Buildings

Service Driven Asset Management Plan 2016

Bayside
CITY COUNCIL

Buildings Service-Driven Asset Management Plan

Contents

Executive Summary

Bayside City Council owns, operates and maintains buildings and facility assets with a replacement value of $230.6 million that provide a range of services to the community. Council's 2015/16 annual expenditure on buildings is $11.2 million, representing 20% of Council's total budget.

Purpose of the Buildings Service-Driven Asset Management Plan

The purpose of the Buildings Service-Driven Asset Management Plan (B-AMP) is to document a robust business case for the continued investment into buildings owned and operated by Council and the services those buildings provide to the Community. In this sense, this document is a *Service-Driven* Asset Management Plan. This document demonstrates a commitment to *liveability* (creating a great place to be) through the *delivery of excellent services*, which are key result areas of the Bayside Better Place Approach and aligns with the *Planning, Infrastructure and Transport* outcome of the Bayside Community Plan. Furthermore, the B-AMP demonstrates the commitment to Goal 7 of the 2013-2017 Council Plan of *a financially responsible Council with good governance*.

The B- AMP is used to inform decision making through a focus on improved asset data, testing and validation of asset management assumptions and prediction of long term financial renewal requirements. It also includes the drivers for upgrading existing buildings and the construction of new buildings to improve the levels of service in the future. As a demonstration of Council's long term financial sustainability, the 10-year financial requirements for the operation and maintenance, renewal and upgrading of Bayside's existing building stock in addition to the construction of new buildings are presented in this document.

Asset Description

The assets covered in this B-AMP include 351 buildings and facilities that have useful service lives of 100 years. Recreation Facilities comprise 40% of the value of the building assets, with a replacement value of $87.6M. The oldest building is Black Rock House constructed in 1858, followed by Kamesburgh (1880) and Brighton Town Hall (1886). The latter two are of a high value with respective replacement values of $6.1M and $11M and demonstrates that Council has considerable investment in buildings that are over 100 years old and is committed to funding the associated costs to maintain these assets to the required standard. The majority of Council owned buildings were constructed between 1950 and 1970.

Asset Function

Bayside City Council classifies building assets into the following 9 functional categories:

- Child Services
- Community
- Corporate Centre
- Libraries
- Municipal
- Public Amenities
- Social Services
- Recreation Facilities
- Other/Miscellaneous/Heritage

It is noted that while buildings are classified by a particular function, they are multi-service focused. In this respect, building assets are different from other infrastructure assets such as the road network and stormwater drainage system which have a singular service focus.

Operations and Maintenance

The current (2015/16) annual cost of Council's buildings asset maintenance program is $1.87 million and is expected to increase to $2.8 in 2024/25 due to annual cost escalation and the additional maintenance requirements of new assets created. This assumes there is no substantial change in ownership typically by selling or change of ownership.

Renewal Financial Demand Forecast for Current Service Level

Renewal financial forecasting using the Moloney Model, which is based on the age and condition distribution of the asset stock, predicts a current 2015/16 renewal demand for building assets of $2,064,535 rising annually to $6,894,338 in 2022/23 then falling to $6,539,451 in 2024/25, equating to an average annual renewal cost of $5.4 million over the next 10 years. Council is committed to meeting the renewal demand by annually updating the Long Term Financial Plan with current renewal forecasts. Over 90% of building assets are rated with condition ratings of either excellent, good or average and due to the age of the building stock, no significant structural works due to asset condition are required over the next 10 years. Bayside does not have a renewal gap or backlog of renewal works to address if buildings are to remain in their current state. This assessment is based on the assets in their current form and is not a consideration of improvements necessary to increase the performance of the assets to meet the current service needs of the community.

Drivers for Improved Levels of Service

Council adopted a *Bayside Sportsground Pavilion Improvement Plan* in April 2013 to guide investment into improving and replacing sporting pavilions over the next 10 years. The Strategy provides a prioritised list of 24 Pavilion upgrades that are required to ensure these buildings are fit for purpose and meet the performance standard for the services they provide- sporting and community facilities that support an active lifestyle. The implementation of the Strategy requires an investment of $31 million over the next 10 years. Some of this expenditure is accounted for as renewal, as a partition of the cost of pavilion upgrade projects is used replacing and effectively extending the useful service life of existing assets. The costs associated with improving the performance of the pavilions to meet current service demands is an upgrade expense.

Council adopted a *Public Toilet Strategy* in 2012 to guide investment into improving, replacing and constructing new toilets. Although the Strategy does not commit to a timeframe over which the recommended works are to be completed it does provide a prioritised list of upgrades to 15 underperforming existing toilets and 6 new toilets. The 2015/16 budget and LTFP represents this work over the next 10 year period. To ensure the performance standards and service needs for public toilets are met, the implementation of the strategy requires an investment of $6 million over the next 10 years. Some of this expenditure is accounted for as renewal, as a portion of the cost of toilet upgrade projects is used replacing and effectively extending the useful service life of existing assets.

Preliminary assessments undertaken to support a future Kindergarten Asset Strategy indicate that there may be scope for asset consolidation involving upgrade or construction of new buildings in conjunction with decommissioning buildings that are no longer fit for purpose. However, Council has yet to formally adopt a position on this. Furthermore, an investigation into the suitability of basketball stadium facilities within Bayside is underway, particularly in relation to the facilities provided at Tulip Street. However, this plaining has yet to be completed and Council has yet to formally adopt a position on this.

Other recent developments in services provided to the Bayside Community that has led to changes in the building asset stock includes the closure and sale of the Hampton and Sandringham Childcare Centres. This decision was based on the fact that the childcare market in Bayside did not require Council to continue to subsidise childcare places. The proceeds from the sale of these properties are supporting the redevelopment of the Kindergartens in and other early year's assets.

To ensure its services demonstrate best value to the Bayside community, Council commenced a rolling program of Strategic Service Reviews (SSRs) in 2014 and currently aims to complete four SSRs per annum. The six SSRs completed to date include:

- Home and Community Aged Care
- Statutory Planning
- Arts and Culture
- Youth Services
- Maternal and Child Health

Although the scope of each SSR includes the long term suitability of the asset stock required to support each service, no drivers to construct new or upgrade existing buildings over the next ten years were identified in these SSRs.

Improvement Plan

This B-AMP includes an improvement plan (Section 7) with actions to address limitations in the scope of this Plan and to drive improvements in asset management processes to ensure future versions of this document continue to support Council's commitment the provision of affordable long term infrastructure-based services that meet the needs of the Bayside community. Improvements listed include:

- Continue to develop Asset Upgrade Strategies and undertake Strategic Service Reviews and develop long-term (10 year) capital works programs based on these plans.
- Develop Service Strategies for all services inclusive of asset requirements.
- Examine the current extent of utilisation of Council"s buildings and document the service gap or surplus based on the demand from the community for building floor area.
- Review criteria involved with internal building fit-outs to facilitate better financial modelling than the current process.
- Develop risk criteria for key buildings to assist work programming and capital works prioritisation.
- Review buildings contract specification and update to include asset management issues at least six months prior to tendering.
- Clarify maintenance and renewal arrangements for all lease and other tenancy agreements (eg Pavilions) relating to Council owned buildings and assess their impact on Moloney Modelling and the B-AMP.

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1.0 Introduction

1.1 Scope and Purpose

The purpose of the Building Asset Management Plan (B-AMP) is to document a robust business case for the continued investment into buildings and facilities where a range of services are provided to the Bayside community. In this sense, this document is a *Service-Driven* Asset Management Plan.

This document is used to inform decision making about Council's existing building stock through a focus on improved asset data, the testing and validation of asset management assumptions and the prediction of long term financial renewal requirements. The B-AMP also includes the drivers for upgrading the capacity or performance of existing buildings and the construction of new buildings and facilities to improve the levels of service provided in the future. As a demonstration of Council's long term financial sustainability, the 10-year financial requirements for the operation and maintenance, renewal and upgrading of Bayside's existing buildings in addition to the construction of new buildings and facilities are presented in this document.

The buildings covered in this B-AMP are those that are Council's responsibility to operate, maintain and renew. Buildings developed by leaseholders are not covered in this document. However, further work is required to determine whether Council has any financial liabilities in relation to leaseholder's buildings as leases vary from site to site depending on the time that the lease was signed.

The B-AMP covers the proposed levels of service, future demand, routine maintenance, renewal/replacement, acquisition/creation and decommissioning of the Council's buildings and facilities. It also outlines the financial requirements and the key assumptions made in the financial forecasts. It is a means of outlining the key elements involved in managing the building asset stock. The B-AMP combines management, financial, engineering and technical practices to ensure that the level of service required by the beneficiaries of the service is provided at the lowest long term cost to the community within the limits of any fiscal constraints that may be imposed by Council.

The key purposes of this B-AMP are:

1. Identify the required asset management regime and forecast financial requirements for the current stock of building infrastructure for the next 10 years.
2. Identify the likely growth or change in asset–based building services identified by strategic service planning and predict the financial impact on capital works and operations/maintenance budgets of these changes over the next 10 years.
3. Identify improvement actions required to address limitations in the scope of this B-AMP and drive improvements in asset management processes.

This revision of the B-AMP is based on the best available information and represents the second generation of documenting Council's sustainable management of services provided by buildings to the Bayside community.

1.2 Assumptions:

In developing this B-AMP, several assumptions have been made, including:

- Asset registers are accurate and complete
- Useful lives and predictive modelling (e.g. Moloney Model) are correct
- Current levels of service reflect the current community needs unless an upgrade strategy has been adopted
- No known legislative changes or other influences that will impact on, or demand a change in level of service and associated funding throughout the period of the plan
- Operation and Maintenance budgets in the 10 year financial plan allow for price escalation in subsequent years

1.3 Glossary and Abbreviations

CRC	Current Replacement Costs
B-AMP	Building Asset Management Plan
LCC	Lifecycle Cost
UL	Useful Life
WDV	Written Down Value

1.2 Key Stakeholders

Assets controlled by Council are utilised by a broad cross-section of the community. It is therefore critical that assets are maintained based on need and fit for purpose. The best person to judge whether an asset is fit for purpose is likely to be the user of the asset. Hence asset users are key stakeholders of this B-AMP.

Stakeholders identified in this Plan are the stakeholders that would be involved in consultation when Council seeks input in relation to determination of Levels of Service and intervention levels.

Table 1: Key Stakeholders

Internal Stakeholders Stakeholder Group	Role or Involvement
Council	Custodian of the asset, with Councillors representing the community and setting strategic direction as per the Council and Operational Plans.
Executive Team	To ensure that Asset Management policy and strategy is being implemented as adopted, and to ensure that long-term financial needs to sustain the assets for the services they deliver are advised to Council for its strategic and financial planning processes.
Manager Infrastructure Assets	Coordinates the management of the building stock including asset systems, condition monitoring, renewal, design standards and the development, monitoring and updating of this B-AMP;
Service Area Managers See Appendix 1	Service managers are responsible for understanding expectations of levels of service through effective, ongoing engagement with the community (users of the service). Planning for changes to operations and maintenance, renewal and upgrade of existing buildings and the construction of new buildings depending on the outcomes of the community engagement and research on service level provisions;
Manager City Works	To ensure provision of the required/agreed level of operations, cleaning and maintenance services, delivery of renewal of building components and delivery of upgrade and new capital works
Service-driven Asset Management COG	To embed best practice in service-driven Asset Management across the organisation and to ensure Asset Management planning meets requirements that optimise useful asset life and service provision.
Manager Corporate Finance	To ensure that adequate financial information is provided to Council and to the relevant asset managers to facilitate sound management of the assets
Manager Information Services	To ensure that the relevant IT systems are functioning and that any data within the systems is secure and its integrity is not compromised.
Manager Commercial Services	To ensure that risk management practices are conducted as per Council policy and assist operations managers with advice on risk issues. Also ensure tenants comply with lease conditions / requirements with respect to renewal or maintenance.
Internal auditors	To ensure that appropriate policy practices are carried out and to advise and assist on improvements

Internal Stakeholders	
External Stakeholders	
Stakeholder Group	**Role or Involvement**
Community Including community user groups	General users/beneficiaries of the services
Service Providers / Leaseholders	External organisations that provide services to the community utilising Council owned building and facilities.
Maintenance contractors (external)	To ensure provision of the required/agreed level of maintenance services for assets.
Utility Service Providers	Agencies that provide utility services such as electricity, gas, water, sewerage, telecommunications necessary to facilitate services within a building.
State and Federal Government Departments	Periodic provision of advice, instruction and support funding to assist with management of the building stock.
Council's Insurer.	Insurance and risk management issues.

1.3 Legislative Requirements

The legislation relevant to the provision of services within Council's buildings and facilities are listed in Table 2 below. This list is not exhaustive, but includes the key overarching Acts and Codes.

Table 2: Legislation Relevant to Management of Building Assets

Legislation	Requirement
Local Government Act 1989	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 Act 1993 & Building Regulations 2006	Sets out legal framework for the regulation of construction of buildings, building standards and maintenance of specific building safety features in Victoria. The Regulations derive from the Act and contain the requirements relating to building permits, building inspections, occupancy permits, and enforcement of the Regulations and maintenance of buildings. The Regulations call up the Building Code of Australia (BCA) as a technical reference that must be complied with.
Building Code of Australia (BCA)	Uniform set of technical provisions for the design and construction of buildings and other structures. It is fully performance based and allows for state variations to provide additional requirements or cater for specific community expectations.
Heritage Act 1995	Provides for the protection and conservation of places and objects of cultural heritage significance and the registration of such places and objects.
Planning and Environment Act 1987	To establish a framework for planning the use, development and protection of land in Victoria in the present and long-term interests of all Victorians.
Council Planning Scheme	Planning matters as they relate to the siting and use of buildings
All relevant Australian Standards	AS/NZ Standards such as Asset Management and Risk Management Standards.
Occupational Health and Safety Regulations	Includes Asbestos 2003; Manual Handling 1999; Noise 2004; Prevention of Falls 2003; and Lead 2000.
All other relevant State and federal Acts and Regulations	Where applicable, including Disability Discrimination Act (1992)

All Local Laws and relevant policies of the Organisation	Construction standards, Maintenance contracts, etc.
Essential Safety Measures Legislation	Life & fire safety systems required in commercial, industrial & public buildings to ensure the safety of occupants in the event of a fire or emergency.
Environment Protection Act (1970) and associated policies[1]	Provides for environmental protection and conservation. Other relevant legislation includes the Victorian Climate Change Adoption Plan, Victorian Waste and Resource Recovery Policy (2014), Catchment Land Protection Act (1994).
Retail Leases Act 2003	The main governing legislation for retail leasing in Victoria.
Health Act 1958	The principle objective of the legislation is the protection of public health.

1.6 Key Issues with Asset-Based Building Services

Issues with asset based building services are discussed in detail in Section 3. Several of the key issues are as follows:

- **Changing demographics in the Community:** Asset based building services must be managed to ensure they effectively support the changing community needs and priorities. The community in Bayside has several specific demographic attributes. An increasing proportion of the community is aging, there is also a significant and growing representation of the very young. It is critical that building services will adequately support these communities.
- **Market need for services:** services that are provided externally by either for-profit or not-for-profit organisations influence the need for Council to provide the same service. For example the Hampton and Sandringham Childcare Centres were closed, and the buildings sold in 2014 and 2015 respectively.
- **Financial Constraints:** a period of budgetary austerity due to rate capping will limit Council's capacity to provide resources to support new and upgraded facilities.
- **Legislative Changes:** The legislative requirements governing delivery of asset based building services are extensive and continually evolving. This is particularly so in the areas of Disability Access, Health and Safety and also provision of regulated services such as Child Care facilities.
- **Climate Change:** Climate change raises some specific issues for Council's Building Assets. The potential impacts of rainfall, wind and lighting events as well as increased temperature and solar radiation may reduce the life of building elements.
- **Technological Changes**: Developments in technology both in terms of hardware (building materials, electrical and mechanical technologies) and also the software available to manage and monitor buildings are rapidly advancing. Such technologies present great potential for reducing the carbon footprint of Council's buildings and facilities and result in operational efficiencies.

2.0 Asset Function & Levels of Service

2.1 Function of Building Assets

Council owned buildings and facilities represent a significant investment into a range of services that are provided to the community, which contribute to the liveability, health and wellbeing of the community. The terms 'building' and 'facility' are differentiated as:

- Building – the physical structure and fitout of that structure used to house a service.
- Facility – Includes the building plus the land, space, environment and communications that allow a particular service to be delivered from a location. Facility refers to the combination of service and building when the two are inextricably linked.

The strategic importance of a building is largely determined by its function. Council has adopted 9 functional classifications for buildings presented in Table 3 below. These classifications are used for planning, reporting, prioritisation and risk management purposes.

Table 3: Functional Categories for Council's Buildings and Facilities

Functional category	Building type
Community Services	Senior Citizens Halls (Public, Scouts, Guides) Community centres Information centres Youth Centres Sheds associated with these buildings
Social Services	Housing
Child services	Preschools Maternal Child Health Centres Child Care Centres Sheds associated with these buildings
Libraries and Culture	Library Buildings and Gallery
Corporate Centre	Corporate Centre
Municipal Services	Waste Centres, Animal Pounds Works Depots, Pump Stations Sheds associated with these buildings and Town Hall/Council Chambers
Sporting Facilities	Pavilions Social Clubrooms Bowling Club, Yacht Club Changing Rooms, Leisure Centre / Swimming Pool Sheds associated with these buildings
Public Amenities	Toilet Block / Change Rooms
Other/Miscellaneous/Heritage	Income generating buildings. i.e. Bathing boxes, golf courses, leisure centre, foreshore cafes, heritage assets.

