

# **Belgrave Health Hub Project**

## **National Stronger Regions Fund Asset Management and Operation Plan**

Submission Number:  
**NSRF000149**

Prepared by:  
**Yarra Ranges Council**  
**November 2014**

**TABLE OF CONTENTS**

Table of Contents ..... 2

1 Introduction..... 3

2 Asset Portfolio At Completion Of Project ..... 3

3 Levels of Service ..... 3

4 Asset Operations and Maintenance..... 6

5 Asset Capital Program..... 9

6 5 Year Financial Forecast ..... 12

7 Appendix A Intervention Levels..... 1

## 1 INTRODUCTION

The Belgrave Health Hub Asset Management and Operations Plan is built upon Yarra Ranges established operational and asset management policies, procedures and activities. As such the Hub and its assets will be incorporated into:

- Yarra Ranges Shire Council's Asset Management Plans
- Financial forecasting based on economic modelling (refer to Business Case for further details)

This Asset Management and Operations Plan provides specific details on the whole-of-life maintenance requirements and the first five year's operational requirements of the Belgrave Health Hub once complete and expands upon the asset management information presented in the Hub Business Plan. Included within this plan are financial projections to indicate ongoing maintenance and operational requirements and how these costs will be funded.

The completed project will be operated and maintained by the Yarra Ranges Council through a management agreement with Inspiro.

## 2 ASSET PORTFOLIO AT COMPLETION OF PROJECT

### 2.1 ASSET HIERARCHY

The assets of the Belgrave Health Hub have been categorised in accordance with Yarra Ranges asset hierarchy as shown below.

This table presents a register of assets the primary assets created by the project that will be added to Yarra Ranges asset register upon completion of the project and commissioning of the Hub. All assets on the register are managed by Yarra Ranges. Hub assets will be maintained and operated by Council Inspiro in accordance with the lease agreement and existing Yarra Ranges operational and maintenance policies and procedures.

Asset Group	Asset Type	Quantity	Unit
Building	Two(2) storey structure	1200	sqm
Car Park	Asphalted Car Park	1050	sqm
Bushland	Nature Trail	existing	sqm

A detailed hierarchy and register for specialist fit out assets within the building will be compiled during completion of the project along with associated operational and maintenance regimes.

## 3 LEVELS OF SERVICE

Levels of Service provide the basis for the life cycle management strategies and works programmes identified within this plan. They support the Council's strategic goals and are based on customer expectations and statutory requirements.

The levels of service will be refined over a period of time to match the expectation of customers, which requires a clear understanding of customer needs, expectations, preferences and their willingness to pay for any increase in the levels of service.

The levels of service in this section will be used:

- To inform customers of the proposed type and level of service to be offered;
- To identify the costs and benefits of the services offered;
- To enable customers to assess suitability, affordability and equity of the services offered;
- As a measure of the effectiveness of the AM Plan; and
- As a focus for the AM strategies developed to deliver the required level of service.

The levels of service outlined in this section are based on:

- Community Research and Expectations. Information gathered from customers surveys on expected quality and cost of services;
- Strategic and Corporate Goals; and
- Legislative Requirements.

The relationship between levels of service and key organisational plans is outlined below.



### 3.1 CUSTOMER RESEARCH AND EXPECTATIONS

### 3.2 COMMUNITY EXPECTATIONS

The Belgrave hub project was established in response to community expectations and requirements for improved and integrated health service delivery. A level of community and stakeholder consultation has already been completed as part of the projects planning and feasibility studies and has informed the overall design of the facility and its infrastructure assets.

### 3.3 CUSTOMER REQUESTS

The Belgrave Health Hub will operate through a management agreement with Inspiro at the completion of this project after the assets are commissioned. The lease agreement and Inspiro's internal structure, includes reporting pathways for staff, clients and visitors to report deficiencies or issues which can affect the level of service provided.

Customer feedback, complaints and comments are also collected through various methods and passed to the relevant Council Officers for action.

#### 3.3.1 CUSTOMER REQUESTS SYSTEM

Council uses a corporate customer request system called "Pathway" to log, monitor and document requests and complaints. The system records all relevant information required for processing requests and complaints. Requests are primarily of a reactive nature and are related to particular defects, maintenance issues or future improvement works.

### 3.4 REGULATORY REQUIREMENTS

The below table details the Statutory Requirements relating to the level of service of Belgrave Health Hub project assets.

