Coorong District Council

Buildings Asset Management Plan

Version 0.2 – September 2017

AR17/17737

Schedule of Changes & Amendments

Version	Date	Changes/Amendments
V0.10	July 2016	First Draft
V1.00	September 2017	Updated Action List and align with LTFP

NB: 1. Primary number changes to Versions (e.g. V1.00 to V2.00) will be made when the document undergoes its regular review and when significant changes are made to standards and guidelines for inspections, intervention levels or work

2. Secondary number changes (V1.00 to V1.01) will apply to minor amendments that do not materially impact the document and are intended only to clarify or update issues.

Contents

1 Executive Summary

1.1 Background

The Asset Management Plan is prepared to provide a record of:

- The state of Council's infrastructure assets at the close of the past financial year;
- Key achievements in the past financial year;
- The 10-year funding required to achieve Council's adopted asset performance targets; and
- Planned Asset Management activities for the current financial year.

This Plan encompasses the Buildings asset class, including the following components.

Structure	• Roof • Sub-Structure • Super-Structure
Fitouts	• Fitouts & Fittings • Fitouts (Floor Coverings)
Services	• Electrical • Fire • Hydraulics • Mechanical • Security • Transport
Site services and Infrastructure	• Site Infrastructure • Site Services

Council buildings are classified for maintenance and renewal purposes in accordance with the following hierarchy.

Hierarchy Ranking	Description
A	Facilities that are critical to the Council's function, of major Council significance or with heritage and cultural values.
B	Facilities that provide important services to the community on a suburban or local level.
C	Non-critical and vacant buildings.

These classifications are used to determine priorities for maintenance, repair and renewal.

The Asset Management Plan is to be completed as soon as practical after the close of the financial year it is Planning on and before the budgets are set for the financial year following the year in which the

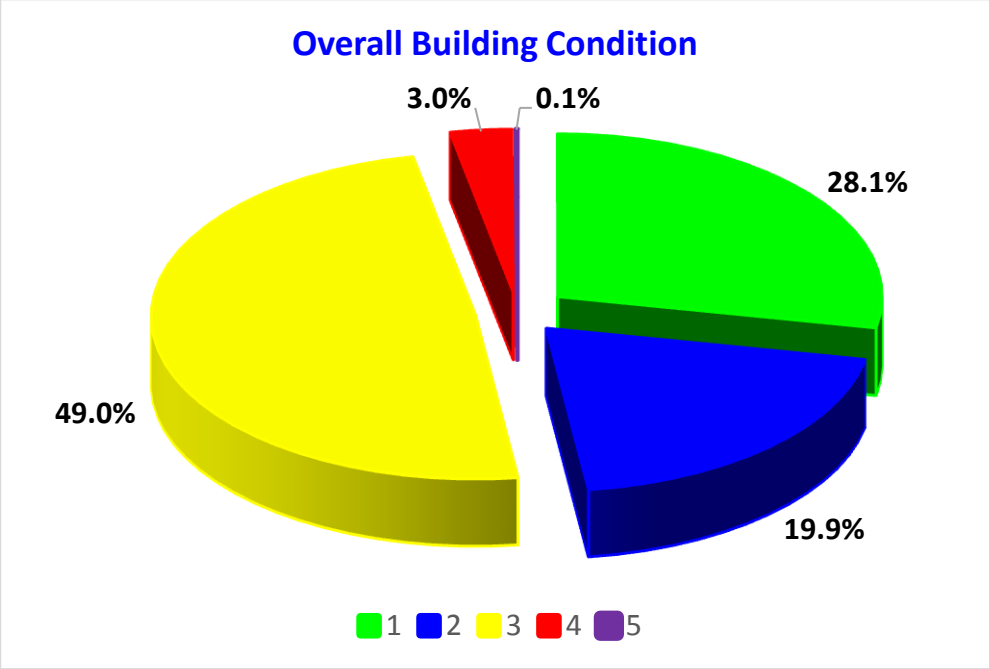
Plan is written. Ideally, the Asset Management Plan should be available to an incoming Council following an election.

