

Attachment 15 - Extracts from the Asset Management Plan – Community Facilities

Asset management plan <http://www.lockhart.nsw.gov.au/council/policies-plans-and-reports.aspx>

Page iv

1. EXECUTIVE SUMMARY

Context

The Lockhart Shire covers an area of 2942.23 square kilometres and is located in the Southern Riverina area of New South Wales. With a population of 2998 (2011 Census) the Shire includes the major townships of Lockhart and The Rock and the smaller villages of Milbrulong, Yerong Creek and Pleasant Hills.

The Buildings Service

The Buildings network comprises:

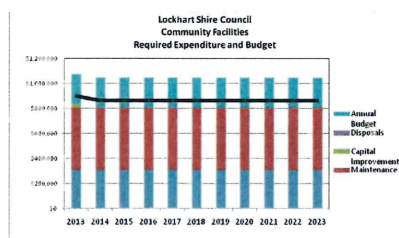
- Caravan Parks
- Council Offices
- Medical/Dental
- Museums/Galleries
- NSW RFS and SES facilities
- Public Amenities
- Public Swimming Pools
- Public Halls
- Public Parks
- Recreation Grounds
- Aged, Rental, Staff and Youth Accommodation
- Showgrounds
- Works Depots

These infrastructure assets have a replacement value of \$13,892,513.

What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$10,431,780 or \$1,043,178 per year.

Council's estimated available funding for this period is \$8,598,100 or \$859,810 per year which is 84% of the cost to provide the service. This is a funding shortfall of \$183,368 per year. Projected and budgeted expenditure are shown in the graph below.



Councils' present funding levels are not sufficient to continue to provide existing services at current levels in the long term.

These funding levels do not include full replacement of the two town swimming pools, estimated to be \$4.2M. Just to keep the pools operational for the next 15 years requires \$2M capital injection, which also has not been included in this plan until funding streams are confirmed.

What we will do

Council will

- Complete the Identification and addition Parks and Recreation infrastructure to the Asset Register
- Develop a valuation strategy that provides realistic valuations of the Building Assets
- Review the rationale for useful life and residual value
- Develop a disposal strategy for infrastructure which is no longer needed
- Develop a long-term Community Facilities Needs Plan
- Develop and fund a Long-Term Renewal Program
- Replace the existing swimming pools at both Lockhart and The Rock in the short-term subject to confirmation of funding streams.

What we cannot do

Provide upgraded or new facilities until the reviews listed above are completed other than for the swimming pools.

Managing the Risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- Rising costs of managing infrastructure
- Meeting community expectations for services
- Providing the most appropriate and affordable infrastructure for the community
- The closing of both swimming pools in the short-term if funding and refurbishment does not occur.

We will endeavour to manage these risks within available funding by:

- Develop a long-term Community Facilities Needs Plan
- Develop and fund a Long-Term Renewal Program
- Confirm funding for the swimming pools refurbishment.

The Next Steps

The actions resulting from this asset management plan are:

- Continue to improve asset information and knowledge.
- Develop a single corporate asset register for financial and reporting purposes.
- Develop a valuation strategy that provides realistic valuations of the Building Assets
- Review the rationale for useful life and residual value
- Develop a disposal strategy for infrastructure which is no longer needed
- Develop a long-term Community Facilities Needs Plan
- Develop and fund a Long-Term Renewal Program
- Integrate Renewal Program into the Long Term Financial Plan
- Develop funding model to replace swimming pools in the short-term.

Questions you may have

What is this plan about?

This asset management plan covers the infrastructure assets that serve the Lockhart Shire Community's Buildings needs.

What is an Asset Management Plan?

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The Plan defines the services to be

provided, how the services are provided and what funds are required to provide the services.

Why is there a funding shortfall?

Most of the Council's Communities Facilities were constructed from government grants or volunteers efforts and fund raising, often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

Many of these assets are approaching the later years of their life and require replacement, services from the assets are decreasing and maintenance costs are increasing.

Councils' present funding levels are insufficient to continue to provide existing services at current levels in the medium term. This is particularly applicable to the swimming pools.

