

## BUILDINGS

# ASSET MANAGEMENT PLAN

## EXECUTIVE SUMMARY



2013

# BUILDINGS ASSET MANAGEMENT PLAN

Prepared For: Holroyd City Council

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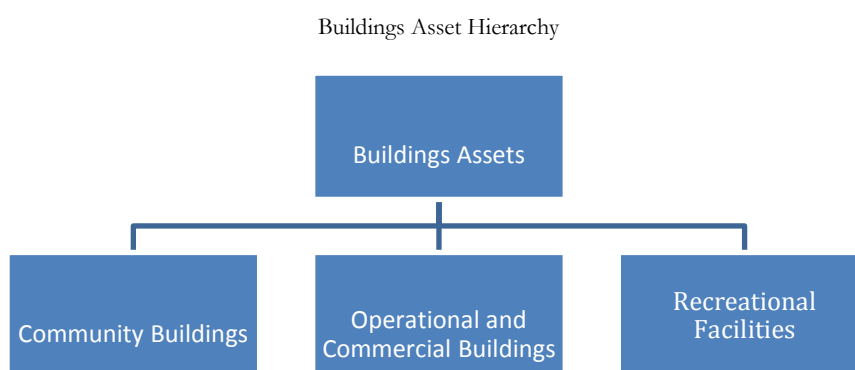
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# 1 EXECUTIVE SUMMARY

## 1.1 Overview of Building Assets

Council provides a range of Buildings assets including Community Buildings and Facilities, Operational and Commercial Buildings and Recreation Facilities. There are over 170 Council managed building facilities in the Holroyd LGA.

The adopted asset hierarchy at asset class and asset group level is shown in the figure below:



The buildings have been categorised into three main asset groupings, Community Buildings, Operational/Commercial Buildings and Recreational Facilities Buildings. This year (2013) the asset types were re-organised to align with their designed use and/or their associated use/s. This has resulted in changes to the number of buildings within the asset types. The table below indicates the reorganised asset types.

Table 1.1

<b>BUILDINGS ASSETS</b>			
Asset Class	Buildings		
Asset Group	Community Buildings	Operational and Commercial Buildings	Recreational Facilities Buildings
Asset Types	Public Halls Libraries Linnwood Community Centres Toilet Blocks	Child Care Facilities SES Buildings Administration Building Depot Buildings Function Centres	Guildford (McCredie) Swimming Centre Merrylands Swimming Centre Wentworthville Swimming Centre Park Amenity Buildings Park Club Houses Tennis Courts

A comprehensive data collection and condition assessment has been conducted in April/May 2013 based on the Institute of Public Works Engineering Australia and NAMS.AU Group - Practice Note 3 – Building Condition and Performance Assessment Guidelines. As a result of the data collection exercise, Council now has a very good understanding of the extent of its' building assets and current (2013) conditions.

Buildings assets covered by this Plan include:

- 18 community centres
- 72 parks amenities/club houses
- 12 public halls
- 25 toilet blocks
- 13 child care centres
- 15 operational buildings including the Council administration building
- 3 swimming centres including 18 pool buildings/structures

## 1.2 Buildings Assets Valuation (as at the end of 2012/13)

Table 1.2

ASSET GROUP	CURRENT REPLACEMENT COST (\$)	ANNUAL DEPRECIATION (\$/yr)	DEPRECIATED REPLACEMENT COST (\$) (WDV)
Community Buildings	64,217,666	865,028	57,621,811
Operational and Commercial Buildings	33,914,692	609,493	29,980,930
Recreational Facilities	13,183,860	282,026	8,281,355
<b>TOTAL</b>	<b>\$111,316,218</b>	<b>\$1,756,547</b>	<b>\$95,884,096</b>

\*Note: Heritage buildings have not been depreciated and at the time of valuation Pemulwuy was not fully completed.

