

# Asset Management Plan Summary

# Corporate accommodation

## Asset management plans

Together, our 14 asset management plans present a detailed description of all the things – roads, cycleways, footpaths, pipes, buildings, vehicles, parks and so on – that the Christchurch City Council owns, across all areas of work, and how these ‘assets’ are planned, managed, operated and funded.

All our assets, collectively worth \$16.8 billion, belong to ratepayers and are managed and operated on their behalf. Ensuring our assets are appropriate for the city’s needs

enables us to deliver the services that make Christchurch and Banks Peninsula a great place to live, work and visit.

Asset management plans are technical documents. The summary documents give an overview of how we manage our assets through their lifecycles to ensure we deliver services in cost-effective ways.

For the first time, we have published these documents online as part of our commitment to transparency.

## What we do



We are responsible for the maintenance, operations and planning of the buildings which house Council staff and through which citizens interact with Council.

We ensure that the buildings are clean and safe for staff and citizens, and that they are fit for their intended purpose; both now and in the future.

Included in our portfolio are office and other buildings occupied by staff, service centres, storage facilities, Council-owned transport buildings and specialist buildings that support corporate activities.

## Why we do it

These buildings facilitate the delivery of key services and activities. Our aim is to ensure our buildings are modern, robust and safe for staff to work in and for citizens to visit.

Prudent management of these buildings enables:

- a safe, positive and healthy working environment for staff and for citizens who visit
- records to be stored securely and to be easily retrieved
- provision of key transport infrastructure in strategic locations
- animals in our care to be safe and treated humanely
- services are managed at the lowest possible cost for the required level of service

We aim to ensure buildings are efficient in their use of resources, such as energy, water and materials which support our carbon reduction targets. We ensure this through design and engineering, good maintenance and targeted adoption of new technologies that help us reduce resource use, such as LED lighting, solar panels and heat recovery systems.

## Our assets

We have a wide-ranging asset portfolio, including:

- Owned Assets – office and community buildings, service centres, storage, and ancillary buildings. The most significant in this group is Te Hononga Civic Offices.
- Leased Assets – facilities, buildings and spaces leased by Council and their associated assets, such as fitouts, plant and equipment
- Key building assets from other portfolios which support corporate activities
  - Transport – the Bus Interchange, the Lichfield Street Car Parking building and the Tram Barn
  - Regulatory Compliance and Licensing – buildings at the Animal Shelter in Bromley
  - Citizens and Community Services – Service Centre counter areas and spaces in 12 Council-owned buildings providing a ‘customer facing’ role

We manage \$107.8 million of assets on behalf of the community (asset gross replacement cost as at 1 July 2020).

Asset category	Gross replacement cost
Corporate accommodation	\$38,886,338
Regulatory compliance	\$2,561,000
Transport building assets	\$63,209,181
Assets where Council is lessee	\$3,186,446
<b>TOTAL</b>	<b>\$107,842,964</b>

Note: Asset category Corporate accommodation above includes Civic Offices fitout and plant only to a value of \$16.5m, not the entire building value.

## Where we've come from

This portfolio has evolved to include a range of assets related to providing key corporate services, including the places where staff and elected members do their work.

The main building in the portfolio is Te Hononga-Civic Offices at 53 Hereford St. The former mail distribution centre was bought from NZ Post by Ngāi Tahu Property in

the late 1970s and developed into an office building, in a public private partnership with the Council as a joint venture.

Te Hononga-Civic Offices opened in 2010 and was the first building in New Zealand to achieve 6-Green Star ratings for the building, its design and interiors.

## Our issues and risks

In this asset management plan we provide a snapshot of the greatest risks recorded for Corporate Accommodation and summarise the main mitigations.

Description of risk	Risk rating
Insufficient funding to cover asset life cycle requirements	High
Failure of critical assets and components within the corporate portfolio	High
Reliance on incomplete data to inform decision making	High
Increased life cycle costs from short term saving initiatives in a constrained funding environment	Medium



## What it costs

Our budget for the Facilities, Property and Planning activity that uses these assets in Year 1 of the LTP is \$4.97 million (total activity net cost of service plus capital spend for 21/22), with the net operational expenditure projected at \$2.83 million (net cost of service) and capital expenditure at \$2.15 million (total capital spend). Tables for each area of spending are included in our activity plan.

## How we're funded

The activities covered by this asset management plan receive funding from Council rates and commercial revenue.

## How it's delivered

The implementation of the activities related to this asset management plan are delivered through the Facilities, Property and Planning (FPP) Unit.

Delivery is effected through a combination of Council staff and tendered contracts with private providers.

### Staff deliver:

- comprehensive facilities management services
- management of external contracts
- asset management (Facilities)
- project management
- property consultancy and lease management

### Contractors deliver:

- maintenance and capital upgrade work, project management, technical expertise
- security services
- caretaking and cleaning
- building management
- building warrant of fitness (inspection and reporting)

### Delivery partners (internal):

- Corporate Services
- Business Partnership
- Information Technology
- Legal Services
- Procurement
- Citizen and Customer Services

## Our functions and services

The activities included in this asset management plan rely on the provision of the following:

- Agreed levels of service, performance measures and benchmarking
- Ensuring buildings are safe and compliant
- Auditing facilities management and contracted maintenance services
- Ensuring customer requests are completed on-time
- Ensuring internal stakeholders are satisfied with maintenance standards
- Providing advice and projects to reduce energy use

We aim to optimise investment and outcomes within the constraints of finance, service levels and resources.

While managing our assets to meet agreed levels of service, financial prudence demands that we optimise asset lifecycle costs, so our management planning also aligns to the stages of an asset's lifecycles.

## Asset maturity assessment

The maturity assessment for our assets shows we are performing at an intermediate level in most areas. The average score increased from 68 percent to 71 percent in the past two years, with the target being 87 percent. More detailed information about this is included in our asset management plan.



## Looking ahead

### Climate change

We continue to focus on mitigating the effects of climate change by implementing initiatives and considering:

- new work design specifications, including material selection, to account for the predicted increasing frequency of major events
- meeting our greenhouse gas emissions targets in terms of option development and decisions, for instance plant and machinery end-of-life, carbon offsets and insets

### COVID-19

COVID-19 has demonstrated that staff are resilient and adaptable to other ways of working.

This has highlighted a range of opportunities for 'non-asset' solutions to staff accommodation needs. No detailed investigation has been completed, but having more staff working from home, or teams working in 'shared shift' arrangements or at other Council buildings may reveal significant cost-saving opportunities and allow increased organisational flexibility.

### Continuous improvement

Our improvement initiatives aim to achieve better value-for-money in terms of

- balancing short-term spend with long-term asset life cycle decisions
- focusing on assets which are critical to meeting agreed levels of service
- standardising our asset data to provide greater insights into asset performance
- a continuing focus on the application of quality improvement in our systems and processes

The recent asset management maturity assessment has informed our ongoing improvement planning and has guided our specific improvement tasks.

# Corporate Accommodation Asset Management Plan

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June 2021

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# 1 Summary of the Activity

## 1.1 Activity Description

### 1.1.1 What do we do?

The range of assets covered by the Corporate Accommodation Asset Management Plan (AMP) have a common purpose or function in that they support the community both:

- indirectly, through the provision of accommodation for Council staff, many of whom are involved in the delivery of internal services; and
- directly, through a selected small number of key Council facilities which provide unique functions with an external focus.

The following table illustrates these functions which are supported by/provided through the assets:

**Table 1-1: Asset groups and Customers**

Asset Group	Customers	What do our customers want?	How do we know this?
Corporate Accommodation	Internal staff	Clean, low risk, fit-for-purpose facilities	The minimum that we should provide as a good employer
Storage	Internal staff	Adequate provision to meet demand/need, optimum location that affords timely retrieval with cost managed	Requirements provided, satisfaction feedback received
Service Centres	Internal staff and citizens	Fit-for-purpose including provision of an appropriate level of security for staff and users. A presence in a network of 12 locations across the city that provide important 'face-to-face' services	Minimum space/function provision as a good employer. Adequate network which serves the community's needs in a cost-effective manner
Key transport assets	Transport operators and citizens	Provision of key strategic metropolitan transport assets (Bus Interchange, Lichfield Street carpark, Tram Barn)	Supply and demand is balanced in what is a competitive market, given the city is well served by private parking providers Best practice provision fit-for-purpose
Animal management	Citizens	Safe and humane treatment of errant animals	Best practice provision
Performing Arts Precinct (PAP)	Specialist user groups (eg Court Theatre) and citizens	A precinct of complementary facilities, facilitated/supported by Council	Community supports the PAP concept, developed through consultation and feedback
Strategic land	Internal staff	Land purchased, held, managed until required for project needs or before it is sold	Fulfils a key and required function. (These assets are to be investigated further for possible later inclusion in the AMP)

### 1.1.2 Why do we do it?

**Table 1-2: Alignment of Community Outcomes, Priorities and Activity Objectives**

	<b>Relevant Community Outcome(s) for the Activity.</b>	<b>How the Facilities, Property &amp; Planning Activity affects the Community Outcome</b>
Primary Outcome 1	Modern and robust infrastructure and community facilities	Managing and maintaining our facilities and properties enables much of the Council’s service delivery, as well as supporting economic activity and individual and community wellbeing. Maintenance of facilities support use and the community benefits that come from this use. Everyone who uses a facility benefits from them being maintained in a safe, clean, healthy and functional manner.
Primary Outcome 2	Sustainable use of resources	Facilities management seeks to use resources (energy, water, materials) efficiently through engineering (eg automatic lighting controls, thermostats), processes (eg continuous commissioning of plant), maintenance and targeted adoption of new technologies that reduce resource use (eg LED lighting). We are also responsible for waste management in Council facilities, including the adoption of practices to nudge behaviour (eg not supplying litter bins to staff).
Primary Outcome 3	This Internal Service supports all the Community Outcomes through the organisational support provided by this Activity to the External Services of the Council.	Many of the activities of Council rely on land and buildings. The specialists who deliver these activities (eg librarians, lifeguards, arts curators) focus on the direct community outcomes and are supported by skilled and experienced staff with knowledge of property management and facilities maintenance.

### 1.1.3 How much does it cost?

For the Facilities, Property and Planning Activity, our proposed budget in Year 1 of the LTP is \$4.79 million (to be the total of the activity net cost of service plus capital spend for 2021/22), with the operational expenditure projected at \$2.65 million (net cost of service) and capital expenditure at \$2.15 million (total capital spend). Tables for each area of spending are included in our Activity Plan.

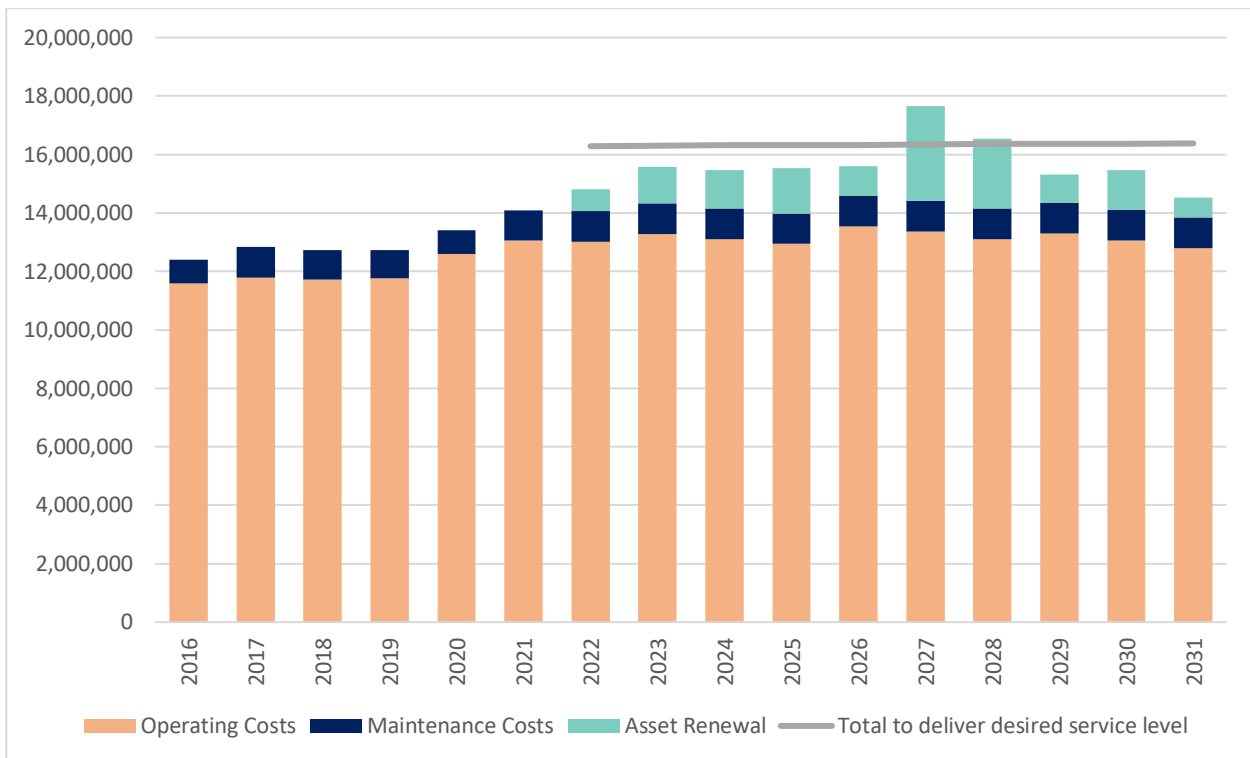
#### **Civic Building**

The projected outlays necessary to provide the services covered by the Corporate Accommodation AMP include operations, maintenance, renewal and upgrade of existing assets over the FY22 – FY31 year planning period is \$163.4M.

Estimated available funding for this period is \$156.5M which is 96% of the cost to provide the service. This is known as the financial indicator. There is a funding shortfall of \$687k on average per year, which is a combination of OPEX and CAPEX. In considering the average annual funding shortfall, it must be noted that a provision of \$2.25M has been made in FY27 for the anticipated cost of replacing/upgrading supporting infrastructure in the Civic Offices to accommodate an alternative fuel source.

