

PROPERTY ASSET MANAGEMENT PLAN – EXECUTIVE SUMMARY - 2017

Introduction

One of the main purposes of Local Authorities under the LGA 2002 is “to meet the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost effective for household and businesses”.

The goal of property asset management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future communities.

The key elements of property asset management are:

- Taking a lifecycle approach
- Developing cost-effective management strategies for the long-term
- Providing a defined level of service and monitoring performance
- Understanding and meeting the impact of growth through demand management and infrastructure investment
- Managing risks associated with asset failures
- Sustainable use of physical resources
- Continuous improvement in asset management practices

A formal approach to the management of property assets is essential in order to provide services in the most cost-effective manner, and to demonstrate this.

Council owns an extensive range of property assets throughout the district, to provide or support a wide range of services including:

- Providing a Safe Community to work, live & play
- Regulatory Services Dog Pounds
- Facilities for activities i.e. culture, recreation, sport & events
- Social housing for the elderly
- Community venues (community halls)
- Commercial properties that serves the community ie housing social services
- Council support services ie main office, works depots
- Investment services (property held for development or sale at a future date)

The district’s property assets include land, buildings and CCTV. Some of the council buildings are modern and have recently been refurbished. However, there are some more than 50 years old but throughout their lifecycles, the council’s building components renewal plan ensures that all the buildings, (new and old) are maintained to provide the level of service that the customer requires. Where possible the functional life of some building assets can be extended with the use of modern engineering practices and monitoring.

Council owns and manages properties valued at a depreciated replacement value of \$61 million as at 30 June 2017. This property asset management plan enables Council to manage and demonstrate its stewardship of assets on behalf of its communities in order to provide services cost-effectively, both now and into the future.

Land assets include farming land and high value commercial real estate. Refer to Appendix “A” for details.

Funding for these assets is grouped within the LTP under the heading of Community Facilities, which includes asset areas such as Property, Land, CCTV, Parks and Reserves.

