

# Building Asset Management Plan

2020 - 2024



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# Building Asset Management Plan 2020-2024

## 1. Life Cycle Management Plan

The life cycle management plan details how Council plans to manage its building assets at the agreed levels of service while optimising life cycle costs.

This section of the plan provides details of the processes required to effectively manage, renew and upgrade the Council's assets. The individual Plans for each asset group document RCMB's data and the analysis that RCMB undertakes regularly to predict and monitor expected future expenditures required to effectively manage Council's building assets.

Life Cycle Management is recognised by Council as an essential component of asset management. Undertaking lifecycle asset management means considering all management options and strategies as part of the asset lifecycle, from planning to disposal. The objective of managing the assets in this manner is to look at long-term cost impacts (or savings) when making asset management decisions. Figure 1 provides a graphical representation of the asset lifecycle including each of the stages an asset passes through during its life.

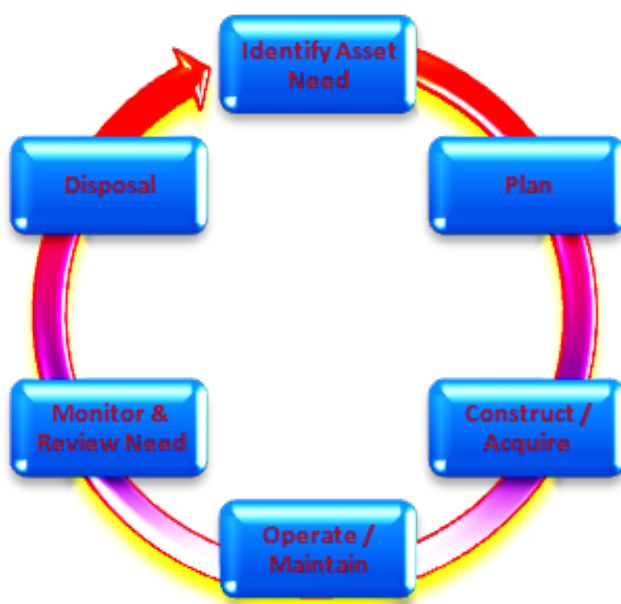


Figure 1: Life Stages of Infrastructure Assets

The Rural City of Murray Bridge uses [Assetic myData](#) for its Building Asset Register. It contains a listing of all building assets and has the ability to include the following details for each:

- Year of construction
- Material type
- Dimensions
- Most recent valuation
- Most recent condition rating
- Hierarchy classification

## 1.1 Background data

### 1.1.1 Asset Details

The assets covered by this Building Asset Management Plan and their quantities are shown in Table 1.

**Table 1: Assets Covered by this Asset Management Plan**

Asset Category	Description	Quantity
Category 1	Corporate Operational Buildings that are of strategic importance and have a high visitation by the public, eg Local Government Centre, Library, Town Hall, Swimming Centre, Work Depot, Railway Station or buildings that maintain the operational business of Council and are occupied most of the time, eg offices, library. A high expectation of presentation, safety and cleanliness is expected.	44
Category 2	Buildings that are strategically important and have a high level of visitation by the public, eg public toilets, Council owned sporting clubrooms / sheds, park shelters, museums, Roundhouse. Function, safety and cleanliness are important to the community and the clubs who use the facilities.	160
Category 3	A building that is less significant or has no importance to Council or is maintained by someone else. eg, private buildings on Council land that are maintained by the owner, or storage sheds. Since these buildings are on Council land Council still needs to make sure public safety is important. The hirers of these buildings will be made aware of any maintenance issues required.	84

Category 4 Buildings of no significance located on Council land are excluded from this Building Asset Management Plan (such as pump sheds, quantity 80).

Included in separate Supplementary Asset Management Plans are:

- Civil & Transport Infrastructure
- Open Space
- Water and Sewer
- Stormwater
- Plant and Fleet

### 1.1.2 Asset Capacity and Performance

Council's building assets are generally provided to meet community needs in line with Council's Strategic Plan, Community Plan and maintained in accordance with the Building Code of Australia.

Service deficiencies are identified from periodic building condition audits, customer requests, building asset requests and routine asset defect inspections undertaken by RCMB employees.

### 1.1.3 Asset Condition

The condition of Council's building assets is continually monitored by staff through Asset Defect and Asset Hazard inspections. In addition detailed building Condition Assessments are conducted on each building asset group on a rolling 3-5 year cycle. Each building asset is given an overall condition score from 1 for New or Near New to 6 (EOL) for End of Life.

