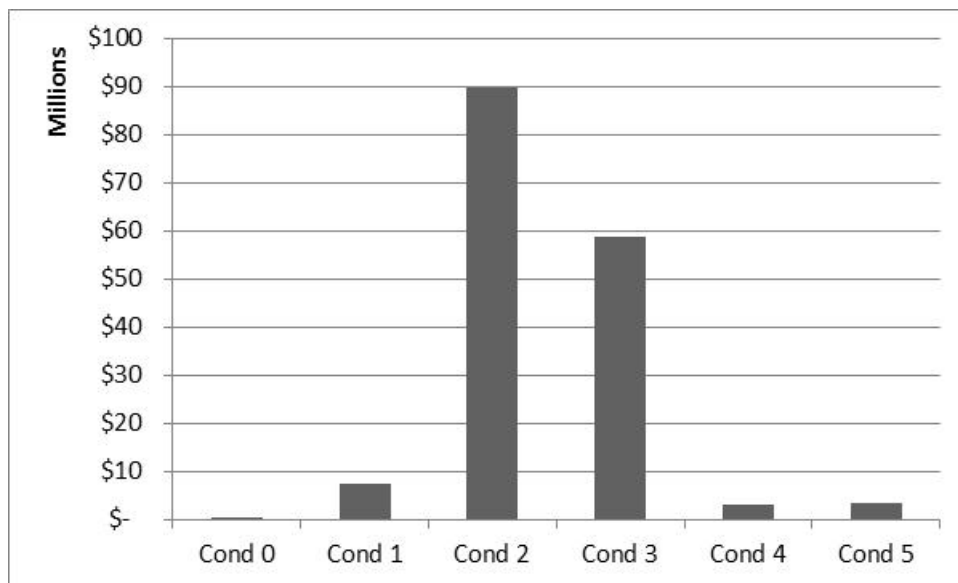
Once target renewal thresholds have been adopted, Council officers will use newly implemented modelling software to produce forecasts of the funding required to meet the targets. The required funding based on these targets will be compared with the funding currently available under the Long Term Financial Plan – Base Case and will be presented to Council.

Where funding is sufficient within a given financial year, capital work will also be planned and executed to ensure that targets are met for asset quality. Where funding falls short, objective prioritisation systems will be employed. These were adopted by Council on May as part of the "Capital Programs and Prioritisation" report.

Targets for adoption

Roads

Council is responsible for the provision and maintenance of 211km of sealed roads with a total replacement value of \$162.7M, a written down value of \$109.1M and an average condition rating of 2.5. Currently, the condition of the road network is distributed as follows expressed in terms of total asset replacement value. This however does not reflect the cost of works required to repair the asset which is generally only a proportion of the replacement cost.



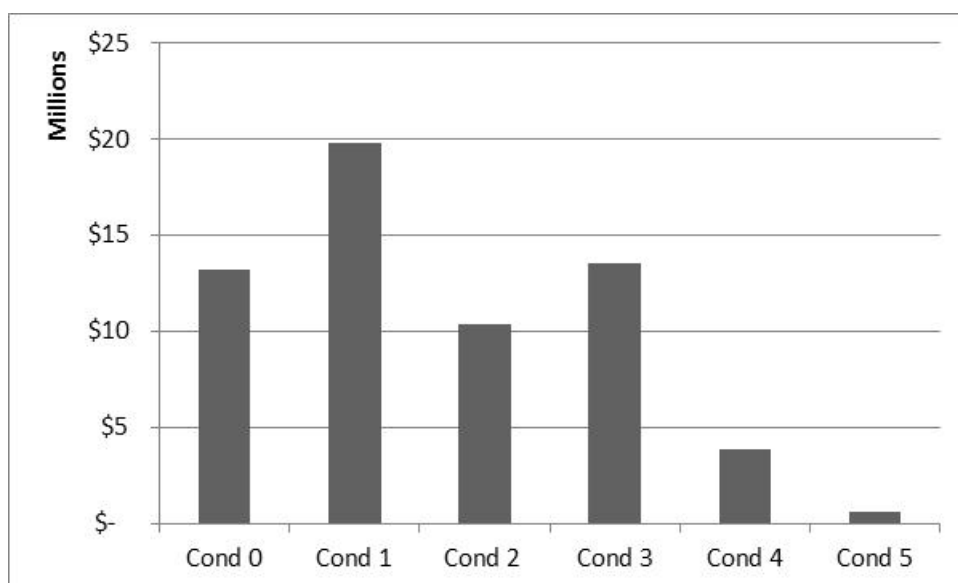
Whole and partial renewals for this asset class are modelled based on much more technical thresholds than the standard 0-5 condition rating scale. These thresholds are detailed in the road pavement asset management plan and are generally reviewed and modified as needed approximately every 4 years when a new condition audit is conducted on road pavements to ensure that Council's repair and renewal strategy is targeted correctly.

Council sought community feedback on its road pavement strategy as part of the citizens' panel survey. Generally the community agreed with the view of Council engineers with regard to the categorising of pavement condition. However for pavements classified as medium cracking and medium roughness, the community considered this condition to be acceptable. While visually they may have believed this to be the case, from an engineering viewpoint if Council does not undertake some form of treatment it would become more costly in the future to repair as it could affect the lower levels of the road pavement.

As a result it is recommended that Council adopt the current engineering strategy in pavement renewal and repairs with a review every 4 years.

Footpaths

Council is responsible for the provision and maintenance of 387 km of footpaths and shared paths with a total replacement value of \$61.3M, a written down value of \$52.1M and an average condition of 1.8. Currently, the condition of the footpath network is distributed as follows expressed in terms of total asset replacement value. This however does not reflect the cost of works required to repair the asset which is generally only a proportion of the replacement cost.



Proposed intervention thresholds for this asset class are as follows.

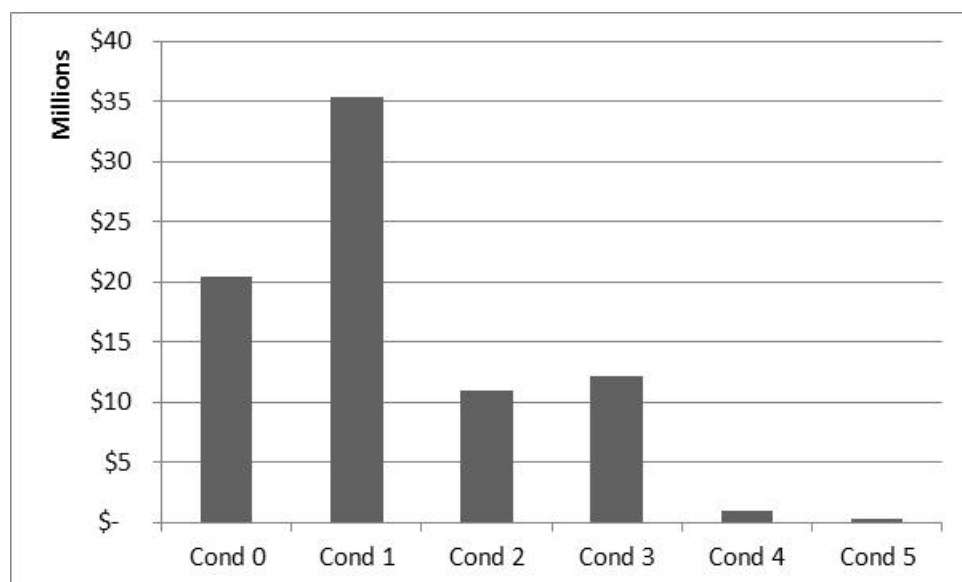
Asset type, sub-type(s)	Repair & Renewal threshold
Footpath	Repairs will be undertaken when Condition 2 is reached. Renewal will take place when the asset reached condition 5 which is generally when the footpath has a high proportion of defects present or when complete renewal would result in a better result than partial repairs.

The Community through consultation has indicated that cracking would be acceptable if there were no height differentials or loose pieces present. Cracking in paths will therefore not be repaired unless there is a height differential or loose pieces present. Removal of this type of cracking as a defect has resulted in raising the condition of footpaths overall. These changes have not been applied to the chart or figures provided above.

The community consultation panel were evenly undecided on whether condition state 3 was acceptable. Given that hazards are sometimes difficult to see, particularly for aged and those with vision impairment on footpaths are of a high risk to pedestrians including the smaller height differentials which can sometimes be difficult to detect, Council has adopted condition state 2 as the repair threshold.

Kerb & Gutter

Council is responsible for the provision and maintenance of 372.2 km of kerb and gutter with a total replacement value of \$80.3M, a written down value of \$69.4M and an average condition of 1.4. Currently, the condition of kerb and gutter is distributed as shown below in terms of total asset replacement value. This however does not reflect the cost of works required to repair the asset which is generally only a proportion of the replacement cost.



