City of Melville

BUILDING
ASSET MANAGEMENT PLAN
(2011 – 2030)

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1. Executive Summary

The City of Melville owns and maintains a building portfolio with a replacement valuation of approximately $263.1 million. This portfolio comprises 188 separate buildings consisting of administration facilities, libraries, sport and recreation facilities, clubrooms, community centres, toilets and change rooms, child health and education facilities, halls and storage facilities such as sheds. To ensure the City effectively manages these critical facilities, it is important that the organisation takes a tactical approach. This Building Asset Management Plan will assist in this process by identifying the size and value of the assets within this class, establish the current levels of service, determine the future demand and the risk profile that ownership attracts. Finally, lifecycle management of the portfolio is examined to identify opportunities for to achieve great value for money.

Levels of service for the provision of building infrastructure have been established and are based primarily on quality/condition, function and safety. These levels of service will be reviewed on an ongoing basis based on customer surveys and service requests.

The future demand on the portfolio as a whole is not expected to change significantly as the population of the City is expected to increase by only 9.8% over the next 20 years. Expectations will change, however, as the proportion of residents over 65 years of age is expected to increase by 32% by 2021.

The ownership of a large building portfolio with significant public use poses a considerable risk to the City. It is important that the organisation recognises and regularly reviews these risks and continues to take a risk management approach in developing future building renewal and maintenance programs.

The City undertakes comprehensive Building Condition Audits (BCA) on an ongoing basis and whilst the audit generally identifies that the portfolio is in a fair condition many of the community buildings are in need of a minor refurbishment. This work will be a focus over the life of this plan.

A comparison of past expenditures and building values indicates there has been an under spend on the City's buildings in the past although this spend has recently been increased based on the results of the previous BAMP. This increased expenditure should be maintained to ensure the City continues to meet expectations in its provision of community building infrastructure. Opportunities for rationalisation should also continue to be pursued.

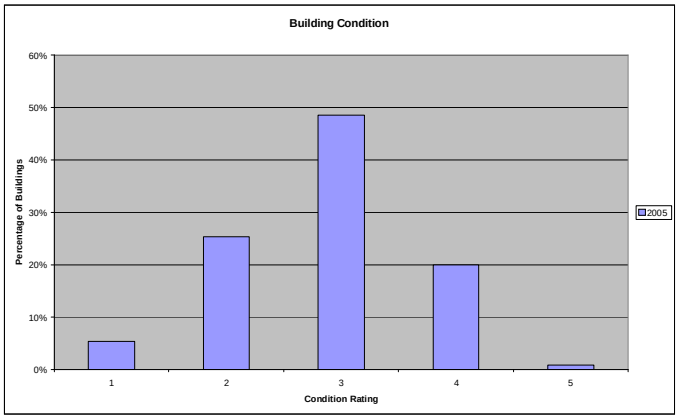
Overview

Population served 99,609

Recreation buildings	45
Civic buildings	11
Community buildings	40
Heritage Buildings	21
Strategic buildings	9
Amenity buildings	17
Storage	45
Total number of buildings	188

Replacement Value of Buildings (2010) $263.1 million

Annual operational expenditure	$976,672
Annual maintenance expenditure	$1.25 million
Average annual renewal budget	$2.4 million



79% of buildings are currently in an acceptable condition (=< condition 3)

Recommendations

The actions resulting from this BAMP are:

1. Update and maintain all building data in the Archibus AM system (rather than spreadsheets)
2. Develop a detailed five year capital works program to be included in future BAMPs.

2. Introduction

The City of Melville delivers over 200 services to the community and in doing so, must ensure that the assets supporting these services are managed in a way that optimises performance for the lowest 'whole of life' cost.

Building infrastructure assets usually represent the second largest infrastructure class (after roads) for most local governments and represent a significant risk if not managed effectively. The City has developed a comprehensive building inventory however some local governments are unaware of the exact extent of their building ownership despite the risk this ownership entails.

The City's building infrastructure assets include administration facilities, libraries, community centres, halls and sporting clubrooms, Child Health Centres, Pre Primary Schools, toilets and change rooms and represent a vast investment that supports modern living in our community. More than $5 million is spent annually on building asset management activities that include the planning, acquisition, operation, maintenance, renewal, replacement and disposal of the City's building infrastructure. It is imperative that we employ best practice management skills and practices to ensure that related services are delivered economically and sustainably.

This is the second Building Asset Management Plan (BAMP) developed by the City and seeks to provide a more formal approach to building asset management through the adoption of best practice asset management principles and methodology. This will be achieved by clearly defining the City's building renewal and maintenance practices. This BAMP has been prepared to identify the current status of the asset group, propose levels of service and recommend improvements to current management practices. The BAMP demonstrates responsible stewardship of the building asset portfolio and should be made available to all stakeholders.

The Building Asset Management Plan forms a major component of the City's overall Asset Management Planning as it represents 41% of the City's infrastructure (by value).

This BAMP includes the assets shown in the table below.

Class	Quantity	Replacement Value ($ m)	Proportion
Recreation	45	128.6	49%
Civic	11	52.5	20%
Community	40	42.0	16%
Heritage	21	24.8	9%
Strategic	9	11.8	5%
Amenity	17	3.6	1%
Storage facilities	45	Nil	
TOTAL	188	263.1	

Building Assets covered by this Plan

The extent of the building covered by the BAMP includes the structure (foundations and external walls), roof, services such as utilities and HVAC (heating ventilation and air conditioning) as well as fixtures and fittings (predominantly kitchen and bathrooms).

The swimming pools at Melville Aquatic Fitness Centre are included as structures and, as such, the valuations and budgets in the BAMP will consider this asset. However, due to the specialised nature of the pools, maintenance and renewal activities will be managed by aquatic staff.

The BAMP also shows expenditure on cleaning and energy as part of the 'Operations' budget although not all of these activities are managed by the Asset Management Service Area.

The BAMP does not include furniture or specialised equipment such as fitness equipment.

Note that many buildings or parts of buildings, particularly those associated with sporting clubs, are subject to lease arrangements with varying levels of commitment to maintenance. They are included in the relevant asset category to enable a contingent liability to be allocated in the case of the City resuming full control of the building should the organisation cease to exist.

Key stakeholders in the preparation and implementation of this BAMP can be divided into internal and external stakeholders.

Internal stakeholders include: The Council, the Executive Management Team (EMT), the Operational Management Team (OMT), the Asset Management Team, the Finance Service Area, Operational Departments involved in the creation of infrastructure and all City of Melville service areas that provide support services.

External Stakeholders Include: The City of Melville Community, building tenants, visitors, Local Government Insurance Scheme and State Emergency Services

Goals and Objectives of Asset Management

The City of Melville only exists to provide services to its Community and many of these services are supported by infrastructure assets such as buildings. These assets have been acquired by 'purchase', by contract, construction and by donation of buildings constructed by developers and others.

The City's goal in managing its building assets is to meet the required level of service in the most cost effective manner for both present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.

Linkages to Key Strategies

This BAMP is prepared under the direction of the City's vision, goals and objectives as contained in its Plan for the Future. The City's vision is to:

- Create a safe, attractive City where the consequences of our actions for future generations are taken into account.
- Ensure that natural and built facilities are, where practicable, accessible to everyone.
- Generate a sense of place, belonging and Community spirit.
- Ensure that all voices are heard through the creation of opportunities to participate in decisions that affect the lives of our Community.

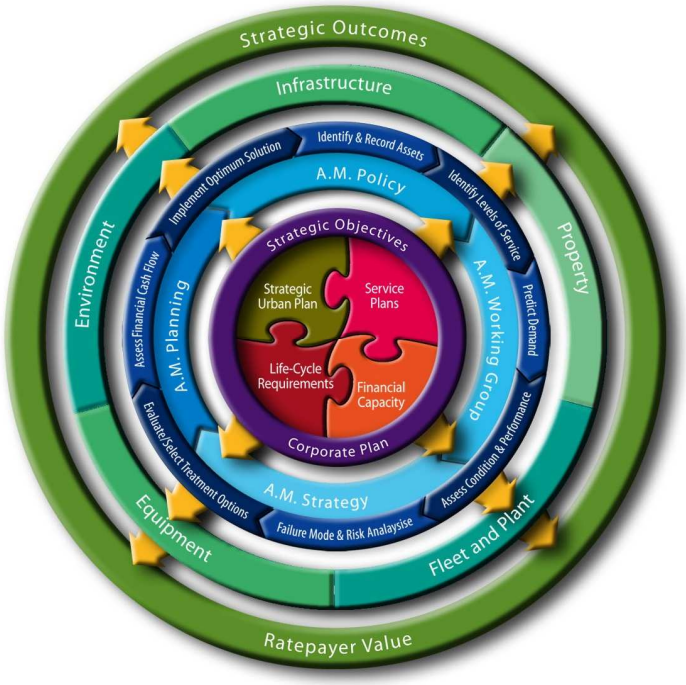
This BAMP is a vital component of City's overall strategic planning process. It links to the annual budget and to other Corporate Strategies listed below.

