Frankston City Council

State of the Assets

Report

2014

Executive Summary

Introduction

This report provides a snapshot of Council's current understanding of the state of Frankston City Council's asset portfolio, which was valued at $ 1.153 Billion[1] in 2012-13 and includes:

- Property
- Infrastructure
- Plant and Equipment

Council has made a significant investment to acquire and create these assets, and continues to invest in asset upgrades and renewal to provide for changes in community needs and to keep pace with asset deterioration.

This first version of the *State of the Assets Report* recognises that Council has asset data stored in many and varied spreadsheets and other documents, held by officers throughout the organisation for their own purposes. This makes it difficult to obtain a comprehensive understanding of the true state of Council's assets.

It is expected that future versions of this document will demonstrate improvements in the consistency of asset knowledge across the organisation. In the interim, this version of the document provides the following information (if available) for each asset class:

- Inventory details (i.e. asset types and quantities)
- Valuation
- Capital and operating expenditure (2013/14)
- Current age and asset condition profile
- Predicted annual renewal expenditure considered necessary to:
  - retain the current condition distribution of the asset class (i.e. keep pace with the natural rate of asset deterioration); or
  - address any known backlog of "poor" condition assets

Each asset class has been assigned a rating to indicate the current status of:

- Data reliability
- Service and asset planning documentation quality
- Adequacy of current renewal funding

Key issues and improvement opportunities have been identified.

Regular review and update of this State of the Assets Report will enable Council to monitor improvements in future years.

[1] Frankston City Annual Financial Report 2012-13

Key Issues

- **Asset Data Management** The integrity of Council's asset knowledge base is at risk. Delays in the development of a centralised Asset Management Information System (AMIS) has resulted in poor asset data management. It seems that a range of Council departments collect and manipulate their own stand alone asset datasets in a piecemeal manner, for their own purposes. Sometimes this data is linked to GIS. Council does not have a documented approach to asset data collection, nor does it have a documented condition assessment methodology for each asset category. Without a common data collection and management approach with oversight, by asset management experts, there cannot be confidence in much of the available asset data. Money is wasted on uncoordinated data collection that can only be used for isolated purposes.

- **Service & Asset Planning** Although the Communities Division have prepared 10 year service plans, these documents do not always detail the current and desired community service levels in a manner that can be readily used to inform asset planning and the long term financial plan. First generation Asset Management Plans have been written without service planning input. The Asset Management Plans do not directly inform the long term financial plan. Without Asset Management Plans that support the delivery of community service levels; long term financial planning is difficult.

- **Asset Valuations and Renewal Forecasting** Unreliable asset quantities makes it difficult to estimate the current replacement cost of Council assets, which in turn makes it difficult to reliably estimate current and future renewal requirements. This is compounded by a lack of clarity regarding current asset condition and desired asset renewal service levels (i.e. the asset condition or age at which Council wish to intervene to rehabilitate or replace an asset in a specific asset class).

Recommendations

The organisation needs to have confidence that the advice it is being provided is sound and has integrity. This can only be achieved by having good asset data, systems and processes.

Council is making some progress in addressing the above. However, progress has been slow as a result of difficulties in establishing a stable core of asset management resources that can deal with labour intensive tasks that include:

- Asset Management Information System (AMIS) configuration, implementation and training
- Clean up and reconcillliation of existing asset data
- Documentation and coordination of asset data collection and management
- Standardising asset management processes and practices across all stages of the asset lifecycle (from asset planning through to maintenance, renewal, upgrade and disposal)so that they can be managed via a centralised information system that is used by all decision makers.

The Frankston City Council Asset Management Strategy 2013-2017, (AM Strategy) recommended the development of this document. The Strategy included 35 recommendations, 18 of these are reproduced in Table 1 below and are considered particularly important if Council is to improve the state of its asset portfolio.

AM Strategy ID	AM Strategy Action
Ensure Assets Support the Services Provided by Council	
1	Identify Council Services - Assign Service & Asset Lifecycle Management Responsibilities
2	Develop Service Plans – Define Desired Levels of Service for Key Asset Groups
4	Implement a 4-year cycle for the Review and Update of AM Plans (One major and one minor Asset Class per year)
Focus on Long-term Sustainability	
8	Review Council Design & Construction Standards – Establish Standards Committee
9	Annual review of AM Plan Cash flow Forecasts as part of Annual Review and update of the Long Term Financial Plan
Sustainable Investment in Capital Works	
12	Develop Asset Rationalisation/ Disposal Policy
13	Undertake Asset Rationalisation Assessment
Continuous Improvement in Data and Asset Management Information Systems	
14	Continue to Invest in Council's Asset Management Information System (AMIS) & Associated Business Process Improvements
15	Review Quality of Asset Register Data – Reconcile Financial (T1) and AMIS register
16	Develop Data Management Guidelines and Responsibilities
17	Prepare & review desired maintenance & renewal requirements for AMIS Project[2]
18	Develop Condition Audit Methodology and Implement Rolling Audit Program
Compliant Asset Accounting	
20	Develop Asset Valuation Policy for asset additions, upgrades and disposals including how to value assets identified during asset inventory collection projects
Legislative and Regulatory Compliance	
21	Include Non-discretionary funding allocation for legal compliance in LTFP
22	Introduce rolling program of Building Compliance Audits
Continuous Improvement in Risk Management	
23	Develop Document & Implement Asset Handover Process (including accountabilities)
25	Develop Demarcation Agreements – for assets with maintenance responsibilities shared with 3rd parties
26	Review Facility Occupancy Agreements

Table 1 – Asset Management Strategy – Relevant Improvement Actions

Data Source: Frankston City Council Asset Strategy 2013-2017. More details on each action can be found in the Strategy.

[2] Work has recently been undertaken to document current service levels these are provided in Attachment I - DRAFT Maintenance Levels of Service

Additional recommendations have also been identified and are listed in Table 2 below.