## 1.3 Buildings Assets Important Issues

### Community Buildings

- Age and deterioration of some building components
- Significant public interface requiring high level of maintenance to manage risks
- Not environmentally sustainable

### Operational and Commercial Buildings

- Health and safety management
- Age and deterioration of some building components
- Air conditioning maintenance an ongoing issue
- Not environmentally sustainable

### Recreational Facilities

- Ageing plant and pool structure ( nearing on backlog)

- Ageing plant room at Guildford Swim Centre ( nearing on backlog)
- Cracking of pool control joints (expansion/contraction)
- Cracked pool tiles
- High operating costs
- Not meeting the current or future needs of the community
- Energy inefficient
- Water wasting

### Historical Expenditure Levels

Over the three year period 2009/10 to 2012/13:

- Operations expenditure has varied between \$898K and \$945K pa.
- Maintenance expenditure has varied between \$687K to \$734K pa.
- Renewal expenditure has varied between \$720K and \$1,335K pa.
- Council New Works expenditure has varied between \$50K and \$5.5mil pa.(new Pemulwuy Community Centre and Hyland Road Rifle Range/Pigeon Clubs)

### Condition of Buildings Assets

A Condition survey was conducted this year by building surveyors using a 1 to 5 condition rating scale where 1 is new and 5 is failed.

Holroyd's condition rating matrix is detailed below:

Condition rating 1: Very good condition - Normal maintenance required.

Condition rating 2: Good condition - minor deterioration – Normal maintenance plus minor repairs up to 5% or less of the asset.

Condition rating 3: Fair condition - medium deterioration, maintenance and/or repairs required to 10–20 % of the asset.

Condition rating 4: Poor condition - major deterioration significant renewals required to 20–40% of the asset.

Condition rating 5: Failed – unserviceable over 50% of the asset requires renewal.

The condition surveys have indicated the following asset structural condition:

Table 1.3

ASSET GROUP	% condition 1 to 2 (Excellent to Good)	% condition 3 (Average)	% condition 4 (Poor)	% condition 5 (Failed)
Community Buildings	87%	9%	1%	3%
Operational and Commercial Buildings	90%	9%	0%	1%
Recreational Facilities	38%	60%	2%	0%

### Strategic Context

This Buildings Asset Management Plan integrates with Council's Community Strategic Plan and complies with the Department of Local Government Integrated Planning and Reporting requirements.

The Buildings Asset Management Plan provides important input into Council's Resourcing Strategy and Long Term Financial Plan.

### **Levels of Service**

Levels of Service framework has been developed for all Buildings assets based on Community and Technical considerations.

The Levels of Service consider Quality, Safety, Function, Condition, Cost/ Affordability, Responsiveness, Appearance/Presentation.

The Levels of Service are a blend of existing and desired Levels of Service which take into account recent feedback and input from the community. Further work will be undertaken over the next 3 years to further develop and refine Levels of Service.

These Levels of Service will guide asset management and decision making in the future.

### **Maintenance Management**

In conjunction with development of this Asset Management Plan, a Buildings asset maintenance specification is to be developed which will include and outline maintenance strategies and intervention levels and response times for the various asset groups.

The asset maintenance specification will guide future maintenance subject to allocation of appropriate resourcing.

The current data from the asset audit, performed in 2013 will be uploaded to our Corporate Asset management system, Civica maintenance module, once it becomes available. We will continue to use the SPM database until Civica becomes available to maintain the asset data and data will be updated as we renew each asset. Our section is also allocating auditing and updating asset data to a divisional member of staff.

Best practice maintenance tasks will be implemented for each asset class. Each asset class has also been categorised against risk allowing the work program to be reduced if annual funding is reduced. All statutory and regulative maintenance tasks that are Category 1 risk will always be funded first. The maintenance program to be implemented is to maintain the assets at Category 3 level (satisfactory) therefore minimising backlog figures. Note: although a preventative program will be implemented, assets will fail without notice due to component failure or heavier than normal use. An allowance of 20 percent of the required maintenance money has been allocated for reactive maintenance in the annual funding.

### **Asset Defect Inspections**

Currently there is a semi-formal asset defect inspection system in place. It is proposed to formalise the asset defect inspection system to cover all major and critical assets. An initial inspection framework has been developed.

The asset defect inspection system will be implemented subject to allocation of appropriate resourcing.

### **Risk Management**

A comprehensive risk assessment has been completed in conjunction with the development of this Asset Management Plan.

A Risk Management Plan has been developed and identifies risks that require planned and priority action.



The Risk Management Plan informs and supports responsible asset risk management and will assist in guiding Buildings asset management in the future.

#### 1.4 Life Cycle Costs / Sustainability Index

A key high-level indicator of cost to provide the Buildings service is the total maintenance and capital renewal expenditure required to deliver existing/desired service levels in the next 10 years covered by Council's long term financial plan.