- The City of Melville's Plan for the Future (2008-2012)
- People, Places, Participation A Community Plan for the City of Melville 2007 - 2017
- Asset Management Policy (Policy No. CP-031)
- Asset Management Continuous Improvement Strategy
- Financial Sustainability – Forward Financial Planning and Funding Allocation Policy (Policy No. CP-008)

- Borrowings and Asset Financial Policy (Policy No. CP-024)
- Accounting Policy (Policy No. CP-025)
- Strategic Financial Plan – The City's long Term Financial Plan which outlines all aspects of the key financial strategy objectives and commitments and how future expenditure needs will be funded.
- Annual Budget of capital, operating and maintenance expenditure.
- Other internal policies and standards – these tools for asset creation and subsequent management are needed to support AM strategies.
- Risk Management (Policy No. OP-004)
- Risk Management Plan

Asset Management Framework

This BAMP forms part of the City's Asset Management Framework as depicted below and is included in the Property Class.



Plan Framework

Key elements of this BAMP are:

- Levels of service – specifies the services and levels of service to be provided by the City.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the City will manage its existing and future building assets to provide the required services
- Risk management
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the city's objectives.
- Asset management improvement plan

The BAMP forms the basis for short term budgets (5 years), medium term planning (10 years), and long term projections (20 years) for capital, operations and maintenance budgets.

3. Levels of Service

Customer Research and Expectations

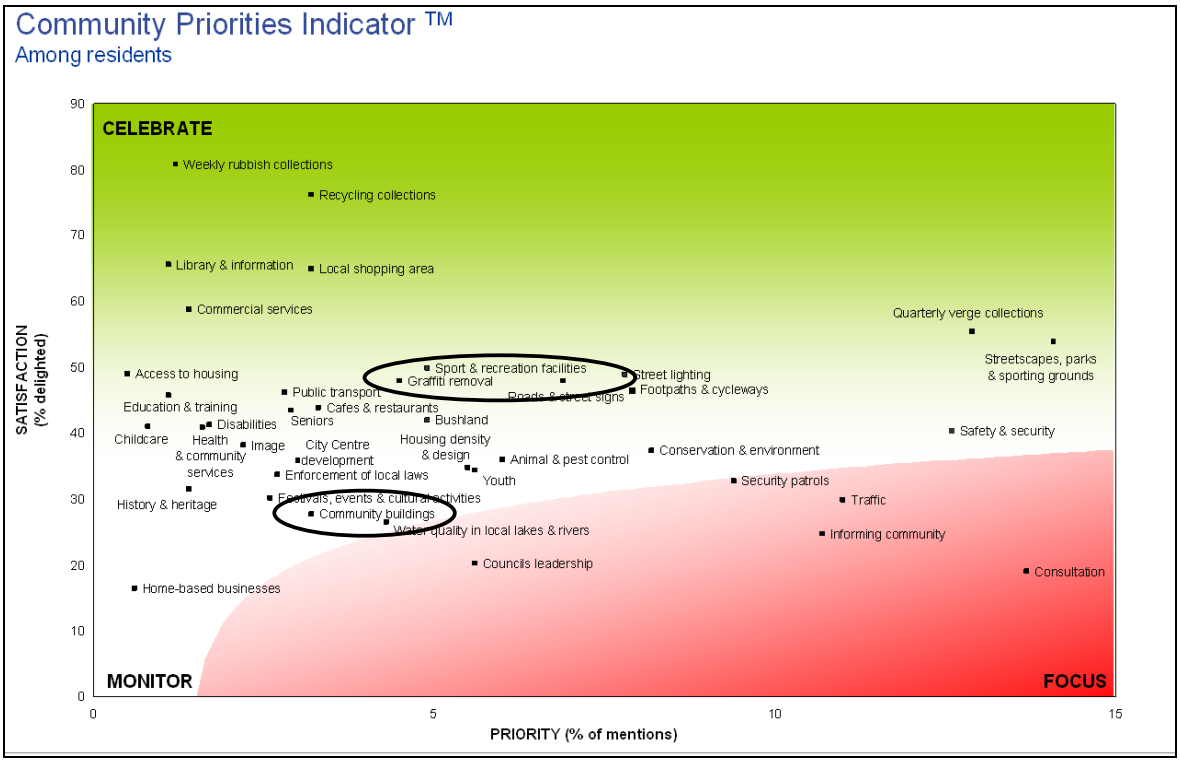
The City participates in a community Business and Perceptions Survey every two years and the results are benchmarked against 17 other Councils in comparative Performance Measures in Local Government Customer Satisfaction Survey. This survey polls a sample of residents on their level of satisfaction with the City's services.

The City uses this information to gauge the level of satisfaction with building assets, amongst many other things, and the services they provide. These, along with service requests, are used to monitor levels of service and in turn assist in developing the Strategic Plan and allocation of resources in the budget.

2010 results relevant to buildings are summarised as follows:

- 88% of respondents are satisfied with sport and recreation facilities (high)
- 73% of respondents are satisfied with community buildings, halls and toilets (relatively high)

The 'Community Priorities Indicator' shown below suggests that both satisfaction ratings are acceptable but do have room for improvement.



Legislative Requirements

The City is also required to meet many legislative requirements including Australian and State legislation and State regulations. These must be considered in the development of levels of service and include:

Legislation	Requirement
Local Government Act (1995)	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by Asset Management Plans for sustainable service delivery.
Building Code of Australia (2005)	Construction and building standards for all buildings in Australia.
Aboriginal Heritage Act (1972)	Preservation of the community places and objects used by traditional owners
Aboriginal Heritage Regulations (1974)	Preservation of the community places and objects used by traditional owners
Dangerous Goods Safety Act (2004)	Relates to the safe storage, handling and transport of certain dangerous goods
Health Act (1911)	Relates to the handling and disposal of hazardous materials including asbestos.
Dividing Fences Act (1961)	Local government exemption from 50/50 contribution for dividing fences abutting public open space.
Disability Services Act (1993)	An Act for the establishment of the Disability Services Commission and the Ministerial Advisory Council on Disability, for the progress of principles applicable to people with disabilities, for the funding and provision of services to such people that meet certain objectives, for the resolution of complaints by such people and for related purposes.
Disability Services Regulations (2004)	Current amendments to Disability Services Act (1993)
OSH Act (1984)	The guidelines for employees and employers to undertake within the work environment
OSH Regulations (1996)	The guidelines for employees and employers to undertake within the work environment. Refers to current Australian Standards.

Legislative Requirements

Current Levels of Service

The City has defined its current service levels in two ways:

1. Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance.

2. Technical Levels of Service supporting the community service levels to ensure that the minimum community levels of service are met. These technical measures relate to service criteria such as:

- Quality: Building condition and facility cleanliness
- Function: Facilities are fit for purpose and accessible
- Safety: Facilities are safe to enter and use

The City's current service levels are detailed on the following page.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Ensure that buildings are clean, inviting, damage and graffiti free with suitable staff (if required) and reflect heritage values where appropriate.	No. of customer complaints per annum	<10 complaints per annum	3 (2009/2010) 3 (2010/2011)
	Satisfaction with community buildings, halls and toilets	Latest 'Catalyse Community Perceptions Survey'	> 70%	73% (2010)
Function	Ensure that buildings are accessible where required and fully functional	No. of customer complaints per annum	<3 complaints per annum	0 (2009/2010) 1 (2010/2011)
Safety	Ensure that facilities are well lit, safe to enter and use.	No. of reported incidents	0 incidents reported per annum	0 (2010/2011)
TECHNICAL LEVELS OF SERVICE				
Quality	Buildings in good condition (<=3)	Building condition	>80% of buildings in average condition or better (1-3)	79% (2011)
		Building condition audit (5 yearly)	20% (or 30) per year	33 (2010/2011)
		Building inspection(yearly)	80% (or 115) per year	130 (2010/2011)
	Buildings are cleaned where appropriate	Cleaning inspection schedule	Average of 17 Inspections per week	17
Function	Facilities are fully operational	Reported defects actioned within 3 working days.	100%	100%
Safety	Ensure facilities are safe	No. of reported incidents.	0 incidents reported	0

Building Levels of Service

4. Future Demand

Demand Forecast

The City of Melville is located eight kilometres South West of the Perth Central Business District, and is bounded in the north by the Swan River, in the east by the Canning River and the City of Canning, in the south by the City of Cockburn, and in the west by the City of Fremantle and the Town of East Fremantle.

