



Buildings Draft Asset Management Plan Summary





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EXECUTIVE SUMMARY

1 The Purpose of the Plan

The City of Adelaide is responsible for an extensive and diverse asset portfolio valued at more than \$2 billion, which represents a significant investment made over multiple generations. These assets play a vital role in providing essential services to our community and it is critical to ensure these assets continue to be effectively managed to enable ongoing service provision and benefits for both current and future generations.

Under South Australia's *Local Government Act 1999*, we are required to develop Asset Management Plans for a period of at least 10 years, which includes information about the operation, maintenance, renewal, acquisition, expansion, upgrade and disposal for each infrastructure asset class under our care and control. The City of Adelaide has six Asset Management Plans, which include Buildings, Transportation, Park Lands & Open Space, Water Infrastructure, Lighting & Electrical and Urban Elements.

The fundamental purpose of this Buildings Asset Management Plan is to outline the Council's high-level asset management priorities for the operation, maintenance and renewal of our assets over the next 10 years. Additionally, it aims to improve the long-term strategic management of our building portfolio, to cater for the community's required levels of service both now and into the future.

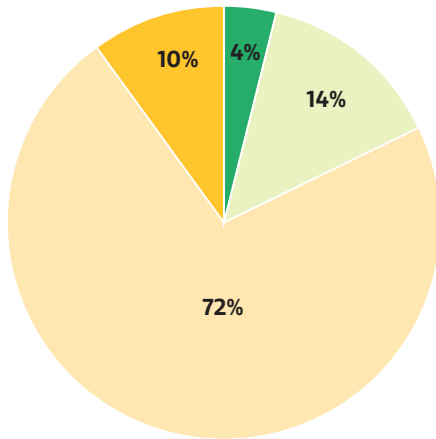
The plan defines the current state of our \$510 million building asset portfolio, as well as the asset management activities and associated funding requirements recommended for inclusion into the Long-Term Financial Plan to achieve our asset performance targets.

2 Our Building Assets

The City of Adelaide building portfolio is made up of 184 individual assets and is valued at approximately \$510 million. These assets are vital to the health and wellbeing of our community and provide services for recreational activities through facilities including libraries, community centres, sporting clubs and public toilets. Our building portfolio also includes assets which provide accommodation for the civic, administrative and operational functions as well as a number of commercial (income generating) assets.



To monitor the performance of our building assets, we undertake regular condition audits (typically every 4 years). Asset condition information is analysed with respect to technical intervention criteria to inform our maintenance and renewal programs. The current condition of our building portfolio is rated in a good to fair condition, with an overall condition index rating of 2.9. 90% of our building assets are rated in a very good to fair condition and 10% of asset are rated in poor condition, which forms the general basis of our future renewal program priorities.



Condition Grading	Description of Condition
1	Very Good: free of defects, only planned and/or routine maintenance required
2	Good: minor defects, increasing maintenance required plus planned maintenance
3	Fair: defects requiring regular and/or significant maintenance to reinstate service
4	Poor: significant defects, higher order cost intervention likely
5	Very Poor: physically unsound and/or beyond rehabilitation, immediate action required



3 Community Engagement & Customer Satisfaction

In June 2022, we undertook an engagement process with City residents and visitors to better understand and measure levels of customer satisfaction for the services provided by our building assets.

A summary of the responses is shown below.

Category	Average Score	Very Poor (<40%)	Poor (40-54%)	Average (55-69%)	Good (70-84%)	Excellent (>85%)
Town Hall Complex	97%					●
Colonel Light Centre	91%					●
London Road Depot	91%					●
Park 10 Nursery	67%			●		
Horticulture Hubs	69%			●		
Libraries & Community Halls	96%					●
Park Lands Sports Clubs	96%					●
Adelaide Aquatic Centre	95%					●
North Adelaide Golf Links	95%					●
Park Lands Businesses	97%					●
U-Park Buildings	90%					●
Central Market Precinct	97%					●
Public Conveniences	65%			●		

The overall feedback from building users confirmed appropriate levels of customer satisfaction for all buildings asset categories, with the exception of Public Conveniences, Park 10 Nursery and Horticulture Hubs. Additional consultation undertaken with key internal staff responsible for managing Park Lands Sports Club buildings and the North Adelaide Golf Course Building, identified consistent anecdotal feedback they receive from customers on a day-to-day basis. This feedback included that a number of Park Lands sporting clubs did not provide fit-for-purpose facilities to meet the current needs of sporting clubs and that the North Adelaide Golf Course Building required general improvements to building accessibility and improvements to change rooms and toilets.