The total current maintenance and projected capital renewal expenditure required to provide the Buildings service in the next 10 years is estimated at \$27.31M. This is an average of \$2.73M per annum. Council's current maintenance and capital renewal expenditure is \$1.24M giving a 10 year sustainability index of 0.45

(A Sustainability Ratio of 1.0 indicates that the current funding provided is equal to the required lifecycle funding estimate. A sustainability ratio of less than 1.0 indicates a lifecycle funding gap).

#### 1.5 Backlog and 10 Year Maintenance and Renewal Plan

The level of asset maintenance required to effectively sustain assets into the future and to provide the asset related levels of service desired has been analysed (analysis uses constant 2013 \$'s). Operational costs for the assets are not included in Table 1.4.

Table 1.4

<b>Projected Maintenance Requirement and Maintenance Funding Gap (2013 )</b>				
<b>Year</b>	<b>Projected Maintenance</b>	<b>Current/ Planned Maintenance</b>	<b>Maintenance Funding Gap</b>	<b>Cumulative Maintenance Funding Gap</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
2014/2015	1375909	1240000	135909	135909
2015/2016	1401409	1240000	161409	297318
2016/2017	1401409	1240000	161409	458727
2017/2018	1401409	1240000	161409	620136
2018/2019	1401409	1240000	161409	781545
2019/2020	1401409	1240000	161409	942954
2020/2021	1490788	1240000	250788	1193742
2021/2022	1579989	1240000	339989	1533731
2022/2023	1669547	1240000	429547	1963278
2023/2024	1669547	1240000	429547	2392825

Assets falling under Condition 4-5 categories are considered to be “Backlog”. The estimated cost to bring these assets to a satisfactory standard is shown in the Table 1.5 below:

Table 1.5

<b>Total Backlog as at 2013/14</b>	
Community Buildings	\$115,900
Community Buildings +Heritage	\$54,598
Operational & Commercial Buildings	\$82,306
Operational & Commercial Buildings +Heritage	\$234
Swimming Centres	\$1,724,854
<b>Total</b>	<b>\$1,977,892</b>

Note: excludes McCredie house as potential to outsource the works required to the private market.

### Proposed Backlog Expenditure:

Table 1.6

<b>Backlog Expenditure \$000s</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
Community Buildings		57,950	57,950							
Community Buildings + Heritage	54,598									
Operational & Commercial Buildings		41,153	41,153							
Operational & Commercial Buildings + Heritage	234									
Swimming Centres	118,905	535,317	1,070,632							
<b>Total</b>	<b>173,737</b>	<b>634,420</b>	<b>1,169,735</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Assuming a Condition 4 to 5 Renewals Intervention Strategy, analysis of maintenance practices and expenditure levels indicates that Buildings maintenance funding should be similar to, but slightly increased from the current average annual level of \$1.24M pa to \$1.37M pa over the period 2013/14 to 2022/23.

The forecast 10 Year Annual Renewals expenditure required (based on a “Condition 4 to 5 Renewals Intervention Strategy” for major assets), current planned renewal expenditure and funding gap are summarised as follows:

Table 1.7

Intervention strategy Assets to Condition Grade 3 (Renewal)						
Year	Projected Renewals \$	Current Planned Renewals \$K's	Renewals Funding Gap \$	Back log \$	Total Renewals, incl. Backlog \$	Cumulative Renewal and Backlog Funding Gap \$
2014/2015	1,477,842	0	1,477,842	173,737	1,651,579	1,651,579
2015/2016	827,842	0	827,842	634,420	1,462,262	3,113,840
2016/2017	1,663,842	0	1,663,842	1,169,735	2,833,577	5,947,417
2017/2018	1,496,842	0	1,496,842	0	1,496,842	7,444,258
2018/2019	1,827,842	0	1,827,842	0	1,827,842	9,272,100
2019/2020	1,361,842	0	1,361,842	0	1,361,842	10,633,942
2020/2021	155,842	0	155,842	0	155,842	10,789,783
2021/2022	2,373,842	0	2,373,842	0	2,373,842	13,163,625
2022/2023	1,783,842	0	1,783,842	0	1,783,842	14,947,466
2023/2024	697,842	0	697,842	0	697,842	15,645,308

