

LIVINGSTONE SHIRE COUNCIL



BUILDINGS ASSET MANAGEMENT PLAN 2016 – 2036



Document Control

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1	26/09/2016	Original AMP	JW	SS	DS	DP
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TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	4
<i>Purpose of the Plan</i>	4
<i>Assumptions</i>	4
<i>Levels of Service</i>	4
<i>Future Demand</i>	5
<i>Lifecycle Management Plan</i>	5
<i>Asset Management Practices</i>	5
<i>Risk Management</i>	5
<i>Asset Specific Risks</i>	5
2. BACKGROUND	6
2.1. Physical Parameters	6
3. LEVELS OF SERVICE	6
<i>Table 3.1 Levels of Service</i>	7
4. FUTURE DEMAND	9
5. ROUTINE MAINTENANCE	10
5.1. Maintenance	10
6. LIFECYCLE MANAGEMENT PLAN	11
7. FINANCIAL SUMMARY	15
7.1. Asset Valuations As at 30/6/2016	15
7.2. Future Valuation	15
8. PLAN IMPROVEMENT AND MONITORING	17
8.1. Improvement Programme	17
<i>Appendix 1. Condition Data</i>	18
<i>Appendix 2. Asset Valuation Renewal Charts (project values)</i>	19
<i>Appendix 3. 20 Year Financial Plan</i>	20

1. EXECUTIVE SUMMARY

This Asset Management plan was developed using data from the recent register as at the 30/06/2016 and Council's future works program updated in 2016.

Purpose of the Plan

Council's Goal is to have:

"Reliable, durable, cost effective infrastructure and Council assets which meet the needs and aspirations of the communities of Livingstone Shire."

Therefore, the purpose of this asset management plan is to assist Council in: -

- Demonstrating responsible management.
- Clearly outlining the measureable service levels.
- Communicating and justify funding requirements for the future.
- Complying with regulatory requirements.

Building Assets are included within this Asset Management Plan and total some 356 individual structures across the Council.

Building assets as at the 30/06/2016 have a gross replacement cost of \$39.46M and a fair value of \$22.06M. This asset class makes up 3.54% of the total asset stock of Council.

In 2014 a revaluation of this asset class was undertaken by Herron Todd White Valuers, as part of that process building assets were visually condition assessed and information derived from that process has been used in the development of this plan.

Assumptions

The following assumptions have been made in the development of the modelling that informs this asset management plan:

- Replacement of the Anzac Parade building allocated across the 2019 and 2020 years with \$5,000,000 allocated in each year
- Replacement of the Cordingley Street Depot allocated across the 2021 and 2022 years with \$7,500,000 allocated in each year
- On Radar projects in Councils Forward Works Program (outside 10 years) have not been allocated a budget year due to the uncertainty surrounding progression of each project
- Potential Buildings associated with the Yeppoon Foreshore Redevelopment have been excluded from this plan due to the final design not being finalised at time of writing

Levels of Service

Livingstone Shire Council has adopted principles to take all reasonable actions to provide its customers with reliable and safe services. This plan addresses the required plan for maintenance and renewals to ensure that Council can deliver these standards in the most optimised way.

Future Demand

Livingstone Shire and the Capricorn Coast in particular, is one of the fastest growing areas in the state at an average rate of 2.6% for the last ten years. It is estimated that growth will continue at an average of 2% per annum, with a population of approximately 37,000 and projected to reach around 50,000 by the year 2031.

Future growth is predicted to be predominately in the coastal centres of Yeppoon and Emu Park. Foreshore revitalisation projects in Yeppoon are expected to provide significant growth opportunities to the region.

Lifecycle Management Plan

The life cycle cost (maintenance plus renewals) is the average cost to maintain the asset over its life.

The *average* life cycle cost (valuation data projections) to provide the building asset services, is estimated at \$3.18M per annum over the next 10 years, with Council's planned (what is in the budget) life cycle expenditure average at \$3.15M per annum for the next 10 years, which gives a life cycle sustainability index of 0.99. Anything over .90 is very good.

The *average* life cycle cost (valuation data projections) to provide the building asset services, is estimated at \$3.38M per annum over the next 20 years, with Council's planned (what is in the budget) life cycle expenditure average at \$3.22M per annum for the next 20 years, which gives a life cycle sustainability index of 0.95. Anything over .90 is very good.

Based on the sustainability index, it appears Council is adequately funding the required renewal and maintenance projections for the next 10 years and based on current funding the 10 to 20 year period is only slightly underfunded. As this is many years out, these gaps can be addressed as Council makes further improvements to this plan.

Asset Management Practices

The accuracy of this plan is 90% out of 100%, due to some gaps in condition data and the recording of historical expenditure. Future plans for condition monitoring and improved cost capture and financial reporting will assist in improving the accuracy of this plan to 95% within 2 years.

Asset renewals are based on condition data gathered during mid to late 2014 and are reflective of the assessed condition and remaining useful life at the last revaluation with the exception of structures that have had capital works undertaken since that time.

Council has also commenced developing asset management procedures to ensure that services are measured and delivered to optimise the life of assets and reduce costs where possible, these include but are not limited to improved cost capture and financial monitoring, ongoing condition assessments of Council's structures and the development of a Maintenance Strategy for Facilities assets to guide Council's maintenance activities and priorities in this regard.

Risk Management

Council has a risk management framework. This framework provides the necessary guidance for managing enterprise risk within Council.

Asset Specific Risks

Assessment of risks associated with service delivery relating to built structures will identify critical risks to

Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks. The current risk register is available from Council's Governance section.

2. BACKGROUND

2.1. Physical Parameters

Building infrastructure assets contribute to the social, ecological and economic well-being of the community by providing buildings for:

- Community Activities
- Passive and Active Recreation
- Corporate usage such as Depots, Administration Offices, Landfills
- Public Amenities

This Plan covers 356 individual structures but excludes sports grounds, playgrounds and other assets that are built in conjunction with Building assets.