It is anticipated that the completion of the Park Lands Community Buildings Policy and the Public Toilet Strategy (both currently under development) and the subsequent initiation, funding and delivery of key upgrade/new projects will over time incrementally bridge the gap between customer expectations and service provisions. Additionally, concept design works are currently underway that aim to explore opportunities to improve the functionality of the North Adelaide Golf Links.

A Recommended Levels of Service Report was presented to Council, with the recommendations approved in October 2023. This report noted the community consultation undertaken and the associated benchmarking of current user satisfaction. Additionally, Council also approved the development of the Buildings Asset Management Plan based on the planning principles and recommended management strategies presented within the report and its attachments.

4 Current and Future Demands

It is anticipated that the City of Adelaide will be subject to considerable change over the next ten years. This will result in our building assets being subject to new demands that have the potential to impact future service delivery and the requirements of our assets.

Key demand drivers and future challenges will include:

- City growth
- Changing demographic & user groups
- Tourism & event growth
- Climate change and carbon neutrality
- Emerging technology
- Legislation & regulation

Demand for new services will be managed through a combination of managing existing assets, upgrading existing assets, providing new assets and demand management. Demand management practices can include non-asset solutions, such as educating the community around alternative options, which facilitates service provision without the need to invest in new or upgraded infrastructure.

Demand management will include:

- Continuing to engage with our community through annual City User Profile surveys.
- Finalising the Public Toilet Strategy and identifying priority locations for new facilities.
- Finalising the Park Lands Community Buildings Policy and identifying key Park Lands sporting club upgrade priorities.
- Delivering priority upgrade/new projects identified within the Strategic Plan and strategic documents.
- Ensuring projects prioritise accessibility for people of all ages and abilities.
- Ensuring climate risk mitigation and adaptation is a key focus for strategic planning, asset management and project delivery.
- Continuing to review and update design standards and technical specifications to ensure our assets transition towards having a lower carbon footprint with improved circular economy outcomes through increased usage of recycled materials and electrification.
- Continuing to partner with industry, to monitor and evaluate new and emerging technologies, with trials of new materials, approaches, and methodologies to inform appropriate changes to standards and practices.
- Continuing to monitor changes to legislation and ensure appropriate adaptation into asset management practices.



5 Strategic Planning

Under the *Local Government Act (SA) 1999*, we are legislatively required to establish a suite of Strategic Management Plans, which guide Council's future planning, asset management and financial sustainability. An overview of these strategic management plans are shown below:

Strategic Plan <i>Community</i>	Long term with a four year delivery focus. <i>Planning for the vision and aspirations of the Adelaide Capital City.</i>
Long-Term Financial Plan <i>Financial</i>	Ten year Plan, revised annually to ensure a ten year view is maintained. <i>Planning for the long-term financial sustainability of the City of Adelaide.</i>
Asset Management Plans <i>Infrastructure</i>	Suite of ten year Plans. <i>Planning for the sustainable renewal and maintenance of Council assets.</i>
City Plan <i>Development / Built Form</i>	Ten year Spatial Plan. <i>Planning for the future land uses and built form of the Adelaide Capital City.</i>

Through the City of Adelaide Strategic Plan 2024 – 2028, Council's vision is:

Our Adelaide. Bold. Aspirational. Innovative.

