



city of
PALMERSTON

'A Place for People'



**Asset Management Plan:
Pathways**



1. EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

As the second largest and fastest growing city in the Northern Territory, the City of Palmerston (Council) has \$727 million in assets under its management as of 30 June 2020. The purpose of this plan is to provide City of Palmerston with management guidance for the Pathways asset class with a view to operating, maintaining and renewing the assets in the most cost-effective manner possible, whilst providing specific levels of service.

Asset Management Plans aim to:

- Mitigate Council's Strategic Risk relating to long term sustainability.
- Assist Ensure consistent asset management across Council.
- Identify asset management issues and scenarios that may impact upon Council's financial position.
- Detail information about infrastructure assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks.
- Define the services to be provided, how the services are provided and what funds are required to provide the services over a 10-year planning period.
- Ensure infrastructure is safe for use and the community receive value for money for their investment in community assets.
- Provide detailed asset data and data analysis to inform Council's Long Term Financial Plan (LTFP).

Summary Findings

The key finding from this Plan is that the current level of expenditure (Operating and Capital) and the planned works over the 10-year planning period meet the foreseen requirements for the ten years however it does not address the long-term funding requirements for the full suite of assets as they fall due for intervention.

The condition of the pathways network is above average based on the number of inspections undertaken and the resulting works instructions issued to address localised risks. As the condition assessment of the assets is undertaken, it is not anticipated that a significant change in required annualised funding (Operating and Maintenance) will occur.

What is an underlying unmet need is the identification of how funding the renewal or replacement of assets at a larger scale as the larger percentages of the network fall due for intervention. It is anticipated that Council will evaluate the appropriate methods of funding as the full complement of assets under its stewardship have their respective asset management plans developed.

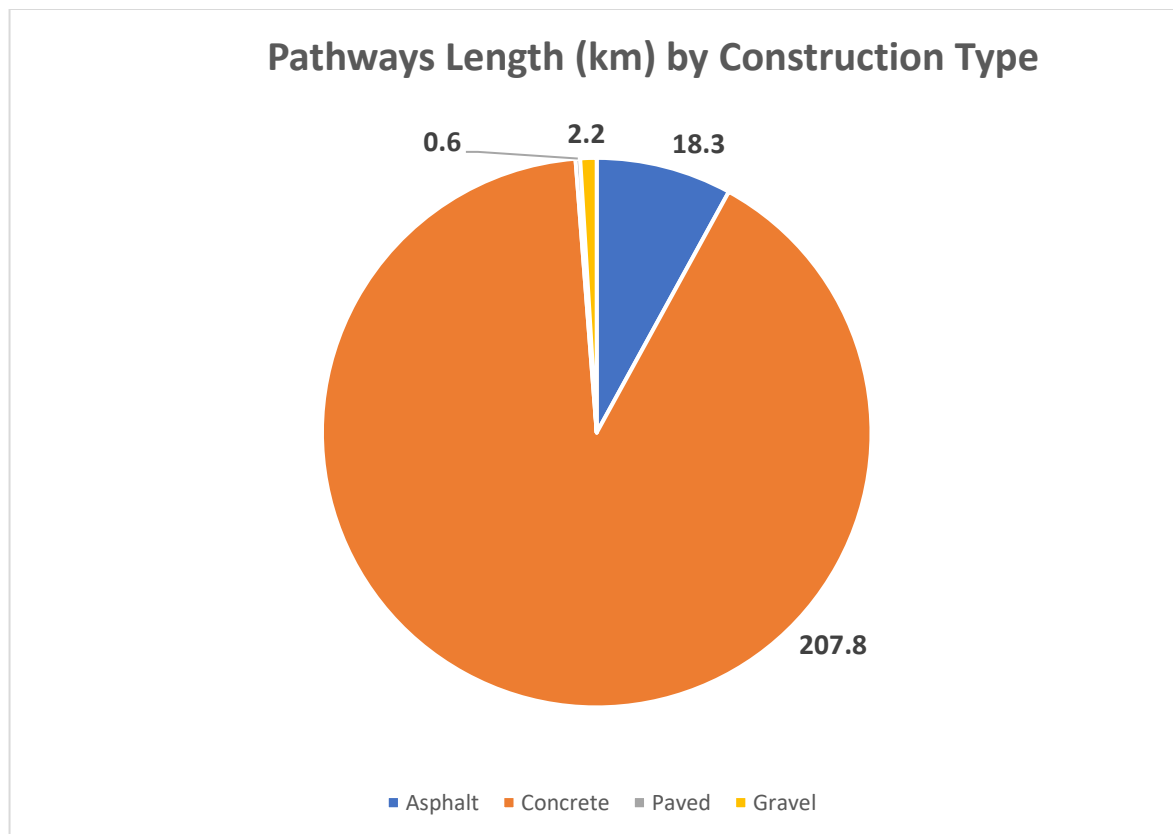
The use of depreciation calculations clearly is the standard accounting position for assessing current and future funding requirements. However, the implementation of fully cash backing these numbers is not easily achieved, hence the use of a mix of loans, reserves and annual budgets can accommodate the management of assets with long term useful lives, where spikes in expenditure are required.