Providing services from infrastructure in a financially sustainable manner requires matching the projected expenditures to the service to achieve a financial indicator of 100%.

The projected expenditure required to provide services in the AMP compared with planned expenditure submitted in the Long Term Financial Plan are shown in the graph below. Note submissions for the LTP have not been adopted.



**Figure 1-1: Forecast for the Operations, Maintenance & Renewal for the Civic Offices building (uninflated)**

**Table 1-3: Asset related expenditure summary (uninflated)**

10 year total cost [10 year Operational, Maintenance, Renewal & Upgrade Projected Expenditure]	\$163,383,234
10 year total LTP budget [10 year Operational, Maintenance, Renewal & Upgrade LTP Budget]	\$156,514,820
10 year AM financial indicator 100%	96%
10 year average annual funding shortfall	\$686,841

The average annual funding shortfall comprises of approximately \$216k of proactive maintenance activities, and provision of new assets online in OPEX and approximately \$236k in deferred renewal expenditure that has occurred post 2011 earthquakes. The remainder is estimated in operating costs. A major expenditure item in the portfolio is the transition from landfill gas (LFG) as the primary fuel source in the Civic Offices. A provision of \$2.25M has been made in FY27 as a Renewal, for the potential capital cost of new/refurbishment of supporting infrastructure. (A similar provision has been made in the Christchurch Art Gallery AMP in FY27 for equivalent work at that facility). A study to establish the best fuel option from a benefit/cost perspective and the optimum timing of transition will be completed in June 2021.

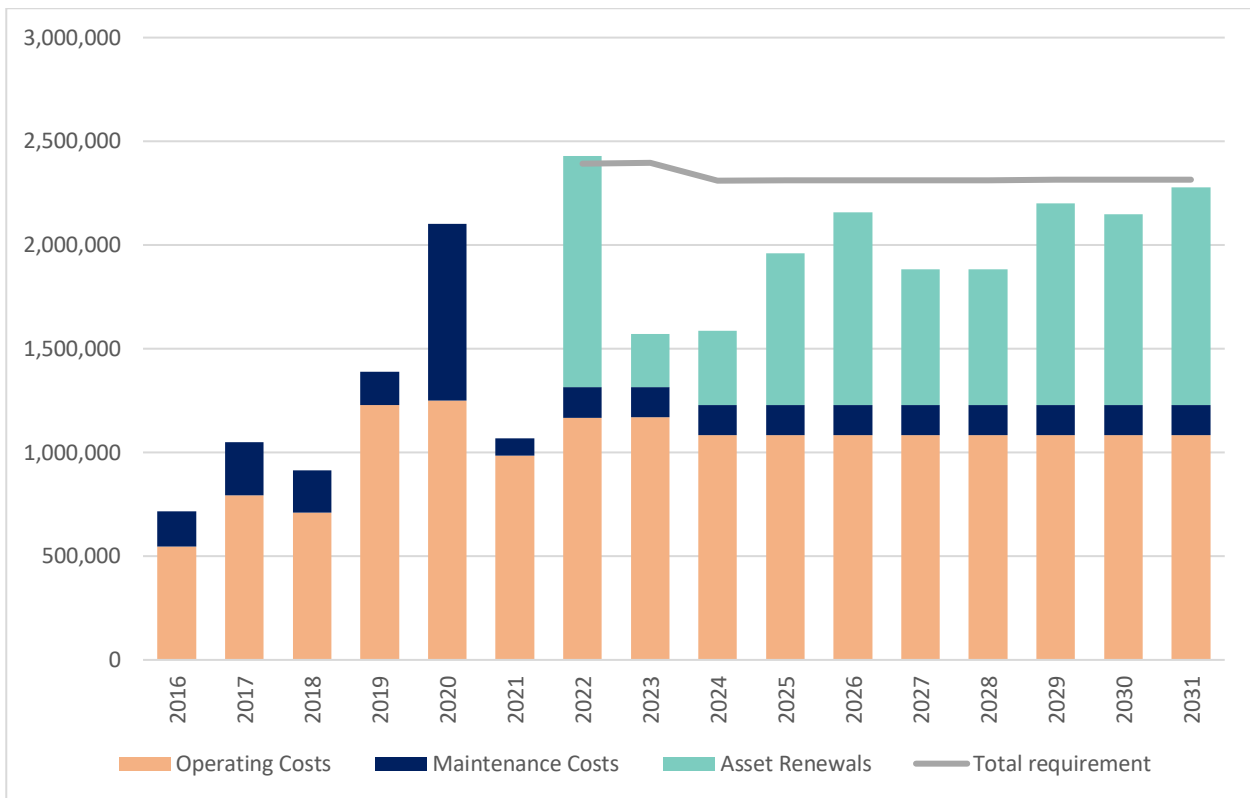
**Other Corporate Assets, including Bus Interchange, Tram Barn, Service Centre counters, Carparking Buildings, Regulatory Compliance and Licensing buildings and Performing Arts Precinct**

The projected outlays necessary to provide the services covered by the Corporate Accommodation AMP includes operations, maintenance, renewal and upgrade of existing assets over the FY22 – FY31 year planning period is \$23.3M.

Estimated available funding for this period is \$20.1M which is 86% of the cost to provide the service. This is known as the financial indicator. This is a funding shortfall of \$320k on average per year, which is a combination of OPEX and CAPEX.

Providing services from infrastructure in a financially sustainable manner requires matching the projected expenditures to the service to achieve a financial indicator of 100%.

The projected expenditure required to provide services in the AMP compared with planned expenditure submitted in the Long Term Financial Plan are shown in the graph below. Note submissions for the LTP have not been adopted.



**Figure 1-2: Forecast for the Operations, Maintenance & Renewal for Corporate Assets excluding the Civic Offices building (uninflated)**

**Table 1-4: Asset related expenditure summary (uninflated)**

10 year total cost [10 year Operational, Maintenance, Renewal & Upgrade Projected Expenditure]	\$23,290,429
10 year total LTP budget [10 year Operational, Maintenance, Renewal & Upgrade LTP Budget]	\$20,093,576
10 year AM financial indicator 100%	86%
10 year average annual funding shortfall	\$319,685

Renewal shortfalls are estimated in the Transport Unit, (for the Bus Interchange and the Tram Barn), for the Regulatory Compliance and Licensing Unit, (for the animal shelter and kennels buildings) and lower than usual allowances for the Performing Arts Precinct (for the Court Theatre building). Maintenance shortfalls are estimated at \$134k per annum.

Any reductions in the current LTP submissions for either OPEX or CAPEX will result in reductions in the service levels for lower criticality assets in the Corporate Accommodation portfolio.

These figures are subject to change based on LTP adopted budgets and assets included in scope, and assumption changes.

**Table 1-5: Facilities, Property and Planning Service Plan Table (Inflated)**

Facilities, Property & Planning 000's	Annual Plan	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28	LTP 2028/29	LTP 2029/30	LTP 2030/31
	2020/21										
<i>Activity Costs before Overheads by Service</i>											
Fleet Management	1,361	1,360	1,389	1,419	1,452	1,486	1,522	1,560	1,602	1,646	1,688
Facilities Management	18,273	17,528	18,063	18,206	18,460	19,567	19,846	20,045	20,809	21,085	21,309
Property Consultancy	1,957	1,095	1,043	1,242	1,267	1,295	1,320	1,354	1,390	1,428	1,465
	21,592	19,983	20,494	20,867	21,179	22,349	22,688	22,959	23,801	24,158	24,462
<i>Activity Costs by Cost type</i>											
Direct Operating Costs	14,043	14,070	14,557	14,644	14,811	15,827	16,009	16,113	16,771	16,939	17,056
Direct Maintenance Costs	1,511	1,543	1,576	1,725	1,765	1,807	1,850	1,897	1,948	2,000	2,052
Staff and Contract Personnel Costs	5,981	4,145	4,129	4,258	4,359	4,465	4,574	4,688	4,815	4,945	5,074
Other Activity Costs	56	225	233	239	244	250	255	261	268	274	281
	21,592	19,983	20,494	20,867	21,179	22,349	22,688	22,959	23,801	24,158	24,462
<b>Activity Costs before Overheads</b>	<b>21,592</b>	<b>19,983</b>	<b>20,494</b>	<b>20,867</b>	<b>21,179</b>	<b>22,349</b>	<b>22,688</b>	<b>22,959</b>	<b>23,801</b>	<b>24,158</b>	<b>24,462</b>
Overheads, Indirect and Other Costs	(21,529)	(19,403)	(20,301)	(20,611)	(21,242)	(22,171)	(23,729)	(24,261)	(25,427)	(26,665)	(27,765)
Depreciation	2,822	2,856	2,859	3,075	3,407	3,876	4,491	4,961	5,512	6,403	7,154
Debt Servicing and Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total Activity Cost</b>	<b>2,886</b>	<b>3,437</b>	<b>3,052</b>	<b>3,330</b>	<b>3,345</b>	<b>4,054</b>	<b>3,451</b>	<b>3,659</b>	<b>3,887</b>	<b>3,896</b>	<b>3,851</b>
<b>Funded By:</b>											
Fees and Charges	566	539	520	954	976	999	1,023	1,049	1,077	1,106	1,135
Grants and Subsidies	-	-	-	-	-	-	-	-	-	-	-
Cost Recoveries	28	70	71	73	75	76	78	80	82	85	87
Other Revenues	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operational Revenue</b>	<b>593</b>	<b>609</b>	<b>591</b>	<b>1,027</b>	<b>1,051</b>	<b>1,076</b>	<b>1,102</b>	<b>1,129</b>	<b>1,160</b>	<b>1,191</b>	<b>1,222</b>
<b>Net Cost of Service</b>	<b>2,292</b>	<b>2,828</b>	<b>2,460</b>	<b>2,303</b>	<b>2,294</b>	<b>2,978</b>	<b>2,349</b>	<b>2,530</b>	<b>2,727</b>	<b>2,705</b>	<b>2,629</b>
<b>Capital Expenditure</b>											
Replace Existing Assets	1,319	911	1,713	1,546	2,112	1,272	4,113	2,941	1,643	1,829	1,373
Improve the Level of Service	-	1,233	1,957	2,130	2,868	4,477	4,757	4,837	6,561	6,725	7,068
<b>Total Activity Capital</b>	<b>1,319</b>	<b>2,145</b>	<b>3,669</b>	<b>3,677</b>	<b>4,980</b>	<b>5,749</b>	<b>8,870</b>	<b>7,778</b>	<b>8,204</b>	<b>8,554</b>	<b>8,441</b>

Note this table is inflated to align with the [Facilities, Property and Planning Activity Plan](#)

### 1.1.4 How is it funded?

The funding for the Corporate Accommodation portfolio is a mix of rates and commercial revenue. The funding is set-out in a number of Activity Plans as described above. The AMP describes and defines how the Corporate Accommodation assets will be managed to support the delivery of these community-focused Activities at the agreed Level of Service (LOS).

### 1.1.5 How is it delivered?

The Corporate Accommodation Team has developed a comprehensive group of service providers who bring a blend of:

- experience with the facilities and;
- proven skills servicing other specialist facilities which require a similar mix of service requirements (see Table 6-21).

Skilled in-house staff manage external service providers. Staff also provide specific technical input and project management where required.

The rationale for this approach is to channel work through Council's B2B Facilities Management contract, (which aims to provide economy of scale benefits and an enhanced level of progress reporting, cost control), and to seek best overall value-for-money through engaging the best service providers in terms of breadth of experience and technical expertise.

#### Major Contracts for Service Delivery

At an organisational level, we have a number of contracts which cover the provision of a range of services for Council's building facilities including facilities maintenance, cleaning, security, Building Management System (BMS). One of the most significant of these is the Facilities Contract – currently held by CityCare – which will expire in June 2021 with a one year right of renewal possible at expiry.

Our priority in all of these contracts is to achieve best value-for-money for Council. This includes regular review as part of our procurement strategy and the re-scoping of work as appropriate, coordinated at a corporate level. This enables the ongoing balancing of service levels with current financial constraints.

These steps to extract better value-for-money for Council have received even greater focus than usual in recent months, with our service providers being encouraged to assist in identifying and saving further cost for Council in the context of the impact of the COVID-19 pandemic.

### 1.1.6 What are the functions and services provided?

Council's Facilities, Property & Planning Team provide key services across the Corporate Accommodation portfolio. This Team has an Activity Plan which includes a range of agreed, appropriate Performance Measures with Benchmarks and LOS defined and Targets set for the 10 year period of the LTP. These include:

- safe, compliant buildings;
- Facilities Management and Maintenance Services are audited and achieve contract KPI's;
- customer requests are completed on-time;
- internal stakeholders are satisfied with facilities maintenance service;
- we provide advice and projects that reduce the energy used in Council facilities.

Also included in the AMP are relevant extracts from the Activity Plans of the other Units of Council which have buildings covered by the AMP – namely Transport, Citizens and Customer Services and Regulatory Compliance and Licensing Units.

### 1.1.7 Overview of assets

The Corporate Accommodation AMP includes the following assets:

- the Corporate Accommodation Owned Asset portfolio comprises building assets which include office and community buildings, service centres, storage and ancillary buildings. The most significant in this group is Te Hononga Civic Offices;
- the Corporate Accommodation Leased Asset portfolio comprises facilities/buildings/spaces which are leased by Council. These assets include fitout assets which we have installed/carried-out to tailor the facility for service needs and obligations;
- specific building assets from the Transport portfolio which have a significant Corporate importance and which fit better in the Corporate Accommodation AMP than the Transport AMP, which is focused on roads, bridges, retaining walls and street lighting/traffic signals. These specific buildings comprise the Bus Interchange, the Lichfield Street carpark and the Tram Barn;
- specific building assets from the Regulatory Compliance and Licensing Unit asset portfolio, all located at the Animal Shelter facility ('Dog Pound') in Bromley. There are a number of buildings, including the animal shelter and kennels, which sit comfortably in the Corporate Accommodation AMP; especially as the Regulatory Compliance and Licensing Unit do not prepare an AMP;
- Service Centre counter areas/spaces which are located in 12 Council-owned facilities providing a key 'customer facing' role for Council. The Service Centre function is part of the Citizens and Customer Services Activity who do not prepare an AMP;
- the buildings which comprise the Performing Arts Precinct (PAP) in the CBD. In particular, the proposed new Court Theatre building.