Proposed intervention thresholds for this asset class are as follows.

Asset type, sub-type(s)	Repair & Renewal threshold
Kerb and Gutter	Renewal will be undertaken when Condition 4, is reached which is generally when the footpath has a high proportion of defects present or when complete renewal would result in a better result than partial repairs. Repairs are generally minor in nature and are undertaken where road pavement failures due to poor K&G condition, safety, flooding issues are identified.

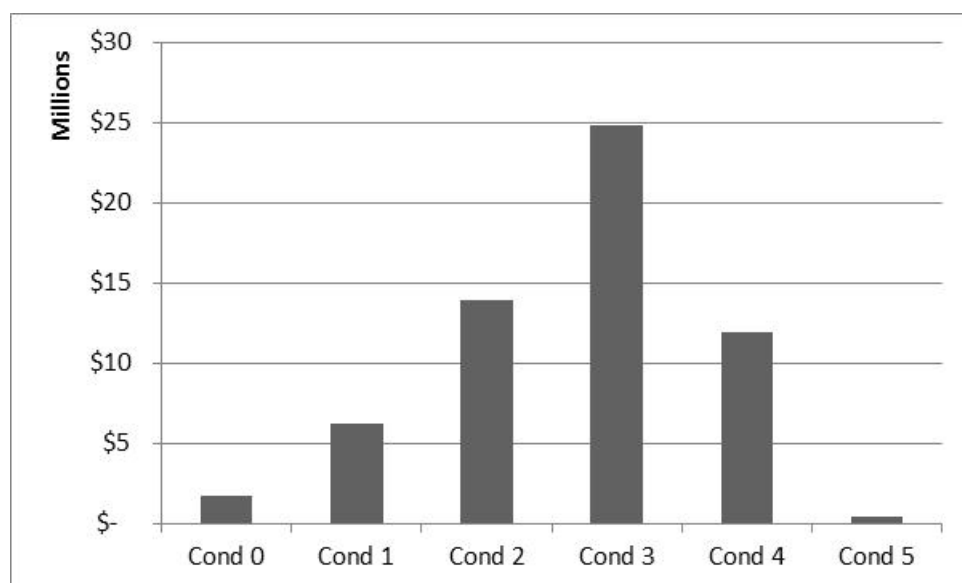
Community consultation has revealed that minor cracking of the K&G is acceptable. Minor levels of cracking will therefore not be repaired unless it results in damage to the adjacent road pavement. Removal of minor cracking as a defect has resulted in raising the general condition state of the K&G class as a whole. These changes have not been applied to the chart or figures provided above.

The community consultation panel have also indicated that they believe that K&G should be repaired when it reaches condition state 3. While this would be ideal, it will result in the need to increase the budget that may not be supported by the wider community. Given that the quantity of customer service requests received for K&G by Council for infrastructure related queries is only approximately 1% of all CSR's it may be concluded that repair of K&G is not of a high priority to the community.

As a result is recommended that Council adopt renewal threshold of Condition 4. This can be reviewed in the future.

Stormwater

Council is responsible for the provision and maintenance of 129.8km of built stormwater conduits and over 5000 stormwater pits with a total replacement value of \$112M, a written down value of \$78M and an average condition of 2.8. Currently, approximately 61% of the stormwater network has been inspected by CCTV. The condition of this inspected proportion of the stormwater network is distributed as follows, expressed in terms of total asset replacement value. This however does not reflect the cost of works required to repair the asset which may be only a proportion of the replacement cost depending on what is required.



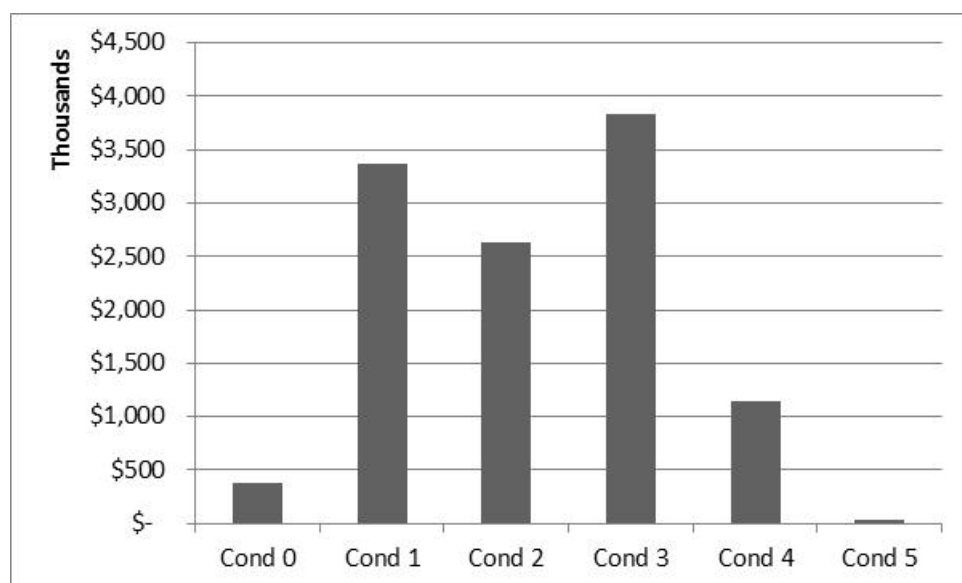
Asset type, sub-type(s)	Repair & Renewal threshold
Stormwater Pipes And Pits	Repairs or Renewal will be undertaken when Condition 4 is reached.

Community consultation has revealed that circumferential, longitudinal, and quadrant cracking where there is no deformation of the pipe should be adopted as condition state 3 not condition 4 as currently applied. Additionally large joint displacements and rubber ring joint failures should be adopted as condition state 4 not 3 as currently applied. The community is also of the opinion that Council should not intervene if tree roots were protruding into a pipe blocking about 15% of the cross sectional area. However early intervention can significantly reduce root removal costs. Council would therefore continue to intervene early to reduce long term costs.

Council will only renew or repair stormwater lines that have reached condition state 4, as it would not be an efficient use of Council's funds to intervene any earlier. Considerable work is being undertaken, both within this Council and industry, more broadly to determine whether the effective life of stormwater assets is indeed longer than currently accepted estimates. This work continues whilst the renewal thresholds may remain the anticipated consumption patterns could likely result in longer lifecycles for these assets. It should be noted that this work considered the existing assets, not capacity or upgrade requirements.

Bridges

Council is responsible for the provision and maintenance of 22 major bridges, 8 major culverts, and 43 minor structures with a total replacement value of \$11.4M, a written down value of \$8.5M and an average condition rating of 2.3. Currently, the condition of bridges, broken down to the component level, is distributed as follows expressed in terms of total asset replacement value. This however does not reflect the cost of works required to repair the asset which may be only a proportion of the replacement cost depending on what is required.



Asset type, sub-type(s)	Repair & Renewal threshold
Bridges	Repairs or Renewal will be undertaken when Condition 4 is reached at a bridge element level.