The City of Melville is a predominantly residential area, with some industrial and commercial land uses and encompasses a total land area of approximately 52 square kilometres. This includes approximately 18 kilometres of river foreshore.

Demand factor trends and impacts on service delivery are summarised below.

Demand factor	Present position	Projection	Impact on services
Population	The population as at June 2008 was 99,351	The population in 2031 is projected to be 108,563 (9.76% increase)	Minor impact on services
Demographics	Aged population (over 60) 23%	Increase in aged population to 26.1% of population (32% increase).	Minor impact on services

Demand Factors, Projections and Impact on Services

Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan. Those changes related to climate change, energy consumption and water usage are subject to ongoing investigation and review. Significant impacts will be qualified in future revisions of this BAMP.

Demand Management Plan

Demand for new services will be managed through a combination of managing existing buildings assets, upgrading of existing building assets and providing new building assets (as a last resort). Demand management practices include non-asset solutions such as leasing property rather than owning, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown below. Further opportunities will be developed in future revisions of this BAMP.

Service Activity	Demand Management Plan
Building Maintenance and Upgrades	Upgrades to meet current and changing legislative requirements.
Building Review Plan	Strengthening Communities Project reviewed current building stocks, utilisation levels and patterns and recommended rationalisation to accommodate service delivery changes.

Demand Management Plan Summary

New Assets from Growth

There are no new building assets required to meet growth. Demand will be met by the management, renewal or upgrading of existing assets. There is additional growth forecast in the Canning Bridge and the Murdoch Activity Centre and these areas will be monitored.

5. Risk Management

The ownership of a large building portfolio with significant public use poses a considerable risk to the City of Melville. Asset risk management is an important component of an organisation's risk management plan and seeks to reduce the liability exposure that asset ownership encompasses.

The City's approach to risk management is based on Australian Standard AS/NZ 4360-1999.

Risk Register

A building risk register has been developed and is shown below.

Risk Identified	Consequence	Likelihood	Risk	Treatment
Building asset loss through disaster	Catastrophic based on property damage	Possible, loss through arson has occurred in the recent past	Extreme	Building Insurance, building inspections, fire equipment and electrical programmed maintenance.
Building user exposed to asbestos	Catastrophic	Unlikely	High	Develop asbestos management plan and program removal of high risk materials.
Changing Community expectations	Moderate	Likely	High	Establish levels of service and communicate them to the community
Building non-compliant	Catastrophic based on emergency egress issues	Unlikely	High	Building Condition BCA and annual hazard inspections.
Ongoing deterioration of building portfolio resulting in poor presentation of buildings and more expensive future rectification works required	Moderate, primarily relating to property damage over time	Possible, likely to occur within the decade	Medium	Building condition BCA undertaken to prioritise Capital Works Program and maintenance response.
Accident or injury resulting from poor building condition	Moderate, potential for lost time injury	Possible	Medium	Annual hazard inspection.
Unaffordable renewal requirements	Moderate, based on reputation	Unlikely	Medium	Risk based prioritisation of works in Capital Works Program.
Insufficient maintenance	Minor	Possible	Medium	Take a risk management approach to prioritising building maintenance.
Overflow from sewer pumping stations	Minor	likely	Medium	Sewers replaced as required and pumping stations inspected and cleaned on a regular program.

This register needs to be reviewed on annual basis and linked to capital and maintenance programs.

Critical Assets

The Administration Building and the Operations Centre have identified as the only ‘critical’ building assets in the City. Critical assets within these facilities (those that cannot be allowed to fail) are the HVAC systems.

Business Continuance

The City is in the process of developing a business continuity plan.

6. Lifecycle Management Plan

The lifecycle management plan details how the City plans to manage and operate the building portfolio at the agreed levels of service while optimising life cycle costs.

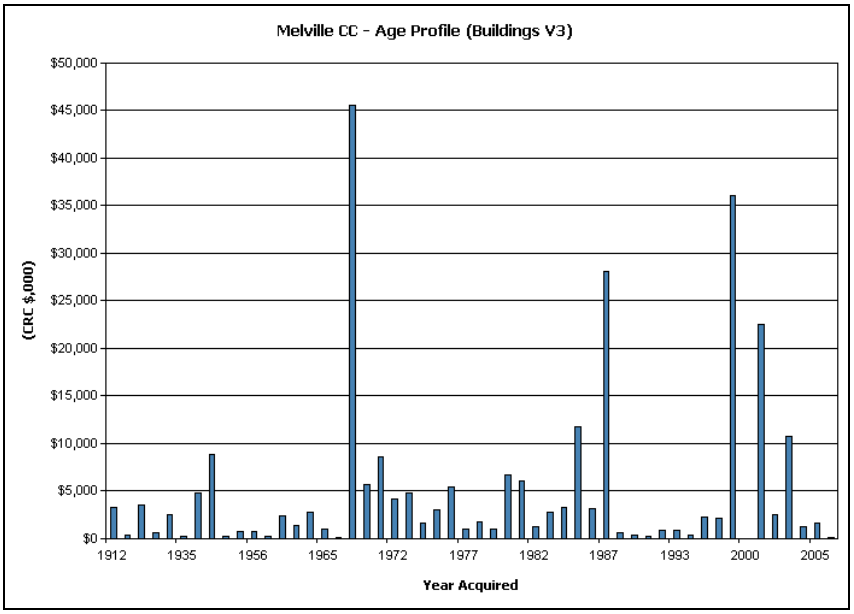
Background Data

The building portfolio covered by this BAMP is made up of various categories which are shown below along with the relevant quantity of each. This indicates that the majority of the buildings (recreation and community) directly support services to a large proportion of the community and should be a focus of this BAMP.

Class	Quantity
Recreation Buildings	45
Civic Buildings	11
Community Buildings	40
Heritage Buildings	21
Strategic Buildings	9
Amenity Buildings	17
Storage facilities	45
TOTAL	188

The current portfolio varies in age from 1 to 98 years with the average age being approximately 38 years. A number of the buildings were not originally constructed to provide their current service but rather tenants were found for them in preference to disposal, as such their 'fitness for purpose' is low.

An age profile of the City's buildings is shown below and indicates significant construction activity around the mid 1960s. These buildings are now approximately 50 years old and requiring significant renewal expenditure.



Building Asset Age Profile

The building portfolio is dispersed across the City with a slight preference towards the river foreshore. Current issues which may affect the building asset portfolio include:

- The recently commenced Canning Bridge Precinct Project (master planning exercise)
- Development of the Murdoch Activity Centre
- The outcomes of the 'Strengthening Communities' Project
- The rationalisation of Child Health Services in the area,
- The review of Scouting facilities in the area,
- The shortage of storage space at recreation and community facilities.

The remaining life of building assets assumes that no major refurbishment will occur during this time. In practice, many significant buildings will have their useful lives extended 'indefinitely' by refurbishment or renewal of major components to meet current and changing operational and community needs.

To assist in allocating resources across the building portfolio, the City has developed a Building Hierarchy (or order of importance) which is shown below. At this stage of asset management maturity, the development of maintenance and renewal plans is focussed on levels one and two.

Creation/acquisition/upgrade

Planning

The City has developed a Project Management Framework to guide the development of major projects. Although few new buildings are expected to be required in the City in the near future, this process must be followed when considering the expansion of the City's building portfolio.

The framework details a project development phase consisting of concept, options and business case. Only approved business cases will proceed to execution stage. Most work in this phase will be done internally with the possible need for external assistance on the more complex works.

There is also a project prioritisation matrix used to rank projects according to their alignment with the City's key result areas and can be used to decide which projects to progress to development or which developed projects should be included in the capital works program.

Significant attention should be paid to this stage of an asset's life as it provides the greatest opportunity to influence the asset's whole of life costs.

Design

The City currently utilises external assistance for any building related design works. This work was procured under 'Contract CO49/05 Provision of Architectural Services' which expires in 2011. The panel of consultants consists of:

- James Christou & Partners Architects (James Christou (08) 9321 4077)
- Bollig Design Group (Ranjith Weddikkara (08) 9931 4402)
- GHD Architecture (Jozef Panek: (08) 6222 8222)

This contract expires in October 2011 after which time the City will use the WALGA panel contract for Architectural Services.

Construction

Construction of City buildings is also undertaken by external contractors. Minor works may be undertaken by a member of the maintenance panel contract mentioned below however; works exceeding $100,000 will need to be via a publically advertised tender.

Upgrade/New Works

Upgrades and new works are treated similarly in that they must both be developed in line with the Project Management Framework mentioned earlier. There are no major works planned at this stage.