## 1.2 Where have we come from and where are we heading

### 1.2.1 Background

The Corporate Accommodation portfolio has evolved over time through a combination of factors and circumstances. In the context of this AMP, it includes a range of 'corporate' assets which fulfil an important function and which are supported by a range of key services provided at a 'Corporate' level.

The primary facility within the portfolio is the Christchurch Civic Offices building – Te Hononga which is located at 53 Hereford Street in the CBD. The building is the former New Zealand Post Office (now NZ Post) Mail Distribution Centre built in the late 1970's. The building was purchased by Ngai Tahu Property and developed as a Public Private Partnership with ownership split equally between Council and Ngai Tahu. The facility, which opened in 2010, was the first office building in New Zealand to achieve a '6-Green Star Office Built' rating and a '6-Green Star' rating for Design and Interiors.

### 1.2.2 Looking Forward

In the context of the AMP, there are a number of Improvement tasks which have been identified in the course of preparing the AMP and which provide specific significant continuous improvement opportunities for the future – noting that this is a first AMP for the Corporate Accommodation portfolio and associated services. These tasks are set-out in Section 10 Continuous Improvement.

There is no specific Strategic Plan which supports Corporate Accommodation but we are now more closely aligned with a number of Activity Plans (and associated Strategic Plans) following the AMP writing process.

## 1.3 Successes, Issues, Opportunities and Risks

### 1.3.1 Success Factors

Key success factors include:

- increasing resilience – a specific initiative being the progressing of the EQRNet seismic sensor network allowing more robust and timely management of potentially all Council assets over time;
- improvement of community health - a specific initiative being a multi-year programme of work to assess all council-owned buildings for the presence of asbestos;
- continuing reduction in emissions from Council’s vehicle fleet to meet REGGE targets;
- continuing energy efficiency measures which result in reduction in Council’s year-on-year greenhouse gas emissions;
- improvement of security provision at Service Centre counters – as a result of a specific security upgrade project.

### 1.3.2 Strategic Issues and Risks

**Table 1-6: Strategic Issues and Responses**

Strategic Issues	Responses
Substitution of landfill gas as fuel source	Led by Corporate Accommodation but in conjunction with the Art Gallery, investigate options, carry-out a benefit/cost study and progress project within the timeframe recommended in the options report. This report is due to be completed by June 2021. It should be noted that financial provision for the cost of new/refurbishment of supporting infrastructure is included in the LTP submission for FY27 – for both Corporate Accommodation and the Art Gallery
Future-proof storage provision - including seeking to provide some storage capacity of a higher quality than is provided at a Corporate level currently	Scope storage needs and investigate storage options – focusing initially on two existing Council-owned storage facilities (Kilronan Place and Colombo Street). This may lead to a benefit/cost study to inform future planning and provision and be extended to include other yards and depots which may have underused or unused storage space



## 2 Introduction

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This section provides the context, purpose and objectives of the Asset Management Plan (AMP) and describes the development and review process.

### 2.1 Background

This AMP and related Activity Plans are the basis for the Corporate Accommodation activity planning. The purpose of this AMP is to demonstrate responsive management of assets (and services provided from these assets), compliance with regulatory requirements, and to communicate funding needed to provide the required LOS over a 30-year planning period.

The objective of asset management is to:

*“Deliver the required level of service to existing and future customers in the most cost-effective way.”*

In this context the specific objectives for this AMP are:

- to define the services to be provided, the target service standards that Council aims to achieve, and the measures used to monitor the performance of the Corporate Accommodation activity;
- to translate Council’s Strategic Vision and Goals into activity strategies and action plans. The Plan identifies forward works programmes based on strategic outcomes sought and financial forecasts required to meet agreed service levels and cater for growth;
- to demonstrate responsible management of the Corporate Accommodation activity infrastructure to stakeholders, ensuring that public funds are optimally applied to deliver cost effective services to meet customer expectations;
- to document current asset management practices used by Council based on clear evidence as part of a sustainable and optimised lifecycle management strategy for the Corporate Accommodation infrastructure, and identify actions planned to enhance management performance;
- to comply with the requirements of relevant legislation.

The key outputs of this AMP are inputs into the 2021-2032 10 Year Long Term Plan (LTP) process, which will be the subject of a special public consultative procedure. The intention of this AMP is to set out how Council manages Corporate Accommodation assets and services in a way that is appropriate for a readership including elected members of the Council, executive management, interest groups and business partners associated with the management of the Corporate Accommodation activity along with interested members of the community. It also covers the services that are provided from ownership and management of the associated assets.

This AMP covers a period of 30 years commencing 1 July 2021. Operational, maintenance and renewal programmes for the first 3 years are generally well defined with reasonable certainty of being implemented to budget as planned. Beyond this period, work programmes are generally based on projected trends and demands and there is less certainty with respect to scope and timing of the projects. All expenditure forecasts are based on unit costs as at 1 July 2021.

## 2.2 Scope of the Assets and Services Covered

The following assets and services are covered in this AMP.

**Table 2-1: Scope of Assets and Services Covered in this Plan**

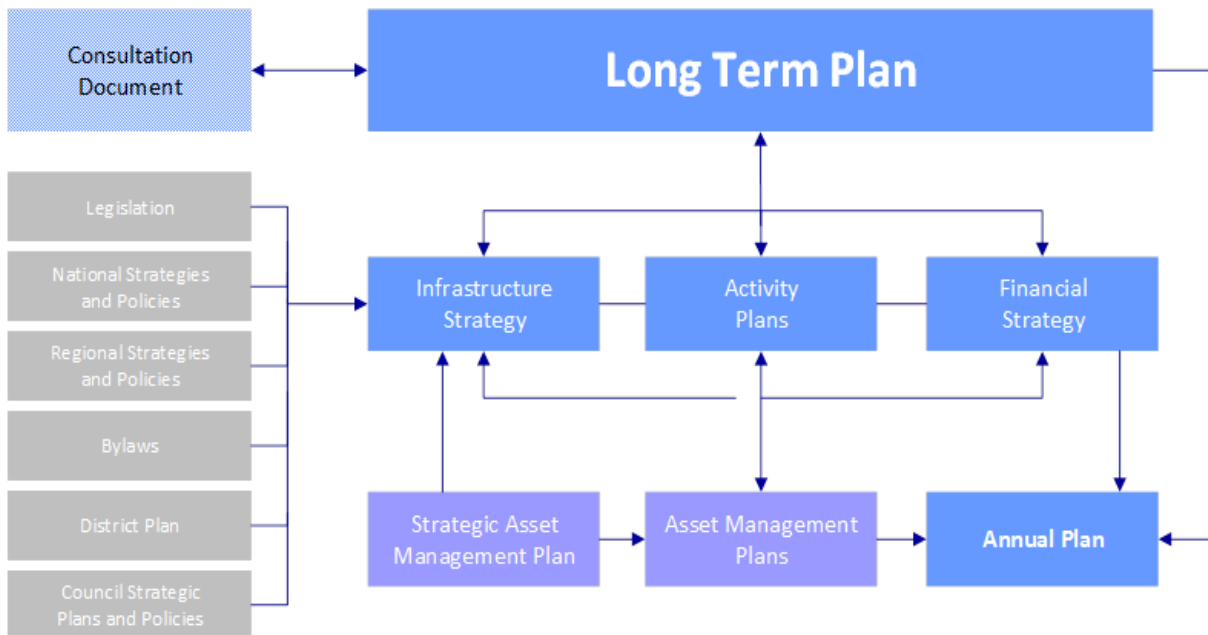
In Scope	Out of Scope
<ul style="list-style-type: none"> <li>• an owned Asset portfolio comprising 13 building assets being office/community buildings, service centres, storage and ancillary or support buildings</li> <li>• a Leased Asset portfolio comprising 12 facilities/buildings/spaces which are leased by Council with various associated assets and/or obligations which must be met at the termination of our lease</li> <li>• three specific building assets from the Transport portfolio</li> <li>• five specific building assets from the Regulatory Compliance and Licensing asset portfolio, all located at the Animal Shelter facility</li> <li>• 12 Service Centre spaces which are an integral part of the Citizens and Customer Services Unit and which are located in Council-owned facilities, providing a key 'customer facing' role for Council</li> <li>• the buildings which comprise the Performing Arts Precinct (PAP) in the CBD. In particular, the proposed new Court Theatre building</li> </ul>	<ul style="list-style-type: none"> <li>• assets which are not part of or integral to the building facility or to the supporting plant and equipment eg chattels are out-of-scope</li> </ul>

## 2.3 Relationship with other plans

Many of the asset planning activities undertaken by Council are applied to all infrastructure assets. For this reason, Council has developed AMPs in two parts. A Strategic Asset Management Plan (SAMP) document which provides an overview of asset management planning at the Council, and an AMP document for each asset group which describes the assets and how the principles contained within the SAMP are applied to the management of the assets.

Figure 2-1 depicts the relationship between the various processes and levels of planning within the Council required to deliver on Council's vision and goals.

## Community Outcomes and Strategic Priorities



**Figure 2-1: Council's Planning Framework**

The SAMP provides an overview of the linkages between asset management planning and the other business processes of Council, such as strategic planning, risk management, financial management and compliance. Throughout this AMP references to the SAMP are frequently made.

The SAMP also describes the linkages between AMPs and other corporate plans and documents. In addition to these corporate documents, the following documents are specifically relevant to this AMP:

**Table 2-2: Policies and Strategies**

Policies and Strategies	
1.	Long Term Plan 2021-2031
2.	Asset Management Policy 2018
3.	Asset Management Strategy 2018
4.	2021 Infrastructure Strategy (30 year horizon) plus CCC LTP Infrastructure Strategy 2021-2051
5.	LTP 2021 Activity Plan - Facilities, Property & Planning Activity Plan
6.	LTP 2021 Activity Plan - Citizens & Customer Services & Business Support
7.	LTP 2021 Activity Plan – Regulatory Compliance & Licensing Activity Plan
8.	CCC Sustainable Energy Strategy 2008 and Climate Smart Strategy
9.	Corporate Environmental Policy
10.	Social Wellbeing Policy
11.	Safer Christchurch Strategy
12.	Christchurch Economic Development Strategy
13.	Resilient Greater Christchurch

## 2.4 Delivering on Council’s Strategic Framework

### 2.4.1 Alignment of Outcomes, Priorities and Activity Objectives

Council’s strategic framework and general implications for the activities are presented in Council’s SAMP. The table below summarises key responses by Corporate Accommodation to contribute to the community outcomes and strategic priorities.

One key purpose of local government is to promote the four (social, economic, environmental and cultural) wellbeings. The [Community Outcomes](#) are the wellbeings the Council aims to achieve for the city so are a key driver for this Activity, alongside external drivers like legislation.

It should be noted that there is no Activity Plan for the Corporate Accommodation portfolio but reference is made to the Facilities, Property & Planning Activity Plan, which is the most relevant. Table 2-3 below describes the connection between what we do as part of this Activity, the relevant Community Outcomes and the impact we expect to have. The Primary Community Outcome explains WHY we deliver the Activity – Secondary Outcomes are impacted by the Activity but are not the main reason why it is delivered.

Table 2-3 below. *Taken directly from Long Term Plan 2021-31 – Activity Plan for Facilities, Property & Planning – Section 2 Community Outcomes – Why do we deliver this activity? (Noting that there is no Activity Plan for the Corporate Accommodation ‘Activity’)*

**Table 2-3: Alignment of Community Outcomes, Priorities and Activity Objectives**

	Relevant Community Outcome(s) for the Activity.	How the Facilities, Property & Planning Activity affects the Community Outcome
Primary Outcome 1	Modern and robust infrastructure and community facilities	Managing and maintaining our facilities and properties enables much of the Council’s service delivery, as well as supporting economic activity and individual and community wellbeing. Maintenance of facilities support use and the community benefits that come from this use. Everyone who uses a facility benefits from them being maintained in a safe, clean, healthy and functional manner.
Primary Outcome 2	Sustainable use of resources	Facilities management seeks to use resources (energy, water, materials) efficiently through engineering (eg automatic lighting controls, thermostats), processes (eg continuous commissioning of plant), maintenance and targeted adoption of new technologies that reduce resource use (eg LED lighting). We are also responsible for waste management in Council facilities, including the adoption of practices to nudge behaviour (eg not supplying litter bins to staff).
Primary Outcome 3	This Internal Service supports all the Community Outcomes through the organisational support provided by this Activity to the External Services of the Council.	Many of the activities of Council rely on land and buildings. The specialists who deliver these activities (eg librarians, lifeguards, arts curators) focus on the direct community outcomes and are supported by skilled and experienced staff with knowledge of property management and facilities maintenance.

### 2.4.2 Activity Responses to Strategic Priorities

Council has confirmed the following strategic priorities requiring specific focus for the next LTP. In response to these priorities, this AMP includes a number of responses as tabulated below in Table 2-4, with reference to the relevant section

in the AMP where further detail on responses is provided. Responses to natural hazard risks and building resilience are dealt with in Section 5.

