



# Corporate Facilities

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## Strategic Asset Management Plan 2015-2025

1 July 2015

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# 1. Introduction

*“The value of a workplace is realised in the way in which it supports its occupants”*

## 1.1 Context

Asset management planning in Auckland Council is carried out within the parameters set down by the Asset Management Framework (2011) and the Asset Planning Standard (2014). Much work has been done across key asset groups over the last few years in endeavouring to improve asset data and better understanding of its performance in relation to delivering outcomes and against benchmarks of similar asset types.

The Corporate Facilities Strategic Asset Management Plan (Corporate SAMP) seeks to build on these achievements and to provide a “strategic asset response” for the period 2015-2025. The Corporate SAMP will inform detailed asset management plans and operational/business plans that will align effectively with strategic directions of council.

In summary the Corporate SAMP will provide answers to the following questions:

- What do we have and why do we own it?
- How are these assets performing?
- How are we managing these assets?
- What will it cost?

## 1.2 Underlying Principles

In order to ensure continuing provision of quality, affordable services within the current financial constraints, it is essential that the council has in place a sustainable strategy for managing its property assets and to help it to address the four well-beings outlined in the Local Government Act 2002. The considerations outlined in the Corporate SAMP demonstrate effective and efficient stewardship of these assets and service delivery on best value terms.

Key organisational principles include:

- Buildings that are customer friendly / centred design and experience
- Buildings are efficient and well utilised
- Buildings are located in areas that are effective in connecting the people of Auckland to the services of council

For corporate facilities, the workplace and property strategies contain specific principles which will also be applied to the provision of office accommodation. In particular these include:

- Priority to accommodate staff within existing corporate facility portfolio.
- Workplace Strategy design principles will be rolled across the portfolio over time as funding permits.

- Workpoint density targets of 12.5m<sup>2</sup> for new building, and 15m<sup>2</sup> for older buildings (or better) will be applied to all facilities within the office accommodation portfolio.
- A flexible workplace integrated with technology will be provided. The workplace will support the principles of a mobile workforce, including ability of staff to work from home.

### 1.3 Scope

The portfolio is the physical land and buildings held and used by council for its own operational and administrative purposes. For the purpose of this plan considerations will be based on the facility groupings described in Figure 1-1, in particular, the asset-based owned buildings (the non-asset options described are used for capacity/option analysis).

| Facility Type                                       | Number of buildings | Floor Area (GFA m <sup>2</sup> ) | Occupied Workpoints |
|---|---------------------|----------------------------------|---------------------|
| <b>Asset-based solutions – owned buildings</b>      |                     |                                  |                     |
| Office Accommodation                                | 15                  | 123,184                          | 4,685               |
| Customer Service Centre                             | 6                   | 4,101                            | 65                  |
| Local Board Accommodation                           | 5                   | 1,623                            | 87                  |
| <b>Non asset-based solutions – leased buildings</b> |                     |                                  |                     |
| Office Accommodation                                | 3                   | 13,360                           | 643                 |
| Customer Service Centre                             | 0                   | 0                                | 0                   |
| Local Board Accommodation                           | 4                   | 656                              | 38                  |

**Figure 1-1: Corporate facility owned and leased buildings (August 2014).**

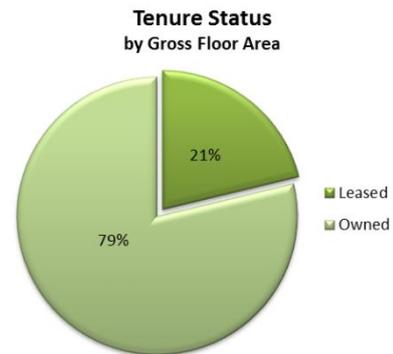
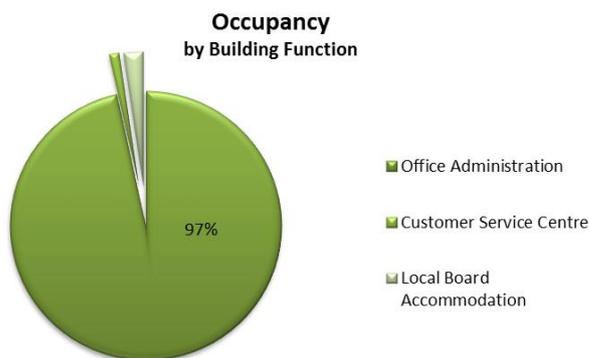
These facilities are described in more detail in Section 2 where the size, age, condition, value, use and location are all considered. **Note:** There are other local board offices and customer service contact points located within other community facilities that are not considered as part of the Corporate SAMP i.e. they are located in other buildings such as libraries.

## 2. What Have We Got?

### 2.1 Corporate Facilities Portfolio

Refer to Appendix A to see a detailed breakdown of the corporate facilities portfolio schedule.

|   |                            | 2013          | 2015    |
|---|----------------------------|---------------|---------|
|  | Total m <sup>2</sup> (GFA) | 116,084       | 142,924 |
|  | Buildings (count)          | 35            | 33      |
|  | Leased buildings           | 10            | 7       |
|  | Leased m <sup>2</sup>      | 29,523        | 14,016  |
|  | People (accommodated)      | not available | 5,518   |



### 2.2 Portfolio by Function

|   | Buildings                 | People | m <sup>2</sup> (GFA) |         |
|---|---------------------------|--------|----------------------|---------|
|  | Office Accommodation      | 18     | 5,328                | 136,544 |
|  | Customer Service Centres  | 6      | 65                   | 4,101   |
|  | Local Board Accommodation | 9      | 125                  | 2,279   |

**NB: Occupancy numbers are staff accommodated in Corporate Facilities, not organisation FTE.**



## 2.4 Condition

Condition Grade (CG): 1 = very good; 3 = moderate; 5 = very poor.

| Facility                            | Condition (building) | Condition (component) |
|-------------------------------------|----------------------|-----------------------|
| 135 Albert Street                   | 1.94                 | 2.00                  |
| 2 The Strand                        | 2.70                 | 2.70                  |
| Albert-Eden Local Board Office      | 1.50                 | 1.40                  |
| Alderman Drive (Level 1)            | 1.75                 | 1.80                  |
| Auckland Town Hall                  | 1.65                 | 1.60                  |
| Bledisloe House                     | 1.71                 | 2.10                  |
| Civic Auckland Central              | 3.20                 | 3.30                  |
| Civic Manukau                       | 1.75                 | 1.90                  |
| Civic Waitakere                     | 1.81                 | 1.90                  |
| Civic Waitakere - Central One       | 1.50                 | 1.60                  |
| Devenport Service Centre            | 3.25                 | 3.20                  |
| East Coast Bays Service Centre      | 2.10                 | 2.20                  |
| Graham Street                       | 2.77                 | 3.10                  |
| Great Barrier Service Centre        | 1.55                 | 1.70                  |
| Griffiths Building (Level 2)        | 3.25                 | 3.10                  |
| Huapai Service Centre               | 1.55                 | 1.70                  |
| Kotuku House                        | 2.29                 | 2.50                  |
| Mangere-Otahuhu Local Board Office  | 1.55                 | 1.70                  |
| Manurewa Local Board Office         | 1.75                 | 1.80                  |
| Pacific-Tasman Building             | 1.50                 | 1.80                  |
| Papakura Service Centre             | 1.70                 | 2.00                  |
| Pukekohe Service Centre             | 1.95                 | 2.40                  |
| Three Kings Metrowater Building     | 3.65                 | 3.60                  |
| Waiheke Service Centre              | 1.05                 | 1.10                  |
| Waitakere Ranges Local Board Office | 1.85                 | 2.00                  |
| Warkworth Service Centre            | 1.50                 | 1.40                  |

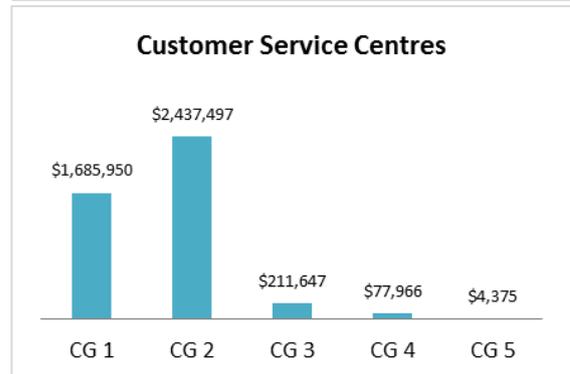
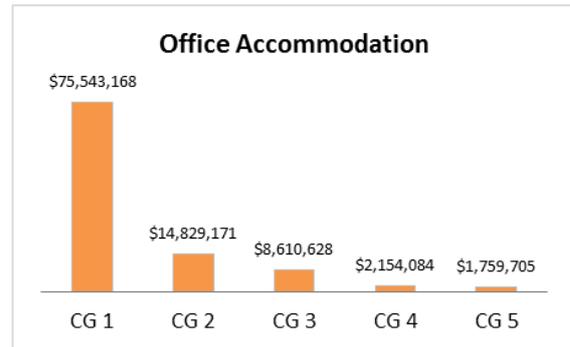


Figure 2-2: Assessed Condition (note: graphs limited to data held in SPM database)

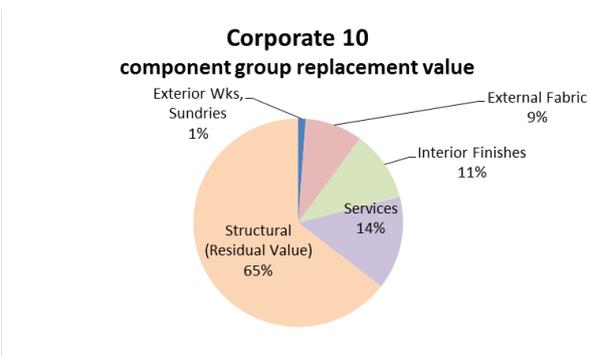
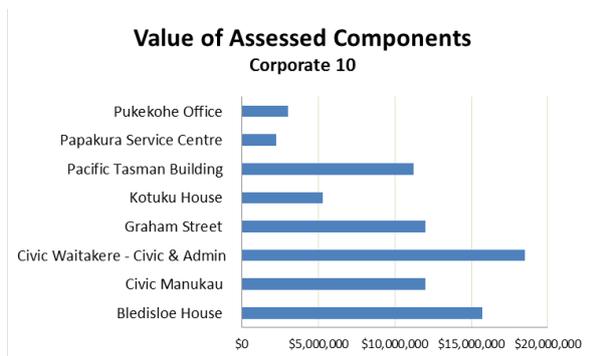


Figure 2-3: Replacement Value of Assessed Components (excludes 135 Albert Street and (1-7) The Strand).

## 2.5 Age

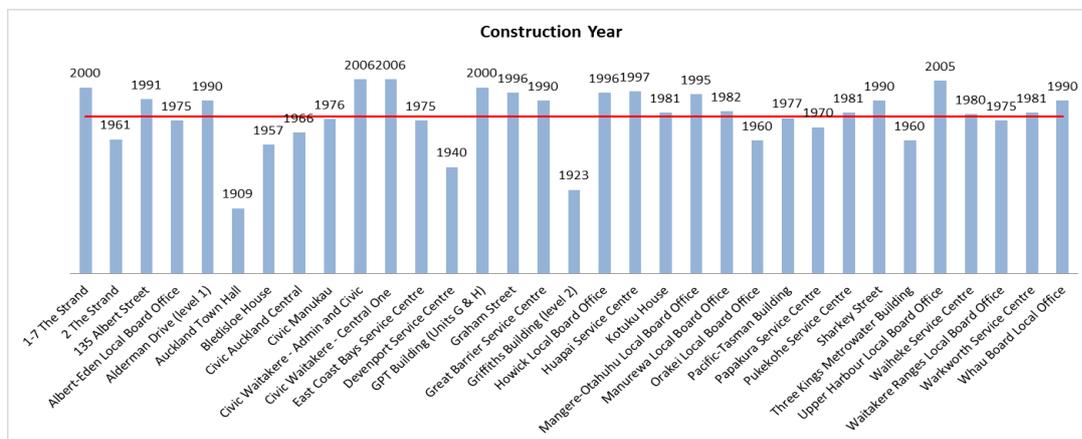


Figure 2-4: Portfolio Age Profile.

# 3. Why Do We Own Corporate Property?

## 3.1 Ownership versus Lease

Corporate accommodation is necessary for council to conduct its business activities and allow face-to-face customer interactions as location-based services are considered essential for council to remain visible and accessible in the community.<sup>1</sup> A key assumption is that asset ownership will continue to be the preferred infrastructure platform from which these services are delivered. For council, key advantages of property ownership include:

**Stability** | council is in business for the long-term and owning property real estate enables a stable environment for the provision of services and ensures that essential facilities remain in public ownership.

**Control** | provides council with a high degree of control over the activities and services delivered from its buildings and facilities.

**Flexibility** | provides a level of flexibility necessary to address changing organisational structures, service delivery requirements, and technology and workplace practices.

**Brand identity** | property provides a prominent platform for the council brand to be socialised and recognised across the region.

## 3.2 Strategic References

The Corporate SAMP recognises and is aligned to the following:

- Auckland Plan
- Property Strategy 2012
- Workplace Strategy 2013
- Transformation
- Corporate Accommodation Property Portfolio Review 2014
- Operations Division Accommodation Review 2014

## 3.3 Strategic Considerations

### 3.3.1 Auckland Plan

The Auckland Plan is a 30-year strategy that aims to make Auckland an even better place than it is now, and create the world's most liveable city. To achieve this purpose, the Auckland Plan outlines a high-level development strategy to give direction and enable coherent, co-ordinated decision-making by Auckland Council and other parties. It also:

- identifies the existing and future location of critical infrastructure facilities (such as transport, water supply, wastewater and stormwater disposal), other network utilities, open space, and social infrastructure

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<sup>1</sup> Workplace Strategy – 24 May 2013, the workplace vision, p 27.

- identifies the policies, priorities, land allocations, programmes and investments to implement the strategic direction

Auckland Council provides resources and services that help to build strong communities as a way of meeting organisational and community outcomes. Most of these services are provided through property, whether they are office accommodation or community facilities.

Provision of the corporate facilities portfolio also contributes to strategic directions outlined in the Auckland Plan as shown in Figure 3-1.

| Strategic Direction   | Response   |
|---|--|
| SD1: create a strong, inclusive and equitable society                       | <ul style="list-style-type: none"> <li>○ ensuring access to corporate facilities is distributed equably across the region</li> </ul>   |
| SD8: contribute to tackling climate change and increasing energy resilience | <ul style="list-style-type: none"> <li>○ adequate planning to mitigate the impact or effects of climate change and build resilience into the portfolio</li> <li>○ reduce energy consumption and waste within the corporate portfolio; demonstrate leadership through exemplars of sustainable development (Green Star and NABERSNZ ratings)</li> </ul> |
| SD10: create a stunning city centre   | <ul style="list-style-type: none"> <li>○ property ownership (through properties such as Civic Manukau and Civic Waitakere) can as a consequence, influence the development of centres and business areas through good urban and sustainable design</li> </ul>  |

**Figure 3-1: Activity strategic alignment.**

### 3.3.2 Property Strategy

The [Property Strategy](#) considers “all” property owned or held by Auckland Council, and tends to address the technical aspects of property in terms of service delivery and provision rather than from the viewpoint of customers and users of property. Its vision is to deliver “*A world class property function that is financially astute and delivers on Auckland’s expectations and aspirations*”.

As an initiative, the Property Strategy addresses the evaluation of asset ownership through periodic reviews of the property portfolio to ensure alignment with the organisational objectives. In this way Auckland Council will identify and address real property requirements as an integral part of its strategic planning. Among other benefits, portfolio reviews will assist in:

- Aligning the portfolio strategically with the economic, social, environmental and cultural drivers to property solutions.
- Improving flexibility of the asset base.
- Focusing on outputs and outcomes.
- Taking a portfolio view of council assets rather than single asset considerations.

### 3.3.3 Workplace Strategy

The [Workplace Strategy](#) is a space, rather than place based strategy that establishes layout, design and density standards for council office accommodation, supporting a more mobile and technology enabled work environment. The [Workplace Aspirational Brief](#) established council’s workplace objectives, the desired outcomes and the enablers that in turn would achieve those outcomes.

The strategy articulates the importance of the alignment of workplace with technology, knowledge management and change leadership and reinforces the need for workplace to reflect the council's values and common purpose, and to support the aspirations of the Auckland Plan.

## **3.4 Other Considerations**

### **3.4.1 Consolidation Project**

Consolidation is a project initiated in 2011 to reduce the dependency on leased properties required to accommodate staff based in the CBD. The purchase of 135 Albert Street in July 2012 was a major milestone for this project and is the cornerstone to implementation of the Workplace Strategy. In 2014 council has exited leased premises at 21 Pitt Street, 360 Queen Street, 8 Hereford Street, 396 Queen Street and owned premises at Civic Auckland Central.

A significant element of the project is the refurbishment of 135 Albert Street and Bledisloe House, applying workspace design principles. It is anticipated that similar refurbishment projects (to varying degrees in scope) will be rolled out to other sites as funding permits.

### **3.4.2 Financial**

There is clear expectation given to the financial performance of the portfolio, from the Property department's vision through to the property and workplace strategies. This expectation is expressed through optimising asset performance and utilisation, and delivering cost efficiencies in operations and maintenance. It must be acknowledged that delivering cost efficiencies is not solely about cutting costs, but identifying opportunities for doing more for less.

In August 2014, the Mayor announced his proposal for delivering the long-term investments that align budgets with the priorities and vision of the Auckland Plan. This proposal is based on four key areas:

1. Keeping rates low and affordable.
2. Focusing new investment on areas with the greatest potential to transform the region.
3. Reducing the growth of council debt and increasing cost savings through greater efficiencies and smarter delivery of services.
4. Challenging central government's policies that are constraining council's ability to invest in and grow the Auckland region.

Through this process, the Mayor has indicated funding envelopes for groups of activities, setting high-level limits for both operational and capital expenditure over this 10-year period. The funding envelopes focus on a more strategic and high level discussion to expenditure levels, and provide a distribution of expenditures across the Auckland Council group.

This comes with the expectation of delivering maximum value within these funding envelopes. In managing the corporate facilities portfolio, the Property department is positioned to directly contribute to the first three focus areas noted above.

### 3.4.3 Sustainability

The Auckland Plan lays the foundation for Auckland's transformation to a highly energy resilient, low carbon city through a focus on green growth<sup>2</sup>. The expectation is that the Auckland community will work together to play their part in meeting the national goal of significantly reduced greenhouse gas emissions and improve energy efficiency, resilience and security, and capacity to adapt to climate change.

The Property department's role (in managing the corporate facility portfolio) is to ensure that Auckland Council as property owner provides leadership for sustainable building outcomes and walks-the-talk in terms of reducing its own energy, water and waste consumption.

The building sector is one of the most cost-effective sectors for reducing energy consumption (International Energy Agency, 2006). In addition, by reducing the overall energy demand, and by improving energy efficiency in buildings, the carbon dioxide (CO<sup>2</sup>) emissions from the building sector can be significantly reduced.

Environmental issues are becoming more and more a concern in the building and construction industries. Workplace and workspace design has a considerable influence on the environmental impact of an office building. Small footprints by flexible offices not only lead to space reduction, but it also requires fewer materials and less maintenance, less HVAC and less demolition work at the end of their life cycle.

### 3.4.4 Maori Outcomes

Auckland Council is committed to meeting its responsibilities under Te Tiriti o Waitangi and its broader legal obligations to Māori. The Auckland Plan has a specific outcome for Māori: Te Hou o Te Whenua, Te Hau o Te Tangata: Auckland's Māori identity is its special point of difference as a global city providing opportunities for all.



Valuing Te Ao Māori in corporate facilities is important and the Property department will work with Māori and respond to their needs and aspirations with the appropriate asset solutions.

To align with the Auckland Plan and the Māori Responsiveness Framework through the network plan, the Property department will:

**Photograph:** Ngā Rohe o Tāmaki Makaurau (the tribes of Tāmaki Makaurau).

- Actively engage and consult to ensure the planning, development, and operations of facilities consider Māori needs and aspirations.
- Provide visual representations of commitment to Māori to tell stories of their connections to the place (e.g. artwork and signage) and honouring Tikanga.

<sup>2</sup> Auckland Plan, Chapter 8, Auckland's Response to Climate Change, p200.

- Ensure that, in any exploration of potential future sites for facilities, Māori concerns about wāhi tapu are fully incorporated.

Examples to date of the Property department's commitment to providing visual representations include:

- The lobby of 135 Albert Street has undergone a makeover. The former bank building's brass-coloured pillars have been transformed into wooden-like structures, giving the entranceway a whare-like look (see Figures 1-6 and 1-7).
- [Ngā Tohu Maori Design Elements](#) have been used on the lights in the foyer, and the imposing old reception counter replaced with a glowing desk that looks like a hunk of lava.
- Māori names have been added to meeting rooms. Te Waka Angamua sourced the names, which relate to each floor's earth, forest, sea, and wind or sky theming. Other important touches including new Māori and English names for the building and specially-carved stones will be unveiled.
- Over time all other council offices will also be given Māori names in addition to their existing names.



Photograph: Blessing of the carving 'Ngā Rohe o Tāmaki Makaurau' at 135 Albert Street.

### 3.4.5 Legislation

The powers, responsibilities and functions of Auckland Council are principally determined by statute and are subject to change from time to time. Not every form of legislation will have direct impact on the property activity. Legislation most likely to have significant financial impact is any changes to the Building Act 2004 and legislation creating a nationally consistent system for dealing with earthquake-prone buildings.

# 4. How Are These Assets Performing?

## 4.1 Performance

The performance of property contributes to the overall performance of the organisation by improving organisational productivity, generating efficiencies in workspace use, and maximising asset value. Reducing the cost of asset ownership ultimately incurs material savings for council.

### 4.1.1 Utilisation

|   |              | Occupancy Ratio | Occupied Density       | Capacity Density       |
|---|--------------|-----------------|------------------------|------------------------|
|  | Corporate-10 | 83%             | 15.8m <sup>2</sup> /WP | 13.2m <sup>2</sup> /WP |

### 4.1.2 Operating Cost

|  |                       | m <sup>2</sup> | Per Workpoint | Annual Total |
|--|-----------------------|----------------|---------------|--------------|
|   | Operating Cost (2013) | \$149          | not available | \$24.8M      |
|  | Operating Cost (2014) | \$137          | \$4,128       | \$22.8M      |

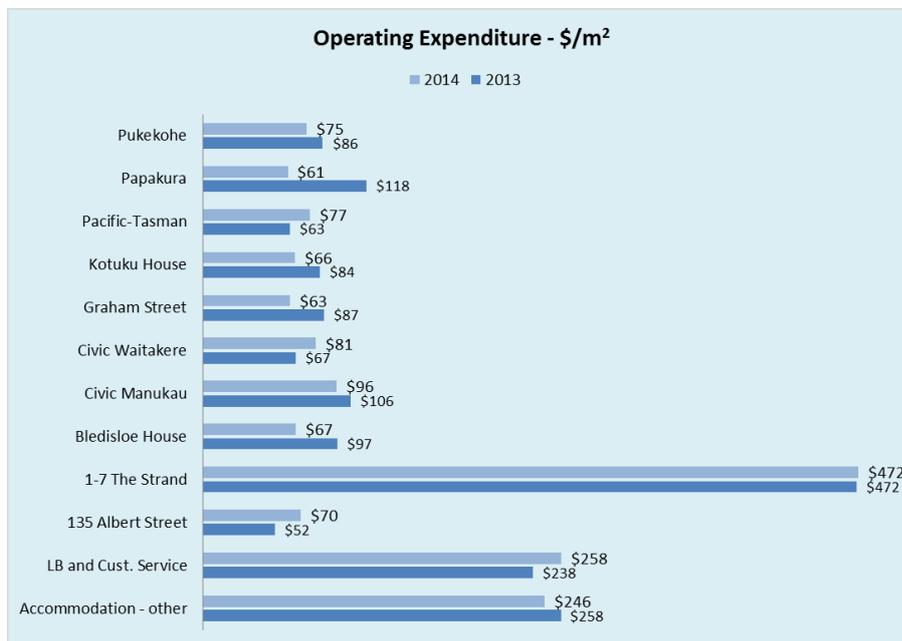


Figure 4-1: Operating Expenditure – Cost per Square Metre (GFA).

### Observations

- Generally, operating costs across facilities have decreased in 2014 over 2013.
- Increased operating cost for 135 Albert Street is attributable to this building coming into full operation in 2014 compared operating costs to partial in 2013.
- The high operating cost for The Strand is due to property rental expenditure for this building.

- Increased utility costs are a cause for the Civic Waitakere increase; however this impact is tempered by the fact that there may be some recoveries due (Auckland Transport) that are not factored in this analysis.