The condition of the building asset categories covered by this Building Asset Management Plan is shown in the charts below.

## Condition of Category 1 Buildings

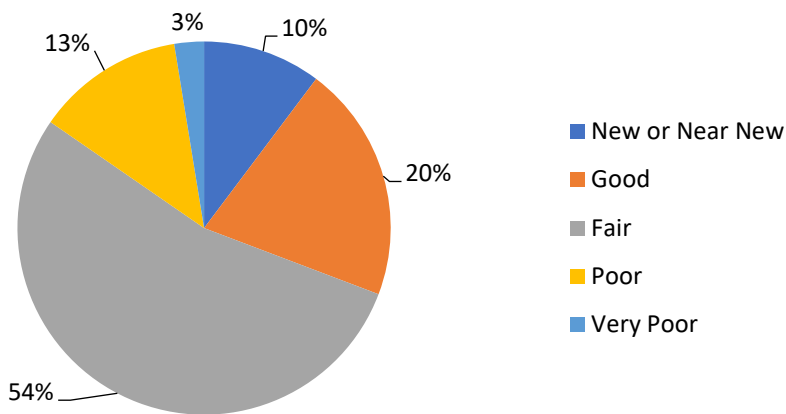


Figure 2: Condition of Council's Category 1 Buildings – 2019

## Condition of Category 2 Buildings

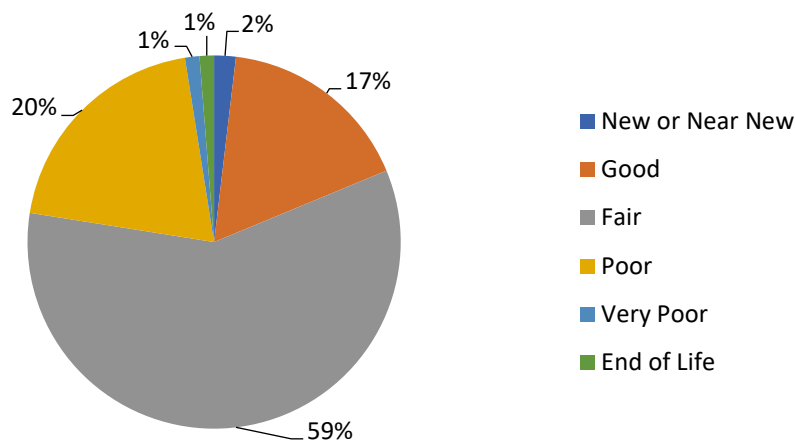


Figure 3: Condition of Council's Category 2 Buildings - 2019

## Condition of Category 3 Buildings

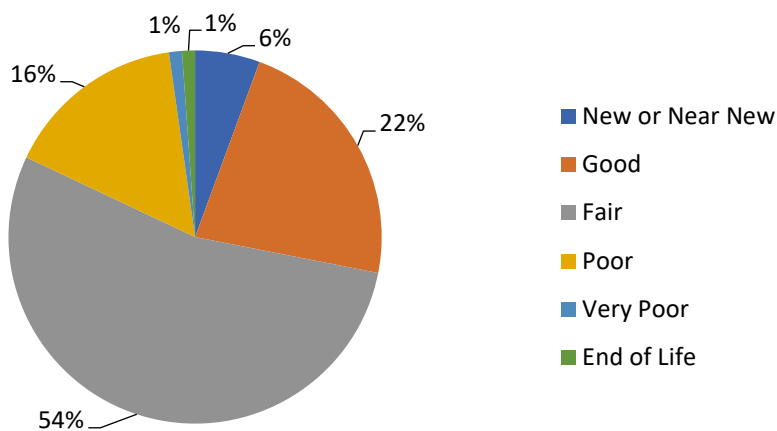


Figure 4: Condition of Council's Category 3 Buildings - 2019

Generally the condition of Council's Building assets is rated as Fair (54%) with more than half, 166 building assets, rated with a Fair condition. Only 4 building assets are rated with a very poor condition (1%) and in need of renewal. 80 buildings were not assessed at the last building condition audit.

Confidence levels in the condition data for buildings is high as the last building asset condition audit was conducted by an external consultant in September / October 2019. A building asset condition audit is planned for every 3-5 years.

## 1.2 Routine Operation and Maintenance Plans

Operations and Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition and legislative compliance, it includes regular ongoing day-to-day operations necessary to keep the building operational, and actions necessary where a portion of a building asset fails or is non-compliant and needs immediate repair to make the asset operational or compliant again. These actions include, fire services, pest control, electrical safety, SA Water supply, air conditioning servicing, electronic door servicing, building insurance, security monitoring, minor maintenance and other actions as required.

