



# Neils Beach Rating District 2023-2026 Asset Management Plan



West Coast Regional Council

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## Table of Contents

<b>1.0</b>	<b>Purpose of this Document</b> .....	3
<b>2.0</b>	<b>Asset Management Objectives</b> .....	3
<b>3.0</b>	<b>Neils Beach Rating District</b> .....	4
<b>4.0</b>	<b>Description of Assets</b> .....	4
<b>5.0</b>	<b>Service Level</b> .....	4
<b>5.1</b>	<b>Maintenance Programme</b> .....	5
<b>6.0</b>	<b>Funding</b> .....	5
6.1	Maintenance .....	5
6.2	Damage Repairs .....	6
6.3	Financial Reserves .....	6
6.4	Damage and Risk Exposure .....	6
6.5	Prudent Reserve.....	6
6.6	Depreciation.....	7
<b>7.0</b>	<b>Performance Measures</b> .....	9
7.1	AMP Review and Monitoring .....	10

## **1.0 Purpose of this Document**

The purpose of this document is to summarise the management philosophy that is applied to the Neils Beach Rating District including the infrastructure assets and services. This approach ensures that acceptable levels of service are provided in the most cost-effective manner and contribute to the achievement of the community outcomes identified in the West Coast Regional Council's Long-Term-Plan (LTP).

This AMP defines the objectives and performance standards of the Neils Beach Rating District Scheme for which the West Coast Regional Council bears the maintenance responsibility, including providing a basis upon which the effectiveness can be measured. The key purposes of this AMP are to:

- Provide a history of the Neils Beach Rating District Scheme
- Convey the long-term strategy for the management of the Neils Beach Rating District Scheme
- Provide a tool to assist with management assets in a cost effective and sustainable manner
- Manage the environmental, service delivery and financial risks of asset failure
- Demonstrate that the service potential of the rivers and drainage assets is being maintained

## **2.0 Asset Management Objectives**

West Coast Regional Council recognises that Neils Beach Rating District Asset Management Plan is the fundamental driver of erosion protection for the scheme. This AMP has been developed in accordance with the Local Government Act 2002, with the first AMP completed in 2017 with three yearly updates or earlier where information indicates a significant change from what is stated in the current AMP.

In order to fulfil the outcomes, vision, goals and objectives of these assets, the West Coast Regional Council have adopted a systematic approach to the long-term management of its assets and services on the Neils Beach Rating District Scheme by preparing this AMP.

West Coast Regional Council is committed to best appropriate practice asset management in order to achieve the following key objectives:

- Meet the service expectations of the Neils Beach community.
- Ensure maintenance activities achieve efficient results with optimal benefits.
- Demonstrate Council's approach to managing risk and meeting growth requirements towards a sustainable future.
- Comply with all statutory requirements.

### 3.0 Neils Beach Rating District

The Neils Beach Rating District was formed in October 2016 to fund beach nourishment and coastal protection works.

After an initial approach from concerned ratepayers in early 2014, regarding increased erosion along the foreshore fronting the Neils Beach Settlement in South Westland, an initial inspection was carried out on 1 April 2014 by WCRC staff with an informal group of local property owners, to determine the risk and discuss possible future remedial action for the area.



### 4.0 Description of Assets

Current assets consist of a 120m sacrificial bund constructed from slip material from the local area. The purpose of the bund is to help reduce the chance of wave overtopping.

Asset	Quantity	Unit	Rate
Fill	1,150	M3	\$26.00
<b>Asset Value</b>			<b>\$29,900.00</b>
<i>On-costs (15%)</i>			\$4,485.00
<i>Resource Consents (2%)</i>			\$687.70
<b>Assets Replacement Cost</b>			<b>\$35,072.70</b>

### 5.0 Service Level

The Levels of Service represented in this AMP are described and aligned with customer values including affordability, quality, safety, community engagement, reliability, and sustainability.

Councils in New Zealand will generally adopt one of three methods for determining the level of service provided by a scheme:

- Agreeing on a scope of physical works with the community without reference to a target capacity or return period (low risk schemes)
- Providing physical works with a level of performance provided in terms of a target capacity (medium risk schemes)
- Providing physical works with a level of performance in terms of a target return period (high risk schemes)

Each of the three methods for determining the level of service may be suitable for a given scheme, provided that communities understand event likelihood, scheme and property vulnerability, potential consequences, and residual risk.