### 4.1.3 Sustainability

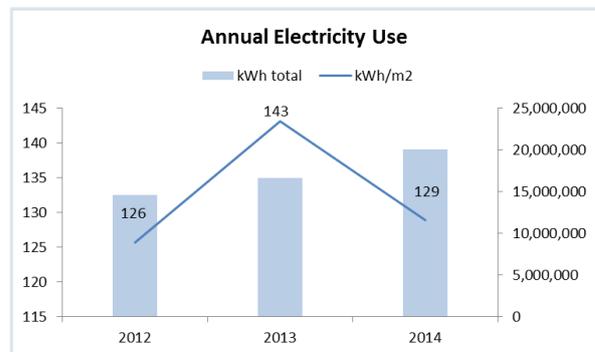
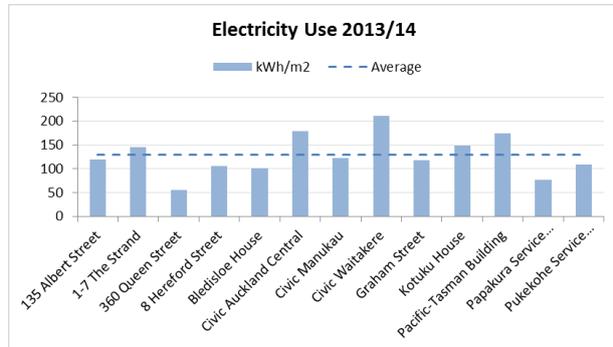


Figure 4-2: Electricity Use.

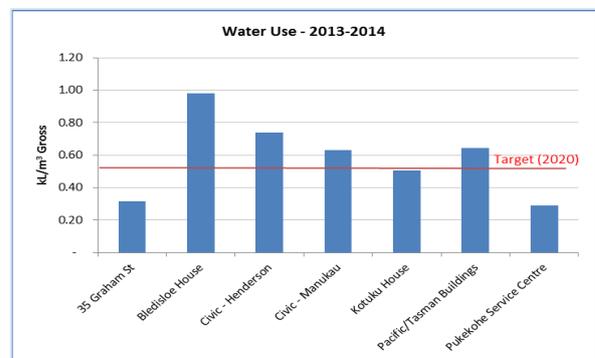
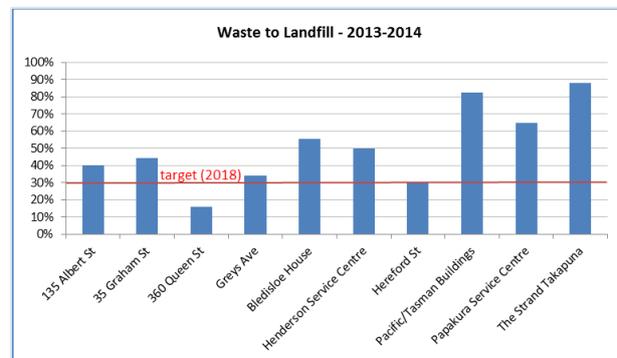


Figure 4-3: Waste to Landfill and Water Use.

### Observations

- The increase in annual energy consumption in 2014 is attributed to an overall increase in gross floor area.
- Figure 4-2 indicates that energy saving initiatives are beginning to be realised (e.g. lighting, operating improvements at Bledisloe House and 135 Albert Street).
- Improvements are required in reducing waste to landfill.

## 4.2 Level of Service Performance

Figure 4-4 identifies some key performance results as described in the Corporate Property Asset Management Plan 2012-2022. Results in brackets are performance targets.

### Observations

- Targets (in brackets) were determined without historic data to work from.
- Although many targets are not being reached, positive trends are showing in the results presented.
- Improvements in the maturity level of the organisation (in terms of asset management culture) are showing a positive impact on performance.

| LoS Theme   | Measure  | 2013          | 2014          | 2015          |
|-------------|--|---------------|---------------|---------------|
| Sustainable | Operating cost per m <sup>2</sup> (GFA)                    | \$213 (\$120) | \$150 (\$120) | \$138 (\$120) |
|             | Reduction in electricity consumption (kWh/m <sup>2</sup> ) | 143 *(126)    | 129 *(126)    | ***82 *(126)  |
| Quality     | Users satisfied with facilities                            | 60% (90%)     | **79% (90%)   | +77% (90%)    |
| Safe        | Buildings hold a current BWOF                              | 100% (100%)   | 100% (100%)   | 100% (100%)   |
| Efficient   | Percent of maintenance spend is 'scheduled'                | 32% (55%)     | 35% (55%)     | 37% (55%)     |

**Figure 4-4: Key Service Performance Results.**

\* Amended to relevant data held. \*\* Results for 135 Albert Street only. \*\*\* 6 months YTD. + 2015 Engagement Survey.

### 4.3 Benchmarking

Auckland Council has developed a Property Benchmarking Framework (PBF) which provides council with a systematic and consistent approach in the assessment of building performance against both internal and external organisations. Corporate facilities are benchmarked against the New Zealand Crown Real Estate Property Management Centre of Excellence (PMCoE) 2013 average. A summary of key results is presented in Figure 4-5.

| Benchmark Measure  | Target  | Result (2014) | Performance Status |
|--|---------|---------------|--------------------|
| Annual repairs and maintenance cost (\$/m <sup>2</sup> ) | \$17.35 | \$16.70       | ●                  |
| Annual cleaning cost (\$/m <sup>2</sup> )                | \$31.61 | \$18.97       | ●                  |
| Annual Facility Management cost (\$/m <sup>2</sup> )     | \$59.00 | \$45.43       | ●                  |
| Occupancy ratio (m <sup>2</sup> per occupant).           | 12.0    | 14.7          | ●                  |
| Usable office space (% NUA).                             | 60      | 84 (NLA)      | ●                  |
| Workpoint ratio (m <sup>2</sup> per workstation)         | 16.0    | 12.0          | ●                  |
| Workpoints per occupier (#)                              | 1.16    | 1.1           | ●                  |

**Figure 4-5: Corporate 10 Benchmarking Results – 2013/14.**

#### Observations

- Overall the portfolio is performing well against the New Zealand Crown Real Estate which is seen as the most appropriate benchmark domestically.
- 2014 occupancy ratio results were collected amidst relocation of staff into Bledisloe House and 135 Albert Street which has affected council results.
- Calculation of NLA (nett usable area) was not possible so NLA (nett lettable area) has been used. As a matter for improvement, NLA for Corporate 10 facilities will be gathered.

### 4.4 Property Performance Standards

Property Performance Standard (PPS) surveys provides an indication of the performance of individual buildings at a more micro level. Measures are against set attributes that the organisation and users of corporate facilities consider important. The results generate a subjective measure of

the current level of performance that each building provides and is best used as an internal benchmark to compare individual buildings against the performance of the portfolio over time.

| Performance Category | Median | Albert | Bledisloe | Civic Akl | Civic Man | Civic Wait | Graham | Griffiths | Kotuku | PacTas | Papakura | Pukekohe | Takapuna |
|----------------------|--------|--------|-----------|-----------|-----------|------------|--------|-----------|--------|--------|----------|----------|----------|
| Access               | 3.9    | 3.9    | 3.8       | 3.5       | 4.5       | 4.7        | 3.8    | 2.0       | 3.9    | 4.3    | 4.5      | 4.3      | 3.9      |
| Criticality          | 2.8    | 2.9    | 3.9       | 1.6       | 2.7       | 3.6        | 2.5    | 1.1       | 2.9    | 3.4    | 2.6      | 2.4      | 3.6      |
| Efficiency           | 4.2    | 5.0    | 4.4       | 2.8       | 4.7       | 2.9        | 3.4    | 1.4       | 4.2    | 4.2    | 4.7      | 4.4      | 2.9      |
| Health and Safety    | 4.4    | 5.0    | 5.0       | 4.2       | 5.0       | 4.4        | 4.4    | 3.8       | 4.2    | 5.0    | 4.2      | 4.4      | 4.2      |
| Building Integrity   | 4.4    | 4.4    | 4.4       | 2.8       | 4.4       | 5.0        | 4.8    | 1.3       | 4.0    | 4.4    | 3.2      | 4.2      | 5.0      |
| Strategic Value      | 3.0    | 3.9    | 5.0       | 1.0       | 2.5       | 3.4        | 5.0    | 4.3       | 3.4    | 2.3    | 1.5      | 2.5      | 1.7      |
| Overall PPS Result   | 3.9    | 4.1    | 4.3       | 2.8       | 3.9       | 4.2        | 4.0    | 2.3       | 3.8    | 3.9    | 3.5      | 3.6      | 3.6      |

**Figure 4-6: Property Performance Standards – 2014 Results.**

Figure 4-6 identifies the overall median performance result for the buildings, as well as the results of the performance categories that contribute to their respective overall result.

### Observations

- The median overall result of 3.9 indicates that most buildings are performing reasonably well in relation to the criteria measured.
- The highest scoring building was Bledisloe House with a PPS score of 4.3, and the lowest being the Griffiths Building (2.3).
- Health and safety deficiencies partly reflect the prevalence of asbestos in some buildings (refer Section 6.2.7). Earthquake-prone buildings and their seismic impact are acknowledged under Building Integrity (see also Section 6.2.6).
- The lowest overall scoring buildings are Civic Auckland Central (2.8) and the Griffiths Building (2.3) reflects council’s intent to exit both buildings in the foreseeable future (as corporate accommodation). Both buildings offer little in the way of functional criticality to the organisation, are not very efficient in terms of cost and/or utilisation, and building integrity is considered as being deficient compared against the rest of the portfolio.

## 4.5 Performance – Workplace Strategy

Workplace Strategy design principles have been implemented at 135 Albert Street and Bledisloe House during 2014. Evaluation of the impacts of implementing this strategy is on-going and a post-occupancy survey is being conducted in three batches dependent on when occupants moved. Results of the post-occupancy surveys are compared against the original occupancy survey conducted in September 2012.

### 4.5.1 Batch 1 Survey Results

The Batch 1 post-occupancy survey was undertaken in August 2014 for staff relocated into 135 Albert Street. Perceptions of these survey respondents indicate an overall improvement in their workplace environment (Figure 4-7), occupant efficiency and effectiveness (i.e. productivity) both as individuals and in team settings (Figure 4-8), and most importantly, occupant organisational engagement when compared against the results of all Auckland Council employees (Figure 4-9). Batch 2 and 3 post-occupancy surveys are expected to be undertaken mid to late 2015.

#### 4.5.2 Workplace Attributes

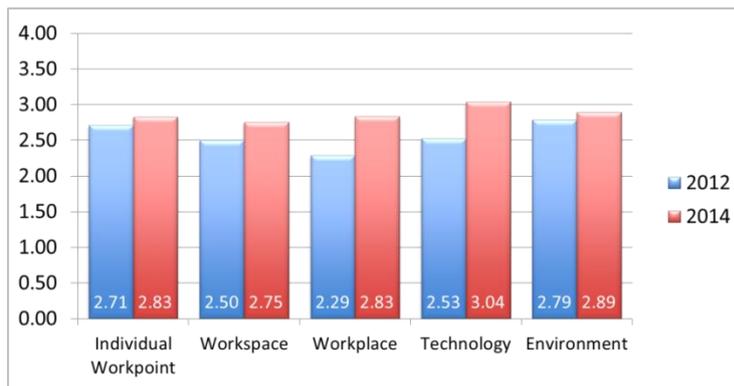


Figure 4-7: Performance Rating of Workplace Attributes.

#### 4.5.3 Occupant Efficiency and Effectiveness



Figure 4-8: Efficiency and Effectiveness.

#### 4.5.4 Occupant Engagement

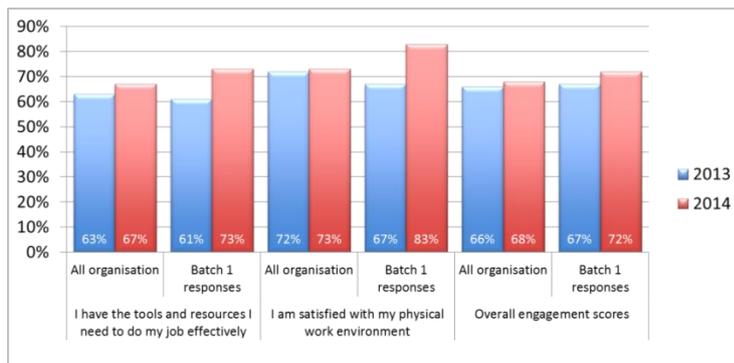


Figure 4-9: Engagement.

#### Observations

- Satisfaction with the workplace environment is over 10 percent higher than all of organisation in 2014, and staff consider they are more productive (efficiency and effectiveness).
- The results indicate a positive impact as a result of workplace design initiatives.

## 4.6 Value

### 4.6.1 Portfolio

|   |                         | 2012          | 2014          |
|---|-------------------------|---------------|---------------|
|  | Fair Value Land         | \$61,633,000  | \$115,731,750 |
|  | Fair Value Improvements | \$110,708,172 | \$207,090,000 |
|  | Replacement Value       | \$287,028,040 | \$496,176,558 |

| Property Function         | Replacement Value    | Fair Value (improvements) | Fair Value (land)    | Fair Value (total)   | Rawlinson (2014) CRV calculation* |
|---------------------------|----------------------|---------------------------|----------------------|----------------------|-----------------------------------|
| Office Accommodation      | \$474,345,373        | \$199,503,000             | \$102,449,500        | \$301,952,500        | \$491,901,870                     |
| Customer Service Centre   | \$7,870,185          | \$2,944,000               | \$8,092,250          | \$11,036,250         | \$8,919,675                       |
| Local Board Accommodation | \$13,961,000         | \$4,643,000               | \$5,190,000          | \$9,833,000          | \$3,530,025                       |
| <b>Total</b>              | <b>\$496,176,558</b> | <b>\$207,090,000</b>      | <b>\$115,731,750</b> | <b>\$322,821,750</b> | <b>\$504,351,570</b>              |

Figure 4-10: Asset Value by Property Function.

\* Used for Asset Management calculations in renewal modelling.

### 4.6.2 Land

| Property Function         | Land Area (m <sup>2</sup> ) | Land Fair Value (2014) | \$/m <sup>2</sup>          |
|---------------------------|-----------------------------|------------------------|----------------------------|
| Office Accommodation      | 91,524                      | \$102,449,500          | \$1,119                    |
| Customer Service Centre   | 46,479                      | \$8,092,250            | \$174                      |
| Local Board Accommodation | 18,791                      | \$5,190,000            | \$276                      |
| Area                      | Land Area (m <sup>2</sup> ) | Land Fair Value (2014) | \$/m <sup>2</sup>          |
| Central                   | 18,112                      | \$78,059,750           | \$4,310                    |
| North                     | 60,106                      | \$10,837,000           | \$180                      |
| South                     | 44,799                      | \$15,856,000           | \$354                      |
| West                      | 33,777                      | \$10,979,000           | \$325                      |
| <b>Weighted Average</b>   |                             |                        | <b>\$738/m<sup>2</sup></b> |

Figure 4-11: Analysis of Land Value by Property Function and Region.

### 4.6.3 Change in Value

|              | Fair Value (2012) | Fair Value (2014) | Change          |
|--------------|-------------------|-------------------|-----------------|
| Improvements | \$106,173,172     | \$207,090,000     | ↑ \$100,916,828 |
| Land         | \$61,633,000      | \$115,731,750     | ↑ \$54,098,750  |

Figure 4-12: Change in Fair (Market) Value.

## Observations

- There is a net increase in total fair value of \$150.5 million. This increase is mainly attributed to the addition of 135 Albert Street (\$140 million) and an overall net increase in land value of around \$20 million (34 percent).
- Replacement value has increased 58 percent, which is again significantly attributed to the acquisition of 135 Albert Street.
- The value of Customer Service Centres and Local Board Accommodation buildings has collectively remained relatively static.
- There have been no corporate property asset disposals.

# 5. Where Do We Need To Be?

## 5.1 Overview

The Property department has undertaken a review of all corporate accommodation. The [Portfolio Review Office Accommodation](#) considered the current state of the portfolio and its appropriateness to serve the business and its strategic direction. A series of recommendations have been made, based around what can be done to better align the corporate accommodation portfolio with the strategic direction of the council. Recommendations included:

- Evaluate the feasibility of developing a northern administrative hub, coinciding with the expiration of the lease for (1-7) The Strand, Takapuna in 2021.
- Prioritise investment in the buildings that house council's main regulatory functions (35 Graham Street and Kotuku House).
- Consider leasing or subleasing space in Takapuna, Orewa and Papakura.

This review and future operations accommodation requirements review both emphasise the need to locate council staff where they are most efficient and meet the needs of their customers. This means that facilities and infrastructure that is not adding value to the customer or enabling efficient use of rate payer resources should be decommissioned or re-allocated.

Council's "customers" are diverse – citizens, elected representatives, community groups, property owners, residents, visitors, commercial enterprises and government agencies. A key issue in establishing a durable and effective operating model is the nature of the interface the council enjoys with these customers.

### 5.1.1 How will we know if we are achieving desired service objectives?

The following objectives are aligned to strategic and operational level of service attributes (refer Section 5.5.1) that were identified through the Workplace Aspirational Brief and Workplace and Property strategies. As such our facilities will be:

**Accessible** | corporate facilities are prominent in their location, easy to find and accessible to people of all abilities – accessible in terms of access to, within and around facilities.

**Efficient** | workspace use is maximised and facility ownership and operating costs are minimised, whilst ensuring investment value in property assets are enhanced or maintained.

**Reliable** | corporate facilities are suitable for their intended use and provide a comfortable work environment for all users, customers and visitors.

**Safe** | corporate facilities are safe and secure for all users, customers, visitors and contractors.

**Flexible** | corporate facilities can adapt easily and efficiently to a change in organisational workspace structure and/or requirements.

**Sustainable** | our investment decisions are considered and justified and facilities are managed in a way that sustainably balances the needs of present and future users, customers, ratepayers and visitors.

Capital expenditure associated with the identified baseline building provision 'gaps' have largely been provided for through the LTP 2015-2025 Capital Renewals programme. This is a mix of renewal

expenditure and Auckland Council Workplace Strategy design initiatives. Proposals to fund these gaps include:

- 135 Albert Street: Renewal provision of \$4.9 million to refurbish and upgrade 14 lifts over a six year period 2017-2022.
- Graham Street: Workplace strategy design initiative provision of \$5.5 million over the period 2017-2019; Renewal provision of \$6.2 million over the period 2016-2018 (includes \$3.7 million to upgrade office and art gallery storage area HVAC systems).
- Kotuku House: Workplace strategy design initiative provision of \$6.6 million over the period 2016-2017; Renewal provision of \$1.7 million over the period 2016-2018.
- Corporate facilities will need modifications to reflect the different trends (i.e. technology) that business is expected to be conducted in the near future (see Section 5.4.1).

### 5.1.2 Level of Service Statement

Corporate facilities provide a high quality, safe and accessible environment that is efficiently and sustainably managed, delivering value for money to present and future users, customers, visitors and stakeholders to our facilities.

Refer to Appendix B to view level of service measures and targets.

## 5.2 Customers

Auckland Council is a diverse and complex organisation providing a broad range of services across a wide geographic region. Whilst many organisations face similar challenges, council's unique situation is the close relationship it must maintain with its customers, being responsive to local issues and needs whilst at the same time achieving operational and financial efficiency.

The principal users of corporate facilities are elected officials and staff, and to a lesser degree, contractors, consultants and business associates. In addition, through the buildings and facilities provided by corporate facilities, the portfolio has a diverse range of daily interactions, including those of ratepayers, customers, citizens and visitors to Auckland.

As asset owner, the Property department manages the interface between itself and users of corporate facilities through the Workspace Performance team. The purpose of the Workspace Performance team is to:

- Lead the continuing implementation and development of the Workplace Strategy.
- Support all teams and people in using their workspace optimally.
- Manage changes to workspaces as business requirements evolve.
- Ensure the efficient and effective use of Auckland Council's corporate accommodation portfolio.

As such, this team is considered to be an integral stakeholder in the development of the Corporate SAMP.

## 5.3 Growth

The increasing sophistication and take-up of technology by the community allows an increasing range of services to be delivered “virtually” through web-based and social media. As a result, more business is being done virtually, which can be partly attributable to the increase in population growth. These facilities are likely to need modification to reflect the different medium business is conducted.

Council is actively pursuing innovation in the delivery of customer services through such means. For example, Regulatory are looking to make it a lot easier for consent applications to be made on-line. While more business is expected to be done this way, there will always be a need for physical, face-to-face, location-based services.

### 5.3.1 How Does Growth Impact on the Portfolio?

The acquisition of 135 Albert Street in 2012 and subsequent workspace fit-out to workplace design principles, has been instrumental in facilitating consolidation of office accommodation in the Auckland central business district. This has resulted in reduction of the portfolio in 2014 by five buildings (four leased – 360 Queen Street, 396 Queen Street, 8 Hereford Street; 21 Pitt Street; and one owned – Civic Auckland Central, 1 Greys Avenue).

Council’s unique situation is the close relationship it must maintain with its ratepayers, citizens, customers, and visitors to the region. A physical presence, particularly in rural areas and suburbs, is considered essential if council is to remain visible and accessible in the community. As illustrated in Figure 2-1 (page 4), the coverage of corporate facilities in relation to priority growth areas is relatively considered.

There will be a future service gap in the northern area, between Takapuna and Orewa, when the lease of council’s northern administrative-hub (1-7 The Strand, Takapuna) expires in 2021. At this stage, it is council’s current thinking to exit the lease on expiry; therefore it is necessary to evaluate how this gap is met; a recommendation driven out of the 2014 Operations accommodation review was to explore the feasibility of developing a new northern administrative hub in the north, possibly in the Albany area, with consideration given to a shared or multi-purpose facility where possible.

It is anticipated that priority growth areas (SHAs) will have low to marginal impact on existing corporate accommodation. Although there will be a lot of regulatory work being driven out of the SHA’s, it is anticipated the accommodation impact will be gradual as developments are likely to occur over a 10-year to 20-year period. This may not necessarily necessitate council taking a physical presence in the areas; rather the closest existing corporate facilities will support this growth which needs to be flexible enough to cope with peaks and troughs in regulatory staffing levels.

Any short-term office accommodation deficiencies will be addressed by:

1. Maximising utilisation of existing office accommodation, or
2. Making use of other community facilities (e.g. libraries, community centres), or
3. Obtaining short-term leased-in office space.
4. The key driver to addressing these deficiencies is mobility, technology and flexibility (i.e. Workplace Strategy Phase 2 rollout).

## 5.4 Demand

Population growth, changing demographics (such as an aging population), rising customer expectations, competing demands for funding and an increasingly demanding external regulatory environment have contributed to a situation where it is essential for council to make informed decisions around its asset-based services.

These decisions, which involve setting service levels, costs and priorities will have far reaching social, environmental and financial implications for the region, which in itself implies that council must demonstrate that its asset related decisions are economically, environmentally and socially sustainable in the longer term.

### 5.4.1 Demand Trends

| Strategic Direction       | Response  |
|---------------------------|---|
| Office Accommodation      | <ul style="list-style-type: none"> <li>Operations division accommodation review indicated that staff numbers in the resource consents area were likely to grow by around 150 over the next seven years. This will put pressure on Kotuku House and Graham Street which are the main hubs for resource consent staff.</li> <li>Overall, no significant increases in staffing levels are anticipated over the next 5-10 years.</li> <li>Increasing trend towards a more mobile, flexible and available workforce and the links to technology.</li> </ul>  |
| Customer Service Centres  | <ul style="list-style-type: none"> <li>A continued presence in local communities is supported by the Property Strategy: <ul style="list-style-type: none"> <li><i>'Auckland Council delivers a range of services to meet the needs of the community. These services are fundamental to the council's business and require the provision of property and facilities to deliver against agreed levels of service.'</i><sup>3</sup></li> </ul> </li> <li>The customer services team is creating a new service delivery model with recognition of digital technology and customer self-service. It is considered that this initiative will not significantly impact on the portfolio other than the fitout is expected to change significantly and there may be a possibly of a requirement for less occupied space.</li> </ul> |
| Local Board Accommodation | <ul style="list-style-type: none"> <li>No change in the number of Local Boards is anticipated over the course of this LTP.</li> <li>As the dual governance model is further embedded, staff numbers within Local Board offices may alter.</li> <li>More flexible and technology enabled Local Board offices would see more staff working from the offices more regularly which would reduce the need for a permanent workpoint in alternate workplace sites (which are under space pressure such as Graham Street and Bledisloe House).</li> </ul>  |

**Figure 5-1: Anticipated Demand Trends.**

<sup>3</sup> Property Strategy 2012, p 16.

## 5.4.2 Portfolio Demand

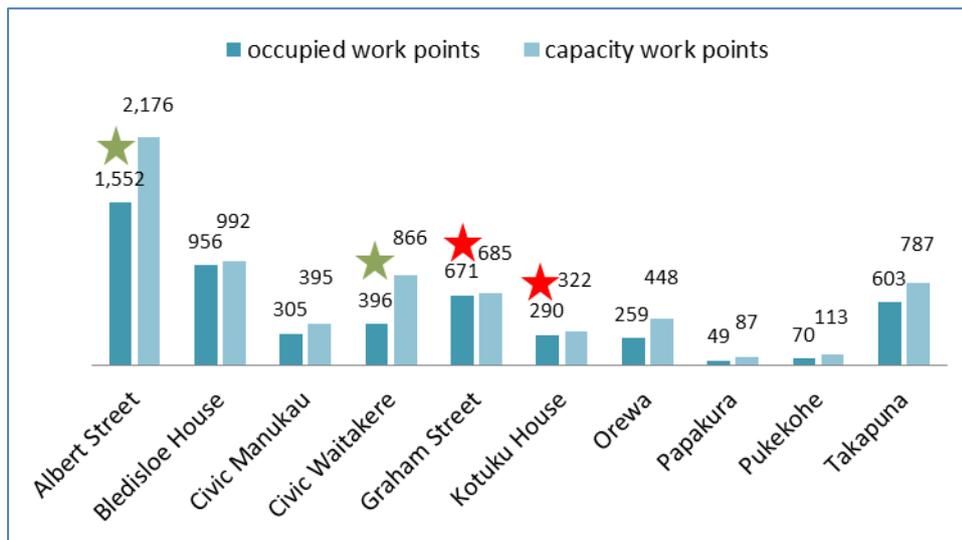


Figure 5-2: Current Office Accommodation Demand – Corporate 10.

