

## Private Funding of Road Renewal or Upgrade Policy

<b>Reference Number:</b>	Section 8 No. 05
<b>Responsible Department:</b>	Infrastructure & Environment
<b>Related Policy/Procedure:</b>	8.03 – Application of Dust Suppressant Policy
<b>Date of Adoption:</b>	18 February 2003
<b>Current Review Date:</b>	27 April 2021
<b>Minute Reference:</b>	IC10.4.6/2021
<b>Version Number:</b>	Amendment No. 4
<b>Applicable Legislation:</b>	
<b>Next Review Date:</b>	September 2023
<b>Review Frequency:</b>	Triennially

### 1. Purpose

Council documents its road transport service levels and plan for renewing, upgrading and disposing road infrastructure within its Infrastructure & Asset Management Plan (IAMP). Coupled with this document, the Council approves annual Capital Works Programs for roads as part of the Annual Business Plan & Budget (ABP&B). These works programs are developed using expenditure from Council funds and secured available external funding.

At times, Council is approached by external parties to undertake capital works to renew or upgrade roads not in accordance with the IAMP and approved ABP&B.

This policy outlines the process by which Council will consider and act upon requests by Private Parties to renew or upgrade roads or parts of roads that are outside the parameters of the IAMP and approved ABP&B. Generally, the Council will only consider undertaking Capital Works in addition to the approved Capital Works Program if some external funding contribution is committed by the Private Party requesting the renewal or upgrade works.

### 2. Scope

The scope of road renewal or upgrades that Council will consider at the request from Private Parties includes:

#### *Renewals*

- Road re-sealing (spray seal or asphaltic concrete, to current surface width)
- Road re-sheeting (with approved quarry rubble to existing surface width and depth as per current road classification)

#### *Upgrades*

- Application of rubble binder/stabilisation product to sheeted roads
- Sheetting of roads that are currently dry weather only (not sheeted)
- Re-sheetting of roads to a width greater than current or depth greater than current road classification
- Re-sealing roads to a width greater than current surface width
- Re-sealing spray seal roads with asphaltic concrete
- Sealing currently unsealed roads, including underlying pavement construction

- Installation of stormwater drainage associated with road upgrades
  - Rural cross drains at low points, with headwalls
  - Underground piped drainage systems with entry/inlet pits, junction boxes, etc
  - Kerb and gutter, spoon drains, pram ramps, driveway crossovers and stormwater kerb outlets
- New footpaths
  - Concrete
  - Concrete block or brick paved
  - Spray sealed or asphaltic concrete

The extent of the road renewal or upgrade requested can be a complete segment or part thereof.

This policy does not encompass the process associated with Council's consideration of an application lodged pursuant to the Development Act 1993, which may warrant road renewal or upgrade works as a result of a proposed significant change of use or required level of service from a road, roads or land division application.

### 3. Policy Aim

To provide clear direction to Private Parties requesting capital works to roads that are not planned in accordance with the IAMP and approved ABP&B. To promote fair and transparent expenditure of public funds on service provision associated with road infrastructure assets. To outline the process by which Council will consider requests from Private Parties to undertake capital works to roads.

### 4. Definitions

#### **Asset**

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

#### **Asset Management (AM)**

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

#### **Capital Expenditure**

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade.

**Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

**Infrastructure Assets**

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, (e.g. roads, drainage, footpaths and cycleways).

**Level of Service**

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

**Life Cycle Cost (LCC)**

1. *Total LCC*. The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. *Average LCC*. Average cost to provide the service over the longest asset life cycle.

**Maintenance**

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating (e.g. road patching but excluding rehabilitation or renewal). It is operating expenditure required to ensure that the asset reaches its expected useful life.

**Renewal**

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally.

**Upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally.

**Useful Life**

The period over which an asset is expected to be available for use by an entity. It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

## 5. Policy Details

### 5.1. Request for Works

Private parties requesting works to renew or upgrade roads, outside of the approved Capital Works Program or Infrastructure & Asset Management Plan, shall submit a formal written request to the General Manager, Infrastructure & Environment and identify if any private contribution to the works is proposed.

The written request for works shall clearly identify the

- type and scope of the renewal or upgrade works;
- extent of the works (i.e. start and finish of the road works, section of road, etc); and
- type of private contribution if proposed (e.g. financial, donation of construction materials, equipment or resources).

Any time constraints associated with the request for works shall be clearly identified in the written request (e.g. if the offer of private contribution is subject to completion by a particular milestone date, etc).

### 5.2. Evaluation Criteria and Approval

Requests for works will be evaluated giving consideration to the following criteria:

- The technical design and specification of the road works to meet the Council's minimum standards, resulting from the request, and the associated capital cost of those works.
- The nature and timing of the works requested, compared to works currently planned for the subject road in accordance with the IAMP and approved ABP&B.
  - Requested works involving upgrades to roads already planned for renewal will be given preference to requested works involving upgrades to roads that are not planned for renewal in that year.
- The change in Total Life Cycle Cost resulting from the requested works.
  - Requested works that also include an offer of private contribution which results in non-significant or no change to the Total Life Cycle Cost will be given preference over works whereby an offer of private contribution results in a significant increase in Total Life Cycle Cost.
- The ability of the Council to fund the works in addition to the approved Capital Works Program.

Following evaluation of the request, assessment for approval shall be carried out as follows:

- A. where Council's Capital Contribution to the requested works is less than or equal to \$50,000 (excluding GST), the General Manager, Infrastructure & Environment shall have delegation to approve or refuse the request for works.
- B. where Council's Capital Contribution to the requested works is greater than \$50,000 (excluding GST) the General Manager, Infrastructure & Environment shall prepare a

report for decision (approval or refusal of the request for works) to a General Meeting of Council.

The assessment of requests under Process A shall be completed within 21 days of receipt of the written request for works.

### 5.3. Notification and Agreement

The General Manager, Infrastructure & Environment will formally write to the Private Party advising notification of the approval (or otherwise) of the requested works.

If the works are approved subject to an offer of private contribution, the Private Party will be required to enter into an Agreement with Council for the Works. This Agreement shall be of the Council's standard form and define the scope, extent of works, capital costs and contributions by both parties.

If the Agreement includes private funding contribution for works, the Council requires payment of that contribution prior to commencing the works. The Council does not offer payment plans for these works.

## 6. References

- Local Government Act 1999
- Light Regional Council Infrastructure & Asset Management Plan
- Light Regional Council Annual Business Plan and Budget

## 7. Review and Re-evaluation

The effectiveness of this policy will be continuously evaluated in conjunction with organisational daily works, so as to ensure its effectiveness.

The Council will formally review this policy triennially as part of its Policy Review Program.

## 8. History of Policy Amendment

Policy adopted at Council Meeting held Tuesday 18 February 2003, refer Minute Reference 6.1, Page 2003/43.

1. Policy amended by Council on Tuesday 20 June 2006, refer Minute Reference 9.2.1, Page 2006/122.
2. Policy '*Road Seal Funding Policy*' amended by Council on Tuesday 26 May 2015 being renamed as '*Private Funding of Road Renewal or Upgrade Policy*', refer Minute Reference IC9.5.4/2015, Page 2015/161.
3. Policy reviewed and adopted by Council on Tuesday 27 March 2018 refer Minute Reference 12.4.5 Page 2018/124.
4. Amendment No. 4 adopted by Council on 27 April 2021, Minute Reference IC10.4.6/2021, Page Reference 2021/83