

Hard Decisions Easier

Asset management through community engagement, long term financial planning and service levels



2019 MEFV Scholarship Report

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Contents

Acknowledgement.....	1
1. Foreword.....	2
2. Executive Summary	3
2.1 Background.....	3
2.2 Asset Management at a Mature Level.....	3
2.3 Community Engagement and Participation	4
2.3.1. Interactive Websites	4
2.3.2 Citizen Commissions.....	4
2.3.3 Advisory Committees	4
2.3.4 Customer Surveys and Market Research	5
2.3.5 Local Government Act 2020	5
2.3.6 Conclusions on Public Participation and Engagement	5
2.3.7 Conclusions on Leadership in Asset Management	6
2.4 Recommendations	7
3. Introduction	9
3.1 The Reason for this Study Tour Topic	9
3.1.1 The funding challenge at Colac Otway	10
3.1.2 Low Use, Poor Condition Assets	11
3.1.3 The new Local Government Act.....	12
3.1.4 Summary of factors	13
3.2 Report preparation	13
4. American Public Works Association (APWA) Conference, Seattle 2019	14
5. Learnings from Host Councils.....	15
5.1 Common Features of North American Councils	15
5.2. District of West Vancouver, British Columbia, Canada.....	15
5.2.1. Background.....	15
5.2.2 Community Engagement and Asset Management	16
5.3. City of Portland, Oregon, USA	17
5.3.1. Background	17
5.3.2. Community Engagement and Asset Management	18
5.4 City of Oregon City, Oregon, USA	19
5.4.1. Background	19
5.4.2. Community Engagement and Asset Management	21
5.5 City of Elmhurst, Illinois, USA	23

5.5.1. Background	23
5.5.2 Community Engagement and Asset Management	23
5.6. Village of Lake in the Hills, Illinois, USA	24
5.6.1. Background	24
5.6.2. Community Engagement and Asset Management	25
5.7. City of Boston, Massachusetts, USA	26
5.7.1. Background	26
5.7.2. Community Engagement and Asset Management	26
5.8. Town of Wakefield, Massachusetts, USA	28
5.8.1. Background	28
5.8.2. Community Engagement and Asset Management	29
5.9. Town of Castle Rock, Colorado, USA	29
5.9.1. Background	29
5.9.2. Community Engagement and Asset Management	30
5.10. City and County of Broomfield, Colorado, USA	33
5.10.1. Background	33
5.10.2 Community Engagement and Asset Management	33
5.11. Learnings from Host Organisations	33
5.11.1. Interactive Websites	34
5.11.2 Citizen Commissions	34
5.11.3 Advisory Committees	35
5.11.4 Customer Surveys and Market Research	35
6. Levels of Public Participation	36
6.1 The International Association for Public Participation	36
6.2 Observations of Public Participation at Host Councils	37
6.3 Local Government Act 2020	37
7. Conclusions	39
7.1 Introduction	39
7.2 Conclusions	39
7.2.1 Community Engagement	39
7.2.2 Asset Management	44
8. Recommendations	46
8.1 Victorian Local Government Sector	46
8.2 Colac Otway Shire	46

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The foundation was established in 1966 to provide opportunities for Engineers, and now a wider range of public works professionals, to enhance their technical and management skills. The key way that this is achieved is by the awarding of annual scholarships for research and for study tours.

The trustees volunteer their valuable time to govern the foundation and to assist study tour participants with the planning and execution of their research. In 2019 this included one of the trustees, Warren Roberts, investing his time to travel to the USA with the tour to ensure the smooth management of the busy schedule.

In addition, the author wishes to thank Colac Otway Shire for its valuable support in allowing him to undertake the scholarship.

1. Foreword

In 2019 the Municipal Engineering Foundation of Victoria (MEFV) awarded three scholarships to public works professionals for travel to the USA and Canada for a study tour of topics that would progress the field of public works in Australia.

The study tour included attendance at the American Public Works Association (APWA) Conference in Seattle. The theme of the conference was; *It Starts Here*.

The study tour visited Councils, public authorities and private companies in and near:

Vancouver BC, Canada
Portland, Oregon, USA
Chicago, Illinois, USA
Boston, Massachusetts, USA
Denver, Colorado, USA

The scholarship awardees were:

Lachlan Johnson, Manager Maintenance and Operations, City of Port Phillip

Subject: Technological innovation in local government.

A goal of the study tour is to examine how technological innovation can help Port Phillip continue to provide an amazing place to live and work in the face of the significant population growth it faces in the future. Of particular interest are Smart City initiatives and technologies that are helping infrastructure work more efficiently as well as innovative technologies for infrastructure design and management such as Building Information Modelling and Digital Engineering.

Kurt Pitts, Coordinator Roads and Infrastructure, City of Manningham

Subject: Smart Cities – Smart maintenance and asset management of key infrastructure

The objective of this study topic is to investigate various Smart City technologies and initiatives with the aim of assisting Manningham City Council and other Victorian municipalities with the management of key infrastructure through improved methods of maintenance and asset management. Of particular interest is innovative technology and collaboration with autonomous vehicles, as well as opportunities for smart sensors within key infrastructure

Tony McGann, General Manager Infrastructure and Leisure Services, Colac Otway Shire

Subject: Asset management leading into long term financial Planning (LTFP) and community engagement to help Councils make the tough decisions

Colac Otway's biggest challenge is to set up for long term financial sustainability. To do this it needs to improve asset management and Officers need to give Councillors the information they need to make strategic decisions which will often be hard to make. The organisation needs to better engage with our community so that it can have input into service levels, understand the costs that flow from those service levels and the choices the Council is faced with. The goal of this study tour is to investigate innovative international approaches to engagement and asset management.

2. Executive Summary

2.1 Background

This driver for this North American Study Tour, and this report which results from it, is the financial sustainability of the Colac Otway Shire and potential learnings for Victorian Local Government.

The financial sustainability of all Local Councils including the Colac Otway Shire will be dependent upon decisions made by the Council on setting property rates and prioritising how those rates are to be invested in services and in things such as assets.

In order to enable the Council to make rational decisions designed to provide long term sustainability the organisation it employs must give balanced and considered advice. This advice would take account of the views of the wider community and also include the technical and financial expertise that officers are employed for.

Colac Otway Shire is similar to many Victorian Councils in that it:

- a) Has a maturing asset management system which is not fully operational.
- b) Is becoming aware of the concept of service provision driving asset provision.
- c) Is facing financial constraint with the application of rate capping.
- d) Had a history of significant rate rises prior to rate capping, which preconditioned the community for rate capping.
- e) Is an organisation with a “capacity to pay” issue, reflective of the socio economic status of the community.

To put this into context, further to point (e) above, in the last three years COS has adopted rate rises of 0.67%, 2.0% and 0.5%. Each of these rises was less than the State Government imposed rate cap in those years of 2.00%, 2.25% and 2.50% respectively.

In the view of the author there are hard decisions to be made as Colac Otway Shire faces the perfect storm of scarcity of money, low population growth and density, and aging assets. On a broader perspective it is recognised that these types of challenges are generally impacting all Victorian Local Governments.

2.2 Asset Management at a Mature Level

When an organisation has reached a mature level of asset management it would be able to demonstrate:

- a. A complete asset register.
- b. Regularly updated condition data for assets.
- c. Asset Management Plans for broad asset categories, e.g. Transportation which:
 - i. result from community engagement on service levels.
 - ii. forecast future asset condition based on different investment strategies.
- d. Capital investment decisions which are based on an Asset Management Strategy, such strategy being the strategic direction set by the balancing of needs and risks in all of the Asset Management Plans.
- e. A Long Term Financial Plan which is aligned with the Asset Management Strategy and vice versa.

Colac Otway Shire is on the journey toward mature asset management but an audit of it and four other Councils by the Victorian Auditor General's Office in 2019, showed that Colac Otway, and the sector, still has a long way to go.

2.3 Community Engagement and Participation

This report refers to the International Association for Public Participation (IAP²) framework which is useful for planning the type and level of public participation suitable for a given situation.

The system encourages the authority managing a project or service to decide upon the goal of the engagement and then make a promise to the community as to what the result of the engagement will be. The promises made to the community can vary between:

Level on IAP ² Spectrum	Promise to the Community
Inform	We will tell you what we are doing.
Consult	We will keep you informed and provide feedback.
Involve	We will work with you to ensure that your concerns are reflected in the options presented and we will provide feedback.
Collaborate	We will use your advice to the maximum extent possible in making the decisions.
Empower	We will do what you tell us to do.

Table 1 – IAP² Summary

The study tour examined the type of community engagement used at different organisations and these varied widely, as shown below.

2.3.1. Interactive Websites

This method was used by the City and County of Broomfield with their website “Broomfield Voice”.

Using this method, the organisation can simply load onto the website any plan, policy, strategy or proposal that it needs feedback on. Registered users are then able to consider the material and provide responses and feedback.

Interactive websites are suitable for point in time responses to a given proposal, document or plan.

2.3.2 Citizen Commissions

Citizen Commissions were used by the City of Elmhurst, near Chicago. They establish short term commissions to deal with a single, complex and sensitive issue.

The commission, chosen by the Mayor, is supported by expert help and, after considering information, it makes a recommendation to the Council, which is usually adopted.

Citizen Commissions are a useful mechanism to use for shared responsibility for decision making on critical and controversial issues.

2.3.3 Advisory Committees

Advisory Committees or Boards were used widely by the City of Oregon City, Town of Wakefield and the Town of Castle Rock.

Advisory Committees are established as ongoing bodies for the medium term to consider information and then provide advice back to Council on a particular area of interest or service type. Examples include water and transport. The difference between these committees and a Citizen Commission is that the Committee is broader and is an ongoing concern.

Advisory Committees are suited to journey based collaborative work on issues or projects.

2.3.4 Customer Surveys and Market Research

This method has been used successfully by the City of Portland, Oregon. They used a market research company to survey a statistically representative sample of the community. The community members were asked a number of service level related questions which gave the organisation a very good idea of what community expectations were.

These service level expectations were then translated by asset managers into capital and maintenance investment proposals for the Council to decide upon.

The City of Elmhurst and the Town of Castle Rock also used customer surveys to understand community priorities and satisfaction and to guide resource allocation.

Customer surveys are a useful tool for research into Service Levels sought by the community.

2.3.5 Local Government Act 2020

The following excerpts are taken from a Department of Land, Environment, Water and Planning (DELWP) publication titled Local Government Act 2020 Principles, Community Engagement, included as Appendix 1. It gives useful context to the requirements of the new Act in relation to community engagement.

The Local Government Act 2020 (“the Act”) has, at its core, the aim of ensuring all Victorians have the opportunity to engage with their council on local priorities and the future of their community.

Community engagement seeks to better engage the community to achieve long-term and sustainable outcomes, processes, relationships, discourse, decision-making, or implementation. To be successful, it must encompass strategies and processes that are sensitive to the community-context in which it occurs.

2.4 Conclusions on Public Participation and Engagement

Public participation in decision making should be used if it is believed that a given decision will be improved by engaging the community. In the author’s opinion the Local Government sector has had an entrenched approach to community engagement and consultation, especially in the field of infrastructure.

This approach has been to concentrate on a few mainstay methods, such as:

- a) Engaging with special interest groups and
- b) Public advertising calling for submissions related to a proposal.
- c) The Town Hall meeting where the loudest voices were listened to.

The context that we now find ourselves in means that these older and simpler methods are not sufficient to provide information upon which Councils can make asset management decisions which lead us to long term financial and service sustainability. That context includes factors such as the new Local Government Act, rate capping, widening service offering, aging infrastructure and changing demographics.

Because of this context the competition for funds is stronger than it was in the past. So in an environment where not all of the community's wants will be able to be satisfied our asset managers will need to lead the effort of providing rational advice to Councils based on the needs of the community. Mature engagement with the community will be a key to understanding those community needs.

The levels of public participation should be understood by staff and politicians and should be consciously considered before work on an activity or project commences. The recommendation and subsequent decision relating to the level of public participation should be made clear to the community or interest groups involved in order to set clear expectations around how the participation will proceed.