Achieving our vision for the future will be guided by our long term aspirations:

- Our Community:** Vibrant, connected and inclusive
- Our Environment:** Resilient, protected and sustainable
- Our Economy:** Growing, innovative and responsive
- Our Places:** Interesting, purposeful and safe
- Our Corporation:** High performing, customer-centric and bold

As Adelaide grows, we will need to consider economic vitality, social connectivity and wellbeing, distinctive precincts, environmental and financial sustainability, asset management and service delivery. To ensure we maintain our liveability and to support growth, these principles will underpin everything we do:

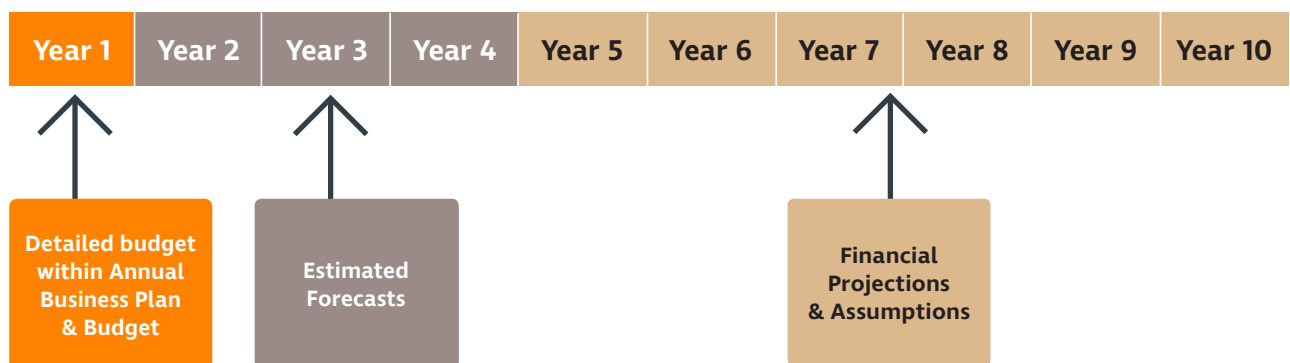
- Exceptional Amenity - Be bold and courageous in our pursuit of excellence for our city
- Quality Housing - Strive for liveability and affordability to attract and retain residents
- Community Connection - Strengthen connection, accessibility, diversity and inclusivity by putting people first
- Unique Experiences - Create interesting experiences for our residents, workers and visitors
- Climate Resilience - Embed climate resilience in all that we do
- Economic Growth - Encourage innovation, investment and development in current and emerging sectors
- Budget Repair - Provide quality services and ensure long-term financial sustainability

The Strategic Plan is supported by a suite of long and short-term strategies and action plans as well as a Resource Plan. The Resource Plan provides a four-year view of new and upgrade projects, resources, and budget requirements to deliver our Strategic Plan aspirations and objectives.

Integrated Delivery Planning ensures that prudent and efficient decisions are made, with line-of-sight between Council’s Strategic Plan objectives and the major infrastructure projects we deliver. While this Asset Management Plan does not identify financial forecasts associated with new and upgrade projects, it does ensure required asset renewals are aligned (where practical) with key new and upgrade projects specified within the Resource Plan.

Each year our annual business plan and budget formalises funding allocations to continue providing services and progress new projects. It enables existing projects to move from one delivery stage to the next (e.g. progress concept design to detailed design and detailed design to construction) as well as consider emerging risks and opportunities that may result from Council decisions, community requests or other external factors.

Long Term Financial Plan – 10 Years



6 Lifecycle Management

In order to effectively manage our assets, it is important to understand the relationship between all stages of the asset lifecycle. Effective asset management and sustainable financial planning requires a balance between the maintenance, renewal and disposal of existing assets and the delivery of new and upgraded assets.

Our goal is to provide assets that service the needs of the community, providing the agreed levels of service at the lowest lifecycle cost. To enable this, it is important to understand:

- How our assets are performing
- How our assets should be operated and maintained
- When our assets should be renewed
- When we should consider upgrading existing assets or constructing new assets
- How funding for new and upgraded assets is prioritised
- When we should consider disposing underperforming or underutilised assets



This Asset Management Plan's renewal strategy aims to minimise the number of assets that deteriorate into a poor condition and prohibit assets reaching a very poor condition. It is important to note that our heritage assets do have a different lifecycle management approach, where more frequent rehabilitation and conservation works are undertaken on a cyclic basis to ensure assets are maintained in accordance with conservation management plans. This renewal strategy ensures we can continue to provide services in line with the community's expectations, appropriately manage risk and optimise whole-of-life costs. Renewal requirements have been identified through a combination of condition audits, engineering recommendations and proactive maintenance inspections.

