

Clarification to Report

Item 14.1 Busselton Jetty 50-Year Maintenance Plan

Council Agenda: 9 February 2022

Clarification to Council Report, Item 14.1 Busselton Jetty 50-Year Maintenance Plan in respect to page 56 of the Council Agenda, 9 February 2022:

Remove:

3. Spikes in 2035, 2055 and 2060 to be funded by external agencies to the value of 50% of the estimated cost
4. Annual annuity (in 2021): \$1,387,921

Amend:

With respect to assumption three above, In 2013 the City and BJI agreed to assume that the major works spiking in those respective years would be 50% funded by external agencies. These major works incorporated the following items, resulting in an annual annuity of \$1,387,921 (in 2021\$).

Reasons:

This clarifies that assumptions 3 and 4 were agreed to following the finalisation of the original 50-year maintenance plan and were not made by the author.

14.1 BUSSELTON JETTY 50-YEAR MAINTENANCE PLAN REVIEW

STRATEGIC THEME	LIFESTYLE - A place that is relaxed, safe and friendly with services and facilities that support healthy lifestyles and wellbeing
STRATEGIC PRIORITY	2.12 Provide well maintained community assets through robust asset management practices.
SUBJECT INDEX	Busselton Jetty
BUSINESS UNIT	Community and Commercial Services
REPORTING OFFICER	Director, Community and Commercial Services - Naomi Searle Facilities Maintenance Coordinator - John Farrier Manager Major Projects and Facilities - Eden Shepherd
AUTHORISING OFFICER	Director, Engineering and Works Services - Oliver Darby
NATURE OF DECISION	Executive: Substantial direction setting, including adopting budgets, strategies, plans and policies (excluding local planning policies); funding, donations and sponsorships; reviewing committee recommendations
VOTING REQUIREMENT	Absolute Majority
ATTACHMENTS	Nil

OFFICER RECOMMENDATION

That the Council:

- 1. Notes the review of the 50-year Busselton Jetty Maintenance Plan and the underlying assumptions as outlined in this report.**
- 2. Notes the next review of the 50-year Busselton Jetty Maintenance Plan will be undertaken in 2024 and every five years thereafter.**

EXECUTIVE SUMMARY

Following the refurbishment of the Busselton Jetty a 50-year Jetty Maintenance Plan was prepared to guide the asset maintenance and replacement requirements of the asset. In 2019/20, the City commissioned a 5-year structural review of the Jetty and has since updated the Maintenance Plan to reflect the outcomes of the review. This report summarises the review and recommends Council notes its key outcomes, and that the structural review process will be undertaken every five years, with the next review to be undertaken in 2024.

BACKGROUND

In 2008, the City obtained grant funding of \$24 million from the State Government administered by the South West Development Commission (SWDC) for purposes of refurbishing the Busselton Jetty. In accordance with the grant agreement the City and Busselton Jetty Inc. (formerly Busselton Jetty Environment and Conservation Association) (BJI) entered into a licence agreement on 30 October 2009, which has since been amended (Busselton Jetty Licence). Under the Busselton Jetty Licence, BJI was granted the right to conduct certain commercial activities at/on the Busselton Jetty in consideration for payment of an annual licence fee, which includes collecting entrance fees from persons entering the Busselton Jetty from its land side and operating the Busselton Jetty train, the Underwater Observatory (UWO) towards the northern end of the Busselton Jetty and the Interpretive Centre.

These licensed activities constitute BJI's main business and main source of revenue, of which 25% is paid to the City as a contribution to the annual maintenance of the Jetty. In addition to this, rent received from Busselton foreshore leases, various commercial activities undertaken on the Busselton foreshore, and municipal revenue fund the balance of the annual annuity required to meet the Jetty's maintenance requirements as per the 50-year Jetty Maintenance Plan.

Following the refurbishment in 2012, Disley Civil Engineering (DCE) developed a document known as the 50-year Maintenance Plan which was produced as a guide to maintaining and prolonging the life of the Jetty, Interpretive Centre (IC) and Underwater Observatory (UWO).

The 50-year plan identifies scheduled and reactive maintenance, structural upgrades and replacements to the Busselton Jetty and associated infrastructure (i.e. the IC and the UWO) on an annual basis. The scope of maintenance works includes all structural works above and below the water line. The 50-year plan is based on the following assumptions:

1. Inflation rate: 3%
2. Interest rate: 6%

In 2013 the City and BJI agreed to assume the below major works spiking in those respective years would be 50% funded by external agencies. These major works incorporated the following items, resulting in an annual annuity of \$1,387,921 (in \$2021):

Item	Value (\$2012)	Year
Replacement of Interpretive Centre Replace section 1 East Replace timber to section 1 West Blast & recoat steelwork to Section 2/3, 5 & 6 Replace timber, blast & recoat steelwork to HIN4 Replace Allies Landing Replace swim platforms 5A & 5B	\$17,698,925	2035
Refurbish piers & superstructure steelwork to section 4	\$1,007,842	2055
Replace timber to Section 1 East Replace section 1 West Replace section 2/3 Replace HIN 4 Replace Section 5 Deck and superstructure Replace Swim platforms 5A & 5B Refurbish piers & superstructure steelwork to section 6 Refurbish section 7 Demolish and replace UWO with equivalent	\$28,128,629	2060

The basis of this assumption was that grant funding would be obtained given the status of the Busselton Jetty being a State significant asset.

OFFICER COMMENT

In June 2019, and in accordance with the City's asset management plan, the City undertook a detailed assessment of the Jetty structure, to compare the actual structural integrity against the predictions in the 50-year plan. As a result of this review, a 5-year maintenance plan was produced and was used to update the 50-year plan.