Future operations and maintenance expenditure is forecast to trend in line with the value of the previous year's expenditure and assumes a CPI increase of 1.3% per annum and is estimated and projected below.

### Actual and Projected Annual Operations and Maintenance Expenditure over the next 5 years

General Ledger Category	18/19	19/20	20/21	21/22	22/23
	(Actual)	(Estimated)	(Estimated)	(Estimated)	(Estimated)
Depot Buildings	\$156,583	\$158,619	\$160,680	\$162,769	\$164,885
Public Convenience Buildings	\$235,280	\$238,339	\$269,323	\$272,824	\$276,370
Office Buildings	\$200,725	\$203,334	\$205,977	\$208,655	\$211,368
Cemetery Buildings	\$ 100	\$ 101	\$ 102	\$ 103	\$ 104
Heritage and Museum Buildings	\$ 43,123	\$ 43,683	\$44,251	\$44,826	\$45,408
Community Hall Buildings	\$284,871	\$288,574	\$292,325	\$296,125	\$299,974
River front Buildings	\$ 856	\$ 867	\$ 878	\$ 889	\$ 900
Recreation Centre Buildings	\$ 51,681	\$ 52,353	\$ 53,033	\$ 59,927	\$60,706
Aquatic Centre Buildings	\$ 56,789	\$ 57,272	\$ 58,016	\$ 58,770	\$ 59,534
Sporting Club Buildings	\$ 45,759	\$ 46,353	\$ 46,955	\$ 47,565	\$ 48,183
Waste Management Buildings	\$ 40,201	\$ 40,723	\$ 41,252	\$ 41,788	\$ 42,331
Water Supply Buildings(Riverglen)	\$ 759	\$ 769	\$ 779	\$ 789	\$ 799

Miscellaneous Buildings	\$ 59,337	\$ 60,108	\$ 60,889	\$ 61,681	\$ 62,483
Commercial Buildings	\$ 18,479	\$ 18,719	\$ 18,962	\$ 19,209	\$ 19,459
Aged and Disability Building	\$ 14,028	\$ 15,852	\$ 16,058	\$ 16,267	\$ 16,478
Library Building	\$160,153	\$162,235	\$164,344	\$166,480	\$168,644
Stormwater Harvesting Building	\$ 2,854	\$ 2,891	\$ 2,929	\$ 2,967	\$ 3,006

Table 2: Actual and Projected Annual Operations and Maintenance Expenditure

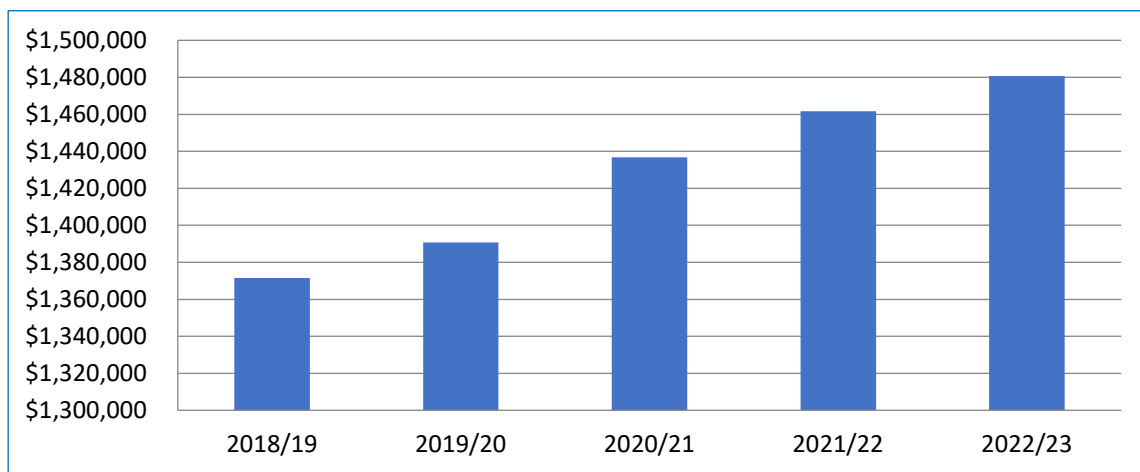


Figure 5: Actual and Projected Annual Operations and Maintenance Expenditure



### 1.3 Renewal & Replacement Plans

Renewal / Refurbishment are Capital Expenditure that retains the current service levels of the building assets and predefined maintenance standards which ensures compliance with regulatory requirements.