### Observations

- Albert Street – not all staff relocations into this building had occurred at the time of the count of occupied workpoints. Actual figure is likely to be higher.
- Civic Waitakere – occupied work point count does not include Auckland Transport occupants. Therefore there is a ‘latent’ capacity estimated at around 400 work points at this location.
- Capacity ‘hot points’ are identified at Graham Street and Kotuku House.

## 5.4.3 Future Demand Projections

Auckland Council staff numbers are expected to remain steady in the medium term, with the only growth of note expected in the regulatory area (refer Section 5.4.1). For modelling purposes, Figure 5-3 shows 10 percent and 15 percent growth in staff number scenarios, and the impact on of that growth projection on each of the Corporate 10 facilities.

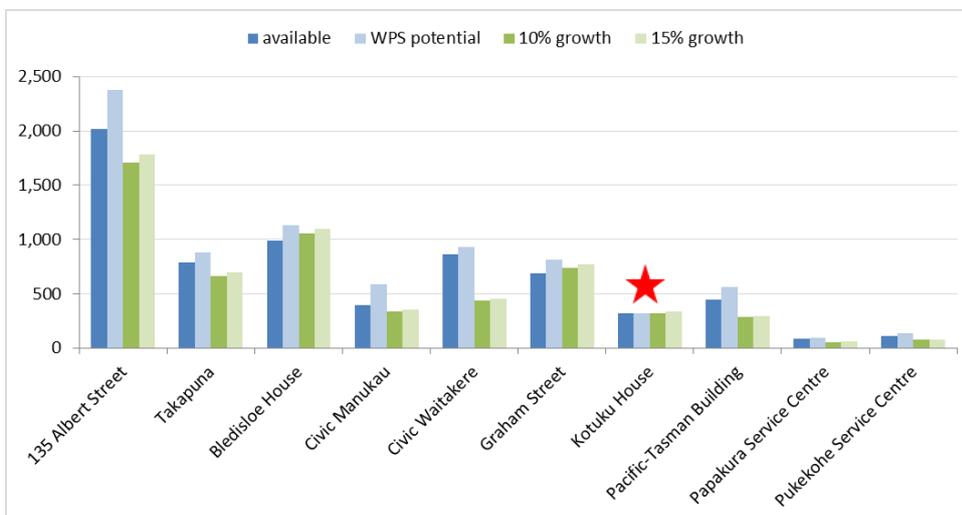


Figure 5-3: Future Demand Scenarios.

## Observations

- In most cases, a mix of available capacity and/or improved capacity derived from workplace design initiatives is capable of meeting anticipated growth, however, it must be noted that in some situations available capacity may not necessarily be in the desired location.
- Moderate increase in Regulatory staff numbers (150) is expected, which will impact on existing capacity at Kotuku House, and to a lesser degree, Graham Street.
- Capacity estimates include areas of buildings occupied by external parties and CCOs. This is estimated to be approximately 14,000m<sup>2</sup> with Civic Waitakere contributing around half of this figure (see Section 5.4.4).
- The modelling supports the need to implement workplace design initiatives at Kotuku House and Graham Street. Kotuku House will continue to be a 'demand' flashpoint and occupancy will need to be monitored.

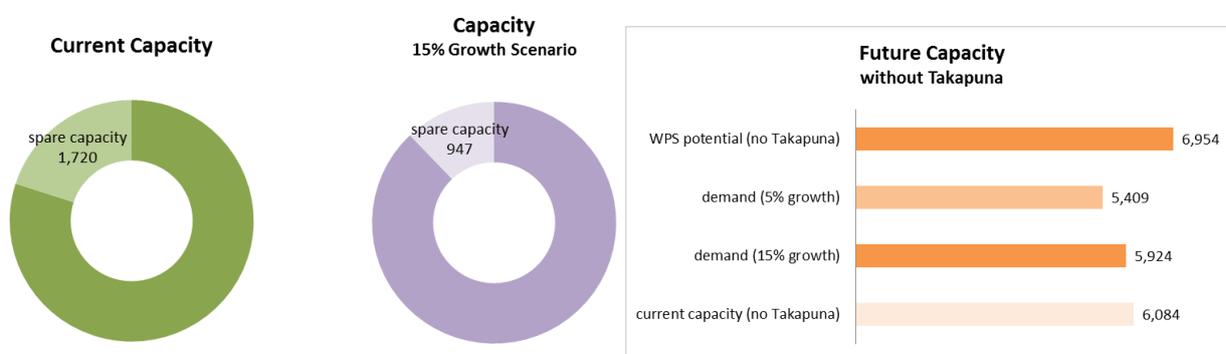


Figure 5-4: Capacity Projections.

Figure 5-4 shows estimated demand scenarios including current, 5 and 15 percent growth (on current occupied), and the impact of vacating Takapuna when its lease expires in November 2021.

## Observations

- The modelling indicates that there is existing capacity within the portfolio to accommodate a 15 percent growth in staff numbers, notwithstanding locational preferences.
- Potential capacity issues may occur when Auckland Council vacates Takapuna. This supports the need to continue with workplace design initiatives to maximise capacity within the remaining portfolio and consider the feasibility of a new northern regional hub.

### 5.4.4 Master Service Agreements

It is estimated that around 11,00m<sup>2</sup> (NLA) of Corporate 10 office accommodation is occupied by council controlled organisations (CCOs), and 3,000m<sup>2</sup> occupied by external organisations. The number of staff or workpoints this computes to is unknown, which can impact in a negative way on density ratios and efficiency measures for the portfolio.

Internal shared services revenue collected from CCOs (e.g. Auckland Transport, ATEED, and ACIL) for Corporate 10 office space amounted to around \$3.5 million per annum through master service agreements (MSA) with each entity. There is a need to further understand the dynamics of the MSAs including the area of office space and occupied and associated cost recoveries and their impact on facility operating costs.

### 5.4.5 How Are We Managing Demand?

- Increase existing capacity (workpoint density) through workplace design initiatives, with priority given to Kotuku House and Graham Street.
- Workpoint density targets of 12.5m<sup>2</sup> for new building, and 15m<sup>2</sup> for older buildings (or better) will be density targets for corporate 10 facilities.
- A flexible workplace integrated with technology will be provided. The workplace will support the principles of a mobile workforce, including ability of staff to work from home.
- Any new development proposals will be considered with co-located facilities (existing or new), particularly customer service centres and local board accommodation.
- Workplace Strategy design principles will be rolled across the portfolio over time, when funding allows.

## 5.5 What We Are Trying To Achieve?

### 5.5.1 Strategic Level of Service Attributes

Corporate accommodation offices provide a workplace environment for staff and elected officials to work on the many and varied services that council provides. For the purpose of the corporate facility portfolio, the strategic level of service attributes considered is identified in Figure 5-5.

|                                    |  |  |
|------------------------------------|--|--|
| <b>Level of Service statement</b>  | Our facilities are welcoming places for people to connect and participate  |  |
| <b>What service is delivered</b>   | Provide office and customer service accommodation  |  |
| <b>Asset Attributes (criteria)</b> | Strategic: <ul style="list-style-type: none"> <li>○ <i>Best placed</i></li> <li>○ <i>Integrated</i></li> <li>○ <i>Sustainable</i></li> <li>○ <i>Flexible</i></li> </ul>  | Operational: <ul style="list-style-type: none"> <li>○ <i>Safe</i></li> <li>○ <i>Accessible</i></li> <li>○ <i>Reliable</i></li> <li>○ <i>Efficient</i></li> </ul> |
| <b>Who for</b>                     | Employees, elected officials, ratepayers, customers, citizens and visitors to Auckland   |  |
| <b>Note:</b>                       | <ul style="list-style-type: none"> <li>○ The desired standards for corporate facilities are: fit for purpose, reliable, sustainable and of appropriate quality.</li> <li>○ The strategic attribute is the indicator of the extent or degree of service provided by an asset, based on and related to the operational and physical characteristics of the asset. Variation in attributes indicates the capacity per unit demand for the asset.</li> <li>○ The operational attribute states in measurable term how an asset will perform such as an appropriate minimum condition grade in line with the impact of asset failure.</li> </ul> |  |

**Figure 5-5: Strategic Level of Service Attributes.**

The objective of the Property department is to provide an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of the corporate facility portfolio in order to create an environment that strongly supports the objectives of the organisation.

This will be achieved through providing facilities that are:

- Appropriate and comfortable to occupy.
- Cost effective and efficient to operate.

- Sustainably managed (environmentally and financially).
- Maintain or enhance the value of corporate facility assets.

Further level of service measures and targets specific to the corporate facilities portfolio is detailed in Appendix B.

### 5.5.2 Workplace Design Principles

Through implementation of Workplace Strategy design principles, the Property department is endeavouring to provide a work environment that fosters productivity and creativity required to support the transformation of Auckland Council into becoming a high performance organisation.

In this context, corporate facilities are positioned to support an integrated workplace transformation approach that aligns people, workplace flexibility, technology solutions, real-estate efficiencies, and modern space design practices. General principles include:

- Open-plan working environment.
- Shared collaborative and quiet spaces.
- Utilisation of technology.
- Mobility and adaptability.
- Consistent design.
- Choice of workplace settings.
- Safe and secure environment.
- Spaceless growth (i.e. efficient workspace density).

The workplace is therefore becoming more important as the organisation aims to provide greater flexibility in how it accommodates its people within the existing property portfolio – where it brings people, technology and the physical environment together, providing a choice of workplace settings throughout the day, catering for a variety of working styles.

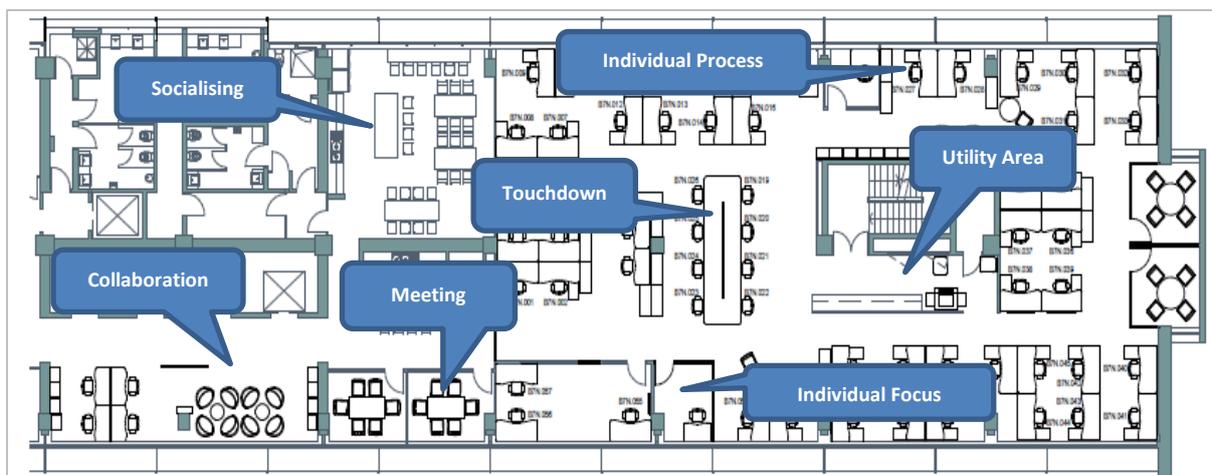


Figure 5-6: Workspace design guidelines – typical office layout (Bledisloe 7 North).

### 5.5.3 Baseline Building Provision Standards

The Workplace Strategy sets objectives for the provision of workplace accommodation in terms of the workplace’s requirement to support a high performing organisation. Key outcomes include:

- Objective 1: One Council supporting the creation of a cohesive, connected and effective organisational community that supports the common purpose and manifests the council’s values.
- Objective 4: Supporting high performing teams by creating an environment that fosters high performing teams across the council, including the delivery of efficient, effective and appropriate customer and democracy services.

For the corporate portfolio, the challenge is to provide consistency in approach to workplace functionality, and where possible, the provision of standardised baseline infrastructure. This will be achieved as funding and renewal opportunities allow. In a strategic context, provision of corporate accommodation infrastructure is best defined through Baseline Building Provision Standards. It is considered that this approach provides a number of benefits that include:

- Simplifying the way we demonstrate “what is provided” in a transparent way.
- An easier, more efficient and effective way of planning renewals.
- Fit for purpose criteria are defined and measurable.
- Baseline standards are based on service delivery requirements.

Refer to Appendix C for detailed Baseline Building Provision Standards. A summary of these standards and how the corporate facility portfolio sits relative to these standards is provided in Figure 5-7.

| Provision Standard  | Descriptor <sup>4</sup>  | Services Provided  | Current | Future | Current Provision Service Gap  |
|---------------------|--|--|---------|--------|--|
| <b>Regional</b>     | A landmark office building located in major CBD office markets.<br>Size: >20,000m <sup>2</sup> .<br>Primary Function: Office Accommodation.  | Providing state of the art technical services.                   | 1       | 1      | Lift upgrade required.   |
| <b>Regional Hub</b> | High quality space with quality presentation and maintenance.<br>Size: >600m <sup>2</sup> .<br>Primary Function: Office Accommodation.   | Providing high quality technical services.                       | 6       | 6 (5)  | Workplace design; technology, some services.   |
| <b>Network</b>      | Good quality space with a reasonable standard of finish and maintenance.<br>Size: Any size.<br>Primary Function: Office Accommodation; Local Board Accommodation; Customer Service Centre. | Providing a basic standard of technical services                 | 22      | 22     | Workplace design; technology, some services.   |
| <b>Other</b>        | Office space with lower quality finish.<br><b>Note:</b> These sites are identified for disposal or possible change in use to another purpose (i.e. not a corporate facility).              | Services generally fall below the minimum set for a Service Hub. | 4       | 0      | Sites will be managed in terms of renewal investment. Works will be limited to essential works only. |

**Figure 5-7: Summary of Baseline Building Provision Standards.**

<sup>4</sup> Based on Property Council of New Zealand Quality Grading Matrix Office and Retail Classifications.

#### 5.5.4 Key Benefits of Workplace Redesign

- Productivity. Support business growth and objectives. Create brand differentiation, and promote pride in the organisation. Increased collaboration, communication, flexibility, responsiveness, and knowledge transfer resulting in improved team and personal performance. Reduced absenteeism and sick leave.
- Personal. Higher levels of engagement, better more visible office environment, improved work–life balance, reduced travel time and sick leave.
- Sustainability. Reduced organisational and personal carbon footprint. Increase in electronic filing, and less printing.
- Business Continuity. Reduced business disruption due to weather, security issues, and travel problems.
- Enticement. Drive talent attraction, increased retention, and reduced training costs.
- Efficiency. Reduced property space, reduced property costs, and lower churn.

#### 5.5.5 Challenges in achieving Level of Service targets

1. Achieving workplace density ratios are dependent upon appropriate funding being available to undertake redesign of workspaces and implementation of technology initiatives.
2. With consolidation of facilities into central business areas, occupancy costs and ‘cost to serve’ assessments can be swayed by market influences e.g. rent payable, value of land, etc.
3. Satisfaction with workplace environment can be difficult to measure.
4. Ability to undertake seismic assessments and retrofits where necessary is dependent upon appropriate funding being approved.
5. Energy consumed by facility can be influenced by use (or change in use) and occupied workpoint density.
6. Continued pressures to find efficiencies or reduce costs will at some stage compromise service provision.
7. A lack of data/understanding for the services in some properties means that it is hard to know what you have, which is important if you are trying to achieve something.
8. There will always be an element of underperforming assets due to:
  - i. A physical (asset) presence in outlying areas across the region is considered essential if council is to remain visible and accessible in the community, regardless of desired utilisation objectives (e.g. Warkworth Service Centre).
  - ii. The portfolio contains some facilities inherited from legacy organisations that do not necessarily fit the purpose of the structure or objectives of the Auckland Council. These may not meet desired utilisation targets (e.g. Pacific-Tasman Building).
  - iii. Difficulties in disposing of redundant buildings in a political environment.

## 5.6 What Needs To Change?

### 5.6.1 Service Centric Approach

Bolder approaches are required to fundamentally reshape how assets are utilised and managed to deliver the desired levels of service including a move from “asset centric” to “service centric”. Thus there is a need to shift the focus from one of expanding the portfolio to meet increasing demands, to having much greater flexibility in terms of matching asset provision to changing service delivery needs and financial/funding constraints.

### 5.6.2 Strategic Management Approach

The future network of corporate facilities needs to be better integrated with other networks such as social, green and transport infrastructures through co-location of facilities in hubs that are better aligned to community activity. This needs to be balanced against a business push for centralisation.

### 5.6.3 How We Propose to Exploit These Opportunities

The Workplace Strategy design principles, if fully implemented, has potential to significantly increase the workspace capacity of the existing portfolio, particularly on the back of indications that density ratios of 11m<sup>2</sup> are being achieved at 135 Albert Street and Bledisloe House (12.5m<sup>2</sup> were projected). The application of the Workplace Strategy design principles across the corporate portfolio will increase the workpoint capacity of the organisation in terms of office accommodation, resulting in a less reliance on additional assets or leased-in accommodation. This also lends itself other opportunities:

- Leasing or sub-leasing parts of buildings, with revenues generated applied to off-set operating costs.
- Rationalise or consolidate the existing portfolio.
- Efficiencies from a more strategic and standardised approach to asset lifecycle management.
- Greater collaboration between activities (co-location), smarter utilisation of functional space and flexibility when designing a building’s functional capability.

The workplace and services represent some of council’s high value and long-term investment commitments. Whilst the initial investment in design and delivery of the workplace is significant, the life time running costs of a facility usually dwarf the up-front costs. It is therefore important that the serviceability of the facility is at the forefront of the design teams thinking during the design process.

During the life of a facility many facets of the organisation and the way it works will also change. Changes in its market, technology, processes and new cultural norms need to be recognised. It is vital that in the process of designing a facility and supporting services, that recognition of these factors is considered within the design.

Consequently, it is vitally important that the workplace, services and technologies are designed for effective operation, servicing and change. To this end all processes and activities associated with the design of new services, technologies and the workplace should involve lifecycle costing and an active contribution from workplace leaders with knowledge and responsibility for the day to day operation of the workplace.

## 6. How Will We Manage Our Assets?

### 6.1 Strategies for Managing Asset Lifecycle

Effectively managing an asset through its lifecycle is an important function in the daily activities of owning and operating property. Recurrent maintenance and renewal expenditure is a significant component of the total lifecycle cost along, with the management of risk associated with asset ownership.

Reducing the occupancy costs to achieve efficiencies and providing a comfortable and satisfying working environment are considered key drivers in managing the lifecycle activities. The efficiency with which these functions are carried out is essential in lowering the overall lifecycle cost of corporate facility assets and key to driving service and customer experience.

The desired standards for corporate facilities are: fit for purpose, reliable, sustainable and of appropriate quality. The strategic attribute is the indicator of the extent or degree of service provided by an asset, based on and related to the operational and physical characteristics of the asset. The operational attribute states in measurable terms how an asset will perform such as an appropriate minimum condition grade in line with the impact of asset failure.

Determining an accurate assessment of the remaining life of complex property assets is a very difficult proposition. There will always be an element of subjectivity in the assessment as periodically there will be phases of reinvestment through planned component renewals, refurbishment projects and modification of asset use strategies. All these events have the effect of materially and continually extending the life of a facility.

Figure 6-1 summarises an assessment of the remaining life of Corporate 10 facilities. The assessment is based on the average remaining life (years) of components by component group and condition grade. The residual structure (e.g. non-assessed components) is simply the average age of Corporate 10 facilities.

| Corporate 10             | Average of base life | Average of rl_c1 | Average of rl_c2 | Average of rl_c3 | Average of rl_c4 | Average of rl_c5 |
|--------------------------|----------------------|------------------|------------------|------------------|------------------|------------------|
| Exterior Works, Sundries | 30                   | 23               | 14               | 3                | 3                | 1                |
| External Fabric          | 46                   | 35               | 19               | 11               | 9                | 1                |
| Interior Finishes        | 30                   | 22               | 13               | 6                | 3                | 1                |
| Services                 | 20                   | 15               | 11               | 7                | 6                | 1                |
| Residual Structure       | 80                   | 47               |                  |                  |                  |                  |

Figure 6-1: Average Remaining Life of Components by Condition.

#### Observations

- Around 75 percent of assessed components are in C1, or very good, condition. These components have consumed approximately 25 percent of their average component base lives.
- Importantly, service group components have on average 15 years remaining life (those assessed in C1) and 11 years remaining life (those assessed in C2).
- C4 components have an average remaining of six years. Whilst C5 components have a remaining life of 1 year, they constitute a replacement value of less than \$70 thousand.

- This assessment provides some assurance that in general there is no significant back-log of deferred renewal works.

### 6.1.1 Maintenance

*“Maintenance is considered any action necessary to retain an asset as near as possible to its original condition (excluding refurbishment or renewal)”*

In order to achieve world-class performance, there is a need to replace reactive, fire-fighting strategies for maintenance with proactive strategies like preventive and predictive maintenance, and even aggressive strategies like total productive maintenance (TPM). While these maintenance strategies require increased commitments to training, resources and integration, they also promise to improve asset performance.

By taking a holistic approach to facility management, including maintenance activities, environmental standards and building use, a well defined and executed operations and maintenance program will improve and sustain energy efficiency, plant reliability, and safety of building systems and users. Maintenance productivity can be improved by planning and scheduling activities, in conjunction with outsourcing key maintenance tasks to specialised maintenance service providers. This will be achieved by:

- **Perform ongoing basic maintenance:** Basic maintenance is the starting point in ensuring high performance levels. Develop a maintenance plan by inventorying equipment, outlining specific tasks associated with each system, and creating a schedule with accountability for each item.
- **Regularly track and report building energy use:** Monitoring monthly energy consumption and benchmarking against other properties gives an informative picture of whole-building energy performance.
- **Review and improve system documentation:** Inventory current system materials and assess their completeness, accessibility, and usefulness.
- **Monitor performance indicators for plant and systems:** Identify key performance indicators that can be monitored to provide regular feedback on building operations and important systems.
- **Regularly review operation and maintenance activities:** An enhanced program will include procedures for periodically reviewing operating sequences, strategies, and schedules – and making revisions as necessary.
- **Develop expertise:** Build staff capabilities with training and professional development.

It is considered that in this way, the Property department will be in a better position to gain greater control over maintenance actions and performance. The maintenance function needs to complement the renewal strategy and be integrated into the improvement agenda.

## 6.1.2 Asset Renewal

*“Works required to upgrade, refurbish or replace assets with assets of equivalent capacity or performance capability using capital funding”*

Auckland Council will ensure assets are renewed in a timely and cost effective manner throughout their useful working life as per the [Asset Renewal Policy](#). Asset renewal identification is seen as a key instrument in controlling consequence of asset failure or likelihood of that failure. Total renewal, workplace strategy, and other works for the period 2015-2025 is \$116 million (excludes \$45 million for vehicle replacement).

The asset renewal policy applies to all building infrastructure, plant and equipment, and places consideration amongst other things to the strategic context for asset renewals; legislative requirements; relationship to levels of service; and financial implications. In addition, a technical context is also given to asset condition; prioritisation of renewal projects; and the whole of life cost of assets.

Therefore, regardless of any service level implications, it will be necessary to undertake an element of renewal works to protect the integrity of building infrastructure. Due to the nature of renewal projects, it is efficient to undertake complementary works at the same to minimise overall costs. It is considered that as an absolute minimum, services and external fabric works need to proceed (see Figure 6-2).



**Figure 6-2: Essential Renewal Works.**

Review of the portfolio in terms of its condition (refer Section 2.4) indicates that the assessed median condition index for buildings is 1.75 (average 2.03), and for components 1.95 (average 2.14). This suggests that overall the portfolio is considered to be in the good to very good condition range.

## 6.1.3 Acquisition and Development

Key direction in terms of corporate facility acquisition, development and disposals is provided through the Property Strategy, specifically Key initiative 2: Portfolio Review (page 21). This provides an obligation to conduct regular reviews of our property portfolio with a purpose to optimise the amount of land and building assets required to achieve service objectives.

The Property department undertook a review of all corporate accommodation in August 2014. This examined the current state of the portfolio and considered its appropriateness in the context of council business and strategic direction. From this review no new acquisitions or developments are proposed for the LTP period 2015-2025.

Initiatives in response to the portfolio review that are presently underway include:

- Evaluate the feasibility of developing a northern sub-regional hub, with relocation coinciding with the expiry of the lease on (1-7) The Strand, Takapuna.
- City Transformation: Options are being investigated for a potential relocation of the Franklin Local Board office and customer service centre. There is no Long Term Plan funding available for relocating services so any expenditure will be funded from asset sales that may include 82 Manukau Road (Pukekohe Service Centre).