ACTION ID	Recommended Action
PROPERTY	
1	Building Maintenance Contract Review
INFRASTRUCTURE **Streetscape Infrastructure**	
2	Review Council's Guidelines for Subdivisional, Multi-Dwelling & Industrial Developments
3	Adjust road pavement and kerb and channel renewal funding to address identified backlog of poor condition assets.
4	Consider Introduction of a New Initiative to Reduce Introduction of New Non-Standard Lighting
5	Develop an Off-Street Council Car Parking Strategy
Stormwater Infrastructure	
6	Developments to be given access to the flood prone catchment modelling data
7	Consider the aboveground drainage assets in future catchment analysis and related strategic drainage documents, including the Stormwater Asset Management Plan.
8	Adjust drainage renewal budget to address backlog of old pipes or investigate opportunity to extend the estimated life of drainage pipes.
Pathways	
9	Develop Annual Footpath Renewal Program and fund accordingly
10	Following a condition audit of the shared paths develop and fund an annual shared path renewal program.
Open Space Infrastructure	
11	Finalise Review of the Playground Strategy.
12	Implement the Public Art Maintenance Plan (2011) recommendations.
13	Implement the work described in Public Art Renewal Report (2014):
14	Continue Annual Adjustment to the structure of the maintenance budget to provide greater transparency regarding expenditure.
15	Review the sports field renewal program
16	Create a register of sports equipment/ infrastructure
17	Open Space Tree Valuation
18	Open Space Tree Condition Audit
19	Review Service Delivery Model for Tree Maintenance
20	Implement Frankston City Council Foreshore Condition Audit Report (2013) Recommendations
21	Clarify Council's Maintenance and Renewal Responsibilities regarding Bathing Boxes

Table 2 Additional Improvement Actions

Continued investment in the implementation of Council's Asset Management Strategy and the above listed actions is considered necessary for Council to have certainty that it is maintaining its asset portfolio efficiently and effectively to meet current and future community service demand.

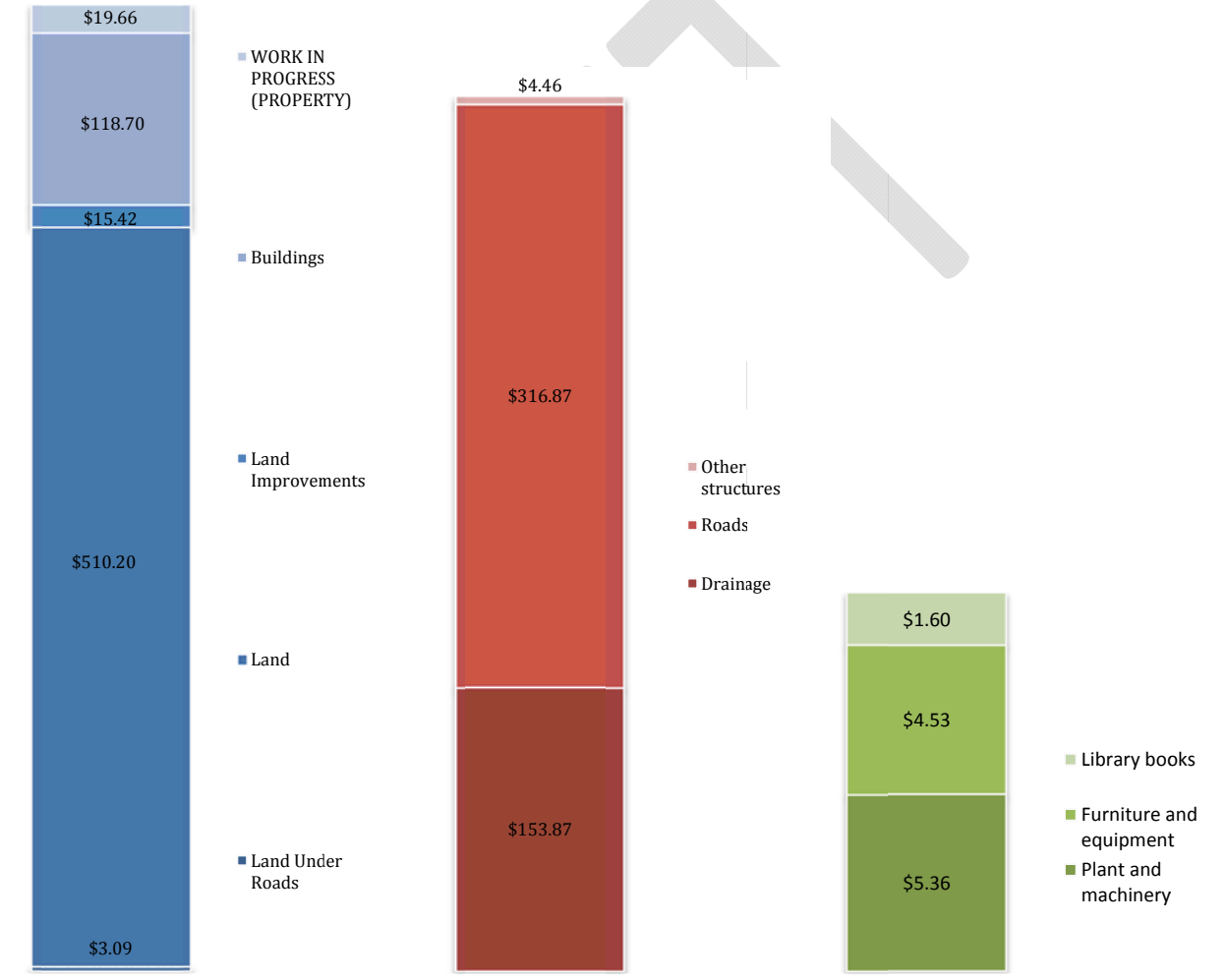
Table of Contents

1.0 CURRENT STATUS

1.1 Introduction

The Frankston City Council Asset Management Strategy 2013-2017, (AM Strategy) recommended the development of this document.

The City of Frankston is responsible for the management of non current assets with a value of $ 1.153 Billion.[3] Figure 1 below, highlights the fact that Land, Roads, Drainage and Buildings together make up the majority of Council's investment in non-current assets.



[3] Written down value as reported in Council's Annual Financial Report 2012-13.

Figure 1 – Asset Valuations – 2012/13

Given limited Council resources and increasing community expectations, it is important that Council assets are strategically and sustainably managed. This report summarises the current state of Council's asset knowledge and provides recommendations for improvement.

Definitions of asset management terminology used in this report are provided in Attachment A.