The structural assessment undertaken in 2019 found the following:

- frequency and nature of the scheduled maintenance tasks generally align with the original 50 year plan;
- only minor adjustments are required, namely increasing the frequency of timber end grain treatment from 10 to 5 yearly cycles, and delaying the replacement of bolts around the splash zone by 6 to 10 years from 2019;
- the majority of capital works planned for 2020 could be delayed until 2030, the exception being installation of the handrail to the eastern side of the jetty (which is complete);
- capital works planned for 2030 can be pushed back to 2035;
- replacement of decking and refurbishment of steelwork to HIN 4 can be brought forward from 2035 to either 2025 or 2030 (to be confirmed during the next 5 yearly assessment in 2024).

Generally the jetty was found to be in good condition and better than expected considering the environment in which it sits.

All capital replacement items after 2040 are assumed to remain aligned with the original assumptions due to the difficulty in predicting so far into the future, however it is not unreasonable to expect further changes as the 5 yearly assessments are carried out.

Subsequent to this assessment, the 50-year Maintenance Plan was updated and presented at a Busselton Jetty Reference Group meeting, where the following assumptions were reviewed and endorsed by members:

1. Inflation rate: 3%
2. Interest rate: 3%
3. Spikes in 2035, 2055, and 2060 to be funded by external agencies to the value of 50% of the estimated cost
4. Annual annuity (in 2022/23) calculated on the latest detailed structural assessment is \$1,525,895. This figure is amended to \$1,467,669 based on the estimated 2022/23 opening balance of the Jetty maintenance reserve and including a \$3million contribution towards the AUDC.

The 2022/23 annual annuity does not include what are considered to be non- structural items such as air conditioning units and their replacement. The inclusion of these items would require an increase to the annual annuity and would be subject to further negotiations of the Busselton Jetty License Agreement with BJI.

Statutory Environment

Jetties Act 1926

Pursuant to Section 7 of the *Jetties Act 1926* the Department of Transport granted the City a licence to construct, maintain and use the Busselton Jetty as a private jetty for purposes of recreation, tourism and heritage.

Busselton Jetty Licence Agreement

The City of Busselton has the control and management of Reserve 46715 (Lot 350 Queen Street, Busselton) through a Management Order and a Licence to use and maintain the Busselton Jetty through a Licence Agreement with the Department of Transport. The Licence Agreement states that amongst other things the City of Busselton must maintain the Jetty in accordance with the Jetty Maintenance Plan and must establish and maintain a Jetty Maintenance Reserve to provide for the ongoing maintenance of the Jetty into the future.

Busselton Jetty Licence and Management Agreement

BJI operates the Busselton Jetty under a Licence and Management Agreement with the City of Busselton, dated October 2009.

Heritage of Western Australia Act 1990

The Busselton Jetty was entered on the State Register of Heritage Places on 30 June 2009 (Interim Entry). The progression from interim to permanent registration was delayed for a number of years to allow for the completion of the 2009-12 refurbishment works. Following the practical completion of that work on 18 June 2012, the Heritage Council of Western Australia (HCWA), on 31 August 2012, resolved that Busselton Jetty should be progressed to permanent registration.

On 26 September 2012 the State Heritage Office on behalf of HCWA wrote to the City of Busselton seeking further written comments on the proposed permanent entry. On 21 February 2014, the Jetty was officially placed on the state heritage list.

Relevant Plans and Policies

As detailed above, the 50-year Jetty Maintenance Plan identifies scheduled and reactive maintenance, structural upgrades and replacements to the Busselton Jetty and associated infrastructure (i.e. the IC and the UWO) on an annual basis.

Financial Implications

The anticipated opening balance of the Jetty Maintenance Reserve as at 1 July 2022 is estimated to be \$5,820,080. \$1,467,669 is budgeted to be transferred into the Reserve during the year which comprises the BJI licence fee, fees associated with the Busselton Foreshore leases and commercial hire sites, along with municipal funds to fund the balance of the required annual annuity as per the 2012 50-year Busselton Jetty Maintenance Plan. In 2022/23 the annuity will increase to \$1,525,895.

Any increase to the annual annuity will be funded from a combination of municipal funds, Busselton Foreshore leases and commercial hire sites, and BJI licence fee. In 2022/23 BJI will contribute \$836,421. See attached draft LTFP.

Note that the annuity figures would reduce to \$1,405,728 in this current year if the \$3 million contribution to the AUDC was not made. Further, as noted earlier, the annuity would need to increase if what are currently considered to be non- structural items were included in the maintenance plan. The funding of any additional costs would be subject to further negotiations with BJI.

Stakeholder Consultation

The review of the 50-year Maintenance Plan was presented at a Busselton Jetty Reference Group meeting held on 23 July 2020 and a subsequent meeting was held between BJI Board Member Mr Steve Disley, the original author of the plan, and City Officers to further review the updated plan. Reference Group members at the time included Mayor Cr Henley, Cr Cronin, City Chief Executive Officer Mike Archer, BJI Chairperson, BJI Board Member and BJI Chief Executive Officer.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. The following risks have been identified:

Maintenance works exceed the value of funds held within the Busselton Jetty Maintenance Reserve.			
Risk Category	Risk Consequence	Likelihood of Consequence	Risk Level
Financial	Major	Rare	Medium
Reputation	Major	Rare	Medium

Options

As an alternative to the proposed recommendation the Council could:

1. Amend the underlying assumptions and request the CEO to further review the plan.
2. Determine an alternate structural review cycle.

CONCLUSION

The Busselton Jetty 50-Year Maintenance Plan was developed in 2011 following the rebuild of the Busselton Jetty. The plan guides the annual infrastructure maintenance requirements, however it is good asset management practice to undertake regular reviews to ensure it remains relevant.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Officers will finalise the review process and diarise the next review following the resolution of Council.