Renewal expenditure does not increase the buildings asset's structural framework but restores, rehabilitates, replaces or renews an existing asset to its original service potential.

Sound building asset management dictates that assets are renewed or replaced before they deteriorate to the point that associated assets are affected (i.e. roof badly damaged that makes the building unusable) or the asset becomes unserviceable.

Buildings are divided into multiple components, each of which has a different useful life and residual value based on the material used and type of components. The values listed below are provided through Council's last building financial revaluation of non-current assets in accordance with the Australian Accounting Standards. These values are listed in Table 3:

**Table 3: Useful Life and Residual Values of Assets**

Asset Component	Useful Life (Years)	Residual Value (%)
Sub-Structure	60 - 100	40%
Super-Structure	45 – 150	50%
Fitouts and Fittings	20 – 45	40%
Floor Coverings	15 - 80	0 – 50%
Roof	40 - 90	50%
Electrical Services	60	30%
Hydraulic Services	60	30%
Mechanical Services	25-35	0-25%
Fire Services	40	70%-
Transport Services	25	70%
Security Services	15	50%

Useful life and residual values are reviewed when the building assets are revalued by an approved valuation consultant every 5 years as per the Australian Accounting Standards.

Future Renewal and Replacement Expenditure is forecast by taking into consideration the current asset condition assessment and building maintenance program, prior building asset requests and Council staff building maintenance audits.

The adopted 10yr Long Term Financial Plan 2019-2029 has a total Asset Management Plan budget of \$7,440,000 for the year 2019/2020 increasing each year over the plan by approx.. 2.4%. 5% of this budget is estimated for Building Renewal and Replacement. However, this is not sufficient funding to cover the building renewal and

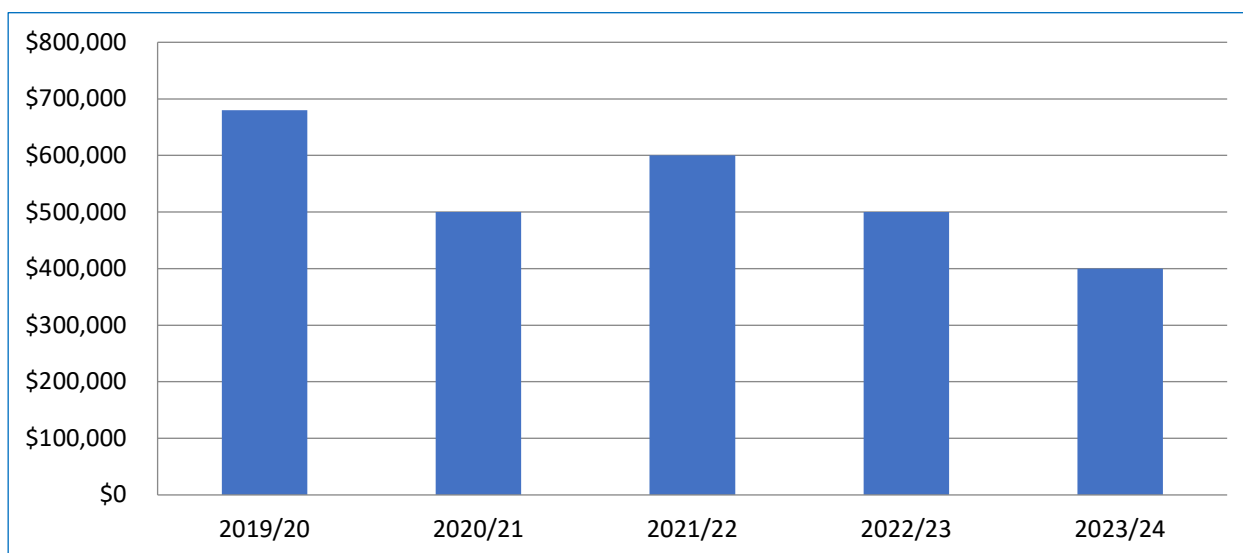
replacement requirements that keep evolving as a result of user requests and fortnightly building maintenance and compliance audits.

Below is the projected annual renewal and replacement expenditure for the next 5 years. This estimated renewal and replacement expenditure required is based on previous years available expenditure, internal and external requests, current and future building maintenance and compliance audits and projects that have been identified through the budgeting process.