As part of the 2014 revaluation of buildings, all buildings were valued at component level where Council adopted the following building componentisation structure:

- Substructure
- Superstructure
- Finishes
- Fittings
- Services
- External Services

All assets were condition assessed at component level at that time and a summary chart has been provided in appendix 2.

3. LEVELS OF SERVICE

Key specific buildings related levels of service goals include:

- Management and development of facilities to reasonably address the emerging needs and demands of the community;
- Provision of community facilities which are accessible both physically and geographically by the whole community;
- Management of facilities in a cost effective and sustainable manner; and
- Maintenance of facilities to appropriate standards fit for their contemporary purpose through an appropriate mix of scheduled and responsive maintenance.

Initial community levels of service for building assets have been developed considering corporate and strategic plans.

This first version of the suggested service levels is shown in table 3.1. Some of these items council are not able to provide reportable data at this stage. Council's improvement plan will address these by the next version of this document.

Table 3.1 Levels of Service

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Legislative Compliance	Properties comply with all relevant legislation, regulations and standards	Monitor compliance through audits and inspection programs	100% compliance	Addressed through current Statutory Maintenance Program
Function	Council buildings meet the needs of the users	Employee/User satisfaction feedback	90% satisfied	Measures being developed – could include surveys, monitor Facebook, community meetings etc...
Accessibility	Buildings comply with relevant basic accessibility standards relative to building function and use	Compliance with standards relative to building function and use	>90% compliance (program to be developed for upgrading where necessary)	Compliance check as part of inspection program
Condition	Maintain Buildings at acceptable levels of appearance and condition.	Maintenance program. Building inspections.	90% Compliance	Checked as part of inspection program
Health and Safety	Facilities are safe and free from hazards	Customer service requests Safety Audits.	Ensure compliance with Workplace Health & Safety requirements	Hazard Inspections completed
Responsiveness	Availability of on call services for response to system failures. Provision of 24 hours, 7 day service for emergencies	Monitor availability of operational staff	100% availability	Achieved
Sustainability	Facilities are managed for future generations.	Master planning. Long-Term Financial Plan.	Key Financial Ratios are maintained	Maintenance Planning Long term renewal program in place via AMP and LTFP

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Cost	Works and services provided cost effectively	<p>Works to service standards and approved budgets</p> <p>Competitively tendered contracts in place for all major works and services</p>	<p>Operational and capital expenditure within annual budgets (less than 5% variation)</p> <p>Tenders called and contracts awarded on adopted cyclic basis</p>	<p>Budgets are monitored fortnightly to ensure that expenditure continues in line with budget. Annual budget revision process also available.</p> <p>A number of contract tenders are currently under review or evaluation in line with Council's Procurement Policy</p>

4. FUTURE DEMAND

The draft strategic framework in the planning scheme establishes the preferred urban growth areas for the next 20 years. This growth pattern balances the efficient supply of infrastructure with the need to protect natural features and avoid areas of natural hazard risk. New development will include higher levels of infill and medium density development within existing urban areas, to consolidate the use of existing infrastructure. New urban expansion will occur mostly in existing, approved subdivisions, with longer term expansion south of Yeppoon.

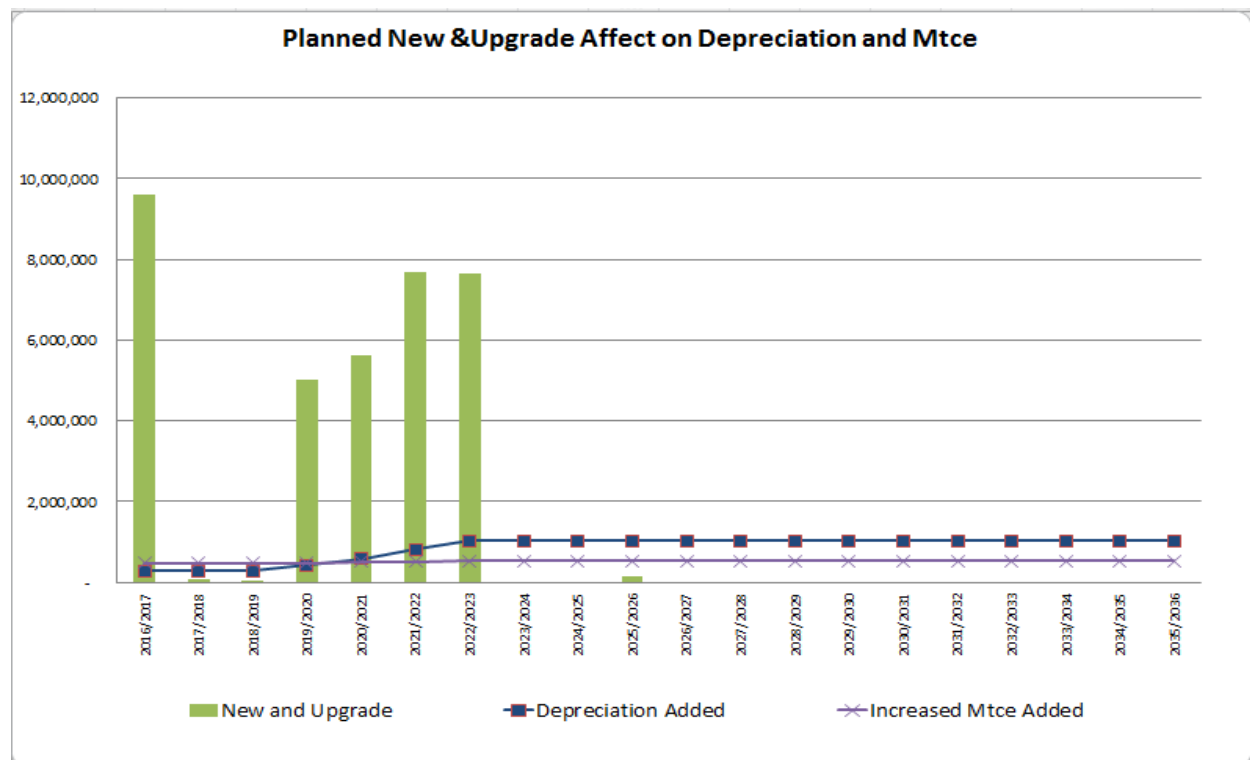
Urban growth in the strategic framework is divided broadly into four categories:

- *Urban consolidation* - redevelopment to accommodate medium density residential close to facilities, within 10 years (2015 – 2025);
- *Urban* – existing urban areas and extensions within 10 years (2015 -2025);
- *New urban* – urban development beyond 2025;
- *Future urban* - possible expansion beyond 2036

Development is expected in four main locations as indicated on the strategic framework maps:

- 2015 – 2025: Urban consolidation in Yeppoon and Emu Park centres
- 2015 – 2025: Infill and small expansion areas around Yeppoon, Lammermoor, Emu Park and Zilzie
- 2025 – 2036: New urban development south of Yeppoon and infill areas in Emu Park and Great Barrier Reef International Resort;
- 2036 and beyond: Future urban between the Pines and Yeppoon, Great Barrier Reef International Resort and Emu Park west.

Based on the future demand projections, the below chart represents the new asset growth projection.



The planned program increases annual depreciation from \$1.40M to \$1.90M (a 36% increase) and annual maintenance from \$2.45M to \$2.97M (a 21% increase) respectively over the next 20 years

5. ROUTINE MAINTENANCE

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again. Maintenance expenditure is recorded using separate codes for each type of maintenance outlined in the table below to allow Council to understand and trend the expenditure better. A maintenance framework is currently under development by the Facilities unit to guide and prioritise maintenance works across the organisation.

5.1. Maintenance

Facilities Maintenance includes both Planned and Unplanned maintenance work activities, see table below.

Facilities Maintenance - Planned and Unplanned Maintenance Activities.

<i>Category</i>	<i>Sub-Category</i>	<i>Definition</i>	<i>Intent</i>	<i>Examples</i>
Planned Maintenance	Preventative Service Maintenance	The actions performed to prevent failure by providing systematic inspection and monitoring to detect and prevent deterioration or failure, and includes testing to confirm correct operation.	Servicing to ensure that the asset's life expectancy is achieved and pro-active actions undertaken to prevent failure and reduce future maintenance costs.	Routine servicing of refrigeration equipment, automatic entry doors. Periodic inspection and cleaning of gutters, periodic bulk replacement of lamps and light tubes, periodic bulk replacement of tap washers. Periodic draining/cleaning of rainwater tanks.
	Corrective Maintenance	Corrective maintenance is generally focuses on fixing defects. Work performed is to restore an asset to its required condition standard and needs to be completed either immediately or in the near future. The work may be programmed as a result of Condition Assessments or as random additions to the program based on priority. Items do not meet capital threshold guidelines.	The maintenance required to preserve the asset in its required condition to ensure that the asset's life expectancy is achieved.	External / internal repainting, Minor repairs to replacement of worn floor coverings, replacement of plant and equipment, roof/gutter replacement, replacement of unserviceable water supply/gas/sewerage piping where capital thresholds are not met.
	Statutory Maintenance	Both Preventative Service Maintenance and Condition-based Maintenance may contain elements of Statutory Maintenance, which is defined as actions performed to provide the minimum level of maintenance to meet legal and other mandatory requirements contained in Commonwealth and State regulations, Australian standards and Codes of Practice.	The essential maintenance work required to be undertaken to fulfil all mandatory legal obligations. Identifying this work also enables the determination of the non-discretionary/essential work that needs to be undertaken.	Inspections/servicing of cooling towers, lifts, fire alarm installation, fire sprinkler systems, hydrant and hose reel installations, evacuation systems, emergency lighting systems, exit signs, gas systems, hoisting equipment. Replacement of fire control panels, fire/smoke detectors, exit signs, emergency lighting battery banks.
Unplanned Maintenance	Routine Breakdown Maintenance	Unplanned and reactive maintenance actions performed to restore an asset to operational condition, as a result of an unforeseen failure.	Day-to-day repairs to the components of an asset that have failed or have been unexpectedly impacted upon.	Repair leaking taps, repair door latches, repair broken windows, repair water leaks, repair faulty plant/equipment components, unblock drains replace blown lamps/light tubes/fuses and replace faulty air conditioning controls.
	Incident Maintenance	Unplanned maintenance actions to restore an asset to an operational or safe condition as a result of property damage resulting from storms, fire, forced entry and vandal damage.	The work required to address damage as a result of an incident. This covers making safe and secure only, and does not include major reconstruction such as complete rebuilding after a fire.	Replace sections of blown-off roof sheeting, rectify stormwater-damaged carpet, break and enter repairs (broken windows/doors), secure a site after a fire, repair vandal damage, remove graffiti.
Operational Activities		Routine functions undertaken for hygienic, aesthetic and security purposes and for the supply of utilities	These activities relate to keeping the building in a habitable and usable condition, but are not to be considered as building maintenance activities	Operational activities include Electricity, Security Services, Cleaning, Pest Services, Office consumables etc...