What options do we have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, replacing existing and constructing new assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure,
5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs
6. Consulting with the community to ensure that Community Facilities and costs meet community needs and are affordable,
7. Developing partnership with other bodies, where available to provide services;
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services. This could include applying for Special Rate Variation to fund swimming pools replacement.

What happens if we don't manage the shortfall?

It is likely that Council will have to reduce service levels in some areas, unless new sources of revenue are found. This could include closing the two swimming pools in the short-term.

2.5 Community Consultation

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability to pay for the service.

Council has consulted with the community in April 2016, June 2016 and October 2016 regarding the swimming pools. It was clear the community wished to continue having public pools in both Lockhart and The Rock and were prepared to pay to have these pools upgraded into modern standard pools.

page 4

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

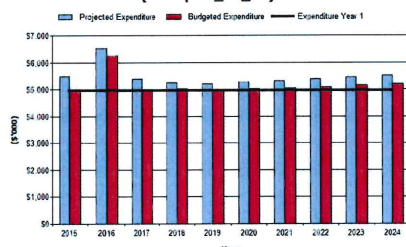
Council has only carried out basic research on customer expectations in regards Community Facilities. Council has undertaken three separate community sessions regarding replacing the town swimming pools, with overwhelming consensus that community wishes for the pools to be replaced. During recent Community Strategic Plan (CSP) consultation sessions the communities also expressed importance of the Shire sport and recreation facilities.

Attachment 15 - Extracts from the Asset Management Plan – Lockhart Transport

Asset management plan <http://www.lockhart.nsw.gov.au/council/policies-plans-and-reports.aspx>

Page 3

Lockhart SC - Projected and Budget Expenditure for (Transport_S2_V2)



Projected expenditure to sustain current service levels against the budgeted LTFF.

What we will do

We plan to provide Transport services for the following:

- Operation, maintenance, renewal and upgrade of road assets to meet service levels set in annual budgets.
- Sustain a \$17.14M operational budget over the 10-year planning period.
- Sustain a \$19.29M renewal program over the 10-year planning period.
- Sustain a \$15.26M upgrade program over the 10-year planning period.
- \$3.48M expenditure on flood mitigation measures for Lockhart and The Rock.
- Restore \$2.4M damage to road network following 2016 wet winter/floods.
- We will assess remaining life of our existing assets on a regular basis and align with up to date condition data of critical assets as a priority.

What we cannot do

We do **not** have enough funding to provide services at current levels or provide new services when required. Works and services that cannot be provided under present funding levels are:

- An estimated \$2.513M funding shortfall in priority renewals over the next 10 years, and
- An estimated \$572,000 funding shortfall in priority operations and maintenance activities over the next 10 years due to the acquisition of new assets.
- An estimated \$1M funding shortfall in restoring the road network following the 2016 wet winter/floods.

This may equate to less grading, resheeting and/or resealing of some roads when they fall due therefore focussing efforts on monitoring and prioritising these activities and risks is important.

In addition, flood mitigation measures to protect Lockhart and The Rock townships is expected to cost \$3.46. Grant funding through OEH is likely however Council's contribution will be \$1M at best case scenario.

Managing the Risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- Increasing maintenance and servicing costs.
- Ageing and general deterioration of assets.
- Premature failure of some assets.
- Reduction of service levels in some areas.
- Providing flood protection for community assets
- Meeting community expectations.

We will endeavour to manage these risks within available funding by:

- Allocating finances to priority assets to sustain current services where possible.
- Ensure preventative maintenance schedules are maintained and enhanced where possible.
- Investigate procurement strategies and alternative cost effective treatments to reduce replacement and lifecycle costs.
- Improve management and prioritisation of capital renewal and upgrade projects.
- Undertake regular condition, functionality and capacity audits to better understand performance of our assets.
- Apply for applicable grant funding through OEH for flood mitigation works as well as Voluntary Purchase Scheme to purchase properties in designated floodways.

Confidence Levels

This AM Plan is based on a Medium to high level of confidence information.

The Next Steps

The actions resulting from this asset management plan are:

- Continue to assess the Remaining Life of all assets on a priority basis and align with up to date performance data and knowledge.

2.5 Community Consultation

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by the Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability and willingness to pay for the service. Consultation has occurred regarding flood mitigation and restoration of roads following wet winter in 2016.