Asset Group	Details
Buildings	Local Government Act 1989 Building Code of Australia Victorian Building Regulations All relevant Australian Standards and Codes of Practice Yarra Ranges Council regulations Disability Discrimination Act 1992 Children's Services Act 1996, Version No. 011, Act No. 53/1996
Car Park and Pathways	All relevant Australian Standards and Codes of Practice Yarra Ranges Council regulations Disability Discrimination Act 1992

## 4 ASSET OPERATIONS AND MAINTENANCE

This section outlines the operational and maintenance activities. These activities aim to meet the desired Levels of Service to retain asset service potential thereby optimising the useful life of assets. It presents an analysis of available asset information and the operational and maintenance management activities necessary to maintain the building assets to achieve Council objectives:

- To maintain and enhance the appearance and maximise the life of the listed buildings and their surrounds;
- To maintain a safe and comfortable environment for the occupiers and public users of the buildings; and
- To provide a responsive and cost effective maintenance service.

### 4.1 OPERATIONS

Asset Operations includes those activities and costs associated with the process of utilising an asset, which will consume resources such as manpower, energy and materials.

Typically operational activities are not considered to extend the life of an asset for impact it's physical condition like maintenance activities do, are necessary to keep the asset appropriately utilised.

Typical operational activities and costs include:

- Administration costs;
- Energy Costs;
- Water consumption costs;
- Equipment expenditure and running costs; and
- Occupational Health and Safety.

### 4.2 ASSET MAINTENANCE

Asset Maintenance involves the on-going day-to-day work activity required to keep the assets serviceable and prevent premature deterioration or failure. Asset maintenance includes the following activities:

- Maintenance management;
- Scheduled maintenance which includes Programme Maintenance and Preventative Maintenance activities; and
- Reactive or unscheduled maintenance.

#### 4.2.1 MAINTENANCE MANAGEMENT

Maintenance management involves the coordination of all maintenance activities including supervision & quality control, operation & maintenance of contractor system, process all accounts, prepare all documentation, cost estimates, quotations, variations and programs, and routine inspections of all properties. Routine inspections and testing aim to monitor asset condition and identify the need for maintenance and repair work. As part of Maintenance Management the Contractor is responsible for maintaining a system to respond to requests for service, in particular to:

- Make safe all damaged, defective or vandalised components of the building which pose a threat to the safety or comfort of the occupiers and security of the buildings
- Roof gutter blockages;
- Security alarm response;
- Urgent maintenance;

- Emergency response;
- Major maintenance; and
- Air conditioning / Ventilation

#### 4.2.2 SCHEDULED MAINTENANCE

**Programmed Maintenance:** Scheduled maintenance identified from the building condition audit and asset inspections. Maintenance costs associated with programmed maintenance approved in Council's budget. These maintenance works plan to prevent asset failure and optimise the useful life of assets.

**Preventative Maintenance:** Maintenance or servicing undertaken at regular scheduled intervals in accordance with manufacturer's requirements (generally to mechanical and electrical components). These maintenance works plan to prevent asset failure and optimise the useful life of assets.

#### 4.2.3 REACTIVE MAINTENANCE

Reactive Maintenance encompass unscheduled maintenance activities originating from maintenance requests and unforeseen work resulting from component failure or wilful damage. Maintenance works typically involve works to remedy faults including breakdown repairs, accidental and malicious damage to the buildings affecting the health, safety, security and comfort of the occupiers and public and the general appearance of the building (e.g. cleaning up vandalism).

Reactive Maintenance shall be further defined as:

- Minor Maintenance nominally attended to items with threshold value of less than \$500;
- Urgent Maintenance which include:
  - § Faults which are a threat to occupiers or property e.g.: blocked sewer, burst water and hot water service, gas leak, electrical failure, malfunctions to fire detection and suppression systems, emergency lighting systems;
  - § Requiring the removal or covering of offensive graffiti;
  - § Requiring securing of the building;
  - § Structural damage to building, structure, paving, play equipment, retaining wall or fence;
  - § Failure of air conditioning or ventilation equipment;
  - § Any fault which is a risk to the safety of occupiers or public users; and
- Major Maintenance for items with a threshold value of \$500 or greater.