1.2 Current State of Council's Assets

The Value of the CHRC Building assets as at 30 June 2017 is shown below

Asset Class	Replacement Value	Depreciation Expense	Accumulated Depreciation	Written Down Value
Buildings	$19,159,234	$446,806	$9,031,072	$10,128,162

The following charts indicate the overall condition rating for the above assets.



Condition ratings for the various Buildings are shown in **Section 2.2.** The ratings range from 1 = Excellent to 5 = Poor.

1.3 Key Achievements

Council is endeavouring to improve its practises for management of the building assets, including ongoing update of the Asset Management Plan, auditing the condition of the assets and utilising sophisticated predictive modelling for determining funding requirements for renewal of the building components.

In 2014 the construction of a new Town Hall and Administrative Centre at Tailem Bend was completed.

In 2015/16 $43,000 was allocated for renewal works at Tintinara Health & Recreation Centre.

1.4 Asset Funding Levels

The Condition Index and Remaining Useful Lives contained in the Council's Asset management System indicate that the following renewal expenditure is required over the next 10 years[1]. Further details are included in Section 5.

Year	Intervene at Condition 4
2017/18	$196,200
2018/19	$196,200
2019/20	$196,200
2020/21	$196,200
2021/22	$196,200
2022/23	$196,200
2023/24	$196,200
2024/25	$196,200
2025/26	$196,200
2026/27	$196,200
Total	**$1,962,000**

[1] Projected renewal expenditures are inclusive of applied 9% administration cost.

The CHRC Asset Financial Ratios are as follows.

Ratio	Buildings	Target
Asset Consumption Ratio	52.8%	Standard is met if the ratio >50%. Standard is improving if the ratio is between 60% and 75%
Asset Renewal Funding Ratio	100%	Standard is met if the ratio is between 75% and 95%. And is improving if between 95% and 105% and ACR is within the range 50% to 75%.

The above results indicate standards are met for both ratios.

1.5 Action Plan

This Asset Management Plan will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process.

The Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

[1] Projected renewal expenditures are inclusive of applied 9% administration cost.

A detailed Action Plan generated from this Asset Management Plan is shown in **Section 6.2**. The Actions are summarised below under Service Management, Asset Management and Information Management for Governance, People, Process, Data and Technology.

Action Type	Action Subtype	Task
Service Management	Governance	Obtain Council approval of this asset management plan.
	Process	Confirm desired levels of service by establishing current performance and setting performance targets. Have these levels of service adopted by Council.
		Link the Buildings AMP to Council's Budgeting process, so that impacts of funding levels can be addressed prior to funding allocation.
	People	Assess the structure and resources within Council, to ensure that the asset management plan can be implemented.
Asset Management	Process	Confirm the condition and remaining life of assets identified for renewal over the next 10 years and investigate alternatives for renewal or extension of the asset lives.
		Undertake a condition assessment of the buildings and update condition information in the Asset Register.
		Develop a Buildings Business Process Model, including activities and response levels of service for proactive and reactive maintenance defects.
		Develop a review process for assessing asset condition.
		Develop and implement processes for data capture and maintenance, predictive modelling for LTFP and Capital Works, valuation of new assets, and Reactive and Scheduled Work Orders.
		Implement Level 2 assessment of buildings to provide for recording of renewal and maintenance requirements against rooms within complex buildings.
	Data	Update and record Asbestos details against relevant building assets in the asset register.
		Assign building hierarchy codes to the asset registers as a decision making criteria for capital works and maintenance prioritisation.
		Review the asset lives allocated to the structural components of the buildings and update at next revaluation.
Information Management	Process	Implement the integration of the Assetic Assets and GIS Systems.
	Data	Review the Buildings data in Assetic Assets to determine what additional information needs to be collected for supporting management of the assets, such as structural material type, Asset Sub-class, Asset Type and Sub-type, etc.
		Update GIS System - spatially entering all assets so that they can be located with accuracy.

2 Current State of Council's Assets

2.1 Key Indicators

The values for Buildings as at 30 June 2017 are shown below.