Proactive maintenance inspections are undertaken on all building assets, including critical components, and inform legislative maintenance, preventative maintenance and general maintenance programs. Currently, not all general maintenance activities can be accommodated within existing budget allocations, resulting in works being prioritised with respect to budget provisions within the Long-Term Financial Plan and Annual Business Plan and Budget. Following the completion of this Asset Management Plan, we will be reviewing operations and maintenance standards for building assets, to formalise intervention levels and response times for general maintenance and establish an acceptable balance between cost, risk, and customer expectations. The associated financial impacts will need to be further considered in future revisions of this Asset Management Plan and the Long-Term Financial Plan.

This Asset Management Plan does not identify financial forecasts associated with asset disposal, however where recommended, significant assets will be identified for decommissioning and disposal through Council Reports, to then be considered within the Long-Term Financial Plan and Business Plan and Budget.

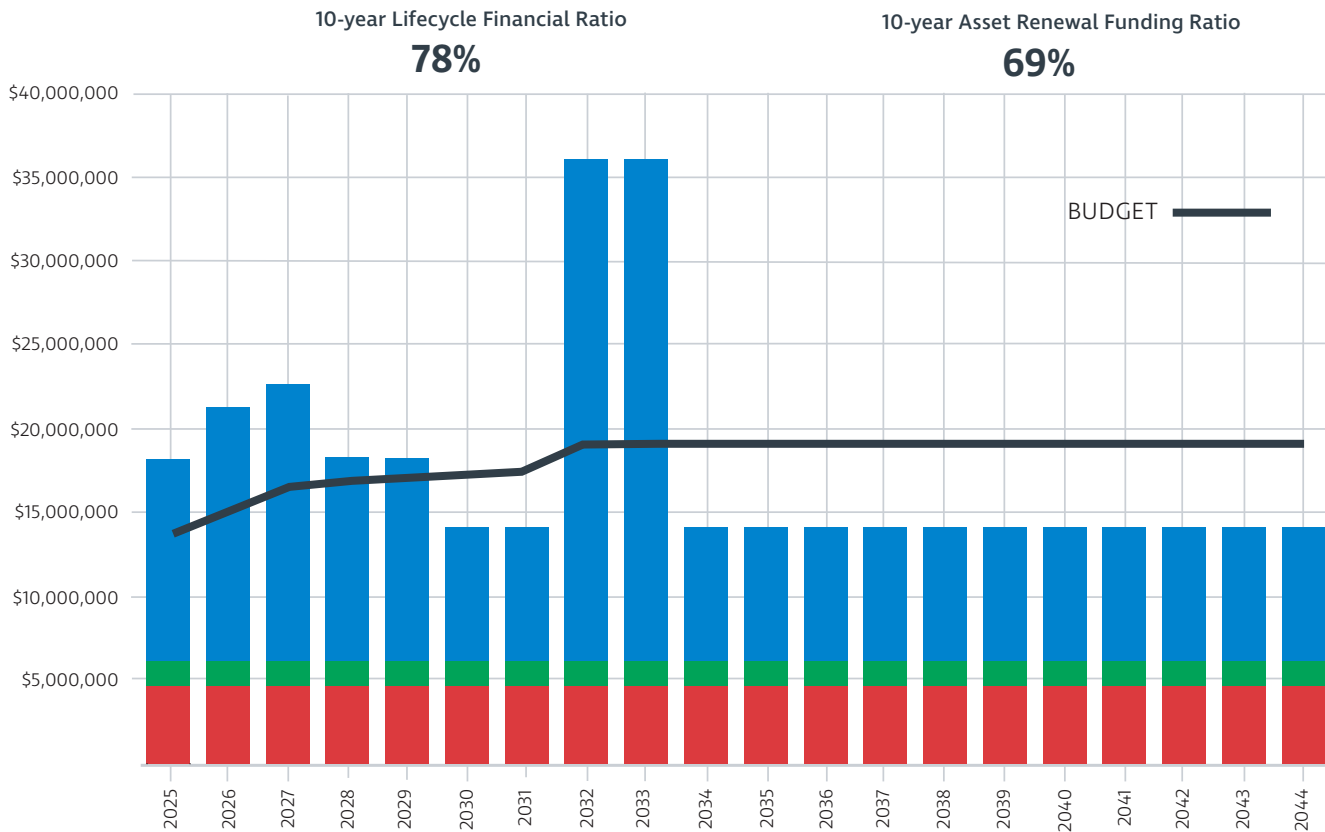


7 Financial Summary

This Asset Management Plan defines the asset management activities and associated funding requirements recommended for inclusion into the Long-Term Financial Plan to achieve our asset performance targets. The lifecycle costs necessary to operate, maintain and renew our assets as outlined within this Asset Management Plan is approximately \$21.36 million on average each year across the 10-year planning period. The associated 10-year annual average financial forecasts for renewal, maintenance and operation are presented below for each asset class.

Lifecycle Category	10-Year Annual Average Forecast
Renewal	\$15.24 M
Maintenance	\$1.46 M
Operation Cost	\$4.65 M
Lifecycle Cost	\$21.36 M

Currently, the lifecycle budget allocation within the Long-Term Financial Plan is only \$16.84 million on average each year. This leaves a funding shortfall of \$4.76 million on average each year and means we currently only have 79% of the costs (Lifecycle Financial Ratio) to deliver the required activities to sustain current levels of service.



LIFECYCLE SUMMARY

Annual Average first 10 years

Lifecycle Forecast	\$21,353,080
Planned Budget	\$16,597,479
Shortfall	-\$ 4,755,600



MAINTENANCE

Annual Average first 10 years

Maintenance Forecast	\$1,462,640
Planned Budget	\$1,462,640



OPERATION

Annual Average first 10 years

Operation Forecast	\$4,649,539
Planned Budget	\$4,649,539



RENEWAL

Annual Average first 10 years