The author's conclusions from the study tour resulting from the scholarship are:

- a. there are engagement methods that are readily able to be adopted by the sector. These methods are able to be selected from a "menu" so as to meet the requirements of the situation and the organisation.
- b. Community engagement must be developed as a key skill in asset managers and become part of the organisation's DNA.
- c. The Local Government Act 2020 will be highly beneficial in raising the understanding and practice of community engagement and legislating that it happens. This in turn should lead to better decision making and resource allocation by the sector.

The combination of mature community engagement and rational asset management skills will lead to improved financial and service level sustainability.

2.5 Conclusions on Leadership in Asset Management

The methods of funding Local Government capital works in North America were more complex (for instance Council levied fuel tax) than our system in Australia. With that complexity, however, it seemed that there were great opportunities.

The impact of leadership on asset management seemed to be a key factor which cannot be ignored. We saw both the presence and absence of leadership in action.

The absence of leadership was observed because at most Councils asset management was not practiced across all assets under the control of the Council because it was not mandated from the top. In Victoria it is now mandated from the very top by the Local Government Act 2020. The common situation was that infrastructure assets were actively managed using rational principles and systems whereas assets such as buildings and parks were not.

We did see many examples of focussed and strong leadership:

- a. At the District of West Vancouver, their leader has been on an asset management journey for the last 13 years. This has had had setbacks but the leader has communicated a strong vision about the destination.
- b. At the City of Portland, we saw a leader who had built and empowered an organisation that is operating at a very high level in innovating the methodology of service level setting.
- c. At the Town of Castle Rock, we saw a leader who has initiated real efforts to engage with the community on service levels, ensure that service levels dictated asset provision and that performance results were reported back to the community.

- d. At Village of Lake in the Hills we saw an inspirational leader who has ensured that everyone in the organisation works on asset management even though nobody has it as their sole job description.
- e. At the City of Elmhurst we spoke to the Mayor who understands that by establishing Citizen Commissions on tricky issues and delegating power to the community he will get measurably better decisions.
- f. At the City of Boston, we saw a leader who has established a culture of innovation and excellence in service which makes that organisation an employer of choice.

One of the things these places had in common were long term leaders who were committed to long term sustainability in service through asset management.

2.6 Recommendations

It is recommended that Victorian Councils:

1. Develop the understanding and capability of community engagement methods within their staff and Councillors such that it becomes a core ability.
2. Consider the creation of shared Community Engagement service centres which would become regional centres of excellence and expertise that member Councils could access.
3. Include Community Engagement as a key component of all strategic, capital investment and reporting work.
4. Develop agreed Service Levels with their communities for all external facing services.
5. Develop Asset Management Plans for all assets that work within available financial resources and include 10-year capital investment plans.
6. Develop overarching Asset Management Strategies incorporating Asset Management Plans.
7. Develop Long Term Financial Plans which incorporate their Asset Management Plans.

At a local level it is recommended that within 3 years the Colac Otway Shire will, using current resources prepare:

1. A Community Engagement Plan which demonstrates the resourcing required.
2. Agreed Service Levels with the Community across all externally focussed services.
3. Asset Management Plans for all assets that incorporate available financial resources and include 10-year capital investment plans.
4. Overarching Asset Management Strategy incorporating all Asset Management Plans.
5. A Long Term Financial Plan that incorporates the Asset Management Plans.
6. It is recommended that to improve decision making for the work which Colac Otway Shire is undertaking in Recommendations 1 to 5 above that the following community engagement actions be taken by Colac Otway Shire:

Asset Management Task	Community Engagement Tool
Agreed Service Levels with the Community	Customer surveys market research. (City of Portland)
Asset Management Plans for all assets that incorporate available financial resources and include 10-year capital investment plans.	Citizen Commission to review all plans as a single exercise and advise Council. (City of Elmshurst) Interactive website to collect feedback on draft Council decision. (City of Bloomfield)
Overarching Asset Management Strategy incorporating all Asset Management Plans	Utilise Citizen Commission Interactive website to collect feedback on draft Council decision.
A Long Term Financial Plan that incorporates the Asset Management Plans.	Interactive website and/or Citizen Commission to collect feedback on draft plan. Utilise Citizen Commission to review and advise on Draft Plans.

3. Introduction

3.1 The Reason for this Study Tour Topic

The genesis of this report came from three challenges, all related to the author’s work as General Manager Infrastructure and Leisure Services for the Colac Otway Shire.

The first challenge was scarcity of funding.

The second challenge was the management of a low use, poor condition asset that had come to the end of its life.

The final challenge related to the requirements and opportunities around community engagement and long term financial planning that were part of the draft Local Government Act in the State of Victoria.

In addition, in 2019 Colac Otway Shire was selected by the Victorian Auditor General’s Office (VAGO) to take part in a study of asset management compliance in Victorian Local Government. The other Councils selected were Darebin, Hindmarsh, Mildura and Nillumbik.

Average data confidence by asset class

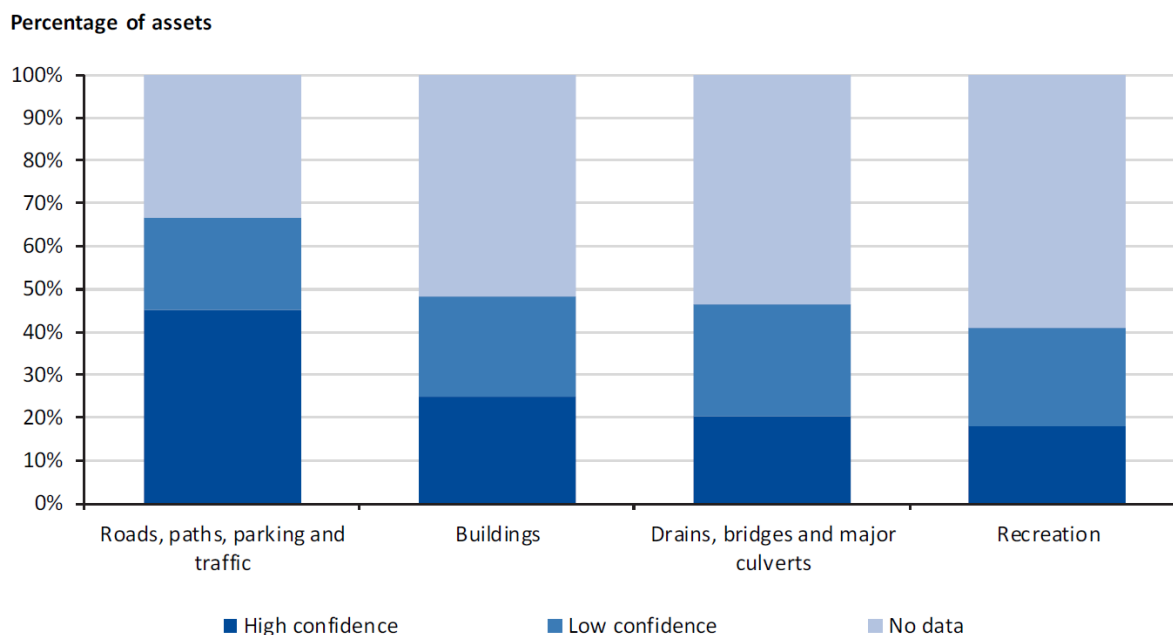


Figure 1 – extract from Victorian Auditor General Report: Local Government Assets, Asset Management and Compliance

The study rated the Council’s level of maturity across 27 asset management parameters and activities. VAGO rated Colac Otway’s asset management performance as follows:

- Competent or better 0
- Establishing 5
- Aware 18
- Innocent 4

The potential of Colac Otway Shire to shift performance to the Competent or Establishing ratings will be heavily reliant on its ability to meaningfully engage with the broader community, establish a long term financial plan and find a way to establish service levels.

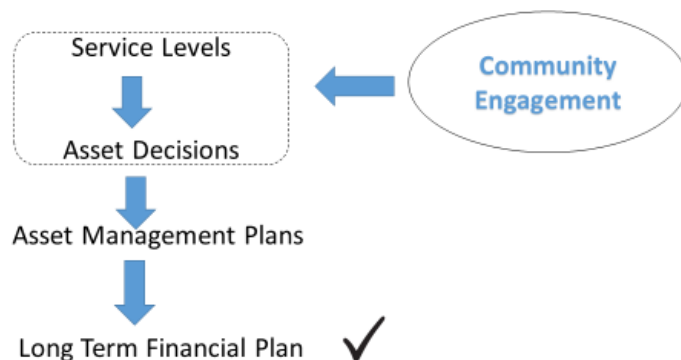


Figure 2 – Engagement and Asset Management Map

3.1.1 The funding challenge for Victorian Councils – Using Colac Otway as a reference

Colac Otway Shire is similar to many Victorian Councils in that it:

- Has a maturing asset management system which is not fully operational.
- Is becoming aware of the concept of service provision driving asset provision.
- Is facing financial constraint with the application of rate capping.
- Had a history of significant rate rises prior to rate capping, which preconditioned the community for rate capping.
- Is an organisation with a “capacity to pay” issue, reflective of the socio economic status of the community. Colac Otway is in the lowest 25% of the national Socio-Economic Indexes for Areas (SEIFA).

Further to point (e) above, in the last three years COS has adopted rate rises of 0.67%, 2.0% and 0.5%. Each of these rises was less than the State Government imposed rate cap in those years of 2.00%, 2.25% and 2.50% respectively.

Table 2 below shows three scenarios for rate rises within COS, covering a 10-year period from 2017/2018 to 2026/2027. Only the last two scenarios are now possible.

Scenario 1 shows the rates that would have been collected had the rate rise been equal to the rate cap and projects that forward for 10 years.

Scenario 2 shows the effect of what has happened to date and assumes that the rate cap is adopted in future and assumes that rate cap to be 2.5%.

Scenario 2 shows the effect of what has happened to date and assumes that the rate rise adopted is 0.5% for the remainder of the 10-year period.

For the purposes of this exercise the rate revenue collected in 2016/2017 was used as a starting point. That amount was \$23.623M which excludes charges, such as the Waste Management Charge.

Year	Scenario 1 State Govt. Rate Cap Resulting Rate Revenue \$000	Scenario 2 Adopt Rate Cap Future Resulting Rate Revenue \$000	Scenario 3 0.5% Rate Rise Future Resulting Rate Revenue \$000
2016/2017	\$23,623	\$23,623	\$23,623
2017/2018	\$24,095	\$23,781	\$23,781
2018/2019	\$24,638	\$24,257	\$24,257
2019/2020	\$25,254	\$24,378	\$24,378
2020/2021	\$25,885	\$24,988	\$24,500
2021/2022	\$26,532	\$25,612	\$24,623
2022/2023	\$27,195	\$26,253	\$24,746
2023/2024	\$27,875	\$26,909	\$24,869
2024/2025	\$28,572	\$27,582	\$24,994
2025/2026	\$29,286	\$28,271	\$25,119
2026/2027	\$30,019	\$28,978	\$25,244
Total	\$269,351	\$261,009	\$246,511

Table 2 - Colac Otway Shire, 10-year Rate Revenue Scenarios

It can be seen from Table 1 that the effect of adopting rate rises which are less than the rate cap is:

Smallest effect, Scenario 2 – Reduced funding of \$8.3 million

Biggest effect, Scenario 3 – Reduced funding of \$22.8 million

Of course there could be a scenario with a bigger effect if Council chose no rate rises for an extended period. The future decisions of Council, and hence the quantum of funding, are immaterial to this report. What is material being that there will be less funding available to the future Councils of Colac Otway Shire than there would have been.

The “flip side” of the funding coin, and the view of the Council, is that Council, by resolving a rate rise less than the cap, ensured that community members each had additional money to spend or invest as it saw fit.

The real world effect of the reduced funding, let us say \$8.3 million could be any number of things including the following, which are significant for the Colac Otway community:

- a) 8 km of rural road not able to be reconstructed (renewed) or
- b) Regional sports centre for soccer and baseball not constructed (new).