Component Name	Replacement Value	Depreciation Expense	Accumulated Depreciation	Written Down Value
Structure	$10,533,941	$113,899	$4,606,970	$5,926,971
Fitouts, Fittings, Floor Coverings	$2,831,943	$97,617	$1,458,654	$1,373,288
Building Services	$4,719,737	$205,290	$2,396,074	$2,323,663
Site Services and Infrastructure	$1,073,613	$30,001	$569,374	$504,239
Total	**$19,159,234**	**$446,806**	**$9,031,072**	**$10,128,162**

Condition ratings for the various Buildings are shown in **Section 0.**

The ratings range from 1 = Excellent to 5 = Poor.

The following useful life that have been used for the asset components are as follows.

Asset Type	Component	Useful Life
Structure	Super-Structure	100
	Sub-Structure	100
	Roof	75
Fitouts	Fitouts & Fittings	30
	Fitouts (Floor Coverings)	25
Services	Services (Electrical)	30
	Services (Fire)	20
	Services (Hydraulics)	20
	Services (Mechanical)	20
	Services (Security)	25
	Services (Transport)	30
Site Services & Infrastructure	Site Infrastructure	40
	Site Services	30

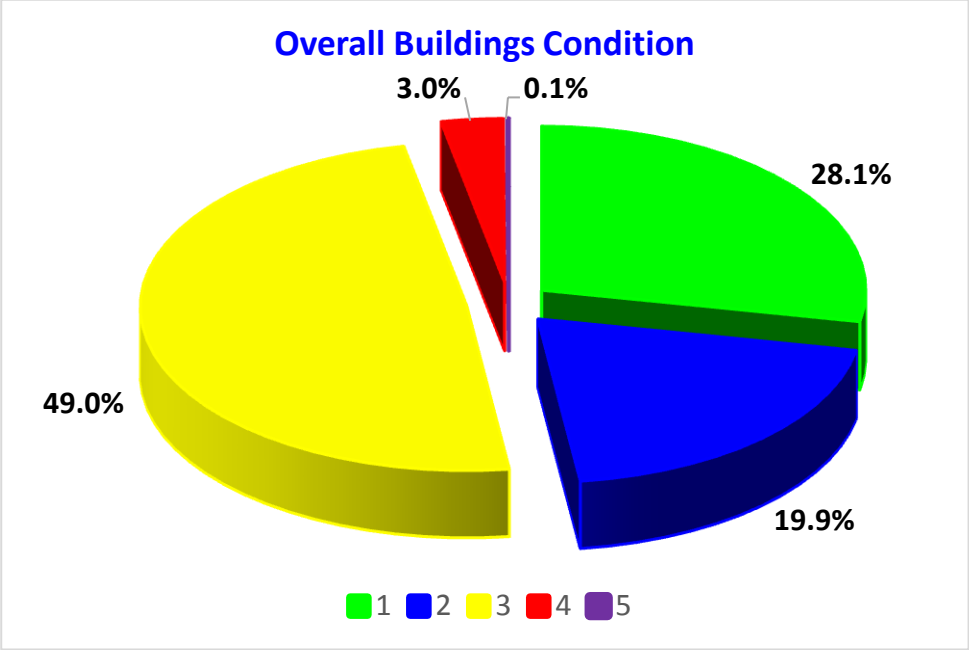
2.2 Asset Class Status

The component of the buildings have been assigned a 1- 5 condition based on the following ratings.

Condition Rating	Description
1	**Excellent Condition**: Only planned maintenance required
2	**Good**: Minor maintenance required plus planned maintenance
3	**Fair**: Significant maintenance required
4	**Poor**: Significant renewal/upgrade required
5	**Very Poor**: Unserviceable

The condition profile of the Buildings is shown below.

Condition Rating	Structural	Services	Fitout	Average
1	28.9%	29.0%	22.8%	28.1%
2	19.9%	13.8%	32.2%	19.9%
3	48.4%	54.1%	40.2%	49.0%
4	2.6%	3.0%	4.7%	3.0%
5	0.1%	0.1%	0.1%	0.1%



3 Levels of Service and Condition Assessment

3.1 Customer Research and Expectations

Customer requests will be actioned in accordance with the Customer Charter which allows a notification to customer in 2 days a period of 10 days to complete work and a further 2 days to notify the customer of the completed job.

Council is considering surveying key stakeholders to validate the current Level of Service and to identify opportunities to improve the Level of Service for buildings.