6. LIFECYCLE MANAGEMENT PLAN

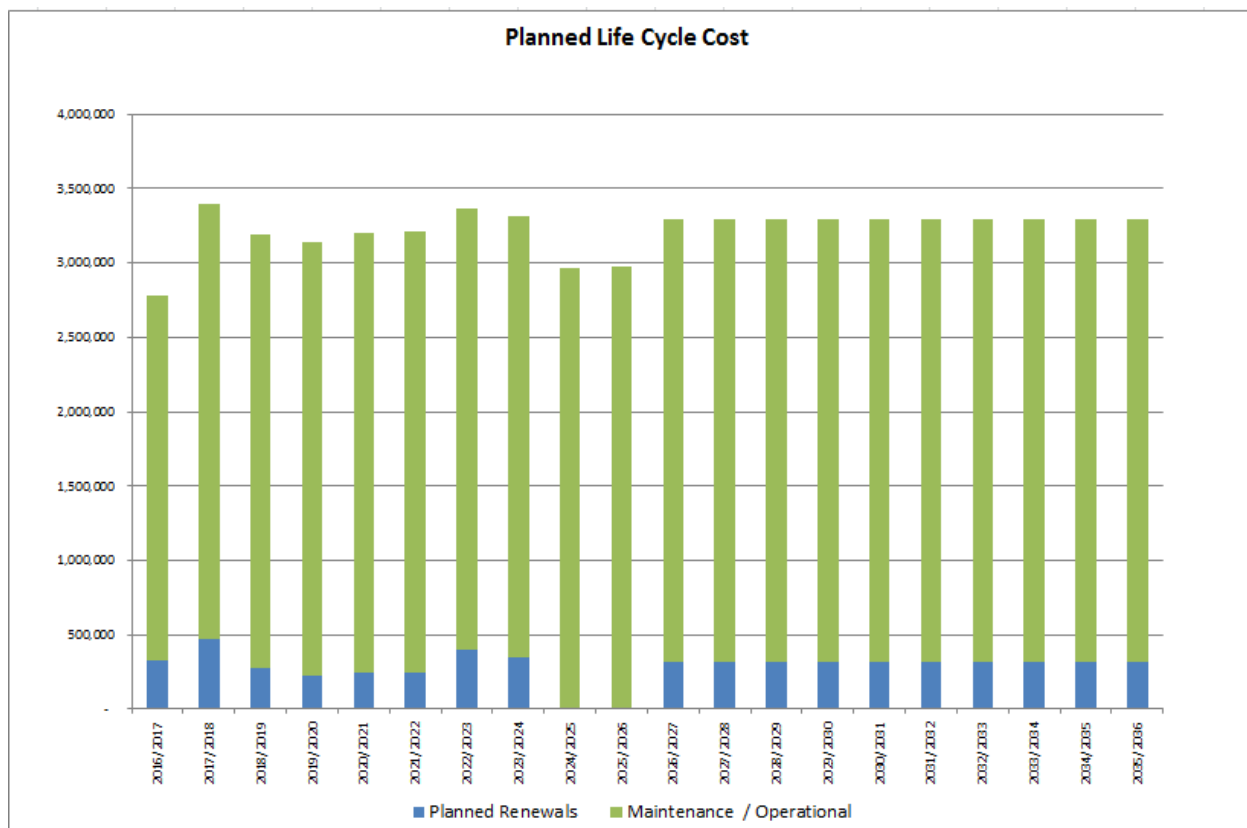
The life cycle cost (maintenance plus renewals) is the average cost to maintain the asset over its life.

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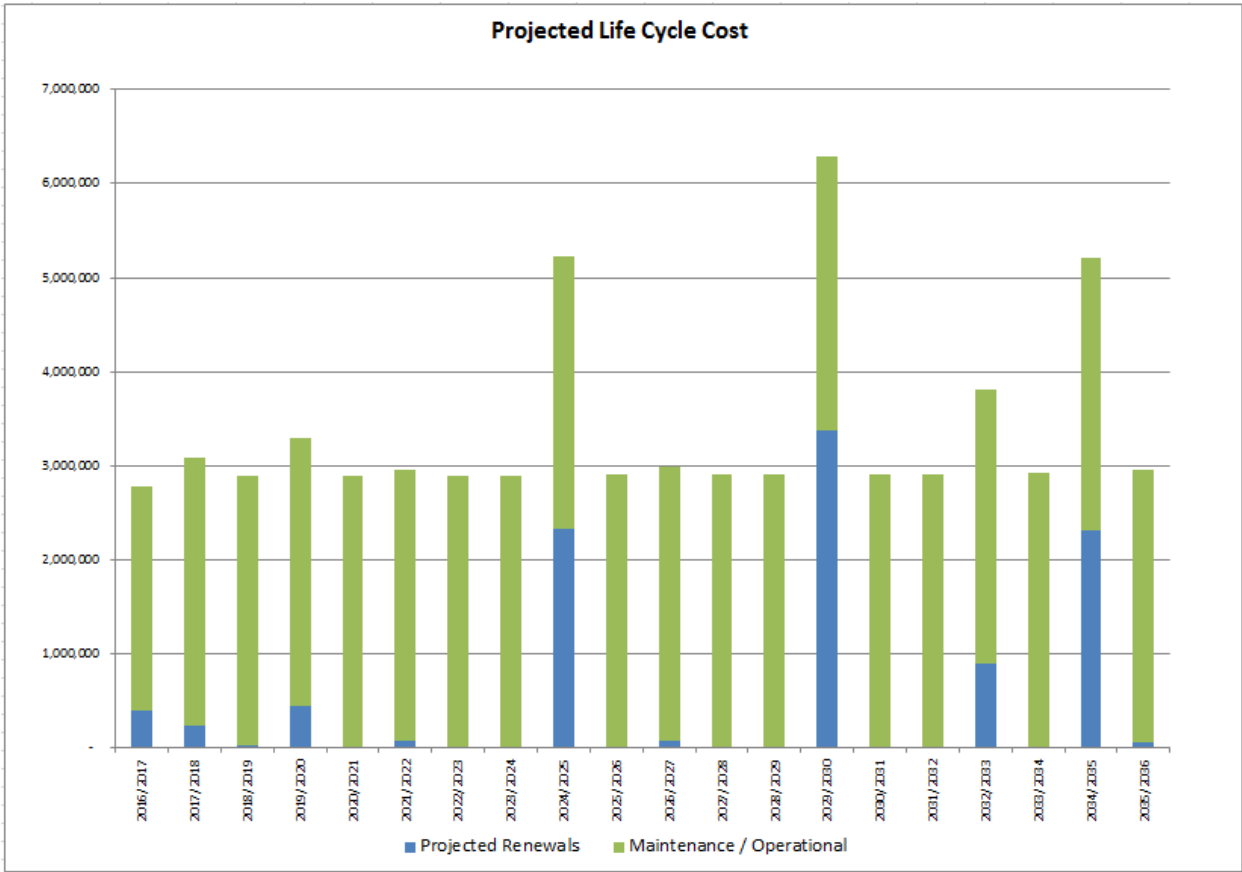
The *average* life cycle cost (valuation data projections) to provide the building asset services, is estimated at \$3.38M per annum over the next 20 years, with Council's planned (what is in the budget) life cycle expenditure average at \$3.22M per annum for the next 20 years, which gives a life cycle sustainability index of 0.95. Anything over .90 is very good. Council's sustainability target is greater than .90 over the long term as per the Financial Management (Sustainability) Guideline 2013.