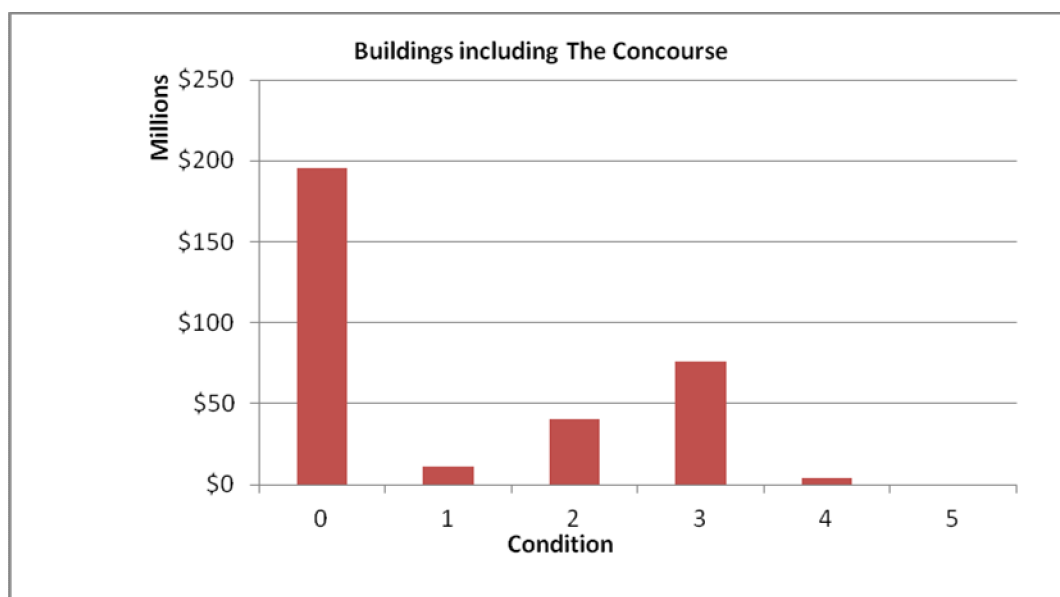
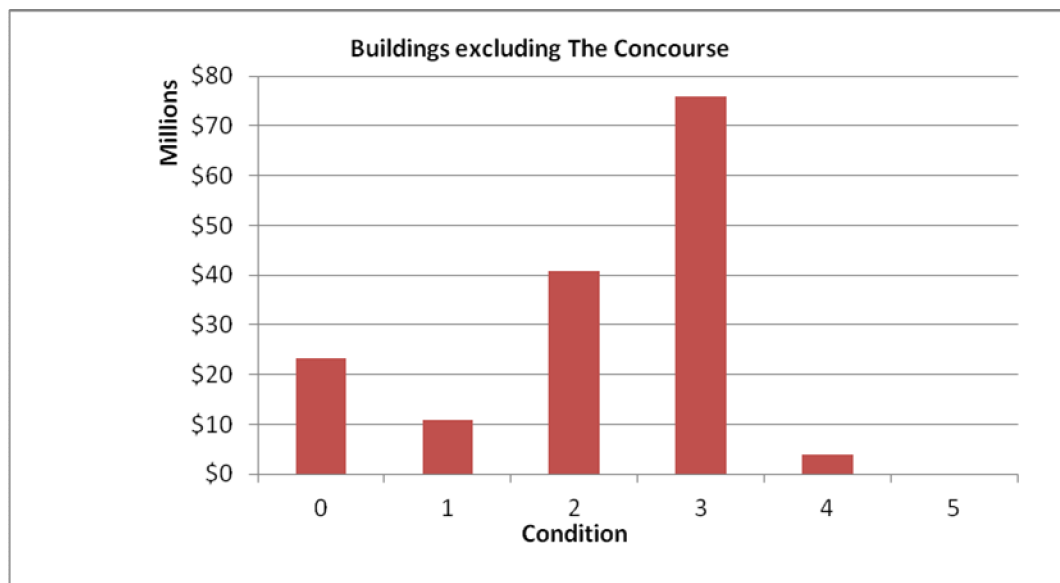
Community consultation was not undertaken on bridges given the necessary engineering expertise in order to gauge the structural adequacy of such complex structures.

It should be noted that renewal of individual elements may require renewal of other elements due to the nature of bridge construction. E.g. renewal of bridge piers may require renewal of the headstocks on top of the piers even though the headstock may be in good condition. If many elements in a bridge require renewal or repair, a cost benefit analysis may be required to determine if complete replacement is required.

Buildings

Council is responsible for the provision and maintenance of 135 buildings with a total replacement value of \$327 million, a written down value of \$315 million and an average condition of 3 (excluding The Concourse). Figures are based upon a recent building valuation and condition assessment carried out by external consultants. It is worth noting that the condition ratings provided appear

optimistic given staff's knowledge of the asset and further interrogation of this data is required. Currently, the condition of the buildings portfolio is distributed as follows (expressed in terms of total asset replacement value):



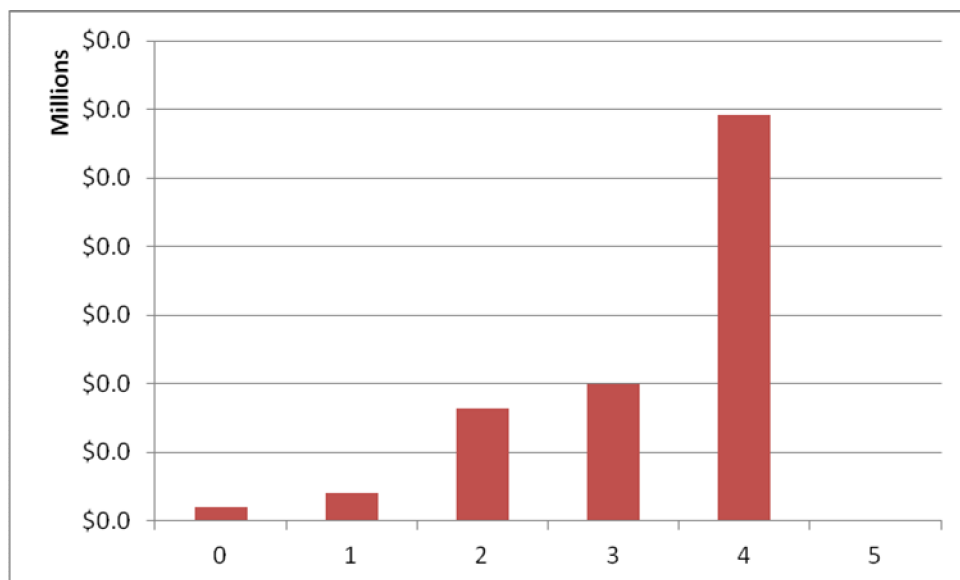
Proposed intervention thresholds for this asset class are as follows.

Asset type, sub-type(s)	Hierarchy	Building Component Renewal threshold						
		Envelope	Floor	Roof	Fit out	Air con	Services	Painting
Amenities	Standard	4	4	3	4	-	-	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 82% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Child care	High	3	4	3	3	4	4	4

Asset type, sub-type(s)	Hierarchy	Building Component Renewal threshold						
		Envelope	Floor	Roof	Fit out	Air con	Services	Painting
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 78% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Council halls	High	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 78% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Council housing	High	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 78% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Council offices	Premium	3	3	3	3	4	3	3
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 80% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Commercial Premises	High	3	4	3	3	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 78% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Community Centres	Standard	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 82% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Community Centres	High	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 78% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Community Centres	Premium	3	3	3	3	4	3	3
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 80% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Depot	Premium	3	3	3	3	4	3	3
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 80% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Library	Standard	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 82% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Library	High	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 78% of the panel's expectations aligned with Council staff's estimates for this category of building.						
Other facilities	Standard	4	4	3	4	4	4	4
	Justification	This corresponds to Council's current practices which received a high satisfaction score for that class. 82% of the panel's expectations aligned with Council staff's estimates for this category of building.						

Sportsgrounds

Council is responsible for the provision and maintenance of sportsgrounds with a total replacement value of \$20.3 million and an average condition per asset of 2.7. Currently, the condition of sportsground assets is distributed as follows (expressed in terms of total asset replacement value):