3.2 Legislative and Statutory Requirements

In addition to using asset management as a tool to manage the building assets and provide better services to the community, there are also legislative requirements that the Council must comply with in relation to the management of its airport assets.

Level of Service is governed by the legislative and statutory requirements documented below.

Legislation and Regulation
Local Government Act 1999
Local Government (General) Regulations 2013
Fair Work Act 1994
Work Health and Safety Act 2012
Public Health Act 2011
Public and Environmental Health Act 1987
Environmental Protection Act 1994
Development Act 1993
Heritage Places Act 1993
Buildings Code of Australia (BCA) and Standards
Disability Services Act 1993
Dangerous Substances Act 1979

The above legislative and statutory requirements, regulations, design specifications and codes of practice form the minimum levels of service for the Council buildings.

3.3 Current Levels of Service

Building service levels have been defined in two ways in this model:

1. Community Levels of Service - relate to how the community receives the service in terms of quality, function/ capacity, safety, and amenity of the facility/ service provided.

2. Technical Levels of Service – deal with parameters such as condition, cost-effectiveness, statutory compliance, and security. These parameters support the community levels of service to ensure that minimum community levels of service are met.

Council's current levels of service are detailed below.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Community Levels of Service				
Quality	Provide clean and serviceable facilities	Customer requests	Less than 10 per month	
Function/ Capacity	Meet user requirements and	Customer requests relating to user	Less than 2 per month	

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
	available when needed	requirements and/or availability		
Safety	Facilities are free from hazards, accessible to All groups	Customer requests	< 10 pa	
		Community surveys	Satisfaction increases	
		Reported accidents/ incidents	Zero incidents pa	
Cost Effectiveness	Provide service in cost effective manner	Community Surveys	Satisfaction increases	
		Customer complaints to Council relating to cost	Zero complaints pa	
Technical Levels of Service				
Condition	Provide timely maintenance Undertake condition assessments every 3 years	Outstanding defects from customer requests	Zero outstanding defect actions/ work orders 4 weeks after logging	
		Assessments completed and outstanding defects logged	Assessments completed. Defect work orders issued within 4 weeks of logging	
Function/ Accessibility	Provide access and services for all user groups	Complete Council DDA building facility audit	Completion 201X	
		Develop schedule of upgrades to provide DDA legislative compliance by 2018	Schedule completed for budget allocation in 201X-201X annual budget	
		New or upgraded buildings to be DDA compliant	100% of new or upgraded buildings meet DDA compliance	
		Outstanding defects from customer requests	Zero outstanding defect actions/work orders 4 weeks after logging	
Cost Effectiveness	Provide service in cost effective manner	Facility maintenance cost within budget $/facility pa	Meet budget expenditure with 100% planned maintenance completed	
Safety	Provide safe suitable facilities free from hazards	Outstanding defects from customer requests and/ or incidents	Zero incidents	
		Legislative Compliance - Essential Safety Measures - OH&S	Zero outstanding defect actions/ work orders 2 weeks after logging Meet legislative requirements	

3.4 Maintenance & Operational Levels of Service

Council proposes to develop a Business Process Model which defines Levels of Service delivered on a day to day nature (i.e. responding to maintenance faults and responding to breakdowns) for building components (Structural, Services and Fitouts).

In general the response times for Maintenance Intervention by Building hierarchy are as follows

Maintenance Issue	Maintenance Action	Response Time for Hierarchy Level			Performance Target
		A	B	C	
Immediate risk of structural failure and safety hazards	Make safe.	2 hours	4 hours	8 hours	90%
Potential for failure of safety hazard	Inspect and determine appropriate action.	4 hours	8 hours	24 hours	90%
Work deemed to have high priority for maintenance or repair	Inspect and determine appropriate action.	2 days	7 days	10 days	80%
Non Urgent maintenance or repair	Inspect and determine appropriate action.	30 days	30 days	30 days	80%

Notes:

1. Responsibility for immediate dangerous situations with respect to Council buildings is initially assessed or undertaken by Councils staff.
2. Response times may result in a permanent repair or if materials and labour or specialist plant or skills are required, the response time will result in a 'make safe / temporary repair' until a more permanent repair can be delivered.
3. Response times are in working hours or days and considered to apply during normal operating conditions and circumstances and not under times of disaster.
4. Response times are for localities where the intervention requirement is not remote from a maintenance crew and where the crew is not engaged on other maintenance intervention.