#### 4.3 ASSET INSPECTION PROGRAMS

Council asset maintenance program includes various asset inspection regimes to determine the fitness of the asset to meet service levels and compliance requirements. For example Council aim to maintain buildings in compliance with Council's objectives and principles, meet the needs of building occupiers and the community, and compliance to building regulatory requirements and standards. The building inspection regime encompasses all of Council's buildings and building site areas. Inspections will assist Council in ensuring buildings are well maintained to a high standard and are safe for occupancy.

Property & Facilities Management are responsible for all building inspections. This has been delegated under the contract agreement, "Provision of Building Maintenance Services" to a Building Maintenance Contractor.

#### 4.3.1 ROUTINE INSPECTIONS

Routine inspections form part of the outsourced building maintenance contracted services under agreement. Inspections apply to all Council buildings and building sites and associated building sites areas.

Inspections must be undertaken for each building and building site at least once every twelve (12) months. Inspection activities include the inspection and recording of the:

- Condition of all internal / external walls, ceilings, floors and roof frames and claddings;
- Condition of all doors, windows, locks, screens and guards;
- Condition of all painted surfaces and coatings;
- Presence of graffiti or damaged building components;
- Condition and cleanliness of roof, gutters, flashings, downpipes and stormwater drains;
- Location of smashed and cracked glass;
- Any problems associated with securing the buildings;
- Condition of all services, meters and switchboards;
- Ensure that combustible materials are not stored adjacent to boilers, HWS units or heaters;
- Condition of the building Site including fences, paving, retaining walls and play equipment;
- General cleanliness of the building and the Site and obstructions to exits;
- Any alteration to the building or services which are unsafe or non compliant;
- Operation and any obstructions to security system motion detectors; and
- Wall furnace / space heater fans shall be inspected and where required vacuumed and pilot assemblies serviced.

In addition to these routine building inspections, the contractor on behalf of Council must undertake inspections of:

- Essential Services within all of Council's habitable buildings; and
- Asbestos Risk and Asset Management inspections as part of Essential Services under contract.

#### 4.3.2 ESSENTIAL SERVICES INSPECTIONS

Essential Services for buildings which have been built after 1 July 1994 must be inspected in accordance with and at the frequencies nominated in the relevant Australian Standard.

The Contractor is required to monitor the condition of asbestos in the Council's buildings in accordance with:

- The Council's Building Audit and Asbestos Risk Assessment Survey report (Audit Report) and the Occupational Health and Safety (Asbestos) Regulations (1992); and
- At the direction of the Council's Representative.

#### 4.4 MAINTENANCE CONTRACTS

Maintenance of all building assets is coordinated by Council (Property & Facilities Management), and delegated responsibilities to their Building Maintenance Contractor under the contract agreement, "Provision of Building Maintenance Services". The Contractor is obligated under contract to undertake all maintenance activities for all Council buildings and building site areas.



The Contractor is contracted to provide a maintenance service, utilising staff and sub contractors involving but not limited to the following building and licensed trades and services:

- Electrical;
- Plumbing;
- Carpentry and Handyman Repairs;
- Concreting;
- Brick/block laying;
- Joinery and Cabinet Making;
- Painting;
- Plastering and ceiling installations;
- Glazing;
- Roofing;
- Floor covering / floor and wall tiling;
- Steel and metal fabrications;
- Fence construction;
- Locksmith;
- Excavation and earthworks
- Demolition;
- Graffiti removal services;
- Asbestos removal services;
- Roof gutter cleaning services;
- Insulation;
- Scaffold and Lift erection;
- Kitchen Appliance Specialist;
- Security;
- Cleaning; and
- Mechanical Services.

#### 4.5 INTERVENTION LEVELS

An intervention level is the condition at which Council intends to intervene as a minimum standard and rehabilitate the asset based on deteriorated or poor condition. Intervention levels are prescribed for Maintenance Management and Reactive Maintenance programs.

Maintenance intervention standards form part of the maintenance contract and are listed in an attachment to this document.