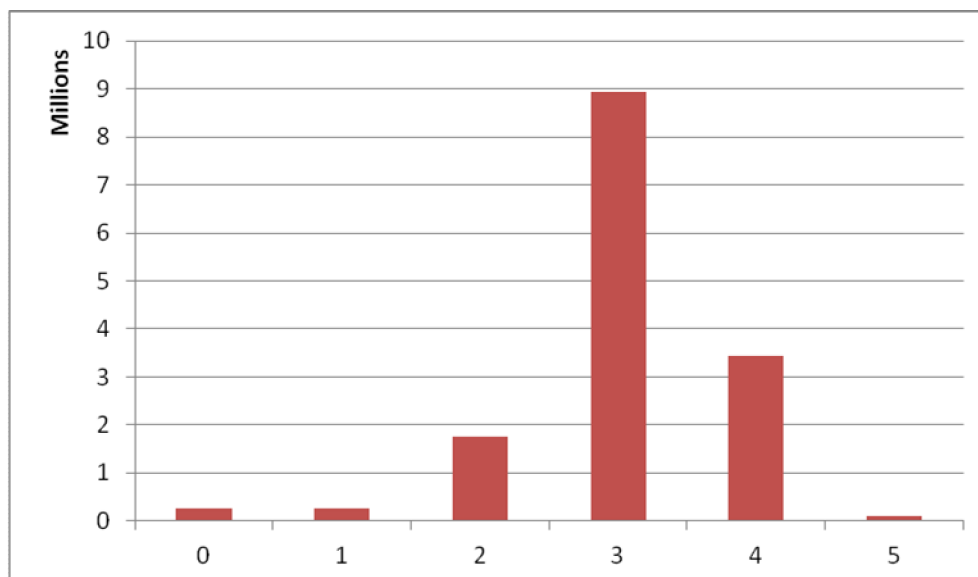


Asset Type	Repair / Renewal Threshold	Justification/Comments									
Sports assets for hierarchies Baseball shelters & benches Sight screens Sports Equipment (athletics facilities, basketball backboards, goalposts) Turf Water Tanks	Hierarchies A, B & C = 4	<p>This corresponds to Council's current practices and aligns with community expectations:</p> <p>67% of the Citizens Panel survey respondents considered the condition of sportsgrounds "generally acceptable" (i.e. not better than acceptable or unacceptable), and 52% of the general community survey respondents described it as "satisfactory to very good" (19% unsatisfactory, 30% no opinion/do not use).</p> <p>2012 Willoughby City Council Community Survey Management Report prepared by IRIS Research Ltd:</p> <p>"The mean score out of 5 for "satisfaction – Infrastructure Assets" was 3.8 for condition of sporting and recreation facilities. This result is classified as a "high satisfaction" score, and is in the top five of the twelve asset types included in the survey.</p> <p>When compared to data on the performance of Councils which are comparable (Metropolitan Councils) to Willoughby City Council, the following results were achieved:</p> <p>Performing on par with comparable measure:</p> <ul style="list-style-type: none"> Maintenance of ovals and sporting grounds" <p>The following results were obtained from previous years general population Council surveys:</p> <table border="1"> <thead> <tr> <th>Aspects of service provision</th><th colspan="2">Performance rating (mean score)</th></tr> <tr> <th></th><th>2003</th><th>2008</th></tr> </thead> <tbody> <tr> <td>Sports facilities cared for</td><td>62%</td><td>66%</td></tr> </tbody> </table> <p>Source: Direction First (2003, 2008).</p>	Aspects of service provision	Performance rating (mean score)			2003	2008	Sports facilities cared for	62%	66%
Aspects of service provision	Performance rating (mean score)										
	2003	2008									
Sports facilities cared for	62%	66%									

Asset Type	Repair / Renewal Threshold	Justification/Comments
Courts		Citizens Panel expectations were in agreement and lower than Council’s, while the Recreation Meeting expectations mostly aligned with Council’s or were higher. 93% of Citizens Panel survey respondents rated maintenance of courts acceptable.
Fencing		Citizens Panel and Recreation Meeting assessments for all categories of fencing analysis were most often in agreement with Council’s assessments. 64% of Citizens Panel survey respondents rated maintenance of fencing acceptable.
Oval Playing Surface		The Citizens Panel expectations were most often in agreement or lower than Council’s. The lower expectations may be due to the Council’s knowledge regarding technical and demand issues. 80% of the Recreation Meeting assessments (made by more regular users of Council’s ovals) aligned with Councils. 79% of Citizens Panel survey respondents rated maintenance of ovals acceptable. 3 of 5 table summaries at Recreation Meeting commented that Chatswood Oval is underutilised and expensive to maintain.
Practise Cricket Nets		The Citizens Panel had lower expectations than Council, while the Recreation Meeting assessments aligned with Council. Lack of knowledge regarding functionality and capacity requirements (e.g. dimensions, runups requirements, demand) may explain the lower expectations of the Citizens Panel. 86% of Citizens Panel survey respondents rated maintenance of cricket nets acceptable. Community assessments included the practise pitch fencing.
Cricket Pitches (except Chatswood Oval)		87% of Citizens Panel survey respondents rated maintenance of cricket pitches acceptable.
Sports Assets with lower thresholds:		
Cricket pitch – Surface – Natural Turf 1st grade	3 (Hierarchy A – Chatswood Oval only)	A turf pitch of higher quality is required if Council provides a venue for first grade cricket competition.
Irrigation	3 (Hierarchy A, B & C)	Failure of an irrigation system affects oval surface condition, and therefore has a lower threshold.
Lighting - Sports lighting	3 (Hierarchy A, B & C)	Due to the logistical issues and costs involved in replacement of light globes at the top of tall posts, globes are often replaced as a group, with some not yet having reached renewal threshold. The lower renewal threshold is also due to risk management issues regarding light poles. Recreation Plan table summaries included comments about the great importance of good quality lighting to oval users that conforms to Australian Standards, as it allows a variety of use and safety issues are involved. Most respondents to the Citizens Panel survey indicated that 100 lux lighting i.e. suitable for training and contact competition, but not high level or elite level competition, is the most suitable level for Council’s ovals. This aligns with Council’s aim to upgrade lighting to this lux level at all ovals. 87% of Citizens Panel survey respondents rated maintenance of sports lighting acceptable.

Passive recreation (parks)

Council is responsible for the provision and maintenance of 78 parks over 130 hectares with a total replacement value of \$14.7 Million and an average condition per asset of 3. Currently, the condition of park assets is distributed as follows (expressed in terms of total asset replacement value):

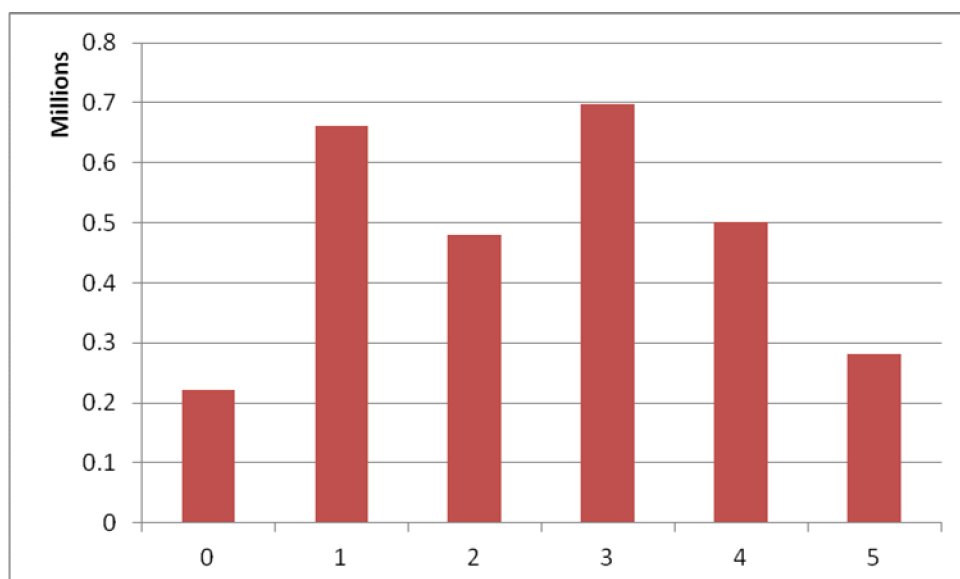


Asset Type	Repair / Renewal Threshold	Justification/Comments
Artwork Dirt Bike Track Skate Park Bollards Fencing Walls Flagpole Gazebo Irrigation Plaque Bike Rack Sandstone Pathway Edging Stone Stepped Seating & Fire pit Spectator Seating Dry Watercourse with Rocks	A, B & C =4	<p>This corresponds to Council's current practices and aligns with community expectations:</p> <p>Citizens Panel survey respondents considered the condition of parks:</p> <ul style="list-style-type: none"> Generally better than acceptable (4) 27% Generally acceptable (7) 47% Mostly acceptable, a few isolated areas that are unacceptable (3)20% A mixture of acceptable and unacceptable (1)16.7% Mostly or all unacceptable (0) <p>73% of the general community survey respondents described park condition as "satisfactory to very good" (20% unsatisfactory, 7% no opinion/do not use)</p> <p>2012 Willoughby City Council Community Survey Management Report prepared by IRIS Research Ltd:</p> <p>"The mean score out of 5 for "satisfaction – Infrastructure Assets" was 4.0 for condition of parks. This result is classified as a "high satisfaction" score, and is in the top five of the twelve asset types included in the survey.</p> <p>When compared to data on the performance of Councils which are comparable (Metropolitan Councils) to Willoughby City Council, the following results were achieved:</p> <p>Performing significantly better than comparable measure:</p> <ul style="list-style-type: none"> Maintenance of parks and playgrounds <p>The following results were obtained from previous years general population Council surveys:</p>