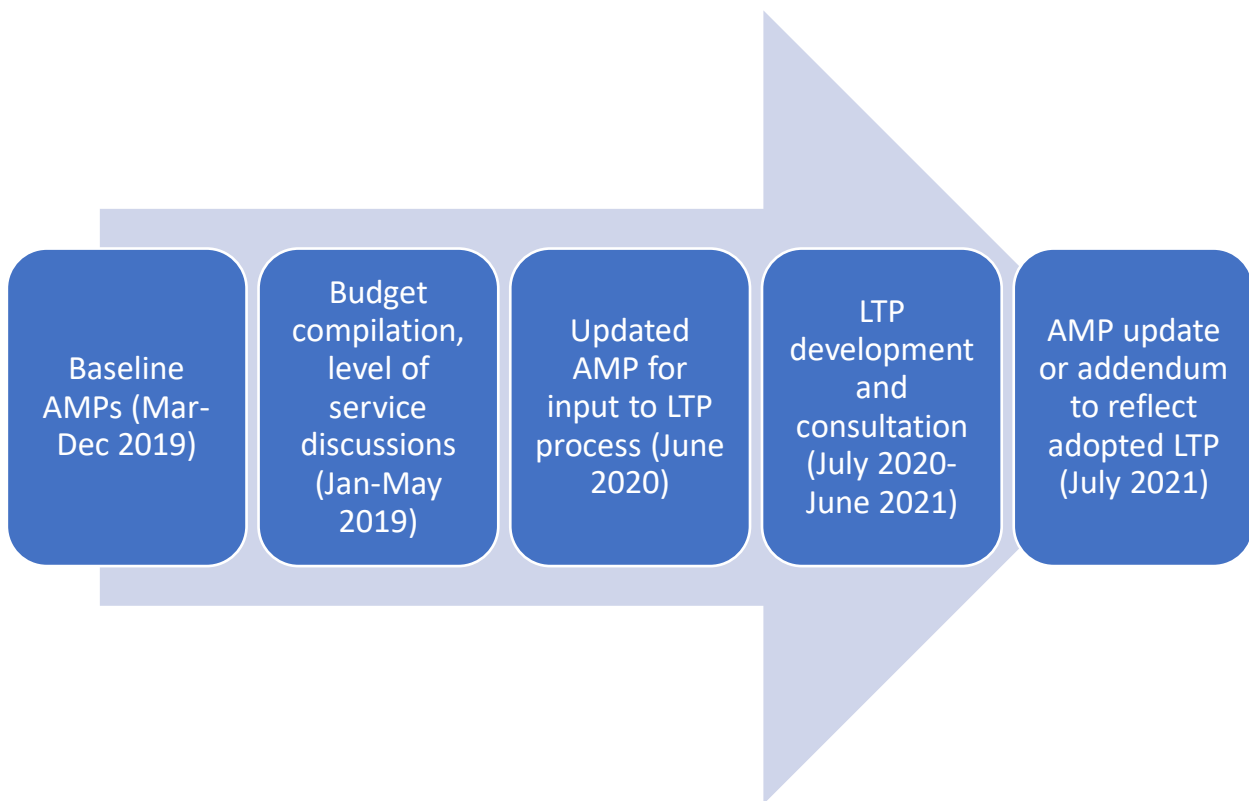
This table is also included in the Facilities, Property & Planning Activity Plan, Section 3.

**Table 2-4: Contribution of the Activity to the Strategic Priorities**

Strategic Priorities	How this activity supports progress of each strategic priority
Enabling active and connected communities to own their future	<p>This activity provided advice for alternative delivery of services and maintenance services - will continue to prioritise options for community delivery of services and maintenance of facilities where possible</p> <p>We consult on many property activities as the community has an interest in the use and ownership of public land. This consultation will continue throughout the LTP period.</p> <p>The provision of clean, safe and well maintained facilities supports connected communities through the provision of meeting spaces.</p>
Meeting the challenge of climate change through every means available	<p>Rising groundwater and flooding issues is being factored into activity planning for land and facilities</p> <p>Regarding flooding intervention policy, need to go beyond intervention to what comes next - what's next for properties with no defined use?</p> <p>Any purchases of new property consider issues such as flooding</p> <p>Also considering GHG emissions in activity management</p> <p>Electrification of the vehicle fleet supporting reduction in Council emissions</p> <p>Looking at stationary energy issues in conjunction with 3 Waters Unit</p> <p>Looking at waste minimisation in terms of construction waste from new builds – seeking to ensure design standards aim at waste minimisation during construction for future new builds</p> <p>Planning for future is taking into account impact of drought and temperature changes</p> <p>We take sustainability matters into account when we procure services</p> <p>The Council's fleet solution is a shared fleet – now looking at other EV and sharing options for the specialised fleet (including solutions such as Uber)</p> <ul style="list-style-type: none"> <li>• For example - Uber/Lime accounts to help meet Council's own fleet needs and all government shared fleet contract.</li> </ul> <p>FP&amp;P provides maintenance of Bus Interchange and related facilities.</p> <p>Supporting active transport options by our role in purchasing land for cycleways and cycle parking</p> <p>Looking at how we increase bike parks at Council-owned buildings (eg at Civic Offices, demand currently exceeds supply)</p>
Ensuring a high quality drinking water supply that is safe and sustainable	<p>Need to do more work on water-use efficiency – item for next LTP</p> <p>Focus for next 3 years will be on maintaining existing systems so buildings remain functional e.g. rainwater system not maintained to standard and impacts reliability of water supply to Civic building due to contaminants not filtered out of system</p> <p>Management of land with waterways sits with asset owners. FP&amp;P supports indirectly through purchases for 3 Waters and Parks Units.</p>
Accelerating the momentum the city needs	<p>Supporting a range of temporary activation initiatives through leasing and licensing arrangements</p>

## 2.5 AMP Development Process

This AMP review was carried out during 2019 by asset managers, led by the Asset Management Unit (AMU) and covering all Council AMPs. The broad timeline is shown below.



**Figure 2-2: AMP Development Timeline**

This AMP has been prepared as a team effort by officers dedicated to and trained in AM planning. This team has been supervised and the AMP internally reviewed by professional Council staff having over 10 years' experience in preparing AMPs with guidance from an external asset management specialist.

## 2.6 Navigating the AMP

The AMP follows the general format for Asset Management Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual. It comprises a series of logical steps that sequentially and collectively build the framework for sustainable asset management for the activity it supports.

Key elements of the AMP are:

- Level of Service – specifies the services and levels of service to be provided by the organisation;
- Future demand – how this will impact on future service delivery and how this is to be met;
- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service;
- Financial summary – what funds are required to provide the defined services;
- Asset management improvement plan – the current and desired state of asset management practices and how the plan will be monitored to ensure it is meeting organisation's objectives.

# 3 The Services we Provide

This section outlines the drivers for the level of service requirements, sets out the proposed levels of service and performance measures, provides information on how Council has been performing in recent years against those requirements and identifies projects and programmes aimed at addressing any level of service gaps. (LOS gaps are where performance results achieved are consistently different from performance targets).

## 3.1 Level of Service Drivers

### 3.1.1 Customers and Stakeholders

The Corporate Accommodation portfolio contains a range of buildings which provides a range of host accommodation services for our customers and stakeholders including

- Te Hononga Civic Offices;
- three service centre buildings (Akaroa, Linwood and Little River);
- storage facility (located at 25 Kilronan Place);
- a number of other smaller, owned buildings which are included in the AMP;
- a number of leased buildings; some of which have ‘tenant’ obligations at the termination of our lease;
- three major transport buildings (Bus Interchange, Lichfield Street carpark , Tram Barn);
- small scale buildings located at the Animal Shelter;
- Service Centre counter presence (in particular, the execution of a security upgrade project at eight of the 12 Service Centre locations);
- the buildings which comprise the Performing Arts Precinct (PAP) in the CBD. In particular, the proposed new Court Theatre building.

In summary, a clear understanding of service expectations from customers and stakeholders helps to inform what is important to them and therefore what aspects of performance should be measured.

It is clear from the Activity Plan review process which was carried-out in late 2019, that the Customer Services Team who provide and manage the Service Centre activity at a range of Council facilities are concerned about the ‘unequal’ relationship that they share with many of their ‘host’ groups. It is certainly not a balanced landlord/tenant relationship and including them in the AMP for the first time provides an opportunity for specific initiatives to be flagged to meet their future needs.

The Corporate Accommodation AMP provides a number of different asset groups which interface with different customers. In the below table there is a summary breakdown presented of these asset groups and their customers.

**Table 3-1: Asset groups and Customers covered in AMP**

Asset Group	Customers	What do our customers want?	How do we know this?
Corporate Accommodation	Internal staff	Clean, low risk, fit-for-purpose facilities	The minimum that we should provide as a good employer
Storage	Internal staff	Adequate provision to meet demand/need, optimum location that affords timely retrieval with cost managed	Requirements provided, satisfaction feedback received
Service Centres	Internal staff and citizens	Fit-for-purpose including provision of an appropriate level of security for staff and users. Locations in a	Minimum space/function provision as a good employer. Adequate network which serves the

Asset Group	Customers	What do our customers want?	How do we know this?
		network of 12 locations across the city that provide important 'face-to-face' services	community's needs in a cost-effective manner
Key transport assets	Transport operators and citizens	Provision of key strategic metropolitan transport assets (Bus Interchange, Lichfield Street carpark, Tram Barn)	Supply and demand is balanced in what is a competitive market, given the city is well served by private parking providers Best practice provision fit-for-purpose
Animal management	Citizens	Safe and humane treatment of errant animals	Best practice provision
Performing Arts Precinct (PAP)	Specialist user groups (eg Court Theatre) and citizens	A precinct of complementary facilities, facilitated/supported by Council	Community supports the PAP concept, developed through consultation and feedback
Strategic land	Internal staff	Land purchased, held, managed until required for project needs or before it is sold	Fulfils a key and required function (These assets are to be investigated further for possible later inclusion in the AMP)

### 3.1.2 Legislation/Regulation

Alongside customer expectations, we consider legislation, regulation and standards that impose level of service standards for the Corporate Accommodation Activity.

The Local Government Act 2002 (LGA) requires Council's to produce statements of the intended LOS provisions, including the performance targets and other measures by which actual LOS provision may be meaningfully assessed. This is required in detail for each of the first three years and in outline for the subsequent years of the LTP.

There is a range of other legislation covering building performance, health and safety etc which is too vast to mention in the AMP. Arguably, the most important legislation are the Building Act (2004) and the Building Code, which are very important legislation for the provision and operation of a public building.

In terms of the specific requirements associated with the AMP, we must satisfy the expectations of Audit New Zealand and the Office of the Auditor General.

### 3.1.3 Strategic Framework

Measures to monitor progress towards our Strategic Priorities are included in the following section.

This AMP covers a period of 30 years commencing 1 July 2021. Operational, maintenance and renewal programmes for the first three years are generally well defined with reasonable certainty of being implemented to budget as planned. Beyond this period, work programmes are generally based on projected trends and demands and there is less certainty with respect to scope and timing of the projects. All expenditure forecasts are based on current unit costs taken from QV Cost Builder.

A 30 year capital expenditure programme has been prepared. A LOS gap, being the difference between the current and target performance, is to be recorded along with actions proposed to move to reduce the gap.

Strategies need to be established to address the current and future LOS gaps. Consider the effectiveness of current programmes, budgets and projects in closing the gaps over desired timeframes.



## 3.2 Defining and Measuring Levels of Service

### 3.2.1 Measuring our Levels of Service

As the Corporate Accommodation portfolio comprises a range of varied facilities, and based on the Activity objectives defined in Section 2, please see **Section 5 Specify Levels of Service in the following Activity Plans.**

- [Facilities, Property and Planning Activity Plan](#)
- [Citizens and Customer Services Activity Plan](#)
- [Regulatory Compliance and Licensing Activity Plan](#)
- [Transport Activity Plan](#)

Performance of Community (C) Levels of Service will be reported to the Finance and Performance Committee each month.

### 3.3 How are we / should we be performing?

Historic results for important key performance measures are being collected but were not available at the time of preparing the AMP. Once these are available, there will be comment on and an explanation of trends and the identification of areas where level of service change is desired and why.

### 3.4 Level of Service Projects and Programmes

At present, the LOS gap has been estimated. LTP bid projects and programmes are yet to be developed to close the gap between the current and target LOS. Where possible we will adopt an evidence-based approach, with asset knowledge and data from condition assessments contributing to programme development.

# 4 Demand for our Services

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This section provides details of growth and demand forecasts that affect the management, provision and utilisation of services and assets. New works will be based on the information outlined in this section.

## 4.1 Demand Drivers

As the Corporate Accommodation portfolio is varied in terms of the nature and type of buildings and the range of activities which they support, it is appropriate to review demand by each activity in turn.

It should be noted that no new facilities are proposed for the existing asset portfolios covered by this AMP, with consideration of demand drivers such as staff FTE's, needs analysis, demographic data and service alignment.

### 4.1.1 Service Centres

#### 4.1.1.1 Demographics

The Corporate Accommodation portfolio provides a hosting service for the Service Centre activity including contact counters which are a key part of the Citizens and Customer Services Unit. Service Centre counters are located in three facilities (locations) which are included in the Corporate Accommodation portfolio as follows:

- Te Hononga Civic Offices
- Akaroa Service Centre
- Little River Service Centre

There is a Service Centre counter in nine other locations across the city making a total of 12 locations. (Note that there are two locations – Linwood Service Centre at 180 Smith Street and Sockburn Service Centre which still have the historical Service Centre term attached to them but they no longer support a Service Centre function and with no intention of restoring the function at either of these locations). The network need is assessed in terms of coverage, especially in relation to population growth but also in tandem with the availability of existing, suitable Council premises, as well as ease of access; (for example proximity of bus routes, shopping or other community facilities which generate likely customer numbers).

#### 4.1.1.2 Customer Needs

The following extract taken from *Section 1 What does this activity deliver?* 2021 Activity Plan – Citizens & Customer Services, is relevant.

*Citizen and Customer Services plays a critical role in our organization as the first point of contact for enquiries and interactions for the citizens and customers of Christchurch. We provide important information and services, ranging from enquiries about how to participate in consultations to managing service requests for improved water quality to taking payments. We also provide and manage Community Hubs that offer tailored services and spaces for local communities.*

*We provide four core activities. These are:*

1. ***First point of contact for enquiries and interactions for the citizens and customers of Christchurch.*** *We deliver a 24/7 service for phone, email, social, and online interactions. Face to face services are provided at 12 suburban Community Hubs in greater Christchurch, from Papanui in the North to Akaroa in the South. Our service delivery includes but is not limited to the following:*
  - *Enquiries*
  - *Service Requests*
  - *Payments*

- Bookings
- Applications
- Advice
- Emergency Council support
- Product sales
- Service provision on behalf of others, such as Housing Trust, NZ Post and NZTA.