All readily available information, regarding the following aspects of each asset class, has been considered:

- Asset quantities
- Valuation (Estimated asset replacement cost and useful life)
- Recent expenditure (2013/14)
- Current age and asset condition profile
- Predicted annual renewal expenditure considered necessary to:
  - retain the current condition profile; or alternatively to
  - renew the back log of assets known to be in poor or very poor condition
- Documented service levels

Detailed information collated for Property, Infrastructure and Plant and Equpment is presented in Attachments C, D and E respectively. This chapter outlines the assessment approach and summarises current performance.

1.2 Assessment Approach

For each asset class, the current status was assessed against the criteria shown in the table below.

Criterion	Description
Data Reliability	This provides an indication of whether the asset data (quantity, valuation, condition) is complete, accurate and current. The reliability of Council's key asset data impacts all asset management decisions. In particular, it impacts the accuracy of estimated renewal funding required to maintain the condition of the asset portfolio at an appropriate standard. **A - Highly Reliable** | **B - Reliable** | **C - Uncertain** | **D - Unreliable** | **E – Not Available**
Service & Asset Planning **Documentation Quality**	This provides an indication of whether the current and desired service levels (community, maintenance and renewal) are documented, measurable and based on community consultation findings. In order for Council to undertake reliable service, asset (and associated budget) planning it is important to have clarity regarding the services that Council assets are required to support. Without a clear understanding of service level requirements it is difficult to ensure appropriate investment in asset creation, upgrade, renewal and maintenance. **A – Excellent** | **B – Good** | **C - Fair** | **D – Poor** | **E – Not Available**
Renewal Funding Adequacy	This indicates the extent to which the current renewal funding level dedicated to the asset group meets funding considered necessary to: • address any known backlog of "poor" condition assets, and • retain the current condition distribution of the asset class (i.e. keep pace with the natural rate of asset deterioration) As noted above, this is dependent on the quality of the underlying asset data (quantities, condition, replacement costs and life estimates.) **A – Excellent** | **B – Good** | **C - Fair** | **D – Poor** | **E – Very Poor**

Table 3 – Performance Assessment Criteria

Further details regarding the assessment approach are provided in Attachment B.

1.3 Current Status - Property

Detailed information collated for Property is presented in Attachment C and summarised here.When considering this information, it is important to be aware that a building condition audit was completed in May 2014. The audit data is currently being analysed as part of Council's revised Building Asset Management Plan due to be completed in 2015. This will provide more up to date estimate of the current building, quantities, condition and renewal gap presented here.

Quantities

- Land
  - Land Under Roads – 1,485 ha
  - Other Land – 500 sites
  - Land Improvements– 74.9 ha (incl. 67 sportsgrounds)
- Buildings
  - 297 freestanding buildings owned or occupied by Council

Valuation (Current Replacement Cost Estimate)

In Council's 2012/13 Annual Financial Report, these assets were valued at $667.1 M (allowing for depreciation)

- Land
  - Land Under Roads - $3.1 M at deemed cost
  - Other Land - $510.2 M[4] (incl. Open Space - $442.3 M, Non-Open Space Sites which Contain Buildings - $33.8 M and Other Sites - $34.2 M)
  - Land Improvements - $15.4 M at cost
- Buildings - $ 214.5 M [5] at fair value as at 30 June 2012.

Note, fair value is considered a reasonable approximation of current replacement cost for buildings.

Annual Average Asset Consumption (AAAC)[6] (i.e. Renewal funding necessary to keep pace with natural asset deterioration)

- Land - NA
- Buildings - $2.83 M per annum

[4] Fair value as at 30 June 2012.

[5] Note, $19.6 M worth of property assets were in the process of construction as noted on p27, 2012/13 Financial Report. Accumulated depreciation for buildings 95.8M p26 2012/13 Financial Report

[6] Refer Attachment A Definitions

Known Backlog of Poor Condition Property Assets

17% of building components audited in 2010 were found to be in poor condition[7]. Identified renewal works, found during the audit, were valued at $2.78 M.

2013/14 Renewal Expenditure

- Land - Not Applicable
- Buildings - $ 2.5 M

Estimated Renewal Gap

Current Renewal Gap = AAAC + Cost to renew backlog – Renewal Expenditure

Based on the 2013/14 renewal expenditure, AAAC and known backlog there is a renewal gap of $ 3.11 M.

It is important that building renewal funding is guided by the results of the 2014 building condition audit. Renewal funding should be prioritised to be spent on building components in the poorest condition, and at buildings that are considered most critical for service delivery.

[7] Officers have been progressively working through renewal activities to address this backlog..

Property - Current Performance Summary

Table 4 below summarises the current status of data reliability, documentation quality, and renewal funding adequacy for the Property asset class.

Asset Class / Sub-Class	Data Reliability[8]			Service & Asset Planning Document Quality					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan[9]	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels[10]	
Property									
Land	B	B	NA	D	D	C	NA	C	NA
Buildings	B	B	B	D	D	C	D[11]	C	B

Table 4 – Current Performance Summary - Property

Note the performance assessment criteria details are provided in Table 3 Section 1.2.

[8] Reconciliation of existing land and building data sets and creation of a centralised Land Asset Register and a Building Asset Register within Council's centralised Asset Management Information System (FAMIS), with links to GIS and Tech One, is expected to result in improvements in data reliability and renewal funding adequacy (Refer AM Strategy Action ID 14 & 15).

[9] Implementation of AM Strategy Action ID 1 & 2, Identification of Council Services and Development of Service Plans, can be expected to improve service and asset planning outcomes for Council property.

[10] Officers are currently working toward documenting all maintenance service levels (Refer Attachment I)

[11] Review and update of the Facilities Asset Management Plan in 2015 is expected to include documentation of renewal service levels (Refer AM Strategy Action ID 4).

1.4 Current Status – Infrastructure

The Infrastructure asset class is complex. It includes many distinct types of assets. Detailed information collated for each Infrastructure asset type is presented in Attachment D. Key features of the available asset information is summarised here.