Asset Type	Repair / Renewal Threshold	Justification/Comments											
		<table><tr><td>Aspects of service provision</td><td colspan="2">Performance rating (mean score)</td></tr><tr><td></td><td>2003</td><td>2008</td></tr><tr><td>Parks and reserves cared for</td><td>63%</td><td>70%</td></tr></table>			Aspects of service provision	Performance rating (mean score)			2003	2008	Parks and reserves cared for	63%	70%
Aspects of service provision		Performance rating (mean score)											
		2003	2008										
Parks and reserves cared for		63%	70%										
		Source: Direction First (2003, 2008).											
Bin		73% of Citizens Panel survey respondents rated maintenance of bins acceptable.											
Memorials		67% of Citizens Panel survey respondents rated maintenance of BBQs acceptable.											
Fountains	93% of Citizens Panel survey respondents rated maintenance of BBQs acceptable.												
Signage	80% of Citizens Panel survey respondents rated maintenance of BBQs acceptable.												
BBQ		87% of Citizens Panel survey respondents rated maintenance of BBQs acceptable.											
Exercise Station	4, or as advised in safety inspection reports	<p>Exercise equipment is subject to the same inspection regime as play equipment for risk management purposes. Action priorities refer to recommended repairs that include safety issues. Community expectations were in agreement or lower than Council’s, but intervention levels must reflect safety standards.</p> <p>93% of Citizens Panel survey respondents rated maintenance of exercise stations acceptable.</p>											
<p>Currently Council’s intervention thresholds do not differ depending on park hierarchy. In response to the results of the community engagement project, changes are suggested for the following assets. Although the Citizens Panel had lower expectations for assets in both hierarchy B & C parks, Council considers that due to the visitation rates, visibility and service area of the high number of parks in hierarchy B, the intervention thresholds should only be increased for hierarchy C parks. Responses received in other forms of consultation conducted such as the online forum and surveys and the Recreation Meeting, support this decision.</p>													
Bench, Picnic Setting	A&B = 4 C = 5	<p>The Citizens Panel was mostly in agreement with Council for hierarchy A parks, but had lower expectations than Council for hierarchy B & C parks.</p> <p>Recreation Meeting assessments were mainly in agreement with Council, however furniture was only assessed overall, and not in relation to park hierarchy at this meeting.</p>											
Bubbler	A&B = 4 C = 5	<p>The Citizens Panel had higher expectations or was in agreement with Council for bubblers in hierarchy A&B Parks, but had lower expectations in hierarchy C Parks.</p>											
Garden	A&B = 4 C = 5	<p>The Citizens Panel had lower expectations than Council in all aspects of assessment in all park categories. Recreation Meeting assessments aligned with Council’s ratings, however gardens were only assessed overall, and not in relation to park hierarchy at this meeting.</p>											
Lawn	A&B=4 C = 5	<p>The Citizens Panel was in agreement or had lower expectations for lawns in hierarchy A & B parks, but had lower expectations only for hierarchy C parks.</p>											

Playgrounds

Council is responsible for the provision and maintenance of 51 playgrounds with a total replacement value of \$2.8 million and an average condition per asset of 2.7. Currently, the condition of playground assets is distributed as follows (expressed in terms of total asset replacement value):



Asset Type	Repair / Renewal Threshold	Justification/Comments
Play Equipment Safety Surfacing Safety Surfacing Edging	15 years old (equipment) or as advised in safety inspection reports	<p>The condition of playground assets was not included in photo grids for assessment by the community, as Australian Standards are used to determine appropriate playground condition. External specialists carry out safety inspections and report on required condition improvements. Action priorities 4 and 5 are those recommended repairs that include safety issues.</p> <p>Replacement of equipment takes place on the basis of these inspections. In general, the average expected life for an item of playground equipment is 15 years. Equipment older than 15 years may require more intensive and consequently more expensive safety inspections to be conducted, such as structural integrity testing of posts</p> <p>Although playground condition photos were not assessed during the community engagement project, questions relating to playground condition were included in surveys. Responses further support these repair and renewal thresholds.</p> <p>60% of the Citizens Panel survey respondents considered the condition of playgrounds “generally acceptable” and 100% considered that maintenance of play equipment and safety surfacing was acceptable or better than acceptable.</p> <p>64% of the general community survey respondents described playground quality as “satisfactory to very good” (16% unsatisfactory, 20% no opinion/do not use).</p> <p>2012 Willoughby City Council Community Survey Management Report prepared by IRIS Research Ltd:</p> <p>“The mean score out of 5 for “satisfaction – Infrastructure Assets” was</p>

Asset Type	Repair / Renewal Threshold	Justification/Comments
		<p>3.8 for condition of playgrounds and play equipment. This result is classified as a “high satisfaction” score, and is in the top five of the twelve asset types included in the survey.</p> <p>When compared to data on the performance of Councils which are comparable (Metropolitan Councils) to Willoughby City Council, the following results were achieved:</p> <p>Performing significantly better than comparable measure:</p> <ul style="list-style-type: none"> Maintenance of parks and playgrounds

Community Feedback

Consultation has been undertaken with a large portion of the Willoughby Council community over a variety of media and activities. The feedback obtained over this period has strongly informed the setting of target levels of service, which are also presented in this report for Council adoption.

The following table summarises the approaches used by Council and the audience each of them reached. More information relating to the findings from each of these media are reported under the sub-headings that follow.

Medium	Format	Audience
Customer satisfaction survey	Telephone survey to obtain Importance and satisfaction scores for service delivery within each asset class Completed in 2012	Statistically valid sample of Willoughby residents
Willoughby City News	4 x informative articles, one in each of Summer 2012, Autumn 2013, Winter 2013 and Spring 2013 editions	All WCN readers
Fact sheets	10 separate sheets providing information about each asset class	Provided at each community meeting and first Mall stall. Also available via HaveYourSay webpage
Community meetings	<p>Naremburn Progress Assoc. – 14 Feb</p> <p>Chatswood West Progress Assoc. – 21 Feb</p> <p>Castle Cove Progress Assoc. – 25 Feb</p> <p>Northbridge Progress Assoc. – 7 Mar</p> <p>Artarmon & South Willoughby Progress Assoc. – 14 Mar</p> <p>East Chatswood Progress Assoc.- 19 Mar</p> <p>Public Meeting Community Assets and</p>	<p>19 attendees</p> <p>13 attendees</p> <p>18 attendees</p> <p>18 attendees</p> <p>42 attendees</p> <p>9 attendees</p> <p>27 attendees</p>

Medium	Format	Audience
	Open Space and Recreation Plan – 10 Apr Middle Harbour Progress Assoc. – 11 Apr	20 attendees
Community assets survey – general	Questions relating specifically to each asset class about use of community assets and satisfaction with their condition , quantity, etc.	128 surveys completed Survey participation encouraged at initial Mall stall, all Progress Association Meetings, Open Space Public Meeting, childhood immunisation clinic, customer service counter and online via our Assets HaveYourSay website
Mall stalls	Thursday 29 March – Stall to inform and consult Saturday 7 September – stall at Street Fair to inform and consult	Approximately 30 visitors 204 visitors
Online forum	Online information and discussion around assets the community values	101 comments 2,719 downloads of AMPS, improvement strategy and fact sheets
Citizens’ panel	3 sequential meetings including information sessions, group activities and a final report of the panel’s conclusions.	Meeting 1 – 40 Meeting 2 – 32 Meeting 3 – 23
Level of Service Survey	Completed only by citizen’s panel members as content required an understanding of asset management at Willoughby	Engineering - 18 completed Open space - 16 completed Buildings – 15 completed

Willoughby City News articles

The last four editions of the Willoughby City News have contained articles to inform residents and ratepayers about current asset management projects including a focus on footpaths assets in the autumn edition and open space assets in the winter edition.

Community presentations to progress associations

The predominant focus of these meetings was both to provide information on the large range and scale of community assets as well as to answer questions related to community assets. The key points raised by community members at these meeting are summarised below.

These tended to relate to footpaths assets due to the targeted focus towards the end of each presentation on footpaths. The key points made included:

- All attendees rated footpaths as very important and the majority are satisfied with the current standard overall. There was general consensus that safety for pedestrians was more important than aesthetics and that a consistent quality in the footpath was important to avoid surprises. For example a defect in an otherwise good quality footpath is a greater risk to safety than the same defect in a lower standard footpath.
- Other comments / suggestions that were raised at multiple meetings included a suggestion to “name and shame” third party contractors who damage footpaths and requests for improved street lighting.

Community meeting – Open Space

This meeting focussed on providing information about the range and scale of community assets and the draft open space and recreation plan as well as on obtaining some specific feedback on open space assets. Many attendees at this meeting had a specific interest in open space assets due to the targeted focus of the meeting. The feedback obtained on acceptable standards for specific park and sport assets was considered, along with feedback from the Citizens’ Panel, in reviewing the intervention thresholds.

