



HAURAKI DISTRICT COUNCIL EXECUTIVE SUMMARY OF THE 2015-25 COMMUNITY PROPERTY ASSET MANAGEMENT PLAN



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Executive Summary of Community Property Asset Management Plan

The Hauraki District Council Community Services department is about recreational and cultural opportunities in the District, including providing libraries, swimming pools, parks and reserves and other public amenities. The Community Services Group of Activities has three asset management plans; Property, Recreation and Facilities.


This is an executive summary of the Asset Management Plan for Community Property which includes the management of corporate buildings, service centres, depots, dog pound, land holdings and forestry.

The Community Property Asset Management Plan (AMP) provides a long-term view of Asset Management (AM) requirements and specific work programmes for the next 10 years. The Plan is based on existing levels of service, current related information and Council staff knowledge. The AMP is reviewed quarterly to incorporate changes that result from the AM improvement program, improved decision making techniques, changes in asset information and knowledge of customer expectations and council policy. As such the document is live and evolves with each iteration under the criteria outlined above.


The methodology employed by Hauraki District Council's Property Management team for the AMP was to follow direction from Council's adopted policy. This policy has been adopted after a review document was submitted to Council that scrutinized the level of Asset Management that had previously been set as a target / level. The question that was presented to asset managers as a result of this was; what was the most appropriate level of asset management for each AMP that operated within the Council?

A number of considerations were taken into account in establishing the review. Fundamentally any review of Council's position in asset management required that this will be adopted by Council's Auditors, and the methodology and subsequent determination must be robust enough to withstand this scrutiny. Assessing and adopting an appropriate asset management level will allow Council to focus resources accordingly and enhance prudent management of community services.

Linkages

Throughout this AMP there are linkages identified to Councils other Corporate and Strategic documents which are an essential element to the plan and demonstrate a "Whole" approach to asset management approach. These linkages are identified by the  symbol and citation where required that provides narration to the nature or specific linkage to those other documents.

Council's Asset Management Methodology

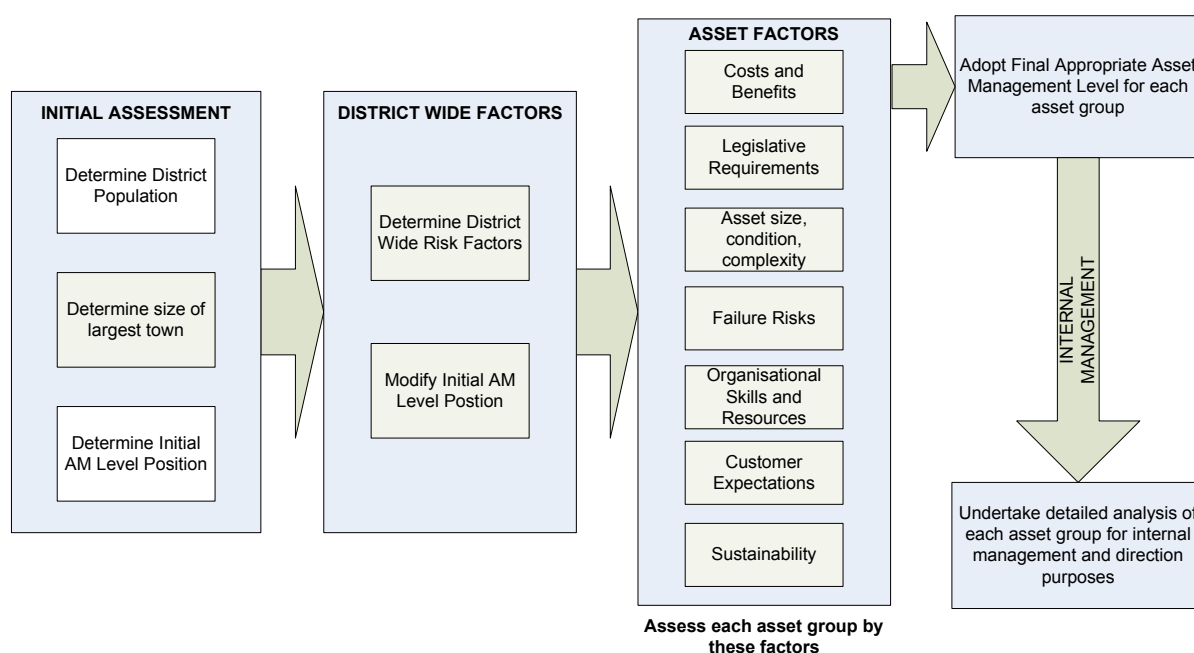
The assessment methodology, developed by Waugh Infrastructure Management Limited¹ , in conjunction with a number of local authority partners, is as follows and provided the genesis for a new approach to AM planning that is risk based and follows the methodology or appropriate process that is outlined below:

- Adopt a risk based approach using district population and largest town size as a proxy for risk and an initial screen.
- Determine an initial position based on the population risk screening.
- Modify initial position based on the district wide risk factors.
- Examine each asset group and conduct a further analysis.
- Consider costs and benefits for each risk group.
- Consider legislative requirements.

¹ Cited in Waugh, Ross 2009: *Hauraki District Council: Selecting the Appropriate AM Level*. Timaru, NZ FRED#526153v1

- Take account of size, condition, complexity of assets.
- Determine risks associated with failures.
- Review organisational skills and resources.
- Research customer expectations.
- Consider sustainability (additional to International Infrastructure Management Manual list).
- Adopt a Final Appropriate AM Level position for each asset group based on the detailed factor analysis.
- Use a detailed analysis table to plot the adopted position.
- Use the detailed analysis of asset groups to identify gaps between adopted appropriate practice and current practice.

Figure 1: Methodology for Determining Appropriate Asset Management Level²



Definition of ‘Core Plus’ Asset Management Practice

The Council’s report introduces the concept of ‘Core Plus’ asset management practice. The International Infrastructure Management Manual (IIMM) Section 4.2 (Table 4.2.1) identifies two levels of asset management practice; core and comprehensive (also referred to as advanced). For many asset owning authorities the desired practice levels, based on their infrastructure drivers will be above core practice (as defined in the IIMM) but may well be below comprehensive asset management practice.

For this situation the concept of ‘Core Plus’ asset management practice has been introduced.

The genesis of the thinking around this level of asset management practice goes back to the International Infrastructure Asset Management Manual (2011)³, that covered the topic of Basic and Advanced Asset Management. The table below suggests six stages of asset management improvement:

² Cited IIMM 2011 Section 4.2

³ This approach outlined in the 2011 Manual anticipated graduated stages of improving asset management practice. ‘Core Plus’ asset management practice covers Stage 4 and 5 using this approach.

| STAGE | PRACTICE |
|----------|--|
| Stage 1 | Strategy Development |
| Stage 2: | Basic Asset Register |
| Stage 3: | Basic Technical Asset Management |
| Stage 4: | Improved Maintenance Management |
| Stage 5: | Introduce Advanced Asset Management Techniques |
| Stage 6: | System Optimisation (fully optimised decision making and advanced asset management practice) |

Introduction to the Asset Management Plan

Section 1 of the AMP sets out the scope and objectives of the Plan, describes the interrelationships with other planning documents of the Hauraki District Council (HDC) and shows the plan framework.

The purpose of the Community Property Asset Management Plan (AMP) is to outline and to summarise in one document, the Council's strategic and long-term management approach to the provision and maintenance of Council's property assets within the Hauraki District.

Description of Assets

Section 2 of the Community Property AMP outlines the Council's responsibility for managing the Property Asset portfolio that includes a range of facilities. Some of the Community Property assets may be protected under the Hauraki District Plan as a heritage structure or building and may require a Resource Consent to do any alterations or additions.

Community Service assets have been condition graded consistent with IIMM codes and practices to a competent level with unit rates applied. This approach provides robust auditable lifecycle analysis and financial forecasting.