Quantities

- Bridges & Pedestrian Structures – 20 vehicle structures; 83 pedestrian structures
- Streetscape Infrastructure
  - Roads – 701.4 km
  - Traffic Management Devices – 1,980 items
  - Road Furniture – generally quantities are unknown (39 parking ticket machines and 1,500 regulatory signs)
  - Roadside Vegetation[12] – 80,788 trees
  - Non-Standard Lighting - unknown
  - Off-street Car parks – approx. 159,025 sq.m (18 unsealed, 123 sealed)
- Stormwater Infrastructure
  - Underground Drains – 919,821 m pipes, 34,288 pits
  - Aboveground Drains – 11 retarding basins, 292 open drain locations
  - Water Quality & Recycling Devices - unknown
- Pathways[13]
  - Footpaths – 588.5 km within road reserves
  - Shared Paths – 27.2 km within road reserves
  - Off-Road Footpaths - 123.3 km
  - Off-Road Shared Paths – 54.8 km
- Open Space Infrastructure
  - Park Furniture - unknown[14]
  - Play Spaces – 123 open space sites, 35 preschool sites
  - Public Art – 62 works
  - Sports Playing Surfaces[15] – 67 sportsfields[16], 24 netball courts, 93 outdoor tennis courts, 13 basketball courts, 10 bowling greens, 2 athletics tracks, 19 golf fairways, 53 cricket wickets
  - Sports Infrastructure/ Equipment - unknown[17]
  - Open Space Trees & Vegetation[18] – 2,368 trees

[12] There are also 549 trees classified as significant, some of these are located in the road reserve.

[13] Quantities of pathways that are not within the road reserve are not known with any certainty. Data validation exercises in 2014.

[14] Some park furniture asset registers have been developed but they are incomplete and unreliable. Council's AM Strategy assumed the following: 315 seats, 203 tables, 32 BBQs, 356 signs, 53 irrigation systems and fencing 8,764 m. These quantities have not been verified.

[15] Council does not have a complete centralized register of all sports playing surfaces.

[16] Limited to ovals and pitches used for soccer, softball, rugby, cricket, football and 1 trotting track.

[17] Council's AM Strategy assumed the following: 66 cricket nets, 274 goal posts, 37 lighting, 3 golf fences. These quantities have not been verified.

- Foreshore & Riparian (Creek) Infrastructure[19] - unknown

Valuation (Current Replacement Cost)

In Council's 2012/13 Annual Financial Report, Infrastructure assets were valued at $ 475.2 M (allowing for depreciation).

- Bridges & Pedestrian Structures – $ 17.5 M at fair value as at 30 June 2013
  - Road structures - $ 7.4 M
  - Pedestrian structures - $ 10.1 M
- Streetscape Infrastructure
  - Roads – $308.8 M[20]
  - Traffic Management Devices $7.9 M[21]
  - Off-street Car parks $7.4 M
- Stormwater Infrastructure
  - Underground Drains – $ 258,522 M at fair value 31 May 2013
- Pathways[22]
  - Footpaths – $ 64.8 M fair value as at 30 June 2013
  - Shared Paths - $ 1.4 M fair value as at 30 June 2013
- Open Space Infrastructure
  - Play Spaces – $ 8.4 M at fair value as at 30 June 2013

With the exception of Bridges & Pedestrian Structures, Roads and Underground Drains, the above listed valuations are somewhat unreliable due to unreliable asset quantity data at the time of the 2012/13 valuation.

Current replacement costs have been estimated from first principles by consultants for the following asset classes:

- Open Space Infrastructure
  - Public Art - $ 2.7 M
  - Sports Playing Surfaces (limited to ovals) $14.4 M

Note that this valuation does not include all Public Art or all Sports Playing Surfaces.

The following assets cannot be valued because Council does not have a reliable estimate of asset quantities and/or unit rates for replacement:

- Streetscape Infrastructure
  - Road Furniture

[18] There are also 549 trees classified as significant, some of these are located in open space.

[19] Council doesn't have a complete register, although some asset data has been collected. Assets include: ramps, stairs, bins, boardwalks, fencing.

[20] Includes Roads- substructure and seals ($236.2 M) – at fair value as at 30 June 2013 and kerb and channel ($ 72.6 M) - at fair value as at 30 June 2013

[21] The value is likely to increase as a result of a data validation exercise in 2014 using aerial photography which found a number of additional devices that had not been valued in 2013/14

[22] Based on only 816.2 km of footpath and 16.5 km of bike paths

- Roadside Vegetation
- Non-Standard Lighting

- Stormwater Infrastructure
  - Aboveground Drains
  - Water Quality & Recycling Devices

- Open Space Infrastructure
  - Park Furniture
  - Sports Infrastructure/ Equipment
  - Open Space Trees & Vegetation
  - Foreshore & Riparian (Creek) Infrastructure

Annual Average Asset Consumption (AAAC) (i.e. Renewal funding necessary to keep pace with natural asset deterioration)

This can only be reliably estimated for asset classes for which Council has reliable quantities and replacement cost data

- Bridges & Pedestrian Structures – $0.32 M per annum
  - Road structures - $ 0.08 M per annum
  - Pedestrian structures - $ 0.24 M per annum

- Streetscape Infrastructure
  - Roads[23] – $ 7.1 M per annum
  - Traffic Management Devices – $ 0.24 M[24] per annum
  - Road Furniture – unknown due to inadequate quantity information
  - Roadside Vegetation - $0.58 M per annum[25]
  - Non-Standard Lighting - unknown due to inadequate quantity information
  - Off-street Car parks – $ 0.15 M per annum

- Stormwater Infrastructure
  - Underground Drains – $3.23 M
  - Aboveground Drains – unknown – not generally renewed functionality retained indefinitely via maintenance
  - Water Quality & Recycling Devices - unknown due to inadequate quantity information

- Pathways[26]
  - Footpaths – $ 0.9 M per annum

[23] Includes Roads - substructure and seals ($6.1 M) and Kerb ($1 M).

[24] Assuming a revaluation of this asset class will include additional assets found during the 2014 data validation exercise will increase the replacement cost of this asset class to $7.9 M.

[25] Assuming a $500 replacement cost per tree and 70 year life.

[26] This may be underestimated as it is based on lower quantities than those found during data validation in 2014.