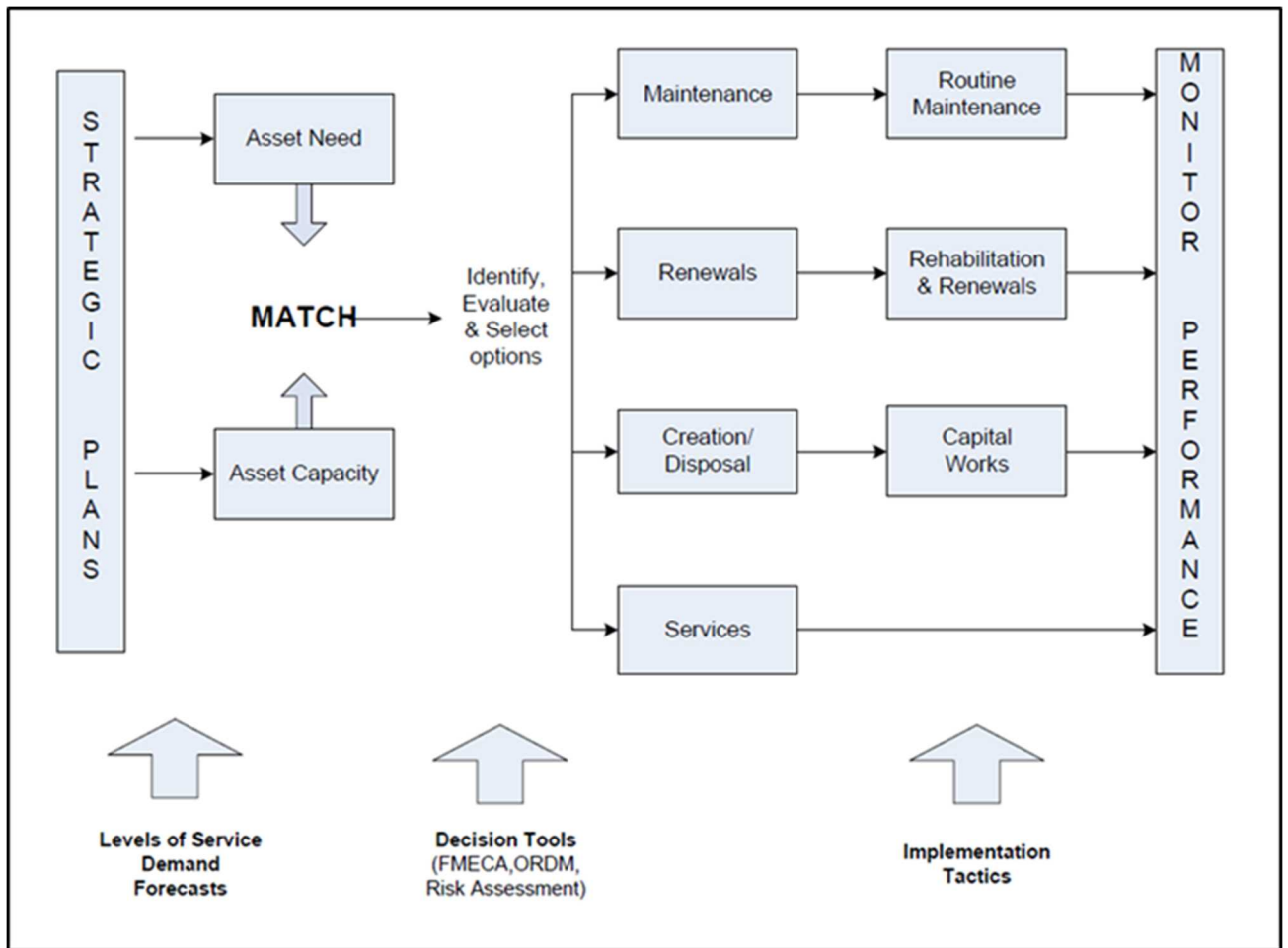


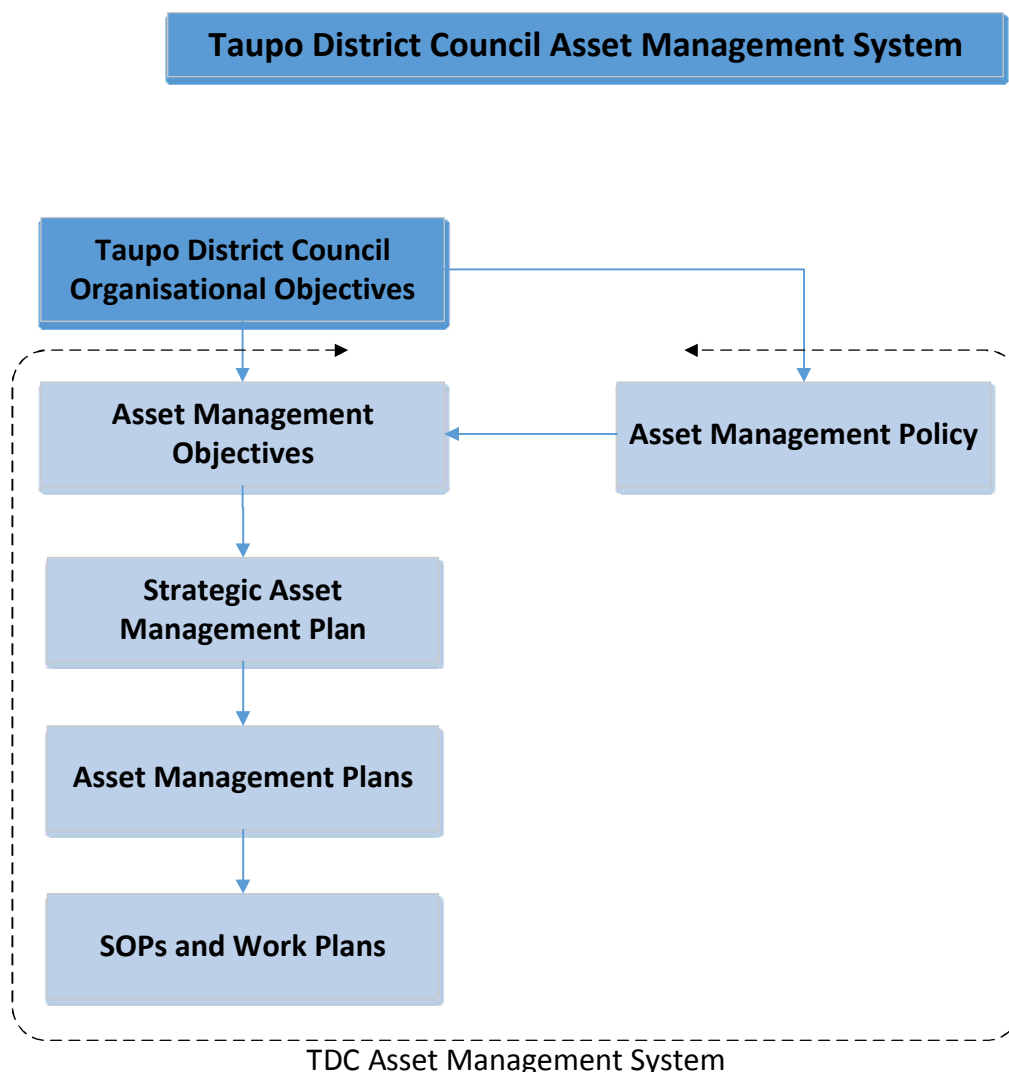
Figure 1: Property and Land Asset Management Plan Process