3.5 Condition Assessment Framework

The proposed development of a Buildings Business Process Model will define the condition assessment methodology and process.

4 Key Achievements

4.1 AM Practice

Actions undertaken by Council, to improve the management of the building assets, include the following.

- Ongoing development and review of Asset Infrastructure Management Plans.
- The building assets were valued by Assetic Pty Ltd – Property Consultants and Valuers at written down current replacement cost as at the 30th June 2014. This included assigning condition ratings to the building components.

- Predictive modelling has been used to determine the future building renewal funding requirements based on the building condition data.

4.2 Asset Class

A new building was recently constructed on Railway Terrace to house Council staff, multiple community meeting facilities and an art gallery. The building was fully operational in November 2014.

In 2015/16 $43,000 was allocated to replace external rotted timber work, laser lit roof, repaint eaves & facias at Tintinara Health & Recreation Centre.

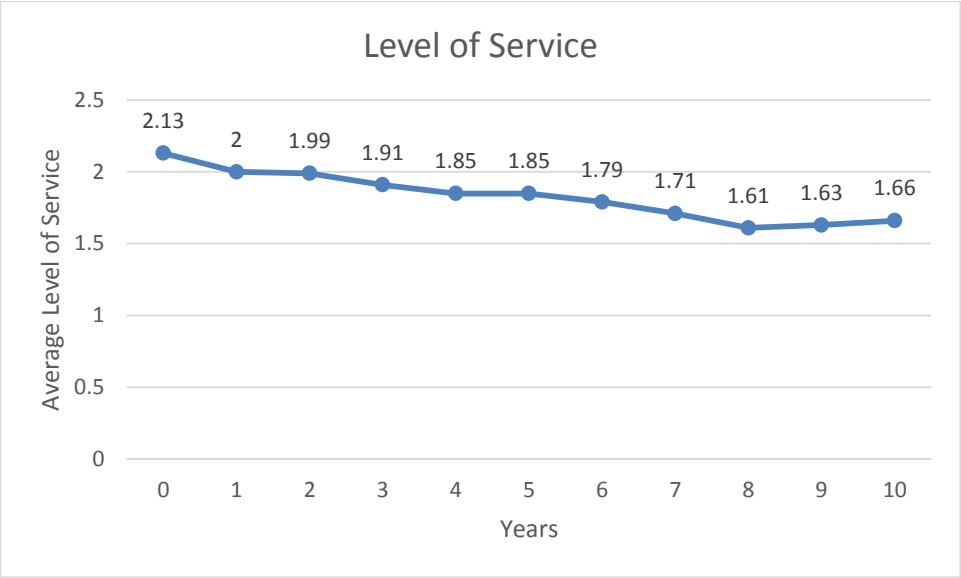
5 Asset Funding Levels

5.1 Forecast 10-Year Funding Required

The Assetic Predictive modelling and condition ratings at building component level was used to determine the following required renewal expenditure over the next 10 years.

Renewal Intervention was set at condition rating 4. Buildings with a Replacement Cost of over $250,000 account for about 75% of the total value of Council buildings. Due to the need for continuous occupancy of these buildings, intervention at Level 4 for these building may be mandatory for operational, risk and safety reasons.

Year	Intervene at Condition 4
2017/18	$196,200
2018/19	$196,200
2019/20	$196,200
2020/21	$196,200
2021/22	$196,200
2022/23	$196,200
2023/24	$196,200
2024/25	$196,200
2025/26	$196,200
2026/27	$196,200
Total	**$1,962,000**


Level of Service
Average Level of Service
2.5
2
1.5
1
0.5
0
2.13
2
1.99
1.91
1.85
1.85
1.79
1.71
1.61
1.63
1.66
0
1
2
3
4
5
6
7
8
9
10
Years

5.2 Committed Funding

The current LTFP allows funding of $1.96 million over 10 years.