2.2 Functional Hierarchy

The various categories of buildings provide different services to the community. Unlike other infrastructure asset groups such as the road network and stormwater drainage system which have a singular service focus, buildings are multi service focussed.

Each functional classification will have specific functional levels of service. Levels of service may vary from one subcategory to the next and also within a subcategory depending on the priority given. In addition to general levels of service, specific levels of service may be identified within Asset Updrade Strategies for the various categories of buildings. Further information on the functional hierarchy is set out in the following appendices:

- Appendix 2 - outlines the functions of Council provided buildings/facilities.
- Appendix 3 - provides a 5-tier Functional Facility Hierarchy.
- Appendix 4 - provides the explanation of the five hierarchy categories.

The functional classifications are used in optimising the allocation of available funds. The higher order assets attract greater resources because they carry greater risk or are of greater importance to the community. They may have shorter lead times to intervention to repair, maintain or renew the asset. Assets lower in the hierarchy do not carry the same level of importance and may have longer lead time to intervention.

2.3 Design Standards

2.3.1 Building Code of Australia (BCA)

The Building Code of Australia (BCA) provides a nationally accepted and uniform set of technical requirements for all areas of building, from design to construction based around the classification of the building. The BCA is performance based and covers such topics as structure, fire resistance, health and amenity, building access and egress, and building services and equipment.

Buildings are classified in accordance with the Building Code of Australia, BCA, Part A3.2. These classifications include domestic and commercial buildings and places of assembly. The specific BCA technical requirements for classifications of Buildings may vary between the individual building classes and thus impact on design standards such as the sophistication of essential services and equipment. Appendix 6 provides an overview of the BCA classifications.

Most Council buildings are classed "9B", places of Assembly. The technical requirements referenced under the BCA include the Electrical, Plumbing and Hydraulic Design Codes.

2.3.2 Disability Discrimination Act 1992

The Disability Discrimination Act (DDA, 1992) sits above the BCA and makes it legal requirement for public places to be accessible to people with a disability. Generally DDA will be upheld over the BCA. However there are some instances, primarily where safety is impacted, where the BCA will take precedence. For example, the lowering of door handles for wheelchair access could present a problem in child services buildings where this DDA specification presents a safety concern with respect to children reaching handle and accessing the doorway.

2.3.3 Public Health Regulations

Any building which includes a food premises or serves food as part of an accommodation service must notify or register under the Food Act 1984 and obtain a food permit. There are a number of general requirements for buildings to qualify for a permit. The specifications for the kitchen area include requirements for components such as flooring, lighting, walls and coving. Further requirements include waste management, hand washing facilities and toilet specifications[2]. Council offers a plans approval service for the proposed premises (or renovations/improvements to existing premises) and providing advice before construction commences.

2.3.4 Council's Sustainable Building Policy (2010)

Councils Sustainable Building Policy (2010) proposes Councils approach to implementing 'Ecologically Sensitive Design' (ESD) in council owned or managed buildings. This Policy is being reviewed in 2016 so that Council maintaining high standards of responsibility in buildings.

2.4 Levels of Service

Council has determined the standard to which it will design, construct, inspect, maintain and repair building assets. In developing these levels of service, Council has considered community expectations, current levels of service, the level of risk imposed and available resources.

[2] https://www.bayside.vic.gov.au/documents/Environment/New_Food_Premises_Information_Kit.pdf

A key objective of asset management planning is to align the level of service with the community's expectations. The relationship with the cost of the service is evaluated to determine the optimum level of service the community is prepared to pay for. Current levels of service for maintenance are assumed to be reflecting the balance between customer expectations and financial affordability.

The target levels of service for building assets aim to reflect industry standards and are based on stakeholder consultation, Council Plan goals and priorities, the Long Term Financial Plan (LTFP), the 4 Year Capital Works Program and legislative requirements.

2.4.1 Community Levels of Service

Community Levels of Service relate to the community's expectation and perception of the performance/quality of a service that is delivered by Council. It may include things such as function, style, performance, level of cleanliness, maintenance responsiveness, quality and type of consumables, safety and accessibility.

In assessing the value that a Council owned asset provides the community, the following questions are considered relevant:

- Is the service delivery provided by the asset meeting Council's service objectives and the needs and expectations of the community?
- Is the facility accessible, in the right location with a viable catchment area?
- Is the design of the building appropriate, does it need upgrading?
- Could the asset be closed or relocated or provided elsewhere?
- How does the performance of the asset compare with industry benchmarks?
- Is future capital renewal or upgrade of the asset justified?

In order to address these issues, a Facility Benefit Model has been developed that assesses the value of the asset against agreed community benefit performance indicators that are based on asset management, community service, financial utilisation and environmental performance, which involve:

1. Meeting community needs and service objectives
2. Financial (operating and life-cycle costs, commercial potential, rate of return)
3. Design and functionality
4. Utilisation (compared with max capacity)
5. Future demand – ability to cope with growth and demographic changes

(Note: Each performance criterion is weighting based on its strategic importance.)

In the development of Asset Upgrade Strategies and Strategic Service Reviews (refer to Table 4), stakeholder consultation is conducted during the data collection phase, and later with a draft strategy document and/or action plan. This process also applies to Council's Community Plans – for the *Bayside 2020 Community Plan,* over 1,140 people participated in the community planning process. Council is currently consulting with the community and stakeholders for the new *2025 Community Plan*.

Each year, stakeholders have the opportunity to comment on the annual update to the Council Plan, and the draft Budget including allocation for capital works and building maintenance. The ongoing program of Strategic Service Reviews also considers feedback from service users regarding the programs, services, assets and any potential improvements to deliver the service.

Each year, Local Government Victoria co-ordinates the Local Government Community Satisfaction Survey for Victorian local government areas. The objective of the survey is to gauge the importance of Council services as assessed by the general community, and the performance of individual councils across a range of service areas.

The survey is conducted in February-March of each year and the results are published in May. Relevant measures from this survey include the community's views about:

- family support services
- elderly support services
- recreational facilities
- arts centres and libraries.

Some key outcomes of the stakeholder consultation are summarised in Appendix 11.

2.4.2 Technical LOS

Technical Levels of Service include the parameters to assess the required technical aspects including function, design, applicable standards and any statutory requirements. The Technical Service Standards are aligned with:

- Quality
- Quantity
- Safety
- Capacity
- Fitness for purpose
- Aesthetics
- Reliability
- Responsiveness
- Environmental acceptability
- Costs

The Technical Service Standards describe the building usage, renewal, maintenance and operational criteria under the categories of function, design and presentation/amenity. The technical standards for buildings are addressed on an individual basis dependent upon the intended use of the asset and surrounding planning requirements, utilising relevant engineering design guidelines.

It is assumed that each building under Council's control has complied with the various design and construction standards at the time of erection. However, the ongoing challenge Council now faces is compliance with emerging new and changing standards to existing buildings.

Bayside City Council's technical standards include:

- New buildings and renovations are designed utilising Sustainable Design principles in accordance with Council's "Sustainable Buildings Policy" (2010). The policy recognises that the design principles may add a premium on the initial cost of new buildings and major renewal/upgrade projects.
- Where practical, all buildings to have inbuilt energy efficiency.
- Where practical, all buildings to incorporate solar design principles.
- All building to be compliant with DDA regulations (have disabled access).
- Buildings providing regulated services shall comply with legislated requirements, for example buildings used for the provision of early childhood services. Rigorous specifications have been set including requirements for fencing and security, indoor and outdoor space requirements as well as ventilation and natural light.[3].

As part of the development of Asset Upgrade Strategies, an assessment will be undertaken to identify deficiencies in service levels due to building configuration or fit-out and/or non-compliance with generally accepted standards for that particular use.

The intention is that building assets not currently meeting the target specification or level of service standards will be upgraded or reconstructed to the target level where practicable (when the program allocates funding against that need or other development occurs within the network) or when dictated by legislation.

Where there are specific needs/funding opportunities, the Council may deem it important to exceed the standard specifications to improve such things as functionality, safety, accessibility, providing that funding can be sourced for that change.

[3] National Quality Framework (2012), http://www.acecqa.gov.au/national-quality-framework

Apart from those building categories where Council has adopted an upgrade strategy, for example Sportsground Pavilions, it is reasonable to conclude that the condition of the building stock and current levels of service are aligned and consistent with community needs. It is also reasonable to conclude that in the absence of a demonstration of demand from the broader community for new and upgraded buildings, that the current and desired levels of service are also relatively closely aligned. However, the absence of Asset Upgrade Strategies for all Council's services represents an 'unknown' with regard to condition, levels of service and the meeting of community needs without the required data and evidence to support these assumptions.

It is noted that community need has different spatial notions – state, region, municipal and local neighbourhood (suburb). Ideally, Council needs to develop neighbourhood or place-based strategies that articulate 'community need' at the neighbourhood/suburb level to ensure the use of the asset stock is opportunistic and integrated where services are consolidated, multi-use occurs, cost savings are maximised and usage is optimised. Such place-based strategies are required to be cross referenced with Asset Upgrade Strategies when available (refer Improvement Plan).

2.4.3 Maintenance Service Levels

Council provides building and facility maintenance through the Building Maintenance Services Contract[4]. A new contract period of three years with an option to extend an additional 3 years commenced 1 July 2015. The contract specifies levels the of service to be provided.

The service objectives in the Specification of the maintenance contract include:

(i) provide safe, effective and affordable assets within the municipality;
(ii) prolong the life of Council's assets;
(iii) develop an effective partnering relationship with the Contractor;
(iv) minimise risk to public safety;
(v) minimise Council exposure to public liability or service failure through the effective management of services and assets;
(vi) ensure ratepayers and service users are satisfied with these aspects of Council's service delivery;
(vii) maintain and enhance the aesthetic value of the municipality; and
(viii) allowing for technological and other service improvement across the Contract Period.

The Building Maintenance Services Contract specifies performance criteria with respect to the servicing of maintenance requests, including response times for all buildings categories under the contract. These response times are considered appropriate and aligned to community expectations (Refer Building Maintenance Services Contract 091061 Section 1.6.5).

It should be noted that in instances where requests relate to periodic maintenance, future renewal or upgrade works, these may be delayed and prioritised for inclusion in annual works program or for consideration at budget time.

It is also stated in the maintenance1 contract that the performance targets for compliance to the above response times for service requests is to be 90%.

2.4.4 Performance Measures - Levels of Service

Table 5 presents the technical and community levels of service aligned with organisational KPIs. The following information is presented in the table:

[4] TRIM CON/14/69

- Service level Type: Customer or Technical Service Level.
- Key Performance Area (KPI): Business KPI to which the Service level relates.
- Level of Service: The specific service to be provided.
- Performance Measurement Process: How the service will be measured.
- Target Performance: Measurable performance target.
- Current Performance: How currently performing.
- Actions to meet Performance Target: Any required actions
- Resources Required: Resources required to undertake these actions.

The service levels presented in Table 5 apply to all building categories. Detailed levels of service will be developed for each building category.

Table 5: Levels of Service and Target Performance

Service Level Type	KPI	Level of Service	Performance Measurement Process	Target Performance	Current Performance	Actions to meet Performance Target	Resources Required
Technical	**Legislative Compliance**	Compliance with all legislation, regulations and standards.	External and internal audits required	100% compliance	Not yet assessed	1. Renewal projects include DDA, upgrades, Asbestos removal program and electrical upgrade program to achieve 100% compliance by 2015. 2. Annual monitoring of buildings. 3. Awareness of changes to compliance requirements.	1. Annual allocations to bring about 100% compliance. 2. Internal resources.
Community	**Safety**	To ensure all users, staff and contractors have personal safety with minimal health risk.	Hazards identified by audits or customer request to be made safe and appropriately dealt with.	No injuries due to building defects or condition.	Hazards are being identified and resolved through maintenance, renewal and upgrade programs. Response times as set by maintenance contracts for reactive works and currently meeting these requirements.	Annual monitoring of condition and buildings brought up to appropriate level. On part of the capital renewal and capital upgrade program.	1. Internal resources. 2. Annual Funding to bring condition to required standard.
Technical	**Condition**	All buildings will meet condition standards as defined by category.	Regular condition audits to monitor progress.	All buildings assessed as good or better condition.	Defects audited annually, then prioritised and works carried out within relevant budget allocation.	1. Annual condition audits 2. Audit results to be used for future planning. 3. Ensure maintenance and renewal is funded to required level.	2 Possibly external consultants or internal staff trained to carry out audits. 3 Maintenance and renewal funding
Technical	**Utilisation**	Buildings used to their full potential	Annual assessment of usage levels. Buildings used within capacity.	80% of buildings have usage rates of medium or better	To be covered by Strategic Service Reviews	1. Establish usage rates with internal staff and users. 2. Establish capacity of buildings. 3. Establish possible hours open, actual hours open and hours used.	1. Community engagement consultant 2. Internal resources.

Table 5: Levels of Service and Target Performance continued

Service Level Type	KPI	Level of Service	Performance Measurement Process	Target Performance	Current Performance	Actions to meet Performance Target	Resources Required
Customer	**Customer Satisfaction (Internal & External)**	User satisfaction with Appearance Fitness for use Comfort Availability Communication	Biennial customer survey	80% customer satisfied	Not yet assessed – to be covered by Strategic Service Reviews	1. An initial assessment of users to established what will satisfy needs in regards to: – Appearance – Fitness for use – Comfort – Availability – Communication	1. Community engagement consultant 2. Internal resources.
Technical	**Environment**	A commitment to continually improve environmental efficiencies.	Reduction in energy use. Using sound environmental practices.	• Set min performance standards (star rating system) for all buildings. • Buildings will be built / upgraded / operated / maintained to achieve relevant star rating. • Reduce energy and water consumption • Use recycled products where possible	Improvement and ongoing assessments annually	1. Develop policy and procedures to minimise energy use. 2. Staff training. 3. Identify recycled products that can be used in the maintenance, renewal or upgrade of buildings.	Internal Resources
Technical	**Cost effectiveness**	To provide the required services in the most cost effective manner	Review building life cycle costs and identify areas for improvement. Audit of maintenance and capital works for costs and standard of works.	To provide the required services in the most cost effective manner	Council currently manages maintenance and capital works in accordance with budget requirements. Life cycle cost reviews not currently being done.	1. Review of maintenance specifications. 2. Capture and assess all life cycle costs per building.	Internal Resources

2.5 Service Level Review

The objective of a service level review process is to gain a better understanding of the needs, expectations and perceptions of existing and future users of the service. This allows for the definition of meaningful levels of service and performance measures.

The review process needs to be repeated on a 5 year cycle to ensure that knowledge of community needs and expectations remains current in the light of changing environmental, financial, political, social and technical factors. Changing customer needs and expectations, as determined by the review, are part of the continuous B-AMP improvement cycle.

In 2014, Bayside Council developed a Strategic Service Review Framework[5] in the context of the following factors:

- Tightening funding environment,
- Commitment to business excellence and continuous improvement,
- Internal audit report[6] recommending development of strategy outlining service provision into the future,
- Best Value provisions of the Local Government Act and,
- MAV Step program direction.

A framework for Council services reviews was developed together with the initial program reviews for 2014/15. The initial reviews were for Statutory Planning, Family and Children's Services, Fleet Management and Youth Services. A rolling program of reviews for subsequent years will be identified through the annual departmental planning process.

[5] Strategic Service Review Framework, 21 October 2014, FOL/13/33581

[6] Deloitte, Service Driven Asset Management, July 2012

3.0 Future Demand

Future demand is a key consideration in asset management planning for Council's buildings. Predictions have been made for the future growth or decline in building usage. Future demand can be projected by taking into account trends in population size, age distribution, density and trends in tourism, leisure activities and changes in technology.

Our understanding of future demand will improve as more data is collected on usage rates, use trends and potential for cross category use, such as sporting buildings that may not be used on weekdays could cater for the increasing numbers of community activities. Such demand management alternatives must be assessed on a case-by-case basis and will help Council to provide services where fluctuation in demand can be catered for without having to lease, purchase or build additional buildings. Where expectations within the community for services requiring buildings are shown to increase, demand management can serve to increase understanding that better or increased services will incur higher costs.

3.1 Population & Demographic Trends

Bayside's estimated resident population for 2014 was 99,947 persons – a increase of 1,652 persons (1.7%) from 2013. In 2011, Bayside had a high proportion of parents and homebuilders (35 to 49 years), older workers and pre-retirees (50 to 59 years) and empty nesters and retirees (60 to 69 years). Bayside is considered to be an 'older' community with an average age of 42 years in 2011, compared to 36 years across the Greater Melbourne area. Compared to Greater Melbourne, Bayside has lower proportions of adults in the 'young workforce' aged 25-34 years; and more frail aged persons aged 85 years and over. Bayside also had higher proportions of older workers and pre-retirees aged 50-59, empty nesters and retirees aged 60-69 and seniors aged 70 to 84 years.

Over the next decade, Bayside will experience higher levels of growth particularly during the 2017 -2020 period. In 2016, the total population of the City of Bayside is forecast at 103,110. It is expected to increase by 9,858 persons to 112,968 by 2026, at an average annual growth rate of 0.9%.