Renewal Forecast	\$15,240,900
Planned Budget	\$10,485,300



Noting that this Asset Management Plan has not forecast any additional operational and maintenance requirements, the identified lifecycle funding shortfall is associated with the revised asset renewal forecasting. The building portfolio requires additional renewal funding over the first four years to address an asset renewal backlog and forecast renewal requirements. Significant investment is forecast across years 8 and 9, accounting for the Rundle Street U-Park reaching the end of its useful life. For preliminary planning purposes, renewal forecasts have assumed the full replacement of the Rundle Street U-Park, however a strategic review will be undertaken in the coming years with an accompanying Council Report, to determine whether Council retain the asset, redevelop the asset, or dispose/sell the asset.

The Asset Renewal Funding Ratio indicates that over the next 10 years our current budget within the Long-Term Financial Plan accounts for 69% of the forecast funding required for the optimal renewal of our building assets. Contributing factors for the gap between the forecast renewal costs and current budgets within the Long-Term Financial Plan include:

- Not achieving our Asset Renewal Funding Ratio targets over the past 4 financial years as a result of covid-19 resourcing impacts and project delays associated with post-pandemic market saturation.
- Undertaking a comprehensive review of the current condition of our assets and re-forecasting asset renewal requirements within this Asset Management Plan to maintain service levels.
- Ensuring we accurately recognise asset replacement costs, utilising current unit rates that take into consideration increasing costs associated with inflation and industry escalations (We have experienced significant increases in project unit rates, noting that the Local Government Association (LGA) have indicated that costs and materials have increased up to 25% post pandemic).

Only what is funded within the Long-Term Financial Plan and approved through the Annual Business Plan and Budget can be delivered. Should the Long-Term Financial Plan be unable to accommodate the revised asset renewal forecasts recommended within this Asset Management Plan, there will be associated service and risk impacts.

Continuing to leverage off external funding opportunities will allow us to maintain and enhance the quality of the services we provide, while reducing financial pressures through the efficiencies in an increased revenue. We will continue to work in partnership with both State and Federal Governments to pursue these opportunities for both renewal and significant new and upgrade projects.

