10.0 ASSET MANAGEMENT PRACTICES
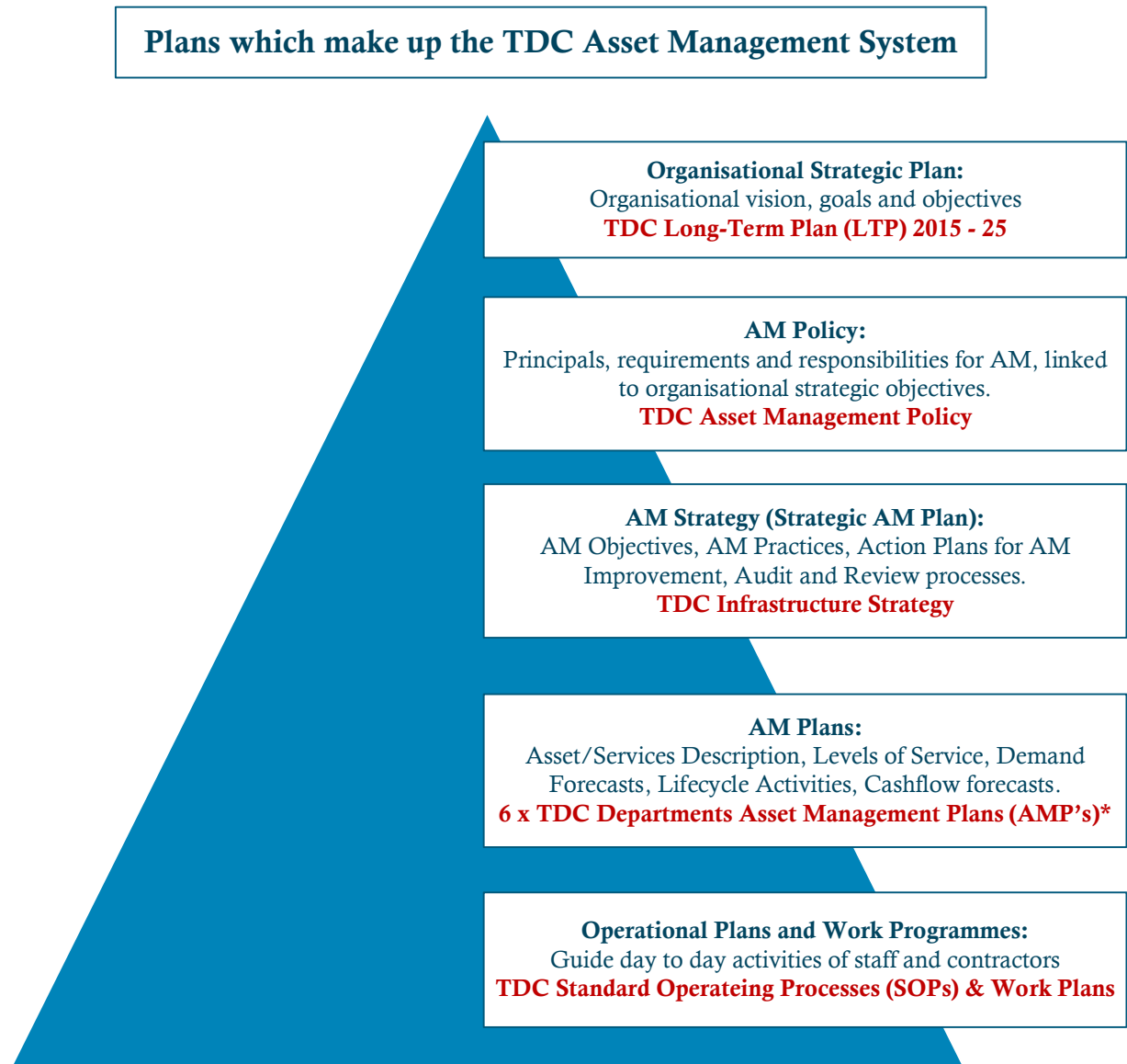
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10.1 Current Asset Management Practices

This section outlines the decision making tools Taupo District Council (TDC) currently uses to determine long term maintenance, renewal and creation expenditure for Council's Property assets.

The Property AMP is part of the TDC Asset Management System as shown below.