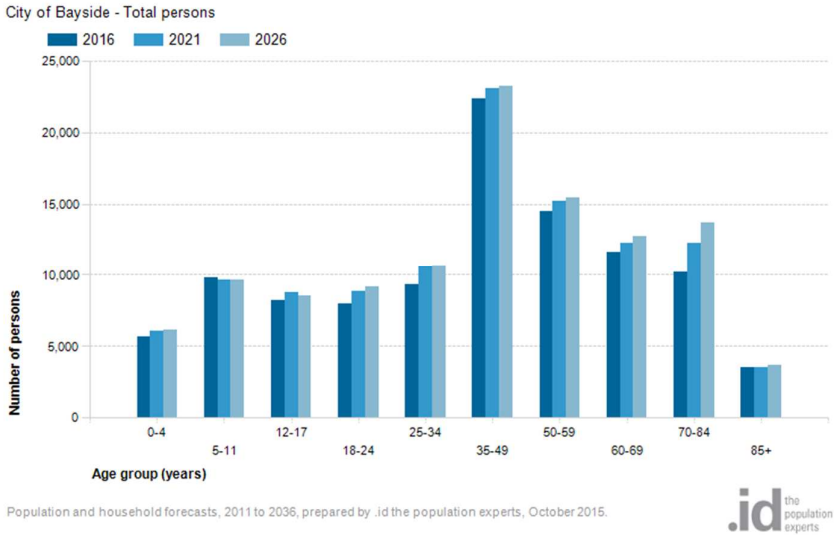
Most of the growth in dwellings and population in Bayside will occur from large medium-high density residential development sites including:

- Bay Road in Sandringham
- the former CSIRO site in Highett
- transport nodes such as the Hampton railway station
- around activity (shopping) centres such as Bay Street, Church Street, Martin Street and surrounding streets such as Asling Street, New Street, Warleigh Grove
- the Jack Road site in Cheltenham.

It is likely that residents moving into these locations will be immediate or future users of services catered for by community buildings owned by Council, potentially placing increased demand on facilities (capacity, spaces for programs/services, changing needs). The housing styles and real estate market will determine the likely age and household types of new residents in these suburbs.

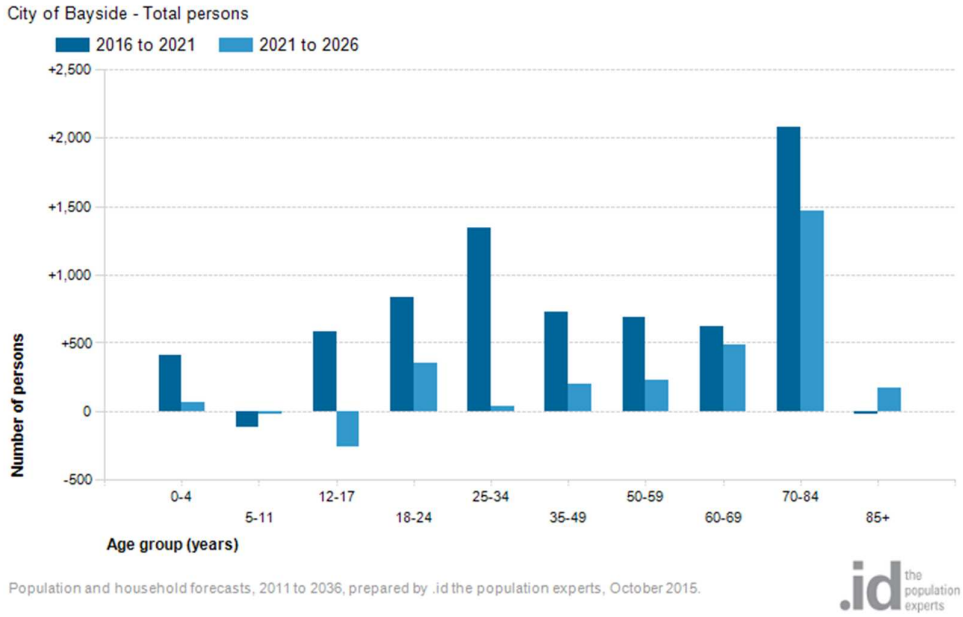
In 2016, Bayside will still have high proportions of residents aged 35 to 49 years, mature adults aged 50 to 59 years and empty nesters and retirees aged in their sixties.

Figure 2a: Forecast Population by Service age groups, City of Bayside, 2016 to 2026



The most significant demographic change over the 2016 to 2026 period is going to be the growth in the population of seniors aged 70-84 years (refer to Figure 2b). The population of seniors will increase by nearly 3,500 in ten years, a growth of 35%.

Figure 2b: Change in Service age population, City of Bayside, 2016 to 2026



The ageing population of Bayside will put pressure on the provision of community and recreational services and facilities commensurate with that age group. The University of Western Sydney Urban Research Centre prepared a report in March 2011 titled *Local Government and Ageing* using information provided by twenty councils across New South Wales. The report concludes that "ageing of the population impacts on almost all aspects of local government… The largest financial impact appeared to be in the area of providing appropriate infrastructure."[7]

[7] University of Western Sydney Urban Research Centre, 2011, *Local Government and Ageing,* page 4

Source: id consulting, *City of Bayside Population Forecasts*, 2015

3.2 Identifying Future Demand Factors

Community expectations of the services provided by Council's buildings are increasing. Significant changes with respect to legislation, technology, and the environment are also anticipated. It is in this context that Council must plan for the upgrading of existing and the construction of new buildings to meet these requirements.

3.2.1 Legislative Change

Legislative and regulatory change can significantly affect Council's ability to meet minimum levels of service and may require improvements to building and facility assets. This can result from factors such as changing environmental standards, community safety standards, and OH&S, all of which potentially adding to the cost of maintaining and operating Council buildings which must be accounted for in the annual budget process.

An example of such an impact is the changes to disability access and equal opportunity legislation on public buildings, child care centres, and pre-schools.

3.2.2 Technological Change

Technology changes that relate to building components will allow alternative materials to be considered during maintenance and renewal works in the future. Some examples include:

- Lighting: Use of LED and more sustainable lighting options.
- Security Systems: Advancements in building management systems (BMS) including building access / key systems.
- Power generation through cogeneration and trigeneration which may allow buildings to cover both their own power requirements but also to return energy to the grid.

A specific action in the improvement plan is to prepare a strategy for investigation of technological changes for future building upgrades.

There will also be changes to asset management technology, in particular in monitoring and data collection activities. Such upgrades in technology may require modifications to the published service levels to be considered as and when appropriate.

3.2.3 Environmental Issues/Climate Change

Council adopted the Bayside Climate Change Strategy[8] in May 2012 to set Council's direction in terms of environmental sustainability and adaptation to the inevitable consequences of climate change. Several 'extreme' risks were identified for 2030 in the preparation of this strategy regarding Building Assets, including:

- damage to building foundations and other subterranean assets
- flood damage to building structures on the foreshore
- increase in damage to infrastructure, including roads and buildings, due to direct impacts of storm surge or inundation

A report "Infrastructure and Climate Change Risk Assessment for Victoria" was prepared by the CSIRO for the Victorian Government in 2007. The report raises issues relating to infrastructure that may well be at risk due to climate change.

Increased frequency and intensity of extreme rainfall, wind and lightning events is likely to cause significant damage to buildings and public facilities. Accelerated degradation of materials, structures and foundations of buildings and facilities may occur through increased ground movement and changes in groundwater.

Increased temperature and solar radiation could reduce the life of building elements due to temperature expansion and material breakdown. This accelerated degradation of materials may reduce the life expectancy of buildings, structures and facilities, increasing maintenance costs and leading to potential structural failure during extreme events.

[8] DOC/12/55184 & DOC/12/55185

From a council infrastructure perspective, where alterations, upgrading, renewal or replacement of elements of structures and even new building and facility assets are proposed, a preliminary risk assessment needs to be undertaken as to the potential impact of climate change.

To enable council to give consideration to elements of its buildings and facilities stock that may be at risk, Appendix 8 is a checklist to be used to undertake this preliminary risk assessment.

If a risk of concern is identified, a more detailed risk assessment is required. Where any element (or the structure overall) is at risk, suitable response or remedial measures need to be investigated and implemented.

3.3 Asset Upgrade Strategies

Bayside City Council recognises that each of the various classes and subclasses of building assets have different requirements and provide different services to the community. To this end, Asset Upgrade Strategies are required for specific building categories and asset upgrades need to be linked to the service need as described in the service strategy . The strategies provide a service-driven assessment of asset performance, levels of service and future needs. Each strategy will be a driver for funding referenced in later sections of the B-AMP.

Building assets must be regularly refurbished to continue to meet the needs of the community and conform to regulatory changes. This is the critical principle behind service-driven asset management. It is expected that most buildings would be required to be refurbished every 15-20 years, irrespective of asset service life.

Asset Upgrade Strategies such as the Bayside Sportsground Pavilion Improvement Plan provide for broad future planning and guide key funding decisions concerning:

- Renewal
- Upgrade
- A New Building
- Rationalisation

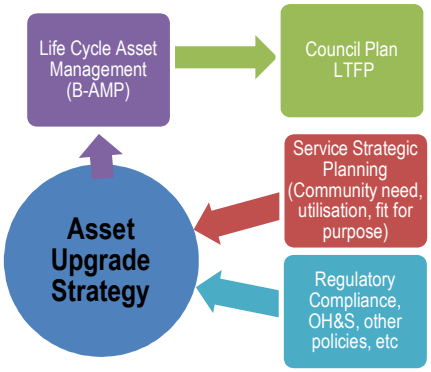


Figure 1 Relationships with Asset Upgrade Strategies

The general principles to be used in the development of Asset Upgrade Strategies are:

a) Each strategy is linked to Council's Long Term Financial Plan (LTFP) and Asset Management Policy and Strategy,
b) Each asset will be maintained and renewed to ensure that it adheres to the required standard;
c) Strategic planning and asset review processes will examine opportunities for consolidation and rationalisation;
d) Any major changes/upgrade to the building structure or new buildings proposal would be considered as part of Council's Capital Works evaluation process;
e) Recognition that tenants/occupants of Council buildings under lease or tenancy arrangements may be responsible and accountable for operation of the facility. Further, an appropriate level of routine and periodic maintenance of those assets may be specified in the lease. For example commercial leases may assign full responsibility, while community group usage may have part responsibility as documented in lease or usage agreements ;
f) A whole of Council approach will be taken to ongoing management of "facilities". This recognises that the maintenance and renewal of the pavilion, grounds, garden beds, car parks and other supporting infrastructure/amenity will be at a consistent level. Additionally, it will be incumbent on all of the service areas involved in the elements of the "facilities" management to ensure that overall upkeep is consistent;
g) Strategic planning and asset review processes will seek to minimise net loss of open space;

h) The funding strategy process is about identifying each structure's renewal and/or upgrade requirements and providing the appropriate funds, in a timely manner to meet service needs. Securing external funding should be explored where appropriate;
i) Initial estimates within the strategy will be broad and based on aggregated information;

The Asset Upgrade Strategies which provide guidance to the B-AMP are listed in Table 4 below. Several of these strategies are still in draft, or are yet to commence. The status of scheduling development of these plans is illustrated in the following table together with a list of other plans and strategies that may influence service planning. As discussed earlier, the meeting of community need at the neighbourhood level needs to be understood through the development of place-based strategies so that services can be consolidated, asset use is optimised and cost savings realised. Such place-based strategies need to be cross referenced with Asset Upgrade Strategies when available.

Table 4: Status of Development of Asset Upgrade Strategies

Building Category	Status of Asset Upgrade Strategies	Other Strategic Service Documents
All Categories		• Community Plan[9] • Sustainable Buildings Policy[10]
1. Recreation Facilities	• Bayside Sportsground Pavilion Improvement Plan[11] • Dendy Beach Master Plan (Brighton Lifesaving Club)	• Bayside Open Space Strategy[12] • Active By The Bay Recreation Strategy[13] • Wellbeing for All Ages & Abilities Strategy[14]
2. Public Amenities	• Public Toilet Strategy[15]	
3. Corporate Centre	• Yet to be developed	
4. Libraries	• Draft Arts & Culture Service Review[16]	
5. Social Services	• Yet to be developed	
6. Child Services	• Draft Kindergarten Asset Strategy[17]	Draft Kindergarten Asset Management Plan 2014[18]
7. Community	• Home & Community Care Service Review[19] • Draft Youth Services Service Review[20] • Draft Family Services Service Review[21]	
8. Municipal	• Yet to be developed	

[9] G:\Community Engagement\Community Plan\B2020 Community Plan Final, Adopted 2011
[10] 2010/070297, Adopted 09/10
[11] DOC/14/29016, Adopted 02/13
[12] DOC/13/151591, Adopted 2012
[13] DOC/13/151472, Adopted 04/13
[14] DOC/13/122829, Adopted 03/10
[15] DOC/12/55442, Adopted 02/12
[16] DOC/15/205182, Draft Only (Completed 12/15)
[17] DOC/14/146027, Draft Only
[18] DOC/15/30564, Adopted 09/14
[19] DOC/14/158640, Adopted 11/14
[20] DOC/15/107246, Draft Only (Completed 06/15)
[21] DOC/15/145648, Draft Only (Completed 09/15)

9. Commercial	• Property Strategy[22]	Bathing Box and Boat Shed Policy[23]

3.5 Demand Management Strategies

Demand management strategies provide alternatives to the creation of new assets through managing customer demand. A key long term approach in this B-AMP is to manage demand so that future services can be provided at a reasonable cost without a negative impact on service. It is expected that effective demand management strategies will allow efficient management of the building stock.

The objective of demand management is to actively seek to manage customer demands for services in order to:

- Optimise the efficiency, utilisation and performance of existing assets;
- Reduce or defer the need for new assets;
- Meet the organisation's strategic objectives;
- Deliver a more sustainable service; and
- Respond to customer needs.

Demand factors be analysed comprehensively, and their impact quantified in terms of the following:

- The effect of the growth of the building stock;
- Any possible future need to increase or decrease assets; and
- The effectiveness of non-asset solutions.

In addition to the factors mentioned above, risk affects demand for services and consequently the following must be taken into account:

- The methodology and accuracy of forecasts;
- The currency of forecasts;
- The uncertainty of forecasts; and
- Any unforeseen natural factors.

Development of the Asset Improvement Strategies (refer to Section 2.4 Levels of Service) will include consideration of specific demands on that category of building/facility.

Opportunities for funding new assets are generally limited to income from Government Grants and from Council rates. Although it may be possible to afford a new asset, especially if the subject of a Government grant, what must also be considered as part of the equation is the ongoing commitment to operations and maintenance.

Plans to introduce demand management measures are based on effective community engagement to ensure the resulting level of service meets user/community expectations. Such plans are based on a hierarchy of options to meeting community needs with infrastructure:

1. Influence user behaviour (manage demand)
2. Maximising use from existing assets
3. Expanding or building new assets

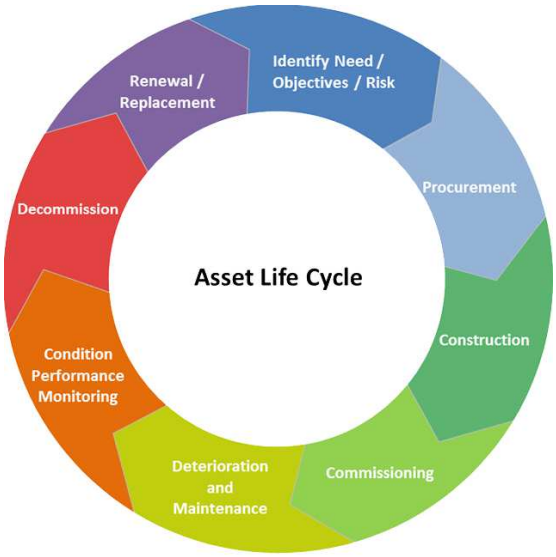
[22] DOC/14/157814, Adopted 10/14

[23] DOC/14/7099, Adopted 11/10

4.0 Life-Cycle Management

Lifecycle management details how Council aims to manage and operate buildings and facilities at the agreed levels of service, while optimising the life cycle costs. This section outlines strategies to ensure sustainability. Based on predictive modelling, testing of assumptions, risk identification and sample testing, a determination has been made as to the necessary level of operations, maintenance and renewal funding to ensure desired levels of service are achieved on a whole of life basis. The figure below provides a graphical representation of the stages in the asset lifecycle.

Figure 3: Asset Lifecycle[24]



As custodian of the community's infrastructure, Council's function is to provide a range of services through the management of buildings and facilities. The cost imposition to Council involves the following aspects:

- Identifying the need and planning for buildings.
- Procurement and construction
- Operations, maintenance and condition monitoring
- Decommissioning or renewal/replacement (end of the useful service life of the asset).

4.1 Asset Description and Quantity

4.1.2 Asset Quantities

Council is responsible for 351 building and facility assets with a current replacement value of $230.65 million. Table 7 and Figure 3 show the building categories and percentage by replacement value. It shows that recreation facilities are the most significant class of buildings in terms of number (47.04%) and replacement value (43.82%).