Based on the sustainability index, it appears Council is adequately funding the required renewal and maintenance projections for the next 10 years and based on current funding the 10 to 20 year period is only slightly underfunded. As this is many years out, these gaps can be addressed as Council makes further improvements to this plan.

The below chart is the **planned** annual life cycle costings for all building assets. Planned refers to expenditure currently included in Council's long term financial plan for renewal and maintenance.

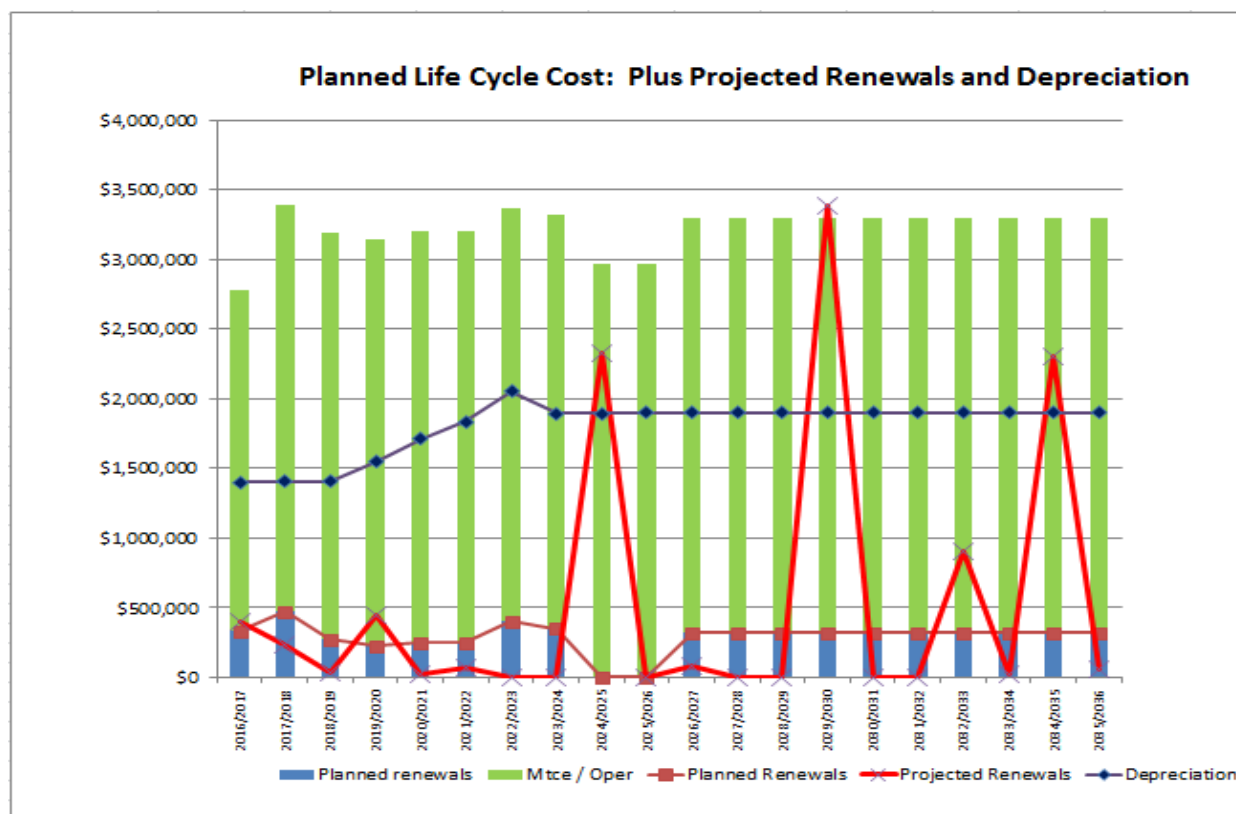


The below chart is the **projected** annual life cycle costings for all building assets. Projected refers to the forecast renewals and maintenance expenditure based on the Service Levels included in this plan.



The details of the planned and projected lifecycle costing can be found in Appendix 3.0.

Combined Chart of **planned and projected** values



There is a significant gap between the depreciation line and the projected renewal over the 20 year period in the graph above, this is expected to level out over the longer term as a considerable proportion of building assets (substructure / superstructure components) are long lived assets. The spikes in renewal funding requirements in 2024 and 2029 in the majority relate to the shorter lived assets of Finishes, Fittings and Services components.

Maintenance and operational expenditures show an increase in the first few years of the initial ten year period as new assets come on line but appear to be adequately funded in the short term.

The following table provides an outline of the gap, year over year for the next 10 years of renewal requirements.