- Shared Paths – $ 0.07 M per annum

- Open Space Infrastructure
  - Park Furniture - unknown due to inadequate quantity information
  - Play Spaces – $ 0.6 M per annum
  - Public Art – $ 0.2 M per annum
  - Sports Playing Surfaces – $ 1.4 M [27] per annum
  - Sports Infrastructure/ Equipment - unknown due to inadequate quantity information
  - Open Space Trees & Vegetation – $0.02 M per annum[28]
  - Foreshore & Riparian (Creek) Infrastructure - unknown due to inadequate quantity information

Known Backlog of Poor Condition Infrastructure Assets

There is limited asset condition data available this makes it difficult to reliably estimate the backlog of poor condition assets.

The existing data suggests the following backlog:

- Bridges & Pedestrian Structures – $ 0.37 M based on 2013 audit (1 vehicle structure and 14 pedestrian structures are expected to reach the end of their predicted life in the next 10 years)
- Streetscape Infrastructure
  - Roads – 16 % of road pavements and 44% of kerbs were found to be in poor condition during the 2009 condition audit. Based on this old condition data, replacement cost for the backlog is estimated to be in the order of $ 37.8 M for pavements and $31.9 M for kerb
  - Street trees – 0.5% were recorded as dead and 1% had a reported tree health rating of poor. Stormwater Infrastructure
  - Underground Drains – 3% of pipes are older than their predicted life of 80 years
- Pathways
  - Footpaths – 5% of paths audited in 2009 were found to be in poor condition. Replacement cost for the backlog is estimated to be in the order of $ 3.24 M
  - Shared Paths – 15% of bike paths audited in 2009 were found to be in poor or very poor condition. Replacement cost for the backlog is estimated to be in the order of $ 0.21 M
- Open Space Infrastructure
  - Public Art – 4 works beyond repair, 24 require conservation work when audited in 2013. Replacement cost for the backlog is estimated to be in the order of $0.108 M
  - Sports Playing Surfaces – 5 sportsfields when audited in 2013. Replacement cost for the backlog is estimated to be in the order of $ 0.85M. The Draft Frankston

[27] Does not include all sports playing surfaces; e.g. excludes netball , basketball and tennis courts

[28] Assuming a $500 replacement cost per tree and 70 year life.

Strategic Assessment of Tennis Report – August 2014 identified $6.94 M of renewal works.

- Foreshore & Riparian (Creek) Infrastructure – Twelve (12) assets in Very Poor condition - an access stairway (which is currently closed); 2 significantly eroded dunes and 9 removed sections of fencing. Twenty five (25) assets in Poor condition included eroded sections of beach and dunes, loss of vegetation, lost fencing, cracked retaining wall, two bathing boxes with structural issues, severely cracked drains when audited in 2013. The replacement cost was not estimated by the auditor.

2013/14 Renewal Expenditure

- Bridges & Pedestrian Structures – $ 0.26 M
- Streetscape Infrastructure
  - Roads – $ 2.7 M
  - Traffic Management Devices – $ 0.18 M
  - Road Furniture – $ 0.67 M
  - Roadside Vegetation – $ 0
  - Non-Standard Lighting – $ 0
  - Off-street Car parks – $ 0.04 M
- Stormwater Infrastructure
  - Underground Drains – $ 0.04 M
  - Aboveground Drains – $ 0
  - Water Quality & Recycling Devices – $ 0.0006 M
- Pathways
  - Footpaths – $ 1.14 M
  - Shared Paths – $ 0
- Open Space Infrastructure
  - Park Furniture – $ 0.47 M
  - Play Spaces – $ 0.046 M
  - Public Art – $ 0
  - Sports Playing Surfaces – $ 0.08 M
  - Sports Infrastructure/ Equipment - $ 0.005 M
  - Open Space Trees & Vegetation – $ 0
  - Foreshore & Riparian (Creek) Infrastructure – $0.165 M

Estimated Renewal Gap[29]

Based on the 2013/14 renewal expenditure, known asset values and the known backlog.

Renewal Gap = AAAC + Cost to renew backlog – Renewal Expenditure

- Bridges & Pedestrian Structures – none (CW program reflects significant investment to replace/renew Beach, Fiocchi, Beckwith, Allawah, Somme and Playne Streets over the next 3 to 5 years)
- Streetscape Infrastructure
  - Roads – $ 8.8 M (assuming it is appropriate to address the backlog of road pavements over 20 years and the backlog of kerb and channel over 10 years)
  - Traffic Management Devices – $ 0.06 M
  - Road Furniture – unknown
  - Roadside Vegetation – $1.19 M
  - Non-Standard Lighting – unknown
  - Off-street Car parks – $ 0.11 M
- Stormwater Infrastructure
  - Underground Drains – $ 7.99 M[30]
  - Aboveground Drains – unknown
  - Water Quality & Recycling Devices – unknown
- Pathways[31]
  - Footpaths – $ 3 M
  - Shared Paths – $ 0.28 M
- Open Space Infrastructure
  - Park Furniture – unknown
  - Play Spaces – $ 0.79 M
  - Public Art – $ 0.29 M
  - Sports Playing Surfaces – $ 2.2 M[32] for sportsfields and $6.94 M[33] for tennis sites
  - Sports Infrastructure/ Equipment – unknown
  - Open Space Trees & Vegetation – $ 0.13 M
  - Foreshore & Riparian (Creek) Infrastructure – $0.03 M

[29] The cost to renew the backlog was assumed to be $0 if no condition data was available for a given asset class, as a result the renewal gaps presented here may be underestimated

[30] This is based on 3% of pipes being older than the estimated useful life which is currently set conservatively at 80 years.

[29]This may be underestimated as it is based on lower path quantities than those found during data validation in 2014

[30]Does not include all sports playing surfaces; i.e., excludes netball , basketball and tennis courts

[33] Source of this estimate is the Draft Frankston Strategic Assessment of Tennis Report – August 2014

Infrastructure - Current Performance Summary

Table 4 below summarises the current status of data reliability, documentation quality, and renewal funding adequacy for infrastructure assets. Note the performance assessment criteria details are provided in Table 3 Section 1.2.