2. **Centre of excellence for citizen experience and service**
3. **Provision of community hubs** to deliver integrated services that meet individual community needs. This includes offerings on behalf of external agencies such as Post Plus and Metrocard. This activity moves us towards local and tailored services where our citizens can actively participate in civic and community life.
4. **Custodianship of citizen data, knowledge management and supporting systems**

#### 4.1.1.3 Technology

The following extract from Section 4 Increasing Resilience of the 2021 Activity Plan – Citizen & Customer Services is relevant

##### **Digital Disruption**

*Digital disruption is a significant impact on our citizens and how they work, play and connect with both Council and each other. This has and will continue to have an impact on how we provide our services. In the last ten years we have seen a shift from a majority of people paying their dog registrations via cheque or cash, to now paying online and expecting to have the choice to pay for all Council services online. In the next ten years we will see Digital Assistants that manage many first point of contact interactions and smart technology that supports the Council to manage its infrastructure.*

*As the custodian of the citizen experience and owner of the associated programme of work, Citizen and Customer Services is a key contributor to successfully navigating this disruption. Our programme of work focuses on designing services that are simple and easy for citizens to use in a manner that meets their needs and makes them feel valued. It also supports the implementation of the Digital Strategy and takes into account the changing face of community.*

*The benefits of this activity:*

- *an organisation who is digitally enabled, adaptive and inclusive*
- *citizens who can connect with us in the channel of their choice and actively participate in civic life.*

#### 4.1.1.4 Impact of Demand Drivers

The Service Centre counter presence has grown to now operate from 12 locations. The range of services offered has also grown to not only include a full range of Council transaction services but also service provision on behalf of other organisations such as Otautahi Community Housing Trust, NZ Post, NZTA and Metrocard.

As a result of a security review project, (the Service Centres Security Review 2017/18 Report) a range of security upgrade works at Service Centre sites have been identified. The scope of work and itemised cost schedule have been included in this Corporate Accommodation AMP. Financial provision for the CAPEX cost has been made in the recent LTP submission for a sum of \$92,400 in FY21.

#### 4.1.2 Civic Offices

It is expected that the Civic Offices will meet staff accommodation needs over the next 10 year period as non-asset solutions can solve likely demand requirements which may arise.

### 4.1.3 Transport – including Parking Buildings

Comments relating to Demand for the principal transport facilities assets are included in the Transport AMP and associated Activity Management Plan.

### 4.1.4 Animal Shelter

The Regulatory Compliance and Licensing Unit assess the demand for their services, including the adequacy of Animal Shelter. They are satisfied that the current Animal Shelter is fit-for-purpose for (at least) the ten years of the LTP.

## 4.2 Demand Forecasts

### 4.2.1 Historic Demand Changes

The approach of Christchurch City Council has been no different to other New Zealand Council's, in terms of the desire to have staff co-located in a 'Civic Offices' facility situated in the central city. The space provided typically meant that each staff member had their own working space, albeit in an innovative, open-plan office arrangement. Following the Canterbury Earthquake sequence, staff were unable to occupy the Civic Offices for extended periods of time and many staff learnt to work flexibly and successfully adapted to challenging working arrangements, including occupying temporary spaces or 'working from home', but once the Civic Offices were able to be reoccupied, staff returned to the historical arrangements.

As a result of the COVID-19 pandemic and the full lockdown at Alert Levels 4 and 3 for a seven week period, followed by more than two further weeks at Alert Level 2 in 2020, staff demonstrated a high level of resilience in coping remarkably well with the rapid and enforced 'working from home' regime. The lockdown, and with it the enforced new way of working, has highlighted that there are a range of opportunities for non-asset solutions to our accommodation needs for many staff. However we are yet to carry-out a comprehensive investigation of the potential for this to become a 'new normal', thus allowing us to assess the cost saving opportunities which may result as well as the potential greater level of flexibility available to individuals and to the wider organisation.

### 4.2.2 Forecast Future Demand

- **Civic Offices building**
  - The principal driver of accommodation needs is staff numbers. Recent developments have seen staff housed in the Anthony Harper building (adjacent to the Civic Offices building in Worcester Boulevard) successfully re-located to the Civic Offices. There is no requirement for additional office space identified in the AMP, as it is seen that staff can be accommodated in the Civic Offices for the foreseeable future.

## 4.3 Impact of Changing Demand on Existing Assets

Any change in demand could have an impact on the level of service and condition of each of the assets covered by the AMP, potentially leading to differing maintenance requirements and/or the need for non-asset solutions.

Most recently, the COVID-19 lockdown and the necessity for staff to work from home for a total period of seven weeks during Alert Levels 4 and 3 and then for longer still during Alert Level 2, has proved that the organisation can successfully embrace non-asset solutions to working. For example, more staff working remotely from home, staff teams working in 'shared shift' arrangements, some staff working from other Council buildings other than the Civic Offices.

Also, there is a planned initiative to scope our current and future storage needs and investigate options; particularly focused on Council-owned storage facilities. This includes Kilronan Place and South Distribution Centre and where there may be unused or under-used space 'owned' by other groups in Council which could be utilised for a range of storage purposes. An

example could be 'depot' sites where existing space and/or buildings could be utilised cost effectively with little or no improvement work required.

Asset utilisation will need to be monitored more effectively in the future so that trends, issues and solutions can be identified to respond to demand changes; rather than simply focusing on the provision of 'more storage space' (refer to Section 10 Continuous Improvement).

## 4.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of assets, providing new assets to meet demand management. Demand management practices include non-asset solutions, ensuring against risks and managing failures.

Demand management initiatives may increase or decrease the demand for a Council service. This could have an impact on the need for assets and their management. Demand management are activities that are undertaken by the activity provider (Council) to alter demand. It is not related to external factors that influence demand – these are the demand drivers, discussed earlier in Section 4.1.

In many instances demand management is understood as trying to limit the need for a service. However, demand for a service can also be increased by initiatives undertaken. The storage project mentioned earlier is an example of this where if storage space of a higher quality could be provided (for example, with controlled environment, fire protection, appropriate security), then a number of Council Units are likely to be keen to use it for off-site storage to free-up space in their home premises such as Turanga and the Art Gallery.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including altering demand for the service, altering the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures and these are appropriate strategies to gain greater value-for-money from those assets.

Opportunities identified to date for demand management are shown in Table 4-1. Further opportunities will be developed in future revisions of this AMP.

**Table 4-1: Demand Management future Initiatives and Impacts**

Future planned initiatives			
Initiative that influences demand	Effect of initiative on demand	Can this effect be quantified – what assumptions have we made about the effect of the initiative	Potential impact on asset planning (operation / maintenance / revenue / renewal / capex) etc
Development of a new corporate storage facility in the future	Increase in effectively unsatisfied 'new' demand	Through preliminary discussions, it is clear that Libraries and the Art Gallery (at least) are interested in sharing the space	No specific Capex provision has been made in the 2021-2031 LTP.

## 4.5 Growth Related Projects and Programmes

No new assets are proposed in the AMP to meet growth



# 5 Managing Risk and Investing in Resilience

This section outlines Council’s approach to managing risk and investing in resilience. It includes responses by the activity to build resilience across a number of identified ‘disruptors’. A risk register and schedule of proposed risk mitigation actions are also included.

## 5.1 Council’s Approach

### *Investing in Resilience*

The Resilience Greater Christchurch Plan (RGCP) provides a framework and multi-agency actions towards a more resilience City. All Council’s activities play a role in contributing to this Plan by becoming more resilient to ‘disruptors’.

To build resilience in our asset networks, we need to firstly understand the potential disruptors and the impacts on our assets and services. These are outlined in Section 5.2.1.

Key projects or activities to improve resilience, that we have identified and defined sufficiently to be included in this AMP programme, are included in Section 5.2.2.

Where further investigation is required to understand the impacts of disruptors and ways to be more resilient, opportunities are identified in Section 5.2.3.

### *Risk Management*

Council’s corporate approach to managing risk is defined in its Risk Policy and assessment framework. The framework provides a means for consistently identifying, recording and assessing risks such that risk mitigations can be prioritised across Council. The risk management framework and application to AMPs is summarised in Section 4.3.3 of the SAMP.

Whilst the resilience programme focusses on the big, strategic challenges such as natural hazards and globalisation, Council’s risk register (recorded in ProMapp) is also intended to be used to manage higher frequency, lower probability events. For example, while another major earthquake would have very high consequences for many of Council assets, lower consequence risks such as third-party damage may be so frequent as to also warrant attention.

In Section 5.3.1 we provide a snapshot of the highest risks recorded for this activity and in 5.3.2 summarise the major mitigation actions that have been included in this AMP.

### **Resilience Definitions**

**Acute Shocks:** Sudden, sharp events that threaten us e.g. the Canterbury earthquakes represent one of the most significant types of shock any place can endure.

**Chronic stresses:** Activity that weakens the fabric and functioning of a city on a day-to-day or cyclical basis.

**Resilience** is the capacity of individuals, communities, businesses, and systems to survive, adapt and grow, no matter what chronic stresses and acute shocks they experience. (100 Resilient Cities)

**The Resilience Dividend:** The practice of designing projects and policies to address multiple challenges at one time, improving services and/or saving resources i.e. the net social, economic and physical benefits achieved when designing initiatives and projects. (100 Resilient Cities).

**Multiple Dividends** accrue from investment in disaster risk reduction and can: (1) Avoid or minimise losses when disasters strike. (2) Stimulate economic activity in a zone as a result of reduced disaster risk; and (3) develop co-benefits, or uses, of a specific investment.

**Absorption** is the ability to absorb shocks or stresses without triggering non-linear, abrupt environmental change (in the wider sense of ‘environment’ not just the natural environment). *New Zealand Treasury Resilience and Future Wellbeing 2018.*

**Adaptation** changing something in order to make it suitable for a new use or situation. In a climate change context, the UN Development Program calls it a process by which strategies to moderate, cope with and take advantage of the consequences of climatic events are enhanced, developed, and implemented. (*Oxford Dictionary*).

**Mitigation** is the action of reducing or minimising the severity and seriousness of any harmful impact (*Oxford Dictionary*).

**Resilient Qualities** are the characteristics of resilient projects and systems. The 100 Resilient Cities define these characteristics as reflective, resourceful, robust, redundant, flexible, inclusive, and integrated.

## 5.2 Investing in Resilience

### 5.2.1 Understanding our Resilience Challenges

Section 4.3 of the SAMP detailed the ‘shocks and stresses’ (disruptors) that provide resilience challenges for Christchurch.

Table 5-1 below summarises how each of these has the potential to negatively impact our assets and services:

**Table 5-1: Potential Impacts of Resilience Disruptors**

	Disruptors	Potential Impacts on our Assets and Services
Chronic Stressors	Climate Change	An impact of climate change on the operation and service delivery provided by buildings and facilities within the Corporate Accommodation portfolio includes the impact of a long-term rise in average temperature and/or humidity in Christchurch. The building services infrastructure in our buildings, where it exists, are designed for a range of parameters which may no longer in the future be considered to be ‘norms’. That is, a general increase in temperature and/or humidity with more frequent significant adverse weather events. This is an issue for buildings which rely on natural or ‘passive’ cooling and heating – the impact of which requires further investigation. For buildings where HVAC systems are present, a mitigating factor is that as these changes are likely to occur on a progressive basis over an extended period of time, system improvements and modifications can be made at the time of upgrade/refurbishment/replacement over the lifecycle of these systems.
	Globalisation	Not seen as having a specific direct impact on the Corporate Accommodation portfolio
	Demographic Changes	Although there are projected demographic changes which will see significant growth in the city (outlined elsewhere in this AMP), any related increase in Council staff, in areas such as regulatory and community, would most likely be in a decentralised manner which would not place any direct pressure on space in the Civic Offices building
	Population Health	Not seen as having a specific direct impact on the Corporate Accommodation portfolio
	Housing and Social Inequity	Not seen as having a specific direct impact on the Corporate Accommodation portfolio
Acute Shocks	Seismicity	The Civic Offices building was designed as the Christchurch Postal Centre – effectively as an industrial structure, with design floor loads to accommodate forklift movement on several levels. It means the building is inherently strong (a seismic capacity of 133%NBS) but this also poses issues in earthquakes where ‘shaking movement’ at significantly different rates and displacement has meant damage to linings, lightweight fittings etc - which behave completely differently to the underlying massive reinforced concrete structure of the building.
	Tsunami	Still to be confirmed but it has been proposed that the Council’s tsunami warning alarm network and associated infrastructure could be included in the coverage of this AMP in the future
	Flooding	To be reviewed further – but not seen as a specific issue in relation to the range of buildings in the Corporate Accommodation portfolio. Clearly this would impact the wider community

### 5.2.2 Resilient Projects or Activities in this Plan

The following projects and programmes to build the resilience of our assets are already underway and/or are included in this AMP programme. These projects will position Christchurch to be better prepared for, and more resilient to, the disruptions identified in the Resilient Greater Christchurch Plan as most likely to impact community wellbeing.

*Project 1: Substitution of landfill gas as fuel source*

**Table 5-2: Case Study re. Substitution of landfill gas as fuel source**

<b>Project Description</b>	Explore alternative energy sources from the current landfill gas for heating/cooling of the environment at Civic Offices, and due to shared infrastructure, the Christchurch Art Gallery
<b>Scope and Expected Impact</b>	The development of an options report in conjunction with a full benefit/cost analysis to investigate the best future fuel source for the Civic Offices and Christchurch Art Gallery – for the medium to long term. Note that this project is being initiated through this AMP and the progress and outcome of the study is of critical importance to both facilities
<b>The Case for Change</b>	The current fuel supply is sourced from landfill gas in the east of the city which is extracted and piped to the central city to feed the Civic Offices and the Christchurch Art Gallery. It is estimated that the flow of gas extracted will fall to an unacceptably low level of volume, with an associated reduced level of quality, within 5-10 years from now (or potentially earlier) and this project is getting underway at the time of writing
<b>The Resilience Dividend</b>	While the current fuel supply is environmentally sound, it is clearly unsustainable. Alternatives will be investigated and it is hoped that an alternative may be found (for example, biogas from the Council’s Wastewater Treatment Plant) which is financially viable, which also supports Council’s drive for carbon neutrality in the medium term and which aligns with our Strategic Objectives
<b>Further Opportunities</b>	There are clearly challenges to the efficacy of the current plant and supporting infrastructure at the Civic Offices (and the Christchurch Art Gallery) depending on the type of fuel which is selected. The converse is also true; that is, there may be opportunities which may present themselves as the project is progressed.