5.3 Financial Ratios

Asset Consumption Ratio:

This ratio seeks to highlight the aged condition of a local government's stock of physical assets. If a local government is responsibly maintaining and renewing / replacing its assets in accordance with a well prepared asset management plan, then the fact that its Asset Consumption Ratio may be relatively low and/or declining should not be cause for concern – providing it is operating sustainably.

Asset Consumption Ratio= $\frac{\textit{Depreciated Replacement Cost of Depreciable Assets}}{\textit{Current Replacement Cost of Depreciable Assets}}$

Purpose: This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

Standards: Standard is met if the ratio can be measured and is 50% or greater (0.50 or >). Standard is improving if the ratio is between 60% and 75% (0.60 and 0.75).

Current Asset Consumption Ratio

Asset Group	Current Replacement Cost	Depreciated Replacement Cost	Ratio
Buildings	$19,159,234	$10,128,162	53%

Asset Renewal Funding Ratio

This ratio indicates whether the local government has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in future, without additional operating income; or reductions in operating expenses.

The ratio is calculated from information included in the local government's Long Term Financial Plan and Asset Management Plan; not the Annual Financial Report. For the ratio to be meaningful, a consistent discount rate should generally be applied in Net Present Value (NPV) calculations.

Asset Renewal Funding Ratio = $\frac{\textit{NPV of Planned Capital Renewals over 10 years}}{\textit{NPV of Required Capital Expenditure over 10 years}}$

Purpose: This ratio is a measure of the ability of a local government to fund its projected asset renewal / replacements in the future.

Note A ratio of between 95 and 105% indicates that the local government's Long Term Financial Plan makes adequate provision to maintain existing levels of service and renew or replace assets. The 95 – 105% measurement is a suitable target if the Asset Sustainability Ratio falls within the 90 to 100% target and the Asset Consumption Ratio falls within the target range of 50 to 75%. A ratio between 50 and 75% indicates that the local government may not be making adequate provision for the future renewal or replacement of its asset base.

Standards: Standard is met if the ratio is between 75% and 95% (or 0.75 and 0.95). Standard is improving if the ratio is between 95% and 105% (or 0.95 and 1.05), and the ACR falls within the range 50% to 75%.

Asset Group	Planned Capital Renewals over 10 years	Required Capital Expenditure over 10 years	Ratio
Buildings	$1,962,000	$1,962,000	100%

6 Action Plan

6.1 AM Document Register

The plan is to be read with the following associated documents:

Document	Latest Revision
Infrastructure & Asset Management Policy	April 2016
Risk Management Policy	June 2014
Asset Accounting Policy	May 2016
Building Business Process Model	To be developed

6.2 AM Practice Improvements

6.2.1 Performance Measures

The effectiveness of the Asset Management Plan can be measured in the following ways:

- The degree to which the required cash flows identified in this AMP are incorporated into Council's Long Term Financial Plan and Strategic Management Plan;
- The degree to which the detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the AMP; and
- The performance of Council against the Strategic Levels of Service documented in the Recreation and Site Improvement Business Process Model.

6.2.2 Improvement Plan

The asset management improvement plan generated from this Asset Management Plan shown in the following table.

Note: Importance, Urgency and Risk – 1 = Low, 5 = High
DCC - Director Community & Corporate
DIA - Director Infrastructure & Assets

Item #	Task	Importance	Urgency	Risk	Responsibility	Resources Required	Start Date	End Date
1.	Obtain Council approval of this asset management plan. *- Derive date for presentation to Council in existing format*	5	5	5	DCC and DIA	In-house	2016	2016

Item #	Task	Importance	Urgency	Risk	Responsibility	Resources Required	Start Date	End Date
2.	Assess the structure and resources within Council, to ensure that the asset management plan can be implemented. *Tasks highlighted in green indicate resources available for delivery, yellow indicate additional financial or consultants required, blue indicate delivery long term.*	5	4	4	DCC and DIA	In-house	2016	2017
3.	Confirm desired levels of service by establishing current performance and setting performance targets. Have these levels of service adopted by Council. *Workshop planned to be delivered by either Assetic or Knowledge Management Provide appropriate funding for 2017/18*	4	3	3	DCC	In-house	2016	2017
4.	Develop and implement processes for data capture and maintenance, predictive modelling for LTFP and Capital Works, valuation of new assets, and Reactive and Scheduled Work Orders. *- Data capture embedded into budget process to ensure funding is allocated to deliver a network based condition assessment process - $30-40k every 4-5 years.* *Develop internal inspection forms and schedule to determine defects and provide appropriate costing and remediation through maintenance budgets. (Minor capacity to be delivered internally*	5	4	4	DCC and DIA	In-house	2016	2017
5.	Develop a Buildings Business Process Model, including activities and response levels of service for proactive and reactive maintenance defects. *Workshop planned to be delivered by either Assetic or Knowledge Management Provide appropriate funding for 2017/18*	4	4	3	DCC and DIA	In-house	2016	2017