Property Strategic Vision:

To provide the required levels of service for Council’s buildings and associated assets in the most cost-effective manner (through the creation, operation, maintenance, renewal and disposal of assets) for existing and future customers throughout the district.

A fundamental objective is to identify potential opportunities for reductions in asset lifecycle costs for all property assets.

The Property AMP will follow the direction outlined in the TDC Infrastructure Strategy and TDC Asset Management Policy as part of the TDC Asset Management System shown below.



Asset data

The Council properties covered by this asset management plan include:

- Land east of Taupo town between Taupo Airport through to the Wairakei /Rotorua/ Hamilton intersection.
- Local residential properties in Taupo and Acacia Bay.
- Land and buildings held for investment purposes and community use.

Council owns other investment properties that are not covered by this investment plan, such as the forestry block on State Highway 5 and also in Tirohanga.

Council's property assets (CCTV & facilities) listed below.

FACILITY	NUMBER OF PROPERTIES	REINSTATEMENT VALUE
Category 1 – Safer Community		\$272,835
Taupo & Turangi CBD		\$272,835
Category 1 - Regulatory Services		\$1,139,200
Taupo & Turangi Animal Pounds	2	\$1,139,200
Category 2 - Venues		\$95,592,380
AC Baths	1	\$22,699,600
Mangakino Pools	1	\$1,341,000
Turangi Genesis Energy Aquatic Centre	1	\$12,428,000
Great Lake Centre	1	\$27,369,000
Taupo Events Centre	1	\$28,065,000
Mangakino Sports Hall	1	\$2,209,000
Turangi Gymnasium	1	\$1,480,780
Category 3 - Public Libraries		\$9,186,000
Public Library - Taupo	1	\$6,662,000
Public Library - Turangi	1	\$2,524,000
Category 4 - Heritage, Culture & Public Art		\$2,411,000
Taupo Museum	1	\$2,411,000
Category 5 - Community Halls	12	\$16,001,700
Category 6 - Social Housing		\$8,137,861
Housing for the Elderly Complex - RR Rd/Konini Street Taupo	1	\$5,260,700
Housing for the Elderly Complex - Woodward St Taupo	1	\$1,976,700
Housing for the Elderly Complex - Mangakino	1	\$1,554,100
Housing for the Elderly Complex - Turangi	1	\$1,706,400
Category 7 - Property Investments		\$18,026,040
Land Holdings		Unknown
Commercial	6	\$12,490,600
Visitor Centres	2	\$2,399,000
Rental Housing	2	\$831,200
Taupo Municipal	2	\$424,617
Mangakino Municipal	2	\$1,880,623
Category 8 - Investment Property Motorcamps		\$95,000
Motuoapa Caravan Park	1	\$95,000
Category 9 - Administration Property		\$15,833,000
Taupo Admin Offices	6	\$12,890,000
Turangi Admin Offices	3	\$2,943,000