[24] Source: http://www.dsidsc.com/images/ph-me-asset-management-life-cycle.png

Table 7: Asset Category Quantities & Replacement Costs

Building Category	No.	Replacement Value	% by Replacement Value	% by Number
Child Services	40	$13,303,600	5.77%	11.40%
Other/Misc	49	$28,364,050	12.30%	13.96%
Community	66	$49,122,140	21.30%	18.80%
Corporate Centre	3	$25,484,000	11.05%	0.85%
Libraries	4	$14,092,000	6.11%	1.14%
Municipal	14	$3,837,015	1.66%	3.99%
Public Amenities	44	$8,445,559	3.66%	12.54%
Recreation Facilities	127	$87,598,270	37.98%	36.18%
Social Services	4	$403,200	0.17%	1.14%
	351	**$230,649,834**	**100.00%**	**100.00%**

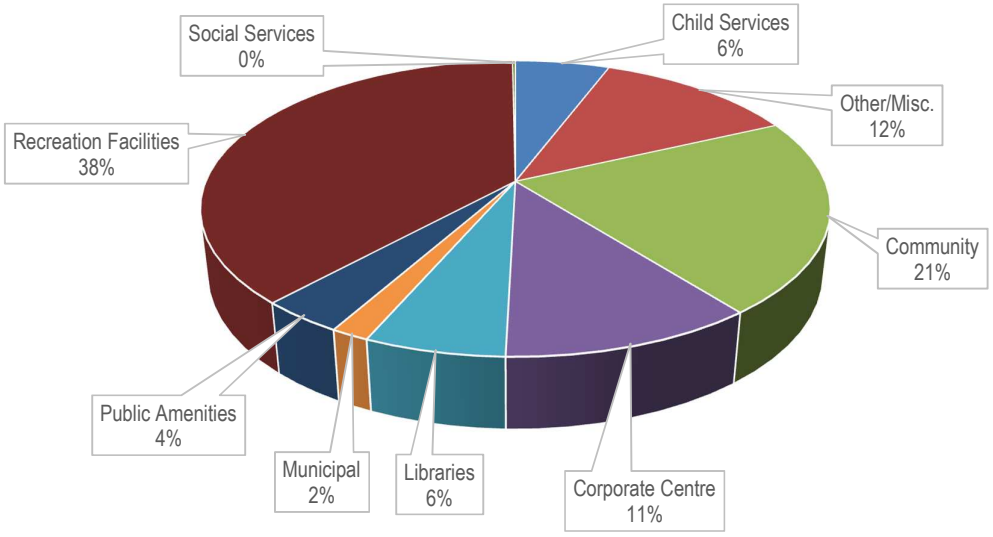


Figure 4: Building Assets by Category & Percentage of Overall Replacement Value

There are currently several Building Asset databases within Bayside City Council. These are:

- The Moloney Model
- Finance Capital Asset Register (CVR)
- Civica SAM system

Each of these systems has a different purpose and function. The assets included in each system and the way each system has been structured (including the level of complexity of the building hierarchy) reflects this varied function. One example of this variance is the selection of assets for inclusion in the Moloney modelling. The modelling only includes buildings for which Council is responsible for building renewals. Alternatively, the CVR should include all buildings for which council has responsibility.

Variation in the reported asset data also results from changes in the data over time. The 2014 building asset valuation, carried out by Council's Valuation Specialist, was based on the CVR data at that time. The latest Moloney modelling that was finalised in late 2015 involved a data review that identified several buildings for addition to the register. A number of assets were also identified for deletion from the register. A number of anomalies were identified in the CVR, which have been detailed in Appendix 16. Appendix 15 has been prepared as an amalgamation of the Moloney work, but including all buildings for which Council has some responsibility. A comparison of building asset data reported in each system is shown in Table 6.

Table 6: Building Asset Data Systems

Source	No. Buildings	Replacement Value
B-AMP[25]	351	$230,649,834
Moloney Model[26]	290	$198,974,864
CVR (2014 building asset valuation)[27]	380	$230,397,945

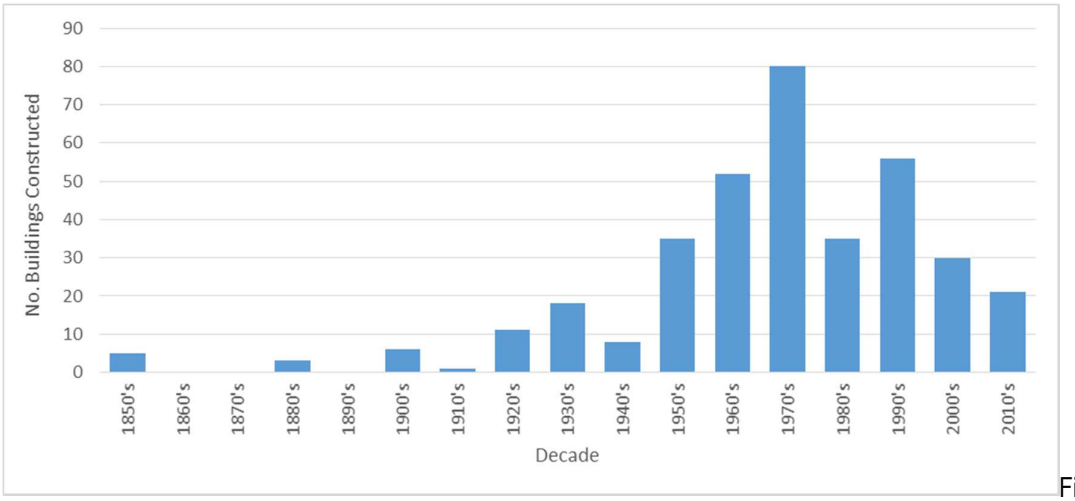
The discrepancy between the systems presents challenges for data currency and data handling efficiency. An improvement action has been identified to combine the datasets within the Civica system and this work is underway.

4.2 Asset Age and Useful Lives

4.2.1 Age Profile

While a number of Council buildings were constructed each decade from 1850, most council buildings were constructed between the 1950s and 1980's, with construction peaking in the 1970s.

The oldest building, Black Rock House, was constructed in 1858, followed by Kamesburgh (1880) and Brighton Town Hall (1886). The latter two are of a high value with respective replacement values of $19M & $9M. This demonstrates that Council has considerable investment in buildings that are over 100 years old and has to fund the associated costs to maintain these assets to the required standard.



Figure

Figure 5: Age profile of Bayside City Council Buildings

[25] See Appendix 15

[26] DOC/195424

[27] 2014 Land and Building Revaluation Report (DOC/14/71186), 2014 CVR Register (DOC/14/96250)

4.2.2 Asset Useful Lives

Useful lives of building elements are a key aspect in the planning of the renewal of these assets. Useful lives for building assets have been assumed from industry standards and are shown in Table 9 below.

It is noted that in Councils Valuation activities, the valuer assigns each building an economic life. The economic life is defined by the valuer as the time from acquisition to replacement and is assumed to be 100 years for all buildings. A useful life of 100 years is also used in the Moloney Model to forecast renewal requirements for Long Life Structures. In the valuation assessment, buildings have not been broken into components but rather are considered as a whole. This practice is currently being reviewed in relation to compliance with current accounting standards.

Table 8: Building Element Lives Used for Renewal Forecasts

Building Element	Example	Useful Life
Long Life Structures	Masonry/steel walls, concrete floor, steel/timber roof frame	100 years
Short Life Structures	Timber framed walls, timber floors, timber roof frame, timber cladding	40 years
Roof	Tiles (Steel)	40 (25) years
Mechanical	E.g. Central heating system	20 years
Fit-out	E.g. Kitchens, storage, shelving, carpets	25 years

With reference to the elements listed in Table 8, the following is noted:

- **Mechanical Services** – Includes equipment with values over the asset capitalisation threshold such as substantial central heating systems. It will not include small items of values under the capitalisation threshold such as individual room air-conditioning units.

- **Internal fit-out** –Significant internal work undertaken in response to changing user or safety requirements and a need to rejuvenate internal areas. This may include replacement of built-in fittings such as kitchen sinks and benches, plumbing, electrical connections & wiring, safety features, or relocation of or modification to internal non-load bearing walls. The replacement timing for fitouts are often earlier than the 25 year life used in the Moloney Model, due to service needs. Such 'early' renewal is catered for in the renewal forecasts by updating the condition profile of the assets with a 'new' condition rating.

4.2.3 Asset Remaining Life

The remaining life of buildings is the useful life less life consumed. Figure 6 presents the remaining life of all buildings per asset class. The buildings have been grouped into those with less than 5 years remaining life, those between 5 and 14 years remaining, 15-29 years, 30-50 years and those with more than 50 years. It is noted that approximately 15% of the building stock classified as Child Services and Recreational Facilities have less than 5 years remaining life. 70% of buildings classed as municipal have less than 15 years remaining life.
These figures are based on asset life. It is likely that many buildings will have a shorter 'life' resulting from the need to improve service performance of that building.

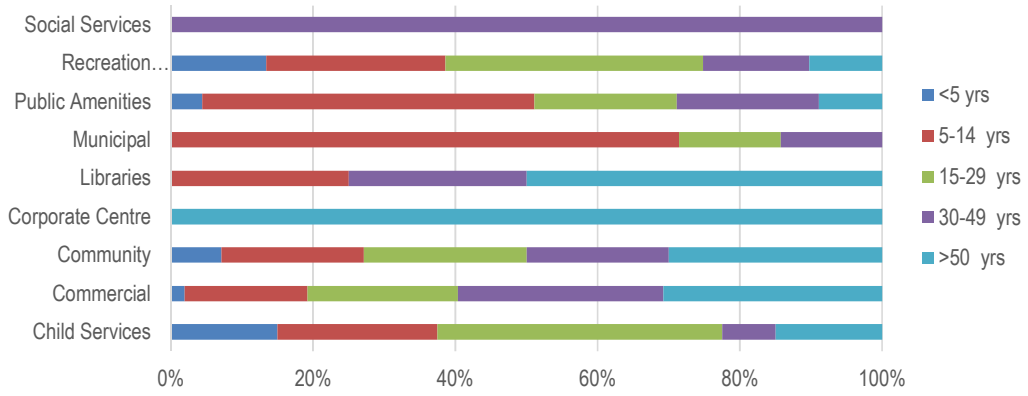


Figure 6: Remaining Life for Council's Buildings

4.3 Asset Condition

4.3.1 Life Cycle Condition Audit

The Building Maintenance contract requires a Life Cycle Costing (LCC) Audit on all buildings that provides each element with a condition rating and remaining life estimate. This audit is undertaken once every three years. This information is used to determine the asset renewal forecast with the Moloney Model. This audit will also include a building's compliance with current regulations.

The 0-10 condition rating scale is applied to key elements of building structure, namely structure, roof, mechanical services and internal fit-out.

Life Cycle Condition data is stored in the SAM (Authority) as a single point of data and accessed later for modelling purposes to produce capital renewal programs.

4.3.2 Asset Condition Rating

Table 9 outlines the Condition Rating Scale as used by the Moloney Model for financial modelling of future renewal requirements. The Moloney model is based on a 10 point condition rating scale. Condition 0 represents a new asset while 10 is an asset with no remaining life.

Table 9: Moloney Condition Rating Scale

Rating	Condition Rating Description
0	A new asset or an asset recently rehabilitated back to new condition.
1	A near new asset with no visible signs of deterioration often moved to condition 1 based upon the time since construction rather than observed condition decline
2	An asset in excellent overall condition. There would be only very slight condition decline but it would be obvious that the asset was no longer in new condition.
3	An asset in very good overall condition but with some early stages of deterioration evident, but the deterioration still minor in nature and causing no serviceability problems.
4	An asset in good overall condition but with some obvious deterioration evident, serviceability would be impaired very slightly.
5	An asset in fair overall condition deterioration in condition would be obvious and there would be some serviceability loss.

6	An asset in Fair to poor overall condition. The condition deterioration would be quite obvious. Asset serviceability would now be affected and maintenance cost would be rising.
7	An asset in poor overall condition deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance cost would be high
8	Asset in very poor overall condition with serviceability now being heavily impacted by the poor condition. Maintenance cost would be very high and the asset would at a point where it needed to be rehabilitated.
9	An asset in extremely poor condition with severe serviceability problems and needing rehabilitation immediately. Could also be a risk to remain in service
10	An asset that has failed is no longer serviceable and should not remain in service. There would be an extreme risk in leaving the asset in service.

4.3.2 Building Condition

Figure 7 depicts the asset condition distribution for each building element type. For ease of reading, the 10 point condition scale has been translated into 5 grades, where 'Excellent' is anything at or below a rating of 2, 'Good' is 3-4, 'Average' 5-6, 'Poor is 7-8 and anything above 8 is 'Past Intervention Level'. Less than 1% of assets are beyond intervention point and are addressed by the annual building renewal program. Over 90% of building assets are rated with condition ratings of either excellent, good or average and due to the age of the building stock, no significant structural works due to asset condition are required over the next 10 years. Again, this assessment is related to the condition of the asset and not service performance.

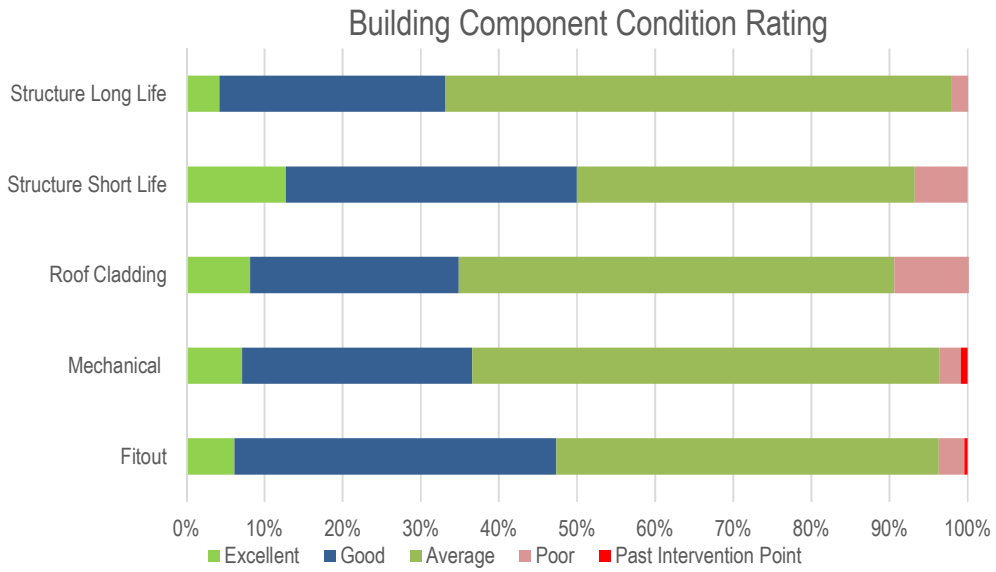


Figure 7 Building Condition Distributions for All Elements

4.4 Risk Identification

Council buildings have been categorised into nine different groupings. These groupings are based on functionality and also and have been ranked using risk management methodology as per AS/NZ Standard AS31000: 2009. There are 13 risk events which have been identified, with consequences and likelihood assigned. Each of the categories has been given a ranking of high, medium or low. All categories with a high ranking require contingency plans to minimise disruption and support recovery. Ranking results are as follows:

Table 10: Risk Ranking of Council's Building Categories

Categories	Ranking	Risk
Libraries	125	High
Social Services	107	High
Child Services	106	High
Corporate Centre	101	High
Other/Misc (i.e. heritage)	86	Medium
Community	75	Medium
Recreation Facilities	74	Medium
Municipal	50	Low
Public Amenities	41	Low

Risk Level
High >100
Medium <100 and >50
Low > 50

Exposure to risk in Council's building assets is primarily mitigated through the proactive and comprehensive monitoring and management of the assets. Council undertakes regular inspections as part of the Essential Safety Measures (ESM) Audit, Yearly Condition Audit, Asbestos Audit and proactive maintenance audits.

4. 4.1 Managing the Asbestos Risk

Until the late 1980s, asbestos was commonly used in roofing, sheet walls, ceilings and moulded products, such as flues, downpipes, guttering, and in the manufacture of water and sewerage pipes. Other common asbestos-containing materials and products include vinyl floor tiles and sheets, insulation materials, and sealants and mastics.

Since the ban on asbestos in 2003, risk to workers from these products is now most likely to arise during asbestos removal or during renovation or maintenance work that disturbs asbestos. In addition to asbestos removalists, other tradespeople who may come into contact with asbestos include carpenters, electricians, plumbers and demolition contractors.

Building materials containing asbestos, such as internal walls or asbestos cement sheet roofing, that are in good condition should not pose a risk and can be left in place unless broken, deteriorating, or disturbed in such a way that dust containing asbestos fibres is produced.

In accordance with the Occupational Health and Safety Act 2004, Council conducts Asbestos Audits on all of its buildings. The last audit was undertaken in 2010, with an update underway in 2016. Generally, where there is asbestos remaining in Council's buildings, it is intact, in good repair and considered safe. An annual capital allocation to safely manage asbestos in Council buildings is required with the long term aim to eventually remove all remaining asbestos.

Council's Building Maintenance Services Contract includes provisions to ensure that maintenance activities do not impact on remaining asbestos materials or if they do, are subject to an asbestos management plan.

4.5 Asset Capacity and Performance

A building/facility asset must be fit for purpose to support the intended service required by the community. A building/facility may no longer be 'useful' because the capacity of the structure to meet user demands is inadequate or it is unable to perform to the required level. This could be because it:

(a) no longer suits the service being provided within it and no amount of repairs and maintenance will improve the position;
(b) is no longer suitable but an upgrade of the facility will improve the position;
(c) is still suitable for service if in sound condition, but it is unreliable or unsafe and in continual need of costly maintenance.

Both the annual Building Condition and periodic Life Cycle Audits will provide data on the physical condition of the building. In the case of (a) and (b), consideration has to be given through planning by the service owner to whether or not the service should continue, and if so, how the provision of a new or upgraded facility is to be provided.

The various Asset Upgrade Strategies being developed for specific building categories will address the matters of asset capacity and performance.

4.6 Asset Data Storage Systems

Bayside City Council uses Civica SAM as the asset register for building asset data. This database stores a range of building asset attribute data. Building asset data is also stored in the CVR and GIS. There is currently a project underway to align the building data in these systems.

The Moloney Modelling System is currently being utilised to determine the future funding levels for renewal of Councils building assets. Ongoing analysis and predictive modelling is required to define the assumptions and forecasts provided in this plan.