#### 6.1.4 Managed Assets

The properties identified in Figure 6-3 will be managed as their future need within the portfolio is not certain. This may include the practice of ‘sweating’ assets. It is accepted that Baseline Building Provision Standards (refer 5.5.3) will be diminished at the sites. No significant renewal works are programmed for these properties.

| Property                 | Future        | Reason              | Programmed Works      |
|--------------------------|---------------|---------------------|-----------------------|
| Griffiths Building       | Demolition    | City Rail Link      | Essential works only. |
| Devonport Service Centre | Transfer      | Non-service         | Essential works only. |
| Pukekohe Service Centre  | Possible sale | City Transformation | Essential works only. |
| Civic Auckland Central   | Not required  | Consolidation       | Essential works only. |

**Figure 6-3: Managed Properties.**

#### 6.1.5 Disposals

Initiatives in response to the portfolio review that are presently underway include:

- To determine the future use of the balance of the Three Kings building, recognising that while it is not envisaged to form part of the corporate accommodation portfolio, it could be suitable for a specialised council activity.
- Potential sale or re-use of 2 The Strand in Takapuna.
- Devenport Service Centre is being considered for an alternate use and as such could be transferred out of the corporate facility portfolio.
- Options are being investigated for a potential relocation of the Franklin Local Board office and customer service centre may include the sale of 82 Manukau Road (Pukekohe Service Centre).

## 6.2 Strategies for Managing Risk

This capability is concerned with the best practices in assessing and managing risk, business continuity planning, workplace security, workplace health and safety and environment management. The aim is to:

- Assess the risk of operational failure in relation to the strategic success of council and to agree the appetite for risk.
- Reduce the likelihood of security incidents, failures in projects, services and the workplace.
- Reduce the impact of any of these aspects upon the business, its reputation and its people.

There is a need to manage the risks associated with asset ownership, with the principal objective being to minimise disruption to occupiers and services operating from corporate facilities arising from an event. This is achieved through many activities provided by the Property department, from scheduled maintenance functions and renewal planning through to business continuation planning. Appendix D contains the Corporate Facilities Risk Register.

The overall residual risk (retained risk) identified for the portfolio is considered low (refer Appendix D). Although in the main existing controls are considered adequate, improvements in developing and completing FMPs (facility management plans), facility inspection checklists, condition surveys of critical plant are additional controls required to mitigate against the impact of portfolio risk.

### 6.2.1 Organisational Risk

*“Continue to apply enterprise-wide risk management principles.”*

Organisational risk is managed by the Risk and Assurance department in accordance with the [Enterprise Risk Management Policy](#). The Risk and Insurance unit develops and implements the enterprise-wide risk management programme into business units and projects. It ensures risk identification, mitigation and management is considered for all activities and arranges appropriate insurance cover to mitigate risk exposure.

### 6.2.2 Operational Risk

*“Ensure business continuation planning is effective and considered.”*

Controlling risk can be achieved through a combination of implementing capital projects and improving operational procedures to reduce either the consequence of asset failure or likelihood of that failure. Prioritising asset expenditure to control risk is done through defined projects that are aligned with the LTP 2015-2025 Capital Expenditure Schedule. The timing of projects will be based on the risks being controlled, with specific consideration to the following:

- Organisational objectives.
- Criticality.
- Asset condition.
- Cost.
- Demand.

Minimising disruption to the operating capacity of the portfolio is paramount and in essence is built into the many ‘business-as-usual’ processes and practices that inform Property department operating procedures. The key process in managing business continuity is contained in the Business Continuation Plan (BCP) [BCP Property Department](#).

The priorities for the restoration of critical departmental outputs are dependent on particular facility dynamics including building occupants and services that operate from each building. Priority will be given to customer facing services in the first instance to reduce inconvenience to the public. Where employees are able to work from home, this will be taken into consideration.

Other contingencies may include the use of other facilities (e.g. library) on a temporary basis until other contingency arrangements are made.

### 6.2.3 Asset Risk

*“Ensure asset data integrity and improve data confidence.”*

Asset data is fundamental to our asset knowledge-base. It improves decision making, sets a platform for advanced asset management practice, and assists with identifying, understanding and managing risk associated with asset ownership.

Asset condition data is captured through condition surveys which are conducted on a cyclical basis of at least every three years. This ensures that the data remains relevant and is timed to coincide with the council’s LTP cycle.

Confidence in mechanical and electrical plant (e.g. HVAC, lift plant) data is considered deficient across the entire portfolio. This is because building condition surveys are visual surveys only and therefore do not delve into the complex operating nature of these assets.

Specific condition and performance surveys will be undertaken on mechanical and electrical assets by suitably qualified professionals. It is expected that this work will involve facility managers and maintenance contractors to ensure a full and comprehensive understanding of these critical assets.

Facilities with services (HVAC) risk of some concern are Graham Street and Civic Waitakere. This risk is being managed by the strategies shown in Figure 6-4.

| Facility        | Risk Management Strategy  |
|-----------------|---|
| Graham Street   | <ul style="list-style-type: none"> <li>The commissioning of reports to investigate the deficiencies in the air conditioning systems.</li> <li>The allocation of \$2.65 million to replace the system in 2017/2018.</li> </ul> |
| Civic Waitakere | <ul style="list-style-type: none"> <li>The commissioning of reports to investigate the deficiencies in the air conditioning systems.</li> <li>The allocation of \$0.5 million to upgrade the system in 2016.</li> </ul>       |

**Figure 6-4: Strategies for Managing Targeted Risks..**

### 6.2.4 Critical Assets

Critical assets are assets considered essential to maintain safety, integrity and continued operation of corporate facilities. In essence critical assets are identified as ‘services plant’ and include asset components such as lifts, HVAC systems, electrical plant and standby generators. These assets are managed and maintained through comprehensive maintenance contracts. Figure 6-5 shows the condition profile of critical ‘service’ components of Corporate 10 facilities.



**Figure 6-5: Condition Profile of Corporate 10 Critical Assets.**

In general they are considered to be in good to very good condition. Of the 12 percent of critical assets in moderate to very poor condition (C3 to C5), five percent by component replacement value

are mechanical (e.g. HVAC plant) and six percent relate to lifts. Although the condition survey was a visual survey only, confidence in the overall results is complemented by known significant service plant upgrades in recent years. Significant renewal projects scheduled to reduce the consequence of services failure (mechanical and lift) are noted below.

| Facility          | Project Description               | Cost    | Timeframe |
|-------------------|-----------------------------------|---------|-----------|
| Graham Street     | Replace HVAC system               | \$3.65M | 2016-2018 |
| Civic Waitakere   | Upgrade HVAC plant                | \$0.65M | 2016      |
| 135 Albert Street | Upgrade lifts                     | \$5.95M | 2018-2021 |
| 135 Albert Street | Upgrade HVAC plant and escalators | \$2.68M | 2017-2023 |
| Bledisloe House   | Upgrade HVAC plant                | \$2.95M | 2017-2020 |

Over the entire portfolio, Auckland Council will invest \$57 million into the replacement of ‘service’ components over the period 2015-2025. It is considered necessary to undertake an inventory of all ‘services’ plant including their operating and design specifications (refer 6.1.1).

### 6.2.5 Seismic Risk

Recent amendments to the Building Act requires council to undertake initial evaluation procedure (IEP) for all facilities then to act to address any seismic issues where a building is found to be at less than 33% of the standard expected of a new building (NBS). Unreinforced masonry (URM) buildings are widely recognised as the primary candidates in any seismic retrofit projects due to their poor performance in previous earthquake situations. Early indications suggest that there are three URM buildings in the Corporate Facilities portfolio, and these have been identified for further detailed seismic assessments (DSA).

| Seismic Impact                             | Construct Year | %NBS (IEP) | Construction Type | Estimated SRC Cost |         | Estimated DSA Cost |
|--|----------------|------------|-------------------|--------------------|---------|--------------------|
|  |                |            |                   | <\$100k            | <\$500k |                    |
| Kotuku House – stairwell only              | 1981           | 18         | Reinforced        | ✓                  |         | \$20,000           |
| Papakura Service Centre - Centennial House | 1920           | 26         | URM               | ✓                  |         | \$20,000           |
| Albert-Eden Local Board Office             | 1975           | 30         | URM               |                    | ✓       | \$25,000           |
| Devenport Service Centre                   | 1940           | 19         | URM               |                    | ✓       | \$25,000           |
| Griffiths Building                         | 1923           | 29         | Reinforced/URM    |                    | ✓       | \$30,000           |

**Figure 6-6: Seismic Impact.**

Figure 6-6 identifies the earthquake-prone buildings and their seismic impact in terms of their seismic retrofit construction (SRC) cost, and the estimated cost of obtaining DSAs. These estimates are based on IEP assessment undertaken on these properties and are very rudimentary (e.g. they do not include non-construction costs such as engineering or consultant’s costs or heritage implications). Further information to be considered with the seismic impact is:

- Kotuku House: The building structure itself scored above the 67% NBS threshold, but an analysis of its stairwell construction highlighted concerns. Remedial works for the stairwell are programmed for FY2016, which will improve its rating to at least 85% NBS.
- Papakura Service Centre applies to Centennial House only. Centennial House is a detached building used intermittently as a meeting room, constructed circa 1920. Any remedial works will be considered in the overall seismic retrofit programme.

- Griffiths Building is likely to be demolished to make way for the City Rail Link project. This building is EQ-prone and either needs to be demolished as intended or structurally strengthened to resist seismic loading.

#### What are we doing to mitigate Seismic Risk?

- We will commission DSAs for all occupied buildings that are determined through the IEP to be potentially ‘earthquake risk’ (less than 67%NBS).
- In terms of seismic retrofits, capital renewal provision has been made from FY2019 to fund identified structural strengthening projects (refer Section 7.3.1). It is anticipated that this will relate to Albert-Eden Local Board Office, Papakura Service Centre - Centennial House, and Devenport Service Centre.
- Stairwell strengthening at Kotuku House will be undertaken as part of the refurbishment work identified in 2016 and 2017.
- It is anticipated that the Griffiths building will be demolished within the next 5-10 years (refer also to Section 6.1.5).

#### 6.2.6 Asbestos

For any owner of a building portfolio that includes buildings dating from the 1970s and earlier, there is an additional risk around the use of asbestos materials in their construction. This risk is mitigated by following approved practice for identification, removal and/or encapsulation of asbestos in buildings. In these circumstances, council will seek professional advice.

To the extent of portfolio knowledge, asbestos materials have been identified in the following corporate facilities shown in Figure 6-7. Due to their age, it is likely that other buildings may contain some form of asbestos material. As long as the encapsulation process is not compromised, it is unlikely that this will cause concern.

| Property                | Description   | Treatment   | Timeframe |
|-------------------------|---|---|-----------|
| Papakura Service Centre | Fibrolite roof – Policy House.  | Eliminate – removal   | 2016-17   |
| Kotuku House            | Pipework penetrations; vertical cladding Level 5 plant room.                            | Eliminate/Mitigate – depending on nature of refurbishment works.          | 2015-2017 |
| Civic Auckland Central  | Plant areas, ducting, external facade and as a fire retardant around beams and columns. | Transfer – this building is being transferred out of corporate portfolio. | 2015-16   |

Figure 6-7: Asbestos Identification and Treatment Intentions.

### 6.3 Sustainability

#### 6.3.1 Sustainability Response Actions

Low Carbon Auckland is a plan of action for Auckland region to transform towards a greener, more prosperous, liveable, low carbon city – powered by efficient, affordable, clean energy and using resources sustainably. Council is adopting targets to reduce its own greenhouse gas emission profile, including its total energy use within the building portfolio. Elements relevant to the corporate portfolio are included in Figure 6-8.

| Area of Transformation                                      | Elements   | Actions  |
|---|--|--|
| Transforming the way we use and generate energy             | Element 1: Managing the energy demand  | <p><b>Action 2:</b><br/>Deploy time-of-use metering and other demand management measures and integrated smart technologies. These technologies will help manage peak demand and enable electric vehicles to be optimised.</p> <p><b>Action 10:</b><br/>Consider long-term market-based power purchase agreements to support large-scale renewable energy projects.</p>   |
| Transforming our built environment and green infrastructure | Element 1: Demonstrating leadership and creating quality exemplars of sustainable development to inspire | <p><b>Action 2:</b><br/>Council buildings and operations:</p> <ul style="list-style-type: none"> <li>Integrate 'whole-of-life' value assessment into all significant council purchases, renewals and new builds</li> <li>Retrofit 135 Albert Street to Green Star and NABERSNZ rating 5</li> <li>Monitor performance against Green Star and NABERSNZ rating 5</li> <li>Retrofit or replace poorly performing buildings (Kotuku House, Graham Street)</li> </ul> <p><b>Action 3:</b><br/>Work in partnership with industry and the community to establish a collaborative model for best practice sustainable design to be incorporated into mainstream development practices:</p> <ul style="list-style-type: none"> <li>Promote exemplar council and community developments, e.g. Wynyard Quarter</li> </ul> <p><b>Action 4:</b><br/>Ensure principles of sustainable design, including energy and water efficiency are embedded and prioritised in:</p> <ul style="list-style-type: none"> <li>all of the council's planning, strategic and place making programmes, and major projects</li> <li>assessments for all capital expenditure projects by the Projects Design Review Panel at the briefing and concept stages</li> <li>assessments of all schemes referred to the Auckland Urban Design Review Panel</li> </ul> |

Figure 6-8: Corporate facilities response to transforming our built environment and green infrastructure.

### 6.3.2 Contribution to Cost Savings

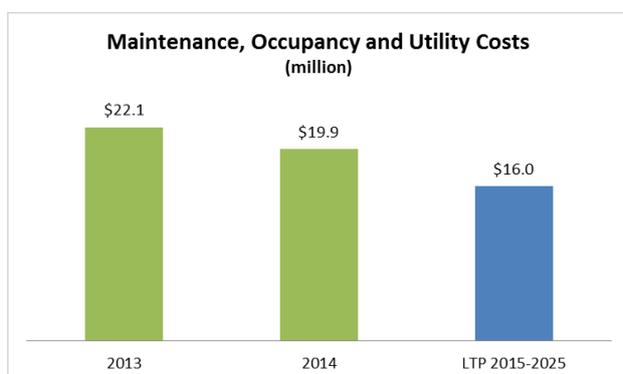


Figure 6-9: Maintenance, Occupancy and Utility Cost Profile.

Occupancy and maintenance costs are a significant cost for any organisation and corporate facilities contributed to around \$20 million of the Property department operating expenditure in 2013-14.

Figure 6-9 demonstrates our commitment to becoming a more efficient operating activity. Cost reductions are attributed to a large degree to property consolidation (see Section 3.4.1), but in terms of managing ongoing lifecycle costs, tactics employed also include:

- A focus on energy conservation measures in all buildings.
- Benchmarking of operating costs and analysis of the same to identify underperforming facilities.
- Application of regional and sub-regional supplied service contracts to support building-related facility management services.
- Optimising the timing of maintenance and renewal activities where possible.
- Formation of a dedicated Regional Portfolio Team (RPT) to manage the portfolio in a strategic context, and to better facilitate better communication between the operations, workspace/accommodation and planning activities.
- Being proactive in finding sub-lease opportunities for under-utilised properties.
- Maximising efficient use of office space (Workplace Strategy).

### 6.3.3 Climate Change

Responding to climate change is an iterative process. It will involve keeping up-to-date with new information, monitoring changes and reviewing the effectiveness of responses. Appendix E provides a 25-year impact assessment of climatic influences and the Property department's response to mitigate their impact.

Business continuity planning and emergency generators are currently incorporated into BAU activities. No additional generators for remainder service centres or local board offices are considered necessary. From year 2030 onwards, it can be expected that design standards for HVAC systems will increase the cost for replacement of the same. Planned renewal of HVAC systems must address design standards to incorporate increasing temperatures.

### 6.3.4 Environmental Initiatives

The following initiatives are being implemented across the corporate portfolio and council network.

- Sub-metering installed for monitoring electricity, gas and water at over 60 sites (including non-corporate sites).
- Retrofit of 135 Albert Street using Green Star design principles (rating to be completed at end of retrofit), including LED office lighting, electric vehicle charging stations and 90 percent demolition/construction recycling.
- Two sites completed NABERSNZ energy rating (35 Graham Street 3.5 stars, Civic Manukau 3.0 stars) and another underway (Pacific-Tasman Building).
- Continuous energy commissioning project being implemented at Pacific-Tasman Building delivering energy savings (Pacific 15 percent and Tasman 19 percent).
- LED lighting installed in upgrades for 135 Albert St and Bledisloe House.
- Air-conditioning being re-programmed to turn-off when areas empty (Civic Manukau, Bledisloe House).

# 7. What Will It Cost?

## 7.1 Summary

Figure 7-1 shows a summary and profile of the operating and capital budget for the LTP period 2015-2025. Operating costs include maintenance, utility, and occupancy costs but exclude revenues, interest, labour and depreciation. Costs peak in 2018 at \$43 million which reflects the capital investment in Kotuku House and Graham Street.

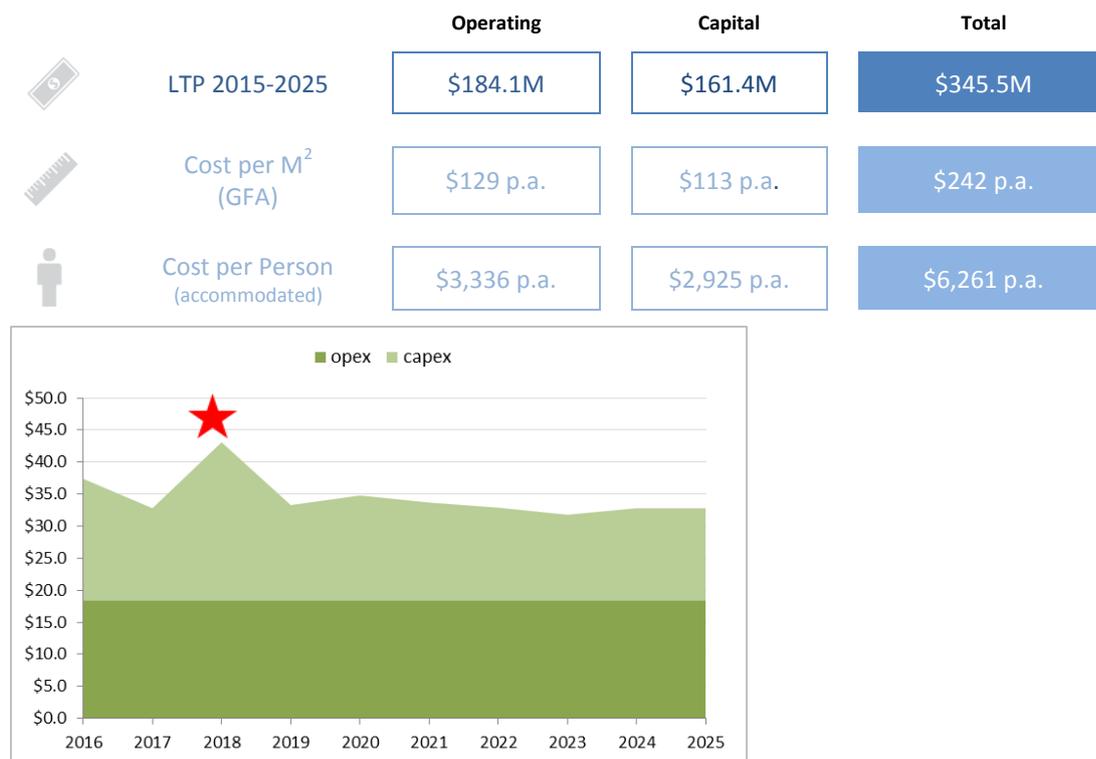


Figure 7-1: Operating and Capital Cost Profile.

## 7.2 Operating Expenditures and Revenues

### 7.2.1 Operating Expenditure

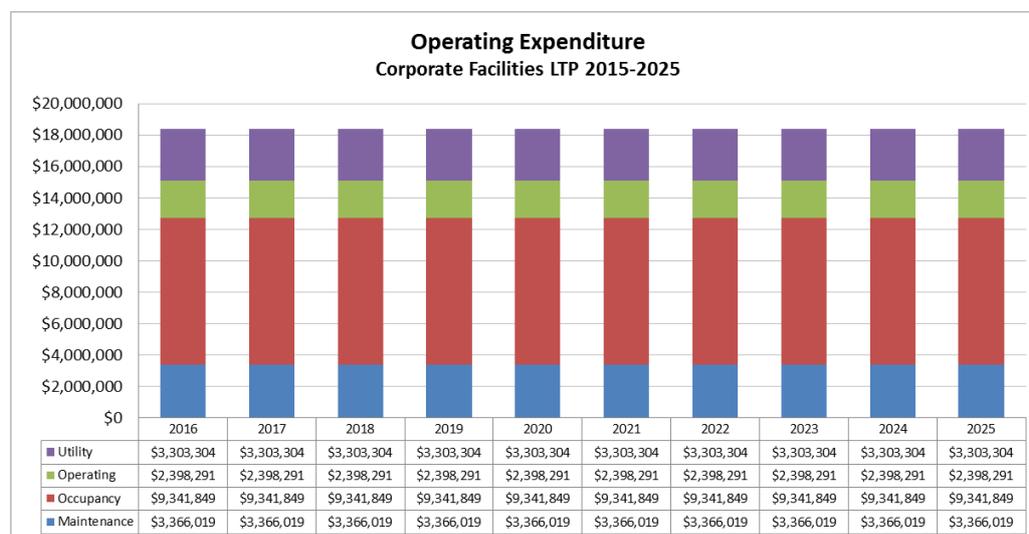


Figure 7-2: Operating Expenditure.

The 10-year 2016-2025 operating expenditure requirement is \$184.1 million (Figure 7-2) for corporate facilities.

### Assumptions

- Budget estimates exclude staff costs, depreciation and rates.
- No revenues are included.

### 7.2.2 Operating Revenue

The budgeted operating revenue for the Property department in 2014 was \$11.9 million. This was made up of property rental revenue (\$6.5 million) and internal shared services revenue (\$5.4 million). Although not all revenue is directly attributable to the corporate facility portfolio, there is a desire to pursue leasing and sub-leasing opportunities for under-utilised facilities. The leasing market is currently very strong and council is well positioned to sub-lease further space.

In terms of future revenue generating endeavours, we will:

- Proactively identify and pursue external party sub-leasing opportunities within the existing portfolio.
- Ensure facility operating costs (utility costs) are fairly on-charged to non-council organisations.

### 7.2.3 Cost to Serve

Asset 'cost to serve' calculation recognises both non-operating and capital costs in an endeavour to ascertain a real cost to 'own and operate'. Direct comparison can then be made with 'leased' facilities. Figure 7-3 illustrates cost to serve calculations for corporate 10 facilities.

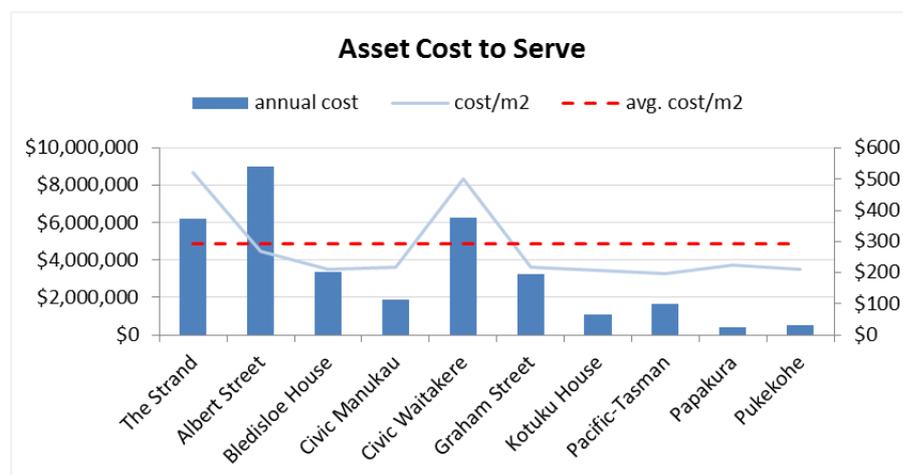


Figure 7-3: Asset Cost to Serve.

### Observations

- The average cost to own and/or operate a building is \$3,358,944 per annum, or on average \$291 per square metre.
- On analysis, leased premises (The Strand), is the most expensive building to operate at \$521 per square metre.
- Civic Waitakere, at a cost of \$500 per square metre, is unusually expensive compared to other 'owned' buildings. Initial analysis suggests that utility costs are contributing to this anomaly.