8 Potential Service and Risk Impacts

If the forecast activities outlined within this Asset Management Plan (operations, maintenance, renewal) are unable to be accommodated into the Long-Term Financial Plan, there will be potential service consequences for users. These service consequences include:

- Reduced levels of service for the building portfolio (maintenance and renewal backlog)
- Reduced customer satisfaction levels associated with the management of our existing assets
- Intergenerational inequity (burdening future generations).

These associated risk consequences include:

- Increased safety risks associated with assets deteriorating beyond recommended intervention levels
- Increased reputational risks associated with services not aligning with community expectations
- Increased financial risks associated with additional maintenance requirements that cannot be accommodated within existing budgets
- Increased financial risks associated with higher renewal and/or rehabilitation treatments as asset renewals are not funded at the optimal point in time
- Increased financial risk associated with loss of commercial revenue, resulting in significant impacts to Council's financial sustainability
- Legal risks associated with not being able to manage assets in accordance with leasing agreements and legislative requirements
- Intergenerational inequity (burdening future generations).

If the forecast activities outlined within this Asset Management Plan are unable to be accommodated into the Long-Term Financial Plan, we will endeavour to manage these risks within available funding by:

- Continuing to undertake regular asset condition and maintenance inspections
- Prioritising all asset renewal and maintenance activities with respect to available budget
- Revising our levels of service to establish an acceptable balance between cost, level of service and risk
- Developing a communication strategy to manage expectations and educate the community around affordable levels of service
- Continuing to seek out external funding opportunities
- Prioritisation of the delivery of key actions from the Improvement Plan.



9 Monitoring and Improvement Program

The next steps resulting from this Asset Management Plan to improve asset management practices are:

Improvement Plan Actions	
1	Finalise a 4-year Resource Plan to identify key upgrade/new projects to deliver Council's Strategic Plan objectives. Once key projects are recognised within the Long Term Financial Plan, Asset Management Plans will be updated to ensure associated acquisition costs (upgrade/new) and ongoing operational and maintenance costs are appropriately recognised, in conjunction with any scheduling adjustments required for asset renewal programs.
2	As part of the Strategic Property Review, determine whether the Rundle Street U-Park is retained, or alternatively redeveloped or disposed/sold. Revise asset renewal forecasts within the AM Plan, as soon as practical.
3	Finalise the Park Lands Community Building Policy and identify priority Sporting Club upgrade projects for inclusion into the Resource Plan. Review any significant impacts to existing asset renewal programs.
4	Finalise the Public Toilet Strategy and identify key priority projects for inclusions into the Resource Plan. Review any key impacts to existing asset renewal programs.
5	Continue to work in partnership with both the State and Federal Governments to pursue external funding opportunities for both renewal and significant upgrade/new projects.
6	Review and update operations and maintenance standards, to establish intervention levels and response times for general maintenance programs, finding an acceptable balance between cost, risk, and customer expectations. Include changes into future revisions of this Asset Management Plan and Long-Term Financial Plan.
7	Continue to undertake regular condition audits and revaluation for all our building assets within the nominated 4-year cycles, including regular review of asset useful lives.
8	Continue to review our technical standards and their application with respect to climate resilience, circular economy, recycled materials, durability and performance, whole-of-life cost, amenity, and heritage requirements.
9	Continue to monitor forecast climate change impacts to ensure we remain resilient through proactively implementing appropriate mitigation and adaptation controls.
10	Improve the capture of carbon emission data for technical standards and project procurement to support lower carbon decision making.
11	Review of corporate performance measure targets for customer satisfaction, to assist with performance gap analysis.
12	Review customer / building user service requests codes to better align with Level of Service reporting and operational and maintenance sub-activities.
13	Further develop processes to ensure asset data is updated following the completion of contracted maintenance work and emergency asset replacement.
14	Review how assets are recognised within the Asset Management System and update the asset data schema and hierarchy to better reflect the complex nature of the assets. This will enable more granular data collection and enhanced outcomes for predictive scenario modelling .



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