Appendix 7 and 8 provide an overview of the systems used to store asset data and the function of each system.

4.7 Operations and Maintenance

Building maintenance involves routine programmed and reactive maintenance of building elements, including structural, amenity, security, energy management, cleaning, and mechanical/fire services. Maintenance planning involves the contract management of building maintenance contracts, investigating and responding to tenant and user requests and development of long term maintenance programs. Increasingly, building management services are being employed to ensure the sustainability of assets over time to maximise asset service delivery potential and manage related risks and costs over the life of the asset.

4.7.1 Maintenance Arrangements

Council has a contract arrangement for building maintenance services. The Contract specification comprises the maintenance, management and coordination of works under this contract which are associated with Council's buildings and other assets. The Contractor is also required to provide assistance in the implementation of strategies determined by Council during the Contract Period to support the day to day use and enhancement of those assets.

The current **Building Maintenance Services Contract** CON/14/69 commenced on 1 July 2015. The contract is for an initial period of three years. Maximum period for which contract may be extended is 3 years. The following Table 11 shows the responsibility split between Council and Contractor and also the objectives of the contract.

Table 11: Responsibility Arrangements – Council versus Contractor

Contractor Responsibility	Council Responsibility
Maintenance of Council's assets on a day to day basis as directed.	Strategic planning for buildings
Monitoring and maintaining Council assets throughout the Municipality	Capital development and improvement for buildings
Customer service and complaints management as they relate to services performed.	Management and supervision of contracted services
Ensuring the implementation of existing and future management plans, strategies and programs	Enforcement of Regulations for buildings

As previously stated, there are buildings which are located on land controlled by Council for which the operation, maintenance and renewal is the responsibility of third party organisations, such community or recreation groups. Activities under the Building Maintenance Services Contract are therefore adjusted as appropriate for such buildings. In some instances, the Building Condition audits have identified that works that should have been undertaken by building tenants as part of lease or other tenancy arrangements have not been performed and that in some instances, it would be difficult or impractical for Council to enforce the maintenance provisions. As this places an unnecessary financial burden on Council and/or deterioration of the asset, there is a need to review leasing arrangements to ensure that arrangements around maintenance obligations are clear and enforceable (refer Improvement Plan).

4.7.2 Maintenance Activities

Typical maintenance activities undertaken in relation to building assets are listed below. Details of specific maintenance activities are detailed in the Contract Specification.

- Servicing of heating and air conditioning systems
- Maintenance servicing of passenger lifts
- Roofs – Cleaning of gutters
- Termite and pest control
- Plumbing (unblock drains, replacing washers etc)
- Handyman and General Labour Services
- Repairing fixtures and fittings
- Inspecting and maintaining essential services (fire safety equipment)
- Electrical
- Roofs (repairing broken tiles, fixing leaks etc)
- Internal and external walls (patching, painting etc)
- Building related out of hours response services
- Floors (general repairs, sanding, revarnishing etc)
- Painting
- Repairing vandalism (graffiti, broken windows etc)
- Windows and doors (patching, painting, replacing locks)

4.7.3 Inspections

The purpose of inspections is to identify, record and report defects that are causing, or have the potential to cause:

- Disruption to service provision;
- Degradation of asset performance and/or condition including cleanliness;
- A public health or safety risk;
- Inconvenience to staff and/or the public;
- A security risk;
- Breach of regulations or legislation;
- A financial risk; and
- Property damage.

The Building Maintenance Contract requires various levels of programmed inspections which are listed in Table 12 below. In the past decade, other specialist type audits have been conducted, such as the asbestos assessments and approximately 60 buildings have been audited for essential service compliance.

Table 12. Building Maintenance Inspections

Inspection	Frequency
Life Cycle Costing Audits	Annual
Building Maintenance Condition Audits	Twice annually (to be increase to 3 a year)
Essential Safety Measure (ESM) Inspections	Quarterly
Exit Light Inspections	Annual
End of season pavilion audits	Twice annually
Switchboard inspections and reporting	Annual
Lift Audit	Annual
Pool Inspections	Monthly

4.7.4 Building Maintenance Condition Audits

Regular auditing of building condition is an important part of a proactive building maintenance regime. Condition auditing contributes to consistency in monitoring and reporting on the state of building assets. It can also contribute to consistent and targeted maintenance works.

Bayside City Council has an annual inspection program for Building Maintenance Condition (BC) Audits. These audits are undertaken as part of the building maintenance contract. The BC audit identifies and prioritises defects and required maintenance. These works are undertaken throughout the year under the building maintenance contract. If the works are outside maintenance specifications, the work will be put forward for capital works.

Recreation pavilions are inspected under the maintenance contract. These inspections take place in the Summer/Winter and Winter/Summer season changeover periods.

The inspection reports are required to include photographs of identified damage and required maintenance works and are forwarded by the contractor within one month of completion of each inspection. These reports are stored in the corporate electronic document system (TRIM) under the asset ID.

Building Condition data for the various building elements is stored into the AIM system for use in maintenance planning.

The contractor undertaking the condition audits produces a report for each individual building. Included in this report is a prioritised list of works at each site. These reports drive Council's maintenance works planning, prioritisation and budgeting. The reports are also used to facilitate discussion between Council Officers, tenants, users, managers and other building stakeholders.

The BC Audits and reporting only include recommended maintenance works are used to determine the annual maintenance program. They are not used for developing capital works programs.

The BC audit uses the same 0-10 scale as used in the Life Cycle Condition audit. This scale is used together with a three point priority rating system in which any defects identified are rated according to the table below.

Table 13. Building Maintenance Priority Rating

Priority Rating	Criticality
3	Urgent
2	Moderate
1	Low

4.7.4 Inspection Data Records

Council has an integrated asset management system (AIM) where all data in relation to building assets is stored. This information includes identifiers for all building assets, all defects identified during proactive inspections, details of rectification works as well as asset condition ratings captured during inspections.

The Contractor tracks programmed inspections, records defects identified during inspections, records action requests received from the community and repairs, response times and other actions taken. This system maintains a works history with clear audit trails. This data is then fed into AIM and is being stored for future analysis and reference. There is potential to link asset data stored in AIM with other systems such as Customer Service Request System and Intramaps (GIS).

4.8 Renewal, Upgrade and Disposal Plan

4.8.1 Renewal Prioritisation Process

Planned and reactive renewal works are prioritised in accordance with the consequence of failure rating for the asset in question.

This Renewal Section relates specifically to the need to renew assets to address condition problems rather than for capacity or performance reasons. Buildings and facilities that are not fit for purpose or performing adequately will be prioritised for upgrades based on the relevant Asset Upgrade Strategy (such as the Pavilion Upgrade Strategy). It is important to note that any proposal to renew the elements within a building does have an assessment made of its performance. The opportunity to upgrade certain building elements during renewal works needs to be given careful consideration, given an improvement in performance is not always a significant factor of the overall project cost.

With regard to prioritisation of renewal works, critical assets will be programmed for rehabilitation or replacement when:

- The performance of the asset fails to meet the required level of service due to poor condition of the asset
- It is no longer cost effective to continue repairing the asset
- The risk consequence of asset failure and the associated financial and social impact of the failure justifies replacing the asset.

In addition to criticality rating, prioritisation will be rated on urgency of work in accordance with the functional hierarchy and building category.

4.8.2 Renewal Strategy

The justification to renew building assets is based on the following criteria:

- Risk: The risk of failure and associated financial and social impact justifies action (e.g. impact and extent of resulting inability to be able to use the building or facility, probable extent of damage to business, any health risk arising from use of the property).
- Asset performance: The failure of an asset to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during inspections and operational activity.
- Economics: It is no longer economically prudent to continue repairing the asset (i.e. the annual cost of repairs exceeds the annualised cost of renewal.

Significant expenditure on renewal of building assets due to poor condition of the long life building elements is not expected in the next 20 years given the age of the buildings. This assumption will continue to be tested by ongoing condition – based analysis of the assets and adjusted in future plans. Significant expenditure is planned to upgrade the xxx performance of the assets.

Given the relatively young age of the building stock relative to useful service life (100 years), it should only be necessary to address structural failure in assets that have experienced premature failure due to defective design or construction or damaged due to outside influences or impacts. This would be considered as a rare event and not to be expected as a significant driver of expenditure across the asset stock. It is appropriate to budget for the funding needs as determined by the financial forecast results from Moloney Model and the relevant upgrade Strategies.

Renewal works identified in terms of these renewal strategies may be deferred if the cost is beyond the ability of the community to fund it. This can occur when higher priority works are required on other infrastructure assets, when there are short term peaks in expenditure or in an inadequate rating base exists.

When renewal works are deferred, the percentage of the building stock that is at a condition beyond the condition intervention level and the future renewal demands needs to be reported on an annual basis. Although the deferral of some renewal works may not impact significantly on the short term operation of assets, repeated deferral will create a liability in the longer term and create a renewal gap which will affect the level of service to the community.

4.8.3 New and Upgraded Asset Requirements

New and upgraded Asset requirements include works required to cater for growth in or higher levels of service (performance). This may include the creation of a new asset or an upgrade to increase the capacity of an existing asset. New buildings are constructed to meet new services or higher levels of service. An upgrade to a building is an enhancement to meet the demand for an increased level of service or to render the building to be fit for purpose.

Funding of new and upgrade works fall into the following categories depending upon the extent and type of works:

- Council funded, or
- Externally funded (commercial, private, Government or non-profit organisation), or
- Shared contribution to the cost by Council and an outside interest.

A significant issue that affects demand for new buildings and upgrades to existing buildings is whether existing building stock is fit for purpose in supporting the services that are provided to the community. In some cases, legislative and regulatory changes will drive such works. In other cases, it will be feedback from facility users. The ongoing development of Asset Upgrade Strategies for each service will guide Council's investment in new and upgraded building facilities.

When council considers its discretionary capital expenditures for new or upgraded assets, it is essential to establish the consequential recurring operational and maintenance costs that will occur once the new or upgraded assets become operational. Understanding life cycle costs is part of being fully informed of future liabilities.

As new projects are brought forward for consideration in annual budget deliberations, they will have to include an assessment of these ongoing operational (recurrent) costs to be presented to council as part of the overall cost projections.

4.8.4 Asset Upgrade Strategies

The role of Asset Upgrade Strategies is to identify the need for new buildings or upgrades to existing buildings based on service performance or fit-for-purpose requirements. The critical principle behind Asset Upgrade Strategies is the recognition that some buildings will require refurbishment to ensure that they continue to meet service needs for the community. The Strategies also enable 'early' renewal works to be considered together with other planned renewals based on poor asset condition. There is then a more strategically driven and systematic approach to the long term management of Council's building stock.

The following sections are summaries of Asset Upgrade Strategies that have been adopted by Council or are in draft form.

Bayside Public Toilet Strategy 2012

Bayside currently provides 60 separate public toilet facilities throughout the municipality. Traditionally, upgrade and replacement of these facilities has been based on condition data only. The 2012 Strategy incorporated two additional criteria: performance and risk. A total of 34 actions are proposed over a 10 year period to improve service delivery from public amenities.

To deliver the strategy Council currently allocates approximately $300,000 for renewal of existing toilets and provides between $250,000 and $300,000 per year for new public toilet facilities. An additional allocation of $50,000 is provided for minor works to existing toilets to improve accessibility and public safety. To demonstrate how the implementation of the public Toilet Strategy is factored into the setting of the long term Financial Plan, the capital cost of this Strategy over the next 10 years is outlined in Section 5.3 below.

Dendy Beach Master Plan 2013

Council is the owner of a building that houses the Brighton Lifesaving Club (Council's lessee) at Dendy Beach, Brighton. As this building has reached the end of its service life, the reconstruction of an upgraded facility became a focus of the Dendy Beach Master Plan adopted by Council in 2013.

In addition to meeting the existing and future needs of the Brighton Lifesaving Club, the Master Plan calls for the upgraded building to incorporate a commercial outlet, such as café/kiosk. To deliver this aspect of the Master Plan, Council is allocating $4.5 million in the 2015/16 capital works budget.

Bayside Sportsground Pavilion Improvement Plan

Council adopted a Bayside Sportsground Pavilion Improvement Plan in April 2013 as a commitment to upgrading 24 of the poorly performing out of the 27 existing pavilions. This Strategy identifies the necessary works to address service level demands which have been categorised into either early renewal or upgrade components.

The current plan for Sportsground Pavilions provides a list that allows for a prioritised order for works. The prioritisation of pavilions uses a rating matrix system based on patronage, social impacts, technical, regulatory and safety. This type of approach is also proposed for other building categories. To demonstrate how the implementation of the pavilion Improvement Plan is factored into the setting of the Long Term Financial Plan, the capital cost of this Strategy over the next 10 years is outlined in Section 5.3 below.

Draft Kindergarten Asset Strategy

Planning has commenced on a Kindergarten Asset Strategy which aims to determine the long term demand for kindergarten services provided by Council and an investment strategy for the associated buildings required to provide these services.

Provision of Kindergarten services present a complex management challenge particularly with respect governance. Child services are a heavily regulated area, the State and Federal regulations overlapping and at times competing. There is an element of community management in several of the kindergarten facilities, and further, for the Council facilities, Council manages and maintains a system of registration for future students.

This draft planning work has yet to be finalised. 10 year costings outlined below in section 5.3 are for discussion purposes only until the planning is finalised, tested by a community and stakeholder engagement process and adopted by Council.

4.8.5 Strategic Service Reviews

To ensure its services demonstrate best value to the Bayside community, Council commenced a rolling program of Strategic Service Reviews (SSRs) in 2014 and currently aims to complete four SSRs per annum. The six SSRs completed to date include:

- Home and Community Aged Care
- Statutory Planning
- Arts and Culture
- Youth Services
- Maternal and Child Health

Although the scope of each SSR includes the long term suitability of the asset stock required to support each service, no drivers to construct new or upgrade existing buildings over the next ten years were identified in these SSRs. This work will need to be undertaken over the short term as part of developing service startegies for all services provided by Council and is listed in the Improvement Plan. Further details on each SSR is presented in Appendix 16.

4.9 Asset Disposal Plan

The strategy for the development of a building asset disposal plan is to first identify those buildings or parts thereof that are either:

- Surplus to requirements;
- Technologically obsolete;
- No-longer meeting community needs; or
- Have simply reached the end of their useful life and there is no demand for renewal or replacement.

Where appropriate, such buildings should also be considered for consolidation and rationalisation based on service needs and community benefit prior to being placed in the Disposal Plan.

When disposal does occur, recognition needs to be made in the recurrent/operating budget of the reduction of associated operating or maintenance costs of the decommissioned assets, as well as any disposal costs. Costs associated with the sale, demolition or relocation of decommissioned assets and any associated works are to be included as part of the Disposal Plan. Associated works could include any necessary site remediation or rehabilitation. This is a risk management issue. Failure by Council to undertake relevant site remediation may result in future litigation. An example of remediation work is on the site of old Council works depots where fuel and hazardous materials may have been stored, especially those stored in underground tanks.

Disposal of buildings within Bayside City Council is infrequent and no planning or policy has been developed. As Council progresses through the development of Asset Strategies for each building category it will be an opportunity to identify those assets that are underperforming in some way and make decisions accordingly.

Recent developments in the service provision to the Bayside Community that has led to changes in the building asset stock includes the closure and sale of the Hampton and Sandringham Childcare Centres. This decision was based on the facts that there was no evidence that the childcare market in Bayside required Council to continue to subsidise childcare places. The proceeds from the sale of these properties are supporting the redevelopment of the Grange Road Kindergarten in Sandringham and East Beaumaris Preschool.

4.10 Building Ownership Obligations

Council, having care control and responsibility for an extensive building network, is responsible for a number of functions. The ownership functions include:

- Operations;
- Maintenance;
- Tenancy and lease arrangements;
- Renewal/Refurbishment;
- Upgrade/Improvements;
- Provision of New Assets; and
- Rationalisation and Disposal of Assets.

Bayside approaches funding of buildings in several different ways. Buildings are usually located on either freehold land owned by the City or reserve land (such as Crown land) vested in the Council (ie. land controlled by the local authority). For some building assets the operating, maintenance and renewal of the building is funded completely by the Council. Examples of these types of buildings are the Corporate Centre, Depot and Libraries.

There are other buildings located on Council controlled land for which the operation, maintenance and renewal is the responsibility of third party organisations such community or recreation groups. If a building is located on land controlled by the Council, ultimate ownership rests with the Council unless there is a lease in place that sets out that any leaseholder improvement to the land remains the property of the lease holder and is to be removed at the leaseholder's expense at the end of the lease.

The maintenance and renewal arrangements for all lease and tenancy agreements should be aligned with both the Property Strategy and the B-AMP. A review will be carried out Individual leases specifically relating to maintenance and renewal arrangements

The Authority/SAM building register is also to be updated to classify buildings into areas of responsibility and detail those responsibilities.

Appendix 9 provides further information on building ownership and occupation obligations.

4.11 Fittings & Equipment

Fittings and equipment required for provision of services to the community can be considered either as part of the structure of the building/facility or separate from the structure as non-building equipment. This differentiation will affect accounting for the specific assets involved.

In circumstances where equipment has been provided for a purpose-built building, the equipment is to be considered as part of the building. This applies when equipment is built-in, affixed to or installed in such a manner that the installation costs will be substantial and could include special foundations or extensive restoration works after the equipment has been removed (e.g. air conditioning or heating units, swimming pool filtration and chlorination plant, hall/theatre stages and gantry lighting, workshop overhead gantry cranes).