The study to estimate the remaining quantity of landfill gas and to assess the benefits/costs of alternative fuels is being progressed, due to be completed in June 2021. Due to the timing of this study in relation to the LTP Submission process and the uncertainty of both the timing and choice of substitute fuel, we are unable to quantify the costs of likely conversion of supporting infrastructure in Civic Offices and the Christchurch Art Gallery. However, we have made a provision of \$2.25m in FY27 in the Corporate Accommodation LTP submission – the same year as a similar provision has been made in the Christchurch Art Gallery LTP submission for the cost of similar work at the Gallery.

*Project 2: Focus on Critical Assets at Civic Offices*

**Table 5-3: Case Study re. A focus on critical assets**

<b>Project Description</b>	The Civic Offices has a critical need to maintain the environment This has given rise to a greater focus on defining and identifying ‘critical assets’ and a sustained investment in enhancing the resilience of these specific assets. This has included a comprehensive condition assessment project across the Civic offices, to better understand areas of need and the quantification of estimated cost to refurbish/improve asset management practices
<b>Scope and Expected Impact</b>	Focused on critical assets initially but broadening to more assets over time
<b>The Resilience Dividend</b>	There are a number of co-benefits to this initiative including better value-for-money spend, a better understanding of the relative importance of the different asset elements in the facility
<b>Further Opportunities</b>	We have an ongoing commitment to reviewing the criticality of assets and ensuring that we get maximum value-for-money from our asset spend

### 5.2.3 Building the case for Resilience Investment - 2021 LTP and beyond

Often, we will need to do further work to build a case for future investment in resilience e.g. information/data, policy directions, guidelines, modelling, etc. These opportunities are the basis for a potential investigatory programme of work to inform the 2024 and 2027 LTP's and are summarised below.

**Table 5-4: Opportunities to Improve Resilience**

Disruptor	Opportunities	Timeframe	Resources
Further risk exposure items – in the future	Carry-out a specific review of the 30 year Corporate Accommodation Capital Works Plan to identify the robustness of the plan in terms of risk and resilience	By end of FY21	Will involve existing internal resources to carry-out the review – so no specific cost for the review. Until completed cannot quantify Capex or Opex implications

## 5.3 Managing Risks

Council's approach to managing risk is detailed in its Risk Management Policy (including a risk assessment framework) which is summarised in Section 4.3 of the SAMP as a background to the content in this Section.

### 5.3.1 Strategic Risks

Business unit leads have the responsibility for identifying, recording and monitoring business risks that are rated as high or very high using 'ProMapp'. The reporting within ProMapp ensures that there is visibility of the risks Council is managing. The Council risk framework sets out the levels at which residual risks are escalated, reported and governed. Refer to the relevant Activity Plans associated with the Corporate Accommodation asset classes to determine strategic risks identified in ProMapp.

The following high level risks have been identified and summarised as follows:

**Table 5-5: Strategic Risks for the assets covered by the Corporate Accommodation AMP**

Description of Risk	Residual Risk Rating
Insufficient funding to cover asset life cycle requirements	High
Failure of critical assets and components within the corporate portfolio	High
Reliance on incomplete data to inform decision making	High
Increased life cycle costs from short term saving initiatives in a constrained funding environment	Medium

### 5.3.2 Asset Risks

This review has highlighted the need to review, if necessary identify and record risks at a more detailed level – in addition to the risks which are recorded In ProMapp. Once identified, ProMapp will be improved and these risks will be included in the AMP.

### 5.3.3 Risk Mitigation Strategies

Risk management is inherent in all of Council’s asset management processes. Significant risk management strategies for this activity include:

#### *Asset Design*

The significant buildings in the Corporate Accommodation portfolio (Civic Offices, Bus Interchange, Lichfield Street carpark building) are all designed to at least 100% of current design codes, meaning that these facilities are more resilient against major seismic events in the future. We have full compliance with fire regulations.

#### *Insurance*

All assets are insured to full replacement value

#### *Business Continuity and Emergency Response Planning*

The Civic Offices has a robust Emergency Management Policy, supported by an Emergency Response and Recovery Plan. These policy and procedural documents align with the National Civil Defence Emergency Management Strategy, in particular the ‘4 Rs’ (reduction, readiness, response and recovery).

We assess risks on a probability and impact scale, seeking the advice of experts such as the New Zealand Police, Fire and Emergency New Zealand (FENZ) and regional Civil Defence and Emergency Management (CDEM). Wellbeing and resilience are fundamental to our ‘operation’.

#### *Other specific initiatives:*

The Civic Offices building has surplus capacity for power, heating and chilled water, shared with the Christchurch Art Gallery, which provides redundancy/back-up of the Civic Offices own systems in the event of a planned shut-down or failure.

We have robust maintenance regimes for all critical plant and equipment using contractors who are suitably experienced and qualified.

This includes, all building systems (HVAC, chiller, boilers (both hot water and steam, fire system, access control, security, electrical, lighting, elevators

We have 24/7, 365 days maintenance support provided through the Council’s Customer Services Call Centre

## 5.4 Summary of Risk and Resilience Projects

The following risk and resilience improvement projects or activities are included in the AMP programme and budgets.

**Table 5-6: Risk and Resilience projects**

Improvement or Mitigation	Where is this recorded (eg: a CAPEX project or AMP improvement project).	Cost
Explore alternative energy sources from the current landfill gas, for heating/cooling of the Civic Offices environment, as supply and quality may be unacceptable within 3-5 years. We will coordinate this key project to explore options which is about to proceed – initiated through the Corporate Accommodation AMP as both Civic Offices and the Gallery currently use the landfill gas See Section 5.2.2 Project 1 above for more details	Capex project in the Corporate Accommodation AMP	Project includes an options study which could find that both Capex (as may need new supporting infrastructure) and Opex (as unit price of new fuel may be at increased cost) – timed for completion in June 2021
One key issue for us to consider is global climatic temperature increase, while still having to meet standards for the environment.	This is Work in Progress so not recorded yet as a Capex project or in AMP	This is Work in Progress so no cost implication information available

Improvement or Mitigation	Where is this recorded (eg: a CAPEX project or AMP improvement project).	Cost
Planned options study to scope need and provision of possible additional storage capacity at Council-owned sites	A proposed project included in the Corporate Accommodation AMP Improvement Plan	No cost information available at this time

# 6 How we Deliver our Services

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This section explains how Council delivers the activity through its organisational structure, contracting partners and other agencies involved in service delivery.

## 6.1 Historical Context

The Corporate Accommodation portfolio has evolved over time through a combination of factors and circumstances. In the context of this AMP, it includes a range of 'corporate' assets which fulfil an important function and which are supported by a range of key services provided at a 'Corporate' level.

The primary facility within the portfolio is the Christchurch Civic Offices building – Te Hononga which is located at 53 Hereford Street in the CBD. The building is the former Post Office (now NZ Post) Mail Distribution Centre built in the late 1970's which was purchased by Ngai Tahu Property and developed as a public private partnership with ownership split equally between Council and Ngai Tahu. The facility, which opened in 2010, was the first office building in New Zealand to achieve a '6-Green Star Office Built' rating and a '6-Green Star' rating for Design and Interiors.

<https://ngaitahuproperty.co.nz/portfolio/christchurch-civic-building/>

The range of assets covered in the AMP with descriptive narrative for each is detailed in Section 7.

## 6.2 Internal Business Structure

The main teams within Council with a role in managing the assets and service delivery are shown in the table below.

**Table 6-1: Council teams involved in the Corporate Accommodation Activity**

Team	Role
Corporate Services	Vision, strategy and overall operations
Facilities	Facilities Maintenance/contract management
Planning & Asset Management	Asset Management
Business Partnership	Finance
Information Technology	IT & computing
Legal Services	Legal services
Procurement	Procurement service contracts
Citizen & Customer Services	Customer contact management

The Corporate Accommodation activity team also interfaces with departments across Council which support the asset management and service delivery functions; for example climate control and building maintenance, the various leases in Council facilities (eg Bus Interchange, Lichfield Street carpark, Civic Offices) which are managed by other units of Council. These are illustrated visually in the following Figure 6-1 below.



**Figure 6-1: Key Council teams supporting the Corporate Accommodation Activity**

### 6.3 External Contracts and Partners

The Corporate Accommodation Team has developed a comprehensive group of external service providers who bring a blend of experience with the facilities and proven skills servicing other specialist facilities which require a similar mix of service requirements.

The management of external service providers is effected by skilled in-house staff, with the specific input of Citycare representatives, who are also familiar with the facilities, for specialist roles including project management and specialist technical inputs where appropriate.

The rationale for this approach is a combination of the commitment to channel work through Council’s B2B contract with Citycare (which aims to provide economy-of-scale benefits and an enhanced level of progress reporting, cost control) as well as seeking best overall value-for-money through seeking to engage the best service providers in terms of breadth of experience and technical expertise.

The main contracts are summarised in Table 6-2 below

**Table 6-2: Major Contracts for Service Delivery**

Contract	Contractor	Term / Type	Contract Management Approach	Contract Expiry	Contract number
Facilities Management	Citycare	Fixed term Comprehensive Maintenance Agreement (CMA)	Contract contains a lump sum per annum, a schedule of rates for reactive work and a mechanism for providing quotes for planned work	30.06.21	4600002826



Contract	Contractor	Term / Type	Contract Management Approach	Contract Expiry	Contract number
Security services CCTV, Access control, & intrusion	Vision Systems	Fixed term	CCTV and alarm monitoring, access card management Security guards, lockup	01.07.25	4600000384
Security guards	Armourguard	Fixed term		30.06.21	4600001139
Cleaning, hygiene and consumables	OCS	Fixed term		01.11.21	4600001039
Building IQP, BWOFF, Plant certification	Plant & Building Safety	Fixed term	Independent inspection services for all systems under the Building Act for all sites	30.06.21	4600001420
Building Management System (BMS)	Setpoint	Fixed term	Building automation and energy management solutions	01.12.23	4600003441

Note that the approximate annual contract values in Table 6-2 are for the provision of services across all of Council.

## 6.4 Other Service Delivery Partners

Currently Corporate Accommodation is effectively the primary provider for accommodation space to Council units, although we lease some accommodation space from the private sector to balance short-term need or to provide accommodation in specific locations where Council does not own suitable space.

## 6.5 Business Reviews Undertaken

A Section 17A review has been progressed during 2020 for the Facilities function within the Facilities, Property and Planning Activity.

## 6.6 Significant changes planned for the activity

There is a possible initiative which will be investigated in the period covered by this AMP which does have the potential to impact on asset provision and Capex in the future. This is as follows:

Off-site storage need – there had been an intention to investigate options for additional storage including a new off-site storage facility which a number of Council units could utilise in addition to Corporate Accommodation; including Records, the Art Gallery, and Libraries.

The first stage is a scoping and identification project to establish need (both now and into the future), to identify options and a benefit/cost assessment. The provision of a new facility was not included in the 2021-2031 LTP submission. It is intended to carry-out a study to scope and identify need (current and likely future) and investigate options; particularly around existing Council-owned storage facilities at Kilonan Place and the Colombo Street Distribution Centre – both of which comprise warehouse and storage yard facilities.

# 7 Portfolio Lifecycle Management Plan

The lifecycle management plans detail how the Council plans to manage the network of assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs.

Section 7 provides the lifecycle management information and strategies at a portfolio level. Section 8 provides this information at an asset class level. As covered elsewhere, as this is the first 'iteration' of an AMP for the Corporate Accommodation portfolio and other assets, with a focus at this time on gathering asset and financial information, Sections 7 and 8 have been combined.

## 7.1 Asset Lifecycle Approach

Council has established a lifecycle management framework, aligned to the *International Infrastructure Management Manual* as illustrated in 7-1. Sections 7 and 8 which are structured to align to the lifecycle stages.

### Asset Lifecycle Management

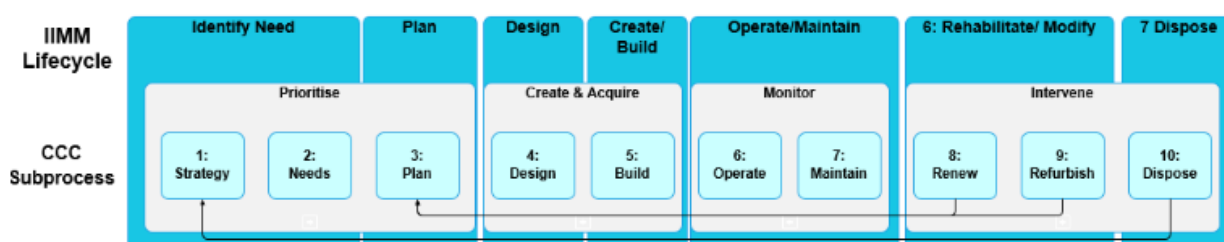


Figure 7-1: Asset Lifecycle Categories

## 7.2 Our Asset Portfolio

### 7.2.1 Key Issues and Priorities

Table 7-1: Key Issues and Priorities

Key Issue	Priority for this Plan
Ensuring the continuing focus on robust Capital Asset Planning	Appropriate budget for operational and renewal requirements/provision identified through looking to always apply sound analysis and decision-making, with sufficient budget secured in LTP process
Need to identify new, sustainable fuel source as approach end-of-life for landfill gas resource	Taking the lead role on a future options study - being progressed under banner of Corporate Accommodation AMP but with the key input of the Christchurch Art Gallery (CAG) who also use this fuel resource
Have identified the need for a new and enlarged multi-purpose storage facility to replace and improve the current storage provided at the storage building located at 25 Kilronan Place.	Taking the lead role for an options/feasibility study of new, proposed off-site storage facility for our corporate needs and which the CAG, Libraries and other Groups could utilise. As well as meeting current need, we are seeking an ability to expand this new building over time, which will future-proof our storage capability for the medium/long term
Continue to support and promote the EQRNet system (sensor network) which provides rapid earthquake alerts and gives us the ability to respond quickly and cost	The EQRNet system is seen to have organisation-wide benefits and so it is included in the Corporate Accommodation AMP

Key Issue	Priority for this Plan
effectively in terms of our building occupancy and assessment processes	

All of the issues listed above are covered in detail in relevant sections of this AMP.