## 7.3 Capital Expenditure

### 7.3.1 Capital Works Programme

Figure 7-4 is a summary of the Property department’s capital works expenditure provisions (figures in light blue) compared against LTP budget allocation. It shows funding shortfalls or surpluses over the 10-year period 2015-2025.

| Governance & Support  |               |               |               |                      |                    |
|---|---------------|---------------|---------------|----------------------|--------------------|
| Corporate Facilities Capital Renewals Programme FY2016-FY2025 |               |               |               |                      |                    |
| PROGRAMMES / PROJECTS   | Yr 1<br>FY16  | Yr 2<br>FY17  | Yr 3<br>FY18  | Yr 4-10<br>FY19-FY25 | FY16-FY25<br>TOTAL |
| Office fixtures, fittings and equipment                       | 1,080         | 1,109         | 1,140         | 7,878                | 11,207             |
| Property Renewals   | 12,954        | 8,258         | 19,225        | 63,782               | 104,219            |
| Regional sustainability projects                              | 54            | 55            | 57            | 446                  | 613                |
| Vehicle replacement   | 4,916         | 4,932         | 4,291         | 31,232               | 45,371             |
| <b>Total - LTP 2015-2025 Budget</b>                           | <b>19,004</b> | <b>14,354</b> | <b>24,713</b> | <b>103,339</b>       | <b>161,410</b>     |
| <b>Total - Required Renewals</b>                              | <b>19,306</b> | <b>20,038</b> | <b>18,749</b> | <b>103,285</b>       | <b>161,379</b>     |
| <b>Budget: Overspend / Unallocated</b>                        | <b>-302</b>   | <b>-5,684</b> | <b>5,964</b>  | <b>53</b>            | <b>31</b>          |

Figure 7-4: LTP Capital Works Programme and Funding Allocations.

The property renewal programme for the period 2015-2025 is approximately \$161.4 million, which includes \$45.4 million for vehicle replacement, and \$14.8 million for seismic retrofits. **Note:** seismic retrofit estimates are provision for all buildings across the Auckland Council network. Refer to Appendix F for a detailed breakdown of the capital works schedule.

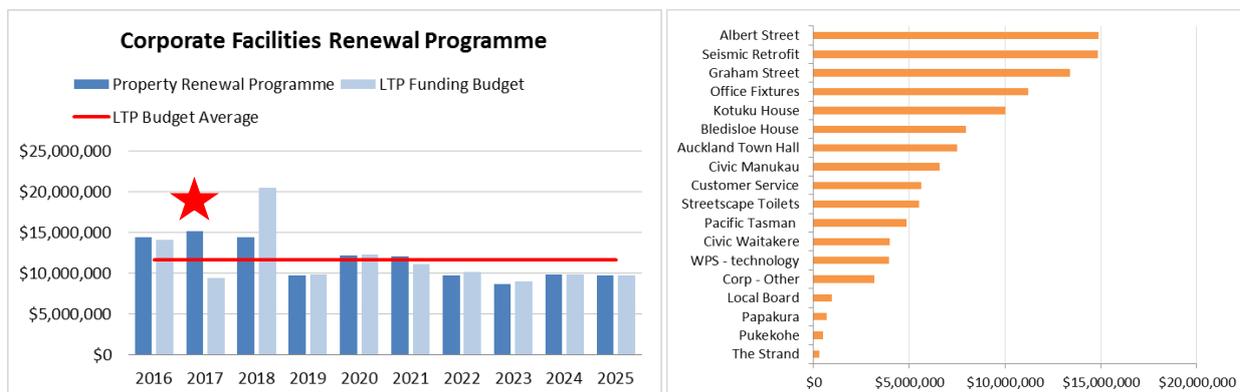


Figure 7-5: Property Renewal Programme and LTP Budget.

Figure 7-5 shows the intended renewal programme for the 10-year period 2015-2025. It includes provision for seismic retrofits, streetscape toilet renewals and office fixtures, fittings and equipment but excludes the provision for vehicle replacement.

#### Observations

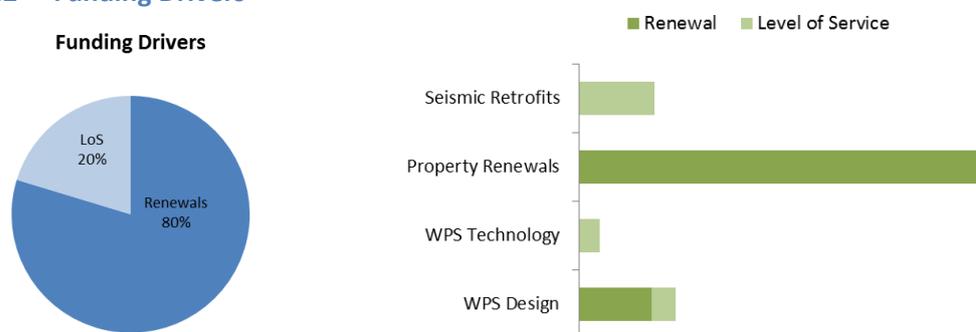
- There is a projected budget overspend of \$5.7 million in FY2017.
- This overspend is required primarily to fund workplace strategy and renewal related works at Kotuku House and Graham Street.
- It is projected that this overspend will be repaid through under expenditure in FY2018 (\$6.0 million).

- Over this 10-year LTP period, the Corporate Facilities renewal programme can be delivered within the funding envelope of \$161.410 million.

### Assumptions

- The ELT (Executive Leadership Team) have expressed a priority to complete refurbishment works at Kotuku House and Graham Street.
- Funding to complete these works is not available until 2018.
- Kotuku House refurbishment works will not commence before April 2016 and construction will take 90 weeks from this date.
- Graham Street refurbishment works will not commence before July 2016 and construction will take 108 weeks from this date.

### 7.3.2 Funding Drivers



| Project Group                               | Renewal      | LoS          | Growth |
|---|--------------|--------------|--------|
| Property Renewals                           | \$78,369,876 | \$0          | \$0    |
| Workplace Design and Technology Initiatives | \$14,098,232 | \$8,699,411  | \$0    |
| Seismic Retrofits                           | \$0          | \$14,840,000 | \$0    |

Figure 7-6: Capital Renewal Programming Funding Drivers.

Funding drivers for capital expenditure are classified in terms of renewal, level of service and growth. As can be seen in Figure 7-6, renewal classification is the dominant funding driver for the capital expenditure at 80 percent. No ‘growth’ related projects are proposed. The level of service component is determined as follows:

- Seismic retrofits are considered a level of service funding driver as this work contributes to a benefit (safety) that was not previously present.
- Workplace Design and Technology Initiatives are considered largely a refurbishment project, however it is acknowledged that there is a level of service improvement element to this work. The ratio for the design component is 75 percent renewal and 25 percent level of service, and technology is 100 percent level of service.

### 7.3.3 Renewal Investment Ratio

The Base Replacement Value of the portfolio is estimated at \$504.4 million using Rawlinson’s New Zealand base building and elemental costs 2014. Figure 7-7 shows the projected renewal investment ratio for the period 2015-2035. Investment peaks in 2017 (2.7 percent) and again in 2036 (2.4

percent) reflects workplace design projects (Kotuku House and Graham Street) and renewals anticipated for 135 Albert Street respectively.

The 10-year period 2025-2035 shows the investment ratio falls below 1 percent per annum. This can be partly attributed to the cycle nature of renewals caused by the significant investment in 2016-2018.

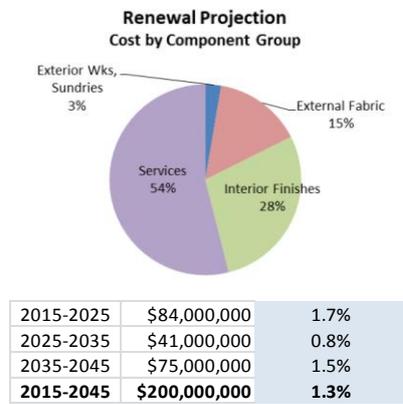
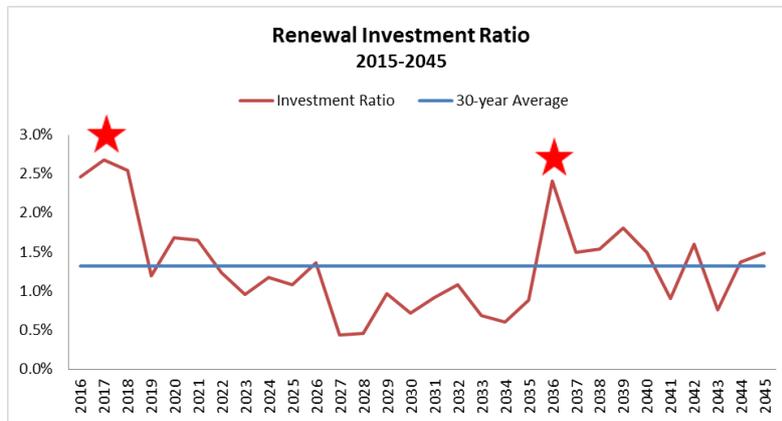


Figure 7-7: Renewal Investment Ratio.

### 7.3.4 Where is the investment going?

Figure 7-8 identifies where the \$116 million the corporate facilities LTP 2015-2025 renewal expenditure will be invested; and particularly, the breakdown of property renewals in terms of their component grouping.

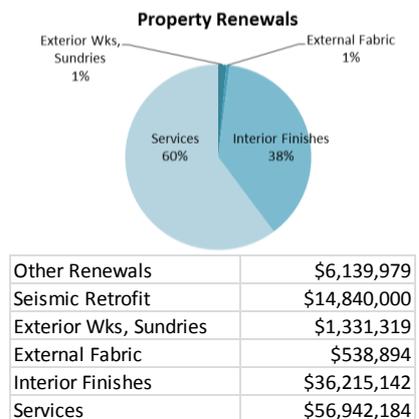
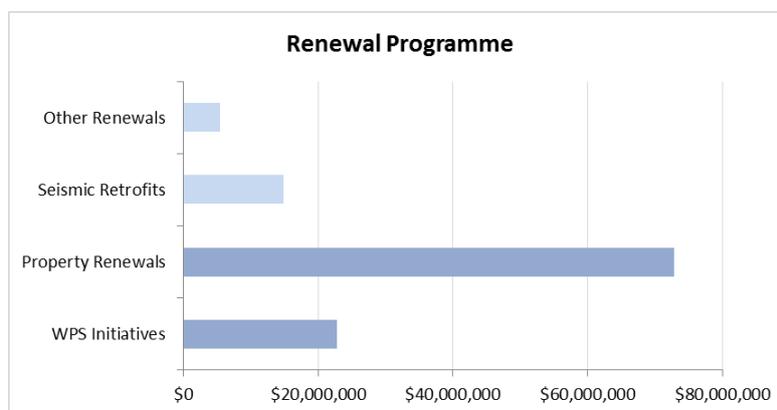


Figure 7-8: Renewal Investment.

### Observations

- Property renewals (pie graph) excludes seismic and streetscape toilet renewals.
- Sixty percent (\$57 million) of renewals funding will be spent on replacing critical services such as HVAC systems and lift upgrades.
- \$43 million of services expenditure is identified for Corporate 10 facilities alone, reflecting the expensive and complex systems installed in these buildings.
- Over \$72 million of the renewal programme is projected to be expended in financial years 2019 onwards, which is reflective of the cyclical base life of these assets (15 to 30 years).
- Approximately 20 percent of renewals are attributed to workplace design initiatives.

## 7.4 Strategic Relationship of Capital Expenditure

Figure 7-9 shows the strategic relationship between the LTP 2015-2025 Capital Works Programme and project linkages to levels of service, Property Strategy and Workplace Strategy. In terms of projects to be undertaken, these linkages are a demonstration that there is alignment with key objectives of the organisation. This is achieved through the project prioritisation process and is a means to justify capital expenditures.

| Corporate Facilities Capital Renewal Programme - LoS and Strategic Alignment |                     |   |                   |                     |
|--|---------------------|---|-------------------|---------------------|
| Project Description  | 2015-2025 Provision | Strategic Drivers for CAPEX Works Programme |                   |                     |
|  |                     | LoS Attribute                               | Property Strategy | Workplace Strategy  |
| Admin building renewals (Bledisloe House)                                    | \$7,957,544         | Reliable                                    | Principle 3       | Objective 2,5       |
| Admin building renewals (Graham St)  | \$7,933,082         | Reliable                                    | Principle 3       | Objective 2,5       |
| Admin building renewals (Kotuku House)                                       | \$3,411,290         | Reliable                                    | Principle 3       | Objective 2,5       |
| Admin building renewals (Manukau - Civic)                                    | \$5,777,268         | Reliable                                    | Principle 3       | Objective 2,5       |
| Admin building renewals (Takapuna)   | \$47,853            | Reliable                                    | Principle 3       | Objective 2,5       |
| Admin building renewals (Waitakere - Civic)                                  | \$2,353,041         | Reliable                                    | Principle 3       | Objective 2,5       |
| Administration Renewals  | \$893,572           | Reliable                                    | Principle 3       | Objective 2,5       |
| Administration renewals (135 Albert Street)                                  | \$14,866,675        | Reliable                                    | Principle 1       | Objective 2,5       |
| Auckland Council Workplace Strategy  | \$22,347,642        | Integrated                                  | Principle 1       | Objective 1,2,3,4,5 |
| Chillers upgrade (Aotea Square)  | \$1,071,440         | Reliable                                    | Principle 3       | Objective 2,5       |
| Local Board office renewals  | \$963,960           | Reliable                                    | Principle 3       | Objective 2,5       |
| Office fixtures, fittings and equipment                                      | \$11,207,179        | Reliable                                    | Principle 3       | Objective 2,4       |
| Regional sustainability projects   | \$612,859           | Sustainable                                 | Principle 1,3     | Objective 3         |
| Security (Administration building)   | \$610,867           | Safe  | Principle 3       | Objective 2         |
| Seismic Retrofit (all property)  | \$14,840,000        | Safe  | Principle 3       | Objective 2,5       |
| Service centre (Waiheke)   | \$100,000           | Reliable                                    | Principle 3       | Objective 2,5       |
| Service Centre renewals (general)  | \$8,042,726         | Reliable                                    | Principle 3       | Objective 2,5       |
| Service Centre renewals (Three Kings)  | \$3,499,935         | Reliable                                    | Principle 3       | Objective 2,5       |
| Town Hall Auckland Council Renewals  | \$746,600           | Reliable                                    | Principle 3       | Objective 2,5       |
| Town Hall RFA Renewals   | \$3,196,865         | Reliable                                    | Principle 3       | Objective 2,5       |

Figure 7-9: Capital Works Programme Strategic Alignment.

In terms of alignment to operational levels of service attributes (e.g. accessible, efficient, reliable and safe – see Section 5.5.1) Figure 7-10 identifies the breakdown of the capital works programme for the LTP period 2015-2025. Emphasis can be seen in making the portfolio reliable which is a direct result of workplace design initiatives being employed.

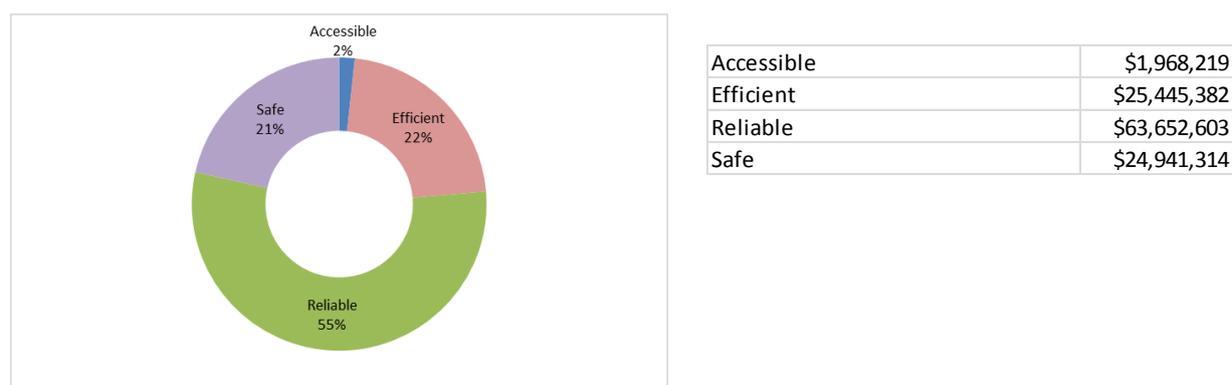


Figure 7-10: Capital Works Programme by LoS Attribute.

## 7.5 Sustainable Management

### 7.5.1 Summary

Corporate facilities are well placed to create disciplined cost reduction programs that encompass the entire portfolio and service functions by providing a platform to assist in the organisation's focus on cost reduction efforts. Strategic changes in the direction of the portfolio and the service it provides

cannot happen overnight, but programs of reasonable investment can be established in return for sustainable annual cost savings.

The emphasis to embed organisation-wide cost reduction efforts as a way to improve enterprise value is forefront in the key strategic drivers and objectives of the Property department, particularly those contained in the Property Strategy and Workplace Strategy. Key initiatives will be to direct efforts to increase stakeholder value through disciplined and sustainable reductions in operating expenses and improved bottom-line results.

### 7.5.2 30-Year Renewal Projection

Figure 7-11 shows the capital renewal projections for the 30-year period 2015-2045, with renewal modelling (SD Modelling) shown as a comparator.

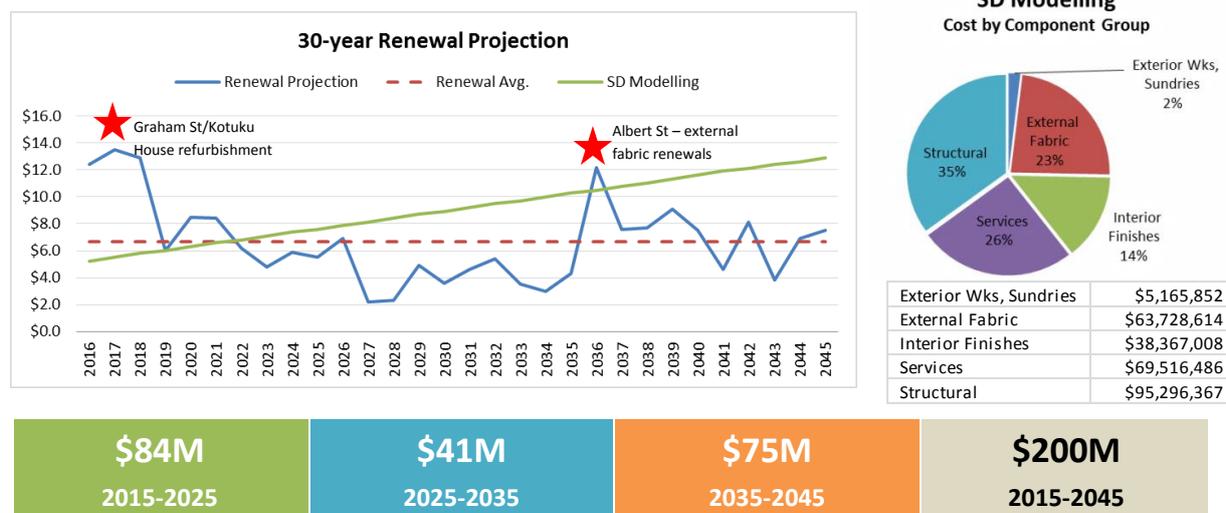


Figure 7-11: Capital Renewal Projection – 2015-2045.

#### Observations

- The comparator SD Modelling indicates a \$272 million requirement over the 30-year period, whereas the renewal projection indicates \$200 million for the same period.
- The gap between the total renewals projection and SD modelling is \$72 million. This can be explained in part by the modelling having an allowance of \$95 million for structural renewals and limited recognition of prior works.
- The average renewal projection is \$8.4 million per annum compared to the SD Modelling of around \$9 million per annum over the LTP period 2015-2025.
- Taking the structural allowance into consideration, for comparative purposes the SD Modelling does not indicate that there are any projected significant deferral works.
- The modelling is a theoretical representation of the cyclical nature of building renewals based on replacement value and age.

#### Assumptions

- The renewal projection includes renewal funding for seismic retrofits, office furniture and fitting renewal and streetscape toilet renewals (excludes vehicle replacement).
- Figures presented are in 2015 dollars and exclude GST.

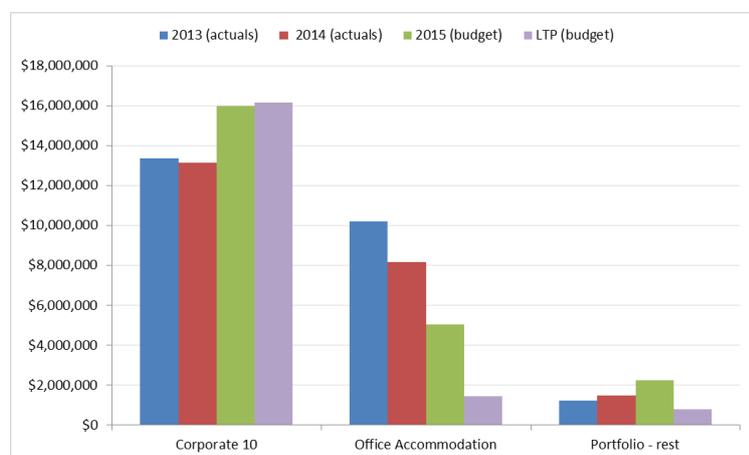
- No loading of costs (SPM figures) has occurred or escalation past current day rates.
- Figures shown have not been adjusted for inflation or the effect of the time value of money.
- \$4.8 million in SPM renewal projections 2026-2045 for Papakura Service Centre and Pukekohe Service Centre may not be required if these buildings are deemed not necessary for future accommodation purposes.
- \$13 million in SPM renewal projections for interior finishes and services of Graham Street and Kotuku House has been included for the period 2026-2045. The value of this expenditure may change subject to the scope of workplace design work planned for 2016 and 2017.
- Identified works may not necessarily occur in the years depicted.
- No allowance for structural modifications has been made.

## 7.6 Contribution to Funding Reductions

Property assets are complex and require significant expenditures to maintain and operate. These expenditures are necessary to support organisational objectives through provision of efficient and effective office accommodation. Sustainable occupancy cost reduction initiatives are therefore critical for the portfolio to ensure it is better positioned to deliver quality and essential services at least cost. Future opportunities to deliver savings to council include:

- Reducing occupancy costs with fewer facilities, more efficient space standards, and the potential relocation/consolidation of properties.
- Reduce facility operating costs through effective management and economies of supplied service contracts.
- Proactively identify and pursue external party sub-leasing opportunities within the existing portfolio.
- Benchmarking facilities management costs against industry peers to determine where the portfolio can reduce its occupancy costs.

Figure 7-12 compares historic actual operating costs (FY 2013 and FY 2014), current budget (FY 2015) against annualised operating budget (LTP 2015-2025) by portfolio asset function or group.



**Figure 7-12: Historic Operating Cost Summary by Asset Function.**

## Observations

- Increased operating costs for Corporate 10 facilities shown in 2015 onwards reflect the acquisition and subsequent operation of 135 Albert Street.
- The above increase is offset by significant decrease in costs for office accommodation group of facilities.
- Figure 7-12 demonstrates the positive effects of the Consolidation Project (see Section 3.4.1).

Figure 7-13 is a further extension of the information shown in Figure 7-14. This breaks down the same costs by expense category.

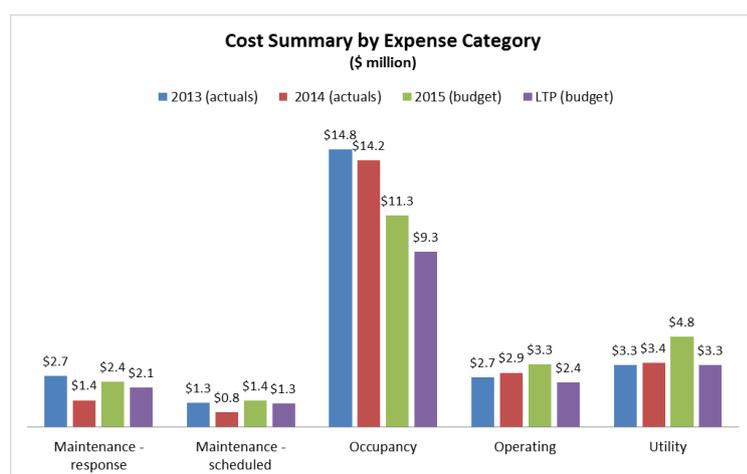


Figure 7-13: Historic Operating Cost by Expense Category.

## Observations

- The savings achieved has largely been achieved through reduction in occupancy costs (property rentals).
- Utility costs have plateaued (even though gross floor area has increased by the acquisition of 135 Albert Street).

## 7.7 Trade-offs

### 7.7.1 Options

#### Options for Consideration

|          |  |
|----------|--|
| Option 1 | ELT help us identify a source for the \$8m required to fund the technology part of the Phase 2 implementation  |
| Option 2 | We complete just the property and change management elements of the Workplace Strategy, but do not implement one of the key enablers to mobility – Technology                                      |
| Option 3 | ELT help us identify a source for \$2.8m to support the technology implementation at Graham Street and Kotuku House only – remaining Technology is rolled out in line with IS funding availability |
| Option 4 | We utilise \$4m of the property LTP budget to support the technology implementation and ELT help us identify a source for the remaining \$4m required  |
| Option 5 | We utilise \$8m of the property LTP budget to undertake the Technology aspect of Phase 2   |

Figure 7-14: Option Analysis.

Figure 7-14 identifies the options to consider a \$4 million to \$8 million funding shortfall to implement the critical Technology component for the Workplace Strategy Phase 2 Rollout programme.