Per Year for 5 Years	Adopted 10 year Financial Plan 2016-2026 -5% of AMP	Estimated Renewal and replacement expenditure required
Year 1 – 2019-2020	\$359,900	\$680,000
Year 2 – 2020-2021	\$368,500	\$500,000
Year 3 – 2021-2022	\$377,250	\$600,000
Year 4 – 2022-2023	\$386,650	\$500,000
Year 5 – 2023-2024	\$396,900	\$400,000

**Table 4: Estimated Annual Renewal and Replacement Expenditure**

The estimated annual renewal and replacement expenditure required will fluctuate and change due to the continued levels of service Council is expected to provide and the available funding allocated to the renewal and replacement budget through the annual budgeting process.



**Figure 6: Projected Annual Renewal and Replacement Expenditure over 5 years**

#### 1.4 Creation, Acquisition and Upgrade Plan

The purchase, construction or upgrade (e.g. extension) of building assets occurs as a response to changing needs in the community, Council operations or when existing building assets can no longer meet required service requirements or capacity.

Expenditure on the Creation, Acquisition and Upgrade of assets is determined in the annual business bid and planning process and depends on Council's strategic goals, management plans and the availability of budget funds.

#### 1.5 Disposal Plan

In 2015 Council engaged a consultant to complete a building utilisation internal audit report. The objective of the report was to consider the effectiveness of Council's management of its building portfolio, including what buildings are for, by whom and what value the Council achieves through ongoing ownership. The outcome of this plan will assist Council's strategic direction whether to keep or dispose of Community building Assets.

## 2. Financial Summary

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

### 2.1 Financial Statements and Projections

The value of assets recorded in the asset register at 1 July 2019 and covered by this Plan is shown below.

**Table 5: Asset Valuations at 1 July 2019**

Asset Category	Current Replacement cost	Depreciable Amount	Written Down Value	Annual Depreciation Expense
Category 1	\$32,225,329.98	\$21,014,515.88	\$22,689,360.53	\$520,847.46
Category 2	\$23,632,402.83	\$3,805,815.82	\$15,026,159.38	\$271,969.36
Category 3	\$3,677,011.91	\$2,127,732.43	\$2,466,196.30	\$ 45,213.72
TOTAL	\$59,534,744.71	\$26,948,064.13	\$40,181,716.20	\$838,030.54

Depreciation was calculated on a “straight line” basis using the condition of the asset to determine its remaining useful life for all assets in this plan.

### 2.2 Projected 10-Year Funding Requirements

The 10-Year funding requirements for Council’s buildings assets are set out in Table 6. These requirements are made up of:

- Annual renewal and replacement expenditures from the condition audit and maintenance program, building asset requests and regular staff compliance and maintenance audits
- Capital Enhancement is driven by Council’s Strategic Plan and Master Plans and Strategies and the business plans
- Annual building operations and minor maintenance expenditures to deliver required levels of service

It is recognised that consideration of factors outside the scope of this Plan will influence the extent to which the funding requirements are implemented.

**Note:** The funding requirements are calculated using theoretical base models. Factors outside of Council’s control including but not limited to extreme weather events, increased service requirements, amount of vandalism and population changes greater than or less than projections may change the required funding needs from time to time. Council will take these factors into consideration when complying an annual renewal program.

The 10-Year funding requirements for Council's buildings assets is outlined below:

**Table 6: Projected Expenditure for the Long Term Financial Plan**

YEAR	Operations & Maintenance	Projected Renewal and Replacement	Projected Capital Enhancement (Toilets)	TOTAL
	(\$)	(\$)	(\$)	
2019	1,371,578	500,000	122,000	1,993,578
2020	1,390,792	680,000	125,000	2,195,792
2021	1,436,753	500,000	127,000	2,063,753
2022	1,461,634	600,000	130,000	2,191,634
2023	1,480,632	500,000	132,000	2,112,632
2024	1,499,880	400,000	135,000	2,034,880
2025	1,519,378	600,000	138,000	2,257,378
2026	1,539,129	500,000	141,000	2,180,129
2027	1,559,138	600,000	143,000	2,302,138
2028	1,579,407	500,000	146,000	2,225,407
<b>TOTAL</b>	<b>14,838,321</b>	<b>5,380,000</b>	<b>1,339,000</b>	<b>21,557,321</b>

## References

Local Government Act 1999, South Australia

International Infrastructure Maintenance Manual

Building Condition & Performance Assessment Guidelines – IPEA-NAMS.AU

SPROUTT – Summary Report – Building Asset Condition Assessment and Work Program – October 19

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