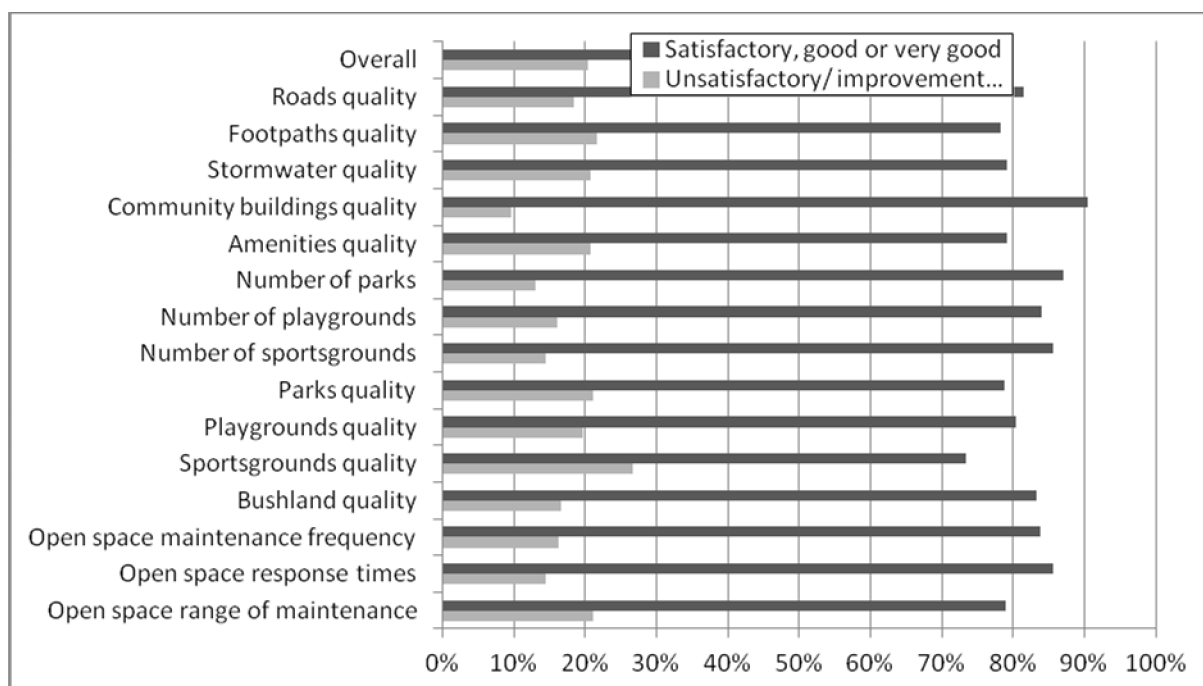
Community assets survey (general public)

This survey was completed both online and in hardcopy between February and May this year. The results of this survey, which are summarised in the chart below, show that overall 80 per cent of respondents are satisfied with the quality of our assets. The percentage of people satisfied ranged from a low of 73% for sportsground quality to a high of 90% for community buildings quality.

The quality of engineering assets was rated as satisfactory by between 78% (footpaths) and 82% (roads). Several comments were received that the quality of footpaths was better than surrounding Council areas. 8 comments were received indicating concern with rubbish and leaves being flushed into the stormwater network.

In addition to quality open space assets were also surveyed on quantity and maintenance. These results show that there was a higher number (over 80%) satisfied with the quantity of parks and sportsgrounds but fewer were satisfied with the quality of parks (79%) and sportsgrounds (73%). While 84 % people were satisfied with the maintenance frequency within open space there were 5 suggestions to increase the frequency of rubbish collection and 3 comments to increase mowing frequency.

As in the 2012 Customer Satisfaction survey fewer people were satisfied with the quality of amenities (79%) compared to those satisfied with the quality of other community buildings (90%). 40% of the comments regarding buildings included positive feedback on our libraries.



Mall stalls

Two stalls have been held in Chatswood Mall with the major purpose being to inform residents and visitors about community assets. The first was held in March as part of the weekly melody markets. 15 community assets surveys were completed by visitors to this stall.

The second stall was held during council's annual street fair in September. There were 204 visitors to this stall 45 of whom completed a short asset survey. The results from this survey are summarised in the table below.

Asset	Key Comments
Open Space	Over 67% visit a park at least weekly The major reasons for visiting parks were walking, running or other fitness 33% and to use playgrounds 18%
Buildings	Approximately 40% visited a community building at least monthly with the majority of that 40 % visiting weekly. \$5% visited libraries to read or borrow books A significant proportion (over 90%) believe that the amenities around Willoughby are
Engineering	55% of respondents believe that our footpaths and roads are similar to those in other areas. A higher percentage of respondents believe that our footpaths are better (33%) than those that believe our roads are better (24%)

Online forum (HaveYourSay)

The online discussion forum generated comments about a wide range of specific assets rather than comments related to an entire asset class. There were many positive comments regarding a wide range of predominantly open space assets. The comments or suggestions that were raised multiple times included:

- A lack of playground equipment for older children
- Requests for more bike tracks and for wider bike lanes to alleviate traffic congestion
- Suggestions for user pays parking for non-residents at open space areas
- Several concerns regarding overgrown vegetation on footpaths

During the upcoming final phase of this assets community engagement program it is expected that Council will use this media as one of several methods to encourage discussion specifically around asset funding.

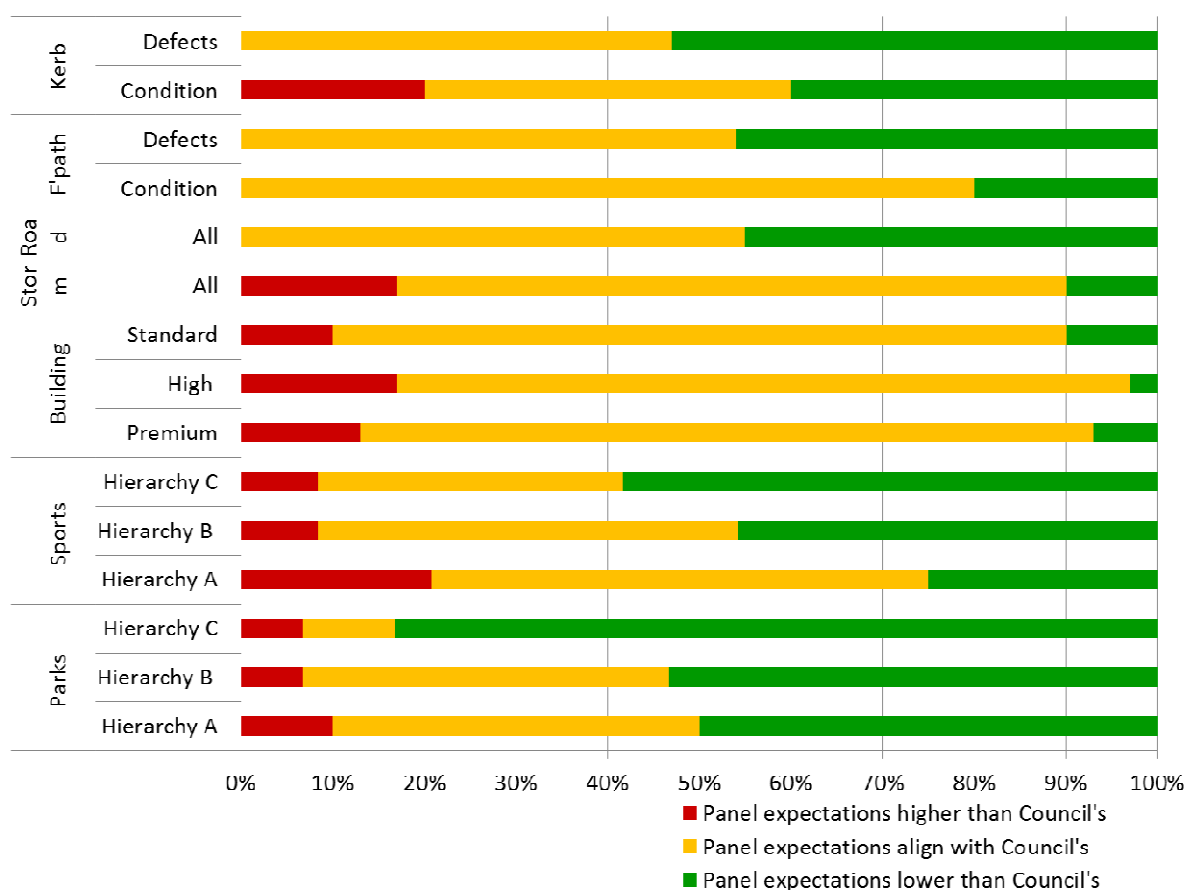
Citizens' Panel

The Citizens Panel were tasked with providing a response to two broad questions:

1. What standards and expectations does the community have of Willoughby's asset base?
2. Where community expectations exceed Council resources, how can these be addressed so that the next generation of the Willoughby community continues to enjoy the benefit of community assets?