1.2 Asset Description

This Asset Management Plan (Plan) covers pathway infrastructure across the City of Palmerston. The pathway network is one of the key asset groups that provide pedestrian and cyclist accessibility across neighbourhoods, to Council facilities and resources for all members of our community.

The City has an ongoing increase in the number of pathways. The current annual growth rate is between 1% and 2%, largely due to new developments. An analysis of the pathways assets shows that within the next 10 years (2021-2030) the majority of pathways will require no intervention based on service life. This Plan focuses on those asphalt and paved pathways that are due for renewal and replacement together with the development of new assets to fill connectivity gaps within the network.

Pathways provide important connectivity throughout the City and comprise of 228.9km of varying construction types:



1.3 Levels of Service

It is an objective of Council's Community Plan that infrastructure is fit-for-purpose. This requires infrastructure to be maintained and managed to meet community needs and have multiple uses. Service levels required to achieve sustainably maintained and managed, safe and fit for purpose paths and driveway, means Council needs to:

- Provide connectivity for all users within the municipality.
- Manage the potential risks and conditions of paths to provide a safe environment for users.
- Deliver, maintain and manage infrastructure to current or higher standards to meet changing community needs.

Council is working towards improving service levels in the following areas where the current levels of service are not being fully achieved:

- Pathway connectivity.
- Ensuring assets are fit for purpose in terms of width and compliance with development guidelines, Australian Standards and relevant regulations.
- Paths are maintained in an acceptable condition.

1.4 Future Demand

The main demands for new services are created by:

- Community expectations on appropriate infrastructure, safety, sustainability and service levels.
- Economic demand due to increasing asset portfolio, asset age and CPI increases.
- Increase in environmental awareness and considerations.
- Population growth and new subdivisional activity, development of existing land and planning strategies (changes in CBD land use and population density).

Changing demands will be managed through a combination of existing assets, upgrading existing assets and providing new assets supported by include non-asset solutions, such as insuring against risks and managing failures. Demand management planning activities occur on an ongoing basis and include:

- Continually assess network connectivity and capacity, especially in high use areas such as schools and shops.
- Address network capacity issues with improved capacity.
- Continue to monitor and provide input into development controls and guidelines for the requirements of effective pathway asset creation within new subdivisions.
- Monitoring community feedback, trends and assess expectations against existing levels of service and available resources with consideration to budget.

1.5 Managing Risk

The present funding levels are adequate to control risk for these assets and the present inspection methodology complements this approach.

The anticipated development of programs that upgrade existing paths in advance of their planned replacement to meet contemporary standards and the construction of new paths to provide connectivity will require increased funding.

The management of risk can be facilitated by:

- Improving condition data of existing infrastructure to develop renewal and upgrade programs,
- Evaluating the network to remove duplicate asset data where applicable,
- Identify efficiencies in using available funding, and
- Taking opportunities to progressively increase funding levels over a period of 5 to 10 years with a view to establishing adequate cash backed reserves to meet future requirements.

1.6 Financial Summary

| | |
|---|---------------------|
| Gross Replacement Cost | \$40,017,142 |
| Depreciable Amount | \$40,017,142 |
| Depreciated Replacement Cost ¹ | \$20,899,631 |
| Annual Average Asset Consumption | \$669,904 |

The current combined allocation for Operating and Maintenance activities is \$440,000 per annum.

The current LTFP includes a combined \$5,130,000 over this 10-year period.

¹ Also reported as Written Down Value, Carrying or Net Book Value.

The projected outlays necessary to provide the services covered by this Asset Management Plan include operations, maintenance, renewal and upgrade of existing assets over the 10-year planning period and totals \$8,200,000 or \$820,000 on average per year.

It is anticipated that once a detailed visual condition assessment of the entire pathway network has been conducted the required funding for pathway intervention requirements will be better understood and therefore, more accurate projected budget expenditure levels will be available to meet medium and long term funding objectives.

There are some operations and maintenance activities, and capital projects that require further scope and budget consideration to achieve assumed levels of service over the next 10 years.

1.7 Monitoring and Improvement Program

The next steps resulting from this Plan to improve asset management practices are:

- Developing and refine levels of service and monitor these against community expectation,
- Allocating resources to increase data confidence through condition assessment and consistent and effective record management to ensure asset data is current,
- Reviewing asset useful lives once adequate condition data has been collected,
- Ensuring future budget level decisions (operations, maintenance, renewal and upgrade/new) to be driven by condition assessment data and resulting forecasted remaining useful lives balanced with customer expectations / levels of service rather than age-based programs,
- Reviewing the 10-year capital works budget in terms of proposed projects; i.e. reviewing which path assets will require construction for connectivity, renewals or upgrade works based on accurate condition data and capacity.