#### 5 ASSET CAPITAL PROGRAM

This section presents analysis of available asset information and the life cycle management plans covering the three key work activities necessary for the Hub to meet current and future service level requirement:

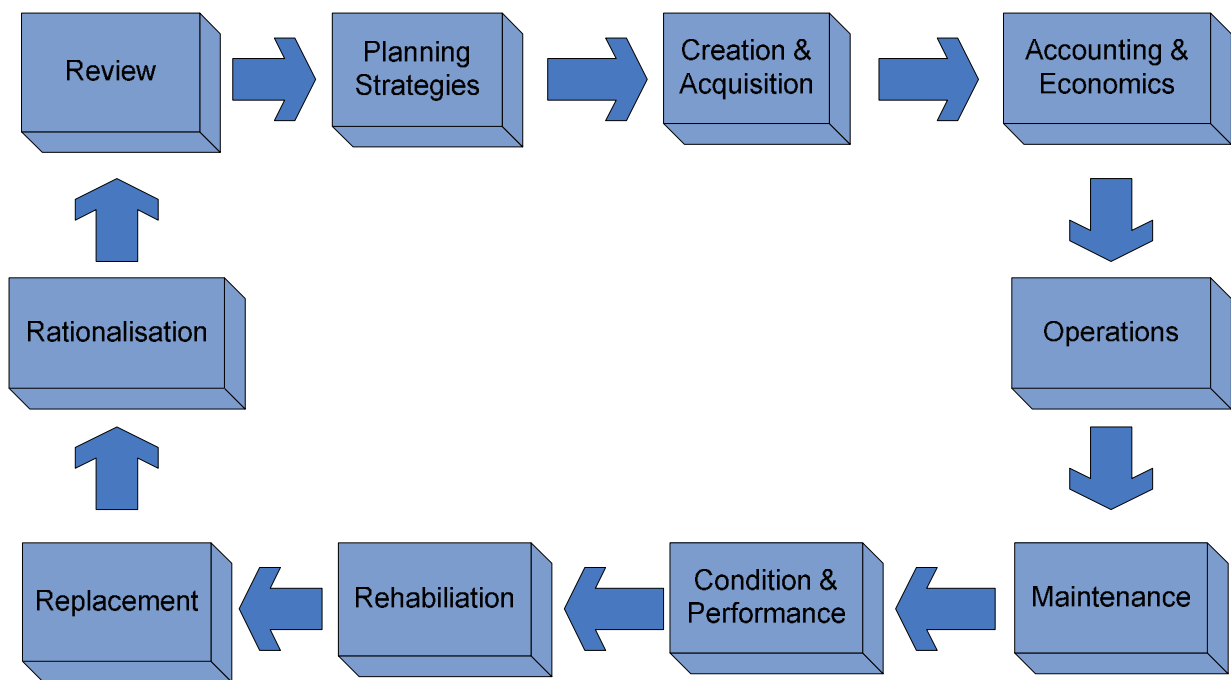
**Renewal/Rehabilitation Plan:** To provide for the progressive replacement of individual assets when they reached the end of their useful life. Deteriorating asset condition primarily drives rehabilitation needs.

**Improvements/Upgrades/New Works:** To provide for the improvement and creation of new assets to meet current service level requirements.

**Disposal:** To provide for the disposal of assets that are no longer required.

### 5.1 OVERVIEW

Council must ensure that it manages all assets on a life cycle basis, with full knowledge of the social, environmental and financial costs, benefits and risks associated with the asset. The life cycle model must give due consideration to each phase of an asset's life from inception through to disposal. This life cycle model is shown below:



### 5.2 KEY ISSUES

Council has negotiated with Not For Profit health service providers to operate within the Hub facility. If there is a significant change in these providers or their services it may impact upon the specialist internal ancillary assets the facility requires. To help address this issue the permanent fixed building structures have been designed with service flexibility in mind to readily enable repurposing accommodation to accommodate changes and future evolution of health services within the Hub.

### 5.3 CAPITAL WORK ACTIVITIES

The categories used for the lifecycle planning are defined below:

**Asset Rehabilitation:** These works are defined as being the:

- Rehabilitation of existing assets to their original size and capacity; or
- Replacement of the entire component of the asset with the equivalent size or capacity.

Typical rehabilitation activities include:

- Roof replacement;
- Mechanical surfaces replacement;
- Fit out rehabilitation; and
- Replacement of building foundations.

**Asset Improvements/Upgrading/New Works:** Projects for the extension or upgrading of assets required to cater for changing needs or additional levels of service, including:

- Works which create an asset that did not exist in any shape or form; or
- Works which improves an asset beyond its original size or capacity; or
- Upgrade works which increase the capacity of an asset; or
- Works designed to produce an improvement in the standard and operation of the asset beyond its original capacity.

**Asset Disposal:** Disposal is any of the activities associated with the disposal of a decommissioned asset. Assets may become surplus to requirement for a number of reasons including under utilisation, obsolescence, provision exceeds required level of service, policy change or service provided by other means (e.g. private sector involvement).