Level of Service feedback

During the first panel session the panel members worked in table groupings to rate photos of assets as either above acceptable, acceptable or below acceptable. This exercise assisted both Council and the panel members in quantifying their expected asset standards. Comparison of the Panel's expectations and Council's expectations are shown in the graph below.



At the completion of the first full day session the panel members were asked to individually complete three online surveys on community levels of service for engineering, building and open space assets respectively. These online surveys included further ratings on asset photos.

The results of the analysis of feedback from table discussions, the online survey and, for open space assets, the level of service feedback from the public meeting on open space, have been carefully considered in the preparation of revised renewal intervention targets. Specific feedback has been included in the Targets for Adoption section of this attachment.

Citizens Panel Conclusions

The Citizens' Panel recommendations were presented to Council, both verbally and in their report entitled *An Eye to the Future*, at the Council meeting on Monday 12 August. Their conclusions around level of service included that *...there was generally alignment between community and council expectations*, and that *...Council did not generally exceed community's expectations, with most areas considered adequately serviced*. They also recognised that *...there was a legal responsibility that Council may have to follow that was beyond community expectations*.

These conclusions from the Citizens Panel indicated community support for Council's current levels of service. As a result there is little or no change recommended in this report to the majority of renewal intervention thresholds.

Eye To The Future

Sustaining our Assets, Funding the Gap

CONTENTS

- ❖ Objectives
- ❖ Background
- ❖ Principles
- ❖ Results
- ❖ General Comments
- ❖ Summary
- ❖ Acknowledgments

PRINCIPLES

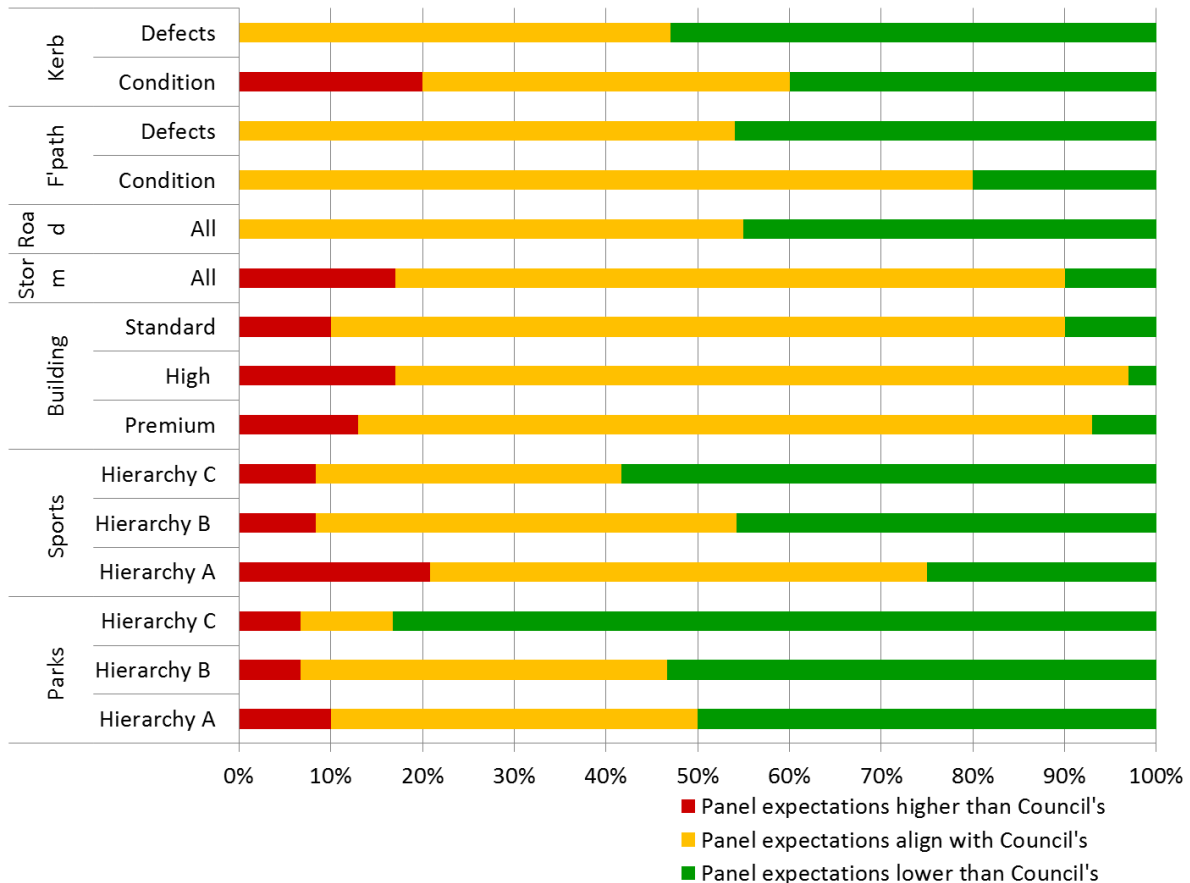
The anchor points that emerged from our deliberations:

- ❖ Safety
- ❖ Legislative Compliance / Duty of care
- ❖ Openness / Transparency
- ❖ Fairness and reasonableness
- ❖ Accessibility
- ❖ Financial efficiency maximising revenue opportunities
- ❖ Accountability / Responsibility
- ❖ Appropriate preservation of existing assets
- ❖ Environmental sustainability and consciousness
- ❖ Demographic change and population increase
- ❖ Intergenerational equity
- ❖ Aesthetic appeal

RESULTS

Panel Activity – Objective 1 – Community Expectations

The graph below summarises the differences between the Panel's and Council's expectations for each asset class. Graph provided by Council.



The main message found was that there was generally alignment between community and council expectations with some exceptions, where Council's expectations were higher than the community's.

Panel Activity – Objective 2 – Community Expectations versus Council Resources

The following table summarizes the funding gap per asset class (averaged over the 20 year modeling period) based on Council's expectations and comments on the impact on this funding gap when the Panel's expectations are taken into account. Graph provided by Council.

Asset class	Ave annual base case funding	Average annual gap to sustainable case	Funding gap as proportion of total required funding for this class	Comments
Footpath	\$1,674,624	\$0	0.00%	Panel and Council generally in agreement when rating footpath condition however the Panel felt that some of the defects shown were not deemed to be urgent. Should Council lower current standard of footpaths there may be some savings.
Playgrounds	\$360,701	\$49,419	12.05%	Not assessed specifically by panel, as Australian Standards are used to determine appropriate playground condition. External specialists carry out safety inspections and report on required condition improvements.
Kerb	\$404,764	\$136,076	25.16%	Panel generally have mixed views for K&G condition, however adjustments down from what Council considers a defect may bring Council's condition in line with panel. The panel felt that some of the defects shown did not need to be fixed by Council. This may result in a lower gap.
Bridges	\$52,085	\$161,143	75.57%	The structural safety of bridges has been assessed by experts. This gap reflects additional work Council is required to carry out.
Roads	\$3,243,527	\$428,471	11.67%	While the panel appears happy to accept a lower road condition Council believes that a reduction in road condition will have a detrimental effect on road pavement life resulting from water penetration. No change to the gap is expected. It is acknowledged that if more technical information was provided to the panel a different outcome, more aligned with Council's rating, may have resulted.
Stormwater	\$1,839,066	\$698,285	27.52%	Generally in agreement, Modification of current conditions to meet community expectations will require additional funding.
Parks	\$1,503,945	\$1,143,720	43.20%	Panel's expectations appear slightly lower than Council's especially for lower hierarchy (B & C) parks. The funding gap will reduce if standard is lowered to level panel considers acceptable.
Sportsgrounds	\$1,644,617	\$1,204,667	42.28%	Panel's expectations appear slightly lower than Council's especially for lower hierarchy sportsgrounds. This may result in a lower gap however technical issues and capacity requirements may justify Council's higher expectations.
Buildings	\$10,970,960	\$3,373,445	23.52%	Panel's expectations appear similar to Council for standard buildings and slightly higher than Council's for premium and high hierarchy buildings. The funding gap is not expected to alter significantly.

