

Overview of the Roads Asset Management Plan 2020

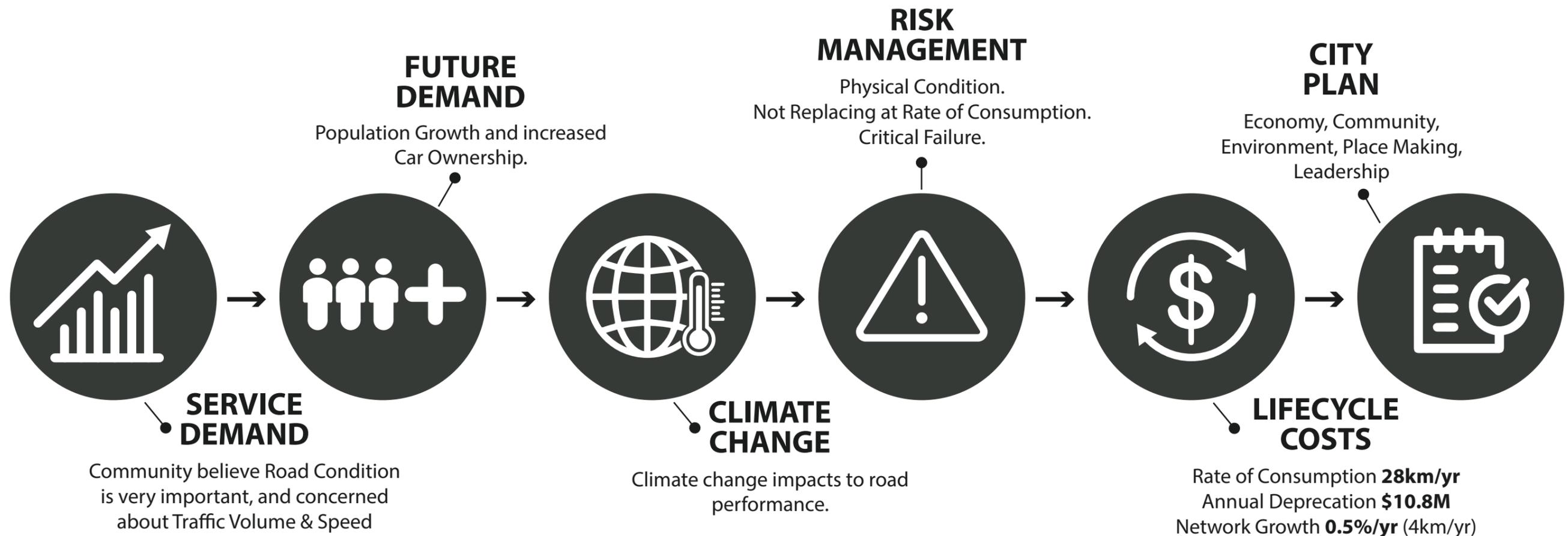
The strategic review of what it costs to maintain our assets today, while preparing for the costs and expectations of the future

Total Replacement Cost
\$757M*

* Written down cost \$518M

Total Road Length
695km's

Total Traffic Control Devices
615



Long Term Financial Projections: Values in Present Value not allowing for CPI

Capital Renewal
\$14.11M
+ growth @0.5%

Capital Upgrade
\$2.2M

Maintenance
\$2.2M
+ growth @0.5%



The Proposed Expenditure

This AMP has been developed in consideration of the City Plan 2030, which under the Leadership theme requires value for the rate dollar, identifies the need to be accountable by striving for community satisfaction of services through engaging with people, relevant organisations and businesses.

With the following key points in mind, the long term annual renewal budget should be set at a present value (PV) of \$14,110,000 for Road and Kerb, with a network growth factor of 0.5% per year. A separate budget of \$2,200,000 for Traffic Control should further be established as Capital New / Upgrade.

The combined Replacement Cost of Road and Kerb is \$736 Million (excluding Traffic Control) with an Annual Depreciation Cost of \$10.37 Million.

The current total network Condition score is below the benchmark level of 8. It is also the lowest score of our past three condition audits.

Council needs to increase the length of Renewal to keep up with asset consumption. This has been identified as a High residual risk.

Through major land developments, the Council road network has increased on average by 3-4km's each year (0.5%). This rate will continue with more development expected.

The 2019 recent community survey identified the road network to be of very high importance, with high dissatisfaction towards urban road traffic speed and volumes.

Council's population is increasing at a rate of 7.5% per Census period, and per household car ownership is increasing.

There are 200,000 car trips within Council's road network every work day. This is set to increase with population increase.

Temperature variations from Climate Change is causing road degradation through soil expansion and shrinkage.