Non-building plant and equipment can be defined as equipment that can be easily removed after erection or installation. In this context, the primary consideration of the building should be that of a shelter.

Therefore, non-building plant and equipment are those items that can be disconnected, dismantled and removed without significant impact on the building by way of:

- damage to the building structure, including internal partitions;
- affecting the function of the building as a shelter; and
- the need to restore, change or upgrade the building after removal.

Appendix 10, identifies under various key sub-categories those items that are to be considered as non-building plant and equipment.

5.0 Strategic Financial Management

5.1 Current Financial Position

Council's current expenditure for 2015/16 on asset-based building services is $11 million, representing 19.8% of Councils total budget ($33.8M in capital works and $22.6M in maintenance)[28]. The breakdown between capital works and maintenance is presented in Table 17.

Table 14: Building Service Budget Allocations 15/16

Budget Component	2015/16 Allocation
Capital Works (Renewal, Upgrade and New Assets)	$ 9,306,483
Operations and Maintenance	$ 1,867,323
TOTAL	**$11,173,806**

5.1.1 Maintenance Expenditure

Maintenance expenditure refers to all costs incurred to ensure that asset remains operational, such as repairs and cleaning. Maintenance does not include actions which affect (lengthen) the remaining useful service life of the asset (which is defined as renewal).

Approximately 20% of Council expenditure on building assets is on maintenance activities and the current budget is considered to be in line with annual requirements to achieve the adopted level of service standards. Table 18 provides a breakdown of the annual cost of maintaining council's buildings.

Table 15: Building Maintenance Allocations - 2015/16[29]

Asset Component	2015/16 Budget Allocation
General Property	$ 826,023
Corporate Centre	$ 162,396
Municipal Buildings	$ 45,609
Other/Misc. (i.e. heritage)	$ 223,439
Community Buildings	$ 187,794
Child Services Buildings	$ 99,823
Social Services Buildings	$ 13,709
Public Amenities Buildings	$ 63,948
Library Buildings	$ 94,146
Recreational	$ 150,436
TOTAL	**$ 1,867,323**

While designed to achieve the adopted service levels in the B-AMP, these programs continue to be tested and their effectiveness monitored and measured over time to allow for a future review of the service.

[28] Figures from Power Budget Report DOC/16/12952, 2014-15 Actuals & 2015-16 Adjusted Budget - Capital & Operating - Info for Asset Management, does not include ESOS budget

[29] Power Budget TRIM DOC/16/12952

Table 19 below shows the predicted increase in maintenance cost over the next 10 years. The predicted increase is based on 3% CPI and the condition audit modeling.

Table 16: 10 Year Maintenance Cost Projections

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$1,867,323	$1,923,343	$1,981,043	$2,040,474	$2,101,688	$2,164,739	$2,229,681	$2,296,572	$2,365,469	$2,436,433

5.1.2 Capital Expenditure

Capital expenditure covers renewals, upgrades and new assets and increases the value and extends the useful service life of an asset.

However, it needs to be recognised that all upgrade works on buildings will normally include some renewal works and in many instances, renewal work may also include an upgrade component to meet current service requirements (in some instances the upgrade may require the bringing forward of renewal works that were originally scheduled for the future).

To provide a more accurate picture of the impact of these works on future renewal needs, each financial year an assessment is undertaken on a project by project basis as to the forecast expenditure split by expenditure category.

Table 20 lists all the components of the 2015/16 capital works budget.

Table 17: Components of Buildings Capital Works Budgets (2015/16)30

Budget Component	15/16	16/17	17/18	18/19
New/Upgrade	$3,782,576	$9,935,865	$10,414,648	$5,747,800
Renewal	$5,523,907	$6,478,016	$6,109,212	$8,142,483
TOTAL CAPITAL WORKS	**$9,306,483**	**$16,413,881**	**$16,523,860**	**$13,890,283**

5.1.3 Grant Revenue

Property and building management is one of the major sources of non-rate revenue for Council through the collection of fees and charges, rentals and other income. These range from commercial leases to sports pavilion allocations and public hall hire. At this stage, the impact of rental received, tenant maintenance obligations and Council funded responsibilities have not been fully assessed with respect to the asset management of these buildings. It is proposed to review this situation as part of the AM Improvement Plan.

5.2 Renewal Forecasts – Moloney Model Results

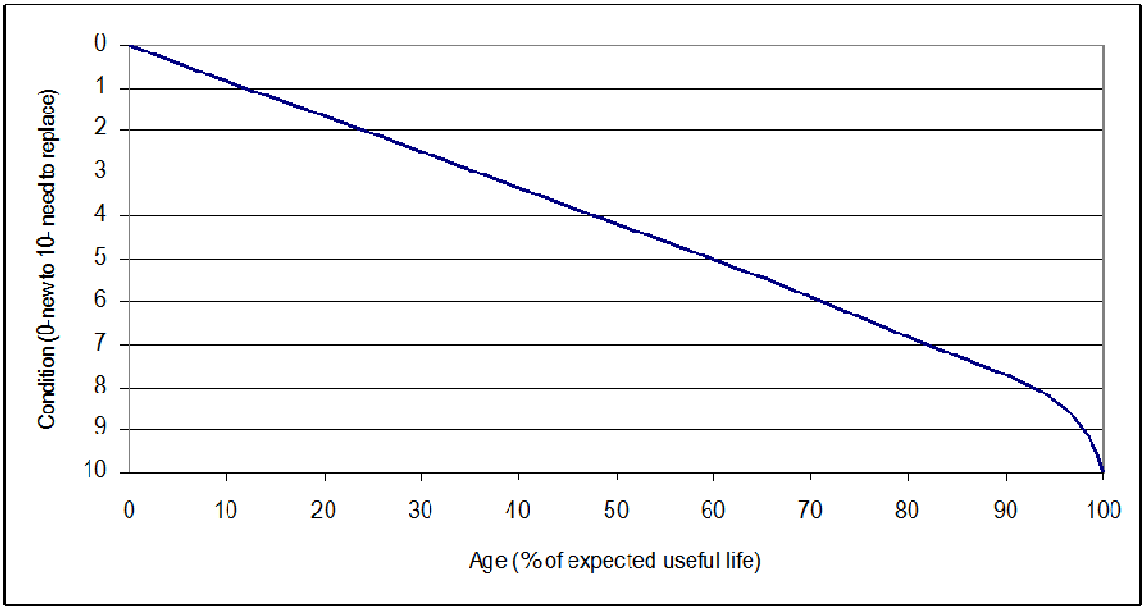
The Moloney Renewal Model is a financial modelling tool used to predict future asset renewal expenditure requirements based on asset condition (or age) profiles and using generic asset deterioration curves, the model estimates degradation / consumption of the asset. Two modelling outcomes are available within software:

- Given a fixed, or predetermined expenditure level, the model predicts the overall average asset condition rating at a future date and plots a bar graph of asset condition verses asset amount; or
- A desired minimum asset condition level is established and the model determines the required annual expenditure to achieve the pre-determined asset condition level.

[30] Four Year Capital Expenditure Program 2015/16 - (DOC/14/13146)

In the Moloney Renewal Model, the intervention point is known as the Retreatment Intervention Condition level (RICL). The RICL is the point at which the asset has deteriorated to such a condition that it is economically prudent to initiate restoration works to bring the condition of that component back to the new condition rating of zero (0).

Figure 8: Default degradation profile used for Moloney Modelling



The following initial RICL's have been used for the various building components for the purposes of financial modelling within this Plan:

Table 18: Intervention Level Used in the Financial Modelling

Component	RICL
Building Structure Long Life	8
Building Structure Short Life	8
Roof	8
Mechanical Services	8
Fit Out	8

Key Assumptions in Moloney Modelling Expenditure Forecasts are detailed in Appendix 16.

Currently, the Moloney Modelling uses an average figure of 25 years as useful life for fit-outs. In future, as the model is developed it will be possible to be more precise with parameters for life-cycle intervals for fit-outs of different types of building/facility assets (i.e. life-cycle in years, RICL and cost apportionment between structure, roof, mechanical equipment and fit-out). Early fit-out renewal may be deemed necessary for level of service reasons. Such early renewal will be planned and documented within the relevant Asset Upgrade Strategies.

Figure 9 below demonstrates the RICL renewal funding requirements for the retention of selected asset components for the next 20 years. The average annual Renewal demand over 20 years is $5.2M/annum with the current peak, as modelled, being in 2021/22 at $6.8M but reducing then over the next 8 years before it steadies to approximately $5.0M/annum for the balance of the 20 years. Average Annual rate of Asset Consumption to Condition 10 is $4.72M and the Average Annual rate of Asset Consumption to Intervention Condition is $5M. The latter is a slightly higher figure because the Intervention Condition is generally less than 10. The Average Annual rate of Asset Consumption to Intervention Condition represents 2.54% per annum of the capital cost for replacement. It should be noted that the predicted annual renewal requirement from 2015 onward is addressed in the Renewal Strategy below and in the current LTFP.

Council is committed to meeting the renewal demand by annually updating the Long Term Financial Plan (LTFP) with current renewal forecasts. As such, Bayside does not have a renewal gap or backlog of renewal works to address. Figure 10 below depicts the funding levels foreshadowed in the LTFP against the predicted renewal financial demand, with the resulting impact on asset condition plotted on the same graph. As Council is fully funding the renewal demand, the condition of the asset stock will not decline over the next 10 years. The 10 year renewal works cost projections are listed in Table 19 below.

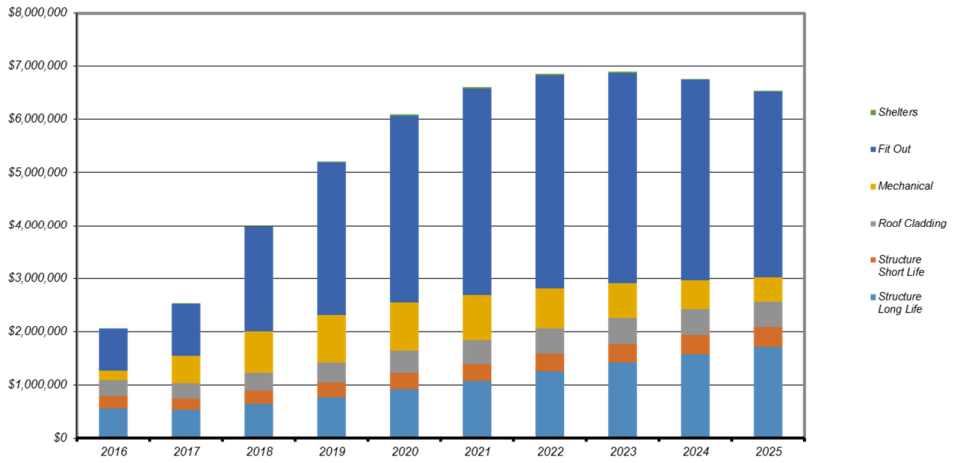


Figure 9: Predicted Renewal Funding Requirements Split by Building Elements[31]

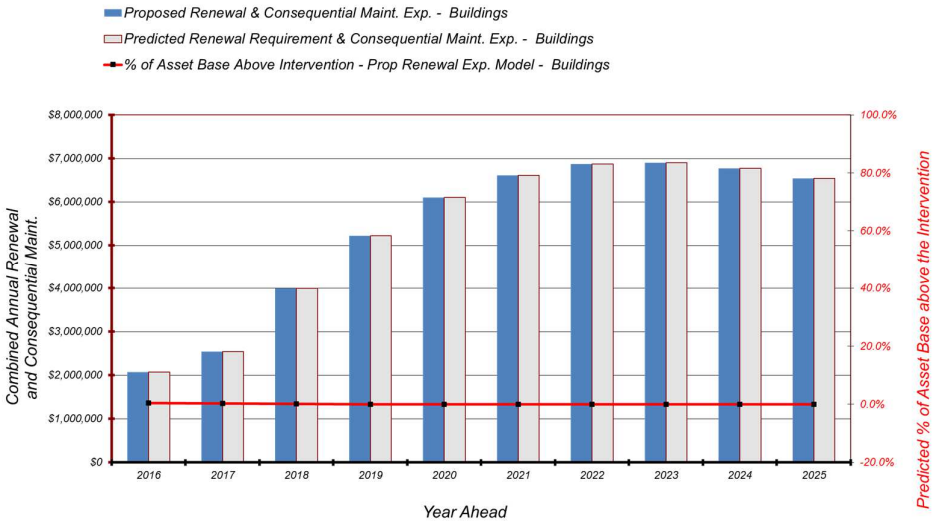


Figure 10: Proposed Expenditure vs. Predicted Renewal Demand

[31] Data source is file: Asset Graphs, Buildings Group, Graph 5

Table 19: 10 Year Renewal Works Cost Projections

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$2,064,535	$2,535,170	$3,986,237	$5,212,352	$6,099,510	$6,605,272	$6,863,292	$6,894,338	$6,767,667	$6,539,451

5.3 Building Upgrades and New Assets

Upgrades to existing buildings and the construction of new buildings are driven by Council's adoption of Asset Upgrade Strategies, as discussed in Section 4.8.4. Some of the upgrade expenditure is accounted for as renewal, due to the fact that the works will renew existing elements of the building and extend the useful life. The following tables 20 to 22 present the 10-year costs of the existing and draft Asset Upgrade Strategies.

Table 20 Public Toilet Strategy Asset Upgrade 10-Year Costs

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000

Table 21 Sportsground Pavilion Improvement Plan Asset Upgrade 10-Year Costs

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
6,925,966	7,047,389	3,729,197	4,217,758	2,739,713	1,750,000	1,730,000	920,000	1,650,000	450,000

Table 22 (Draft) Kindergarten Asset Upgrades 10-Year Costs

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
264,750	164,500	199,240	690,910	2,695,700	2,033,200	258,200	676,000	4,261,600	71,200

Table 22 Total Buildings Asset Upgrades 10-Year Costs

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
7,815,716	7,836,889	4,553,437	5,533,668	6,060,413	4,408,200	2,613,200	2,221,000	6,536,600	1,146,200

6.0 Inputs to the Building Service Financial Forecast

6.1 Overview

The financial requirements resulting from the information presented in the preceding sections of the B-AMP are summarised below. These financial projections will continue to improve in accuracy as further information becomes available on the expectations of levels of service from the community and on current and projected asset performance.

These projections will need to be reviewed annually to reflect the actual funding allocated and the scope of the works achieved. For example, if only a fraction of the required renewal budget is allocated, a fraction of the renewal work can be completed and the result will be a significant impact on the future funding needs and the overall asset performance targets being met.

6.2 Service Financial Forecasts

The figures presented below in Table 21 summarise the funding requirements for building services over the next 10 years.

Table 21: Building Services Projected Funding Requirements

Year	New Assets and Upgrades	Renewals	Operations and Maintenance Expenditure
2015/16	3,782,576	$2,064,535	$1,867,323
2016/17	9,935,865	$2,535,170	$1,923,343
2017/18	10,414,648	$3,986,237	$1,981,043
2018/19	5,747,800	$5,212,352	$2,040,474
2019/20	$6,009,000	$6,099,510	$2,101,688
2020/21	$6,528,000	$6,605,272	$2,164,739
2021/22	$7,163,000	$6,863,292	$2,229,681
2022/23	$7,449,000	$6,894,338	$2,296,572
2023/24	$7,747,000	$6,767,667	$2,365,469
2024/25	$8,057,000	$6,539,451	$2,436,433
Totals	**$72,833,889**	**$53,567,824**	**$21,406,765**

6.3 Key Assumptions

The financial forecasts are subject to and/or limited by the following assumptions:

- The renewal costs are based on the asset data register (AIM) as at 30 June 2014
- Modelled outcomes are derived using Moloney and are therefore subject to any model limitations and data used in it, which includes assumed performance of the asset types and trigger intervention levels.
- Useful Service Lives derived from the asset register are assumed to be a reasonable estimate of the lives of the assets.
- Asset quantities within the asset register are assumed to be correct.

7.0 Asset Management Improvements

An active and effective asset management strategy should include continuous review and improvement of the system, data and processes used to manage the assets. The sections below identify areas for potential improvement to facilitate better asset management planning and practice.