Plans which make up the TDC Asset Management System

Organisational Strategic Plan:
Organisational vision, goals and objectives
TDC Long-Term Plan (LTP) 2015 - 25

AM Policy:
Principals, requirements and responsibilities for AM, linked to organisational strategic objectives.
TDC Asset Management Policy

AM Strategy (Strategic AM Plan):
AM Objectives, AM Practices, Action Plans for AM Improvement, Audit and Review processes.
TDC Infrastructure Strategy

AM Plans:
Asset/Services Description, Levels of Service, Demand Forecasts, Lifecycle Activities, Cashflow forecasts.
6 x TDC Departments Asset Management Plans (AMP's)*

Operational Plans and Work Programmes:
Guide day to day activities of staff and contractors
TDC Standard Operateing Processes (SOPs) & Work Plans

***TDC Department Asset Management Plans (AMP's)**
- **Transportation**
- **Water Supply**
- **Wastewater**
- **Stormwater**
- **Council Properties**
- **Parks and Reserves**

Plans in the TDC AM System as per the IIMM 2014 section 2.1

Appropriate Level of Asset Management

Taupo DC has adopted an appropriate level of asset management practice for each AMP. This adopted level of practice ensures that the AMPs are assessed against industry practice that is appropriate for the range and value of assets, levels of service required, demand considerations, levels of risk to be managed and appropriate asset lifecycle management practices.

The appropriate level of asset management practice adopted for each AMP is:

Transportation AMP	*Intermediate*
Utilities AMP	*Intermediate*
Solid Waste AMP	*Core*
Property & Facilities AMP	*Core*
Parks & Reserves AMP	*Core*

Definitions:

'Core' asset management practice is basic technical asset management planning undertaken at a level designed to meet minimum legislative and organisational requirements for financial planning and reporting. 'Core' practice provides technical management outputs for current levels of service, demand management, asset lifecycles, asset forward replacement programmes, new capital expenditure and associated cash flow projections.

'Intermediate' asset management practice is undertaken at a level between 'Core' and 'Advanced' practice. The focus is to build on the basic technical asset management planning of 'Core' practice by introducing improved maintenance management and more advanced asset management techniques (as appropriate). Further use is made of risk management, asset lifecycle management, and service standard optimisation techniques.

AM practices fall under three broad headings:

Processes: cycle	*The necessary processes, analysis and evaluation techniques needed for life asset management.*
Information Systems:	*The information support systems used to store and manipulate the data.*
Data: required	*Data available for manipulation by information systems to produce the outputs.*

10.2 Asset Management Processes

10.2.1 ATTRIBUTE DATA COLLECTION AND VALIDATION

Data collection is completed by:
- Properties staff, tenants and consultants supplying data where an asset is renewed or installed
- As built data from new building work
- A sample of data is collected and measured by TDC staff
- Assets are all surveyed for condition assessment once every 3 years. This is identified as an action in the Improvement Programme

10.2.2 NEW DEVELOPMENT APPROVALS/AS BUILT RECORDS

The Development Engineer approves completed works and ensures that the following people are issued a copy of all final documents.

- Management Accountant, for the purposes of recording finances held for outstanding works, e.g. second coat sealing
- GIS personnel, for updating of spatial data

10.2.3 PROCUREMENT

Council is currently reviewing Procurement policies and procedures.

10.2.4 LEVEL OF SERVICE CONSULTATION

The level of service consultation provides feedback from residents and ratepayers of the Taupo District. The responses from this consultation provide input into how the asset is managed. Most consultation is undertaken through three yearly phone surveys.

10.2.5 INFORMATION FROM CONTRACTORS

Processes for collection of data (maintenance, condition, new assets, renewals, performance etc) clearly defined and efficiently administered through asset maintenance contracts.

10.2.6 STANDARD OPERATING PROCEDURES

Operational maintenance standards are being developed to assist in the operation and maintenance of assets. This process is ongoing with new procedures being developed as the need arises and updates being made as required.

10.2.7 ASSET MANAGEMENT ACCOUNTING AND ECONOMICS

Council uses a renewal accounting system. The asset management renewal and capital expenditure policy is included as Appendix D.

Infrastructure assets are those public facilities which provide for the delivery of services and sustained standard of living. They primarily comprise the Council's fixed utility systems including roads, streets and footpaths, parks and reserves, the water and sewerage reticulation systems, the stormwater system, bridges and culverts as well as Council properties. Community infrastructure assets are a sub-set of infrastructure assets.

Assets are systematically evaluated as required, approximately every three years.

Depreciated replacement cost is calculated having regard to an allowance for the expired portion of the expected useful economic life for each category of infrastructure asset.

TDC uses the principles of accrual accounting to measure costs of services provided and recognise revenues.

Renewal accounting treats all upgrading, reconstruction, renewal and renovation work which does not increase the capacity or service potential of assets as operating expenditure.