The rating decision made by the Council concentrated on the income side of the sustainability issue. With better information, or more time, the Council may have chosen to ensure that income kept pace with inflation, by adopting the rate cap, but to recast how that money was spent. In that way it could have delivered what it thought was greater value to the community. By restricting future income, the capacity to deliver services or works is impacted.

So, what could the organisation have done better? What lessons can be learnt?

3.1.2 Low Use, Poor Condition Assets

The second challenge which resulted in the author seeking a more effective way to manage assets for the community involved a public hall.

The hall had been constructed in 1915 and was very important to the local area. The district had, in the last 100 years, seen farm consolidation, improved transport options and changing

recreation options result in much reduced use of the hall. The hall was located in farmland rather than in a township.

The hall had effectively reached the end of its useful life and had, in fact, been the subject of an Emergency Order from the Municipal Building Surveyor. Estimates to renew the hall to a standard where it could be used by the public were of the order of \$400,000.

Council officers determined that the low use of the hall to provide services could not justify the investment required to renew it. This was particularly so given there were two other recently renewed halls both within townships and both within a 15-minute drive. Hence this was a classic “low use, poor condition” asset management problem.



What followed was a prolonged period of public conflict between officers, Council and the local community near the hall.

This prompted the author to wonder whether there was a more effective way to engage with the wider community. The engagement would be around the services levels we could afford, and which we actually needed, driving decisions. We would draw up the minimum asset portfolio required to deliver those services.

Figure 3 – Low Use, Poor Condition Asset.

That asset investment would then inform the Long Term Financial Plan which could essentially be a 10-year budget, delivering certainty to the community.

The key aspect here is the wider community. That is because if we only engage with the group that has a vested interest in a service or an asset we are not getting an understanding of the view of the whole community and that can lead to poor prioritisation of what we have already seen are scarce resources.

3.1.3 The new Local Government Act 2020

The Local Government Act 2020 requires Councils to prepare long term strategic documents.

“Councils are required to work with their communities to develop long-term visions, 4-year council plans and budgets, and 10-year financial and asset plans.

Mayors will need to lead discussions with the community on these plans and report back on progress each year.

This will improve services and build community confidence through increased engagement, transparency and accountability. Councils will need to ensure they have a clear process for engaging communities and giving them the opportunity to shape big decisions.”

Reference: Local Government.vic.gov.au website

The Act includes requirements for Councils to prepare:

- Asset Management Plans (10 years).
- Long term financial plans (10 years).
- Long term capital investment plans (10 years).
- Medium term budgets (4 years).
- Community engagement policies and plans.

In the view of the author these requirements will be highly beneficial to communities and align strongly with the need to improve asset management performance across the sector.

3.1.4 Summary of factors

In the view of the author there are hard decisions to be made as Local Government has to adapt to the new environment and more specifically for Colac Otway Shire as it faces the perfect storm of scarcity of money, low population growth and density, and aging assets. These factors are held in common with many other Victorian Councils.

The author was interested to see whether Councils in North America had succeeded in working constructively with the wider community, rather than against small sections of it, in such a way that the community itself had played a key role in setting service levels and making the hard decisions.

The aim of this study tour and this report was to learn from the experience of other organisations to help Victorian Local Governments on their journey towards long term financial and service sustainability through more mature community engagement and asset management.

3.2 Report preparation

This report has been written based upon information collected at site visits to Councils and other organisations, and subsequent communication with them, as well as from presentations made at the APWA Conference in Seattle.

The Study Tour team visited or met with the following organisations and are in debt to the staff and political leaders who met to discuss our topics of interest:

- a) Port of Vancouver, British Columbia, Canada.
- b) City of Vancouver, British Columbia, Canada.
- c) District of Vancouver West, British Columbia, Canada.
- d) City of Portland, Oregon USA.
- e) City of Oregon City, Oregon USA.
- f) Village of Oak Park, Illinois USA.
- g) City of Elmhurst, Illinois USA.
- h) Village of Bensenville, Illinois USA.
- i) Village of Lake in the Hills, Illinois USA.
- j) Village of Clarendon Hills, Illinois USA.
- k) City of New Bedford, Massachusetts USA.
- l) City of Boston, Massachusetts USA.
- m) Town of Wakefield, Massachusetts USA.
- n) Town of Castle Rock, Colorado USA.
- o) National Renewal Energy Laboratory, Colorado USA.
- p) Panasonic Smart City, Denver Colorado USA.
- q) City of Broomfield, Colorado USA.

4. American Public Works Association (APWA) Conference, Seattle 2019

The 2019 American Public Works Association Conference and Expo (PWX) was held in Seattle, Washington. The theme was: It Starts Here.



Figure 4 - Expo Hall, American Public Works Association Conference and Expo

Speakers at the conference delivered presentations on a wide range of topics. The conference highlighted at least two major differences in the local government environment between North America and Australia.

First, because North American Municipalities typically provide services such as water supply and sewer treatment they typically have a very strong engineering and infrastructure focus.

Second, the peak body, APWA, benefits from significant leadership involvement, attendance and financial investment from the private sector. The private and public sectors seemed to work very closely together with the common aim of genuine service to the community.

5. Learnings from Host Councils

5.1 Common Features of North American Councils

The organisations visited all offered more services than their Victorian counterparts in that they were responsible for water, sewer, fire and police departments. One City with a 1.5km by 4km footprint was responsible for its own Police Department. Some were also responsible for traffic signalisation and tram services.

The author's observations were that in this environment:

1. Organisations were more siloed and asset management activity was decentralised and of varying maturity across different departments.
2. Engineering is highly valued as a profession within the organisation.

Most of the organisations visited do not have any staff dedicated to the specific practice of asset management. Despite that, we observed that asset management for Public Works assets such as water, sewer, drainage and roads was fairly mature. On the other hand, recreation and building asset management were often managed by the service owner with less convincing results.

Most of the Councils visited were organised such that transport assets were not funded from general (property) rates. As set out in the examples below this has resulted in the creation of some very innovative methods of revenue generation.

5.2. District of West Vancouver, British Columbia, Canada

5.2.1. Background

The District of West Vancouver is an affluent urban community with an older population of 42,000 people within an area of 87 square km. A \$2M home pays approximately \$5,000 in rates.



Figure 5 – Road repairs in the District of West Vancouver

The District had a period in the late 90's and early 2000's where low or zero rate rises became the norm. This led to a situation where there was insufficient funding to maintain and replace assets, specifically water and sewer.

Councils in British Columbia are required by legislation to develop a 5-year Financial Plan.

Our visit was facilitated by Ray Fung, Director Engineering and Transportation.

5.2.2 Community Engagement and Asset Management

When the low rate rises started to have an impact on Public Works the District engaged with the community and explained the asset management situation. It proposed to introduce 10% per year rate rises to address maintenance and renewal needs in water and sewer assets. With this additional income it established an Asset Levy. The Asset Levy established governance as to how the funds resulting from the rate rises could be spent. The community saw this as a good "safety measure" to protect their money.

The organisation engaged with ratepayers' associations, which are very active in West Vancouver and utilised online budgeting tools that community members could access and provide input through.

In asset management the organisation is on a journey which started in 2007.

Asset Management Journey

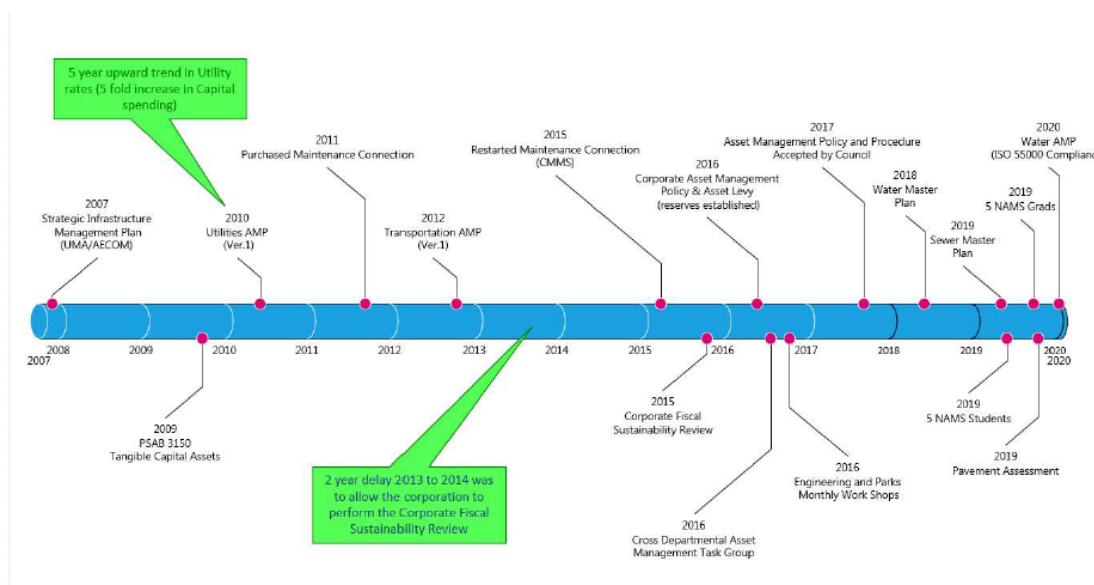


Figure 6 – District of West Vancouver, Asset Management Journey

Figure 6 shows that the organisation is on an asset management journey which involves a planned program of financial sustainability reviews, master planning, developing of policies and training of staff. The journey will see the District achieve ISO 55000 compliance in 2020.



The general rates are used to fund Police, Fire and Park services. Water and Sewer services are funded by specific service rates. Transportation is funded by parking and fuel taxes. The City has the power to and does levy its own fuel tax.

5.3.2. Community Engagement and Asset Management

The City of Portland uses two main methods of engagement. The first is market research as used by PWB where a representative sample of the community is asked a series of questions relating to service levels. The second method, used by PBOT, is Citizen Advisory Committees of which they have 27.

The example below from PWB shows how customer reliability requirements have been translated into renewal requirements which have then been installed into the 10-year capital works plan.