The Strategy and Sustainability is responsible for the overall Strategic Asset Management within the Council.

### 5.3.1 CAPITAL WORKS AND ASSET REPLACEMENT PROGRAM

Yarra Ranges has an established capital planning and budgeting process that annually reviews the future capital needs of Council. Future renewal & refurbishment needs for the Hub will be considered regularly as part of this process.

To ensure funding is available to fund these future works and maintain serviceability of the assets Council proposes to put aside ~ 2% of the capital project cost (\$174,000 of \$8.7 M) annually into its Asset Renewal Reserve fund. The fund is a specifically reserved budget allocation established by council to fund future asset renewal requirements.

Whilst the majority of renewals will be the responsibility of the Yarra Ranges Council, some of the costs (such as replacement of fittings) may be borne by Inspiro depending on specifications within the lease documentation (which is yet to be developed).

Yarra Ranges Council work to the following indicative formula for the replacement of assets.

Allowance	% of total replacement value	Replacement/ Useful Life/Years
Structure	45	50-100
Fit out	20	15
Mechanical	10	15
Electrical	10	25
Plumbing	5	50
Car park	10	100

### 5.3.2 ASSET DISPOSAL

Council as a part of this project will dispose of the following assets:

- Belgrave Youth Services Building
- James Street Carpark
- Tucker in the Tin Shed
- DRERS

The savings that Council will make from no longer maintaining these assets will offset the operational and maintenance costs for the new facility. The cost of disposing of these assets is included in the overall project budget.

### 5.4 MANAGEMENT STRUCTURE

The maintenance of all completed project assets is the responsibility of the Yarra Ranges Council. The organisation has established asset managers in place who will take on ongoing responsibility for the assets upon project completion. The maintenance of this building will be handed to the Property and Facilities Management team to manage and maintain and operate in accordance with the organisations established asset management processes.

## 6 5 YEAR FINANCIAL FORECAST

The Belgrave Health Hub will generate its own revenue through the services offered at the facility. This revenue will be utilised to cover part of the facilities maintenance and operational costs. The short fall will be covered funded by Council.

The following table provides 5 year financial forecasts.

Category	2017	2018	2019	2020	2021
<b>Income</b>					
Room Hire	\$45,106	\$52,064	\$59,352	\$61,505	\$63,728
<b>Total Income</b>	<b>\$45,106</b>	<b>\$52,064</b>	<b>\$59,352</b>	<b>\$61,505</b>	<b>\$63,728</b>
<b>Expenses</b>					
Reception	\$82,890	\$84,962	\$87,086	\$89,263	\$91,495
<b>Total salaries and wages</b>	<b>\$82,890</b>	<b>\$84,962</b>	<b>\$87,086</b>	<b>\$89,263</b>	<b>\$91,495</b>
Building Maintenance	\$35,400	\$36,320	\$37,265	\$38,234	\$39,228
Photocopiers	\$12,000	\$12,312	\$12,632	\$12,961	\$13,298
Consumables	\$7,000	\$7,182	\$7,369	\$7,560	\$7,757
Stationery/Office Equipment	\$2,000	\$2,052	\$2,105	\$2,160	\$2,216
Telephone/Wifi	\$10,000	\$10,260	\$10,527	\$10,800	\$11,081
Security/cash collection	\$4,000	\$4,104	\$4,211	\$4,320	\$4,433
Electricity	\$30,000	\$32,220	\$34,604	\$37,165	\$39,915
Cleaning	\$35,000	\$35,910	\$36,844	\$37,802	\$38,784
Gas	\$6,000	\$6,156	\$6,316	\$6,480	\$6,649
Waste Charges	\$5,000	\$5,130	\$5,263	\$5,400	\$5,541
Insurance Allowance	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519
<b>Total other direct expenses</b>	<b>\$161,400</b>	<b>\$167,756</b>	<b>\$174,438</b>	<b>\$181,465</b>	<b>\$188,859</b>
<b>Total expenses</b>	<b>\$244,290</b>	<b>\$253,992</b>	<b>\$264,154</b>	<b>\$274,803</b>	<b>\$285,964</b>
<b>Net Operating Profit/Loss</b>	<b>(\$199,184)</b>	<b>(\$201,929)</b>	<b>(\$204,802)</b>	<b>(\$213,298)</b>	<b>(\$222,236)</b>
Asset /Replacement	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000
<b>Net Position</b>	<b>(\$373,184)</b>	<b>(\$375,929)</b>	<b>(\$378,802)</b>	<b>(\$387,298)</b>	<b>(\$396,236)</b>

## 7 APPENDIX A INTERVENTION LEVELS

Intervention levels prescribed for Maintenance Management activities are detailed in the table below.