Operating expenditure can be divided into two broad categories; normal ongoing day to day routine maintenance works, and those other more infrequent larger projects that upgrade or renew the asset to its previous service potential.

Creation expenditure involves increases in an asset's service potential or the creation of new assets.

All expenditure on infrastructure assets will therefore fall into one of three categories:

- Operational expenditure

- Renewal expenditure

- Creation (new capital works) expenditure

To the extent that a project results in replacement of an asset caused by physical deterioration, and also provides capacity for increased demand, proportions should be allocated to both creation and renewals on the basis of marginal cost.

It is recommended that the split between creation and renewal expenditure is based on marginal cost. This recognises the full cost of renewing the existing asset to its original service potential is an expense as this expenditure cost does not contribute to improving the asset beyond its original design capacity.

10.2.8   THE TEN YEAR PLAN PROCESS

The Ten Year Plan (10YP) formerly known as the Long Term Plan (LTP) process considers the community outcomes, statutory requirements, the headline indicators and external pressures to determine what Council can or should be doing to help the community work towards its desired future.

The LTP also contains an action plan that sets out how Council will undertake its strategic goals and details the specific activities, functions and initiatives undertaken in the short term (three years) and long term (10 years).

The LTP draws on information from other documents including the Asset Management Plans and models it in financial terms over a ten year horizon.

The LTP is updated every three years with the next LTP being currently developed for the 2013 to 2022 period.

10.2.9   THE ANNUAL PLAN PROCESS

The Annual Plan is an action plan that sets out how Council will undertake its strategic goals and details the specific activities, functions and initiatives undertaken. It is produced in the years when a LTP is not. It will also outline deviations from the LTP.

10.2.10 STANDARDS AND GUIDELINES

In all Properties & Assets works there are standards and guidelines that are available to ensure that Council is following 'best practice'.

Whereas Acts and Regulations determine minimum levels of service, standards and guidelines provide the means of compliance with specific levels of service.

10.2.11 ASSET MANAGEMENT SYSTEM LEAD DOCUMENTS (ASSET MANAGEMENT POLICY AND INFRASTRUCTURE STRATEGY)

The Property AMP is aligned to the updated requirements on the Asset Managenet System which is aligned to the requirements of the updated LTP.

10.3 Asset Management Information Systems

10.3.1 GIS

The GIS displays spatial data relating to land assets. GIS is also being used to display some asset data. There is currently no interface between GIS and SPM Assets so it is not possible to display access asset information from SPM through the GIS system.

10.3.2 SERVICE REQUEST SYSTEM

This is the system used by Council to record customer complaints, comments or compliments. The information is entered into the system when a customer calls and the call will be categorised depending the issue. Council Staff are tasked with completing these requests in a predetermined timeframe.

10.3.3 ASSET VALIDATION BY CONTRACTORS

Data is collected on a 3 yearly basis by staff and maintenance and capital works contractors. This information is then updated into the SPM property database.

10.3.4 SPM ASSETS PROPERTY MANAGEMENT PROGRAM

Web based asset management programme

10.3.5 PROMAPP

Promapp is a procedure development programme that is being used to develop standard operating procedures for all Council business. More property procerures will look to use this tool in future to gain more consistancy and control outsourced activities more effectiveley.

10.3.6 OBJECTIVE

Objective is Council's electronic document management system. All information relating to Council business is saved in this system for easy retrieval when required. This includes incoming and outgoing correspondence especially emails and letters.

10.4 Data

10.4.1 ACCOUNTING COST DATA

Cost data for the asset groups are identified in the accounting records.

The work category type (maintenance, renewals, and new works) is identified. Marginal costs are only separately identified for significant works. Minor asset expenditure may not be separately identified.

Visual inspection to verify quantities for payment for routine maintenance and renewal tasks is done by the professional services.

10.4.2 GROWTH MODEL

The growth model is updated on an annual basis to reflect changes in development patterns. This model predicts the spread and level of growth within the Taupo District Council Area. This model assists Asset Managers in planning forward works for their respective assets.

10.4.3 ASSET VALUATION

The asset valuation provides a three yearly update of the value of the Parks and Reserves Asset in accordance with national standards or specific values entered against assets at the time of creation or renewal. New assets or disposed of assets are taken into account at this time.

10.4.4   OPERATIONAL DATA

Operational data is available on Objective, and on site.

10.4.5   DATE QUALITY ASSURANCE

The quality audit regime for data for the Parks and Reserves is under development. The asset data in SPM Assets has not been subject to a rigorous auditing process, and is therefore not entirely reliable. An audit process and complete data check is to be added as an action in the Improvement Plan.