The following table identifies the scope of assets covered by the Community Services Property activity within the Hauraki District:

| ASSET TYPE | PURPOSE | QUANTITY |
|---|--|----------|
| Corporate Buildings | To provide buildings for the operation of Council's business | 1 |
| Service Centres | To provide service centres for the operation of Council's business | 3 |
| Depots | To provide facilities to provide for the operation and maintenance of Council's assets | 3 |
| Miscellaneous buildings | To provide amenity buildings for ancillary business of Council | 20 |
| Dog Pound | To provide a purpose built centre for animal control in the Hauraki District | 1 |
| Land Units for infrastructure/development | To provide for the future infrastructure of the Council | 11 |
| Forestry Blocks | To provide income and carbon credits for the future | 4 |

- **Corporate Buildings**
The Council's main office is in Hauraki House located in Paeroa and is the key operational centre for all of the Council's activities. It currently also contains the Paeroa Public Library which is scheduled to be re-housed in a new building in Mackay Street, Paeroa in 2015- 2016.
- **Service Centers**
There are two service centres, one in Ngatea and one in Waihi. The Waihi service centre is contained in the new Waihi Library building.
- **Depots**
The Depots are situated in Paeroa, Waihi and Ngatea and their function is to provide a base for the Construction and Maintenance Business Unit who provide the day to day operational maintenance programmes both reactive and planned for the Council's business.
- **Dog pound**
There is one dog pound that is based in Paeroa and this has a dual capability in being used for general animal control.
- **Land Holdings and Forestry**
The Council has land holdings for future development and expansion. They also have four forestry blocks which are a contribution factor to the emissions and carbon credits scheme.

The condition grading of these assets has shown that all they are in a well maintained condition with a full operational maintenance and renewal programme in place for the next 10 years.

A detailed analysis of the Council's Property assets is outlined in section 2 of the full Hauraki District council Community Property AMP.

The asset managers continually aim for an increased customer level of satisfaction and to achieve this, they must initiate asset management requirements, as described in the Waugh document [\(link\)](#), Council policy and the IIMM These are covered within the full Hauraki District council Community Property AMP and are briefly summarised below.

Levels of Service (LOS)

Overview

The Council is responsible for providing 'value for money' at an acceptable level across all their assets and services. In order to achieve an appropriate level, there are a number of processes to be performed and these include identifying community demands, suitable levels of community consultation, level of service monitoring, and meeting the targets set for the levels of service annually. All these processes are identified and outlined in Section 3 of the full Community Property AMP. This section is linked to the purpose of Local Government [\(link\)](#); and outlines how Council will measure its levels of service.

The findings from the 2013 Census showed virtually no growth across the Hauraki District but highlighted an ageing population. This will impact on managing future growth and demand across all Hauraki District assets.

The review of the performance measures for 2015-2025 has produced more specific measures. Below are the current technical measures for Property with the LOS for the 2015-2025 period.

| CORE VALUE | LEVEL OF SERVICE | CUSTOMER PERFORMANCE MEASURE | TECHNICAL PERFORMANCE MEASURE |
|------------|------------------|------------------------------|-------------------------------|
|------------|------------------|------------------------------|-------------------------------|

| CORE VALUE | LEVEL OF SERVICE | CUSTOMER PERFORMANCE MEASURE | TECHNICAL PERFORMANCE MEASURE |
|-----------------|--|--|---|
| Sustainability | Lessees and tenants have legal access. | Satisfactory lease is in place. | Council leases are current and renewed on time. |
| Health & Safety | Council buildings are safe and secure. | Buildings fit for purpose. | All buildings requiring a warrant of fitness hold a current certificate and are maintained in accordance with the warrant. |
| Accessibility | The Council properties are fully compliant with Building Access Review 2014 (Building Act 2004). | Annual accessibility audit of buildings. | All scheduled and/or planned work for property with a condition rating of 4 & 5 is completed to the standards required within the year. |