Item #	Task	Importance	Urgency	Risk	Responsibility	Resources Required	Start Date	End Date
6.	Review the asset lives allocated to the structural components of the buildings and update at next revaluation. *- Linked to next revaluation cycle – date to be determined and reliant of 30-40k budget process.* *- Partially can be completed at the workshop*	5	4	5	DCC and DIA	In-house	2017	2018
7.	Review the Buildings data in Assetic Assets to determine what additional information needs to be collected for supporting management of the assets, such as hierarchy, structural material type, Asset Sub-class, Asset Type and Sub-type, etc. *- Workshop planned to be delivered by either Assetic or Knowledge Management Provide appropriate funding for 2017/18*	5	5	4	DIA	In-house	2016	2017
8.	Assign building hierarchy codes to the asset registers as a decision making criteria for capital works and maintenance prioritisation. *- Workshop planned to be delivered by either Assetic or Knowledge Management Provide appropriate funding for 2017/18* *-Develop optimised decision making model with Assetic partner to deliver long term financial model and predictive analysis*	5	4	4	DCC and DIA	In-house	2016	2017
9.	Develop a review process for assessing asset condition. *- Built into condition assessment/valuation/maintenance planning process* *Define next valuation cycle and budget for process – $30-40k*	5	4	3	DIA	In-house	2017 Next AMP Cycle	2019 Next AMP Cycle
10.	Undertake a condition assessment of the buildings and update condition information in the Asset Register. *- Built into condition assessment/valuation/maintenance planning process* *Define next valuation cycle and budget for process – $30-40k*	5	4	5	DIA	In-house	2016	2018

Item #	Task	Importance	Urgency	Risk	Responsibility	Resources Required	Start Date	End Date
11.	Confirm the condition and remaining life of assets identified for renewal over the next 10 years and investigate alternatives for renewal or extension of the asset lives *. Workshop planned to be delivered by either Assetic or Knowledge Management Provide appropriate funding for 2017/18* *-Develop optimised decision making model with Assetic partner to deliver long term financial model and predictive analysis*	4	3	3	DIA	In-house	2016	2018
12.	Implement Level 2 assessment of buildings to provide for recording of renewal and maintenance requirements against rooms within complex buildings. *- Requires access to Assetic software – Due for rollout 2016/17*	4	3	3	DIA	In-house and Contract	2017	2018
13.	Implement the integration of the Assetic Assets and GIS Systems. *- Low level task – Planned for implementation 2016/17 – I & A Trainee to spatialize.*	4	4	4	DIA	In-house	2016	2017
14.	Update GIS System - spatially entering all assets so that they can be located with accuracy. *- Low level task – Planned for implementation 2016/17 – I & A Trainee to spatialize.*	4	4	4	DIA	In-house	2017	2018
15.	Link the Buildings AMP to Council's Budgeting process, so that impacts of funding levels can be addressed prior to funding allocation. *- In progress – Capital renewal program for 17/18 for budget insertion by May 2017, and future years once workshops completed*	5	4	3	DCC and DIA	In-house	2016	2017
16.	Update and record Asbestos details against relevant building assets in the asset register. *- Requires access to Assetic software – Due for rollout 2016/17- Assign to I & A trainee*	5	4	3	DIA	In-house	2017	2018

DCC - Director Community & Corporate

DIA - Director Infrastructure & Assets

Tasks highlighted in green indicate resources available for delivery, yellow indicate additional financial or consultants required, blue indicate delivery long term

6.2.3 Monitoring and Review Procedures

This Asset Management Plan will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process.

The Asset Management Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.