ACTIVITY	INTERVENTION LEVEL
Respond to all maintenance requests and provide an initial assessment	When a verbal and written request is received and respond in the response times detailed in Clause 2.3.1 of the Building Maintenance Contract ( 1% )
Make safe	When damaged or defective building and structure components pose a threat to the safety or comfort of the occupiers or public users of the Properties (0%)
Handyman repairs	When components are able to be repaired or returned to their original operation without the need to employ specialist trade contractor (5%)
Roof gutter blockages	When the roof gutter is unable to effectively drain storm water to the downpipes and the storm water drain (1%)
Cleaning & Sanitary Services	When facilities are not regularly serviced, or do not present a clean appearance. (1%)
Mechanical Services	When equipment is not routinely serviced, nor fit for purpose. (1%)

Urgent maintenance intervention levels for Reactive Maintenance are detailed below

ACTIVITY	INTERVENTION LEVEL
Unblocking of sewers, attending to burst water services, gas leaks and electrical failures	When such blockages, damage or failure occur to any Council building (0%)
Securing of buildings	When damage is reported to a building during office hours prevents the building from effectively being secured (0%)
Fire Detection and Suppression Systems	When the system is damaged, appears to be malfunctioning or when maintenance works in the vicinity of the system is likely to cause an alarm (0%)
Emergency Lighting Systems	When emergency lighting systems are malfunctioning, require lamp replacement or the battery charging system requires servicing (0%)
Repairs to Electrical and Gas Services	Repair all electrical and gas services which pose a risk to public or occupier safety (0%)
Graffiti	When the graffiti defacing any Council building, fence, sign or paving is offensive (0%)
Mechanical Services	When equipment has failed or is not operating effectively (0%)

Non urgent maintenance intervention levels for Reactive Maintenance are detailed below **Error! Reference source not found.**

ACTIVITY	INTERVENTION LEVEL
Repairs to damaged building components	Repair all malicious and accidental damage when the damage affects the public or occupier safety, comfortable use of, or general appearance of the building. (5%)
Painting	Paint all surfaces which are showing signs of weathering or rusting, where the surface coating is flaking, badly chipped or fading (15%)
Replacement of damaged glass and mirrors	Replace all glazing and mirrors when they are smashed or cracked (1%)
Repairs/replacement to roofing, gutters and downpipes	<p>Repair all roofing, guttering and spouting when they fail to stop the egress of storm water to the internal spaces of the building or effectively drain the water to the storm water drains. (5%)</p> <p>Replace all roofing, gutters and downpipes which are showing signs of extensive rusting or surface oxidation and when they fail to drain storm water from the roof of the building or effectively drain the water to the storm water drains. (1%)</p>
Replacement of rotting or rusted building components	Replace all components when the component is showing signs of wet/dry rotting, termite/borer infestation or severe rusting; treat/spray where termite/borer infestation exist (1%)
Repair to door/window/gate locks and furniture	Repair all locks and furniture when the lock or furniture item is inoperable, unfixed or difficult to operate (5%)
Repairs to floor coverings	Repair and or make safe all floor coverings when the floor covering has lifted, is unsecured at the seams or poses a trip hazard to the public or building occupiers (5%)
Repairs to wall or ceiling claddings	Repair all claddings when the cladding is unsecured, split or there are cracks or penetrations in the cladding which fail to stop the egress of rodents and insects into the frame or building space (5%)
Repairs to cracked brick/block work	Repair cracked brick/block work when the cracking effects the structural integrity of the building (1%)
Cleaning of Roof Gutters and Downpipes	Inspect and clean roof gutters and downpipes on a minimum 12 monthly basis (as part of Contractor's Lump Sum) and when they are blocked with leaves, dirt or other foreign matter (1%)
Air Conditioning / Ventilation	Service equipment monthly and repair when it fails to operate effectively (0%)
Cleaning and Sanitary Services	Clean and service premises to ensure that they are not dirty, unstocked or unhygienic (0%)