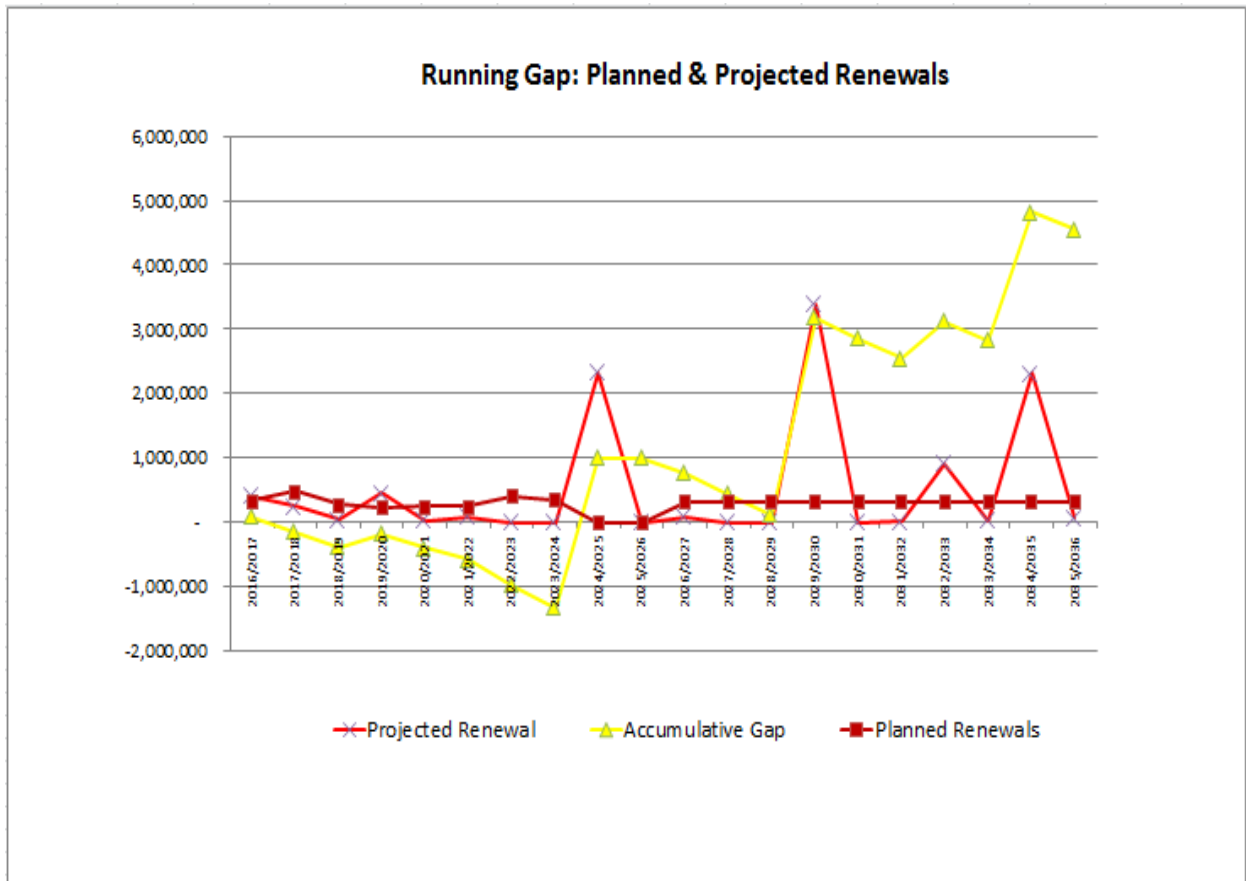
Year End 30 June	Projected Capital Renewal (\$)	Planned New / Upgrade Expenditure (\$)	Planned Capital Renewal (\$)	Shortfall in Renewal Expenditure (\$)	Cumulative Funding Shortfall (\$)
2017	404,831	9,595,000	330,000	74,831	74,831
2018	240,300	60,000	475,000	-234,700	-159,869
2019	37,876	50,000	273,500	-235,624	-395,493
2020	443,336	5,000,000	225,000	218,336	-177,157
2021	18,572	5,620,000	250,000	-231,428	-408,585
2022	75,400	7,700,000	250,000	-174,600	-583,185
2023	0	7,650,000	400,000	-400,000	-983,185
2024	0	0	350,000	-350,000	-1,333,185
2025	2,327,848	0	0	2,327,848	994,663
2026	0	150,000	0	0	994,663

There above table highlights a current shortfall in renewal funding over the ten year period.

Some of the renewal funding shortfall in the ten year period relates to the lack of a planned capital renewal budget in the latter years of the current Council forward works program.

From 2024 gaps start to appear in funding, the planned renewal from the 10 year forward works program has been averaged to obtain the planned renewals through to year 20 (2035/36) as reflected in the below graph. If the yellow line is under zero, then there is no gap and Council are spending enough to maintain its assets in this class.

Council will need to increase its spending on renewing assets during this period or may need to consider adjustment to service levels.



7. FINANCIAL SUMMARY

Council will be adding \$35.82M of new assets over the next 10 years. The assets being added amount to a 90.8% increase in assets stock. This is forecast to increase annual depreciation from \$1.40M to \$1.90M (a 36% increase) and annual maintenance from \$2.45M to \$2.97M (a 21% increase) respectively over the same 10 year period.

Projects outside the 10 year period remain On Radar in Council's current forward works program and have been excluded from the modelling behind this asset management plan due to the uncertainty of progression. The On Radar project estimates are currently in the vicinity of \$39.4M, this would have a significant effect on future capital and maintenance / operational requirements that Council would need to consider in future planning.