Figure 8 Aerial Tram serving Public Hospital

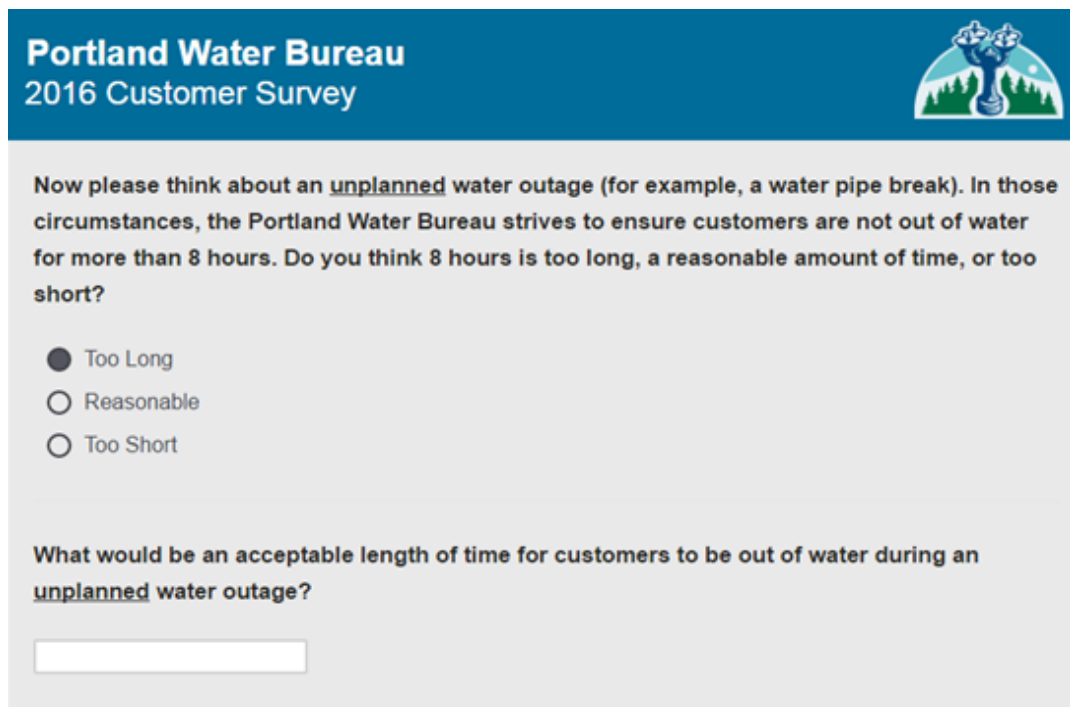


Figure 9 - Portland Water Bureau Customer Survey

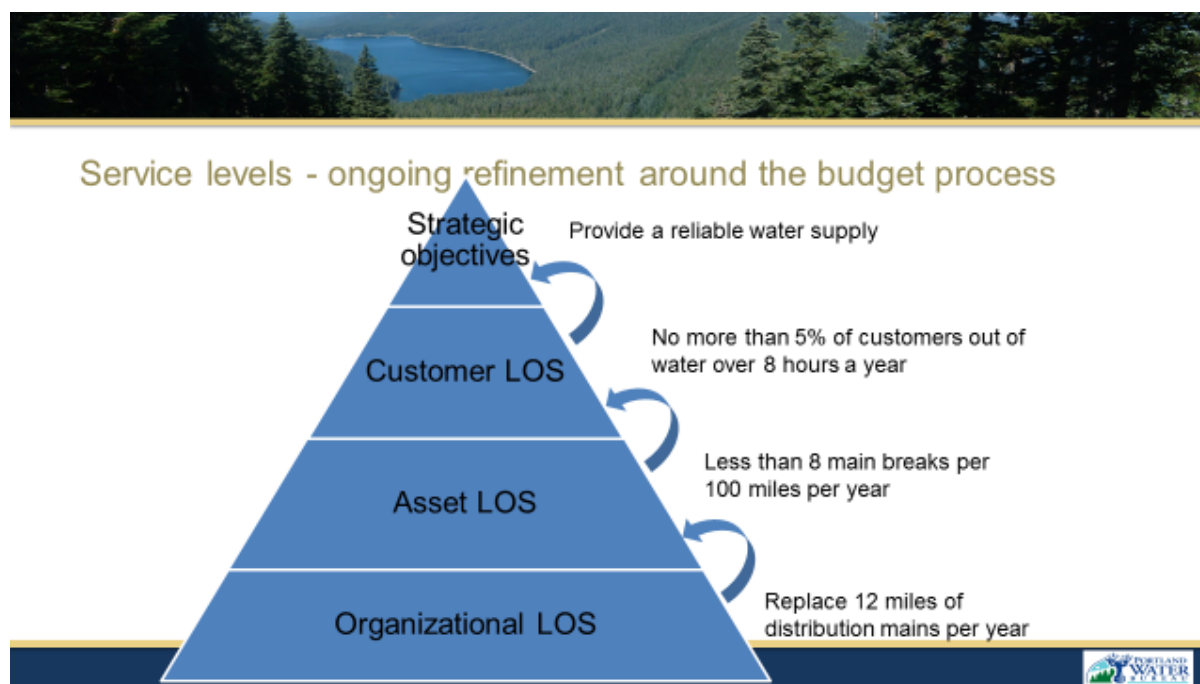


Figure 10 – Portland Water Bureau, Levels of Service.

The Portland Water Bureau manages over \$8B in assets.

There was an Australian connection at Portland with two of their asset management staff; Mert Muftago and Doug Stewart having worked in that field with GHD in our country.

5.4 City of Oregon City, Oregon, USA

5.4.1. Background

The City of Oregon City is located 31 km from Portland. The City has a population of 35,000 people and is a discrete City that is separated from Portland by countryside.

The organisation size appeared to be very compact, which made it highly relevant to Colac Otway Shire.



Figure 11 – Oregon City Municipal Elevator

In 1990 Oregon City voters approved a property tax limitation that was very tight and controls to limit property taxes have continued ever since. In the intervening 30 years property tax limitations have impacted public agency's ability to raise funding for basic government services. It could be argued that this environment has similarities to rate capping in Victoria.

Our hosts explained that it was this financial scarcity which had led the administration to become innovative in relation to sources of funding. Two examples set out below illustrate that.

Oregon City have a Right of Way Program which involves charging utility companies for the use of the Right of Way. The phone company, for instance, is charged 6% of the revenue they earn in the Right of Way, hence the City essentially is paid 6% of the phone company revenue. This measure alone funds approximately 30% of the cost of the transport infrastructure.

The City also applies a System Development Charge to any new home or building. This helps fund new infrastructure in the City, not restricted to the area in which the property is constructed. The charge for a new home is \$33,000.

5.4.2. Community Engagement and Asset Management

The City has established a nine-member Transport Advisory Committee as well as a number of other advisory committees. The committee meets monthly and provides advice to the City Commission or council. Members of the committee volunteer and are selected by the Mayor.

It is supported by staff in the form of agendas, data, analysis and minutes. Its main role is to consider and advise on the City Transportation System Plan, which is the City's guiding plan for future needs.

Discussion with staff indicated that the committee is a great engagement method when the volunteers are passionate, focus on policy and receive good guidance from the elected Commissioners.

The organisation has an asset management system which they regard as being mature for an organisation of their size. They have established strong links between their Geographic Information System (GIS) and their asset management activity.

As an example the page copied from their website in Figure 11 below shows the construction projects planned for the summer of 2019. These maps are equipped with links which show plans for the projects as well as timeline photos and traffic counts. As an aside the GIS also shows the planning and building permit history for any property.

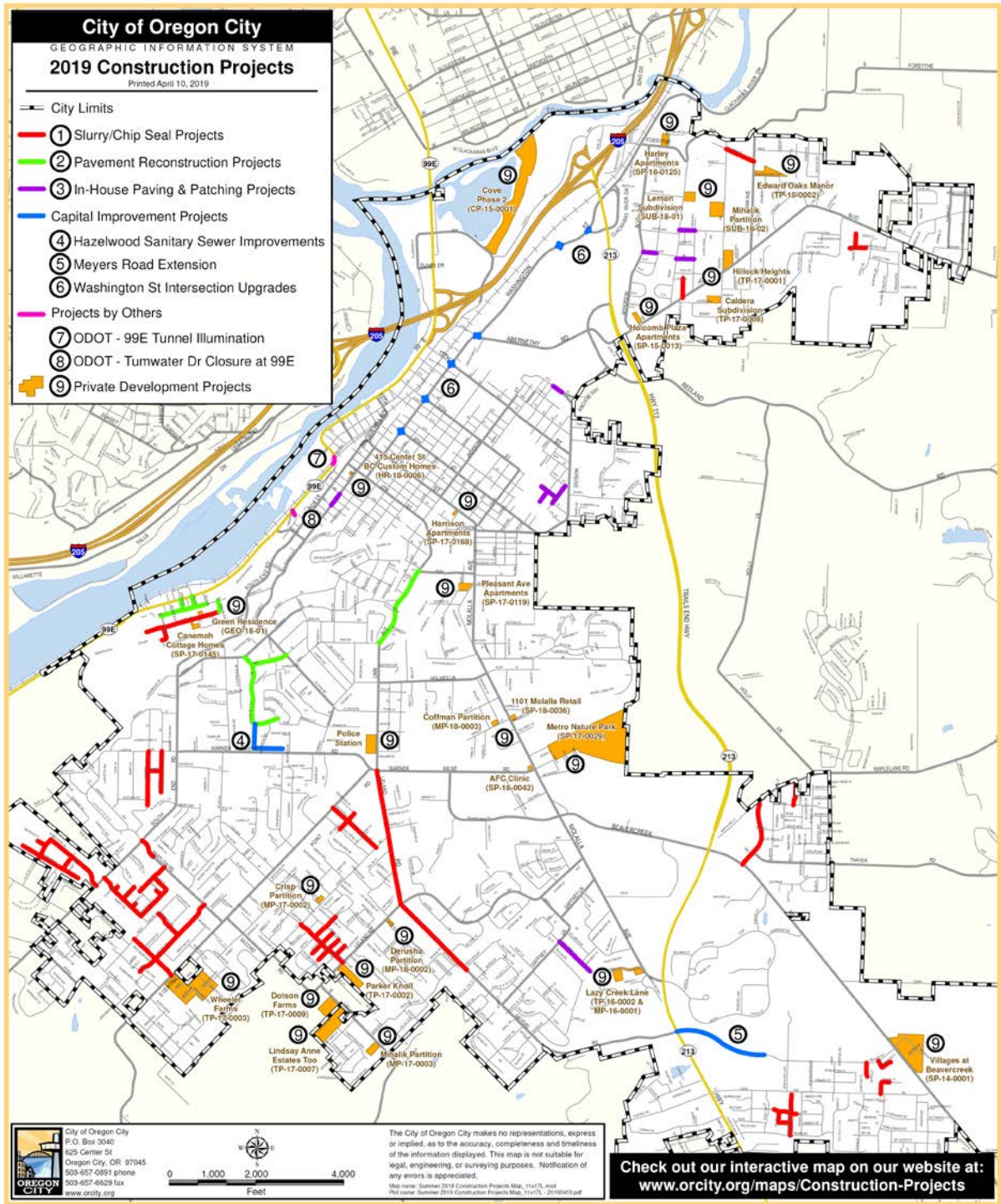


Figure 12 – City of Oregon City construction projects interactive webpage

The City has a decision making process which is masterplan driven. Hence there are 10 year Masterplans for a very wide range of infrastructure, including water and sewer, transport and stormwater.

Each masterplan is a statement of the future needs and wants for that asset class. The approach is for the Masterplans to be adopted and then the funding of the plans be considered as a separate exercise. This tends to create a tension as the two sides of asset management; service level and capacity to pay are not integrated or balanced. Having said that, the existence of Masterplans for assets was seen to be a major step forward.

Like many sites we visited, the City has a silo approach to funding assets and does not have an overarching asset management strategy.

5.5 City of Elmhurst, Illinois, USA

5.5.1. Background

The City of Elmhurst is in the Chicago suburbs and is located 25km from the Chicago CBD. It is a socially and economically diverse community with a population of 47,000 people.

An interesting piece of trivia is that although close to Chicago the City's website does include a section for residents to report Coyote sightings.

Our visit was hosted by the City Manager, James Grabowski.



Figure 13 – Elmhurst CBD

5.5.2 Community Engagement and Asset Management

Discussions with the City Mayor, Steve M Morley, indicated that there were two key methods used to engage with the community on service provision.

The first of these used to engage on significant issues is the use of Citizen Commissions.

A Citizen Commission will typically involve a large number, in the order of 30, community leaders. They will be assembled and provided resources with which to prepare an advisory report to Council on a single issue. Council then takes that report into consideration when making its decision.

In the opinion of the Mayor this method typically improves the quality of decision making by the Council. It also leads to better acceptance of the decisions due to the fact that a wide range of non-elected community leaders and their organisations and networks tend to support the decision of Council.