Community Facility Upgrade Program

A property quality standard (PQS) for community facilities has been developed to assist in any future upgrades. This has been developed to ensure they are fit for purpose and meet the expectations of users. Facilities should be prioritised based on current condition and utilisation as well as input from Community Development staff. The buildings would be jointly inspected by technical staff and users and service gaps identified against the following property quality standards.

Technical Level of Service	PQS Category	Property Quality Standard
Buildings in good condition (<=3)	Condition	The weighted average condition grade is <=3
Facilities are fully operational	Function	Kitchen: Class 2 available to users (food warming only)
		Toilets: Hot and cold water, tiled, water saving toilets, waterless urinals, accessible toilet, taps, mirror and paper towel dispensers
		Lighting: meets Australian Standard for use of building, motion detectors and light sensors to minimise power usage. External security lighting.
		Painting: Contemporary colours, unbroken surfaces
		Landscaping: Low water usage and low maintenance Australian Natives landscaped in line with CPTED principles and Streetscape Strategy.
		Storage: Secure internal storage available to weekly users of the facility. Combination of cupboards and cyclone wire compounds.
		Signage: External signage, in line with style guide, with name of building, contact details and basic facilities
		Flooring: Commercial vinyl sheeting sealed with resealing at least annually. Commercial carpet if requested and justified.
		Security: Window screens standard and electronic system only if justified by history or value of contents.
		Roofing: Zincalume in 'pale eucalypt'.
		Parking: Sealed and line marked parking adjacent to building. Accessible bay's available as per parking standards
		Access: Compliant 'equal access' provided to front door, internal accessibility.
		Heating/Cooling: Reverse cycle air conditioning provided with auto off and timer functions utilised and/or adequate temperature control.
		Functionality; Fit for intended purpose and compliant with Building Code of Australia. Bicycle parking where possible.

Any gaps identified are prioritised with the users and developed into a scope of works. The current budget for this program is $90,000 as the majority of work required is only minor and this also removes the requirement for a business case to be developed. Should work in excess of $100,000 be identified and sought by the users in the short term, Community Development Staff will develop and progress a business case. The current program is shown below:

	Building Name	Proposed Year
1	Kadidjiny Community Centre (RLCIP)	2011/2012
2	Willagee Library	2011/2012
3	Civic Library	2012/2013
4	Bull Creek Library and Hall	2013/2014
5	Willagee Community Centre	2014/2015
6	Bluegum Rec Centre	2015/2016

Access & Inclusion Program ($30,000)

To ensure compliance with its Access & Inclusion Plan, the city will undertake minor works on an ongoing basis to improve the accessibility of its facilities. This work will be focussed on highly utilised facilities such as foreshore toilets and public buildings.

Financial Year	Works Programmed
2011/2012	Mount Henry Bridge Toilets Canning Bridge Library Toilet Main Hall/Vault Toilets
2012/2013	Troy Park Toilets Civic Library
2013/2014	Bicton Change Room Toilets Deepwater Point Toilets
2014/2015	Shirley Strickland Toilets Len Shearer Toilets
2015/2016	Bluegum Recreation centre Heathcote Canning House

Operations

The operations expenses of City buildings are primarily made up of cleaning and utilities. The management of both these services is dispersed across the Operational Management Team determined by the responsibility for the City service provided by the building.

Maintenance

Programmed

The City undertakes a range of programmed maintenance works on it buildings to ensure expenditure is optimised. The physical works are carried by contractors listed below. Programmed works include:

- Heating, ventilation & air conditioning (HVAC) (monthly/quarterly/bi-annually/annually)
- Electrical RCD testing (bi-annually/annually)
- Electrical – general (annual)

- Electrical tagging in staffed buildings (annually)
- Fire equipment inspections (weekly/monthly/quarterly/bi-annually)
- Auto door maintenance (tri-annually)
- Roof plumbing inspections (various depending on site risks)
- Lifts (annual)
- Sewer pumps (six monthly)
- Sewer pits (annual)
- Diesel generator, Piney Lakes (bi annually)
- Range hoods (quarterly)

Proactive

The City's Building Maintenance Officer undertakes an annual hazard inspection of all buildings. Observations from these surveys generate works orders through the Archibus Asset Management System which are then distributed to the appropriate contractor for action.

Reactive

Maintenance requests from users are encouraged as it allows building elements to be returned to their usable state as quickly as possible. There are a number of ways to register requests.

1. Internal buildings users can register maintenance requests on the City's intranet via by searching 'maintenance request'

2. External users can register a request via the City's web page:

www.melvillecity.com.au – 'on line services and payments' – 'requests, reports and enquiries' – 'buildings'.

3. Contact customer service on 1300 635 845

Graffiti is managed by contacting the graffiti hotline on 1800 626 119 or lodging a request via the City's web page:

www.melvillecity.com.au – 'on line services and payments' – 'request graffiti removal'.

Offensive graffiti will be cleaned off in 24 hours and other graffiti with 48 hours

External contractors are procured through 'CO 12/10 Supply of Trade Services' which has recently been awarded and will expire in November 2014. The current panel consists of:

Trade Service	Panel contractors
Plumbing, gas fitting and roof plumbing	Robinson Build Tech 9223 6101 Andie (plumbing) 9223 6100 Elise (general trade) sales@rbt.iinet.net.au
Electrical	1. Cary's Electrical Services - 9330 4592 2. Pearman's Electrical and Mechanical Services Pty Ltd (Anita) 9314-2877 admin@pearmans.com.au 3. Rysco (Rhys Lawton) 0407 240 683 rhysco_electrical@iinet .net
Painting	1. Perrott Painting (Anne Marie) 9444 1200 anne-marie@perrottpainting.com.au 2. Calibre Coatings (Grant Lee) 0423 800 153 calibre@westnet.com.au 3. Emso Maintenance (Noel Herbert) 0400 510 031 emsomaint@gmail.com
Glazing	By Gobo (John Booth) 0403 574 461 john@bygobo.com.au
Carpentry	1. Robinson Buildtech (Elsie) 9223 6100 emsomaint@gmail.comsales@rbt.iinet.net.au 2. Emso Maintenance (Noel Herbert) 0400 510 031 3. Pianda Maintenance (Pat) 9419 7719 piandamaintenance@live.com.au
Locksmith Services	Bullant Security (Bret) 9528 2650 bret@bullantsecurity.com.au
Fire Prevention and Inspection Services	Spectrum Fire & Security (Michelle Campbell) 9209 6173 or 0400 269 969 michelle.campbell@spectrumfire.com.au
Gutter Inspections	Booragoon Roof (John) - 9294 2513
Graffiti	Kleen It - 9378 4000

With the exception of graffiti, work history is captured in Archibus and financial records are captured in the finance system (Finance One). Future integration of the finance and asset management systems would result in a complete history being captured in Archibus.

Future maintenance expenditure is forecast to increase as present and new legislative requirements are incorporated into the maintenance plan. The increase will be offset to some extent by a reduction in the level of reactive maintenance due to improved monitoring of the rate of consumption on the building components as well as building rationalisation. Maintenance expenditure will also increase if the size of the portfolio increases.

When maintenance work required exceeds resources, a risk management approach to prioritisation will be utilised. The following response times are seen as a maximum.

Risk	**Priority**	**Response time**
Extreme	'emergency'	Immediately
High	'1 day'	24 hours
Medium	'1 week'	1 week
Low	'1 month'	As resources permit

The priority shown relates to Archibus maintenance requests and needs to be aligned with the maintenance contract response times.

<u>After Hours Responses</u>

'Community Safety and Security' (CSS) receive after hours calls to customer service and will arrange for emergency work to be undertaken. This is only events that exhibit an extreme risk or a high risk on weekends or holidays. This may include fire, broken windows, flooding or where a building's security is compromised.

An exception to this is City buildings open for business outside of normal business hours. In these circumstances, senior staff on site will need to call maintenance contractors direct if the issue cannot wait to the next business day.

Renewal

In order to identify renewal requirements, the City's Building Renewal Officer undertakes a five-yearly building condition audit of buildings. This is undertaken on an ongoing basis completing approximately 20% of the portfolio per annum. Condition ratings and other observations from these audits are entered into the Archibus Asset Management System which can then generate a forward works program for action.

The major streams of renewal works include:

- Roof replacements
- Painting
- HVAC replacements (see below)
- Structural repairs

- Fit out renewal (kitchens, bathrooms, etc)
- Flooring replacements/renewal
- Asbestos removal
- Minor renewals (small works)

This program was introduced in 2008 so only a portion of the buildings have been audited to date. As such, the long term renewal plan is based on a combination of a three years of audit, assessments from inspections and condition modelling. Future revisions of this BAMP will better address this and focus on the first two levels of the hierarchy.