This plan also currently excludes any buildings related to the Yeppoon Foreshore Redevelopment due to the yet to be finalised program and scope of works

7.1. Asset Valuations As at 30/6/2016

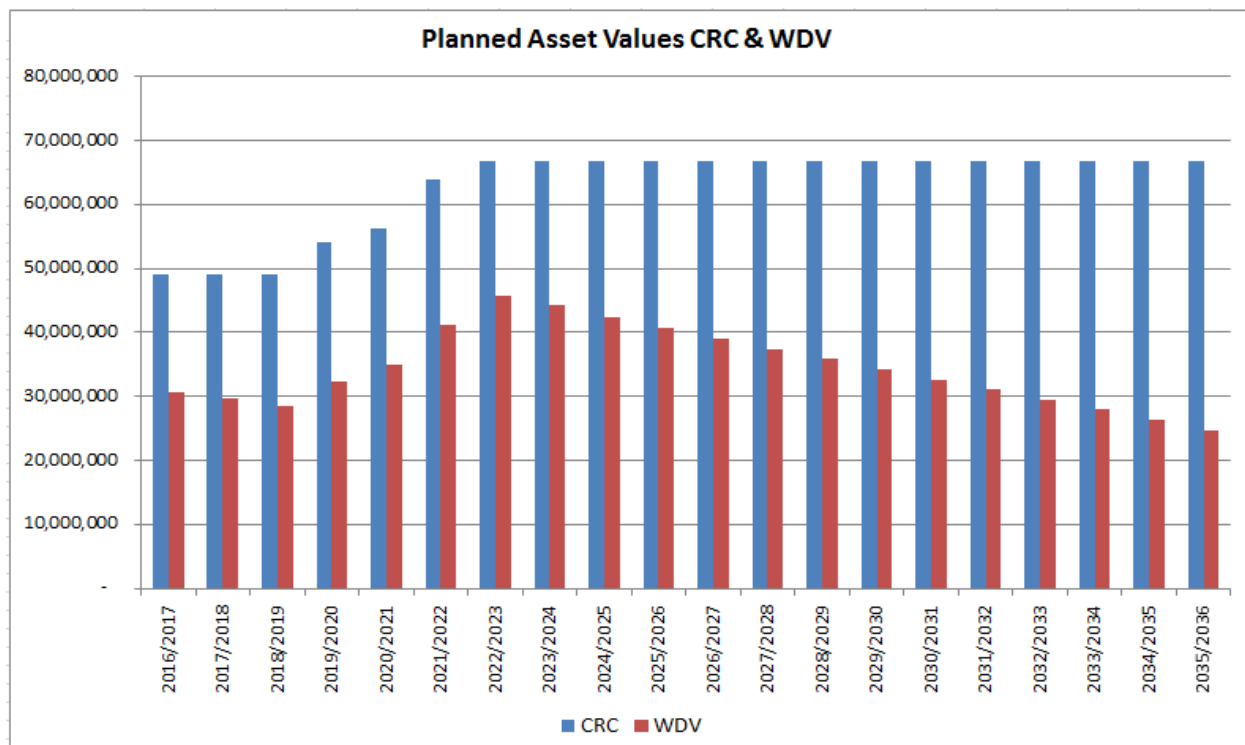
Component	CRC	WDV	ANN_DEP
Buildings	39,459,017	22,058,717	1,129,448
Grand Total	39,459,017	22,058,717	1,129,448

CRC – Gross Replacement Cost

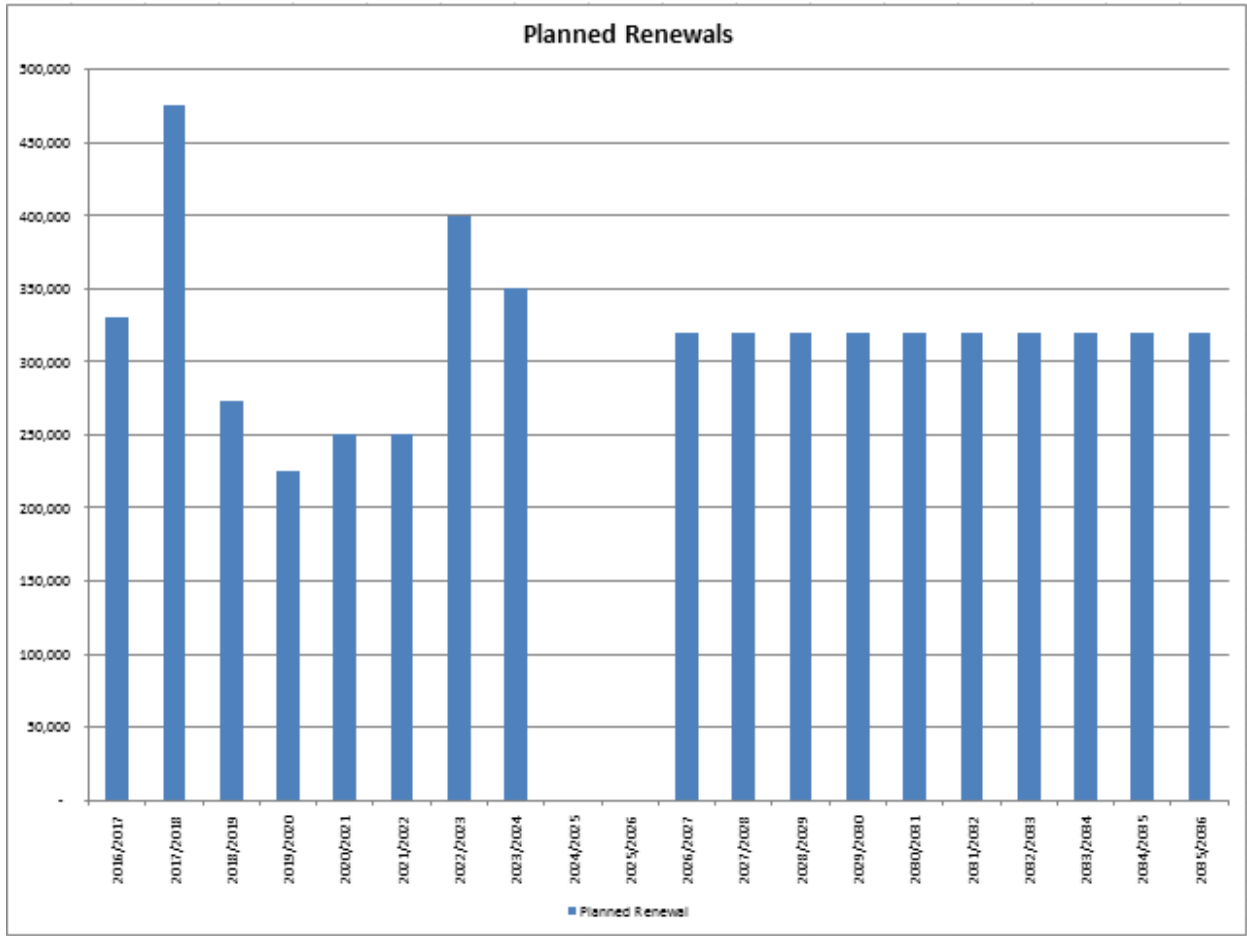
WDV – Fair Value

Ann_Dep – Annual Depreciation.