Growth and Demand

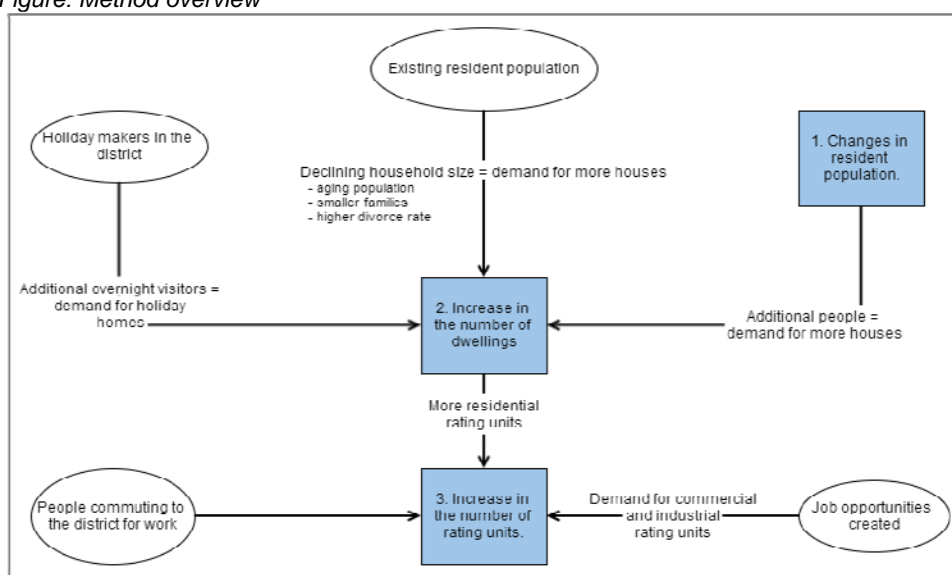
Managing Growth/Demand

Section 4 of the AMP outlines the statements on population demographics, especially what demand and impact there will be on Council.

Population information and demographic projections are provided by the Hauraki District Council's Strategic Planning team. This information provides a consistent platform for asset management planning for the future.

The population and demographic forecasts have been reviewed and updated after the 2013 census. The Council must meet impact on demand and growth, according to the 2013 census information, for all their assets and give the detail required for forecasting and instigating policy and procedures in relation to providing the necessary facilities for the community. The summary of the 2013 census has provided that the population of the District will grow up to approximately 4% during the life of the AMP (this equates to 0.4% per annum).

Figure: Method overview

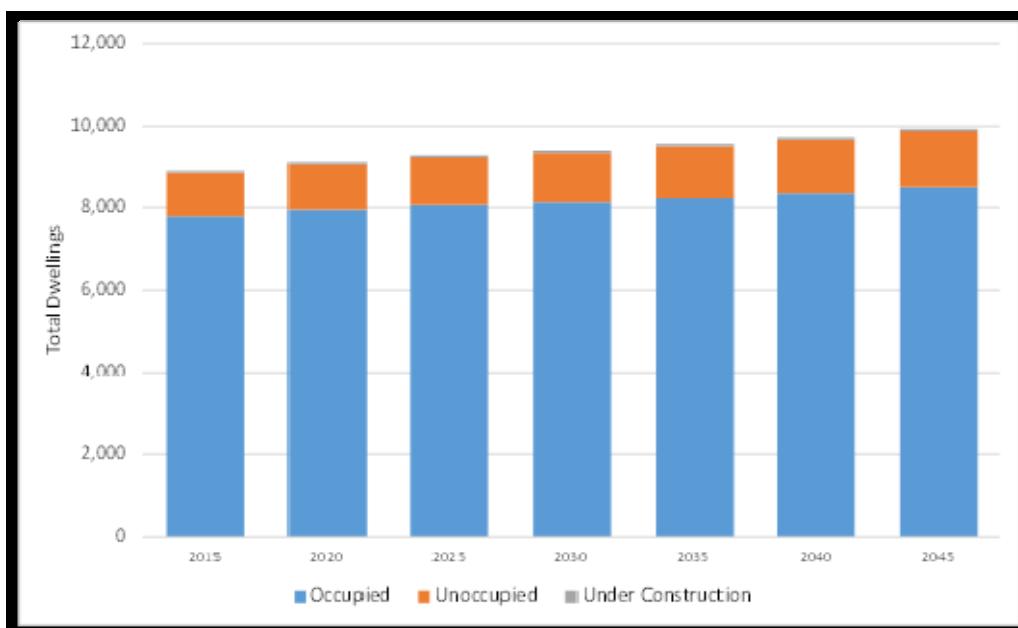


Demands and Levels of Service to the Community

The Council will need to consider the community requirements for facilities in the future, to ensure they align with changes in projected population demographics.