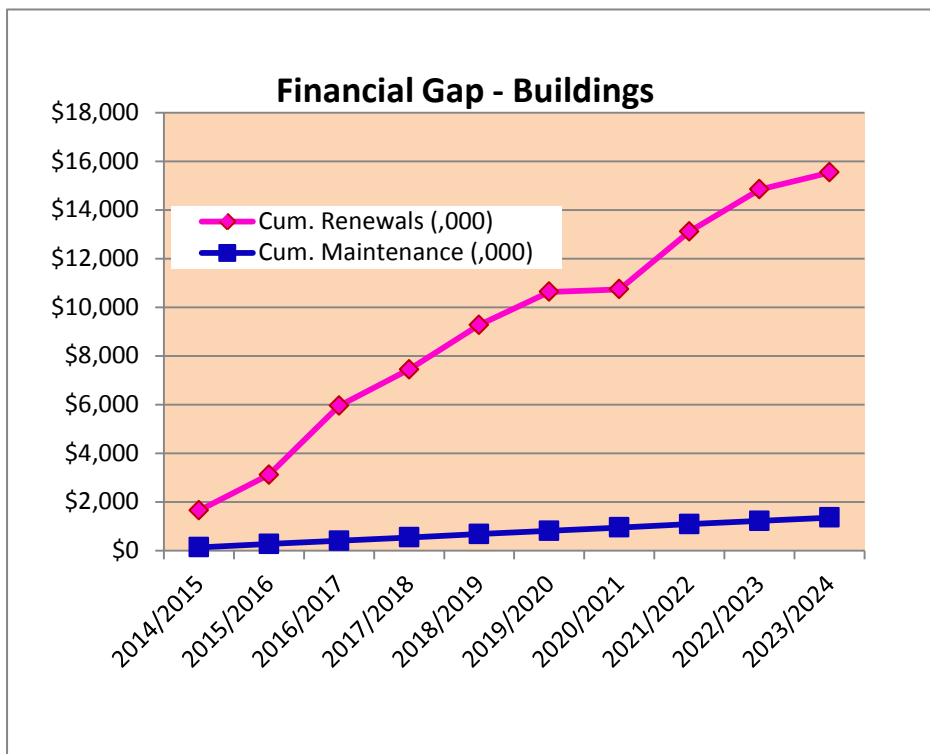


Table below shows All Building Assets Funded and Unfunded Financial Summary:

Table 1.8

Infrastructure LTFP										
Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Existing Assets</b>										
Renewals	1,477,842	827,842	1,663,842	1,496,842	1,827,842	1,361,842	100,842	2,373,842	1,728,842	697,842
Maintenance	1,375,909	1,375,909	1,375,909	1,375,909	1,375,909	1,375,909	1,375,909	1,375,909	1,375,909	1,375,909
Depreciation	1,756,547	1,756,547	1,756,547	1,756,547	1,756,547	1,756,547	1,756,547	1,756,547	1,756,547	1,756,547
Backlog	173,737	634,420	1,169,735							
Operations	3,952,000	3,952,000	3,952,000	3,952,000	3,952,000	3,952,000	3,952,000	3,952,000	3,952,000	3,952,000
<b>SUBTOTALS</b>	<b>8,736,034</b>	<b>8,546,717</b>	<b>9,918,032</b>	<b>8,581,297</b>	<b>8,912,297</b>	<b>8,446,297</b>	<b>7,185,297</b>	<b>9,458,297</b>	<b>8,813,297</b>	<b>7,782,297</b>
<b>New Assets funded</b>										
Capital		1,700,000								
Renewals		0	0	0	0	0	55,000	0	55,000	0
Maintenance		25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Depreciation		30,260	30,260	30,260	30,260	30,260	30,260	30,260	30,260	30,260
Operations		119,000	119,000	119,000	119,000	119,000	119,000	119,000	119,000	119,000
<b>SUBTOTALS</b>	<b>0</b>	<b>1,874,760</b>	<b>174,760</b>	<b>174,760</b>	<b>174,760</b>	<b>174,760</b>	<b>229,760</b>	<b>174,760</b>	<b>229,760</b>	<b>174,760</b>
<b>S94 - New- High Priority items- Note (\$14,040,000 is unfunded - pools)</b>										
Capitals				0	0	0	12,560,728	12,560,728	11,522,728	0
Renewals	0	0	0	0	0	0	0	0	0	0
Maintenance				0	0	0	89,379	178,580	268,138	268,138
Depreciation				0	0	0	186,549	372,725	559,647	559,647
Operations				0	0	0	80,566	161,132	241,940	241,940
<b>SUBTOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,917,223</b>	<b>13,273,165</b>	<b>12,592,453</b>	<b>1,069,725</b>
<b>TOTAL</b>	<b>8,736,034</b>	<b>10,421,477</b>	<b>10,092,792</b>	<b>8,756,057</b>	<b>9,087,057</b>	<b>8,621,057</b>	<b>20,332,280</b>	<b>22,906,222</b>	<b>21,635,510</b>	<b>9,026,782</b>

