Brightly

Client Success Story

Melton City Council: Unlocking hidden capital

Using strategic asset management to inform long-term financial planning

Client

Sam Romaszko,
Manager Engineering
Services at Melton
City Council

Geography

Victoria, Australia

Vitals

- Infrastructure asset profile valued at over AUD$2.7 billion, with a planned annual increase of $220 million
- Has a population of over 185,000 with a projected growth to 264,000 residents in the next two decades

Challenges

Growing asset backlog not meeting the community expectations, resulting in diminished community satisfaction

Results

Over the next 10 years, an additional $40mil in savings while also seeing higher community satisfaction and service levels

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The Challenge & Opportunity

The City of Melton is one of Australia's fastest growing municipalities in one of the country's fastest growing regions. Over 185,500 residents call the City of Melton home. Over the next two decades, the City is expected to reach 264,000 residents and by 2051, the City will be home to nearly 450,000 people.

With an infrastructure asset portfolio valued at over $2.7bil and a planned annual increase of $220mil through new builds, Council was tasked with preserving the current average asset health of 80% and unlocking hidden capital within the current resources to meet future demands.

Similar to many municipalities across Australia, the City of Melton had previously approached planning by using a budget to drive asset planning and funding levels. With a significant population increase on the horizon, the Council realised that their current approach would likely result in a growing asset backlog which meant assets are not meeting the community expectations, resulting in diminished community satisfaction.

Additionally, the Local Government Act 2020 mandates all Local Governments develop, adopt and keep in force an asset plan in accordance with its deliberative engagement practices, and the scope of this plan is a period of at least 10 years. This increased the urgency of moving to a new approach where Local Governments must first develop their asset plans and use the outcome to inform their long-term financial plan.

The following items were considered during the development of an asset plan:

- Service level framework based on the criticality, strategic and technical level of service expected by the community for each type of asset

- Determine the data set needed for strategic asset planning, and then using the data set to drive the asset modelling and budget planning

- Develop and implement intervention criteria for each asset type

- Decrease the renewal gap and optimise the service levels across asset groups

- Scenario analysis considering the cost to deliver specified service level (desired vs satisfactory), and understand what is the resulting service level given current or changed funding scenario and the impact of alternatives treatment and associated intervention strategies

- Develop a budget based on the service level framework that then informs the long-term financial planning ensuring it is the most affordable and equitable from a community perspective

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> Sealed roads and buildings represent the largest asset classes in Melton City Council's portfolio. By comparing the traditional scenario of only treating assets in poor condition versus a robust model with community-driven levels of service, the annual benefit derived from these asset classes is significant.
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Luke Shannon
Planning and Development

Melton City Council & Brightly

Sam Romaszko, Manager Engineering Services at Melton City Council, led the vision to transition asset management from just fulfilling mandatory compliance to asset management as a way of life, within the Council.

The team at the City of Melton partnered with Brightly subject matter experts (SMEs) to empower Council to deliver lifecycle modelling and asset management plans outcomes. "Council set out on a journey to update our asset management plans, from a lengthy document that sat on the shelf, to an enhanced, streamlined document

that clearly outlined Council's long-term strategic management of our assets. The City of Melton partnered with Brightly to manage internal stakeholder workshops, to gain a better understanding our needs and to provide advice to help us move through a sometimes challenging process," said Sam.

The Council started the process by gaining a full understanding of the expected service level of the community, and then considered different alternatives and service-level tradeoffs. Next, the team consisting of engineers, service managers, finance officers and council SMEs worked with Brightly to develop a comprehensive 10-year Asset Management Plan that is directly linked with the long-term financial plan. The plan also offers different alternatives and future service level trade-offs while using a wide range of considerations, including condition, material, age, function and usage.

"We treated this as a journey of asset maturity through enhancing our existing systems, utilising new technology, and focusing on stringent modelling of various scenarios to ensure our level of services and subsequent renewal demand met the needs of our community/organisation," said Sam.

More Results

After implementing their new Asset Management Plans, the Council began identifying potential financial risks, which allowed proactive decisions and planning. In the Roads category alone, the Council was able to save approximately $2.5mil a year by optimising interventions in line with strategic asset management best practice.

Across the board, it is estimated that the average asset portfolio degrades at an average of 3-4% per annum. By optimising interventions, this consumption rate can be reduced by 0.16%. Applying the analytical models developed through this project, Council could realise savings of up to $4 million per annum. Over the next 10 years, this will mean an additional $40mil in savings while also seeing higher community satisfaction and service levels.

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