Implications

- Economic -The total rating unit growth for each area relies predominately on dwelling growth but may be constrained by legislative Rate caps.
- Population growth - projected under a medium scenario is consistent with historical trends of a relatively stable or slightly declining population.
- Dwelling Growth (illustrated below)
- Employment
- Hauraki Rail Trail



Employment opportunities

With the predicted small increase in rating units in both the main centers and smaller settlements, most noticeably in Hauraki Plains, Kerepehi and Ohinemuri, there is likely to be a continuation of strong dwelling growth in these areas and employment opportunities.

Negative effects

- Increased costs due to extra demand
- Increased demand on rate payers
- Increased demand on resources
- Impact on the environment

Planning Assumptions

The general and financial assumptions were completed as part of the 2015 - 2025 Asset Management Plans for the purpose of implementing them into AMP's and the LTP. These have been updated and approved by Council. The purpose of identifying any financial uncertainties and risks and the possible effects they might have on Council assets. These are located in Section 7 of the Community Property AMP.

Sustainability

Outlines the processes set up by the Hauraki District Council (HDC) for assessing and managing sustainability for the Community Services Property activity and its integration with Council's other activities highlighted in section 5 of the AMP.

Sustainability is about ensuring that all resources are used and managed for a balance of environmental, social, cultural and economic wellbeing. Our existing and future approach to sustainable management and development for Community property includes:

- Initiating and maintaining partnerships with organisations to achieve common outcomes.
- Choosing materials for future needs that have greater longevity to decrease maintenance requirements and increase the life of assets.
- Effectively plan and manage assets to ensure the health of the community and surrounding environment is maintained.
- Ensuring property assets are providing needs and they remain financially viable.
- Utilising environmentally friendly technologies to reduce energy costs.
- Consulting with the community on new policies and strategies to ensure we are meeting their needs.

Risk Management

Section 6 of the AMP looks at the Risk Management processes set up by Council for assessing and managing risk. Risk management is used as a strategic decision making tool assisting with developing and prioritising strategies and work programs.

A risk management assessment was undertaken at a departmental level consistent with New Zealand risk management practices. The likelihood and impact of identified risks were determined through risk strategies and outcomes which all contributed to the final risk register. An extensive consultation process resulted in the development of the Hauraki District Council Risk Strategy.

The adoption of an Asset Management Policy in 2012 was as a result of the Waugh Risk analysis and Selecting the Appropriate AM Level Report and is consistent with IIMM practices. This has given the basis for improved risk analysis and developing strategies for the Community Services asset management process.

Main Risks:

- Financial Impact to Council and the Community
- Impacts on Public health and safety; (Pandemic)
- Environmental Damage; (Natural disaster)
- Image, Reputation and Public Support to Council

Financial Management

Overview

Section 7 of the AMP outlines the financial information that has been prepared in accordance with generally accepted accounting practice in New Zealand. This information is prepared in conjunction with Council's 2015-25 Long Term Plan.

The financial forecasts for capital renewals are the result of a comprehensive condition grading for all Community Services assets. This was completed in 2014 by SPM Ltd in conjunction with the implementation of the new data base system SPM. Financial forecasts and information regarding the funding policy, valuations which additionally this will provide ten year forecasts for OPEX and CAPEX, financial statements, funding strategy, depreciation forecast and charges for the Community Services property in the Hauraki District.

Council's financial policies ensure our activities are managed prudently and promote transparency and certainty for the community. The policies and financial planning are intended to help achieve the Community outcomes.

The Local Government Act 2002 (Part 6 Subpart 3) requires local authorities to manage their finances "prudently and in a manner that promotes the current and future interests of the community. This implies compliance with applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

In determining how activities will be funded local authorities are required to take the following into consideration:

- The contribution to the achievement of Community Outcomes (strategic alignment).
- Beneficiaries of each activity (beneficiary/user pays principles).
- The period over which benefits from the activity will occur (intergenerational equity issues).
- The extent to which identifiable individuals contribute to the need to incur expenditure (exacerbation and user pays principles).
- The costs and benefits of funding the activity compared to other activities (cost/benefit, prioritisation principles).
- The impact of funding the activity on the wellbeing of the community (ability to pay principles).

