


Existing Portfolio Reviews

4 April 2017



Existing Buildings

- 
- A large, solid black L-shaped graphic that frames the list of bullet points on the left side of the slide.
- Mixed stock
 - Mixed use
 - Mixed condition
 - Mixed maintenance levels
 - Mixed quality asset information



Reliability of data – generally poor

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Clients within the building owner

Each role will have different drivers and goals.

Roles	Needs	Outcomes
<ul style="list-style-type: none">• CFO• Fund Manager• Asset Manager• Property Manager• Facility Manager	<ul style="list-style-type: none">• Financial clarity• Risk based approaches• Understanding of ownership• Easy life• Clarity	<ul style="list-style-type: none">• Certainty around capital requirements• Asset strategies• Service provisions• Make decisions• Budgets• Compliance

Use of information

- Asset Management Planning
- Procurement
 - Capital Projects
 - Maintenance
- Support business outcomes
 - Investor
 - Service



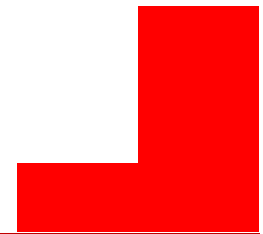
DATA



KNOWLEDGE



ACTION



What's included in capital expenditure (Capex)

Planned

- Capital Projects – Life Cycle Related

Planned strategic projects

- Lease incentives
- Lessor works
- Sustainability upgrades
- Capital Projects – Ambience

Unplanned

- Asset failure



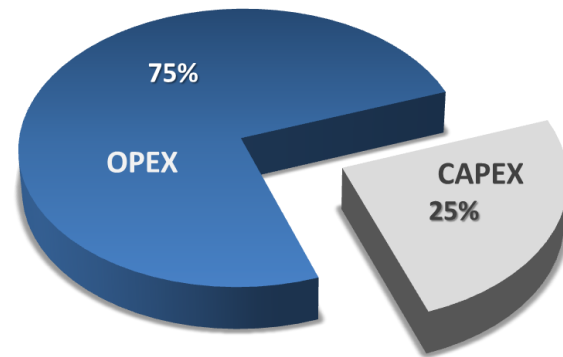
What's included in operational expenditure (Opex)

Planned

- Legislative requirements
- Preventative maintenance
- Proactive maintenance

Unplanned

- Repairs - incidental



Pricing considerations

- Removal of old
- Installation of new
- Access
- Location loading
- Life expectancy
- Environment
- Obsolescence
- Technology upgrades
- Commissioning

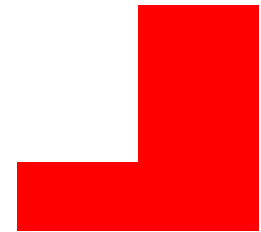


Condition rating sample

		CONDITION
5	Asset Unserviceable	The item is no longer able to provide its intended condition or function or to operate in accordance with specified parameters or as originally intended and/or designed. In need of replacement or major overhaul.
4	Poor Condition	In needs of corrective maintenance or CAPEX repairs to return the items to a working order and condition under either 1, 2 or 3 above.
3	Fair Condition	Showing some wear and tear but still in fair working order, condition and functionality as originally intended and/or designed. Minor maintenance and some corrective actions required to keep to this standard.
2	Good Condition	In good working order, condition and functionality as originally intended and/or designed. Minor maintenance is required to keep to this standard.
1	Very Good Condition	As new condition, working order and functionality. Only normal maintenance, as recommended by the manufacturer and/or supplier, is required to keep to this standard.

Case study – regional Council

- Client brief
 - To develop refined building upgrade, renewal and maintenance programmes and associated budgets.
 - To enable Council in determining maintenance, renewal and upgrade programmes.
- 190 plus properties
- 4 year Budgets for Capex and Opex



Approach

- Desk top discovery
- Pilot - Undertake detailed site review
- Review findings
- Agree level of detail

- Main body of site review work

- Report development and QA

- Present findings



Condition findings

Condition	Number of properties	Percentage %
Asset Unserviceable (5)	4	2
Poor (4)	19	10
Fair (3)	147	77
Good (2)	17	9
Very Good Condition (1)	5	2
Total	192	100%

Budgets



Capital Expenditure	2017	2018	2019	2020
Capex	\$1,270,000	\$1,340,000	\$4,160,000	\$7,460,000
Asset Management	\$145,000	-	-	\$68,000
Statutory & Non-Statutory Maintenance (Opex)	\$1,720,000	\$1,710,000	\$1,710,000	\$1,710,000
Total Capital Costs	\$3,135,000	\$3,040,000	\$5,860,000	\$9,228,000

Maintenance	2017	2018	2019	2020
Statutory	\$270,000	\$260,000	\$260,000	\$260,000
Non Statutory	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000
Total	\$1,720,000	\$1,710,000	\$1,710,000	\$1,710,000

Portfolio level

Portfolio breakdown – capital expenditure

- Mechanical Services – 900 items
- Electrical Services – 5300 items
- Hydraulic Services – 9700 items
- Fire Services – 1061 items

Backlog

- 550 items



Cost implications

What do you need to know to price capex?

- An understanding of how things are procured
- Level of detail
- Understanding of how things are constructed
- Location / environmental impact
- Understanding of how long things will last

What does the client want included?

- Preliminaries and fees
- Planning consents etc

Which specialists are needed?

- Quantity surveyors & engineers

Client benefit

- Certainty
- Consistency
- Managed Risk
- Knowledge of the portfolio
- Compliance



Remember

Ask the following questions:-

- What's the information used for?
- What is your clients need?
- How detailed does the output need to be?

Consider the things that affect the life expectancy.

The client may need you to lead them...



Remember



Thank you

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Experts

DELIVERING CERTAINTY