The City's Building Systems Officer monitors HVAC equipment through contractors and maintains a five year program for replacement.

Asbestos Management Plan

The City has endorsed an asbestos management plan whereby all 'at risk' buildings were inspected for asbestos and an asbestos register maintained. The objective is to eventually remove all asbestos from City buildings and this will be undertaken on a risk based priority. An asbestos removal program is included in the renewal budget and actual works identified by the inspections.

Sustainability Program

In order to reinforce the City's commitment to sustainability, a program is included in the renewal budget to undertake such works as water and energy saving initiatives. Works are programmed on an annual basis.

In order to model renewal expenditure, the following criteria have been adopted.

Component	**Distribution**	**Life**
Structure (long life)	65%	100
Structure (short life)	65%	60
Roof	5%	50
Services	15%	25
Fittings	15%	30

Note: 'Distribution' defines the proportion of the total building replacement value that this component represents

Structure: Foundations and other structural components of the building
Roof: Roof and roof plumbing
Services: Water and power supplies, mechanical services such as air conditioning, hot water systems
Fittings: Internal fit out, primarily kitchen and bathrooms

Whilst not definitive, this model represents best practice whole of life asset management in the building asset management industry. This model has been developed at the network level in that it assumes average lives for the four major components of a building across the entire building portfolio. It can also be developed to a more detailed level to either consider individual buildings or types of buildings or a greater number of building components.

Disposal

City Buildings are rarely demolished however, any action to demolish a building will be undertaken via an initial report to the Strategic Property Management Group and then to Executive Management Team and possibly Council. There are seven sites being demolished in 2011/2012 as a result of this process.

Condition Monitoring

The condition profile of the City's building assets is measured using a 1 to 5 rating system outlined below. This system is used to measure the condition of components and subcomponents to arrive at the average condition rating for each building. The aim is to maintain the condition of each building at or above condition 3.

1 Excellent: As new and structurally sound. No evidence of deterioration, damage or discoloration. Asset is fully functional and fit for purpose. Excellent appearance, no work required.

2 Good: Structurally sound although with minor deterioration, discoloration and wear to surfaces. Asset is fully functional and fit for purpose. Good appearance with few customer concerns. Only minor work required.

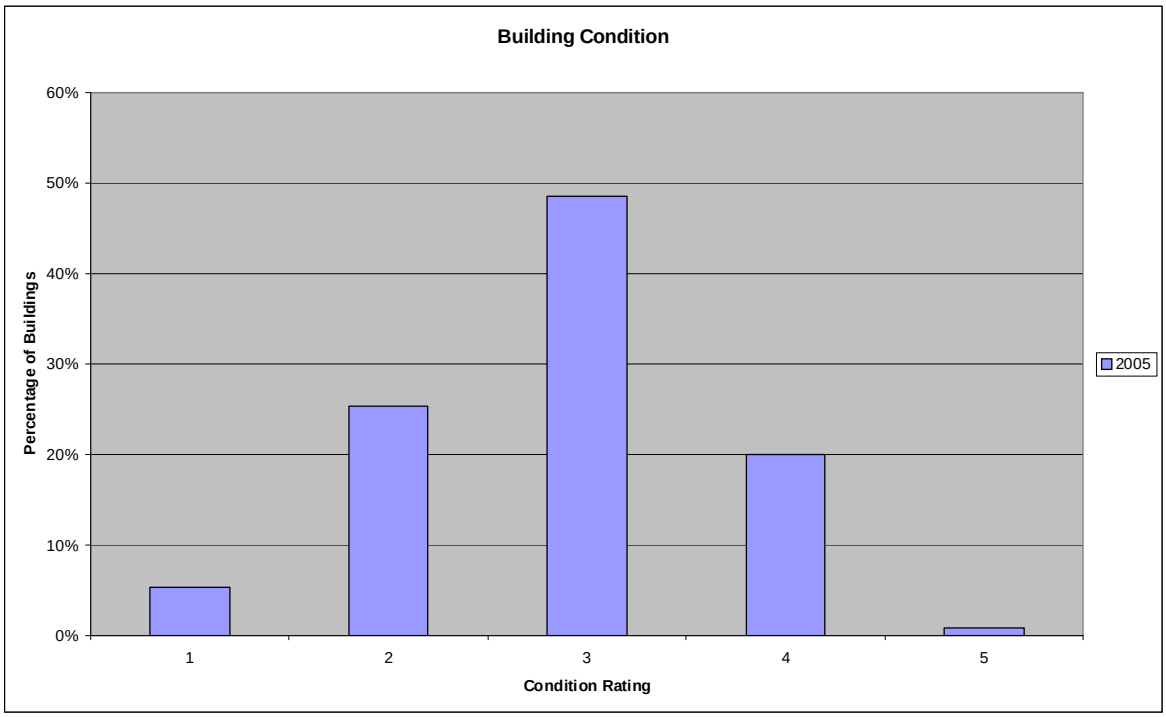
3 Average: Minor cracking in structural elements. Minor deterioration, discoloration, wear or damage to surfaces. There is minor evidence of weatherproof breaches, dampness or mildew. Fittings are generally operational with minor breakages or defects. Asset is functional but with occasional restrictions on use. Deterioration is affecting appearance. Some customer concerns. Some work required.

4 Poor: Building structure is functional but there are signs of significant cracking or distortion. Breaches of weatherproofing are evident. Surfaces are in need of significant repair or replacement before recoating or painting. The fixtures are often inoperable or damaged. Services have limited function with frequent failures. Appearances affected by cracking, staining, overflows or breakages. There are regular customer complaints. Some replacement/ rehabilitation needed within 1-2 years.

5 Failed: Building has serious problems and the Integrity of structure is questionable, serious cracking, distortion, leakages or breakages compromising operation and/or safety. Coatings are badly damaged or non existent. Fittings are unsafe or inoperable. Building is generally not fit for purpose or for use by customers. Urgent replacement/ rehabilitation required.

Where data from the condition monitoring program indicates changes to the intervention period, the strategic, operational, maintenance, renewal, and financial plans will be updated as appropriate.

The current recorded condition profile for the portfolio is shown below;



This indicates that 79% of the City's buildings are in an acceptable condition (1-3).

Asset valuations

Buildings are comprehensively revalued every five years with the next process due in 2012. Building values are incremented using the 'Non-residential building construction cost index (3020) available from the Australian Bureau of Statistics

The value of building assets covered by this BAMP as at 30 June 2009 is summarised below. Assets were last re-valued at 30 June 2009 and are undertaken as part of the insurance valuation process.

Current Replacement Cost	$263,137,000
Depreciated Replacement Cost	$238,644,116
Annual Depreciation Expense (2009/10)	$2,589,075

Useful Unit Rates

Works Category	Percentage of Replacement Value (p.a.)	For a $1 m Building (p.a)
Operations	0.8%	$8,000
Maintenance	0.6%	$6,000
Renewal	0.9%	$9,000
Total	2.0%	$20,000

Note: These figures are based on the City of Melville portfolio as a whole. Some buildings will have higher costs while other will have lower.