## 7.7.2 Implications

Figure 7-15 identifies the items that will need to be cut from the refurbishment plans to half fund (option 4) or mostly fund (option 5).

| Location      | Option 4  | Option 5   |
|---------------|---|--|
| Kotuku House  | <p>Between Bledisloe House and 135 standard of fitout</p> <ul style="list-style-type: none"> <li>We do not refurbish the general ground floor space and do not install security gates</li> </ul>  | <p>Bledisloe House standard of fitout</p> <ul style="list-style-type: none"> <li>Reconfigure only half of the existing partitioning to create new meeting rooms and quiet rooms, and repaint</li> <li>We do not refurbish the general ground floor space and do not install security gates</li> </ul>  |
| Graham Street | <p>Bledisloe House standard of fitout</p> <ul style="list-style-type: none"> <li>Reconfigure only half of the existing partitioning to create new meeting rooms and quiet rooms, and repaint</li> <li>We do not install security gates</li> </ul> | <p>Less than Bledisloe House standard</p> <ul style="list-style-type: none"> <li>Reconfigure only half of the existing partitioning to create new meeting rooms and quiet rooms, and repaint</li> <li>We do not replace the carpet</li> <li>We do not revamp the toilets or add new showers</li> <li>We do not install security gates</li> </ul> |

**Figure 7-15: Option Implications.**

## 7.7.3 Outcome

It has been decided to proceed with Option 4 – a slightly reduced scope to the internal refurbishment of Kotuku House and Graham Street with ELT (Executive Leadership Team) to prioritise funding to support the \$4 million shortfall required to rollout the Technology component.

## 7.8 Data Confidence and Assumptions

The NAMS International Infrastructure Management Manual contains several rating scales to assess the level of confidence and accuracy/reliability of asset data and financial information (Section 2 pages 59, section 3 pages 87, 89). These scales are represented in Figure 7.16.

| Data Confidence            |   |          |
|----------------------------|---|----------|
| Grade                      | Description   | Accuracy |
| 1                          | Accurate  | 100%     |
| 2                          | Minor inaccuracies  | +/- 5%   |
| 3                          | 50% estimated   | +/- 20%  |
| 4                          | Significant data estimated  | +/- 30%  |
| 5                          | All data estimated  | +/- 40%  |
| Forecast confidence rating |   |          |
| Confidence Grade           | General meaning   |          |
| A Highly reliable          | Data based on sound records, procedure, investigations and analysis, documented properly and recognized as the best method of assessment.   |          |
| B Reliable                 | Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example the data are old, some documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation. |          |
| C Uncertain                | Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.  |          |
| D Very uncertain           | Data based on unconfirmed verbal reports and/or cursory inspection and analysis.  |          |

**Figure 7-16: NAMS Data Confidence Rating Scales.**

## 7.8.1 Confidence of Information

### Financial

All LTP 2015-2025 financial information other than asset values has been extracted from the council's core planning and budgeting system, Hyperion Planning. The underlying revenue and expenditure information is the same as that used for the LTP 2015-2025 and internal management budgets. It is possible that some financial figures outlined in this SAMP could change depending on outcomes of the consultation process of the LTP 2015-2025 process. Any amendments will be made through an addendum to this document.

- Capital Renewal budget information used is Version 9.4. It is possible that timing of projects could change.
- Operating Revenues and Expenditures are draft budget as at April 2015.
- Registered Valuations are as at 31 May 2014.
- Capital Replacement Values used in analysis in Section 7.3.3 are based from Rawlinsons New Zealand 2013-14 building costs per square metre (p24) and elemental costs of buildings (p53).

### Asset Knowledge and Component Data

Asset data and knowledge has come from many sources and overall can be considered as reliable. In some instances data knowledge is based upon unconfirmed verbal reports, cursory inspection and extrapolation. In the most part, these instances have occurred for asset groups or component groups that are not considered critical to the network (e.g. condition assessment of some local board buildings). Sources of information include:

- Comprehensive condition assessments by suitably qualified personnel.
- Detailed service reports on critical plant (i.e. HVAC systems and Lifts).
- Analysis of records and plans.
- Staff expertise.

## 7.8.2 Confidence Rating

The confidence levels in asset and financial data based on the NAMS rating scales are described in Figure 7-17.

| Asset Data   | Financial Forecasts | Assessment Reasoning  |
|--------------|---------------------|---|
| Grade 1: 10% | Years 1-3: A        | Data improvement programme; year 1-3 projects scoped; project prioritisation. |
| Grade 2: 40% | Years 4-10: B       | Data improvement programme; reliance on renewals analysis.                    |
| Grade 3: 40% | Years 11-30: C      | Extrapolation of component data; reliance on data modelling.                  |
| Grade 4: 10% |                     | Limited local board and service centre component data.                        |
| Grade 5: 10% |                     | Limited local board and service centre component data (SPM).                  |

**Figure 7-17: Confidence Rating.**

### 7.8.3 Key Assumptions

The following key assumptions have been used in preparing the financial summaries.

| Key Assumption  | Level of Uncertainty | Impact of Uncertainty   |
|---|----------------------|---|
| All revenue and expenditure is stated in 2014 dollar values with no allowance for inflation or future asset revaluation.  | None                 | Central inflation assumptions will be applied to all relevant revenue and expenditure for the purpose of compiling the Long Term Plan. Values are simply shown here excluding those inflation adjustments.  |
| The expenditure projections assume that council will continue to fund services at existing or noted levels of service.  | Low                  | Future council decisions to fund different levels of service could have a major impact on expenditure projections. The Auckland Plan provides some guidance about the council's likely future strategic direction.  |
| The planned capital expenditure programme can be fully delivered in the timeframes shown.   | Significant          | Under-delivery of capex may adversely affect the achievement of performance targets and impose a higher burden on ratepayers earlier than necessary. Central assumptions about capital expenditure deferrals will be applied in the Long Term Plan to avoid an unnecessary burden on ratepayers.      |
| Operating cost projections do not include an automatic increase for growth in demand. Instead, it is assumed that growth in demand has been adequately factored in as cost projections have been developed. | Moderate             | Actual operating costs requirements may be materially different to those projected here. Projected operating costs will be reviewed as better information and knowledge becomes available about the impact of demand growth.  |
| The registered valuations of assets as at 2014 provide a reasonable basis for understanding the value of assets under management.   | Moderate             | Individual asset revaluations could reveal a material change in asset values.   |
| Capital expenditure that will ultimately be funded from general rates or depreciation is stated as funded by "Borrowings" in the year the expenditure is incurred.  | Low                  | The financial summary provides an indication of the relative proportion of capital expenditure that we will ultimately be funded from each funding source. It does not present a GAAP compliant view of income and expenditure. That view is shown in the financial statements of the Long Term Plan. |

**Figure 7-18: Financial Assumptions.**

## 8 How Can We Improve?

### 8.1 Overview

A key feature of our asset management framework is to continue to improve asset management practices, processes and tools. This is reinforced through Principle 4 of the Property Strategy which states that Auckland Council will be *'A world class property function with excellent data management, benchmarking, monitoring and performance'*. Improvement programmes are essential to ensure the asset portfolio and services provided by corporate facilities are effectively managed.

Underpinning all improvement initiatives is a desire to improve asset knowledge through a commitment to move towards appropriate advanced asset management practices and delivering the most appropriate level of service commensurate with affordability and good industry practice.

### 8.2 Improvement Priorities

#### 8.2.1 Improvement Summary

A focus for improvement with regards to the management of the portfolio over the next three years is the need to build efficiencies into business as usual practices. Efficiencies are considered in terms of financial, utilisation, and sustainability, which ultimately impact on the portfolio's overall performance.

For example, key to making more effective use of the portfolio is to develop better base data on workplace occupancy and utilisation, particularly around static and dynamic workpoint densities. The impact on the portfolio that 'mobility' and 'flexibility' work practices have on demand and capacity is not fully appreciated.

Important decisions coming up for possible new Pukekohe Service Centre and a northern hub developments around type and space utilisation are key to understanding and measuring the real space impact of a more mobile and flexible workforce.

There are opportunities to exploit efficiencies if we can better understand the trends and implications of maintenance and operating costs. If we can determine benchmark operating costs across the portfolio then we can identify buildings that are under-performing. This information should be captured in Facility Management Plans.

Figure 8-1 provides a summary of key improvement priorities that are considered necessary to move forward in developing a more effective and efficient workplace.

| AM Attribute      | Improvement Initiative   | Actions Required  | 2016 | 2017 | 2018 | Priority (H/MH/M/ML/L) | Responsibility                |
|-------------------|--|---|------|------|------|------------------------|-------------------------------|
| Asset Risk        | Improve asset component knowledge and lifecycle implications (Corporate 10).                     | Condition surveys; critical plant reports; analyse operating costs; develop internal benchmarking capability (operating costs). | ✓    | ✓    |      | H                      | Regional Portfolio Team (RPT) |
| AM Practices      | Review component data collection and match to capital project planning and renewal requirements. | Review data capture standards; liaise with PC and PM; review historic renewal programmes.                                       | ✓    |      |      | MH                     | Asset Planner                 |
| Asset Utilisation | Improve knowledge of workplace utilisation in terms of workpoint static and dynamic capacity.    | Place and space surveys; develop cost per workpoint scenarios; occupancy surveys.   | ✓    | ✓    |      | H                      | Asset Planner                 |
| AM Practices      | Improve processes for recording and updating asset information.                                  | Review project closure process; review capital works programme - identify and record deferrals.                                 |      | ✓    |      | MH                     | Regional Portfolio Team (RPT) |
| Asset Lifecycle   | Develop renewal and maintenance programmes based on asset criticality.                           | Analysis of work orders; identify scheduled maintenance works; conduct risk analysis.   |      | ✓    | ✓    | ML                     | Regional Portfolio Team (RPT) |
| Asset Risk        | Undertake risk analysis of critical plant for Corporate 10 facilities.                           | Review and confirm critical assets; commission condition or maintenance (service provider) survey reports; risk analysis.       |      | ✓    | ✓    | MH                     | Regional Portfolio Team (RPT) |
| Asset Lifecycle   | Complete condition surveys of all property assets and populate data into AMIS (SPM Assets).      | HVAC and lift systems maintenance reports; critical plant condition surveys; as-built/CAD plans; (BIM).                         | ✓    | ✓    | ✓    | MH                     | Strategy & Asset Planning     |

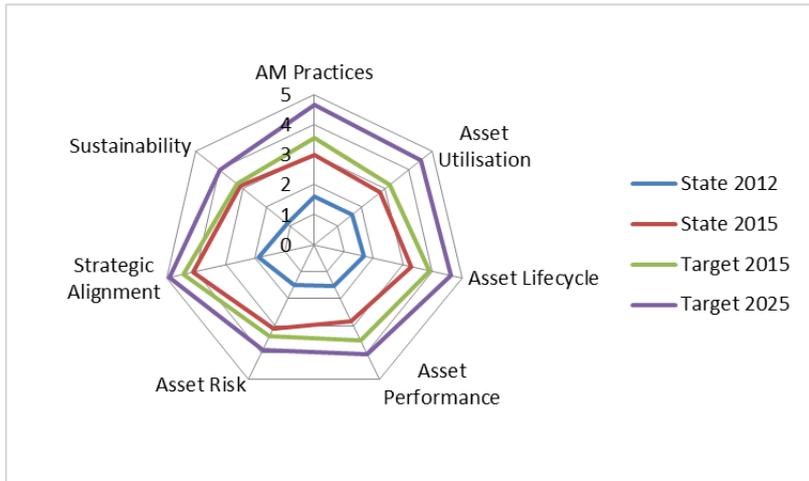
**Figure 8-1: Improvement Priority Summary.**

## 8.2.2 Improvement Progress

It is considered that huge progress has been made over the last three years in developing asset management capability. In terms of the Corporate SAMP, some key improvements are evident in areas surrounding:

- Asset knowledge – condition surveys have been undertaken on the most significant buildings in the portfolio, with the remainder being surveyed in 2015 and 2016. A number of reports have been commissioned on critical service plant (i.e. HVAC, vertical transportation). This has significantly improved our understanding of the asset condition.
- Historic operating expenditure is now available; capturing costs by building and expenditure category. Work orders can be tracked against performance criteria and maintenance or service history. This assists in the ability to analyse operating performance of buildings.
- The workplace and property strategies provide overarching policy direction as to the strategic purpose of the portfolio and where it needs to be in order to maximise benefit to the organisation.
- Understanding performance criteria expected from the portfolio with the development of a benchmarking framework, property performance standards, baseline building provision standards and the incorporation of sustainability measures and targets aligned to the Auckland Plan.

Figure 8-2 identifies our level of maturity in terms of asset management capability. It identifies asset management progress since 2012 and anticipated future state level of maturity (broken down by asset management attributes).



**Figure 8-2: Improvement Progress.**

### Observations

**Asset Lifecycle** – further work is to be done on whole-of-life costing and value. Also a greater appreciation of critical assets, particularly around specialised condition assessments, performance attributes and renewal cycles for HVAC plant, lifts and electrical systems for buildings.

**Asset Performance** – deficiencies largely around the development and monitoring of asset and LoS measures that demonstrate a facilities performance. Work has been done on the review of current performance measures and development of property performance standards.

Huge improvements have been made in areas of **Strategic Alignment** and **Sustainability** due to adoption of the property and workplace strategies; and progress in terms utility cost reporting and savings and involvement in the development of the draft Low Carbon Auckland Plan.

Although improvements have been made in understanding **Asset Utilisation** through the workplace strategy and the Corporate Accommodation Property Portfolio Review, deficiencies are around the confidence in data to calculate staff density ratios (static and dynamic).

**Asset Risk** – improvements have been made in developing a programme for assessing seismic risk for each building in the corporate property portfolio, including a draft policy on how Auckland Council will manage the risk associated with earthquake prone buildings.

**Asset Management Practices** – deficiencies are largely around system integration apprehensions (SPM and SAP); the basis and reliability of the capital project estimates; and staff resourcing shortfalls (Asset Planning).

### 8.3 Improvement Monitoring

Improvement priorities for the next three years (2015 to 2018) will be directed by the Corporate Regional Portfolio Team (RPT). The RPT is comprised of members of the Regional Operations Team (Property Coordinators), Workplace Performance (key stakeholder) and Asset Planning, and are responsible for delivering strategic and tactical solutions for the corporate facilities portfolio. The RPT will be initially guided by the Improvement Plan (refer Appendix G) but may eventually take improvement direction as needs necessitate.

# Appendices

## Appendix A: Portfolio Schedule

| Appendix A: Corporate Facilities Portfolio - 2015 |                                     |                            |                      |                              |                           |      |                |                       |              |                  |
|---|-------------------------------------|----------------------------|----------------------|------------------------------|---------------------------|------|----------------|-----------------------|--------------|------------------|
| FLOC (SAP ID)                                     | Facility Name                       | Address                    | Location             | Occupier (dominant use)      | Property Category         | Age  | Land Area (Ha) | GFA (m <sup>2</sup> ) | Floor Levels | Ownership Status |
| BU 1000/10957/0003                                | 1-7 The Strand                      | 1-7 The Strand             | Takapuna             | Auckland Council             | Corporate Accommodation   | 2000 | 0.0000         | 11,947                | 5            | Leased           |
| BU 1000/23237/0001                                | 135 Albert Street                   | 135 Albert Street          | Auckland CBD         | Auckland Council             | Corporate Accommodation   | 1991 | 0.3596         | 33,422                | 35           | Owned            |
| BU 1000/10100/0001                                | Bledisloe House                     | 24 Wellesley Street        | Auckland CBD         | Auckland Council             | Corporate Accommodation   | 1957 | 0.2955         | 16,003                | 11           | Owned            |
| BU 1000/10914/0001                                | Civic Manukau                       | 31-33 Manukau Station Road | Manukau              | Auckland Council             | Corporate Accommodation   | 1976 | 0.7828         | 8,754                 | 11           | Owned            |
| BU 1000/11464/0001                                | Civic Waitakere - Admin and Civic   | 6 Henderson Valley Road    | Henderson            | Auckland Council             | Corporate Accommodation   | 2006 | 1.6164         | 12,507                | 6            | Owned            |
| BU 1000/10078/0001                                | Graham Street                       | 35 Graham Street           | Auckland CBD         | Reg. Compliance, LB          | Corporate Accommodation   | 1996 | 0.4841         | 15,005                | 4            | Owned            |
| BU 1000/20002/0001                                | Kotuku House                        | 4 Osterley Way             | Manukau              | Auckland Council             | Corporate Accommodation   | 1981 | 0.0910         | 5,240                 | 5            | Owned            |
| BU 1000/11258/0001                                | Pacific-Tasman Building             | 50 Centreway Drive         | Orewa                | Auckland Council             | Corporate Accommodation   | 1977 | 1.9305         | 8,334                 | 3            | Owned            |
| BU 1000/20001/0001                                | Papakura Service Centre             | 35 Coles Crescent          | Papakura             | Auckland Council             | Corporate Accommodation   | 1970 | 0.5059         | 1,715                 | 2            | Owned            |
| BU 1000/10528/0002                                | Pukekohe Service Centre             | 82 Manukau Road            | Pukekohe             | Auckland Council             | Corporate Accommodation   | 1981 | 1.3090         | 2,361                 | 1            | Owned            |
| BU 1000/20013/0001                                | 2 The Strand                        | 2 The Strand               | Takapuna             | GIS, AT                      | Corporate Accommodation   | 1961 | 0.0486         | 629                   | 1            | Owned            |
| BU 1000/20009/0001                                | Albert-Eden Local Board Office      | 135 Dominion Road          | Mount Eden           | Albert-Eden Board            | Local Board Accommodation | 1975 | 0.0556         | 272                   | 2            | Owned            |
| BU 1000/11425/0002-102                            | Alderman Drive (level 1)            | 5/20 Alderman Drive        | Henderson            | IS Projects                  | Corporate Accommodation   | 1990 | -              | 350                   | 1            | Owned            |
| BU 1000/10083/0001                                | Auckland Town Hall                  | 301-303 Queen Street       | Auckland CBD         | Mayoral Office               | Local Board Accommodation | 1909 | -              | 800                   | 1            | Owned            |
| BU 1000/10192/0001                                | Civic Auckland Central              | 1 Greys Avenue             | Auckland CBD         | Auckland Council             | Corporate Accommodation   | 1966 | -              | 14,320                | 18           | Owned            |
| BU 1000/11410/0001                                | Civic Waitakere - Central One       | 2-4 Henderson Valley Road  | Henderson            | ATEED, AT, SW                | Corporate Accommodation   | 2006 | 1.7290         | 1,965                 | 3            | Owned            |
| BU 1000/10951/0001                                | East Coast Bays Service Centre      | 2 Glen Road                | Browns Bay           | Auckland Council             | Customer Service Centre   | 1975 | 0.1038         | 1,241                 | 3            | Owned            |
| BU 1000/11050/0001                                | Devenport Service Centre            | 3 Victoria Road            | Devenport            | Auckland Council             | Customer Service Centre   | 1940 | 0.0468         | 530                   | 1            | Owned            |
| BU 1000/11363/0001                                | GPT Building (Units G & H)          | 4 Waipareira Avenue        | Henderson            | Records, Archives            | Corporate Accommodation   | 2000 | 0.0000         | 600                   | 1            | Leased           |
| BU 1000/10254/0001                                | Great Barrier Service Centre        | 75 Hector Sanderson Road   | Great Barrier Island | Auckland Council             | Customer Service Centre   | 1990 | 0.4140         | 422                   | 1            | Owned            |
| BU 1000/10119/0001                                | Griffiths Building (level 2)        | 32-42 Wellesley Street     | Auckland CBD         | IS, RFA                      | Corporate Accommodation   | 1923 | -              | 340                   | 2            | Owned            |
| BU 1000/10908/0001                                | Howick Local Board Office           | 1 Aylesbury Street         | Pakuranga            | Howick Local Board           | Local Board Accommodation | 1996 | 0.0000         | 124                   | 1            | Leased           |
| BU 1000/11259/0002-101                            | Huapai Service Centre               | 300 Main Road (SH16)       | Huapai               | Auckland Council             | Customer Service Centre   | 1997 | 2.1959         | 790                   | 1            | Owned            |
| BU 1000/10766/0004-101                            | Mangere-Otahuhu Local Board Office  | 121R Bader Drive           | Mangere              | Mangere-Otahuhu Local Board  | Local Board Accommodation | 1995 | -              | 285                   | 1            | Owned            |
| BU 1000/10647/0004                                | Manurewa Local Board Office         | 7 Hill Road                | Manurewa             | Manurewa Local Board         | Local Board Accommodation | 1982 | 1.7912         | 58                    | 2            | Owned            |
| BU 1000/10440/0001                                | Orakei Local Board Office           | 35 Saint Johns Road        | Meadowbank           | Orakei Local Board           | Local Board Accommodation | 1960 | 0.0000         | 87                    | 1            | Leased           |
| BU 1000/12998/0001                                | Sharkey Street                      | 8 Sharkey Street           | Manukau              | Library, Projects            | Corporate Accommodation   | 1990 | 0.0000         | 813                   | 1            | Leased           |
| BU 1000/10055/0004                                | Three Kings Metrowater Building     | 560 Mount Albert Road      | Three Kings          | Vacant                       | Corporate Accommodation   | 1957 | -              | 2,240                 | 2            | Owned            |
| BU 1000/11108/0002                                | Upper Harbour Local Board Office    | 30 Keil Drive              | Albany               | Auckland Council             | Local Board Accommodation | 2005 | 0.0000         | 215                   | 1            | Leased           |
| BU 1000/10021/0001                                | Waiheke Service Centre              | 10 Belgium Street          | Waiheke Island       | Auckland Council             | Customer Service Centre   | 1930 | 0.2024         | 610                   | 1            | Owned            |
| BU 1000/11468/0001                                | Waitakere Ranges Local Board Office | 39 Glenmalil Place         | Glen Eden            | Waitakere Ranges Local Board | Local Board Accommodation | 1975 | 0.0323         | 208                   | 2            | Owned            |
| BU 1000/11247/0001-101                            | Warkworth Service Centre            | 1 Baxter Street            | Warkworth            | Auckland Council             | Customer Service Centre   | 1981 | 1.6850         | 508                   | 1            | Owned            |
| BU 1000/11347/0001                                | Whau Board Local Office             | 31 Totara Avenue           | New Lynn             | Whau Local Board             | Local Board Accommodation | 1990 | 0.0000         | 230                   | 1            | Leased           |

| Customer Service Centre List and Location |  |                            |              |                    |
|---|--|----------------------------|--------------|--------------------|
| Service Centre                            | Facility Name                          | Address                    | Location     | Facility AMP       |
| Albany                                    | Upper Harbour Local Board Office       | 30 Kell Drive              | Albany       | Corporate Property |
| Auckland Central                          | Bledisloe House                        | 24 Wellesley Street        | Auckland CBD | Corporate Property |
| Auckland Central                          | Graham Street                          | 35 Graham Street           | Auckland CBD | Corporate Property |
| Birkenhead                                | Birkenhead Library                     | Hinemoa Sreet              | Birkenhed    | Libraries          |
| Browns Bay                                | East Coast Bays Service Centre         | 2 Glen Road                | Browns Bay   | Corporate Property |
| Devonport                                 | Devenport Service Centre               | 3 Victoria Road            | Devenport    | Corporate Property |
| Glen Eden                                 | Waitakere Ranges Local Board Office    | 39 Glenmall Place          | Glen Eden    | Corporate Property |
| Glenfield                                 | Glenfield Library                      | 90 Bentley Avenue          | Glenfield    | Libraries          |
| Great Barrier                             | Great Barrier Service Centre           | 75 Hector Sanderson Road   | Claris       | Corporate Property |
| Helensville                               | Helensville Library and Service Centre | 49 Commercial Road         | Helensville  | Libraries          |
| Henderson                                 | Civic Waitakere                        | 6 Henderson Valley Road    | Henderson    | Corporate Property |
| Huapai                                    | Huapai Service Centre                  | 300 Main Road (SH16)       | Huapai       | Corporate Property |
| Mangere                                   | Mangere-Otahuhu Local Board Office     | 121R Bader Drive           | Mangere      | Corporate Property |
| Manukau                                   | Kotuku House                           | 4 Osterley Way             | Manukau      | Corporate Property |
| Manurewa                                  | Manurewa Service Centre                | 7 Hill Road                | Manurewa     | Corporate Property |
| Massey                                    | Masey Leisure Centre and Library       | 545 Don Buck Road          | Massey       | Libraries          |
| Mt Eden                                   | Albert-Eden Local Board Office         | 135 Dominion Road          | Mt Eden      | Corporate Property |
| New Lynn                                  | Whau Board Local Office                | 31 Totara Avenue           | New Lynn     | Corporate Property |
| Orewa                                     | Pacific-Tasman Building                | 50 Centreway Drive         | Orewa        | Corporate Property |
| Pakuranga                                 | Howick Local Board Office              | 1 Aylesbury Street         | Pakuranga    | Corporate Property |
| Panmure                                   | Panmure Library                        | 7/13 Pilkington Avenue     | Panmure      | Libraries          |
| Papakura                                  | Papakura Service Centre                | 35 Coles Crescent          | Papakura     | Corporate Property |
| Pukekohe                                  | Pukekohe Service Centre                | 82 Manukau Road            | Pukekohe     | Corporate Property |
| Takapuna                                  | 1 The Strand                           | 1-7 The Strand             | Takapuna     | Corporate Property |
| Waiheke                                   | Waiheke Service Centre                 | 10 Belgium Street          | Ostend       | Corporate Property |
| Waiuku                                    | Waiuku Civic Centre                    | 10 King Street             | Waiuku       | Libraries          |
| Warkworth                                 | Warkworth Service Centre               | 1 Baxter Street            | Warkworth    | Corporate Property |
| Whangaparaoa                              | Whangaparaoa Library and Service Cen   | 9 Main Street              | Whangaparaoa | Libraries          |
| Local Board Office List and Location      |  |                            |              |                    |
| Local Board                               | Facility Name                          | Address                    | Location     | Facility AMP       |
| Governing Body                            | Auckland Town Hall                     | 301-303 Queen Street       | Auckland CBD | Regional Facility  |
| Albert - Eden                             | Albert-Eden Local Board Office         | 135 Dominion Road          | Mt Eden      | Corporate Property |
| Devonport - Takapuna                      | 1 The Strand                           | 1-7 The Strand             | Takapuna     | Corporate Property |
| Franklin                                  | Pukekohe Service Centre                | 82 Manukau Road            | Pukekohe     | Corporate Property |
| Great Barrier                             | Great Barrier Service Centre           | 75 Hector Sanderson Road   | Claris       | Corporate Property |
| Henderson - Massey                        | Civic Waitakere                        | 6 Henderson Valley Road    | Henderson    | Corporate Property |
| Hibiscus and Bays                         | East Coast Bays Service Centre         | 2 Glen Avenue              | Browns Bay   | Corporate Property |
| Howick                                    | Howick Local Board Office              | 1 Aylesbury Street         | Pakuranga    | Corporate Property |
| Kaipatiki                                 | Glenfield Library                      | 90 Bentley Avenue          | Glenfield    | Libraries          |
| Mangere - Otahuhu                         | Mangere-Otahuhu Local Board Office     | 121R Bader Drive           | Mangere      | Corporate Property |
| Manurewa                                  | Manurewa Service Centre                | 7 Hill Road                | Manurewa     | Corporate Property |
| Maungakiekie -Tamaki                      | Panmure Library                        | 7/13 Pilkington Avenue     | Panmure      | Libraries          |
| Orakei                                    | Orakei Local Board Office              | 35 Saint Johns Road        | Meadowbank   | Corporate Property |
| Otara - Papatoetoe                        | Civic Manukau Level 1                  | 31-33 Manukau Station Road | Manukau      | Corporate Property |
| Papakura                                  | Papakura Service Centre                | 35 Coles Crescent          | Papakura     | Corporate Property |
| Puketapapa                                | Mount Roskill Library                  | 546-548 Mount Albert Road  | Three Kings  | Libraries          |
| Rodney                                    | Pacific-Tasman Building                | 50 Centreway Drive         | Orewa        | Corporate Property |
| Upper Harbour                             | Upper Harbour Local Board Office & Cu  | 30 Kell Drive              | Albany       | Corporate Property |
| Waiheke                                   | Waiheke Service Centre                 | 10 Belgium Street          | Ostend       | Corporate Property |
| Waitakere Ranges                          | Waitakere Ranges Local Board Office    | 39 Glenmall Place          | Glen Eden    | Corporate Property |
| Waitemata                                 | Graham Street Level 2                  | 35 Graham Street           | Auckland CBD | Corporate Property |
| Whau                                      | Whau Board Local Office                | 31 Totara Avenue           | New Lynn     | Corporate Property |