Asset Class / Sub-Class	Data Reliability[34]			Service & Asset Planning Document Quality[35]					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels	
Infrastructure									
Bridges & Structures	A	A	A	D	D	C	B	B	A
Streetscape Infrastructure[36]	C	C	C	D	D	C	B	A	C
Stormwater Infrastructure	B	B	A	D	D	C	B	A	C
Pathways	C	C	B	D	D	C	B	B	C
Open Space Infrastructure [37]	D	D	D	D	C	C	D	D	D

Table 5 – Current Performance Summary - Infrastructure

[34] Better coordination and specification of asset data collection activities for the creation of a centralised Asset Register within Council's centralised Asset Management Information System (FAMIS), with links to GIS, is expected to result in improvements in data reliability and renewal funding adequacy (Refer AM Strategy Action ID 14 & 15).

[35] In order to improve this performance, future reviews of the Open Space Strategy, Playground Strategy and Path Strategy to include service planning and in particular community service levels. Work is currently underway to document maintenance and renewal service levels (Refer Attachment I)

[36] Includes: Roads, Road Furniture, Car Parks, Roadside Vegetation, Non-Standard Street Lighting, Traffic Management Devices

[37] Includes: Park Furniture, Play Spaces, Public Art, Sports Playing Surfaces & Sports Equipment, Open Space Trees & Vegetation, Foreshore & Riparian(Creek) Infrastructure

1.5 Current Status – Plant & Equipment

Detailed information collated for Plant & Equipment is presented in Attachment E and summarised here.

Quantities

- Library Collection Items – 219,476
- Furniture and Equipment
  - General Furniture & Equipment - unknown[38]
  - IT Equipment – 573 standard desktops, 3 high performance workstation, 91 standard or 3G laptops, 30 field devices, 60 public desktops, 4 public laptops, 22 VoIP switches, approx. 600 VoIP handsets, 7 host servers, 23 network switches
- Plant and Machinery – 344 items (includes 6 buses, 9 heavy plant and equip, 6 motor bikes, 73 light commercial vehicles, 41 minor plant, 28 ride on mowers, 5 sweepers, 8 tractors, 16 tractor implements, 54 trailers, 34 trucks, 62 passenger vehicles)

Valuation

In Council's 2012/13 Annual Financial Report, these assets were valued at $ 11.5 M (allowing for depreciation)

- Library Collection Items - $1.6 M at cost
- Furniture and Equipment - $ 7.7 M at cost
  - General Furniture & Equipment
  - IT Equipment
- Plant and Machinery - $ 12.8 M at cost

Annual Average Asset Consumption (AAAC) (i.e. Renewal funding necessary to keep pace with natural asset deterioration)

- Library Collection Items - $ 0.32 M
- Furniture and Equipment – $ 1.53 M
  - General Furniture & Equipment
  - IT Equipment
- Plant and Machinery - $ 1.28 M

[38] There is no centralized register of all furniture and equipment. Some data is held in disparate spreadsheets.

Backlog of Poor Condition Assets

There is no known backlog of poor condition plant and equipment assets. The condition is not monitored.

2013/14 Renewal Expenditure

- Library Collection Items - $0.6 M
- Furniture and Equipment
  - General Furniture & Equipment – $ 0.25 M
  - IT Equipment 0.44 M
- Plant and Machinery - $ 2.98 M

Estimated Renewal Gap

Renewal Gap = AAAC + Cost to renew backlog – Renewal Expenditure

Based on the 2013/14 renewal expenditure and current asset values

- Library Collection Items – no gap
- Furniture and Equipment - $ 0.85 M[39]
- Plant and Machinery - no gap

[39] Note that this is based on limited knowledge regarding the quantities of furniture and equipment

Plant and Equipment - Current Performance Summary

Table 6 below summarises the current status of data reliability, documentation quality, and renewal funding adequacy for plant and equipment assets.

Asset Class / Sub-Class	Data Reliability[40]			Service & Asset Planning Document Quality[41]					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels	
Plant & Equipment									
Furniture & Equipment[42]	D	E	NA	D	D	E	E	E	D
Plant & Machinery	B	B	NA	D	D	C	C	B	B

Table 6 – Current Performance Summary – Plant & Equipment

Note the performance assessment criteria details are provided in Table 3 Section 1.2.

[40] Poor performance with regard to asset condition is not an issue because these assets have a short life. The cost of condition auditing these assets far exceeds the benefits derived from having this knowledge. It is however important to maintain a reliable inventory in order to ensure sufficient renewal funding can be allocated.

[41] In order to improve this performance service levels need to be documented.

[42] This includes: Cultural Collections – Library Collection Items, General Furniture & Equipment, IT Equipment.

1.5.1 Summary of Key Issues

a) Property

Land

- Misaligned land asset data registers (Tech One, Pathway, GIS)
- Maintenance service levels poorly documented making it difficult to understand the level of service currently provided

Buildings

- Building assset register in a standalone database that is not aligned with the Tech One register which is used for insurance and financial valuations
- Poor asset handover makes it difficult to maintain up to date asset data
- Complex land and building ownership resulting in confusion regarding maintenance and renewal responsibilities which in turn makes it difficult to assess maintenance and renewal budget adequacy.
- Excessive reactive maintenance resulting from inadequate routine preventative maintenance of ageing buildings
- Poorly documented service levels in the building maintenance contract, which has not been well monitored

b) Infrastructure

Bridges & Pedestrian Structures

- Inspection reports and condition assessment results are stored in MSWord or Adobe documents and are not linked to the asset register.
- There is no dedicated bridge and pedestrian structure maintenance budget.
- Lack of adequate GIS resourcing has meant that not all boardwalks, viewing platforms, staircases and small pedestrian bridges have been mapped in GIS.
- Some pedestrian structures have been found to have a useful life is in the order of 10-15 yrs rather than the 25 to 100 years used in Council's renewal modelling and financial reports. Construction methods and material selection seem to be causing a reduction in asset life.

Streetscape Infrastructure

Roads

- Asset valuation methodology was found to contain errors in 2013.[43]
- Condition data suggests underinvestment in road pavement/ substructure and kerb renewal.
- Lack of clarity regarding property owner responsibilities for maintenance of multiple property vehicle access ways constructed in new subdivisions.
- Lack of proactive routine maintenance (eg. crack sealing) allows moisture to enter and weaken the pavement.
- Current condition data suggests a backlog of poor condition kerb and channel and pavement substructures.