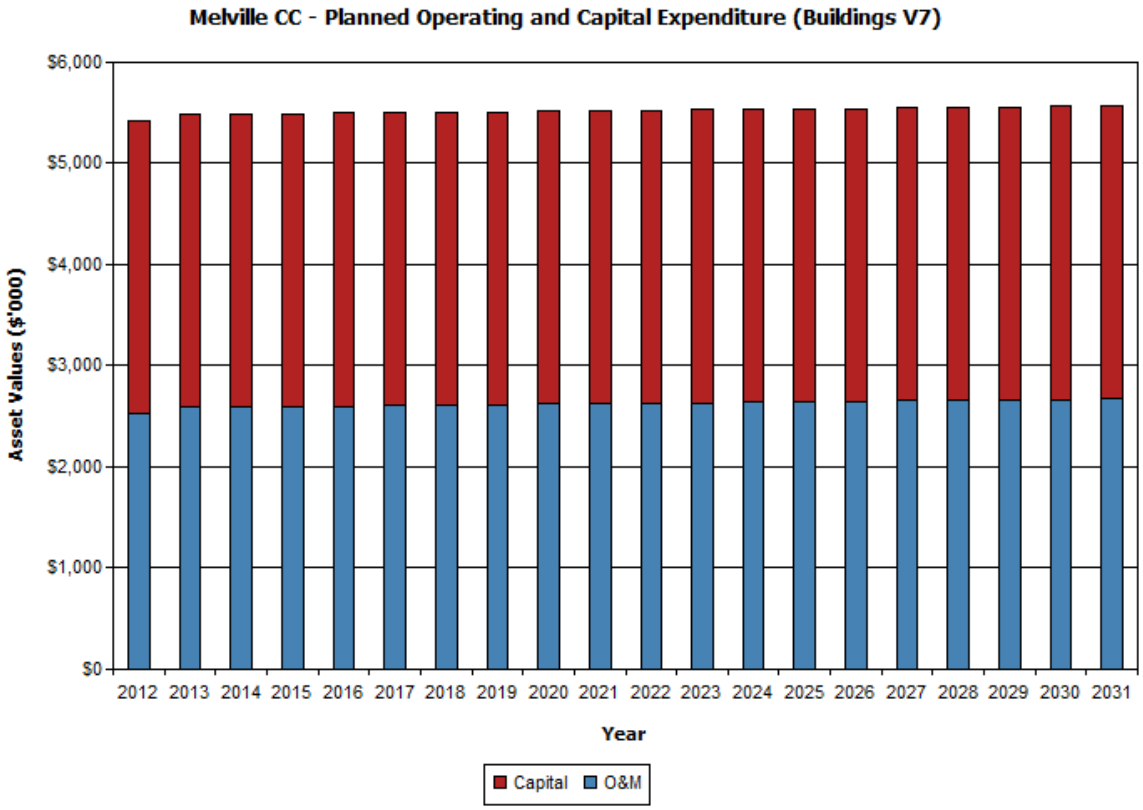
Building Type	Construction Costs/square metre (2011)
Public toilets/change rooms	$1,500
Community halls/club rooms	$1,850
Community centres	$2,000
Recreation centres	$3,000
Office accommodation	$2,500
Refurbish office accommodation	$1,000

7. Financial Summary

This section contains the financial requirements resulting from all the information presented in the previous sections of this BAMP. The financial projections will be improved as further information on desired levels of service and current and projected future asset performance becomes available.

Financial Statements and Projections

The financial projections are shown below for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).



Planned Operating and Capital Expenditure

Note that all costs are shown in current 2011 dollar values. Capital expenditure will remain static although operating expenditure will rise marginally.

Sustainability of service delivery

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by building assets. These are long term life cycle costs and medium term costs over the 10 year financial planning period.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance ($1,554,000) and asset consumption (depreciation expense of $3,832,388). The annual average life cycle cost for the services covered in this BAMP is $5,386,388.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance ($1,554,000) plus capital renewal expenditure ($2,395,000). Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the commencement of the plan is $3,949,000.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of this BAMP is to identify levels of service that the community needs and can afford and develop the necessary Long Term Financial Plans to provide the service in a sustainable manner.

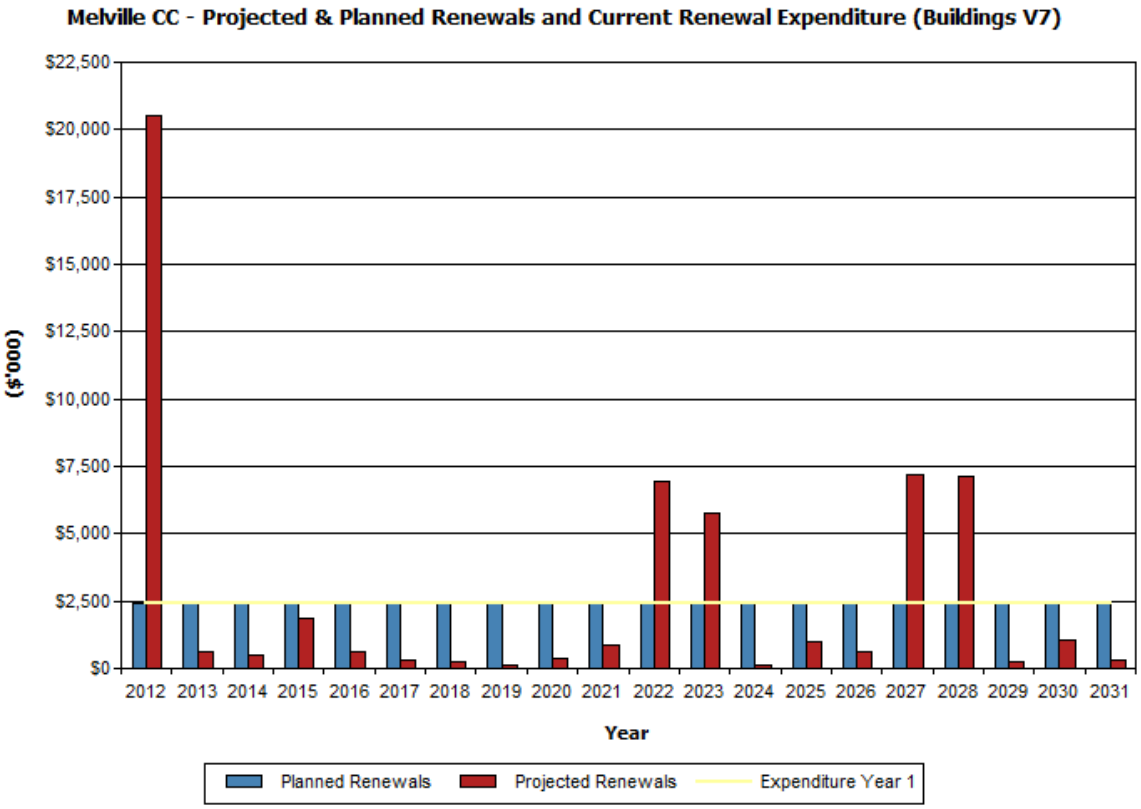
The life cycle gap for services covered by this BAMP is $1,437,000 per annum. This is different to the renewal gap identified as this figure considers depreciation rather than required renewal.

The life cycle sustainability index is life cycle cost/life cycle expenditure (= $3,949,000/$5,386,388) = 73%

This indicates that the life cycle of buildings assets is sustainable at current expenditure levels.

Medium term – 20 year financial planning period

This BAMP identifies the estimated maintenance and capital expenditures required to provide an agreed level of service to the community over a 20 year period. This may be compared to existing or planned expenditures in the 20 year period to identify any funding gap.



Projected and Planned Renewals and Current Renewal Expenditure

This and other relevant data is shown below in tabular form for use in the long term financial plan.

Melville CC >> Planned Expenditures for Long Term Financial Plan (Buildings V7)								
Year End Jun-30	Total Operations Expenditure ($'000)	Total Maintenance Expenditure ($'000)	Projected Capital Renewal Expenditure ($'000)	Planned Capital Upgrade/New Expenditure ($'000)	Planned Disposals ($'000)	Planned Capital Renewal Expenditure ($'000)	Shortfall in Renewal Expenditure (Projected - Planned) ($'000)	Cumulative Renewal Funding Shortfall ($'000)
2012	$978.86	$1,553.95	$20,545.64	$500.00	$0.00	$2,395.00	$18,150.64	$18,150.64
2013	$1,030.71	$1,556.89	$648.80	$500.00	$0.00	$2,395.00	-$1,746.20	$16,404.44
2014	$1,032.57	$1,559.84	$505.50	$500.00	$0.00	$2,395.00	-$1,889.50	$14,514.94
2015	$1,034.43	$1,562.79	$1,837.25	$500.00	$0.00	$2,395.00	-$557.75	$13,957.19
2016	$1,036.28	$1,565.74	$619.29	$500.00	$0.00	$2,395.00	-$1,775.71	$12,181.48
2017	$1,038.14	$1,568.68	$326.35	$500.00	$0.00	$2,395.00	-$2,068.65	$10,112.83
2018	$1,040.00	$1,571.63	$261.50	$500.00	$0.00	$2,395.00	-$2,133.50	$7,979.33
2019	$1,041.85	$1,574.58	$99.00	$500.00	$0.00	$2,395.00	-$2,296.00	$5,683.33
2020	$1,043.71	$1,577.52	$398.75	$500.00	$0.00	$2,395.00	-$1,996.25	$3,687.08
2021	$1,045.56	$1,580.47	$880.24	$500.00	$0.00	$2,395.00	-$1,514.76	$2,172.32
2022	$1,047.42	$1,583.42	$6,959.10	$500.00	$0.00	$2,395.00	$4,564.10	$6,736.42
2023	$1,049.28	$1,586.37	$5,734.55	$500.00	$0.00	$2,395.00	$3,339.55	$10,075.97
2024	$1,051.13	$1,589.31	$132.88	$500.00	$0.00	$2,395.00	-$2,262.13	$7,813.84
2025	$1,052.99	$1,592.26	$997.50	$500.00	$0.00	$2,395.00	-$1,397.50	$6,416.34
2026	$1,054.85	$1,595.21	$591.50	$500.00	$0.00	$2,395.00	-$1,803.50	$4,612.84
2027	$1,056.70	$1,598.15	$7,172.50	$500.00	$0.00	$2,395.00	$4,777.50	$9,390.34
2028	$1,058.56	$1,601.10	$7,117.75	$500.00	$0.00	$2,395.00	$4,722.75	$14,113.09
2029	$1,060.42	$1,604.05	$236.00	$500.00	$0.00	$2,395.00	-$2,159.00	$11,954.09
2030	$1,062.27	$1,607.00	$1,081.50	$500.00	$0.00	$2,395.00	-$1,313.50	$10,640.59
2031	$1,064.13	$1,609.94	$333.25	$500.00	$0.00	$2,395.00	-$2,061.75	$8,578.84

This renewal funding gap is estimated to accumulate to $8.6 million after 20 years. This is highly influenced by a backlog of works indicated to be in excess of $20 million although in reality this is not the case. The model is simplistic and will be improved as an actual works program is developed over the coming year. This backlog is also influenced by the replacement of heritage buildings in particular. Due to the simplicity of the model, the renewal requirement has been averaged at $2.395 million indicating an annual gap of $0.429 million.