## Appendix B: Levels of Service

| Corporate Facilities  | Strategic Attributes |        |   |          |                         |                         |                         | Operational Attributes     |            |        |  |          |                         |                         |                         |
|---|----------------------|--------|---|----------|-------------------------|-------------------------|-------------------------|----------------------------|------------|--------|--|----------|-------------------------|-------------------------|-------------------------|
|   | Attribute            | Num    | Measure   | Baseline | Year 1 target (2015-16) | Year 2 target (2016-17) | Year 3 target (2017-18) | Year 4-10 target (2018-25) | Attribute  | Num    | Measure  | Baseline | Year 1 target (2015-16) | Year 2 target (2016-17) | Year 3 target (2017-18) |
| Corporate facilities provide a high quality, safe and accessible environment that is efficiently and sustainably managed, delivering value for money to present and future users, customers, visitors and stakeholders to our facilities. | Flexible             | New    | (#) Office Accommodation workplaces that support flexible working i.e. touch down points, Wi-Fi and VoIP capabilities (corporate 10). | 2        | 6                       | 8                       | 10                      | 10                         | Accessible | C3.2   | (%) Corporate facilities are accessible, located within 500m of key public transport nodes (portfolio).        | 100%     | 100%                    | 100%                    | 100%                    |
|   | Flexible             | New    | (#) Workpoints provided per occupant (corporate 10).  | 1.2      | 1.2                     | 1.2                     | 1.2                     | 1.1                        | Accessible | T3.1.2 | (%) Corporate property facilities providing disabled car parking spaces pursuant to Building Code standards.   | 100%     | 100%                    | 100%                    | 100%                    |
|   | Sustainable          | T1.2.1 | (%) Occupancy ratio-net lettable area (N/A).  | 85%      | 85%                     | 85%                     | 85%                     | 90%                        | Efficient  | New    | (%) Response maintenance calls to supported staff headcount administration buildings.                          | 3.0      | 3.0                     | 2.5                     | 2.0                     |
|   | Sustainable          | T1.1.2 | (S) Annual operating cost per square metre-net lettable area (N/A).   | \$138    | \$125                   | \$125                   | \$120                   | \$115                      | Efficient  | T4.1.1 | (%) Operating expenditure is managed within range -5% to -10% of budget.                                       | 100%     | 100%                    | 100%                    | 100%                    |
|   | Sustainable          | T1.3.2 | (kWh/m2) Annual energy consumed per square metre-gross floor area (portfolio)   | 130.0    | 130.0                   | 130.0                   | 125.0                   | 115.0                      | Efficient  | T4.4.1 | (%) Capital Renewals projects delivered according to schedule (time).  | 80%      | 80%                     | 80%                     | 80%                     |
|   | Sustainable          | T4.3.1 | (%) Deferred capex compared to approved annual capex programme.   | 15%      | 15%                     | 15%                     | 15%                     | 15%                        | Efficient  | New    | (Ratio) W or replace density ratio- number of workpoints provided per net lettable area (corporate 10).        | 12.5     | 12.5                    | 12.5                    | 12.5                    |
|   | Sustainable          | New    | (S) Occupancy cost per workpoint-net lettable area (corporate 10).  | \$4,128  | \$4,100                 | \$4,100                 | \$4,000                 | \$3,600                    | Reliable   | T2.1.1 | (%) Facilities with an assessed condition grade of 3 or better.  | 90%      | 90%                     | 90%                     | 90%                     |
|   | Integrated           | New    | (%) Customers and stakeholders of the Property department consider services provided are satisfactory or better.                      | 90%      | 90%                     | 90%                     | 90%                     | 90%                        | Reliable   | T4.3.2 | (%) Percentage of maintenance budget is scheduled maintenance.   | 55%      | 55%                     | 55%                     | 65%                     |
|   | Integrated           | C2.1   | (%) Users satisfied with their physical work environment (engagement survey result Q47).  | 90%      | 90%                     | 90%                     | 90%                     | 90%                        | Reliable   | New    | (%) Response maintenance tasks completed within required response times.                                       | 100%     | 100%                    | 100%                    | 100%                    |
|   |                      |        |   |          |                         |                         |                         |                            | Safe       | T3.3.1 | (%) Buildings that require a WOP hold a current certificate and are maintained in accordance with the warrant. | 100%     | 100%                    | 100%                    | 100%                    |
|   |                      |        |   |          |                         |                         |                         |                            | Safe       | T3.4.2 | (%) Corporate Property facilities where annual hazard inspections have been carried out.                       | 100%     | 100%                    | 100%                    | 100%                    |
|   |                      |        |   |          |                         |                         |                         |                            | Safe       | New    | (%) Buildings with seismic rating below 33% NBS.   | 15%      | 15%                     | 15%                     | 0%                      |

## Appendix C: Baseline Building Standards

### Baseline Building Provision Standard – Corporate Accommodation

Objective: To provide an integrated approach to operating, maintaining, improving and adapting corporate accommodation in order to create a flexible workplace environment that strongly supports high performing teams and delivery of the objectives of the Auckland Council.

| Office Quality Grading Matrix <sup>1</sup> | Descriptor (PCNZ)  | Technical Services Provided (PCNZ)   | The Asset Provides   | Current Provision (number) | Future Provision (number)               | Current Provision   | Provision Gap   | Cost  |
|--|--|--|--|----------------------------|---|---|---|---|
| Regional                                   | <p>A landmark office building located in major CBD office markets which is a pace setter in establishing rents and includes: ample natural lighting; good views/outlook; prestige lobby finish; on-site undercover parking; quality access to/from an attractive street setting; premium presentation and maintenance.</p>  | <p>State of the art technical services will typically include the following:</p> <ul style="list-style-type: none"> <li>Size – gross floor generally greater than 20,000m<sup>2</sup>; floorplate generally &gt;1,000m<sup>2</sup>; largely column free</li> <li>HVAC System – multiple zoning capacity; supplementary fresh air system; auxiliary condenser water loop.</li> <li>Lifts – waiting interval not to exceed 25 seconds; handling capacity in excess of 15%; quality ride with low noise; a dedicated goods lift.</li> <li>Power – minimum 25 watts m<sup>2</sup> load capacity; availability of dedicated data risers.</li> <li>Lighting – high quality ultra low brightness fittings.</li> <li>Building Intelligence - high quality building automation system (BMS); 24-hour card key access; after hours air-conditioning dial-up; energy and stand-by power management; manned control room; perimeter security, and closed circuit TV.</li> <li>Stand-by Power - full power for all essential services and ventilation and at least 50% power for lighting and lifts.</li> </ul> | <p>Our landmark facilities will also typically provide the following:</p> <ul style="list-style-type: none"> <li>Seismic – &gt;100% NBS rated.</li> <li>Tenancy – accommodates 2,000+ staff and external tenants.</li> <li>Environmental Grading – 5 Green Star (office interiors).</li> <li>Technology – WiFi connectivity and wireless availability throughout; video conferencing.</li> <li>Layout – open plan; free desking opportunity; large and small meeting rooms; informal workspaces; quiet rooms;</li> <li>Amenities – catered cafeteria; lunchroom / kitchenettes; showers and change facilities; first aid rooms.</li> </ul> | 1 building                 | 1 building                              | 135 Albert Street   | Lift upgrade required.  | \$5M  |
| Regional Hub                               | <p>High quality space including: good views/outlook; quality lobby finish; on-site undercover parking; quality access to/from an attractive street setting; quality presentation and maintenance.</p>   | <p>High quality technical services will typically include the following:</p> <ul style="list-style-type: none"> <li>Size – gross floor generally greater than 10,000m<sup>2</sup>; floorplate generally &gt;600m<sup>2</sup>; largely column free</li> <li>HVAC System – Multiple zones of approximately 100sqm; the HVAC should have an auxiliary condenser water loop for tenant use.</li> <li>Lifts – Waiting interval not to exceed 30 seconds; handling capacity around 14-15% and a good quality ride.</li> <li>Power – minimum 15 watts m<sup>2</sup> load</li> </ul>   | <p>Our high quality facilities will also typically provide the following:</p> <ul style="list-style-type: none"> <li>Seismic – 100% NBS rated.</li> <li>Tenancy – accommodates 300 to 1,000 staff and external tenants.</li> <li>Technology – WiFi connectivity and wireless availability throughout; video conferencing.</li> <li>Layout – open plan; free desking opportunity; large and small meeting rooms; informal workspaces; quiet rooms.</li> </ul>   | 6 buildings                | (6) buildings (The Strand/Northern Hub) | <ul style="list-style-type: none"> <li>Civic Waitakere</li> <li>The Strand (Takapuna)</li> <li>Graham Street</li> <li>Bledisloe House</li> <li>Civic Manukau</li> <li>Kotuku House</li> </ul> | <ul style="list-style-type: none"> <li>Graham Street</li> <li>Technology, amenities (catered café), HVAC, lighting.</li> <li>Kotuku House</li> <li>Technology, layout, lifts, lighting.</li> <li>Bledisloe House</li> <li>Lifts.</li> </ul> | <ul style="list-style-type: none"> <li>\$12.2M</li> <li>\$8.4M</li> <li>\$1.5M</li> </ul> |

<sup>1</sup> Property Council of New Zealand, CBD Office Quality Grading Matrix.

| Office Quality Grading Matrix <sup>4</sup> | Descriptor (PCNZ)  | Technical Services Provided (PCNZ)  | The Asset Provides   | Current Provision (number)                           | Future Provision (number)                            | Current Provision  | Provision Gap  | Cost   |
|--|--|---|--|--|--|--|--|--|
|  |   | <ul style="list-style-type: none"> <li>capacity.</li> <li>Lighting – lower quality ultra low brightness fittings.</li> <li>Building Intelligence – Direct digital controls, 24 hour access with card key and off-site alarm monitoring, key switch after hours airconditioning.</li> <li>Stand-by Power – full power for essential services and full ventilation.</li> </ul>  | <ul style="list-style-type: none"> <li>Amenities – catered cafeteria; lunchroom / kitchenettes; showers and change facilities; first aid rooms.</li> </ul>   |  |  |  | <ul style="list-style-type: none"> <li>Civic Waitakere</li> <li>Technology, HVAC.</li> <li>Civic Manukau</li> <li>Technology, layout.</li> </ul> | <ul style="list-style-type: none"> <li>\$3.9M</li> <li>\$800k</li> </ul> |
| Service Hub                                | <p>Good quality space with a reasonable standard of finish and maintenance. Tenant car parking facilities should be available.</p>  | <p>A basic standard of technical services that will generally include most of the following:</p> <ul style="list-style-type: none"> <li>Size – any size.</li> <li>HVAC System – Comprises a reasonable system with one controllable zone per building face.</li> <li>Lifts – Waiting interval not to exceed 35 seconds, handling capacity around 13-14%.</li> <li>Power – Load capacity 10 watts m<sup>2</sup>.</li> <li>Lighting – Recessed prismatic fittings.</li> <li>Building Intelligence – Electronic controls, 24 hour access with card, key switch for after hours airconditioning.</li> <li>Stand-by Power – none.</li> </ul> | <p>Our good quality facilities will also typically provide the following:</p> <ul style="list-style-type: none"> <li>Seismic – 100% NBS rated.</li> <li>Tenancy – accommodates up to 200 staff and external tenants.</li> <li>Technology – WiFi connectivity and wireless availability throughout; video conferencing,</li> <li>Layout – open plan; free desking opportunity, large and small meeting rooms; informal workspaces; quiet rooms.</li> <li>Amenities – lunchroom / kitchenettes; showers and change facilities; first aid rooms.</li> </ul> | <ul style="list-style-type: none"> <li>22</li> </ul> | <ul style="list-style-type: none"> <li>22</li> </ul> | <ul style="list-style-type: none"> <li>Pacific/Tasman Building (Orewa)</li> <li>Papakura Service Centre</li> <li>Pukekohe Service Centre</li> <li>Customer Service Local Board</li> <li>Alderman Drive Central one</li> <li>GPT Building</li> <li>Sharkey Street</li> <li>Three Kings</li> </ul> | <ul style="list-style-type: none"> <li>Pacific-Tasman</li> <li>Technology, layout, HVAC.</li> </ul>  | <ul style="list-style-type: none"> <li>\$2.1M</li> </ul>                 |
| Other                                      | <p>Office space with lower poor quality finish.</p> <p>Note: These sites are identified for disposal or possible change in use to another purpose (i.e. not a corporate facility).</p>                                 | <p>Services fall below the minimum set for a Service Hub.</p>   |  | <ul style="list-style-type: none"> <li>4</li> </ul>  | <ul style="list-style-type: none"> <li>0</li> </ul>  | <ul style="list-style-type: none"> <li>Griffiths Building</li> <li>Civic Auckland Central</li> <li>Devenport Service Centre</li> <li>Three Kings</li> </ul>  |  |  |

This classification is fully integrated into the New Zealand property market and is recognised in this asset management plan as a benchmark of baseline provision. Importantly, it is also considered typical of grading systems in other global cities. The Greenstar ESD rating is widely known to form part of the new benchmarking metrics.

# Appendix D: Risk Register

| Corporate Facilities Risk Register 2015  |                        |   |                                 |                 |            |                   |  |  |   |                               |             |            |                 |               |
|--|------------------------|---|---------------------------------|-----------------|------------|-------------------|--|--|---|-------------------------------|-------------|------------|-----------------|---------------|
| Prepared by: Andrew Morgan<br>Principal Specialist Asset Owner - Property<br>Signed off by: Karen McAuliffe<br>Risk Register Strategic Asset Planning<br>Date: 1 July 2015 |                        |   |                                 |                 |            |                   |  |  |   |                               |             |            |                 |               |
| Ref ID #   | Risk Description       | Impact  | Risk Category                   | Risk Assessment |            |                   | Existing Control(s)  | Additional Control(s) required   | Risk Treatment Plan Summary   | Risk Status (After treatment) |             |            | Review Date     | Open / Closed |
|  |                        |   |                                 | Consequence     | Risk Score | Risk Rating (RAC) |  |  |   | Likelihood                    | Consequence | Risk Score |                 |               |
|  | Building Closure       | Unavailability of facilities for council personnel; loss of service provision to community.   | Delivery of Commitments         | 2               | 4          | 8                 | Business continuation planning<br>Business Continuity Planning<br>Condition surveys<br>CDM planning and liaison<br>Service contracts<br>Climate risks identified   | Current BWOF planning<br>Facility asset reports<br>Portfolio benchmarking                | Existing controls adequate. Development of FMEs a priority.                               | 1                             | 4           | 4          | Annual          | Open          |
|  | Critical Plant Failure | Failure of critical equipment eg. HVAC, lifts, power supply.  | Operational Capability          | 2               | 3          | 6                 | Comprehensive maintenance contracts<br>Performance data<br>Planned maintenance schedules<br>BWOF compliance schedule<br>Facility management plans (in development)<br>Regular reporting program<br>Facility inspection checklist | Monitor scheduled maintenance<br>Condition surveys of critical plant.                    | Existing controls adequate. Needs to action condition survey/reporting of critical plant. | 1                             | 2           | 2          | 3 yearly        | Open          |
|  | Fire                   | Damage to entire or partial building causing evacuation and loss of use for a period of weeks or months.  | Assets                          | 3               | 5          | 15                | EWIS - sprinkler, gas & smoke<br>Safety audits<br>BWOF compliance schedule<br>Regular maintenance schedules<br>Comprehensive maintenance contracts<br>Regular maintenance inspections<br>Condition surveys<br>Insurance          | Critical plant and systems inspection schedule (part of facility inspection checklists). | Existing controls adequate.   | 1                             | 4           | 4          | Annual          | Open          |
|  | Funding Constraints    | Decline in integrity and service capacity of assets due to underfunding; insufficient depreciation funding; unexpected cost increases.  | Operational Capability          | 2               | 2          | 4                 | Assets are involved in project identification<br>Robust asset data<br>Up to date asset management plan   | Facility management plans (in development).  | Existing controls adequate. Development of FMEs a priority.                               | 2                             | 1           | 2          | Annual          | Open          |
|  | Service Failure        | Inadequate contractor performance - service deterioration of assets; excessive deterioration of assets; unnecessary or excessive costs; lack of compliance.   | Supplies                        | 2               | 2          | 4                 | Performance based supplier services<br>Regular contract auditing and monitoring<br>Regional (local and service-based contracts)<br>Supplier performance monitoring<br>Preferred suppliers  | None identified.   | Existing controls adequate.   | 2                             | 1           | 2          | Contract period | Open          |
|  | Climate Change         | Natural climate events and their possible impact on the portfolio.  | Environment (Natural and Built) | 2               | 2          | 4                 | Supplier based optimisation initiative (in progress).<br>Issues and impacts identified<br>Organisational buy-ins and resourcing<br>Spread of portfolio mitigates risk (likely 'localised' impacts)<br>Regular reviews (3 yearly) | None identified.   | Existing controls adequate.   | 1                             | 2           | 2          | 3 yearly        | Open          |
|  | Seismic Risk           | Structural integrity of buildings in the event of an earthquake.  | Assets                          | 1               | 5          | 5                 | Assessment process underway<br>Drift policy developed<br>Legislated<br>Bounded funding (as per budgeted)<br>Regular resourcing   | None identified.   | Existing controls adequate.   | 1                             | 3           | 3          | As required     | Open          |
|  | Service Delivery       | Service levels not met. Potential benefits to end-user customers not attained; asset performance below expected standard; poor audit report; loss of integrity.   | Delivery of Commitments         | 2               | 3          | 6                 | Performance monitoring<br>Workplace Strategy in place<br>Staff involved in workplace design<br>Property performance framework (PPS)<br>Dedicated portfolio team (cross-functional)   | None identified.   | Existing controls adequate. Complete PPS framework.                                       | 1                             | 2           | 2          | 5 yearly        | Open          |
|  | 135 Albert Street      | The scale of use of this building as it will accommodate up to 2,500 people is far in excess of what it was designed for. It becomes critical in terms of organisational capability. Safety of users and service providers is a high priority with safety requirements. | Operational Capability          | 2               | 3          | 6                 | Agreed Levels of Service<br>Major replacement of services (HVAC, lifts, fire programme)<br>Programme to modern building standards<br>Current BWOF<br>On-site facility manager  | None identified.   | Existing controls adequate.   | 1                             | 3           | 3          | 3 yearly        | Open          |
|  | Safety                 | Safety of users and service providers is a high priority with safety requirements.  | Health and Safety               | 2               | 5          | 10                | Security monitoring and reporting on all contractors must submit health and safety plans<br>BWOF compliant   | None identified.   | Existing controls adequate.   | 1                             | 3           | 3          | Monthly         | Open          |
|  |                        | <b>Overall (Average) Risk Assessment</b>  |                                 | <b>2</b>        | <b>4</b>   | <b>8</b>          |  |  |   | <b>1</b>                      | <b>3</b>    | <b>3</b>   |                 |               |

## Appendix E: Climate Change

### Likely Climate Influences

| Key climate influences                       | Possible impact   |
|--|---|
| Temperature change                           | <ul style="list-style-type: none"> <li>Increased temperature and solar radiation could reduce the lifespan of construction materials.</li> <li>Increased temperature can stress materials causing expansion of concrete joints, protective claddings, coatings and sealants.</li> <li>Greater demand on electricity supplies to service increased use of heating/cooling devices (HVAC).</li> </ul> |
| Extreme weather events (wind, rain, drought) | <ul style="list-style-type: none"> <li>Coastal erosion and flooding disruption in roading, communications, power supply.</li> <li>Loss and damage to corporate and community assets.</li> <li>Effects on water availability and/or quality.</li> <li>Accelerated degradation may occur through changes in groundwater movement.</li> </ul>  |
| Sea levels                                   | <ul style="list-style-type: none"> <li>A rise in sea level could impact of degradation of coastal assets, particularly where corporate property assets are located or co-located.</li> <li>A rise in sea level could impact on design capacities of drainage systems, causing consequential impact on corporate properties.</li> </ul>  |

### 25-year (2040) Impact Assessment

| Climate influence                           | Likelihood <sup>5</sup>   | Impact        | Impact definition  | Response  |
|---|---|---------------|--|---|
| Increased temperature (up to 5.8°C by 2090) | Very likely in direction of change (increase), moderate in magnitude of change. | Insignificant | <ul style="list-style-type: none"> <li>Increased demand on HVAC systems.</li> <li>Short-term inconvenience.</li> </ul> | <ul style="list-style-type: none"> <li>Upgrade HVAC systems.</li> <li>Monitor climate influence</li> </ul>  |
| Extreme rainfall events                     | Moderate  | Insignificant | <ul style="list-style-type: none"> <li>Isolated flooding events.</li> <li>Short-term inconvenience.</li> </ul>         | <ul style="list-style-type: none"> <li>Instigate business continuity plan (BCP) measures where necessary.</li> <li>Monitor climate influence</li> </ul> |
| Extreme wind events                         | Moderate in direction of change (increase), low in magnitude of change.         | Insignificant | <ul style="list-style-type: none"> <li>Isolated electricity outages.</li> <li>Short-term inconvenience.</li> </ul>     | <ul style="list-style-type: none"> <li>Provision of stand-alone power generators.</li> <li>Monitor climate influence</li> </ul>                         |

<sup>5</sup> Climate Change Effects and Impacts Assessment - A Guidance Manual for Local Government in New Zealand – 2nd Edition, Ministry for the Environment, May 2008.