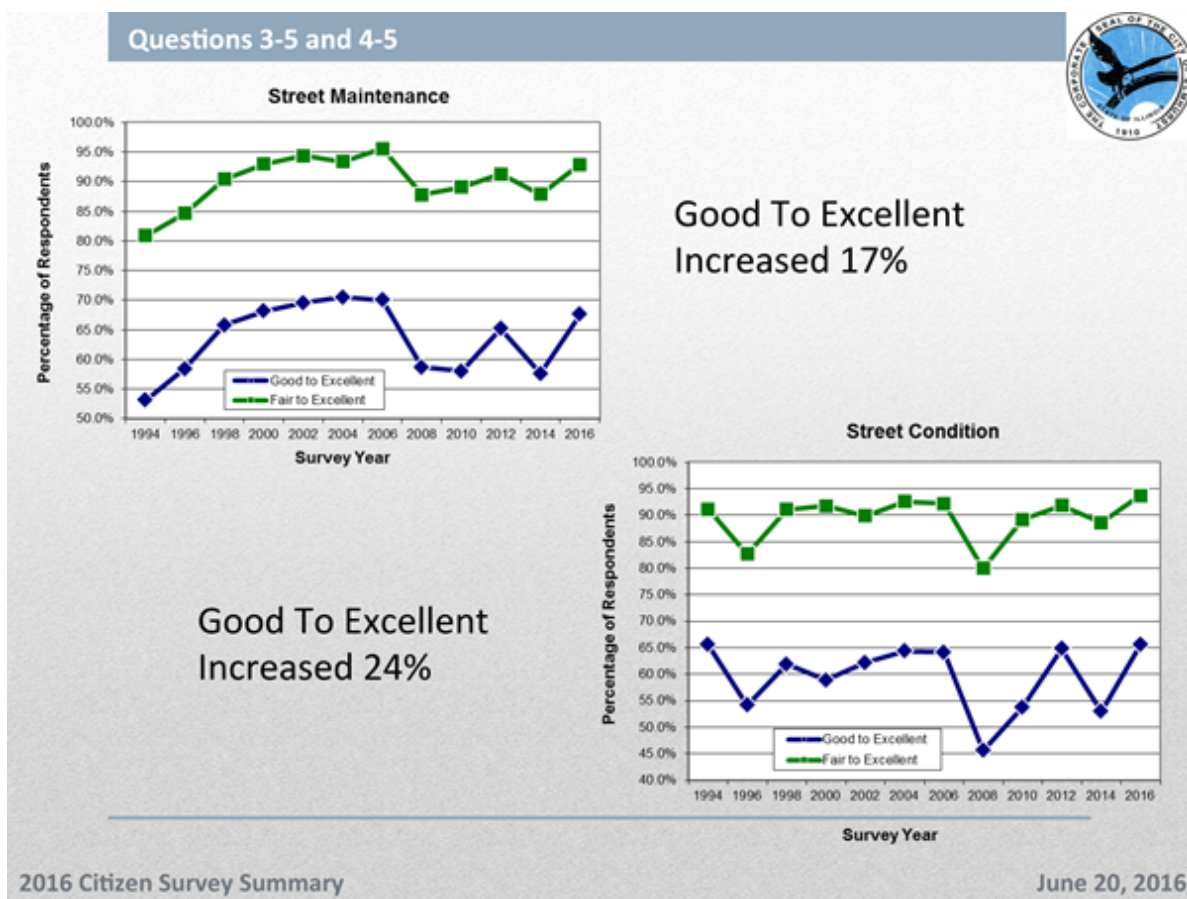


Figure 14 – City of Elmhurst Citizen Survey

The second method of engagement used by the City is their Citizen Survey, which has been conducted every two years since 1994. It surveys a range of issues and the community satisfaction with a wide range of services and long term trend data is easily available.

The survey results are used as a direct input into the formation of the City Budget, investing in areas where there is a gap between community expectations and current performance.

5.6. Village of Lake in the Hills, Illinois, USA

5.6.1. Background

The Village is located 73km from the centre of Chicago. In 1923 the Village consisted of just 5 holiday homes. It now has a population of 28,000 people and is famous in the Local Government sector for the growth that occurred in the 1990's of 17,000 people. This was one of the highest rates of growth, 400%, in the USA for that decade. Since the year 2000 the population has grown steadily from 23,000 people.

Our visit was hosted by Dan Kaup, who is the Director of Public Works.

Like many other Councils we visited Lake in the Hills is not able to access land taxes (rates) to pay for capital investment. These are funded by utility taxes and fuel taxes levied directly by the Village.



Figure 15– Village of Lake in the Hills

5.6.2. Community Engagement and Asset Management

In relation to community engagement the Village has established key performance indicators (KPIs) in order to communicate to the residents what their level of service goals are for each of the services provided. They conduct an annual service satisfaction survey offered to all residents on whether they feel the organisation is meeting required service levels.

On the asset management front the Public Works Department of the Village is quite mature and is focussed on inexpensive means of asset management. This seems to stem both from the smaller population but also from the fact that a high proportion of the asset portfolio is quite new, due to the 1990's growth period.

Leaders ensure that all staff members participate in asset management. While the management staff build the asset management plans and policies, their front line staff are a part of the process as well. This includes work such as building asset inventories, performing maintenance inspections, updating the data collected for the plans and helping create the specifications for asset replacement. Everyone understands that active asset management is a philosophy, and a way of doing business rather than just something that everybody else does.

That said, there are no staff that have the title “Asset Management” as their job. Everyone interacts with the asset management software, but there is no position dedicated only to asset management. All their maintenance workers have a tablet with which they record all interactions with Village assets, the administrative support staff update asset records in the asset management software (Cartegraph) on a daily basis and management staff audit all work performed. But no one single person solely works on asset management. Rather, asset management is a department-wide effort.

Roads are inspected by electronic survey every 4 years and other assets are inspected every 3 years. In relation to roads, the Village has set targets for the average segment condition and minimum segment condition for the network. The Village works to a five-year Capital Investment program.

The five-year capital plan is predicated solely on replacement cycles determined through best management practices and historical replacement needs. However, when an asset is one year away from scheduled replacement, the staff references the asset inventory data to determine if the replacement is warranted. Likewise, if an asset degrades sooner than the replacement schedule estimated it would, the asset is replaced earlier than scheduled. From that perspective the ongoing asset condition analysis, which is part of their asset management program, is directly responsible for when an asset is replaced through their capital program.

5.7. City of Boston, Massachusetts, USA

5.7.1. Background

The City has a population of 695,000 people who live in a 128 square km area. It is the Capital of the State of Massachusetts.

As expected from a Capital City Council the organisation is well served by human resources which are able to be applied to developing and implementing innovations to service. The population is very diverse and historically this seems to have resulted in the unintentional provision of different service levels to different neighbourhoods as will be shown below.

Our visit was hosted by Chris Osgood, who holds the position of Chief of the Streets, which is the equivalent of Chief of Police. He explained that the City has many residents who are leaders in their own business and service fields and who expect very high service levels from the City. He explained that the prevailing culture was; “there’s so much more we can be. We don’t love the status quo; we can get better at what we do.”

5.7.2. Community Engagement and Asset Management

Katie Choe, Chief Engineer, presented at PWX and it was highly beneficial to be able to speak in more detail with her, at our site visit to the City, about the StreetCaster program developed by her team. It is a really powerful example of the intersection between asset management and community engagement. It was designed to bring equity to footpath repairs.

As mentioned above, The City of Boston has a very diverse population and a big gap between the incomes in their affluent and poor neighbourhoods. Asset management showed that they had a backlog in footpath repairs of \$405M with an annual renewal investment of \$11M. Hence this was an issue that required a lot of prioritisation of resources allocation.

On the face of it, the City has a program called “311” whereby citizens could simply call in or register on an App the location of footpath faults. The City would then schedule the necessary repairs as well as it could within the available budget.

Data analysis, however, indicated that the condition of footpaths in the affluent neighbourhoods was much better than in the poor neighbourhoods and they set out to understand why this was the case.

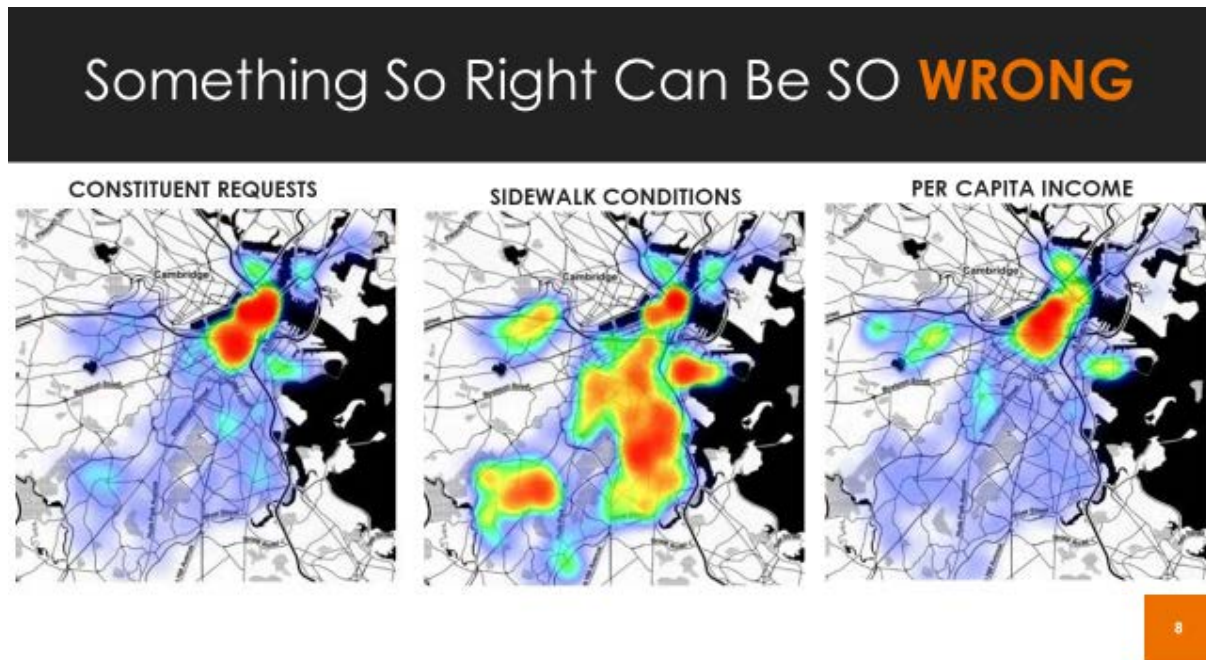


Figure 16 – City of Boston, Heatmap Analysis of Footpath Repairs

Figure 16 shows the strong correlation between per capita income and requests for footpath repairs. It also illustrates that footpath condition is poorer where per capita income is lower.

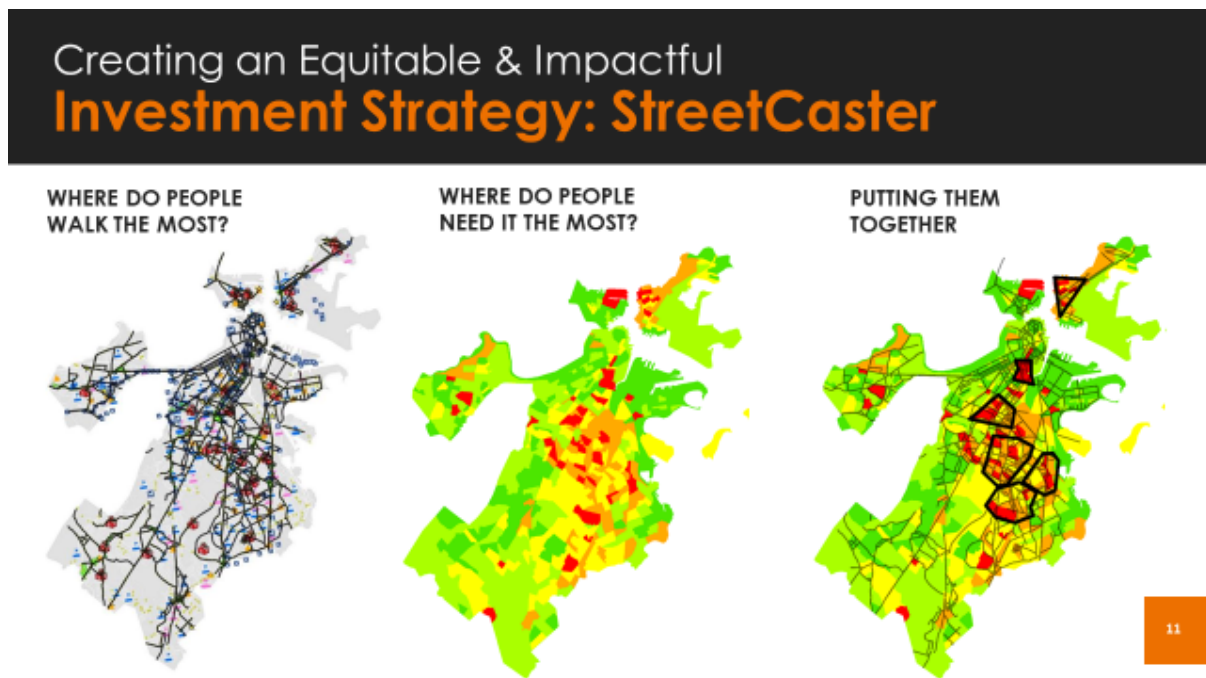


Figure 17 – City of Boston, Equitable Investment Map

Figure 17 uses mapping to overlay footpath traffic and the criticality of being able to walk by footpath. The intersection of these sets forms a suggestion as to where scarce funds should be expended.