After consideration of Council's projected revenue and funding needs to maintain the asset base at a sustainable level, the CP identified the following suggestions for revenue raising and/or cost management are as follows:

Increasing Revenue	Saving money
<ul style="list-style-type: none">• Long term leases• User pays (ovals, bbqs and showers)• Special levies• Donations (i.e. to a library fund)• Asset sales• Reviewing contract accountability• Maximise developer revenue/full cost recovery on Development Applications• Advertising in appropriate pedestrian high traffic areas• Corporate sponsorships• Leasing footpaths to cafes• Debt financing of asset renewal subject to intergenerational equity considerations	<ul style="list-style-type: none">• Asset sales (review under performers + determine suitability for sale or re-use)• Utilise 'silver army'• Volunteer involvement in council work e.g. primary and secondary schools and bushland• Take a more commercial approach to leasing.• Decrease services

The following main points were identified by the panel during the discussion process:

1. Demographic growth and shifts in population needs means today's assumptions may not be relevant for long term planning
2. It was recognised that Council has limited revenue opportunities
3. Councils (in general) are not profit driven and questions were raised about whether a more business focussed approach needed towards the way council runs.
4. Are Council amalgamations likely to bring financial benefits and improve the likelihood of improving the benefits to citizens.
5. The cost of implementing some initiatives may have no net benefit in improving the maintenance and ultimate replacement of council assets (e.g. a volunteer programme)
6. There is no appetite for the sale of 'priceless' assets i.e. the natural environment, but it was acknowledged there is a cost to maintaining them.
7. There was a common underlying theme of 'user pays' but no differentiation between commercial activities and say, sporting activities which do not necessarily have a commercial foundation.

General Comments on revenue raising and/or cost management:

- ❖ Increase education program about council activities to create a higher level of awareness
- ❖ Acknowledged that contracting out services does not necessarily save Council money
- ❖ There was no appetite for a cut in services (however it should be noted that 'services' were not defined)
- ❖ Certain standards need to be maintained (functionality, safety, fit for purpose and maintenance)
- ❖ Quality workmanship and good decisions lead to long term savings
- ❖ Increase efficiency (collaboration with other councils)
- ❖ Increase multi-use of facilities
- ❖ Willoughby Lottery
- ❖ Would not be averse to a sustainable rates increase based on the community's ability to pay, given the WCC rates are low comparative to other areas on the North Shore. However, this should be measured against the findings of CP's expectations on Council's maintenance of assets (in some areas CP's expectations were lower than that of Council's).

SUMMARY:

Assets need to be divided into classes as their future use and benefit to the community as some depreciate naturally, some require general maintenance, some need replacing, some need to be demolished. Further, as demography in the municipality and technology changes, new assets will also be required.

The community identified as assets:

- ❖ Bushland
- ❖ Buildings (such as The Concourse)
- ❖ Roads
- ❖ Kerbs and Gutters
- ❖ Parks and Sportsgrounds

To address how Council acts where community exceeds expectations, the only conclusions must be:

- ❖ Funding the Gap
- ❖ Lowering Expectations
- ❖ Sell the Asset or make efficiency gains

Funding the Gap:

Council officers reported that funding can be gained through:

- ❖ Rate increases
- ❖ Revision of Rate Base
- ❖ Increasing “user pays” of assets
- ❖ Sale of assets, such as car parks
- ❖ Section 94A contributions

The community supported that some rates may need to be increased, but a fairer allocation e.g. from unit expansion, should be a priority.

Lowering Expectations:

Council did not generally exceed community’s expectations, with most areas considered adequately serviced. The CP recognised there was a legal responsibility that Council may have to follow that was beyond community expectations.

Sale of Assets:

Generally the community does not support the sale of assets where that asset has a positive value to the future generations. For example, Bushland has a priceless value for the future and should be retained as a priority. However, where an asset can be sold and through this process provide funding for a better and more relevant asset, this policy should be supported.

Efficiency Gains:

The community expects that Council will at all times look at gaining efficiency in its processes of work practices however recognised that Willoughby from the presentations and against benchmarks

seems to be generally in line with other municipalities. Our community has high expectations from our local government and is generally aware that the right people making the right decisions and being rewarded accordingly enables these expectations to be met.

Intergenerational Equity (Debt Financing):

The CP recognised that additional funding may be raised through debt financing. However it is felt that any project should be treated on its merit with “real community consultation” to evaluate acceptability. Debt financing should not become a precedent. Further, the principle of Intergenerational Equity should be followed whereby the beneficiaries of the profit are paid for in an equitable fashion. State and Federal funding should always be considered as a source of low cost financing.

The CP recognises that Council is effectively managing the infrastructure assets within the means available.

Acknowledgments:

We wish to express our appreciation to the following individuals for their efforts on our behalf:

- Pat Reilly
- Judy Muir
- Deborah Cameron
- Nick Tobin
- Steven Head
- Tony Pizzuto
- Tracey Crouch
- Kellie Adlam

ASSET RENEWAL THRESHOLDS AND COMMUNITY FEEDBACK

ATTACHMENTS:	1. ASSET RENEWAL THRESHOLDS AND COMMUNITY FEEDBACK
RESPONSIBLE OFFICER:	STEVEN HEAD - INFRASTRUCTURE SERVICES DIRECTOR TRACEY CROUCH - CORPORATE SUPPORT AND PERFORMANCE DIRECTOR
AUTHOR:	JUDY MUIR - ASSET MANAGEMENT OFFICER
CITY STRATEGY LINK:	4.1.1 PLANNING, MAINTENANCE AND OPERATION OF INFRASTRUCTURE 6.2.1 A COMMUNITY THAT IS INFORMED OF KEY COUNCIL POLICIES, SERVICES AND ACTIVITIES AND CAN PARTICIPATE IN THE DECISION MAKING PROCESS
MEETING DATE:	4 NOVEMBER 2013

Purpose of Report

To report to Council on the assets community engagement program to date and to recommend asset renewal thresholds for adoption which are based on the community feedback.

Background

In 2012 Council adopted the Community Engagement Plan for Asset Planning and Funding. The objectives of this project were specified in the plan as:

1. To educate the community on asset provision and service delivery and our current position
2. To, in consultation with community, determine levels of service on community assets
3. To identify future asset needs and gaps
4. To identify funding options for the maintenance, renewal and upgrade of existing assets and creation of new assets

Engagement Methods

The community engagement undertaken for asset planning and funding has built upon previous engagement during the 2012 review of the Willoughby City Strategy along with the most recent Customer Satisfaction survey also undertaken in 2012.

Since December 2012 a broad range of media and activities has been utilised during our current asset community engagement program. These range from online information and surveys, presentations to community meetings, stalls in Chatswood Mall and articles in the Willoughby City News to the Citizens' Panel workshop sessions. Details of the engagement to date have been provided in the second half of the attachment to this report.

Asset Renewals

One of the key issues for Council in determining levels of service is the setting of minimum asset renewal thresholds. An asset renewal threshold sets a minimum asset condition rating at which point Council will always intervene and "renew" an asset to ensure it maintains its

functionality and serviceability. As has been discussed with Council and previously adopted, a rating system of 0-5 has been developed and is extensively referred to in the attached analysis.

A more detailed explanation of Asset Renewal and Renewal Thresholds is provided in Attachment 1.

The importance of adopting targets asset renewal thresholds in the short term is to allow staff to review and complete works which further clarifies the existing backlog of works associated with all asset classes. This in turn allows the calculation of indicative funding requirements to achieve our strategic asset outcomes of bringing all asset classes into satisfactory (desired) condition within the next twenty years.

Adopting these thresholds is important to allow progression of the entire asset management project. As the quality of our information and analysis improves, further refinement of these thresholds may be required.

Recommended Renewal Threshold Targets

One of the two objectives requested of the Citizens' Panel was to provide a response to the question *what standards and expectations does the community have of Willoughby's asset base?* Feedback from the public meeting held in April (on both Community Assets and the Draft Open Space and Recreation Plan) also provided information on the community's level of service expectations for open space assets.

Council officers have reviewed all community feedback around levels of service. This report focuses on the expectations for asset quality and specifically on thresholds for asset renewal. It does not address other measures of service levels such as response times for maintenance or capacity. Overall there is only very minimal difference between community and Council expectations around renewal thresholds and therefore only a few minor changes to these thresholds have been recommended. For some assets, where the community's expectations were lower than Council's, officers have recommended retaining the original targets due to technical, safety and/or risk considerations.

The attachment to this report provides a detailed report on the community engagement programme to date on Assets with a detailed analysis and recommendations relating to asset renewal thresholds and recommends renewal thresholds for all community assets.

The officers wish to express their gratitude to the commitment and contribution made by many in the community towards the ongoing development of a sustainable asset management resourcing strategy. A further report is scheduled for 2 December 2013 outlining revised scenarios for asset expenditure and funding sources to address gaps identified following the initial adopted of asset renewal thresholds.

OFFICER'S RECOMMENDATION

That:

- 1. Council adopts the asset renewal thresholds.**
- 2. Staff report to Council in December with revised scenarios for asset expenditure, recommendations about funding, resourcing and works programs to address any gaps identified.**

[Asset Renewal Thresholds and community feedback - Attachment](#)