## Appendix F: Capital Projects Schedule

| Facility/Project Description                   | FY16               | FY17               | FY18               | FY19               | FY20               | FY21               | FY22               | FY23               | FY24               | FY25               | Total               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>135 Albert Street</b>                       | <b>\$87,844</b>    | <b>\$1,166,157</b> | <b>\$1,832,716</b> | <b>\$2,464,057</b> | <b>\$1,990,052</b> | <b>\$2,373,707</b> | <b>\$2,644,285</b> | <b>\$1,057,321</b> | <b>\$975,410</b>   | <b>\$275,126</b>   | <b>\$14,866,675</b> |
| Administration renewals (135 Albert Street)    | \$87,844           | \$1,166,157        | \$1,832,716        | \$2,464,057        | \$1,990,052        | \$2,373,707        | \$2,644,285        | \$1,057,321        | \$975,410          | \$275,126          | \$14,866,675        |
| <b>1-7 The Strand</b>                          | <b>\$269,000</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$47,853</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$316,853</b>    |
| Admin building renewals (Takapuna)             |                    |                    |                    | \$47,853           |                    |                    |                    |                    |                    |                    | \$47,853            |
| Workplace Strategy - design                    | \$269,000          |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$269,000           |
| <b>2 The Strand</b>                            | <b>\$0</b>          |
| Service Centre renewals (general)              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$0                 |
| <b>Aotea Square</b>                            | <b>\$1,071,440</b> | <b>\$0</b>         | <b>\$1,071,440</b>  |
| Chillers upgrade (Aotea Square)                | \$1,071,440        |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$1,071,440         |
| <b>Auckland Town Hall</b>                      | <b>\$1,129,469</b> | <b>\$1,217,730</b> | <b>\$207,200</b>   | <b>\$633,900</b>   | <b>\$87,500</b>    | <b>\$207,200</b>   | <b>\$161,170</b>   | <b>\$0</b>         | <b>\$299,296</b>   | <b>\$0</b>         | <b>\$3,943,465</b>  |
| Town Hall Auckland Council Renewals            | \$125,000          |                    | \$207,200          |                    |                    | \$207,200          |                    |                    | \$207,200          |                    | \$746,600           |
| Town Hall RFA Renewals                         | \$1,004,469        | \$1,217,730        |                    | \$633,900          | \$87,500           |                    | \$161,170          |                    | \$92,096           |                    | \$3,196,865         |
| <b>Bledisloe House</b>                         | <b>\$276,250</b>   | <b>\$1,030,000</b> | <b>\$685,750</b>   | <b>\$455,688</b>   | <b>\$1,952,268</b> | <b>\$564,151</b>   | <b>\$414,573</b>   | <b>\$313,373</b>   | <b>\$551,741</b>   | <b>\$1,713,750</b> | <b>\$7,957,544</b>  |
| Admin building renewals (Bledisloe House)      | \$276,250          | \$1,030,000        | \$685,750          | \$455,688          | \$1,952,268        | \$564,151          | \$414,573          | \$313,373          | \$551,741          | \$1,713,750        | \$7,957,544         |
| <b>Civic Manukau</b>                           | <b>\$10,000</b>    | <b>\$200,000</b>   | <b>\$0</b>         | <b>\$723,400</b>   | <b>\$1,215,200</b> | <b>\$1,052,321</b> | <b>\$415,392</b>   | <b>\$914,029</b>   | <b>\$1,931,931</b> | <b>\$114,995</b>   | <b>\$6,577,268</b>  |
| Admin building renewals (Manukau - Civic)      | \$10,000           | \$200,000          | \$0                | \$723,400          | \$1,215,200        | \$252,321          | \$415,392          | \$914,029          | \$1,931,931        | \$114,995          | \$5,777,268         |
| Workplace Strategy - design                    |                    |                    |                    |                    |                    | \$800,000          |                    |                    |                    |                    | \$800,000           |
| <b>Civic Waitakere</b>                         | <b>\$1,025,000</b> | <b>\$0</b>         | <b>\$30,000</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$2,500,000</b> | <b>\$199,400</b>   | <b>\$0</b>         | <b>\$845,266</b>   | <b>\$253,375</b>   | <b>\$4,853,041</b>  |
| Admin building renewals (Waitakere - Civic)    | \$1,025,000        |                    | \$30,000           |                    |                    |                    | \$199,400          |                    | \$845,266          | \$253,375          | \$2,353,041         |
| Workplace Strategy - design                    |                    |                    |                    |                    |                    | \$2,500,000        |                    |                    |                    |                    | \$2,500,000         |
| <b>Civic Waitakere Central One</b>             | <b>\$0</b>         | <b>\$0</b>         | <b>\$95,547</b>    | <b>\$52,400</b>    | <b>\$35,526</b>    | <b>\$21,468</b>    | <b>\$186,776</b>   | <b>\$196,055</b>   | <b>\$14,100</b>    | <b>\$291,700</b>   | <b>\$893,572</b>    |
| Administration Renewals                        |                    |                    | \$95,547           | \$52,400           | \$35,526           | \$21,468           | \$186,776          | \$196,055          | \$14,100           | \$291,700          | \$893,572           |
| Workplace Strategy - design                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$0                 |
| <b>Devonport Service Centre</b>                | <b>\$0</b>         | <b>\$36,720</b>    | <b>\$38,619</b>    | <b>\$0</b>         | <b>\$75,339</b>     |
| Service Centre renewals (general)              |                    | \$36,720           | \$38,619           |                    |                    |                    |                    |                    |                    |                    | \$75,339            |
| <b>East Coast Bays Service Centre</b>          | <b>\$99,855</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$76,570</b>    | <b>\$162,500</b>   | <b>\$107,068</b>   | <b>\$81,758</b>    | <b>\$0</b>         | <b>\$527,751</b>    |
| Service Centre renewals (general)              | \$99,855           |                    |                    |                    |                    | \$76,570           | \$162,500          | \$107,068          | \$81,758           |                    | \$527,751           |
| <b>Glenfield Service Centre &amp; CAB</b>      | <b>\$29,401</b>    | <b>\$62,195</b>    | <b>\$0</b>         | <b>\$91,596</b>     |
| Service Centre renewals (general)              | \$29,401           | \$62,195           |                    |                    |                    |                    |                    |                    |                    |                    | \$91,596            |
| <b>Graham Street</b>                           | <b>\$1,536,500</b> | <b>\$3,479,513</b> | <b>\$6,222,982</b> | <b>\$1,000,000</b> | <b>\$0</b>         | <b>\$0</b>         | <b>\$637,200</b>   | <b>\$51,100</b>    | <b>\$134,300</b>   | <b>\$326,000</b>   | <b>\$13,387,595</b> |
| Admin building renewals (Graham St)            | \$1,036,500        | \$1,525,000        | \$4,222,982        |                    |                    |                    | \$637,200          | \$51,100           | \$134,300          | \$326,000          | \$7,933,082         |
| Workplace Strategy - design                    | \$500,000          | \$1,954,513        | \$2,000,000        | \$1,000,000        |                    |                    |                    |                    |                    |                    | \$5,454,513         |
| <b>Great Barrier Island Service Centre</b>     | <b>\$37,500</b>    | <b>\$15,000</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$100,000</b>   | <b>\$22,760</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$59,800</b>    | <b>\$235,060</b>    |
| Service Centre renewals (general)              | \$37,500           | \$15,000           |                    |                    |                    | \$100,000          | \$22,760           |                    |                    | \$59,800           | \$235,060           |
| <b>Helensville Service Centre</b>              | <b>\$30,000</b>    | <b>\$25,000</b>    | <b>\$0</b>         | <b>\$55,000</b>     |
| Service Centre renewals (general)              | \$30,000           | \$25,000           |                    |                    |                    |                    |                    |                    |                    |                    | \$55,000            |
| <b>Howick Local Board Office</b>               | <b>\$25,000</b>    | <b>\$0</b>         | <b>\$25,000</b>     |
| Local Board office renewals                    | \$25,000           |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$25,000            |
| <b>Huapai Service Centre</b>                   | <b>\$0</b>         | <b>\$20,872</b>    | <b>\$0</b>         | <b>\$20,872</b>     |
| Service Centre renewals (general)              |                    | \$20,872           |                    |                    |                    |                    |                    |                    |                    |                    | \$20,872            |
| <b>Kotuku House</b>                            | <b>\$1,170,000</b> | <b>\$3,987,537</b> | <b>\$3,218,154</b> | <b>\$0</b>         | <b>\$0</b>         | <b>\$169,428</b>   | <b>\$100,000</b>   | <b>\$0</b>         | <b>\$94,500</b>    | <b>\$1,295,800</b> | <b>\$10,035,419</b> |
| Admin building renewals (Kotuku House)         | \$170,000          | \$863,408          | \$718,154          | \$0                | \$0                | \$169,428          | \$100,000          | \$0                | \$94,500           | \$1,295,800        | \$3,411,290         |
| Workplace Strategy - design                    | \$1,000,000        | \$3,124,129        | \$2,500,000        |                    |                    |                    |                    |                    |                    |                    | \$6,624,129         |
| <b>Kumeu Service Centre</b>                    | <b>\$30,000</b>    | <b>\$0</b>         | <b>\$30,000</b>     |
| Service Centre renewals (general)              | \$30,000           |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$30,000            |
| <b>Local Board general</b>                     | <b>\$0</b>         | <b>\$0</b>         | <b>\$201,320</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$246,320</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$246,320</b>   | <b>\$0</b>         | <b>\$693,960</b>    |
| Local Board office renewals                    |                    |                    | \$201,320          |                    |                    | \$246,320          |                    |                    | \$246,320          |                    | \$693,960           |
| <b>Mangere-Otahuhu Local Board Office</b>      | <b>\$0</b>         | <b>\$45,000</b>    | <b>\$0</b>         | <b>\$45,000</b>     |
| Local Board office renewals                    |                    | \$45,000           |                    |                    |                    |                    |                    |                    |                    |                    | \$45,000            |
| <b>Office fixtures, fittings and equipment</b> | <b>\$1,080,041</b> | <b>\$1,109,203</b> | <b>\$1,140,260</b> | <b>\$1,173,328</b> | <b>\$1,108,528</b> | <b>\$1,145,992</b> | <b>\$1,135,864</b> | <b>\$1,111,581</b> | <b>\$1,087,813</b> | <b>\$1,114,569</b> | <b>\$11,207,179</b> |
| Office fixtures, fittings and equipment        | \$1,080,041        | \$1,109,203        | \$1,140,260        | \$1,173,328        | \$1,108,528        | \$1,145,992        | \$1,135,864        | \$1,111,581        | \$1,087,813        | \$1,114,569        | \$11,207,179        |
| <b>Orakei Local Board Office</b>               | <b>\$200,000</b>   | <b>\$0</b>         | <b>\$200,000</b>    |
| Local Board office renewals                    | \$200,000          |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$200,000           |
| <b>Pacific Tasman Building</b>                 | <b>\$155,000</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$441,000</b>   | <b>\$2,229,841</b> | <b>\$509,630</b>   | <b>\$255,352</b>   | <b>\$1,598,800</b> | <b>\$32,700</b>    | <b>\$392,183</b>   | <b>\$5,614,507</b>  |
| Workplace Strategy - design                    |                    |                    |                    |                    | \$1,800,000        |                    |                    |                    |                    |                    | \$1,800,000         |
| Service Centre renewals (general)              | \$155,000          |                    |                    | \$441,000          | \$429,841          | \$509,630          | \$255,352          | \$1,598,800        | \$32,700           | \$392,183          | \$3,814,507         |
| <b>Papakura Service Centre</b>                 | <b>\$0</b>         | <b>\$68,750</b>    | <b>\$25,000</b>    | <b>\$37,500</b>    | <b>\$0</b>         | <b>\$103,340</b>   | <b>\$420,480</b>   | <b>\$48,250</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$703,320</b>    |
| Auckland Council Workplace Strategy            |                    |                    |                    |                    |                    |                    | \$400,000          |                    |                    |                    | \$400,000           |
| Service Centre renewals (general)              |                    | \$68,750           | \$25,000           | \$37,500           |                    | \$103,340          | \$20,480           | \$48,250           |                    |                    | \$303,320           |
| <b>Pukekohe Hub</b>                            | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$500,000</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$500,000</b>    |
| Workplace Strategy - design                    |                    |                    |                    |                    | \$500,000          |                    |                    |                    |                    |                    | \$500,000           |
| <b>Pukekohe Service Centre</b>                 | <b>\$16,250</b>    | <b>\$0</b>         | <b>\$16,250</b>     |
| Workplace Strategy - design                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$0                 |
| Service Centre renewals (general)              | \$16,250           |                    |                    |                    |                    |                    |                    |                    |                    |                    | \$16,250            |
| <b>Regional Security</b>                       | <b>\$122,173</b>   | <b>\$0</b>         | <b>\$610,867</b>    |
| Security (Administration building)             | \$122,173          |                    | \$122,173          |                    | \$122,173          |                    | \$122,173          |                    | \$122,173          |                    | \$610,867           |
| <b>Regional Sustainability</b>                 | <b>\$54,002</b>    | <b>\$55,460</b>    | <b>\$57,013</b>    | <b>\$58,666</b>    | <b>\$60,426</b>    | <b>\$62,300</b>    | <b>\$64,293</b>    | <b>\$65,579</b>    | <b>\$66,891</b>    | <b>\$68,228</b>    | <b>\$612,859</b>    |
| Regional Sustainability Projects               | \$54,002           | \$55,460           | \$57,013           | \$58,666           | \$60,426           | \$62,300           | \$64,293           | \$65,579           | \$66,891           | \$68,228           | \$612,859           |
| <b>Seismic Retrofit (all property)</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$2,120,000</b> | <b>\$14,840,000</b> |
| Seismic Retrofit (all property)                |                    |                    |                    | \$2,120,000        | \$2,120,000        | \$2,120,000        | \$2,120,000        | \$2,120,000        | \$2,120,000        | \$2,120,000        | \$14,840,000        |
| <b>Service Centres general</b>                 | <b>\$0</b>         | <b>\$0</b>         | <b>\$120,000</b>   | <b>\$120,000</b>   | <b>\$300,000</b>   | <b>\$300,000</b>   | <b>\$350,000</b>   | <b>\$400,000</b>   | <b>\$450,000</b>   | <b>\$450,000</b>   | <b>\$2,490,000</b>  |
| Service Centre renewals (general)              |                    |                    | \$120,000          | \$120,000          | \$300,000          | \$300,000          | \$350,000          | \$400,000          | \$450,000          | \$450,000          | \$2,490,000         |
| <b>Three Kings Service Centre</b>              | <b>\$3,188,295</b> | <b>\$100,000</b>   | <b>\$0</b>         | <b>\$3,499,935</b>  |
| Service Centre renewals (Three Kings)          | \$3,188,295        | \$100,000          |                    |                    |                    |                    |                    |                    |                    |                    | \$3,499,935         |
| <b>Toilet Renewals (Streetscape)</b>           | <b>\$611,600</b>   | <b>\$487,080</b>   | <b>\$461,900</b>   | <b>\$401,940</b>   | <b>\$498,940</b>   | <b>\$432,160</b>   | <b>\$211,560</b>   | <b>\$588,300</b>   | <b>\$756,160</b>   | <b>\$1,077,480</b> | <b>\$5,527,120</b>  |
| Toilet Renewals (Streetscape)                  | \$611,600          | \$487,080          | \$461,900          | \$401,940          | \$498,940          | \$432,160          | \$211,560          | \$588,300          | \$756,160          | \$1,077,480        | \$5,527,120         |
| <b>Vehicle replacement</b>                     | <b>\$4,916,144</b> | <b>\$4,931,698</b> | <b>\$4,290,836</b> | <b>\$5,125,396</b> | <b>\$4,070,948</b> | <b>\$4,197,148</b> | <b>\$4,328,129</b> | <b>\$4,414,692</b> | <b>\$4,502,986</b> | <b>\$4,593,045</b> | <b>\$45,371,022</b> |
| Vehicle replacement                            | \$4,916,144        | \$4,931,698        | \$4,290,836        | \$5,125,396        | \$4,070,948        | \$4,197,148        | \$4,328,129        | \$4,414,692        | \$4,502,986        | \$4,593,045        | \$45,371,022        |
| <b>Waiheke Service Centre</b>                  | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$50,000</b>    | <b>\$25,000</b>    | <b>\$25,000</b>    | <b>\$0</b>         | <b>\$100,000</b>    |
| Service centre (Waiheke)                       |                    |                    |                    |                    |                    |                    | \$50,000           | \$25,000           | \$25,000           |                    | \$100,000           |
| <b>Waiuku Service Centre</b>                   | <b>\$80,000</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$61,440</b>    | <b>\$5,120</b>     | <b>\$0</b>         | <b>\$30,720</b>    | <b>\$50,000</b>    | <b>\$27,500</b>    | <b>\$10,200</b>    | <b>\$264,980</b>    |
| Service Centre renewals (general)              | \$80,000           |                    |                    | \$61,440           | \$5,120            |                    | \$30,720           | \$50,000           | \$27,500           | \$10,200           | \$264,980           |
| <b>Warkworth Service Centre</b>                | <b>\$54,958</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$63,094</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$118,052</b>    |
| Service Centre renewals (general)              | \$54,958           |                    |                    |                    |                    | \$63,094           |                    |                    |                    |                    | \$118,052           |
| <b>Whau Local Board Office</b>                 | <                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |

## Appendix G: Improvement Plan

| AMP Section                | AM Attribute      | AM Category | Current State 2015 | Future State 2018 | Action  | Timeframe for action | Benefit | Priority Matrix | Status* | Priority (H/MH/M/ML/L) | Responsibility                |
|----------------------------|-------------------|-------------|--------------------|-------------------|---|----------------------|---------|-----------------|---------|------------------------|-------------------------------|
| Managing Performance       | Performance       | Data        | 3                  | 5                 | Review PQS questions to ensure appropriateness against portfolio objectives.  | 2016                 | H       | H<10            | IP      | H                      | Regional Portfolio Team (RPT) |
| Managing Performance       | Performance       | Process     | 3                  | 4                 | Analyse staff satisfaction survey.  | 2025                 | M       | M<10            | OG      | M                      | Regional Portfolio Team (RPT) |
| Managing Performance       | Performance       | Process     | 2                  | 4                 | Develop process for collection of performance measure data.   | 2017                 | H       | H10-50          | IP      | M                      | Regional Portfolio Team (RPT) |
| Managing Performance       | Performance       | Process     | 2                  | 5                 | Review existing performance measures and targets.   | 2016                 | M       | M<10            | IP      | MH                     | Regional Portfolio Team (RPT) |
| Managing Performance       | Performance       | Capability  | 2                  | 5                 | Identify key stakeholders and commence regular communications.  | 2016                 | H       | H<10            | IP      | H                      | Regional Portfolio Team (RPT) |
| Managing Performance       | AM Practices      | Process     | 3                  | 4                 | Integrate benchmarking framework into corporate performance monitoring and reporting framework.                           | 2018                 | H       | H10-50          | IP      | MH                     | Strategy & Asset Planning     |
| Managing Performance       | AM Practices      | Capability  | 2                  | 3                 | Develop and populate FMPs for each facility within the portfolio.   | 2020                 | H       | H<10            | IP      | H                      | Portfolio Co-ordinators       |
| Managing Performance       | AM Practices      | Process     | 1                  | 5                 | Establish benchmark and performance reporting protocols and templates.  | 2017                 | H       | H<10            | NS      | H                      | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle         | Data        | 1                  | 3                 | Develop levels of service costs with greater breakdown detail and costs options (validate targets).                       | 2021                 | H       | H>50            | IP      | M                      | Regional Portfolio Team (RPT) |
| Managing Performance       | Sustainability    | Process     | 1                  | 3                 | Incorporate sustainability concepts into BAU practices (FMPs).  | 2018                 | H       | H>50            | NS      | M                      | Regional Portfolio Team (RPT) |
| Managing Growth and Demand | Asset utilisation | Data        | 4                  | 5                 | Annual review of workplace occupancy numbers.   | 2016                 | L       | L10-50          | IP      | ML                     | Regional Portfolio Team (RPT) |
| Managing Growth and Demand | AM Practices      | Data        | 3                  | 5                 | Review component data collection on all property assets and match to capital project planning requirements.               | 2017                 | H       | H>50            | IP      | MH                     | Asset Planner                 |
| Asset Lifecycle Management | Lifecycle         | Process     | 2                  | 4                 | Develop a process to capture and record capital and maintenance renewal works deferrals.                                  | 2018                 | H       | H<10            | NS      | MH                     | Strategy & Asset Planning     |
| Asset Lifecycle Management | Lifecycle         | Process     | 2                  | 4                 | Develop processes for recording and updating asset information.   | 2018                 | H       | H10-50          | IP      | MH                     | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle         | Systems     | 2                  | 4                 | Develop a structured asset data heirarchy in SPM Assets.  | 2012-2013            | H       | H10-50          | NS      | MH                     | Strategy & Asset Planning     |
| Asset Lifecycle Management | Lifecycle         | Data        | 2                  | 5                 | Analyse operating costs for portfolio and compare against internal facility benchmarks.                                   | 2016                 | M       | M<10            | NS      | MH                     | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | AM Practices      | Data        | 2                  | 5                 | Develop process to analyse monthly workorder maintenance and asset condition feedback.                                    | 2016                 | H       | H10-50          | NS      | MH                     | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | AM Practices      | Data        | 4                  | 5                 | Conduct bi-annual review and update of component unit rates.  | 2017                 | H       | H<10            | IP      | H                      | Strategy & Asset Planning     |
| Asset Lifecycle Management | AM Practices      | Data        | 1                  | 3                 | Maintain an overview of BIMs development with the objective of integrating with condition survey and condition modelling. | 2020                 | L       | L               | IP      | L                      | Strategy & Asset Planning     |
| Asset Lifecycle Management | AM Practices      | Capability  | 3                  | 4                 | Develop in-house AM capability via appropriate training and exposure to AM practises.                                     | 2020                 | M       | M10-50          | IP      | M                      | Regional Portfolio Team (RPT) |

|                            |              |            |   |   |   |      |   |        |    |    |                               |
|----------------------------|--------------|------------|---|---|---|------|---|--------|----|----|-------------------------------|
| Asset Lifecycle Management | AM Practices | Data       | 3 | 5 | Review scope for asset data hierarchy and data collection to match capital project planning requirements.   | 2016 | H | H10-50 | NS | MH | Asset Planner                 |
| Risk Management            | Risk         | Data       | 4 | 5 | Provide earthquake prone buildings categorisation status table into AMP.  | 2016 | L | L<10   | IP | M  | Asset Planner                 |
| Asset Lifecycle Management | Lifecycle    | Process    | 2 | 5 | Develop renewal and maintenance programmes based on asset criticality.  | 2018 | H | L10-50 | IP | ML | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Data       | 2 | 3 | Ensure critical asset protocols provide appropriate data for analysis.  | 2021 | M | M<10   | IP | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Data       | 2 | 3 | Develop strategies for the ongoing management of critical assets.   | 2017 | M | M<10   | NS | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Capability | 3 | 5 | Develop relationship agreements with key stakeholders.  | 2018 | L | L<10   | NS | M  | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Systems    | 1 | 2 | Develop appropriate tools to enable data, systems to link.  | 2025 | M | M>50   | NS | MH | Strategy & Asset Planning     |
| Asset Lifecycle Management | AM Practices | Data       | 2 | 4 | Ensure adequate asset data can be updated from the project initiation form (PID - project prioritisation framework).  | 2018 | L | L<10   | IP | M  | Strategy & Asset Planning     |
| Asset Lifecycle Management | Lifecycle    | Process    | 2 | 3 | Develop Facility Management Plans for each corporate property.  | 2020 | H | H>50   | IP | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Data       | 3 | 5 | Complete condition and PQS surveys on all owned corporate portfolio facilities.   | 2018 | H | H>50   | IP | H  | Strategy & Asset Planning     |
| Asset Lifecycle Management | Lifecycle    | Process    | 2 | 4 | Maintenance Planning. Develop and implement a 'scheduled' maintenance plan for each facility.   | 2016 | M | M<10   | IP | MH | Regional Portfolio Team (RPT) |
| Risk Management            | Risk         | Process    | 3 | 5 | Undertake risk analysis of critical plant for corporate 10 facilities.  | 2018 | M | M<10   | IP | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Process    | 2 | 5 | Improve reporting visibility of expenditure breakdown in SAP for buildings so that spend analysis can be carried out (scheduled versus response maintenance).                             | 2017 | M | M<10   | NS | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Data       | 3 | 5 | Undertake condition surveys of all property assets and populate data into AMIS (SPM Assets).  | 2018 | H | H>50   | IP | MH | Strategy & Asset Planning     |
| Asset Lifecycle Management | Lifecycle    | Process    | 1 | 4 | Develop a model to identify the gap between replacement value (CRV), deferred renewals and baseline building standards to help understand our investment decisions (expand on CI and SD). | 2018 | H | H<10   | NS | MH | Strategy & Asset Planning     |
| Asset Lifecycle Management | Lifecycle    | Process    | 3 | 5 | Identify ratio of scheduled versus response maintenance (cost).   | 2016 | M | M<10   | IP | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | Lifecycle    | Process    | 1 | 3 | Optimise operational activities to minimise lifecycle costs.  | 2018 | H | H10-50 | IP | MH | Regional Portfolio Team (RPT) |
| Asset Lifecycle Management | AM Practices | Systems    | 1 | 2 | Investigate appropriate tools to enable systems to link (SPM to SAP).   | 2018 | L | L<10   | IP | M  | Strategy & Asset Planning     |
| Risk Management            | Risk         | Process    | 3 | 5 | Review risk register for corporate property.  | 2016 | H | H<10   | IP | H  | Asset Planner                 |
| Risk Management            | Risk         | Capability | 2 | 5 | Undertake appropriate training in risk management practices.  | 2018 | L | L<10   | NS | M  | Regional Portfolio Team (RPT) |
| Risk Management            | Risk         | Process    | 3 | 5 | Establish processes for monitoring risk on an on-going and cyclic basis.  | 2018 | H | M<10   | NS | M  | Regional Portfolio Team (RPT) |