Providing services in a sustainable manner will require balancing of projected building renewals to meet agreed service levels with planned capital works programs and available revenue. A gap between projected building renewals planned building renewals and funding indicates that further work is required to manage required service levels and funding to eliminate this funding gap.

The City will manage the ‘gap’ by developing this BAMP to provide guidance on future service levels and resources required to provide these services, by developing a more comprehensive long term renewal plan as more audit information is processed and the development of a disposal/rationalisation plan following current internal asset reviews.

The City’s long term financial plan covers the 20 year planning period. The total maintenance ($15,672,090) and capital renewal expenditure ($23,950,000) required over the 10 years is $39,622,090. This is an average expenditure of $3,962,209.

Estimated maintenance and capital renewal expenditure in year 1 is $3,948,950. As such, the 10 year sustainability index is lifecycle expenditure year 1/planned lifecycle costs (10 year average)

= $3,948,950/$3,962,209 = 100%

This indicates that this level of funding is sustainable over the 10 year period.

Assumptions

Information is based on current knowledge only. The anticipated results of current condition surveys or reviews or their impact on future projections has not been considered.

A summary of the financial projections is shown below ($ 000).

Activity	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Operations	978	1031	1033	1034	1036
Maintenance	1554	1557	1559	1563	1566
Renewals	2,395	2,395	2,395	2,395	2,395
New Works/Upgrades	500	500	500	500	500
Total Building Expenditure	**5,427**	**5,483**	**5,487**	**5,492**	**5,497**

Opportunity Cost of Providing Community Buildings

Based on the current written down valuations and a return on investment of 5-7%, the opportunity cost of each individual building can be determined. This will be developed in future versions of this BAMP.

8. Asset Management Practices

Financial Systems

The current financial system is ‘Finance One’. A financial asset register of buildings is maintained as part of this system and includes the current written down valuation of the buildings.

The capitalisation (materiality) threshold for buildings has recently been increased to $5,000 to reflect the large value of the portfolio and reduce unnecessary administration.

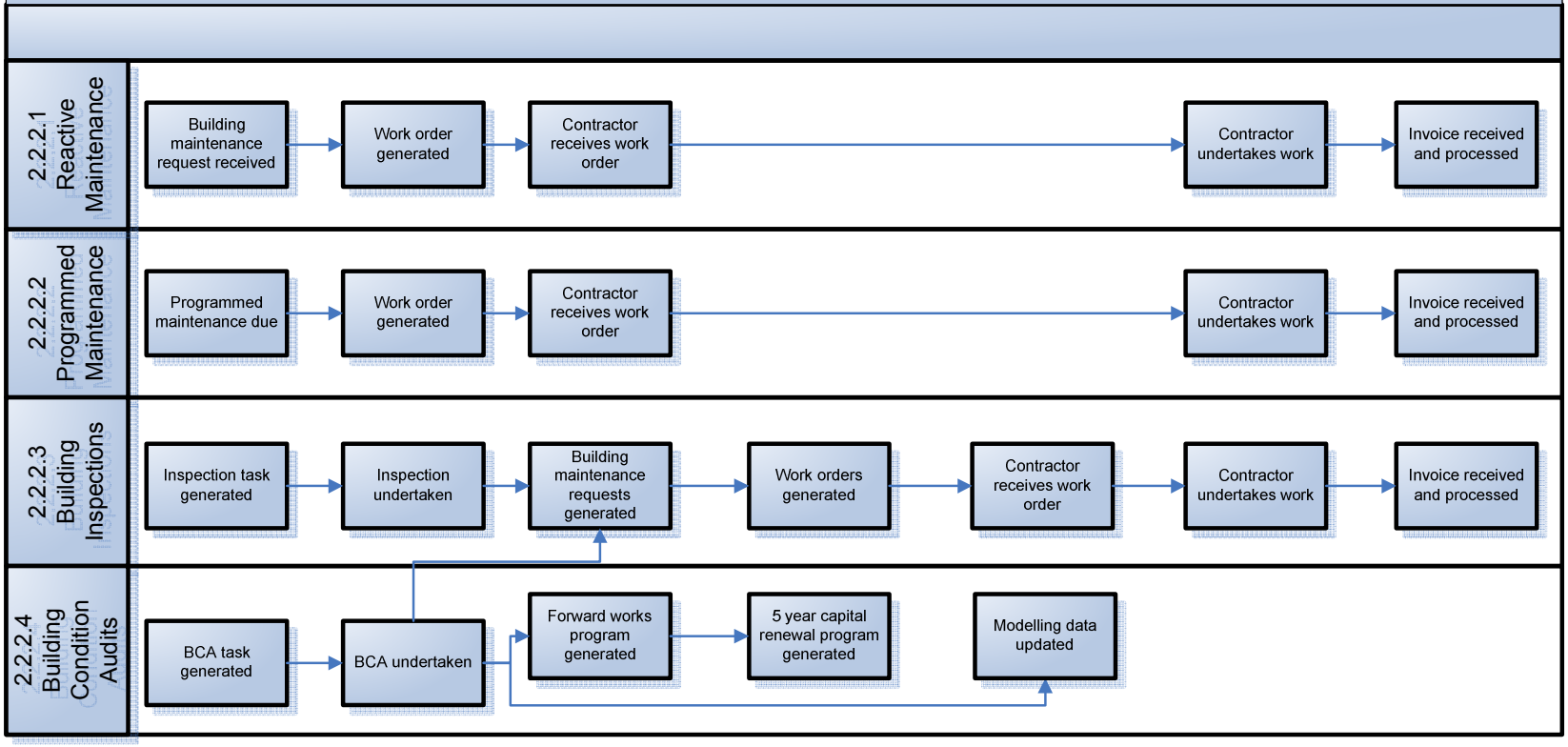
Asset Management Systems

The asset management system, (Archibus) is the central source for all the building information. This system has the capability to manage all of the programmed and reactive maintenance of the building portfolio. It can also produce reports on demand to provide the City of Melville with the management information required to make informed decisions for the life cycle management of the portfolio.

All planned and reactive maintenance work issued through the asset management system is captured in the finance system. The planned and reactive maintenance work not issued through the asset management system is issued through and captured by the finance system. In summary, all financial transactions are captured by the finance system but not in the asset management system. The link between the financial and asset management systems is one way at present which means that the financial information stored in Archibus is not complete.

Archibus processes are shown on the following page.

2.2.2 Building Maintenance Program



INPUTS

Building inventory
Replacement valuations
Condition data
Programmed maintenance schedule
Inspection schedule
BCA schedule

SUPPORTING WORK INSTRUCTIONS

Request building maintenance
Generate work order from building maintenance request
Process contractor invoice
Enter programmed maintenance schedule
Undertake building inspection
Undertake building condition audit
Generate forward works program
Generate 5 year capital works program
Update modelling data

OUTPUTS

5 year capital renewal program
Modelling data
Maintenance register

Courtesy of City of Melville WA

Information Flow Requirements and Processes

The key information flows *into* this BAMP are:

- The asset register data on size, age, value, remaining life of the portfolio;
- The unit rates for categories of work/material;
- Current service levels;
- Projections of various factors affecting future demand for services;
- Correlations between maintenance and renewal;
- Data on new assets acquired by the City;

The key information flows *from* this BAMP are:

- The planned Works Program;
- The resulting budget and valuations;
- Tasks for inclusion in the Improvement Plan.

These will impact the Long Term Financial Plan, Strategic Plan, annual budget and business plans and budgets.