Figure 2 Summary of Assets covered by Property AMP

Levels of Service

The major levels of service for Council's property assets are:

- Property is adequately provided throughout the Taupo District to facilitate council operations and services
- Customers are satisfied with the function and appearance of Council property
- There are no adverse environmental impacts from council owned property
- The Council property is adequately maintained to ensure compliance with all building regulations and there is no risk in terms of health and safety for users.

Future Demand

The population of the Taupo District is anticipated to grow in accordance with the projections outlined in the Taupo District Demographic Snapshot 2016/17 and the Development Contributions Policy 2018 Taupō District Growth Model 2018-50.

The total estimated residential yield (urban and rural) for the District over the next LTP 10-year period (2015-2025) is estimated at 1304 lots. The majority of this growth is expected to occur in the Taupo urban area and Kinloch.

Lifecycle Management Tactics

The objective of life cycle management is to meet the required level of service in the most cost-effective manner. In general, the decisions that are made about management (design, acquisition, operation, maintenance, renewal or disposal) need to meet the following objectives:

- Safety
- Legal compliance
- Improved environmental outcomes
- Good quality assets that are fit for purpose
- Reduced operating and maintenance costs
- Genuine need met or community benefit obtained

New Capex Projects:

- On Buildings:** Council's current strategy is to maintain what it has rather than purchase or build new facilities. However, improvement projects due to statutory compliance requirements and/or health and safety reasons are referred to as major projects and in some cases, does not increase the value of the property, it most cases it supports the activity in the building to meet compliance and Health & Safety of the occupants or visitors.
- On Land Holdings:** Council has acquired a significant amount of land holdings that are now available for development and sale. On-going funding for development and infrastructure of Council's land has been included in the long-term plan. The purpose of these development projects is for the enhancement/maximisation of land sales and profit, and each project will be individually considered for approval by Council.

Accordingly the long term plan includes budgets for the following improvement projects:

Taupō CBD CCTV	Install Fibre Optic Cable from GLC to Police Station	Improvement current level of service
Turangi CBD CCTV	Upgrade cameras & equipment	Meet current LOS
Taupō District Buildings	Install Gutter Guard	Improve LOS and reduce operational costs
Taupō Library	Redevelop second entrance for Library	Improve LOS
Turangi Library	Change entrance to Library for better access for visitors with disabilities	Improve LOS and Health & Safety
Taupō Events Centre	External Wash Down Bay for Caterers	Cater for increase demand
Taupō Events Centre	Extend the Building & Install Commercial Kitchen	Improve LOS
Taupō Events Centre	Ramp from Carpark for disable access (or easier access for all visitors ie parents with push chairs, people on crutches or temporary disabilities)	Meet Customers' Needs
	TEC Side Door Entrance with Auto Door & Air Curtain	Improve LOS
	Cover for Outdoor Deck as an extension to Function Room	Improve LOS
	Additional Stage Units	Cater for Increased demand
Great Lake Centre	External Access to Kitchen	Safety, Improved LOS
	Supply Gas to Kitchen for Hot Water	Safety, Meet Customers' Needs
	Upgrade Front Entrance & Grounds	Improve LOS
Main Building	Upgrade Building Alarm System to ensure all alterations to the building are covered adequately	Safety, Meet LOS
Archives	Upgrade A/C unit to Climate Control Units to meet NZ Heritage Standard	Improved LOS & environment
Taupō Depot	Relocation of Parks & Reserves Depot	Meet Current LOS and reduce operational costs
Turangi Service Delivery	Relocation of Turangi Offices & Turangi I-Sites	Improve LOS
Mangakino Depot House	Demolish House	Safety