Note:

- \$1,700,000 identified for the Holroyd Centre upgrade in New Assets
- The Section 94 "high" priority projects consisting mainly of the swimming pool upgrade and two new Long Day Childcare Centres. Refer to the Holroyd City Council – Section 94 Development Contributions Plan 2013

## 1.6 Plans for the Future

Council plans to operate and maintain the Buildings network to achieve the following strategic objectives:

- Ensure the Buildings network is maintained at a safe and functional standard.
- Provide adequate facilities to meet community needs within the LGA.
- Provide facilities which are accessible and equitable.
- Manage assets in a sustainable manner.

## 1.7 Measuring our Performance

### Performance Measures

We will measure our performance against Key Performance Indicators that have been developed to support defined Levels of Service.

### Quality

Buildings assets will be maintained in a reasonably usable condition, fit for their intended purpose and in line with adopted Levels of Service. Defects found or reported that are outside our service standard will be repaired. Our maintenance response service levels details defect prioritisation and response times.

### Function

Our intent is that an appropriate Buildings network is maintained in partnership with other levels of government and stakeholders to meet the facilities needs of our community.

We need to ensure key functional objectives are met. These relate to:

- safety
- access
- sustainability

To achieve this we need to ensure that adequate funding is provided to sustain assets and appropriate management practices are in place to effectively and efficiently manage works and expend available funds.

## Safety

Buildings assets will be maintained at a safe level. Associated facilities will be provided as needed to ensure public safety.

We inspect all major and critical Buildings assets on a regular/cyclical basis and prioritise and repair defects in accordance with our inspection, intervention and response schedule to ensure they are safe.

Building assets that have regulative maintenance procedures are listed as high priority and fully funded each year.

## 1.8 The Next Steps

Key actions resulting from this asset management plan are:

- consider provision of and potential funding sources for additional funding for asset renewal
- review asset management systems, processes and resourcing
- undertake further asset management development work to better understand assets and related financial requirements
- develop a buildings asset maintenance specification which will include and outline maintenance strategies and intervention levels and response times for the various asset groups
- improve the asset defect inspections system to cover major and critical assets
- develop an asset disposal policy
- Improve compliance with essential service regulations
- Implement Council's asbestos register
- Include funding in the asset management plan for the Asbestos removal program.
- Upload data from 2013 condition audit to the corporate maintenance system once it becomes available.

## Special Schedule No 7 – Condition of Public Works

Holroyd City Council

Special Schedule No. 7 - Condition of Public Works

as at 30 June 2013

\$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition*	Estimated cost to bring up to a satisfactory condition standard	Required Annual M'ntce	Current Annual M'ntce
		per Note 1	per Note 4			per Note 9			per Section 428(2d)		
Buildings	Community Buildings Total	1.65%	865,028		52,359,527	6,595,855	45,763,672	3	115,900	596,103	
	Community Buildings +Heritage Total	0.00%	-		11,858,139	-	11,858,139	3	54,598	178,440	
	Operational & Commercial Buildings Total	1.80%	609,493		33,874,960	3,933,762	29,941,198	3	82,306	534,341	
	Operational & Commercial Buildings +Heritage Total	0.00%	-		39,732	-	39,732	3	234	396	
	Swimming Centres Total	2.14%	282,026		13,183,860	4,902,505	8,281,355	3	1,724,854	66,628	
	<b>Grand Total</b>	<b>1.58%</b>	<b>1,756,547</b>		<b>111,316,218</b>	<b>15,432,122</b>	<b>95,884,096</b>	<b>3</b>	<b>1,977,892</b>	<b>1,375,909</b>	<b>1,240,000</b>

**Notes:**

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

\* Asset Condition "Key" – as per NSW Local Government Asset Accounting Manual:

1	Excellent - No work required (normal maintenance)
2	Good - Only Minor maintenance required
3	Average - Maintenance work required
4	Poor - Renewal required

Very poor - Urgent renewal/upgrading required