9. Plan Improvement and Monitoring

Performance Measures

The effectiveness of the BAMP can be measured in the following ways:

- The degree to which the required cash flows identified in this BAMP are incorporated into the City's Long Term Financial Plan and Strategic Plan;
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the BAMP;

Improvement Plan

The asset management improvement plan generated from this BAMP is shown in Table 8.2.

Task	Task	Responsibility	Resources Required	Timeline
1	Update and maintain all building data in the AM system	Coordinator Facilities and Assets	Staff	Ongoing
2	Develop a detailed five year capital works program to be included in future BAMP.	Coordinator Facilities and Assets	Staff	December 2011

Improvement Plan

Monitoring and Review Procedures

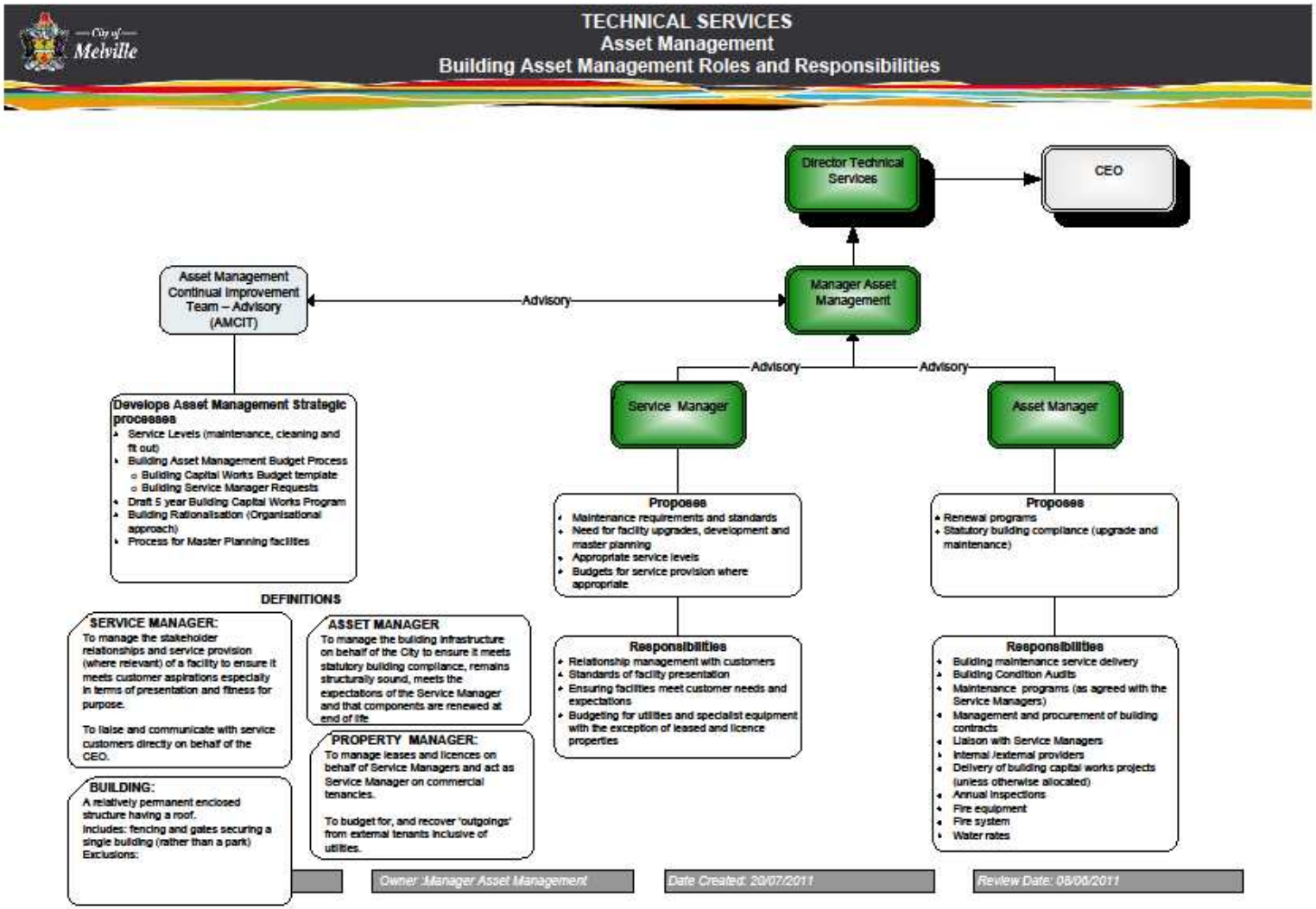
This BAMP will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process. The financial figures will be updated annually.

The Plan will be reviewed on an annual basis.

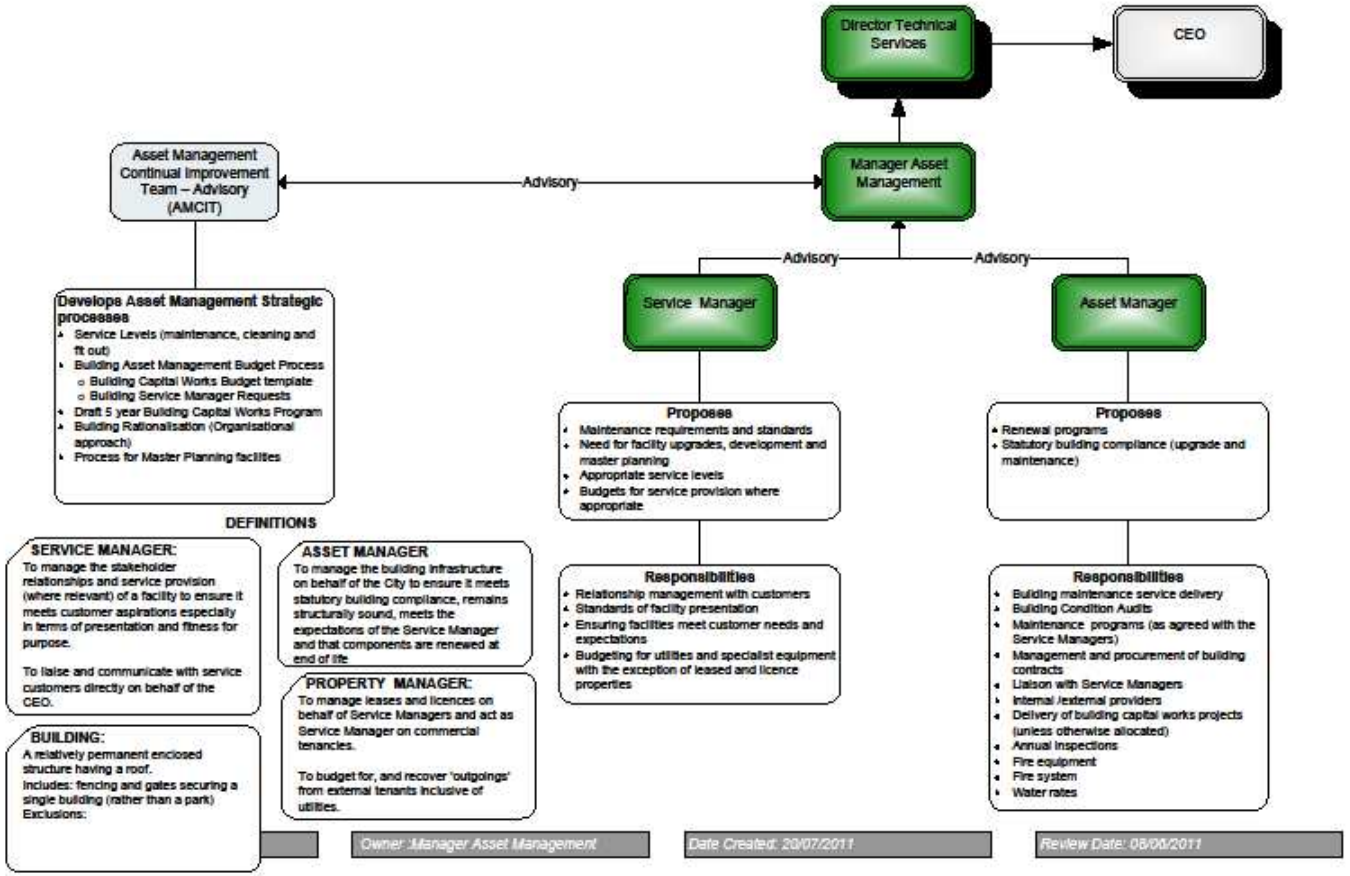
Appendix 1: Building Five Year Capital Works Program

(In development)

Appendix 2 – Building Roles and Responsibilities



TECHNICAL SERVICES
Asset Management
Building Asset Management Roles and Responsibilities



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Appendix 3 – Building Inventory