The City had been focussing their repair activity on customer requests logged into their “311” system. Data analysis then showed them that although the measured average condition of footpaths was worse in poor areas they received less “311” complaints from those poorer

communities. In contrast, the more affluent neighbourhoods had less faults but registered those faults very quickly and comprehensively.

The City then asked itself a couple of powerful questions and represented the answers on their asset management system:

- a. Where do people walk the most? and
- b. Where do people need to walk the most to get to school or work?

This work showed that in order to deliver more equitable service using the same resources the City would need to reprioritise works so that work was focussed on need rather than requests through the “311” system.

The staff then engaged directly with different communities to explain the way they intended to manage work in the future.

The City also uses what it calls Beta Blocks. These are neighbourhoods which have registered to be used to trial innovative solutions in service provision or asset management. Beta Blocks have also been used to test community opinion on issues as seemingly straightforward as the methodology used to repair footpaths.

5.8. Town of Wakefield, Massachusetts, USA

5.8.1. Background

Wakefield is a town of 27,000 people located on Lake Quannapowitt and situated 20 km from Boston. It was first settled in 1638. Our visit was hosted by former Director of Public Works, Richard Stinson and the current Director, Joe Conway.



Figure 18 – Wakefield Town Hall

Wakefield operates under the New England form of government, which exists only in six states; Massachusetts, Maine, Connecticut, New Hampshire, Rhode Island and Vermont, all in the north east of the country.

The New England form of government traces back to the 17th Century and is a form of Democratic Rule. Democratic Rule is characterised by Town Meetings where all citizens are able to attend to vote on major issues such as the setting of budgets and policy. These meetings are held twice per year in Wakefield and usually attract in the order of 500 people to vote. The elected Council is empowered to enact the strategic direction set by the citizens. This is in contrast to Representative Rule where elected representatives are empowered to set the strategic direction and make major decisions as in Victoria.

The town has a culture of volunteering, a sense of ownership, which seems to flow on from the Democratic Rule. This culture sees community groups and the Chamber of Commerce raise money to pay for streetscape works, playground construction and tree planting, activities which would usually be funded by rates in our context.

5.8.2. Community Engagement and Asset Management

There is a strong system of community engagement in Wakefield, far beyond what we could imagine in our system of Local Government. The Town Meeting, at which annual budgets are set, is an obvious feature.

To avoid failing at these key meetings the organisation is geared to deliver a broad and deep engagement package. The Director of Public Works typically serves a dozen citizen committees and works with them to set priorities and draft budgets. This involves after hours meetings two nights per week throughout the year, ramping up to four nights for the February and March prior to the Town meeting.

The community engagement extends to the appointment of senior officers where the Director of Public Works was selected by a panel of nine people chosen from the organisation and from the community.

5.9. Town of Castle Rock, Colorado, USA

5.9.1. Background

The Town of Castle Rock is an affluent, fast growing City of 70,000 people located 50km south of Denver Colorado. Our visit was hosted by Director of Public Works, Dan Sailer.

The City has capacity for approximately 140,000 people and is growing at 800 homes per year on average. This full build out capacity is based on existing zoning rights associated with property that has been annexed into the Town limits. Actual build out population will depend on market conditions and has historically been less than zoning rights allow.

We were told that the town is a place where a large percentage of residents work outside the town and similarly, a large percentage of people who work in the town live outside of its limits.



Figure 19– Town of Castle Rock

In common with a number of municipalities visited on the study tour, Public Works at Castle Rock are not funded by general rates, which are in the order of \$3,000 for a \$500,000 home. Public works are instead funded mainly by sales tax and a charge of \$30,000 for the construction of a new home. These charges are known as Impact Fees and vary based on the size of a residential house, or new commercial building. Impact Fee rates are also different for each category.

5.9.2. Community Engagement and Asset Management

The Town has established five Advisory Commissions to improve community engagement in key delivery areas. These are:

- a) Water Commission.
- b) Parks and Recreation Commission.
- c) Public Art Commission.
- d) Public Safety Commission.
- e) Public Works Commission.

The role of the Commissions is to review information, gather public input and make recommendations in an advisory role to Town Council. The Town Council is the primary political body that makes final decisions on Town policy issues, and approves the annual Town budget.

Commissions typically have seven members who serve 2 year terms for a maximum of three terms. They meet once per month and are assisted by senior staff as well as two Council members, who act as liaisons between the Commission and Town Council.

The Town also undertakes a detailed community survey every two years to help it prioritise budgets and works. As an example, in the last survey the residents said that they valued parks more highly than the fire or police services.

The Public Works area seemed to be quite advanced in its thinking and practice of asset management. The figures below indicate that they have set levels of service for a number of parameters within each asset type with specific targets for performance. The organisation then reports to the community each year via a report card for the performance of each asset type. This indicates a real culture of accountability.

The Town has a Strategic Asset Management Plan for all assets managed by the Public Works Department. As observed in other Councils, though, whilst the approach within Public Works was very mature this was not matched across the asset portfolio in areas such as parks or buildings, because the approach to asset management was not uniform across the organisation. At Castle Rock and other Councils it seemed that this was the result of the “champion” of an improved asset management focus residing within the Public Works Department at senior leadership level. Staff were then encouraged to focus on the process and procedures of the infrastructure assets they were responsible for managing.

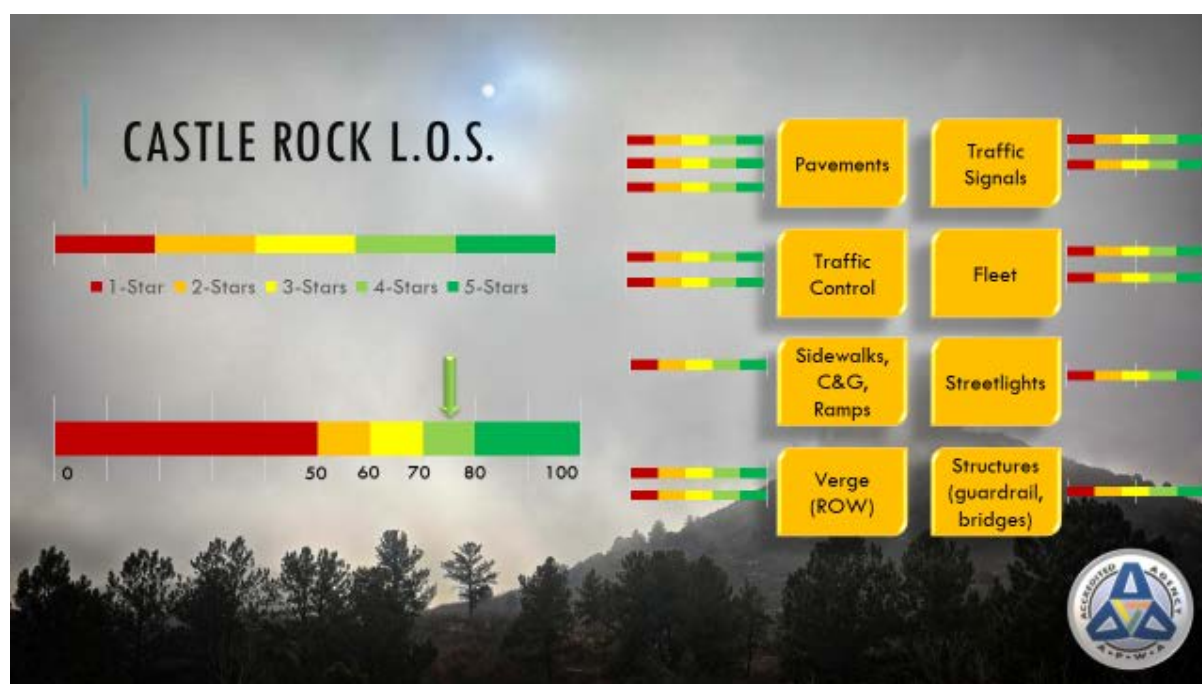


Figure 20 – Town of Castle Rock, Levels of Service, Star Rating

Figure 20 indicates the various asset types where levels of service have been set.

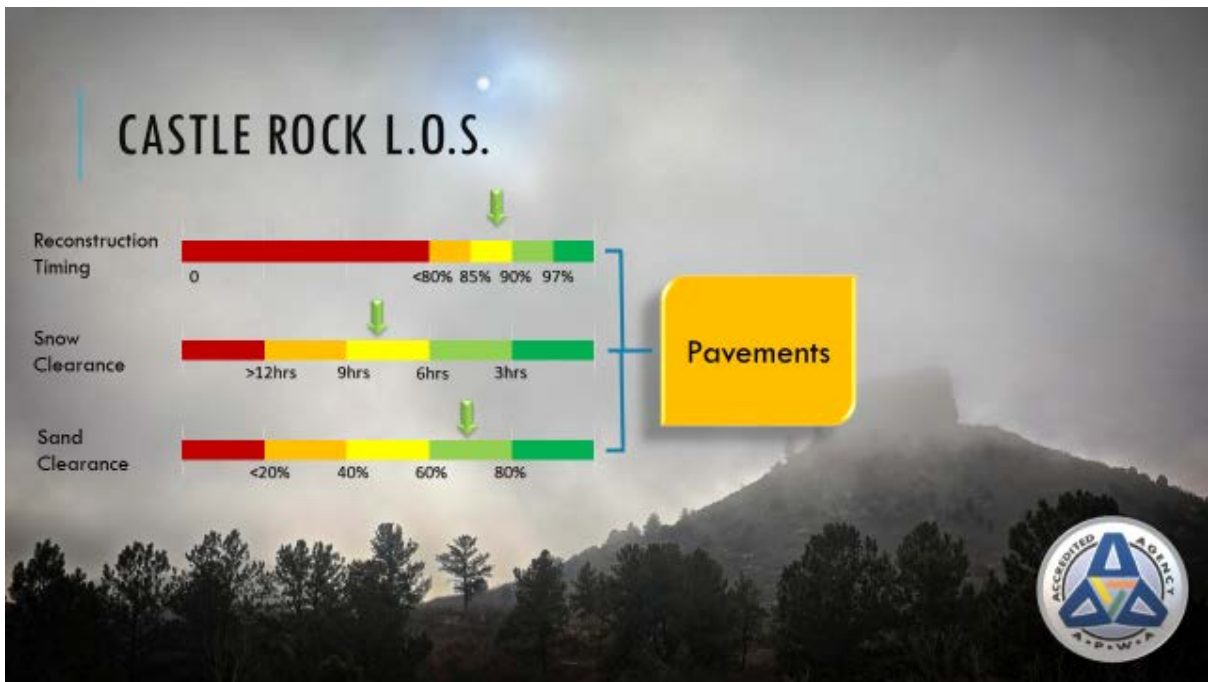


Figure 21 – Town of Castle Rock, Level of Service Rating for Pavements

Figure 21 moves into the next level of detail and illustrates the approach to Pavements. It shows the three parameters by which pavement performance will be measured and shows the current level of service for each of those.