Traffic Management Devices

- Legacy of poorly designed and constructed traffic management devices (e.g. roundabouts in the Pines) where pavements were not strengthened to allow for changes in traffic movements leading to deterioration that requires redesign prior to renewal.
- Some new devices include Water Sensitive Urban Design (WSUD) elements that have specialist maintenance and renewal requiremets that are not documented, funded, or well understood at asset handover.
- Defect and condition assessments have not been undertaken.
- Data validation using aerial photography has identified additional assets which have not been previously valued.

Road Furniture

- There is ad hoc decentralised, piecemeal collection of asset data leading to an incomplete and unreliable understanding of these assets.
- When new road furniture is installed the asset handover is not formalised.
- Design standards for road furniture are incomplete and where they exist they are not consistently applied for all Council projects.
- Condition of retaining walls within the road reserve is unknown.

Roadside Vegetation

- Council has not estimated the replacement cost of this asset class. There is no allowance for renewal in the Long-term Financial Plan.

Non-Standard Lighting

- The register of metered lighting is incomplete.
- Responsibility for the management of non-standard lighting has only recently been clearly defined.

[43] This has been rectified during the valuation for Council's upcoming financial reporting cycle.

- Design standards have been developed and are applied for new subdivisions but these standards are not applied to projects constructed by Council.
- Non-standard lighting renewal has not been planned for. There is no allowance for renewal in Council's Long Term Financial Plan.

Off-street Car parks

- Lack of adequate GIS resourcing has meant that off-street car parks have not been mapped in GIS.
- Council does not have a reliable condition data for off-street car parks within the municipality, even though some data has been collected by some departments.There is no clear strategic direction regarding off-street carparking provision, design, maintenance or renewal standards.
- Available data suggests renewal is underfunded.

Stormwater Infrastructure

Underground Drains

- Council does not have current Stormwater Asset Management Plan
- Drainage studies are undertaken by Council, on a priority catchment basis, to inform the capital works program. Currently the drainage asset requirements, determined via these studies, is not accessible for use by staff when assessing development applications.
- Comparison of pit and pipe age and estimated life suggest renewal is under funded but this is not confirmed by CCTV audits.

Aboveground Drains

- Open drains and retarding basins form part of the overall drainage network, however Council has little information about them.

Water Quality and Recycling Devices

- Council does not have a complete or reliable register of Water Sensitive Urban Design treatments (WSUD).
- Council has limited understanding of the maintenance and renewal requirements.
- WSUD maintenance and renewal requirements has not been clearly defined or budgeted for.

Pathways

Footpaths

- Historically gravel paths have been constructed with inadequate consideration of overland stormwater flows. As a result, when it rains, much of the gravel is washed away leaving a corrugated path that needs to be refilled and re-compacted by Park

maintenance crews after each storm at considerable cost to Council. This unnecessary cost could be avoided by altering the design of the paths to account for drainage requirements.

- There is a long history of minimal proactive maintenance of paths that are not located within the road reserve. Historically Council has had a poor understanding of the quantity of these assets.
- Design standards applied to subdivisions is not applied to Council projects.
- There is a lack of clarity regarding the definition of maintenance and renewal as it relates to paths. Councils path renewal intervention levels have not been documented. This makes it difficult to estimate the true maintenance and true renewal budget requirements.
- Footpath renewals are undertaken based on annual inspections. Predictive asset deterioration modelling and prioritisation is not undertaken by Asset Planning.
- Condition audit data collected in 2009 was incomplete and was not used to develop a footpath renewal program.
- Data validation using aerial photography identified additional footpaths which have not been previously valued.
- Available data suggests renewal is underfunded.

Shared Paths

- Shared path renewal is adhoc and reactive. Renewals are undertaken based on annual inspections. Predictive asset deterioration modelling and prioritisation is not undertaken by Asset Planning.
- Condition audit data collected in 2009 was incomplete and was not used to develop a shared path renewal program.
- There is a long history of minimal maintenance of paths that are not located in the road reserve.
- Shared path design standards have not been established.
- Data validation using aerial photography identified additional shared paths which have not been previously valued.
- Available data suggests renewal is underfunded.

<u>Open Space Infrastructure</u>

Park Furniture

- The register of park furniture is incomplete and unreliable. It is held in inconsistent formats and in multiple spreadsheets across the organisation.
- Maintenance and renewal of park furniture is ad hoc and reactive with inconsistent / poorly documented service levels.

- A draft hierachy of open space sites was developed (refer Attachment H). It has not been adopted. As a result it is difficult to strategically prioritise open space infrastructure upgrades and renewals.

Play Spaces

- A spreadsheet that is used to deliver the playground inspections and maintenance program includes asset data at the component level. This data is not linked to the register of playgrounds mapped in GIS.
- Condition audits have not been undertaken in order to inform a targeted renewal program.
- A draft hierachy of open space sites was developed (refer Attachment H). It has not been adopted. As a result it is difficult to strategically prioritise playground upgrades and renewals.
- Given the absence of an adopted hierarchy, playground designs are undertaken on a site-by-site basis with minimal standardisation, resulting in missed cost saving opportunities.
- A review of the Playground Strategy is not yet complete.
- The approach to asset handover is ad hoc. When new playgrounds are created there is no formal process to ensure the GIS register is updated.

Public Art

- Council does not have a proactive approach to the longterm maintenance and renewal of public art.
- There is a lack of clarity regarding maintenance and renewal responsibilities.
- Available data suggests renewal is underfunded.

Sports playing surfaces

- The most comprehensive list of sportsfields is maintained in a spreadsheet that is limited to ovals, trotting track, soccer, softball, rugby, cricket, baseball playing surfaces.
- A comprehensive register of tennis courts (and associated infrastructure) is included in the Draft Frankston City Council Strategic Assessment of Tennis Report – August 2014.
- A comprehensive register of other sports playing surfaces does not exist. The condition of these other surfaces is unknown. The replacement cost is also unknown.
- The current piecemeal approach to sportsground renewal works avoids major long term disruption to clubs but makes the works more expensive to deliver. It also means that the clubs are exposed to small disruptions over a long time period.
- The historical structure of the maintenance budget made it difficult to determine the maintenance expenditure per sports playing surface. This has been improved for the 2014/15 budget.