Where council staff have recommended physical works or analysis that did not proceed due to community resistance to cost, then councils are only able to track their service delivery through measures around maintenance works programmes or a general description of channel condition.

The key level of service for the Neils Beach Rating District is to provide engineering options to reduce the chances of wave overtopping and erosion continuing.

### **5.1 Maintenance Programme**

An annual maintenance programme will be prepared each year in consultation with the Neils Beach rating district spokesman and liaison committee prior to consideration at the Rating District Annual Meeting and adoption by the Council in the Annual Plan.

In preparing the annual maintenance programme consideration will be given to:

- An inspection to identify works requiring immediate repair.
- Works anticipated as being required given a 'normal' season.
- Flexibility to meet unbudgeted damages.

## **6.0 Funding**

### **6.1 Maintenance**

Maintenance is funded by targeted rates, the level of rating being determined each year in the Annual Plan process. This involves:

- a) Preparation of an annual works programme and corresponding budget.
- b) Discussion of the works report and budget with the ratepayers.
- c) Adoption of final budget in the Council's Annual Plan.

The aim of maintenance is to ensure the infrastructure assets are kept at a standard where they can always perform to their service level. Capital works are generally defined as works which increase the service level of the scheme. Such work would include increasing the design standard or the area covered by a scheme and works to increase security or performance of an erosion control system or structure over and above that identified in the asset plan.

## 6.2 Damage Repairs

Routine damage repairs are funded by a combination of:

- a) Carrying out work as scheduled in annual works programme.
- b) Reprioritising works identified in the annual works programme.
- c) Use of financial reserves.

Major damage repairs would be funded by loans raised by the Council and repaid by targeted rating over a number of years.

## 6.3 Financial Reserves

Financial reserves are held within the rating district account to:

- a) Meet the costs of unscheduled works.
- b) Enable an immediate response to flood damage repairs.
- c) Prevent major fluctuation in rating levels annually.

The levels of financial reserves held in the rating account are determined by the estimated damage exposure and the likely need for unprogrammed works.

## 6.4 Damage and Risk Exposure

Erosion works are constructed in a very high energy environment with the purpose of resisting and absorbing some of that energy. It is considered that no matter what the standard of maintenance carried, it is likely that damage will occur from time to time.

An assessment of maximum damage potential was estimated as below:

Event size (AEP)	Value	Damage ratio	Damage exposure	Prudent Reserve	Prudent reserve contribution
10%	\$35,073	5%	\$1,754	\$1,754	100%
5%	\$35,073	10%	\$3,507	\$2,455	70%
2%	\$35,073	20%	\$7,015	\$3,507	50%

It has been deemed, within reason, that all Rating Districts have a prudent reserve target balance that contributes to at least 100% of the damage exposure for a 10% AEP event, 70% for a 5% AEP event and 50% for a 2% AEP event. These percentages define what is an appropriate and acceptable level of risk for Council and the community.

## 6.5 Prudent Reserve

Why do we need a prudent reserve?

- Minimise the financial impact of unplanned works, such as those caused by weather events
- Ensure the rating district is able to contribute funding that is sustainable and affordable
- Ensure Council's debt level is managed, and that borrowing is still available when required
- Ensure the debt levels of the rating district do not exceed the ability to fund the repayments

This target balance for the 'prudent reserve' for this rating district is suggested to be \$30,000 This prudent reserve is immediately available for urgent emergency works that may be required following

a major event. It is therefore likely the current reserve will only cover a portion of the actual cost of the potential damage that could occur.

If an event were to occur and the prudent reserve does not cover the full repair and rebuild cost of the assets, it is understood by the community that the remaining costs will be paid by loan, or the rating district accounts will go into overdraft. In the instance of extreme weather events, NEMA funding and the Council's private insurance can be accessed for cost recovery if the criteria are met. The West Coast Regional Council's insurance policy has a \$250,000 excess. 40% of eligible rebuild costs will be met by this policy.