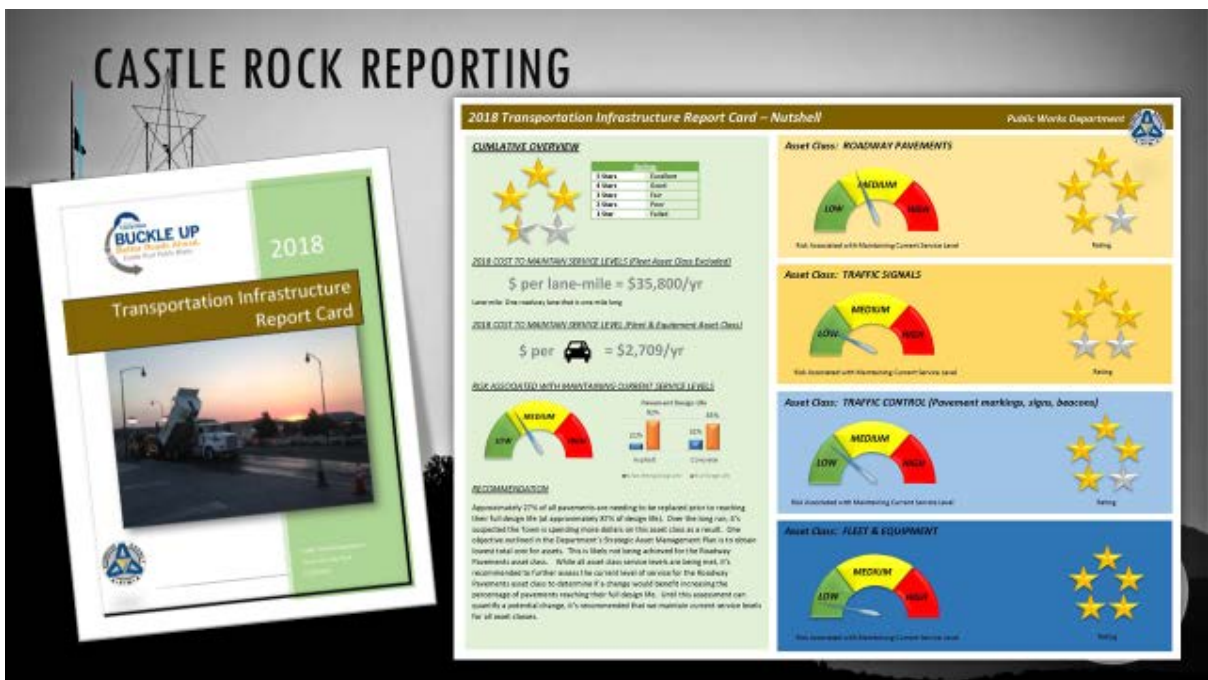


Figure 22 – Town of Castle Rock, Asset Reporting

Figure 22 illustrates the Report Card that is given to the community each year. It reports the current service level and the costs of maintaining that service level as well as making recommendations about future actions.

5.10. City and County of Broomfield, Colorado, USA

5.10.1. Background

The City and County of Broomfield has a population of 68,000 and is located 30km north of the capital, Denver. It is an affluent area experiencing significant growth. Our visit was hosted by Kimberley Dall who is the Deputy Director of Public Works for the City.

Their status as a County means that in addition to the normal functions of a north American municipality they are also responsible for the operation of a jail.



Figure 23 – Broomfield, Colorado

5.10.2 Community Engagement and Asset Management

A key feature of Broomfield’s community engagement is their innovative interactive website “Broomfield Voice”.



Figure 24 – Broomfield Voice

Residents are able to register as users of the site and provide feedback on budget priorities, upcoming projects and policy direction. Staff indicated that the use of the website had been low and that it had been a low value source of information for them to date.

The City of Broomfield is Masterplan and Community Engagement driven.

It has Masterplans for each asset type and if a proposed project does not have a Masterplan basis then it is usually not supported by Council.

To support decision making the City has 16 Boards or Commissions on subjects from Public Art to Open Space and Trails. Staff reported that this engagement tool gave Council confidence that it was getting a good understanding of what the community wants from its Government.

5.11. Learnings from Host Organisations

The context of our host organisations across two countries and several states varied significantly. They were of different sizes and served diverse communities. They operated under different funding environments and even under different forms of governments.

The purpose of the study tour was to investigate examples where community engagement had led to setting of service levels which led to fit for purpose assets planned for in a long term financial plan.

In the technical aspects of asset management; data collection, analysis, modelling and forecasting, the level of practice in North America is not ahead of that in Australia, in the author's opinion.

It was not apparent that organisations had overarching asset management plans or plans for each asset class. Generally, there were asset managers of classes such as water supply and transport that had embraced asset management but other managers had not done so. In addition, even when there were asset management plans these were not always linked to the long term financial plan for the organisation.

The previously mentioned diversity is useful for the study purpose as it generated a wide array of methodology of community engagement methodology designed to arrive at service levels for their communities. The author's conclusion is that some of these engagement methods and some of the simple communication of service levels are transferable and useful in the Australian context and will be useful for different situations. These are discussed below.

5.11.1. Interactive Websites

This method was used by the City and County of Broomfield with their website "Broomfield Voice".

Using this method, the organisation can simply load onto the website any plan, policy, strategy or proposal that it needs feedback on. Registered users are then able to consider the material and provide responses and feedback.

An advantage of this method is that unlike some other methods it is not resource hungry. Another is that individuals give their input, not influenced by a town hall crowd.

An obvious disadvantage is that the people giving feedback are not chosen at random or statistically significant. The opposite is true; in fact, they self-select. In socially diverse communities this could be a significant problem in terms of the community representation achieved. Effectively this is what happened at the City of Boston where they found themselves repairing footpaths in wealthy neighbourhoods far more than in poor ones, simply because those living in wealthy areas used the technology more and expected a higher level of service.

5.11.2 Citizen Commissions

Citizen Commissions were used by the City of Elmhurst, near Chicago. They establish short term commissions to deal with a single, complex and sensitive issue.

The commission, chosen by the Mayor, is supported by expert help and, after considering information, it makes a recommendation to the Council.

An advantage of this method is that it utilises existing leaders in the community across a wide array of organisations and sectors. They are then able to collect data and opinions from their communities and to disseminate information back to them.

Another advantage is that it allows various community leaders to serve the City even though they might not be able to or wish to stand for elected office.

A key advantage of this method is that when the final decision is made by Council it already has significant support, or at a minimum, understanding, in key community organisations. This is likely to lead to increased acceptance of the decisions in these complex matters.

5.11.3 Advisory Committees

Advisory Committees or Boards were used widely by the City of Oregon City, Town of Wakefield and the Town of Castle Rock.

Advisory Committees are established as ongoing bodies for the medium term to consider information and then provide advice back to Council on a particular area of interest or service type. Examples include water and transport. The difference between these committees and a Citizen Commission is apparent and these are established for a different purpose.

Advisory Committees tend to be staff resource hungry. It is important that they remain focussed at the strategic level rather than being drawn into minor issues or personal hobby horses. Members self-nominate due to the medium term commitment required.

The committee system appears to be an extremely useful method of building understanding, over a sustained period, within the community around complex ongoing issues such as asset management. If used correctly it would seem to offer the same advantages; dissemination into the wider community, greater acceptance of decisions, for long term direction setting as Citizen Commissions can do for a single sharp question.

5.11.4 Customer Surveys and Market Research

This method seems to have been used successfully by the City of Portland, Oregon. They used a market research company to survey a statistically representative sample of the community. The community members were asked a number of service level related questions which gave the organisation a very good idea of what community expectations were.

These service level expectations were then translated by asset managers into capital and maintenance investment proposals for the Council to decide upon. The outputs were easy to understand, for example:

- a. if the community says that they are only prepared to accept that water supply failures will happen this often for this length of time (Customer level of service) then;
- b. the Engineers say “we can only have this many pipe failures per year” (Asset level of service) so;
- c. “we need to replace this many miles of pipe each year” (Organisation level of service) and;
- d. it will cost “this much”.

The City of Portland found many advantages with this approach. Staff were able to respond to what they knew the broad community expected from the system and plan for that level of service. The Council knew that in setting a particular budget it would be satisfying community demand. The system was aligned to broad community view, rather than particular interest groups or the loudest voices.

The City of Elmhurst and the Town of Castle Rock also used customer surveys to understand community priorities and satisfaction and to guide resource allocation.

The market research expertise to undertake these surveys would not sit inside most Councils and so there will be a cost associated with this work. Having said this, the focus on

engagement in the new Local Government Act might see this become a core skill in Councils.

The key advantage of this approach is that the organisation is able to understand the overall views of the entire community, rather than those of a particular interest group. There will be situations where it is necessary to work with an interest group (designing a sports facility) and situations where the wider community should be engaged (prioritising how much of the budget should be spent on sports).⁶ Levels of Public Participation

6.1 The International Association for Public Participation

The International Association for Public Participation (IAP²) has a mission to advance the practice of public participation. To achieve this mission, the association operates in Australasia, Canada, Indonesia, Italy, Latin America, Southern Africa and the USA.

Community engagement is not equal to public participation. IAP² has established a useful framework for planning the type and level of public participation suitable for a given situation.

The system encourages the authority managing a project or service to decide upon the goal of the engagement and then make a promise to the community as to what the result of the engagement will be. This is communicated as a spectrum of possibilities and is set out below.

IAP² Spectrum of Public Participation



IAP²'s Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

INCREASING IMPACT ON THE DECISION					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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Figure 24 – IAP² Spectrum of Public Participation

Hence the promises made to the community can vary between:

- a. We will tell you what we are doing, to
- b. We will do what you tell us to do.

6.2 Observations of Public Participation at Host Councils

As we have seen the Town of Wakefield, Massachusetts, operates under the New England form of government which dates back to the 17th Century. This form of government, born from a distrust of distant government power is called Democratic Rule, as opposed to Representative Rule.

The form of government at the Town of Wakefield leads to public participation levels at the Empower Zone. This is evidenced by the Town Meetings where the citizens vote on budgets and strategic issues and tell the elected representatives and organisation what to do.

It is interesting to note that the system at Wakefield, which is almost 400 years old is highly aligned to the most evolved level and responsive level of public participation in our current day system.

The establishment of Citizen Commissions at the City of Elmhurst to help the Council decide on key issues that were sensitive or complex and required community buy in would seem to be closely aligned to the Collaborate Zone where the City is promising to incorporate community advice and recommendations into their decisions to the maximum extent possible.

We saw Citizen Advisory Committees established at the City of Oregon City, Oregon and the Town of Castle Rock, Colorado. The operation of the committees would seem to sit in the Consult or Involve Zones of the spectrum. At these levels the organisation is looking to obtain feedback from the community and to understand community concerns, before making decisions.

6.3 Local Government Act 2020

The following excerpts are taken from a Department of Land, Environment, Water and Planning (DELWP) publication titled Local Government Act 2020 Principles, Community Engagement, included as Appendix 1. It gives useful context to the requirements of the new Act in relation to community engagement.

The Local Government Act 2020 (“the Act”) has, at its core, the aim of ensuring all Victorians have the opportunity to engage with their council on local priorities and the future of their community.

Community engagement seeks to better engage the community to achieve long-term and sustainable outcomes, processes, relationships, discourse, decision-making, or implementation. To be successful, it must encompass strategies and processes that are sensitive to the community-context in which it occurs.

The process of working collaboratively with and through groups of people affiliated by geographic proximity, special interest, or similar situations to address issues affecting the well-being of those people is a powerful vehicle for bringing about positive change that a community is invested in. It often involves partnerships and coalitions that help mobilise resources and influence systems, change relationships among partners, and serve as a catalyst for changing policies, programs, and practices.

Community engagement encompasses a range of practices and processes, from a simple online poll, through to elaborate citizen juries. The Act does not define any type of community engagement that councils must employ; however, it does ensure that, at a minimum, a council use and deliberative engagement practices in developing certain documents and processes, including strategic and financial plans.

Community engagement, when well-planned and genuine, can be a positive and productive practice. The intent of the Act is to encourage this by assisting councils to build capacity in deliberative engagement and for it to become usual practice, rather than an exceptional exercise.