The Community Property Asset Management Plan provides the basis for meeting these requirements.

Confidence Levels

The purpose of detailed confidence levels of assets allows Council to make executive decisions on the lifecycle decision making of the asset. A framework outlining these confidence levels is provided in Section 7 of the property AMP.

How does Council fund the operating cost of the Community Property activities?

The operating activities are funded from internal recoveries (approx 70%) and external fees and charges (approx. 30%).

What is the cost of operating the Community Property activity?

| | 2015/16 (000's) | 2016/17 (000's) | 2017/18 (000's) | 2018-25 (000's) |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Expenditure | 914 | 920 | 956 | 7,323 |
| Income | | | | |
| Fees & Charges | 313 | 320 | 328 | 2,582 |
| Internal Recoveries | 711 | 726 | 740 | 5,587 |
| | 1,024 | 1,046 | 1,068 | 8,169 |
| Surplus / Deficit | 110 | 126 | 112 | 846 |

Capital Works Schedule

Any project over \$50,000.00 is to have a full business case presented to Council and projects over \$100,000.00 are to undertake a Public Tender process unless otherwise determined by Council. The Long Term Plan approved capital projects are detailed in the table below.

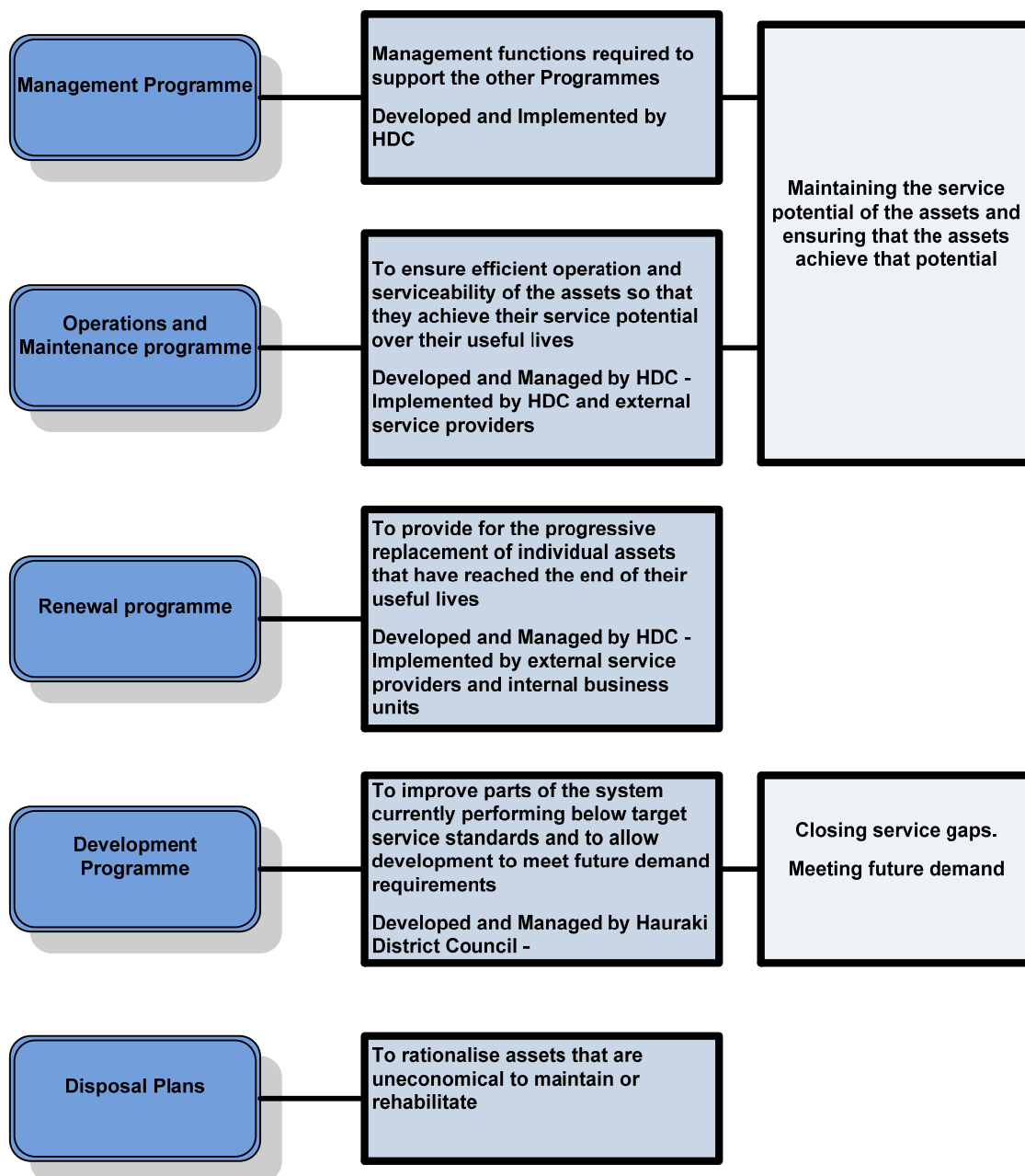
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Levels of Service - Property | | | | | | | | | | | |
| Hauraki House Earthquake Proofing | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| CM Relocation | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 |
| TS Relocation | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 |
| Miscellaneous Property Renewals | 152 | 160 | 168 | 159 | 163 | 180 | 171 | 176 | 194 | 186 | 1709 |
| Total | 442 | 160 | 168 | 159 | 163 | 180 | 171 | 176 | 194 | 186 | 1,999 |
| Renewals - Property | | | | | | | | | | | |
| Hauraki House Carpet | 40 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 81 |
| Hauraki House | 23 | 2 | 27 | 87 | 27 | 92 | 3 | 45 | 31 | 295 | 632 |