Renewal

Renewal expenditure is major work that restores an existing asset to its original capacity or the required condition. By renewing property & assets as they reach the end of their useful life, the level of service is maintained. In some cases, renewing an asset to its original condition will not be sufficient e.g. obsolete or non-complying equipment. In these cases, when renewals are due the suitability of the asset is considered and if necessary an upgrade will be completed at the same time.

The renewal projects are generated from condition data which is obtained through condition assessment surveys of all property assets, undertaken on a three-yearly program. Assets are condition graded on a scale of 1 to 5, and renewed at condition factor 5. In some cases, renewals are done sooner than scheduled if the benefits outweigh the costs of replacing an asset before it has reached the end of its life. This may be done for safety or amenity reasons. In other cases, the life expectancy of an asset may be extended so that renewal is delayed if there is no immediate need.

Renewal projects are optimised where possible to smooth out expenditure peaks and troughs so that annual renewal expenditure is relatively stable and based on the overall value of the asset. Renewal of assets will be prioritised on the following criteria:

- Cost/benefit analysis – can we reduce operational costs by renewing the asset? Is there a cost-effective replacement option?
- Safety – is there a safety risk associated with the asset that can be mitigated or eliminated by its renewal?
- Demand for the asset – is it required to maintain a defined level of service?
- Compliance with Performance Quality Standards – does the asset meet current standards or requirements?

Operations and maintenance

Operation is the process of using an asset, or making it available for its intended purpose. Operational costs for property assets include costs such as rates, insurance, depreciation, staff wages, materials, equipment, fuel and electricity. Operational activities required to support property assets include service & compliance contracts etc. The cost of asset operation is a significant part of the whole of life cost for many property assets.

Property & assets maintenance is carried out by a mixture of contractors and in-house Council staff. Contractors are used where skills and equipment are not available in-house or where the work can be completed more efficiently and to an appropriate standard by contractors. Maintenance standards are monitored on performance criteria measures, levels of service, reports, spot checks by council staff and general feedback by the public (complaints).

Disposal

When an asset has become surplus to requirements, the asset is disposed of subject to the provisions of Council's strategic assets schedule and legislation requirements. Renewal of the assets as opposed to disposal will be subject to criteria specified above.

Technical Notes

Risk management

While there are risks associated with property, none are defined as high risk areas when likelihood and consequence are analysed.

Asset Management Practices

Council uses a range of decision making tools to establish its maintenance, renewal and new works expenditure, including: process, analysis and evaluation techniques for life cycle asset management; information systems to store and manipulate data; and data and information from a number of sources (technical, financial, customer service)

Plans which make up the TDC Asset Management System



*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

Plan Improvement Programme

Councils are required to have plan improvement programmes to improve their asset management planning. Council staff will continue to work through the various elements of the improvement plan.

International Infrastructure Management

The plan is a basic plan based on the requirements of the International Infrastructure Management Manual (IIMM – 2014) which is aligned with ISO 55001.