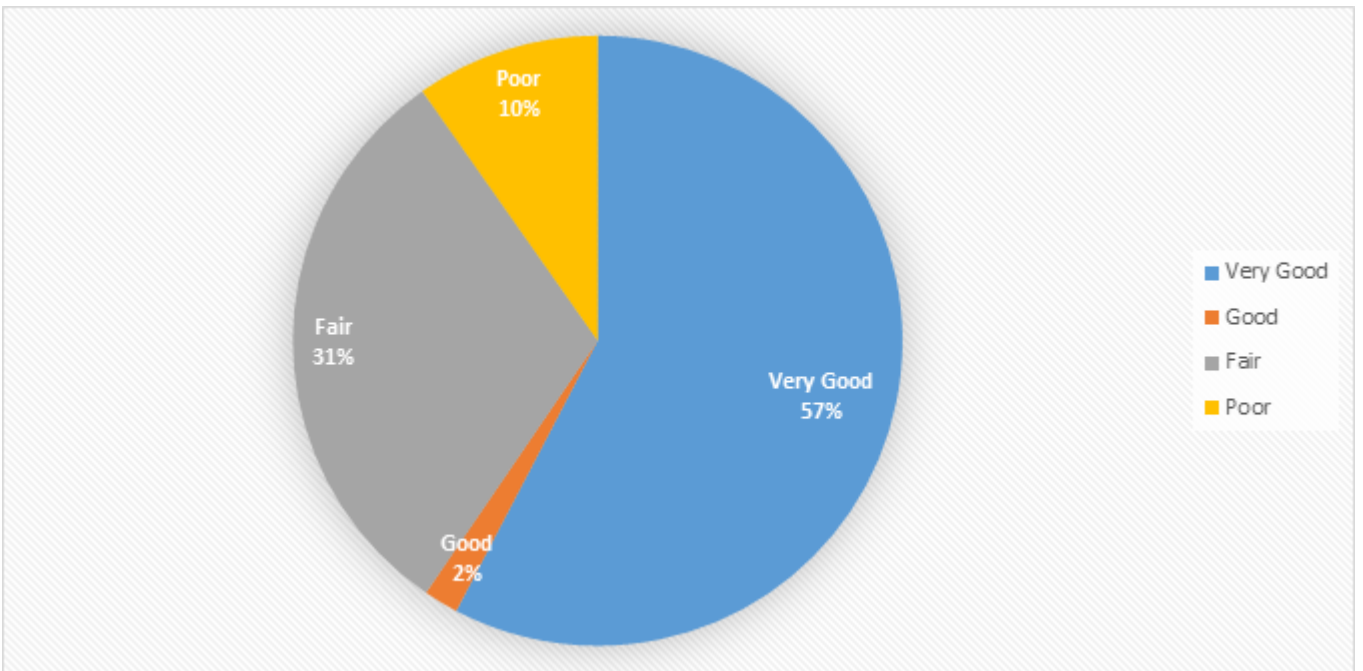
### 7.2.2 Definition, Location and Value

The assets covered by this AMP includes the following:

- the Corporate Accommodation Owned Asset portfolio which comprises of building assets being office/community buildings, service centres, storage and ancillary or support buildings;
- the Corporate Accommodation Leased Asset portfolio which comprises of facilities/buildings/spaces which are leased by Council with various associated assets (for example, fitout assets which we have installed/carried-out to tailor the facility for our needs) and/or obligations which must be met at the termination of our lease;
- specific building assets from the Transport portfolio which have a significant Corporate importance and which fit better in the Corporate Accommodation AMP than the Transport AMP, which is focused on roads, bridges, retaining walls and street lighting/traffic signals;
- specific building assets from the Regulatory Compliance asset portfolio, all located at the Animal Shelter facility ('Dog Pound') in Bromley. They are a complex of buildings which sit comfortably in the Corporate Accommodation AMP; especially as the Regulatory Compliance Team do not prepare an AMP;
- Service Centre areas/spaces which are located in Council-owned facilities providing a key 'customer facing' role for Council. The Service Centre function is part of the Citizens and Customer Services Activity who do not prepare an AMP;
- the buildings which comprise the Performing Arts Precinct (PAP) in the CBD. In particular, the proposed new Court Theatre building.

It should be noted that as both the Regulatory Compliance and Citizens and Customer Services Teams do not prepare an AMP there is the danger that the physical assets could be overlooked in terms of even basic Asset Management and that too little or even no provision is made for maintenance (Opex) and renewal (Capex) costs.

The principal asset in the 'Corporate Accommodation portfolio' is the Christchurch Civic Offices Te Hononga building which is owned in a JV with Ngai Tahu. The portfolio also includes a number of smaller buildings and facilities which are categorised and listed below.



**Figure 7-2: Current condition of portfolio based on Gross Replacement Value**

A desktop exercise was performed to estimate the current condition of the corporate asset portfolio based on gross replacement value.

Asset register data was used, with assets with less than 20% remaining life identified as being 'poor.' An asset condition assessment is currently underway, which will update these figures.

**Table 7-2: Summary of Assets and Values (Asset values have been collated where available)**

Category	Building Name	BE/BU	Gross Replacement Cost	Depreciated Replacement Cost	Annual Depreciation	Note
Corporate Accommodation	Civic Office Hereford Street (Fitout and property plant and equipment only)	2679/1	\$16,500,404	\$6,020,061	\$1,024,503	
Corporate Accommodation	Akaroa Service Centre & Info Centre	3644/1	\$2,520,432	\$611,200	\$46,547	
Corporate Accommodation	Fendalton Service Centre/Library Caged Fuel Tank	450/3	\$13,300	\$3,000	\$250	
Corporate Accommodation	Library Support Services	822/2	\$3,386,235	\$1,006,400	\$98,253	
Corporate Accommodation	Linwood Service Centre (180 Smith Street)	822/1	\$4,017,967	\$1,197,800	\$115,040	
Corporate Accommodation	Little River Service Centre & Library	3662/1	\$619,000	\$155,500	\$12,622	
Corporate Accommodation	Little River Service Centre Versatile Garage	3662/2	\$48,000	\$32,000	\$865	
Corporate Accommodation	Lyttelton Community Boardrooms	3521/1	\$498,000	\$141,200	\$9,905	
Corporate Accommodation	Burwood Pegasus Community Board Room	2637/1	\$766,000	\$243,900	\$15,259	
Corporate Accommodation	Storage Facility (25 Kilronan Place)	1524/12	\$1,495,000	\$224,400	\$32,408	
Corporate Accommodation	Sockburn Service Centre & Depot, CD training and Various	1531/#	\$9,022,000	\$1,562,800	\$203,697	Assets awaiting demolition
Regulatory Compliance	Dog Pound - Office, Dwelling, shelter and ancillary assets , 10 Metro Place	890/#	\$2,561,000	\$1,067,100	\$44,918	
Transport Building Assets	Christchurch Central Bus Interchange	952/1	\$32,696,486	\$30,361,023	\$467,093	Assume 70 year useful life
Transport Building Assets	Lichfield Street Car Park	1228/3	\$28,259,695	\$28,259,700	\$426,108	
Transport Building Assets	Tram Barn Tramway Lane	1221/1	\$2,253,000	\$1,217,000	\$45,074	
Lessee	Riccarton Road Bus Lounge – North side (Fitout)	367/2	\$1,245,925	\$1,172,343	\$35,598	Fitout only (Council as Lessee)
Lessee	Riccarton Road Bus Lounge – South side (Fitout)	367/1	\$1,940,521	\$1,745,667	\$55,443	Fitout only (Council as Lessee)
			\$107,842,964	\$75,021,094	\$2,633,582	

The Corporate Accommodation AMP also includes the following specific 14 Service Centre areas/spaces which are located in Council-owned facilities. The Service Centre function is part of the Citizens and Customer Services Activity who do not prepare an AMP. The Service Centre function typically comprises a public-facing counter and a small office support space. This AMP includes a budget for the identified need to improve security provision as each Service Centre function has a 'cash handling' responsibility for processing Council charges in all locations, and for processing NZ Post and NZTA charges in some locations. Included in the Improvement Plan is the commitment to carry-out a further review of the security provision and also to create a Service Level Agreement between the Activity and the Host Unit in each location.

**Table 7-3: Service Centre locations**

Service Centre locations	SAP Reference for host building	Host Unit	Address	Comments
Akaroa	FAC_0450_BLDG_001	Corporate	78 Rue Lavaud	Included in Table 7-4 of this section
Beckenham (South Library)	FAC_1755_BLDG_001	Libraries	66 Colombo Street	Not detailed at present
Civic Offices Te Hononga	FAC_2679_BLDG_001	Corporate	53 Hereford Street	Included in Table 7-4 of this section
Fendalton	FAC_0450_BLDG_002	Libraries	4 Jeffreys Road	Not detailed at present
Te Hapua Halswell	FAC_2776_BLDG_001	Libraries	341 Halswell Road	Not detailed at present
Hornby	FAC_3052_BLDG_B01	Libraries	8 Goulding Avenue	Not detailed at present
Linwood – Eastgate Mall	FAC_1095_BLDG_B05	Libraries – leased space in Eastgate Mall	Eastgate Mall, 20 Buckley's Road	Not detailed at present
Little River	FAC_3662_BLDG_001	Corporate	4236 Christchurch Akaroa Road	Included in Table 7-4 of this section
Lyttelton	FAC_3522_BLDG_001	Libraries	18 Canterbury Street	Not detailed at present
Papanui	FAC_2178_BLDG_001	Libraries	5 Restell Street	Not detailed at present
Riccarton	FAC_0626_BLDG_001	Community Facilities	199 Clarence Street	Not detailed at present
Shirley	FAC_2215_BLDG_001	Libraries	36 Marshlands Road	Not detailed at present

The Corporate Accommodation portfolio also includes the following specific 12 facilities/buildings/spaces which are leased by Council with various associated assets (for example, fitout assets which we have installed/carried-out to tailor the facility for our needs) and/or obligations which must be met at the termination of our lease (for example, the liability cost to remove fitout work or make-good at the termination of our lease). The value of these assets and the potential costs or liabilities have been typically overlooked in our past planning processes.

**Table 7-4: Corporate Accommodation Leased Asset Portfolio**

Assets with Council Interest as Lessee (Not CCC Owned)	SAP Reference	Street Address
Anthony Harper Tower – Level 5	FAC_2692_BLDG_001	62 Worcester Street
Bishopdale Shopping Centre toilets	FAC_1510_BLDG_001	Farrington Avenue & Harewood Road
Civil Defence offices (J & ESP building)	FAC_0732_BLDG_001	20 Lichfield Street
Library archives storage (Archives NZ)	FAC_0603_BLDG_001	15 Harvard Drive, Wigram
Library storage & distribution – Store 2, Sydenham	FAC_2703_BLDG_001	188 Carlyle Street
Linwood Library/Service Centre	FAC_2720_BLDG_001	Eastgate Mall, 20 Buckleys Road
Linwood Store (part) – at Ferrymead Golf Course	FAC_1745_BLDG_002	68 – 100 Ferrymead Park Drive
Pioneer Recreation & Sport Centre – Southern Centre: multi-sensory room	FAC_1095_BLDG_001	75 Lyttelton Street
Railway signal box – Lyttelton	FAC_3528_BLDG_001	Cnr Norwich Quay & Donald Street, Lyttelton
Riccarton Road Bus Lounge – North side	FAC_0367_BLDG_002	114 Riccarton Road
Riccarton Road Bus Lounge – South side	FAC_0367_BLDG_001	123 Riccarton Road
West End carpark (120 parking spaces)	FAC_0600_BLDG_001	48 Hereford Street

Note here that any gross replacement costs should comprise the value of appropriate ‘leasehold’ improvements (for example the value of the fitout for the Service Centre presence/activity) and has only been detailed in Table 7-4 where known.

The Corporate Accommodation AMP also includes the following specific three Transport assets as they are buildings which do not sit well in the Transport AMP which is focused on roads, bridges, retaining walls and street lighting/traffic signals.