7.2. Future Valuation



The above graph provides a visual of the effect of the new projects coming on line in the ten year period to Councils asset base and the future consumption of the building assets across the longer term.



The above graph provides detail of the planned renewals currently in Councils forward works program.

8. PLAN IMPROVEMENT AND MONITORING

This Section provides details on planning for monitoring the performance of the AM plan and any improvements to AM systems that will improve the level of confidence in the AM plan.

8.1. Improvement Programme

The Asset Management Plan can be improved in the following ways.

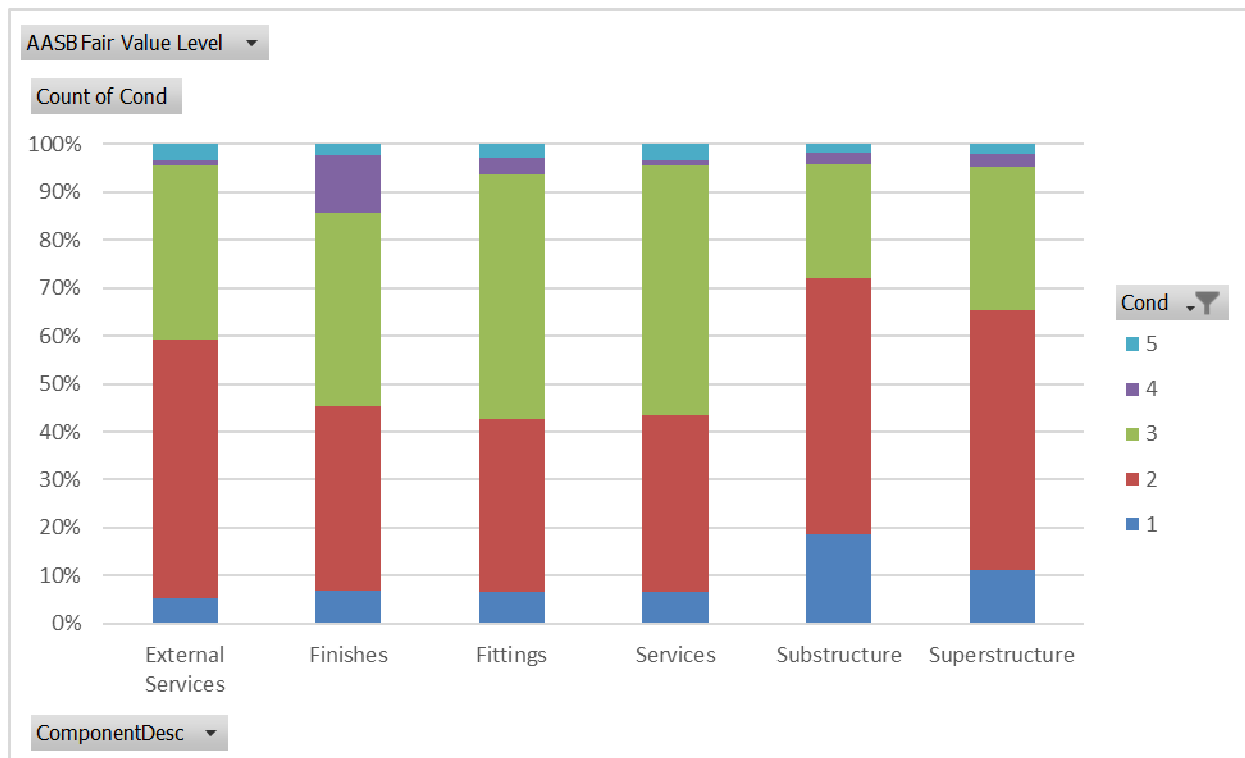
Task	Timeframe	Responsibility	Resources Required
Development of Facilities Maintenance Strategy	3 months	Manager Assets & Coordinator Facilities	Current Resources
Align long term financial plan with projected service level modelling in this AMP.	6 months	Manager Assets	Current Resources
Improvement in financial reporting for minor assets components in regards to maintenance and renewal costs	12 months	Manager Assets	Current Resources
Refinement of future works programs for all building assets	12 months	Manager Assets & Portfolio Directors	Current Resources
Review of building maintenance and operational costs, including: <ul style="list-style-type: none"> • Job costing processes • Management & work processes • Efficiency opportunities, e.g. Power Supply 	2 years	Manager Assets & Coordinator Facilities	Current Resources
Review of building maintenance and operational costs in comparison to other Councils	12 months	Manager Assets & Coordinator Facilities	Current Resources
Determine Measurement of assigned service levels (where required)	12 months	Manager Assets & Coordinator Facilities	Current Resources

Appendix 1. Condition Data

Below is a summary of the most recent condition data completed as part of the comprehensive buildings valuation in 2014.

Condition ratings table

Rating	Description	% Asset Remaining (Base on delivery of future economic benefit)
0	Brand New	100
1	Excellent (Only normal maintenance required)	95
2	Good (Minor defects only /minor maintenance required up to 25%)	75
3	Average (Significant maintenance required 50%)	50
4	Poor (Requires replacement within next 1-2yrs)	20
5	Asset Failure (Requires immediate replacement)	5



Appendix 2. Asset Valuation Renewal Charts (project values)

The following chart shows asset renewals values outside the 20 year plan.

We have only represented one life cycle in this chart.

There are some significant renewals occurring after the 20 year mark which will require renewal funding increases.