Property Financial Forecast 2018 to 2028

Values	Renewal Works	Capex	Opex	Grand Total
18/19	\$4,759,355.06	\$1,285,500.00	\$282,774.75	\$6,327,629.81
19/20	\$2,140,800.90	\$1,415,000.00	\$176,913.13	\$3,732,714.03
20/21	\$2,213,109.38	\$2,033,000.00	\$190,824.36	\$4,436,933.74
21/22	\$2,730,362.95	\$360,000.00	\$249,767.21	\$3,340,130.16
22/23	\$2,560,825.96	\$113,000.00	\$141,529.73	\$2,815,355.68
23/24	\$1,413,809.23	\$408,000.00	\$761,497.43	\$2,583,306.65
24/25	\$3,240,443.29	\$374,000.00	\$73,409.45	\$3,687,852.74
25/26	\$3,093,632.07	\$100,000.00	\$223,843.79	\$3,417,475.86
26/27	\$2,770,356.59	\$100,000.00	\$163,334.43	\$3,033,691.02
27/28	\$1,866,985.83	\$100,000.00	\$44,711.18	\$2,011,697.00

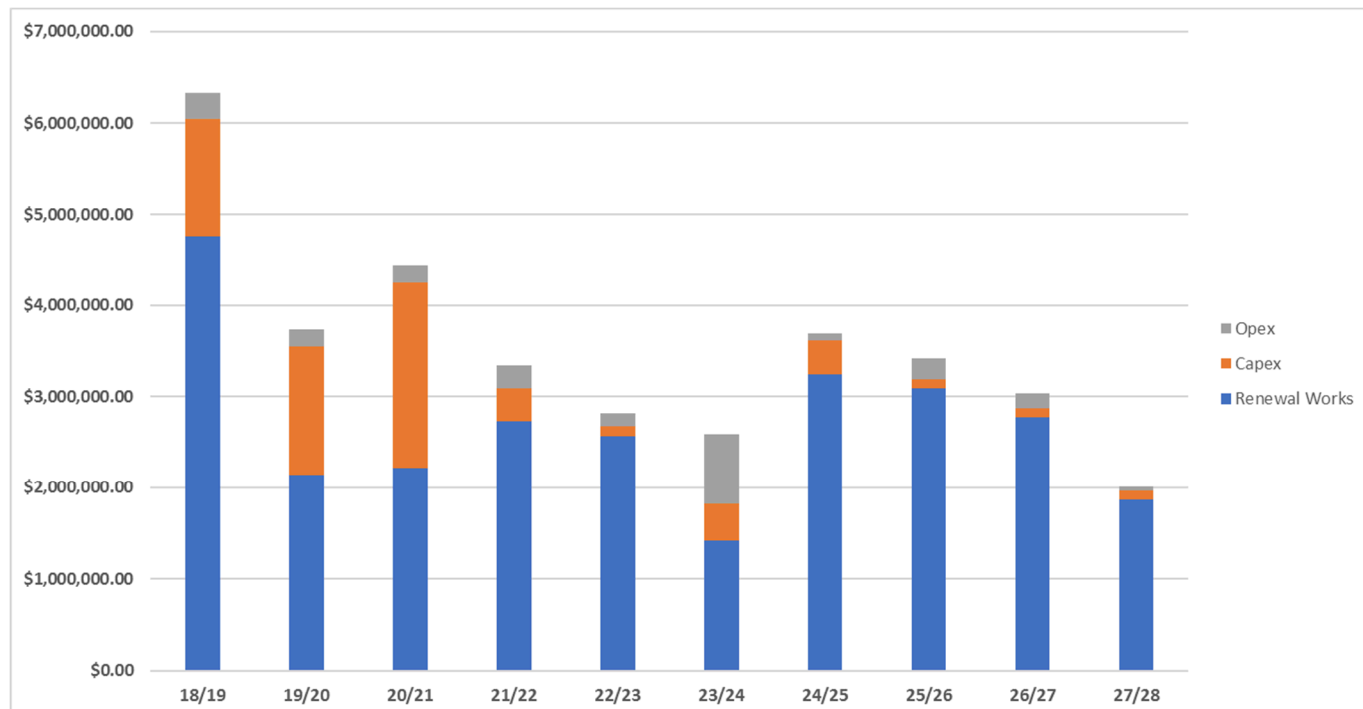


Figure 3: 10 Year Financial Forecast for the TDC Property Assets