Below are the key criteria that need to be met to access the NEMA funding, which can cover up to 60% of eligible rebuild costs

*The provisions for government financial support to local authorities apply whether or not a state of emergency is, or has been, in force*

*Government assistance will not normally be available for assets which receive a subsidy from any other source, unless:*

- *the local authority has adequately protected itself through asset and risk management including mitigation, where appropriate, and the proper maintenance of infrastructure assets, or*
- *the local authority has made sound financial provisions (such as the provision of reserve funds, effective insurance, or participation in a mutual assistance scheme with other local authorities) to a level sufficient to ensure that the local authority could reasonably be expected to meet its obligation to provide for its own recovery*

### **Threshold**

*Threshold for reimbursement; As with other response claims, Government policy is to reimburse 60 percent of the combined eligible costs (response and essential infrastructure costs), above the following thresholds:*

- *0.0075 percent of the net capital value of the city council, district council or unitary authority involved*
- *0.002 percent of the net capital value of unitary authorities where the assets in question are of a type that ordinarily are managed by regional councils, or 0.002 percent of net capital value in the case of regional councils*

### **6.6 Depreciation**

The bulk of WCRC's assets comprise bulk formation of excavation, fill and heavy rock protection. These assets are considered to have an infinite Useful Life (UL) with a strategy to maintain in perpetuity. The predominant mechanisms for deterioration are slumping and or storm or flood event damage. In these circumstances the performance and level of service is brought back to specification by remedial and / or emergency works from operational and maintenance budgets. Otherwise, these assets do exist in perpetuity.

From 2023 WCRC have recognized the difference between operational and maintenance expenditure (typically to remediate after an event) and capital expenditure that improves performance or level of

service, or reduces risk. The former are not capitalised, the latter are capitalised and are added to the asset register and valuation.

Assets with an infinite Useful Life do not depreciate, so these assets are valued separately as non-depreciating.

Asset components in this category include:

- Excavation
- Cleanout (of natural water courses for utilisation as drains)
- Fill
- Rock protection
- Top course, differentiated from normal road assets in that life and deterioration mechanisms are the same as for the stopbanks they traverse
- Bedding gravel and filter fabric noting that even if fabric deteriorates it would not be replaced unless the stopbank itself was being replaced, or it was being replaced as part of an event remedy operation and maintenance.

Around 3.4%, by replacement cost value, of WCRC's assets are of a nature that will deteriorate, have a limited useful Life, and hence are depreciating. These include:

- Culverts and associated assets
- Constructed assets such as concrete flood walls in Greymouth
- Miscellaneous assets.



## 7.0 Performance Measures

The overall performance measure is that the infrastructure assets are maintained to meet their service levels at all times.

The following procedures may be adopted to ensure the adequacy of maintenance.

Period	Procedure	Performance Measure
Annually	Produce annual works reports for the rating district to include type of work to be undertaken, quantities, location, and costs.	No reports of stopbanks or erosion protection works requiring repairs without an agreed programme of remedial work in progress. Asset maintenance is current as per level of service.
	Organise contracts for agreed scheme work, oversee contract completion and report to Council.	
	Report on works undertaken during the previous financial period to the rating district ratepayers and Council.	
Triennially	Re-measure beach cross section profiles to determine whether the beach is stable, or aggrading, and to identify management issues or options.	Report to Council and ratepayers on revaluation of assets and the Plan review.
	Revaluation of the asset schedule to include any additional sacrificial stopbank protection works over the three-year period.	
	Review this asset management plan.	
10-yearly	Flood modelling will be undertaken to identify a range of level of services.	Report to council and ratepayers.

## 7.1 AMP Review and Monitoring

This plan is a living document, which is relevant and integral to daily activity. To ensure the plan remains useful and relevant the following on-going process of AMP monitoring and review activity will be undertaken:

- Formal adoption of the AMP by the West Coast Regional Council.
- Review and formally adopt Levels of Service to comply with the Neils Beach Rating District community.
- Revise this AMP three yearly prior to Long Term Plan (LTP) to incorporate and document changes to works programmes and outcome of service level reviews.
- Quality assurance audits of asset management information to ensure the integrity and cost effectiveness of data collected.
- Peer review and external audits will be undertaken to assess the effectiveness with which this plan meets corporate objectives. Periodic internal audits will be undertaken to assess the adequacy of asset management processes, systems and data and external audits will be undertaken to measure asset management and performance against 'best practice'.