| Ngatea Service Centre | 8 | 13 | 2 | 44 | 31 | 0 | 5 | 8 | 119 | 34 | 264 |
| Waihi Service Centre and Library | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 3 | 0 | 7 |
| Hauraki House Re Roofing | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 |
| Paeroa Depot | 7 | 1 | 2 | 0 | 4 | 0 | 4 | 6 | 65 | 9 | 98 |
| Ngatea Works Depot | 6 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 71 | 4 | 89 |
| Chambers Restaurant | 15 | 0 | 6 | 0 | 6 | 0 | 0 | 0 | 3 | 21 | 51 |
| House Abattoir Rd | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Paeroa Dog Pound | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Paeroa Domain Athletics | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 6 | 0 | 2 | 10 |
| Paeroa Domain Croquet Club | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Paeroa Transfer Station | 29 | 0 | 12 | 108 | 3 | 0 | 1 | 0 | 129 | 13 | 295 |
| Skate and Leisure Centre | 5 | 0 | 11 | 0 | 8 | 15 | 0 | 18 | 63 | 15 | 135 |
| Waihi Museum and Arts Centre | 33 | 3 | 1 | 0 | 0 | 9 | 2 | 15 | 3 | 13 | 79 |
| Waihi Plunket Room | 0 | 2 | 0 | 0 | 0 | 13 | 0 | 3 | 0 | 0 | 18 |
| Waihi Transfer Station | 8 | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 101 | 7 | 146 |
| Whiritoa Emergency Centre | 0 | 0 | 0 | 2 | 0 | 0 | 1 | 0 | 15 | 4 | 22 |
| Old Post Office Paeroa | 8 | 1 | 0 | 10 | 4 | 7 | 55 | 11 | 0 | 4 | 100 |
| Paeroa Dog Pound Re Roofing | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 |
| Skate and Leisure Centre Paeroa Re Roofing | 0 | 31 | 31 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 62 |

Lifecycle Management

Section 8 of the AMP details the Lifecycle Management for the Community Property Activity.

The objective of lifecycle management is the management of assets from conception to disposal whilst meeting levels of service, maximising benefits and minimising whole of life costs.

Asset lifecycle is managed by balancing five programmes of work. The figure below depicts the Lifecycle Management Programmes.