- The approach to asset handover is ad hoc. When new playing surfaces are created there is no formal process to ensure the GIS register is updated.

Sports infrastructure / equipment

- Council does not have a reliable register of all sports equipment/ infrastructure.

Open Space Vegetation

- Council has not estimated the replacement cost of this asset class. There is no allowance for renewal in the Long Term Financial Plan.

Foreshore and Riparian (Creek) Infrastructure

- Council does not have a current register of sites considered to be Foreshore or Riparian (Creek) Areas.
- Council does not have a register of all infrastructure assets constructed at foreshore or creek sites.
- The ad hoc approach to collection of asset data and condition auditing is inefficient and therefore not cost effective.
- Inadequate consideration is given to how the collected data will be used, stored, maintained and made available to all decision makers.
- Historically responsibility for the design, maintenance, renewal, upgrade, disposal of infrastructure along the foreshore and at creek sites has not been clear. Recent realignment of staff responsibilities are aimed at addressing this.
- There are no design standards for infrastructure constructed at "Foreshore or Riparian (Creek)" sites.

c) Plant and Equipment

Library Collection Items

- Loans have decreased over the last 12 months. The collection has not been funded to levels required to maintain usage.
- Managing competing demands for physical and digital versions of a title is a current challenge.

Furniture and Equipment

General Furniture and Equipment

- There is no clarity regarding responsibilities for the maintenance and renewal of general furinture and equipment.
- There is no annual renewal program.

IT Equipment

- Maintaining current levels of hardware and software is difficult.
- Specialist Library IT equipment is 4 years old and some will be out of warranty in 2014-15.
- Historically planning is undertaken by Council departments without including the Information Systems department in the planning process. For example, when building a new community centre technology needs are often not discussed until after the centre has been built. This is currently being addressed via the implementation of a revised capital works approval process which includes a number of "gateways" at which appropriate sign-off is required.
- Available data suggests renewal is underfunded.

Plant and Machinery

- Council does not have a current Asset Management Plan for these assets

1.5.2 Improvement Recommendations

Table 7 provides a list of relevant improvement actions, identified in Councils's AM Strategy. Table 8 provides a list of additional actions identified during the development of this report. The new actions are specific to an asset class.

More details regarding each proposed action are provided in Attachments C, D and E for Property, Infrastructure and Plant and Equpment respectively.

ID	AM Strategy Action
Ensure Assets Support the Services Provided by Council	
1	Identify Council Services - Assign Service & Asset Lifecycle Management Responsibilities
2	Develop Service Plans – Define Desired Levels of Service for Key Asset Groups
4	Implement a 4-year cycle for the Review and Update of AM Plans (One major and one minor Asset Class per year)
Focus on Long-term Sustainability	
8	Review Council Design & Construction Standards – Establish Standards Committee
9	Annual review of AM Plan Cash flow Forecasts as part of Annual Review and update of the Long Term Financial Plan
Sustainable Investment in Capital Works	
12	Develop Asset Rationalisation/ Disposal Policy
13	Undertake Asset Rationalisation Assessment
Continuous Improvement in Data and Asset Management Information Systems	
14	Continue to Invest in Council's Asset Management Information System (AMIS) & Associated Business Process Improvements
15	Review Quality of Asset Register Data – Reconcile Financial (T1) and AMIS register
16	Develop Data Management Guidelines and Responsibilities
17	Prepare & review desired maintenance & renewal requirements for AMIS Project[44]
18	Develop Condition Audit Methodology and Implement Rolling Audit Program
Compliant Asset Accounting	
20	Develop Asset Valuation Policy for asset additions, upgrades and disposals including how to value assets identified during asset inventory collection projects
Legislative and Regulatory Compliance	
21	Include Non-discretionary funding allocation for legal compliance in LTFP
22	Introduce rolling program of Building Compliance Audits
Continuous Improvement in Risk Management	
23	Develop Document & Implement Asset Handover Process (including accountabilities)
25	Develop Demarcation Agreements – for assets with maintenance responsibilities shared with 3rd parties
26	Review Facility Occupancy Agreements

Table 7 – Asset Management Strategy – Relevant Improvement Actions

[44] Work has recently been undertaken to document current service levels these are provided in Attachment I - DRAFT Maintenance Levels of Service

Data Source: Frankston City Council Asset Strategy 2013-2017.

More details regarding each action can be found in the Frankston City Council Asset Strategy 2013-2017.

ACTION ID	Recommended Action
PROPERTY	
1	Building Maintenance Contract Review
INFRASTRUCTURE **Streetscape Infrastructure**	
2	Review Council's Guidelines for Subdivisional, Multi-Dwelling & Industrial Developments
3	Adjust road pavement and kerb and channel renewal funding to address identified backlog of poor condition assets.
4	Consider Introduction of a New Initiative to Reduce Introduction of New Non-Standard Lighting
5	Develop an Off-Street Council Car Parking Strategy
Stormwater Infrastructure	
6	Developments to be given access to the flood prone catchment modelling data
7	Consider the aboveground drainage assets in future catchment analysis and related strategic drainage documents, including the Stormwater Asset Management Plan.
8	Adjust drainage renewal budget to address backlog of old pipes or investigate opportunity to extend the estimated life of drainage pipes.
Pathways	
9	Develop Annual Footpath Renewal Program and fund accordingly.
10	Following a condition audit of the shared paths develop and fund an annual shared path renewal program.
Open Space Infrastructure	
11	Finalise Review of the Playground Strategy.
12	Implement the Public Art Maintenance Plan (2011) recommendations.
13	Implement the work described in Public Art Renewal Report (2014):
14	Continue Annual Adjustment to the structure of the maintenance budget to provide greater transparency regarding expenditure.
15	Review the sports field renewal program
16	Create a register of sports equipment/ infrastructure
17	Open Space Tree Valuation
18	Open Space Tree Condition Audit
19	Review Service Delivery Model for Tree Maintenance
20	Implement Frankston City Council Foreshore Condition Audit Report (2013) Recommendations
21	Clarify Council's Maintenance and Renewal Responsibilities regarding Bathing Boxes

Table 8 Additional Improvement Actions