7. Conclusions

7.1 Introduction

The aim of this study tour and this report was to learn from the experience of other organisations to help Victorian Local Governments on their journey towards long term financial and service sustainability through more mature community engagement and asset management.

As explained elsewhere in this report there are hard decisions to be made as Colac Otway Shire balances scarcity of money, low population growth and low population density, and aging assets.

The aim was to see whether other Councils had succeeded in working constructively with the wider community in such a way that the community itself had played a key role in setting service levels and making the hard decisions.

In addition, the author was looking for examples where this engagement on service levels had led to mature asset management practice which aligned with a Long Term Financial Plan, to lock in sustainability.

The engagement challenge is that if we engage only with, for example:

- a. The small number of people who use a little used public hall or;
- b. The property owner of an undeveloped bush block who is the only party to gain access from a bridge that requires an \$800,000 renewal investment.

Then we can predict what they will tell us in the engagement process. The challenge and the opportunity is to engage not only with the people with a direct interest but with the wider community.

7.2 Conclusions

7.2.1 Community Engagement

There are different aspects of asset management and different organisational contexts that will benefit from using different engagement approaches or tools. For instance, there will be aspects where a deliberative approach such as a Citizen Commission will be very useful and others where a representative sample of the wider community should be surveyed.

It is likely that the correct form of community engagement can improve the value of the decisions made by Council by an amount greater than the cost of undertaking the engagement.

The table below sets out the advantages, disadvantages and likely uses of the different engagement tools encountered on the study tour.

Engagement Method	Discussion	Advantages	Disadvantages	Suitable application
<p>Interactive websites</p>	<p>The organisation loads onto the website any plan, policy, strategy or proposal that it needs feedback on. Registered users are then able to consider the material and provide responses and feedback.</p> <p>This method would be in the <u>Consult</u> area of the IAP² Spectrum</p>	<p>It is not resource hungry.</p> <p>Individuals give their input privately, not influenced by a town hall crowd.</p>	<p>The people giving feedback are not chosen at random or statistically significant.</p> <p>Might not meet with engagement from certain demographic groups.</p>	<p>This method would be suitable as a “Point in Time” response to a given proposal, document or plan.</p>
<p>Customer surveys and market research</p>	<p>Market research companies, or trained staff, can be used to survey a statistically representative sample of the community.</p> <p>The community members are asked a number of service level related questions which gives the organisation a very good idea of what community expectations are.</p> <p>Customer surveys can also be used to understand community priorities and satisfaction and to guide resource allocation.</p> <p>This method would be in the <u>Consult</u> area of the IAP² Spectrum</p>	<p>The key advantages of this approach are:</p> <p>It is fast.</p> <p>Staff would then be able to respond to what they know the broad community expects from the system and plan for that level of service.</p> <p>The Council knows that in setting a particular budget it would be satisfying genuine community demand.</p> <p>The system will be aligned to the broad community view, rather than particular interest groups or the loudest voices.</p> <p>These service level expectations would then be translated by asset</p>	<p>The market research expertise to undertake these surveys would not sit inside most Councils and so there will be a cost associated with this work.</p> <p>(Whilst recognising this factor it may be possible to achieve the survey outcomes by training staff and equipping them with simple survey tools.)</p>	<p>This method is suitable for research into Service Levels sought by the community.</p>

Engagement Method	Discussion	Advantages	Disadvantages	Suitable application
		managers into capital and maintenance investment proposals for the Council to decide upon.		
Advisory Committees	<p>Would be established as ongoing bodies for the medium term to consider information and then provide advice back to Council on a particular area of interest or service type such as transport or buildings.</p> <p>This method would be in the <u>Collaborate</u> area of the IAP² Spectrum</p>	<p>The committee system appears to be extremely useful method of building understanding within the community around complex ongoing issues.</p> <p>The advantages are; dissemination of knowledge into and from the wider community with possible greater acceptance of decisions.</p>	<p>Advisory Committees tend to be staff resource hungry.</p> <p>It is important that they remain focussed at the strategic level rather than being drawn into minor issues or personal hobby horses.</p>	This method is suitable for taking community members or leaders on a journey of collaboration on issues or projects.
Citizen Commissions	<p>These are short term commissions designed to deal with a single, complex and sensitive issue.</p> <p>The commission, chosen by the Council, is supported by expert assistance and, after considering information, it makes a recommendation to the Council.</p> <p>This method would be in the <u>Empower</u> area of the IAP² Spectrum</p>	<p>An advantage of this method is that it utilises existing leaders in the community across a wide array of organisations and sectors.</p> <p>They are then able to collect data and opinions from their communities and to disseminate information and decisions back to them.</p> <p>Another advantage is that it allows various community leaders to serve the City even though they might not</p>	<p>Citizen Commissions tend to be resource hungry.</p> <p>There can be resistance to this method from elected Councillors who point out that they are the representatives of the community and they may feel as if they are surrendering control of the situation and decision making power.</p>	Shared responsibility for decision making on critical and controversial issues.

Engagement Method	Discussion	Advantages	Disadvantages	Suitable application
		<p>be able to or wish to stand for elected office.</p> <p>A key advantage of this method is that when the final decision is made by Council it should already have significant support in key community organisations, especially if the Council has largely followed the advice of the commission.</p> <p>This is likely to lead to increased acceptance of the decisions in these complex matters.</p>		

Table 3 – Engagement Method Evaluation

The levels of public participation should be understood by staff and politicians and should be consciously considered before work on the activity or project commences. The recommendation and subsequent decision relating to the level of public participation should be made clear to the community or interest groups involved in order to set clear expectations around how the participation will proceed.

Strategic decisions in local government are made by elected officials and operational matters are delegated to staff, in theory at least. One of the issues arising from the deeper zones of participation is that in Representative Rule, as is the political system in Australia, the representatives are literally elected to rule. It can be challenging for them, and understandably so, to work in the Empower Zone. This is because in that zone they agree to do what the community tells them to do, and this could be opposed to their considered opinion on an issue.

Public participation in decision making should be used if it is believed that a given decision will be improved by engaging the community. This will be the case for some decisions, such as a strategy, and will not be the case for others, such as the method by which a pothole will be repaired.

In the author's opinion the Local Government sector has had an entrenched approach to community engagement and consultation, especially in the field of infrastructure.

This approach has been to concentrate on a few mainstay methods, such as:

- a) Engaging with special interest groups and
- b) Public advertising calling for submissions related to a proposal.
- c) The Town Hall meeting where the loudest voices were listened to.

Engaging with special interest groups such as sporting clubs certainly has a role to play, especially in the delivery phase of projects, but often we see the opinion of a few drive the investment decisions that thousands are forced to pay for. What if the whole community had a chance to prioritise and size these investment decisions?

The submissions method was and still is mandated by the Local Government Act and other Acts such as the Town Planning Act, so it is not surprising that it has been a key part of the sector's toolkit.

The Town Hall meeting method, where the community arrives as a mob to discuss an issue, is an old one which is becoming less accepted, but is still used. The shortcomings of this method are that it is not conducive to the calm consideration of information and it promotes an environment where the loudest opinions become accepted as facts.

In the opinion of the author there has also been a cultural factor at work; "The Engineer knows best". In some situations, the Engineer does know best, because of their specialised skills. But in other situations it has resulted in assets that don't match service needs. For example, in our shire we have a 10m wide reinforced concrete bridge situated at the end of a 3m wide gravel access track. It is less than 10 years old.

The context that we find ourselves in now means that these older and simpler methods are not sufficient to provide information upon which Councils can make asset management decisions which lead us to long term financial and service sustainability. That context includes factors such as the public engagement requirements of the new Local Government Act, rate capping, widening of the service offering, aging infrastructure and changing demographics.

Because of this context the competition for funds is stronger than it was in the past. So in an environment where not all of the community's wants will be able to be satisfied our asset managers will need to lead the effort of providing rational advice to Councils based on the needs of the community. Mature engagement with the community will be a key to understanding those community needs.

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The author's conclusions from the study tour resulting from the scholarship are:

- a. There are engagement methods that are readily able to be adopted by the sector.
- b. These methods are able to be selected from a "menu" so as to meet the requirements of the situation and the organisation.
- c. Community engagement must be developed as a key skill in asset managers and become part of the organisation's DNA.
- d. The Local Government Act 2020 will be highly beneficial in raising the understanding and practice of community engagement and legislating that it happens. This in turn should lead to better decision making and resource allocation by the sector.

The combination of mature community engagement and rational asset management skills will lead to improved financial and service level sustainability.

7.2.2 Asset Management

The methods of funding Local Government capital works in North America were more complex than our system in Australia. With that complexity, however, it seemed that there were great opportunities.

It was common for infrastructure not to be funded by general rates but by fuel tax, sales tax and/or an impact charge (Castle Rock and Oregon City) on new home construction. Municipalities with a significant retail precinct are able to earn income from people who live outside their boundaries but who shop within them.

The impact of leadership on asset management seemed to be a key factor which cannot be ignored. We saw both the presence and absence of leadership in action.

The absence of leadership was observed because at most Councils asset management was not practiced across all assets under the control of the Council. It was not mandated from the top. In Victoria it is now mandated from the very top, by the Local Government Act 2020. The common situation was that infrastructure assets were actively managed using rational principles and systems whereas assets such as buildings and parks were not.

We did see examples of focussed and strong leadership:

- a. At the District of West Vancouver, they have been on an asset management journey for the last 13 years which has had setbacks but the leaders have communicated a strong vision about the destination.
- b. At the Town of Castle Rock, we saw real efforts to engage with the community on service levels, ensure that service levels dictated asset provision and that performance results were reported back to the community.
- c. At Village of Lake in the Hills we saw an inspirational leader who has ensured that everyone in the organisation works on asset management even though nobody has it as their sole job description.
- d. At the City of Elmhurst we spoke to the Mayor who understands that by establishing Citizen Commissions on tricky issues and delegating power to the community he will get measurably better decisions.
- e. At the City of Boston, we saw a leader who has established a culture of innovation and excellence in service which makes that organisation an employer of choice.

8. Recommendations

8.1 Victorian Local Government Sector

It is recommended that Victorian Councils:

1. Develop the understanding and capability of community engagement methods within their staff and Councillors such that it becomes a core ability.
2. Consider the creation of shared Community Engagement service centres which would become regional centres of excellence and expertise that member Councils could access.
3. Include Community Engagement as a key component of all strategic, capital investment and reporting work.
4. Develop agreed Service Levels with their communities for all external facing services.
5. Develop Asset Management Plans for all assets that work within available financial resources and include 10-year capital investment plans.
6. Develop overarching Asset Management Strategies incorporating Asset Management Plans.
7. Develop Long Term Financial Plans which incorporate their Asset Management Plans.

8.2 Colac Otway Shire

At a local level it is recommended that within 3 years the Colac Otway Shire will, using current resources prepare:

1. A Community Engagement Plan which demonstrates the resourcing required.
2. Agreed Service Levels with the Community across all externally focussed services.
3. Asset Management Plans for all assets that incorporate available financial resources and include 10-year capital investment plans.
4. Overarching Asset Management Strategy incorporating all Asset Management Plans.
5. A Long Term Financial Plan that incorporates the Asset Management Plans.
6. It is recommended that to improve decision making for the work which Colac Otway Shire is undertaking in Recommendations 1 to 5 above that the following community engagement actions be taken by Colac Otway Shire:

Asset Management Factor	Community Engagement Tool
Agreed Service Levels with the Community.	Customer surveys market research.
Asset Management Plans for all assets that incorporate available financial resources and include 10-year capital investment plans.	Citizen Commission to review all plans as a single exercise and advise Council. Interactive website to collect feedback on draft Council decision.
Overarching Asset Management Strategy incorporating all Asset Management Plans.	Utilise Citizen Commission from (b) Interactive website to collect feedback on draft Council decision.

Asset Management Factor	Community Engagement Tool
A Long Term Financial Plan that incorporates the Asset Management Plans.	Interactive website to collect feedback on draft plans. Utilise Citizen Commission to review and advise on Draft Plans.