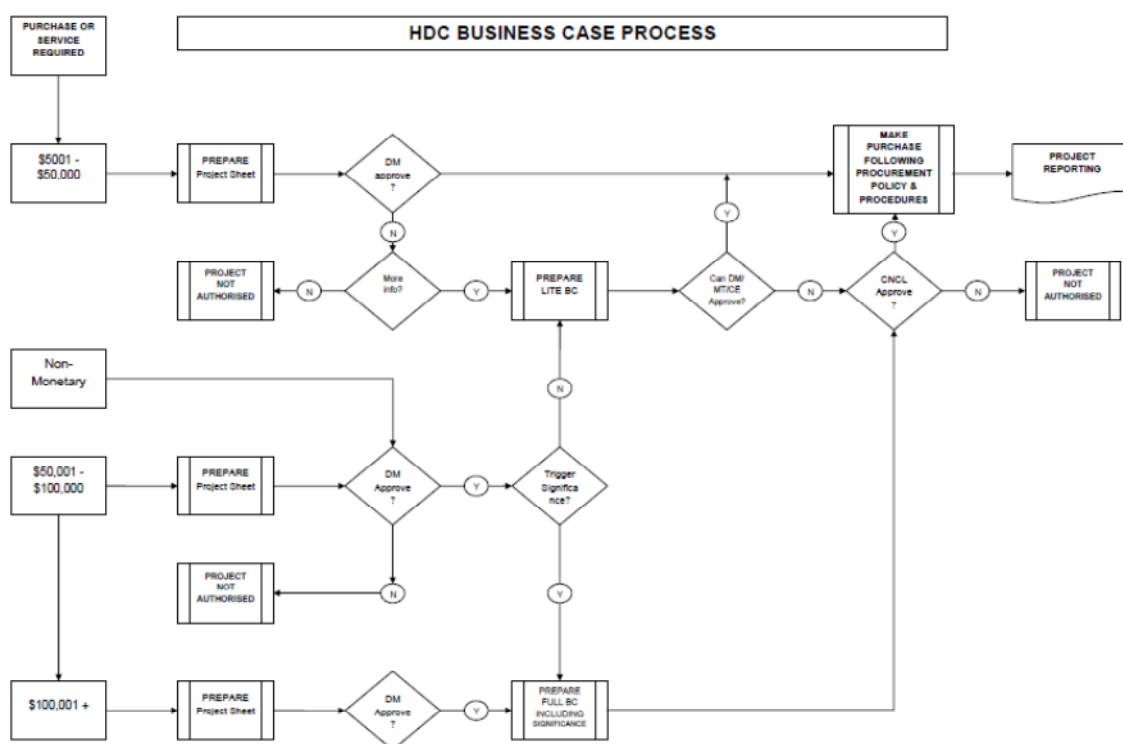
Processes and Practices

In Section 9 of the AMP it outlines the information available on the assets, information systems and processes used to make decisions on how the asset will be managed.

In managing the processes, a Decision Making Matrix (see figure below) is used to determine whether a system of Lite Business Cases or Full Business Cases for the renewals process of all asset groups based on the significance level of the renewal. This is set up for each area of Community Services and Council so that a cohesive measurable asset renewal system is in place.

Figure: Decision Making Matrix

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Council Commitment

The AMP has been developed by the Community Services team and outside contractors. This commitment to the community is to ensure that Level of Service statements and technical measures are met and compliance to all relevant legislation.

Peer review was undertaken with staff within the Council whose experience, qualifications and skills provided appropriate levels of advice regarding the compilation of this AMP, links to the Local Government Act 2002, and to Level of Service statements and technical measures.

Improvement Plan

In Section 10 of the AMP it details the improvements to the asset management systems that will increase the level of confidence in the Asset Management Plan.

The Council is committed to on-going improvement in the quality of its Community Services management practices. A detailed Improvement Plan for 2015-25 is shown in Section 10 of the full AMP.

The purpose of the improvement programme is to:

- Identify, develop and implement AM improvement planning processes.
- Identify additional risk or cost to Council.
- Identify additional items to be included in the Annual Plan that may have risk or additions costs to Council.
- Identify and prioritise ways to implement cost-effective improvements to the quality of the AMP.
- Identify indicative time-frames, priorities, human and financial resources required to achieve AMP improvements and assets.

A detailed improvement plan has been developed and is located in the full AMP. Below is a summary for the improvement plan items for Community Services Assets.