7.1 Improvement Plan

Table 22: Required Improvements for the Building Asset Management Plan

No	Action	Responsibility	Priority	Target
1.	Examine the current extent of utilisation of Council"s buildings and document the service gap or surplus based on the demand from the community for building floor area.	Coordinator Asset Management	High	16/17
2.	Develop Service Strategies for all services inclusive of asset requirements.	Service-driven Asset Management COG	High	16/17
3.	Review the level of data required for life-cycle management, then develop processes for data capture and its assessment utilising AIM As improved data comes to hand, review assumptions used in the Moloney model including process of calculation of remaining life and refine Model	Coordinator Asset Management	Medium	16/17
4.	Continue to work towards integration of CVR, SAM and GIS. Update CVR & align with Authority (AIM) and Moloney. Develop role and responsibility matrix. Detail individual positions and work groups and their function regarding individual or classes of buildings (some buildings will have several work groups responsible for different aspects of the asset). Update Asset Database classify all buildings into areas of responsibility.	Coordinator Asset Management	Medium	Ongoing
5.	Continue to develop and cross reference Asset Upgrade Strategies, Place-based Strategies and undertake Strategic Service Reviews. Previously completed SSRs that did not consider asset requirements need to be revisited and long term asset requirements determined. Develop a Buildings/Facilities Renewal and Replacement Program based on information from these plans. All service community consultation programs to include an assessment of Council Buildings and facilities relating to each service	Service-driven Asset Management COG	High	ongoing
6.	Review criteria involved with internal building fit-outs to facilitate better financial modelling than the current process.	Coordinator Asset Management	Medium	16/17
7.	Developed risk criteria for key buildings to assist work programming and capital works prioritisation	Coordinator Asset Management	Medium	16/17
8.	Review buildings contract specification and update to include asset management issues at least six months prior to tendering.	Coordinator Asset Management/ Buildings Coordinator	Medium	Ongoing
9.	Continue to clarify and review maintenance and renewal arrangements for all lease and other tenancy agreements (eg Pavilions) relating to Council owned buildings and assess their impact on Moloney Modelling and the B-AMP.	Property Coordinator/ Coordinator Asset Management	High	15/16

8.0 Standards, Manuals, Guidelines, Reports and Reference Documents

Key standards, manuals, guidelines & reports include:

1. International Infrastructure Management Manual, Version 3.0 - 2006 - Institute of Public Works Engineering Australia (IPWEA)
2. Australian Infrastructure Financial Management Guidelines, Edition 1.0 - 2009 - IPWEA
3. Building Condition & Performance Assessment Guidelines – Practice Note 3, Buildings, IPWEA-NAMS 2009
4. Developing Levels of Service Performance Measures (Creating Customer Value from Community Assets) – Version 2.0, NAMS (NZ) 2007
5. Sustaining Local Assets – Policy Statement 2003, DVC
6. Accounting for Infrastructure Assets – Guidelines 2003, DVC
7. Australian Accounting Standard AAS27
8. MAV Asset Management Improvement STEP Program – Building Asset Management Plan Framework 2004.
9. Asset Management Procedure Manual – Department of Infrastructure, Government of Victoria, May 1999.
10. UMS Building Asset Management & Condition Review
11. Service-Driven Asset Management Policy 2013

9.0 Appendices

APPENDIX 1 – FUNCTIONS OF COUNCIL PROVIDED BUILDINGS/FACILITIES

APPENDIX 2 - BUILDING COMPONENT HIERARCHY

APPENDIX 3 – BUILDING CLASSIFICATIONS

APPENDIX 4 – DATA SYSTEMS RELEVANT TO BUILDINGS AND FACILITIES

APPENDIX 5 – ASSET DATA MANAGEMENT OVERVIEW

APPENDIX 6 – BUILDING OWNERSHIP AND OCCUPATION OBLIGATIONS

APPENDIX 7 – FITTINGS & EQUIPMENT

APPENDIX 8 – BUILDING/FACILITY - ELEMENTS AT POTENTIAL RISK FROM CLIMATE CHANGE

APPENDIX 9 – KEY ASSUMPTIONS IN MOLONEY MODELLING EXPENDITURE FORECASTS

APPENDIX 10 – SUMMARIES OF STRATEGIC SERVICE REVIEWS

Direct / Primary Responsibility

Appendix 1 - Functions of Council Provided Buildings/Facilities

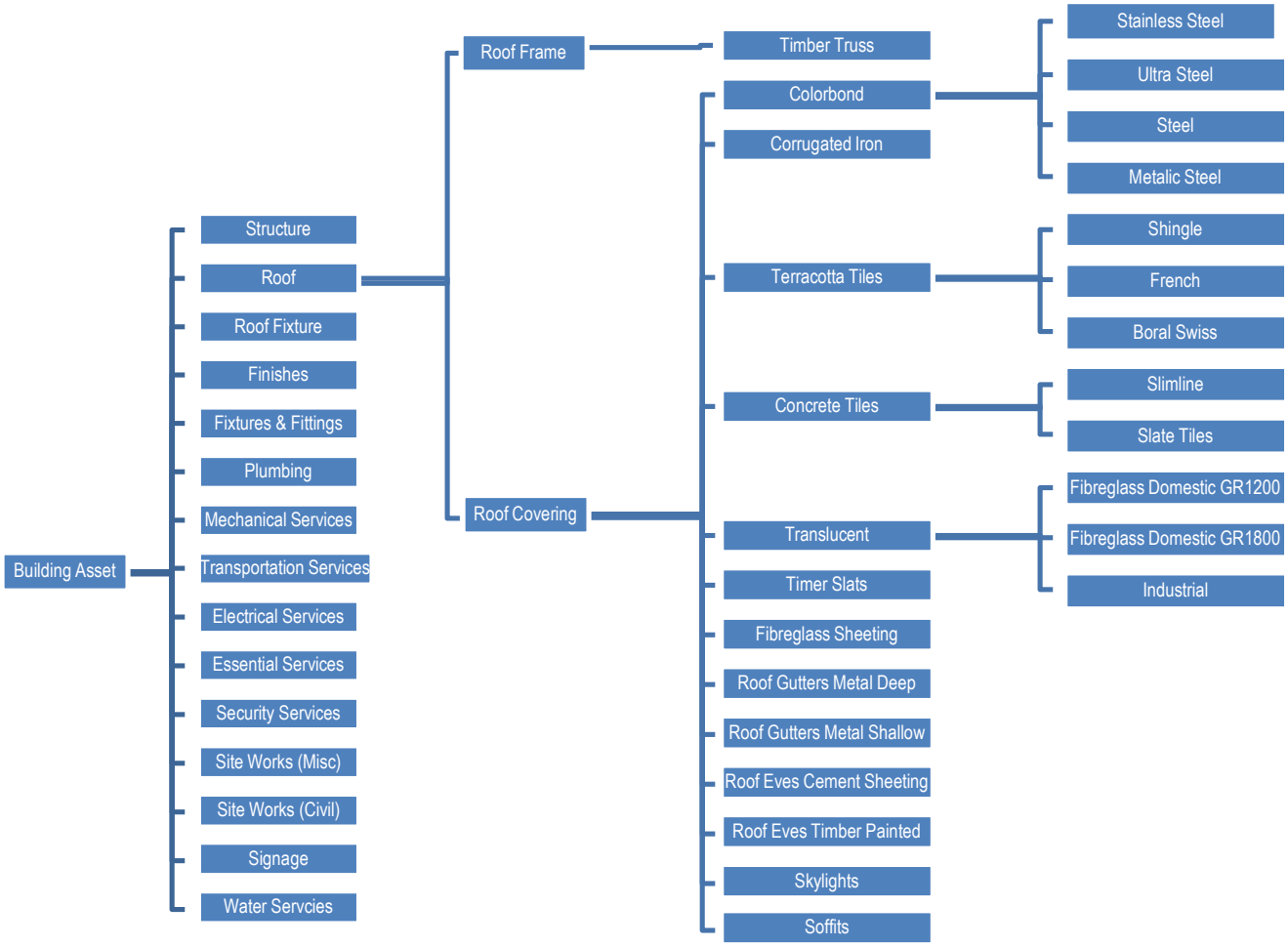
Building/Facility Type	Category	Function/Purpose
Children's Centres	Child Care Centres	A building or part thereof used for the purpose of child minding for full day care, or occasional child care, or a combination of both.
	Pre Schools and Kindergartens	Buildings or part thereof that are specifically used for early childhood development and teaching as a prelude to the structured education system.
	Maternal Child Health Centres	Buildings or part thereof that are specifically used for the purpose of maternal and child health care services.
Community Services Facilities	Community Halls/Centres	Generally stand-alone buildings that have limited kitchen facilities and generally used by the public, scouts, guides
	Senior Citizens' Centres	Any building or attached part of a building specifically designed for use as a Senior Citizen's recreational and meeting space.
	Community Centres	Generally stand-alone buildings for community usage that have limited kitchen facilities and generally used for small public functions, hired out for parties, etc.
	Information Centres	Buildings specifically used for the dissemination of relevant information relating to Council's activities, events and services.
	Youth Centres	Buildings or part thereof primarily used for the youth activities.
Corporate Centre	Corporate Services	Buildings (or part thereof) specifically used for the operations of the Municipal functions. Municipal offices, Council chambers, main city function halls, convention centres, etc.
Library Services	Libraries	Buildings (or part thereof) specifically used for the storage, display, reference, access and loaning of books and other resources.

Appendix 1 - Functions of Council Provided Buildings/Facilities continued:

Building/Facility Type	Category	Function/Purpose
Municipal Facilities	Animal Pounds	Structure used specifically for the temporary housing and care of animals
	Pump Stations	Structures used for housing storm water pumps
	Waste Management Facilities	Waste disposal facilities that facilitates the management of removal and disposal of commercial and domestic waste products. Includes employee amenities and storage sheds, including recycling facility.
	Depots/Stores	Any building or attached part of a building used in the provision, storage or maintenance of infrastructure, energy or emergency services, equipment or resources.
Public Amenities	Public Change-rooms	Public change-rooms that may also include showers & toilets
	Public Toilets	Any building or attached part of a building specifically designed for use as a general access public toilet.
Sporting & Recreational Facilities	Leisure Centres/Swimming Pool	Large recreation complexes providing complete health and fitness services. These centres usually contain an aquatic component in addition to body building gymnasiums and other fitness specific spaces.
	Miscellaneous buildings	Scoreboards, sports field shelters, flood-light stands, etc
	Pavilions, Grandstands	Buildings/facilities for the needs of the local recreation community, and the community in general.
	Social Clubrooms	Buildings that are generally used by clubs and neighbourhood organisations as a recreational and meeting space.
	Sports Club Rooms	Buildings (or part thereof) specifically used for the housing of sports clubs specific to an organised sporting ground.
	Change Rooms	Change rooms and toilets associated with a specific sport (football, cricket, etc).
Strategic Facilities	Eg Weighbridge, Aerodrome, Livestock Marketing Facilities, Medical Centres, etc.	A facility of strategic value to the community not otherwise available than with Council ownership. Should such a facility be made available locally by another organisation, Council could relinquish this as it is not core business.
Tourist Facility	Caravan Park	Business enterprise that attracts visitors to the area who will utilise community amenities and businesses with the intention of value adding to the local community.
Social Services Facility	Residential	Residential rental accommodation provided for the needy (eg elderly persons units)

Appendix 2 – Building Component Hierarchy

A. Five levels of hierarchy for Roof Components.



B. Top two levels of building component hierarchy

Building element	Building Sub Element
Structure	Sub Floor
	Wall Structure (Load Baring)
	Windows
	Doors External
	Doors Internal
	Wall Partition
	Staircases
Roof	Roof Frame
	Roof Covering
	Roof Fixtures
Finishes	Wall panels external
	Wall panels internal
	Ceiling finishes

Building element	Building Sub Element
	Floor finish
	Rehabilitation painting external
	Rehabilitation painting internal
Fixtures and Fittings	Kitchen facilities
	Cabinet for data and telephones
	IT plant / equipment / telephones
	Audio visual aids
	Reserved / Door hardware
Plumbing	Hot water units
	Bathrooms
	Bathroom fixtures
	Shower fixtures
Mechanical Services	Air handling units
	ACS Refrigeration
	ACS Split systems
	ACS central systems
	ACS Ceiling fans
	Hot water systems
	Hot water boilers
	Cooling towers
	Chillers
	Gas Heating
	Weighbridges
Transportation Systems	Elevators, lifts, escallators
Electrical Services	Mains and submains
	Switchboard Mechanical AirCon
	Electrical heaters
	Lighting internal
	Lighting external (not site)
	Lighting flood and security
Essential Services	Fire alarm systems
	Fire communications
	Fire services
	Fire Sprinkler Systems
	Fire hydrant systems
Security Services	Security Access control
	Security CCTV
	Security systems other
	Special security services
Site works (misc)	Site steps
	Site decking
	Site paths
	Site landscaping
	Site fencing
	Site gates
	Spas
	Swimming pools
Site works (Civil)	
Signage	Building internal signage
Water Services	Domestic cold water
	Domestic hot water
	Warm water

Appendix 3 – Building Classifications

All buildings have been classified as per Building Code of Australia, BCA, Part A3.2.

Class 1: one or more buildings which in association constitute:

(a) **Class 1a —** a single dwelling being

(i) a detached house; or

(ii) one of a group of two or more attached dwellings, each being a building, separated by a fire-resisting wall, including a row house, terrace house, town house or villa unit; or

(b) **Class 1b —** a boarding house, guest house, hostel or the like

(i) with a total area of all floors not exceeding 300 m2 measured over the enclosing walls of the Class 1b; and

(ii) in which not more than 12 persons would ordinarily be resident, which is not located above or below another dwelling or another Class of building other than a private garage.

Class 2: a building containing 2 or more sole-occupancy units each being a separate dwelling.

Class 3: a residential building, other than a building of Class 1 or 2, which is a common place of long term or transient living for a number of unrelated persons, including

(a) a boarding-house, guest house, hostel, lodging-house or backpackers accommodation; or

(b) a residential part of a hotel or motel; or

(c) a residential part of a school; or

(d) accommodation for the aged, children or people with disabilities; or

(e) a residential part of a health-care building which accommodates members of staff; or

(f) a residential part of a detention centre.

Class 4: a dwelling in a building that is Class 5, 6, 7, 8 or 9 if it is the only dwelling in the building.

Class 5: office building used for professional or commercial purposes, excluding buildings of Class 6, 7, 8 or 9.

Class 6: shop or other building for sale of goods by retail or the supply of services direct to the public, including

(a) an eating room, cafe, restaurant, milk or soft-drink bar; or

(b) a dining room, bar, shop or kiosk part of a hotel or motel; or

(c) a hairdressers or barbers shop, public laundry, or undertakers establishment; or

(d) market or sale room, showroom, or service station.

Class 7: a building which is

(a) Class 7a - a carpark; or

(b) Class 7b - for storage, or display of goods or produce for sale by wholesale.

Class 8: a laboratory, or a building in which a handicraft or process for the production, assembling, altering, repairing, packing, finishing, or cleaning of goods or produce is carried on for trade, sale, or gain.

Class 9: a building of a public nature

(a) Class 9a - a health-care building including those parts of the building set aside as a laboratory; or

(b) Class 9b - an assembly building including a trade workshop, laboratory or the like in a primary or secondary school, but excluding any other parts of the building that are of another Class; or