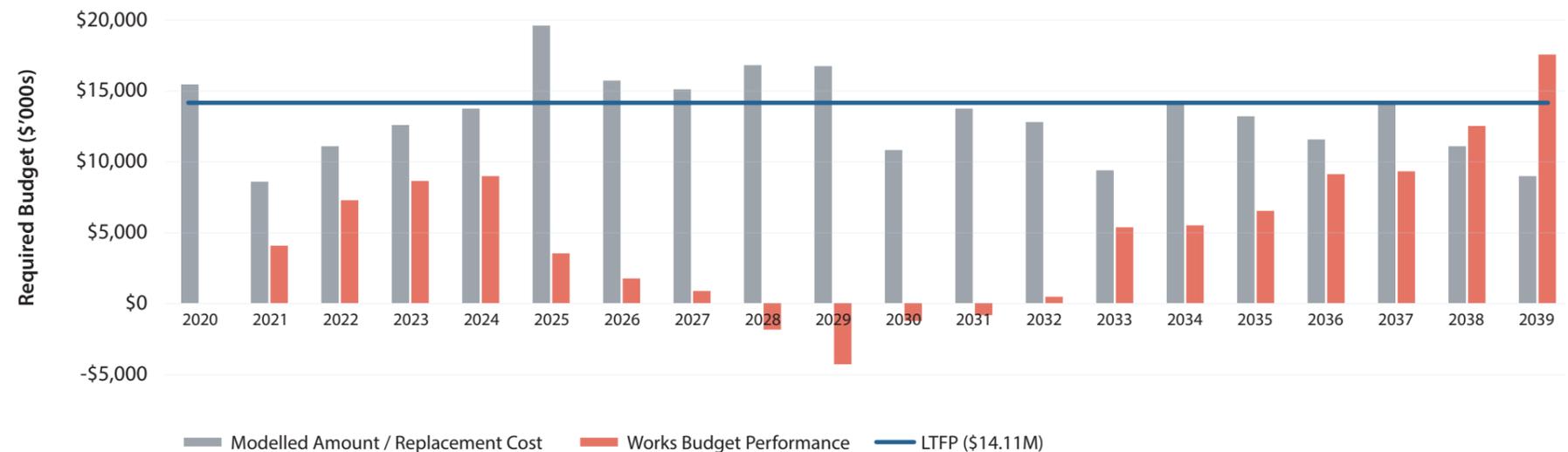
Likely increase to global crude oil price, resulting to increase in asphalt prices and other operational costs.

Identified risk of potential lower useful lives of alternative recycled products in asphalt binder, however looking to increase use to achieve environmental initiatives.

A lower annual Capital Renewal budget will likely increase the cost of future Maintenance budgets.

The following chart depicts the performance of the \$14.11M annual budget against the projected annual cost of works. This chart is in Present Value with no network growth. This level of expenditure is expected to achieve the above dot points.

Modelled Capital Renewal Budget at \$14.11 Million per year (PV) excluding network growth



Informing the Long Term Financial Plan (LTFP)

The proposed annual budget of \$14.11M for roads renewal will deliver the following Renewal Funding Ratio's:

10 Year : 96.98%

20 Year : 106.23%

This proposed Renewal spend will achieve an average of 28km's of renewal works over the forecast period, which will match the consumption of this important asset.

The Upgrade budget includes only the works identified through the LATM (Local Area Traffic Management Plan). This work was endorsed by Council in March 2019.

The Maintenance budget is current Actual Budget with 0.5% growth to allow for an increase to network length from current and future land developments.

The expenditure levels modelled will provide a financially sustainable level of service at an acceptable level of risk, to present and future customers.

The proposed spend will deliver a saving across the 10 year projection period, with the red dashed line slightly under the current adopted LTFP in 2029/30. This is particularly important, given that the below chart is further reflecting growth in the network which was not considered in the previous Roads AMP.

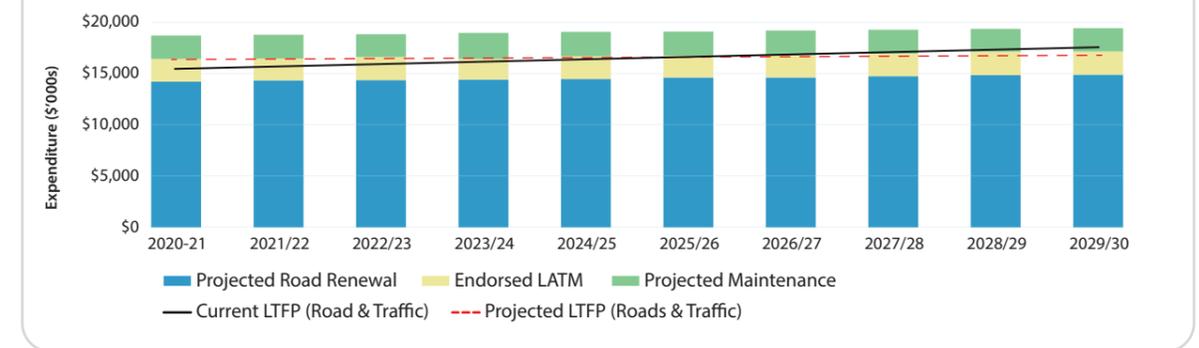
It should be noted that the red dashed line is based on present value, therefore the LTFP and Annual Business Plan and Budget should apply the relative annual price indexing rate used (e.g. CPI or LGPI).

Financial Summary All Dollar Values are in \$'000s

Year End 30 June	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Road and Kerb Maintenance Budget	\$2,391	\$2,403	\$2,415	\$2,427	\$2,440	\$2,452	\$2,464	\$2,476	\$2,489	\$2,501
LTFP Renewal Budget	\$14,110	\$14,180	\$14,251	\$14,322	\$14,394	\$14,466	\$14,538	\$14,611	\$14,684	\$14,757
LTFP Upgrade Budget (LATM)	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200

Please note that the above figures are in present value, and are subject to CPI increase each year.

Projected Maintenance and Capital Expenditure for LTFP



The chart above details the proposed expenditure by this Asset Management Plan. The blue columns reflect the proposed budget for road renewal at \$14.11M with network growth at 0.5%, with the yellow columns identifying the endorsed LATM upgrades by Council at the March 2019 meeting. The green columns is maintenance, which also includes the 0.5% growth rate to match network growth from major developments. The solid black line is the current LTFP expenditure for Traffic and Roads combined. The red dashed line is the proposed expenditure from this AMP that will inform the next LTFP, if endorsed by Council.