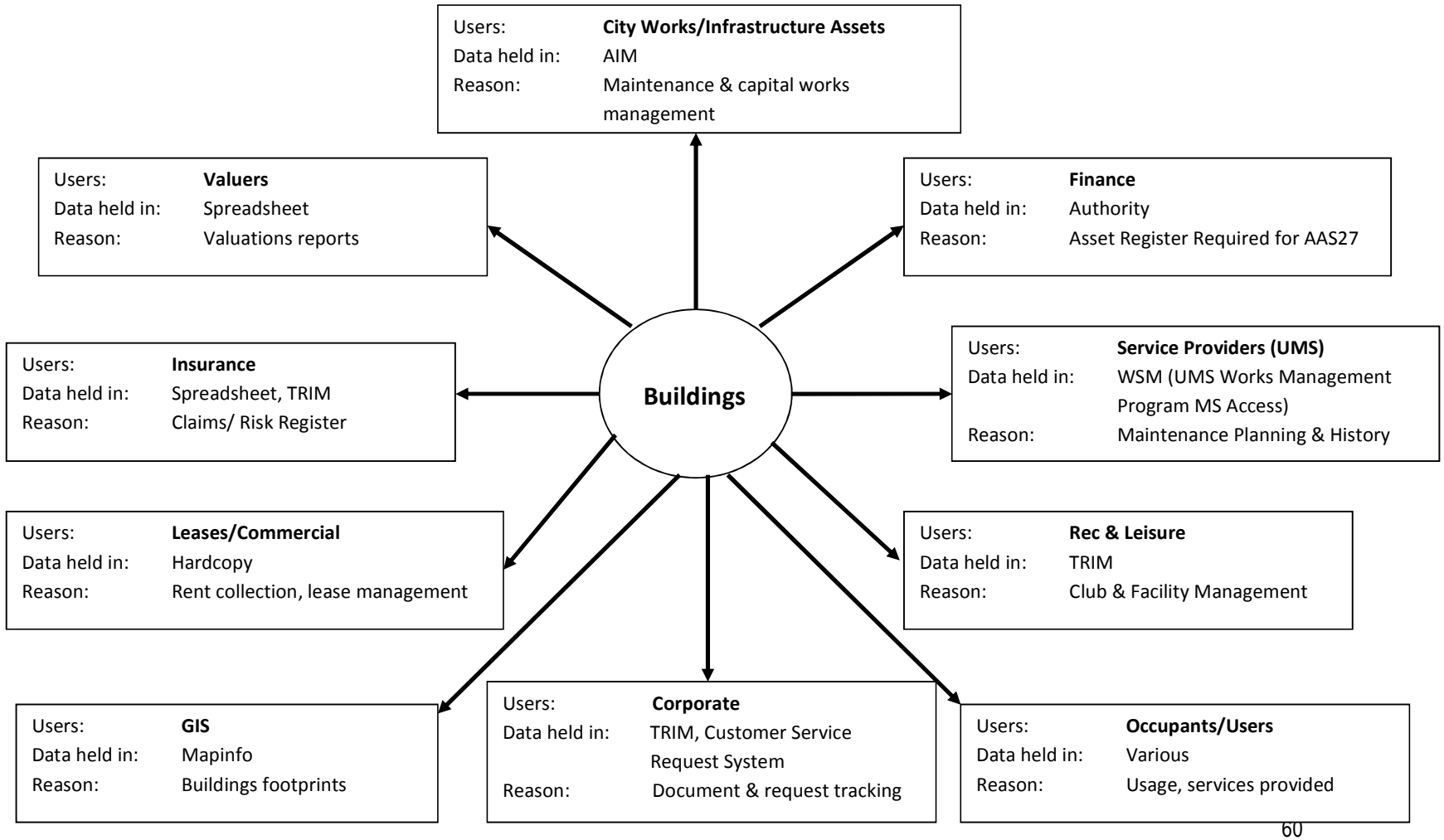
(c) Class 9c - an aged care building

Class 10: a non-habitable building or structure

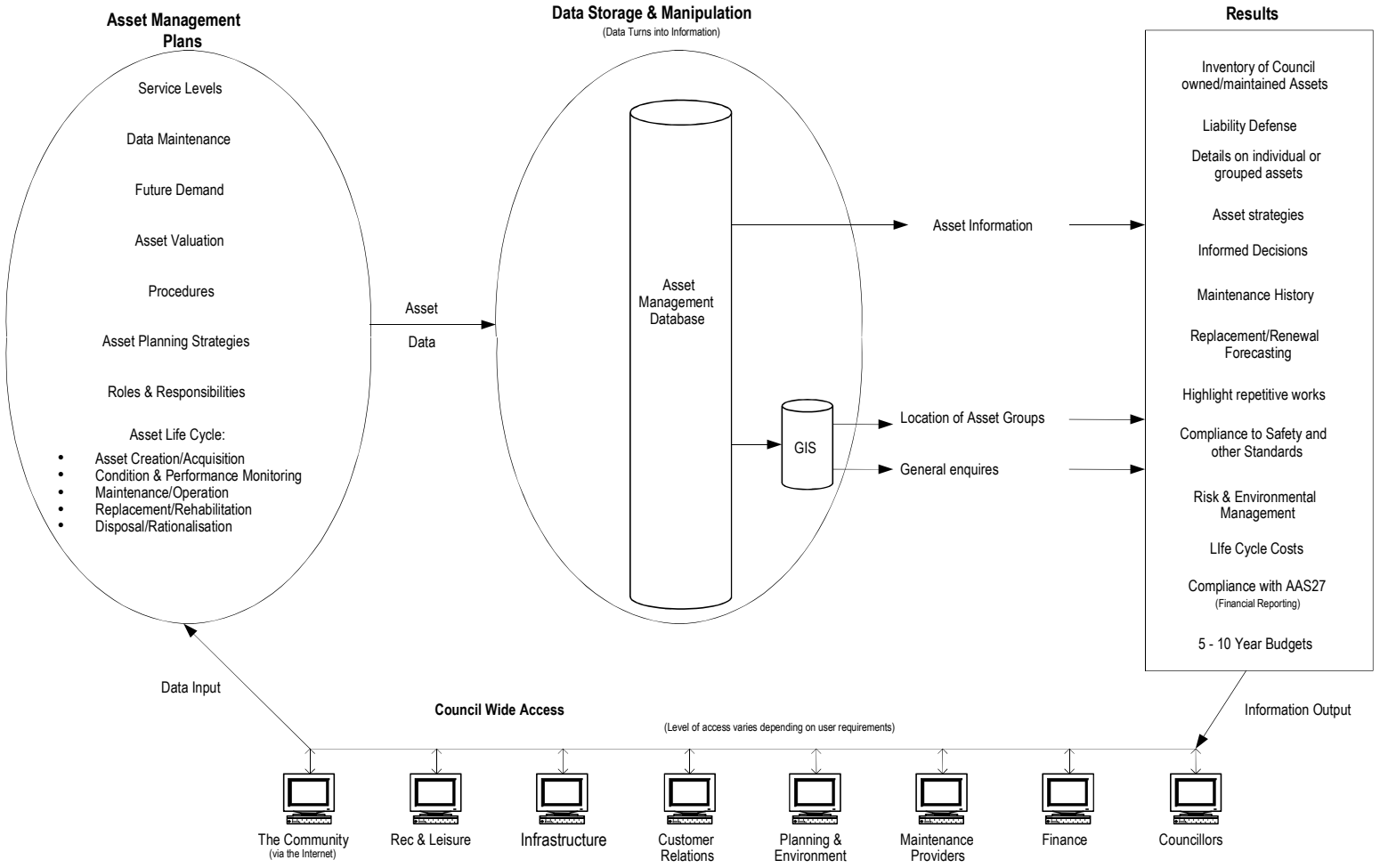
(a) Class 10a - a non-habitable building being a private garage, carport, shed, or the like; or

(b) Class 10b — a structure being a fence, mast, antenna retaining o free-standing wall, swimming pool, or the like.

Appendix 4 **-** Data Systems relevant to Buildings & Facilities



Appendix 5 - Asset Data Management Overview



Appendix 6 – Building Ownership & Occupation Obligations

Where there are buildings which are located on land controlled by the Council, funding of operation, maintenance and renewal is often the responsibility (to varying degrees) of third party organisations such community or recreation groups. If a building is located on land controlled by the local government, ultimate ownership rests with the local government unless there is a lease in place that sets out that any leaseholder improvement to the land remains the property of the lease holder and is to be removed at the leaseholder's expense at the end of the lease.

It is recommended that Council classifies buildings into areas of responsibility and details those responsibilities in the Operation and Maintenance Strategy and the Renewal and Replacement Strategy (Life Cycle Strategies).

A. Council Owned and Occupied Building

All obligations and risks reside with Council, it will be:

- bound by provisions in the *Building Act* 1993 and *Building Regulations* 2006, to the extent to which they impose obligations on owners about the structural integrity of their buildings; and
- at risk of liability in negligence (or, in some cases, for breach of contract) arising out of injury sustained by anyone present in the building. Liability will only arise if Council fails to take reasonable care, and this is the cause of the injury.

B. Government Building Occupied by Council

Council may occupy Crown land (or the building on it) as a Committee of Management under the *Crown Land (Reserves) Act* 1978. Council occupies not by virtue of any lease or licence but because it has Committee of Management status.

Although the precise relationship between the State Government and Council will turn on the Committee of Management appointment and any informal arrangements which complement it, practically Council comes to resemble both owner and occupier. That is, although Council does not own the land (or the building on it) it assumes obligations and incurs risks not dissimilar to those referable to an owner-occupier.

Ultimately, Council may be able to gain protection from the State Government through arrangements worked out with the Department of Environment, Land and Wildlife Preservation (which administers the *Crown Land (Reserves) Act*).

C. Council Building Occupied by a Community Group

Ownership rests with Council and occupation rests with another (eg a community group).

As owner of the building, Council will be subject to a number of obligations imposed on building owners by or under the *Building Act*. The *Building Regulations* impose extensive duties of an 'essential services' kind. These duties are invariably imposed on the owner (as distinct from occupier) of a building.

Council can minimise its exposure by insisting – in any lease or licence – that the occupier carry out certain works or not carry out certain works without prior Council approval. In other words, while the obligation will remain with Council there can be measures taken to regulate how an occupier uses the building.

If a person suffers injury while present in the building, the primary liability will ordinarily rest with the occupier. Its ability to control the day to day condition of a building will normally give rise to a duty of care owed to building entrants.

In cases where Council has leased the land (including the building) to another, it cannot wholly escape liability in negligence to an injured entrant.

This means that not only the occupier but Council (in its capacity as lessor or landlord) can be directly liable to an injured entrant. In other words, the liability can, in this lease context, be a shared one.

Council can protect itself by:

- insuring against any liability by effecting and maintaining a Public Liability Policy of Insurance;
- insisting upon the lessee or tenant holding a current Public Liability Policy of Insurance; and extracting an indemnity from the lessee or tenant, meaning that if Council becomes legally liable to the injured entrant then the lessee or tenant must meet any damages paid and costs incurred by Council.

A licence may reduce Council's exposure, since the *Wrongs Act* definition of 'occupier' only extends to lessors or landlords (see above). That said, it is possible to conceive of cases in which Council will remain **both** an owner and occupier notwithstanding that it has licensed the use of land (including a building) to another. This is best addressed by the insurance and indemnity arrangements mentioned in the context of leases.

D. Community Usage Agreements

Formalised facility usage agreements/leases/licences need to be developed and executed between council and community groups/facility users and/or Committees of Management for the ongoing use of specific Council buildings and facilities. This will include Memoranda of Understanding between Council and the Committees of Management. The arrangements in these agreements will cover the actual usage, maintenance and housekeeping responsibilities.

The arrangements will cover the actual usage as well as maintenance and housekeeping responsibilities. Guidelines are also to be provided on maintenance responsibilities.

Appendix 7 – Fittings & Equipment

Fittings and equipment required for provision of services to the community can be considered either as part of the structure of the building/facility or separate from the structure as non-building equipment. This differentiation will impact accounting for the specific assets involved.

In circumstances where equipment has been provided for a purpose-built building, the equipment is to be considered as part of the building. This applies when equipment is built in, affixed to or installed in such a manner that the installation costs will be substantial and could include special foundations, or extensive restoration works after the equipment has been removed (e.g. air conditioning or heating units, swimming pool filtration and chlorination plant, hall/theatre stages and gantry lighting, workshop overhead gantry cranes).

Non-building plant and equipment can be defined as equipment that can be easily removed after erection or installation. In this context, the primary consideration of the building should be that of a shelter. Therefore, non-building plant and equipment are those that can be disconnected, dismantled and removed without significant impact on the building through:

- damage to the building structure, including internal partitions;
- affecting the function of the building as a shelter; and
- the need to restore, change or upgrade the building after removal

Portable and attractive equipment are non-building assets. These assets are generally smaller items of equipment that are usually stand-alone, hand-held, or plug-in. Examples of this category include:

- portable tools
- cameras
- calculators
- portable power tools, and
- battery clocks

Plug-in "white goods" and general office equipment are non-building assets. These assets are generally plug-in electric items of equipment, usually included as office facilities. Examples include:

- urns (plug-in)
- fridges/freezers
- clothes washers
- computer terminals and printers
- photocopying machines
- shredders, and
- microwave ovens

Business equipment & fittings that can be easily removed are considered to be non-building assets. These assets are generally used for carrying out the business activities. It includes items in workshops such as welders, lathes. However overhead gantry cranes are part of the workshop structure. Also, in offices it includes notice boards, pin-up boards, and white-boards. These items and other equipment and furniture are not part of the structure of a building/facility.

Appendix 8 – Building/Facility - Elements at Potential Risk from Climate Change

Building/Facility - Elements at Potential Risk from Climate Change		***Reference***		
	Building/Facility:	*Infrastructure and Climate Change Risk Assessment for Victoria – CSIRO Report to the Victorian Government 2007*		
	Functional Purpose:			
	Asset ID & Location (Address):	**Risk Assessment**		
Risk Scenario	**Element**	**Likelihood**	**Impact**	**Risk Rating**
Building & Facility Structure				
• Degradation, failure and replacement of building foundations and structures due to increases in ground and foundation movement, shrinkage and changes in groundwater and also in frequency and size of movement and material breakdown. • Degradation and replacement of buildings due to increase damage from flooding, debris, fallen trees and landslides, and from coastal storm surge and flooding. • Buildings and structures damaged or destroyed in bush areas or on fringes of cities • Increased risk of injury or fatalities caused by bush fires. • Short term loss of public use due to increased maintenance and replacement regime. • Negative local media. • Significant financial impact to council over time.	*- Foundations*			
	- Wall frames			
	- External cladding/surfacing			
	- Roof framework/trusses			
	- Roof cladding			
Utility & Building Services				
• The potential for increased frequency and intensity of extreme storm events may cause significant damage to electricity transmission infrastructure and service. Increased wind and lightning could damage transmission lines and structures while extreme rainfall events may flood power substations. The increase in storm activity could potentially generate significant increases in the cost of power supply and infrastructure maintenance from increased frequency and length of power blackouts and disruption of services. • From an environmental perspective there is a need to reduce our general carbon foot-print, including Council's operations which also involve energy usage in its buildings and facilities and type of materials used in construction and maintenance. • Impacts for councils relate to the reduction or loss of their usual energy sources and consideration will be necessary to develop contingency plans for short-term loss of external supply as well as an overall reduction in the demand for energy. Part of any examination should be on becoming more self-reliant by utilising solar and wind energy for instance. • In coastal areas, storm surges could cause inundation in low lying areas. • In the case of swimming pools, the inability to sustain water supply in the long-term.	*- Roof insulation*			
	- Wall insulation			
	- External shading of exposed windows			
	- Double glazing of windows			
	- Lighting			
	- Heating system			
	- Cooling system			
	- Appliances (dishwashers, stoves, etc)			
	- Communication & IT Equipment			
	- Other Equipment			
	- Water supply, including tanks			
	- Security systems			
	- Fire fighting equipment			

Risk Assessment Notes: *Refer to AS/NZS 4360:2004 & Council's Risk Assessment Policy for guidance*

Likelihood: *Rate as Probable (likely to occur), Possible (may occur), or Improbable (conceivable but highly unlikely)*

Consequence/Impact: Use Council's risk assessment policy or AS/NZS 4360 to establish severity level of consequence

Risk Rating: Use Council's risk assessment policy or AS/NZS 4360 to establish risk rating

Appendix 9 – Key Assumptions in Moloney Modelling Expenditure Forecasts

Section 10.3 of Council's Long Term Financial Plan 2010/11 – 2020/21 sets out the major financial assumptions applicable to the financial options considered by Council prior to community input.

The following are general assumptions relating to the asset group that have been made in preparing the group's 10-year expenditure forecasts:

- Property assets will remain in Council ownership throughout the planning period.
- There no allowance for CPI as the continuing revaluation and condition inspection process will make adjustments for current rates.
- All expenditure is stated in current dollar values with no allowance made for inflation or other escalations over this period.
- Capital renewal program has funding allocated as set out in Council's Long Term Financial Plan (LTFP).
- The basis for building renewals is the Moloney Renewal Financial Model which is used for the LTFP for all asset groups.
- Maintenance costs are based largely on historical industry expenditure and assume there is no significant change in contract rates (above the rate of inflation).
- The condition and size of the network as stated at 30 June 2014
- No growth in the asset base.
- Continued use of current construction techniques and materials.
- Maintenance and isolated failure replacement is generally "like for like".
- Capitalisation threshold applied to minimum expenditure for maintenance within a single segment as per Council's Asset Capitalisation Threshold Policy.
- Equipment provided for a purpose-built building is considered as part of the building. This applies when equipment is built in, affixed to or installed in such a manner that the installation costs will be substantial and could include special foundations, or extensive restoration works after the equipment has been removed *(refer to Section 5.1.11 – Fittings & Equipment)*.
- Other equipment and furniture of less than $5,000 in value is to be a service provider's operational cost.
- Operational Administration overheads and other non-asset maintenance costs such as cleaning are not included in the modelling; these will require separate budget consideration via other accounts.
- Depreciation is in accordance with Council Policy.
- Renewal works will be prioritised according to condition reaching RICL stated.
- Risk management mitigation works will be subject to the Capitalisation threshold.

Appendix 10 – Summaries from Strategic Service Reviews

Arts and Culture Service Review 2015

A review of Councils arts and culture services was carried out in 2015. These services are provided to enable the community to experience and participate in a variety of forms of artistic and cultural expression. The services included in the review which utilise council building assets are:

- The Gallery@BACC (utilising part of the Brighton Town Hall) – Net Cost to Council $295,328
- The ARTrium Exhibition Space and Roaming Studios (Utilising the Beaumauris, Brighton, Hampton and Sandringham Libraries) – Net Cost to Council $40,440

The review found that the purpose of this service and its component programs could be better defined and more closely integrated into Councils strategic frameworks. Expenditure on the service is around 1 million a year, equivalent to $8.14 per resident (lower than neighbouring councils). The recommendations proposed under the review would result in a cost saving of $86,000 for the 15/16 operating budget.

In December 2015 the Council moved to accept the recommendations of the Service Review and also to develop management and conservation plans for Black Rock house.

Home & Community Care Service Review

HACC services enable frail older people, people with disabilities and their carers to continue living at home as long as they wish and are able to. These services are delivered to around 2800 Bayside residents each year. The total cost for providing this service in 13/14 was $7.45 million. 78% of this cost is covered by State and Federal funding and HACC client fees. 22% ($1.67million) is directly funded by council. As well as overheads, this cost includes maintenance and operation of two building assets. These are the Delivered Meals Distribution Centre in Dendy Street Brighton and the Black Rock Activity Centre where group socialisation activities are conducted and the community transport program is coordinated.

Draft Youth Services Service Review

Council provides youth services to improve the well being of individuals aged 10-25 and also their families. The review was carried out to ensure that services are aligned with community needs, efficient effective and sustainable. The services offered include: School based programs and services, Youth leadership / personal development, School holiday programs, Counselling and support, Community events, learner driver mentor programs and the Peterson Youth Centre. The Peterson Youth Centre is the primary building based youth service. The building is also booked by external users and serves as a designated Emergency Relief Centre within the Bayside Municipal Emergency Management Plan. It has been noted that the location of centre is not an ideal location for this service with the venue presenting more like a sports venue than a youth centre. Staff also feel less connected with Council. Alternate models are being considered within this S R .

Draft Family Services Service Review

This service review includes an evaluation of Bayside's activities related to maternal and child health nursing, immunisation services, kindergarten facilities, school holiday programs, buildings for community use (playgroups and toy libraries) parent education and events. The specific building assets, not including the corporate centre) are :

- Six Maternal and Child Health Centres (MCHCs). Some of the buildings are not physically configured to support optimal service delivery. Space constraints being the primary issue.
- Community centres used for delivery of immunisations: A key issue with the facilities is the availability of refrigeration facilities that comply with state government requirement for vaccination storage.
- 14 Kindergartens (addressed in Kindergarten Strategy)
- 5 Playhouse facilities and one Toy Library. These buildings are managed by council through annual licences and service agreements, with the exception of one building which is hired on a half day rate.

The review found that most family service components are highly relevant and meeting community needs.