**Table 7-5: Details of Building Assets in Transport Portfolio**

Transport Assets	SAP Reference	Age (Year asset created/ Council took ownership)	Street Address
Bus Interchange	FAC_0952_BLDG_001	2015	Cnr Lichfield & Colombo Streets
Lichfield Street carpark building	FAC_1228_BLDG_001	2017	33 Lichfield Street
Tram Barn	FAC_1221_BLDG_001	1995	7 Tramway Lane

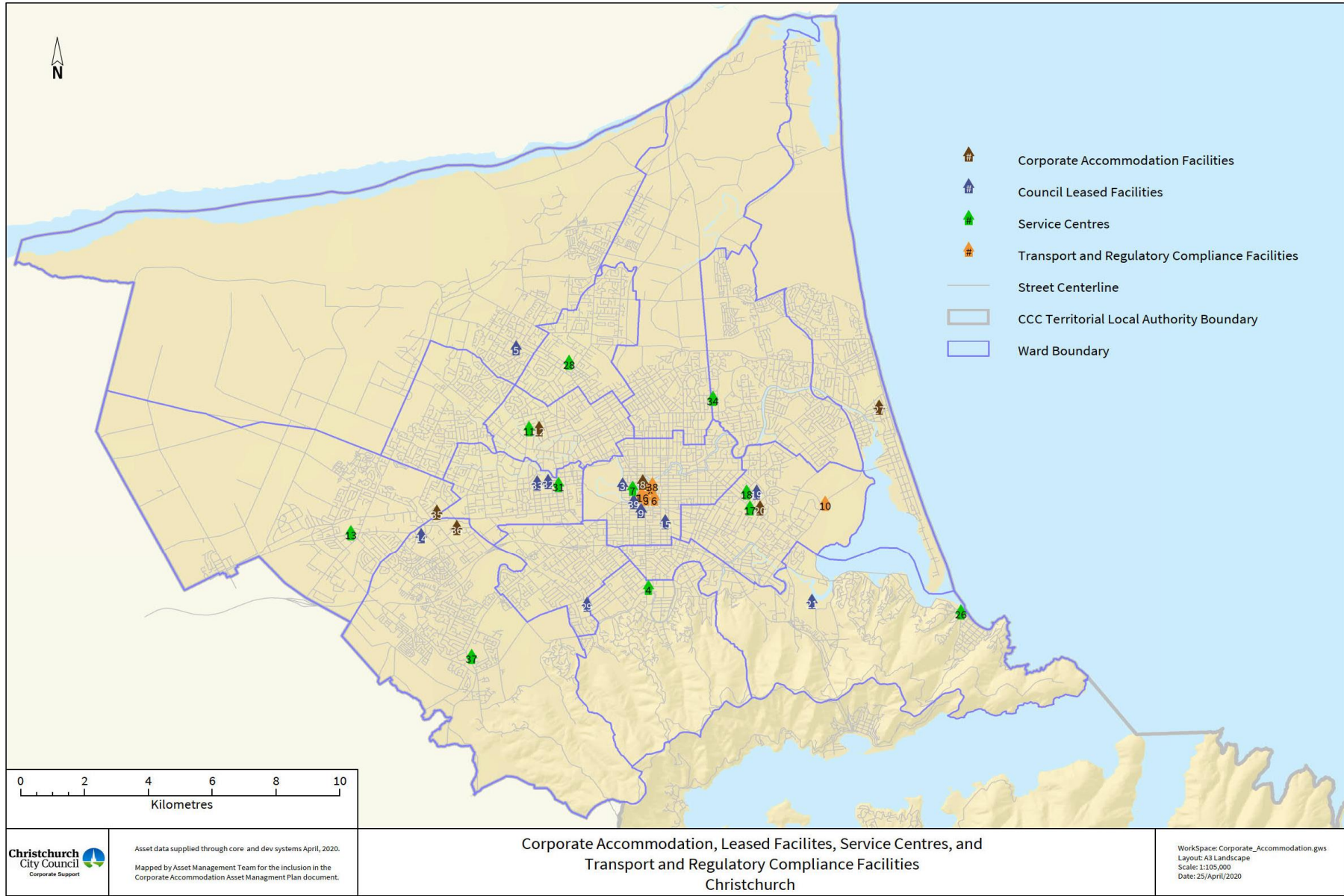
The Corporate Accommodation AMP also includes the following specific five Regulatory Compliance assets, all located at the Animal Shelter facility (‘Dog Pound’) as they are buildings which sit well in the Corporate Accommodation AMP as the Regulatory Compliance Team do not prepare an AMP.

**Table 7-6: Details of Building Assets in Regulatory Compliance Portfolio**

Regulatory Compliance Assets	SAP Reference	Age	Address
Dog Pound – Shelter	FAC_0890_BLDG_001		10 Metro Place
Dog Pound – Dwelling	FAC_0890_BLDG_002		10 Metro Place
Dog Pound – Portacom office	FAC_0890_BLDG_003		10 Metro Place
Dog Pound – Mini portacom	FAC_0890_BLDG_005		10 Metro Place
Dog Pound – Garage	FAC_0890_BLDG_006		10 Metro Place

Future assets that have been forecast in the 10 year planning window have been included in the gap analysis include

- Performing Arts Precinct – Court Theatre



**Figure 7-3: Map of the location in Christchurch of the Corporate Accommodation Assets and other assets included in the AMP**

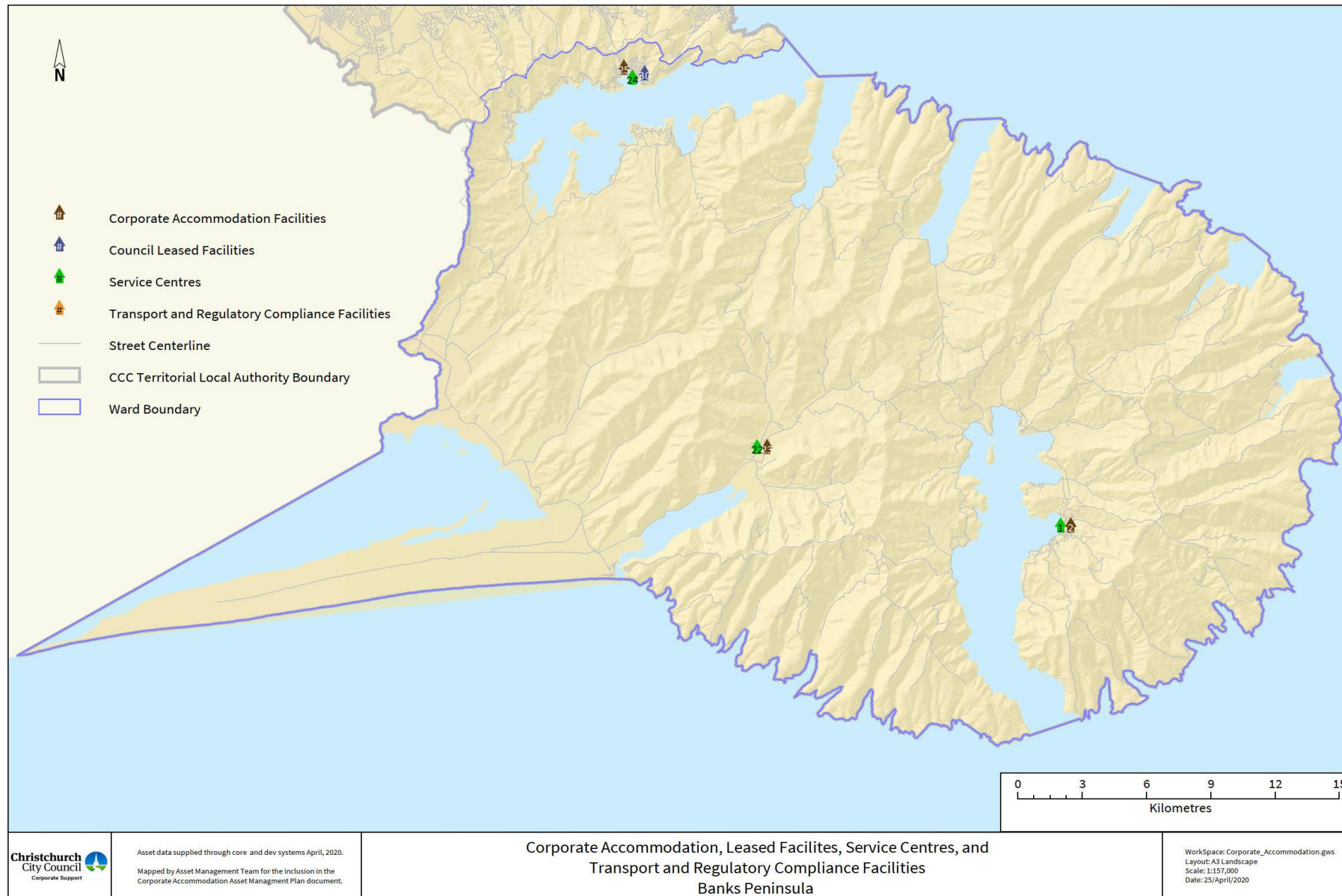


**Table 7-7: Corporate Accommodation Owned Assets**

Site	Map label	Service Centres	Map Label	Service Centres	Map Label
Fendalton Service Centre/Library (caged fuel tank)	12	Beckenham (South Library)	4	Papanui	28
Civic Offices Te Hononga (JV ownership)	8	Civic Offices Te Hononga	7	Riccarton	31
Linwood Service Centre – Library Support Services	20	Fendalton	11	Shirley	34
Linwood Service Centre – Service Centre	20	Te Hapua Halswell	37		
New Brighton Community Boardroom	27	Hornby	13		
Sockburn Service Centre building	35	Linwood – Eastgate Mall	18		
Storage facility – 25 Kilronan Place	36				
Linwood – 180 Smith Street	17				

**Table 7-8: Corporate Accommodation Leased Asset**

Sites	Map Label	Transport Assets	Map Label	Regulatory Compliance Assets	Map Label
Anthony Harper Tower – Level 5	3	Bus Interchange	6	Dog Pound	10
Bishopdale Shopping Centre toilets	5	Lichfield St Carpark	16		
Civil Defence offices (J & ESP building)	9	Tram Barn	38		
Library archives storage (Archives NZ)	14				
Library storage & distribution – Store 2, Sydenham	15				
Linwood Library/Service Centre	18				
Linwood Store (part) – at Ferrymead Golf Course	21				
Pioneer – Southern Centre: multi-sensory room	29				
Riccarton Road Bus Lounge – North side	32				
Riccarton Road Bus Lounge – South side	33				
West End carpark (120 parking spaces)	39				



**Figure 7-4: Map of the location in Banks Peninsula of the Corporate Accommodation Assets and other assets included in the AMP**

**Table 7-9: Corporate Accommodation Owned Assets**

	Map label	Service Centres	Map Label
Akaroa Service Centre	2	Akaroa	1
Little River Service Centre – Service Centre & Library	22	Little River	22
Little River Service Centre – telephone exchange	23	Lyttelton	24
Lyttelton Community Boardroom	25		

**Table 7-10: Corporate Accommodation Leased Assets**

	Map Label	Transport Assets	Map Label	Regulatory Compliance Assets	Map Label
Railway signal box – Lyttelton	30				

### 7.2.3 Critical Assets

Critical assets are those whose failure would likely result in a significant disruption in service and financial, environment and/or social cost, and therefore warrant a higher level of asset management.

We have identified the critical assets for specific buildings within the Corporate Accommodation asset portfolio and the treatment and intervention of these critical assets have significantly influenced our 30 Year Capital Plan – titled ‘Corporate Property Rolling Package R & R’.

For Civic Offices, critical assets are defined as those whose failure would likely result in a significant disruption in service and financial, environment and/or social cost, and therefore these assets warrant a higher level of asset management. For the Civic Offices, we define critical assets as:

- any asset or element that would impact on meeting our KPI obligations. For example - the failure or non-performance of any asset that would materially affect legislative compliance, climate control or security, which are key Technical LOS in the Activity Plan and which must be achieved;
- any asset or element that will interrupt our ‘normal’ operations as a result of failure which includes:
  - if the Civic Offices can’t open within agreed opening hours;
  - if the Civic Offices can’t hold scheduled events;
  - if the Ground Floor café (Kitchen Café) can’t open.

We have carried-out a review and assessment of the critical assets at the Civic Offices and risk mitigation options were explored and identified. We are committed to progressing several initiatives to mitigate and/or manage risk – especially as this impacts on the critical assets and operations – and these are covered in Section 5 Managing Risk and Investing in Resilience.

Using the above framework, the key risk mitigation measures to the identified critical assets/activities for the Civic Offices are as follows:

- redundancy in service provision where appropriate/cost effective;
- close management of work operations processes – effectively a Permit to Work system;
- strong, positive relationships with experienced contractors to carry-out work on critical assets.

A key issue which will impact the Civic Offices is the decline in the fuel source stock, currently landfill gas, which is utilised at Civic (for the Tri-Gen and 2 boilers) and the Art Gallery (for 2 hot water boilers and a steam boiler). The responsibility and the required actions for resolving this issue is contained within the Corporate Accommodation AMP – including an

options study and the preparation of a business case. Key Corporate and Gallery representatives will be directly involved in this process with a proposal received for an initial study (costed at \$37k) which is planned to be completed in 2020. Although we are not able to scope or cost the required work at the time of writing the AMP, (that is, before the study is carried-out), we have made a broad estimate of the potential cost of modifying/replacing supporting infrastructure which is included in the 30 Year Capital Plan and which was included in the April 2020 LTP submission. This includes provisions in FY27 of the following:

- \$1.25m for the 'LTHW boiler for the alternate energy source' and
- \$1m for the 'air handler unit upgrades'.

Similar sums have been allowed for in the Art Gallery LTP submission for FY27.

Although there is uncertainty at this time as to the scope, cost and timing of any required work, what is certain however is that depending on the replacement fuel source which is selected, there could be a significant impact on Opex (from a likely increase in the cost of an alternative fuel) and Capex (from the additional cost of modifying or even replacing existing supporting infrastructure). Until the study is completed we cannot establish these costs but it will be completed in sufficient time to include cost change requirements in future planning processes. We are committed to ensuring that long-term asset lifecycle/whole-of-life considerations are included in the options study.

For example - that long-term impacts on the supporting plant and equipment are identified as these could significantly influence the ultimate decision. In particular, it has been identified that the Art Gallery's boiler combustion chambers are deteriorating ('rotting out') at a faster rate than expected, which may be due to higher sulphide content as the chemical composition of the landfill gas may have changed. Further investigation of this issue is planned for both the Civic Offices and the Art Gallery.

#### 7.2.4 Network Age and Lifecycle Stage

The age profile, or more importantly, the remaining life profile, of the most significant assets in the Corporate Accommodation portfolio have been assessed and are a key contributor the replacement or upgrade 'cycles' which are included in our 30 Year Capital Plan.

On an ongoing basis, we follow an asset replacement and upgrade programme which applies a ranking system across the range of assets to ensure appropriate prioritisation is used applying a range of attributes including age but also criticality, linkage to other elements and efficiency of carrying-out replacement work in conjunction with other asset repair or replacement work.

For example, when scaffolding or high-lift equipment is required for health and safety compliance or simple practicality of work operations, we look to carry-out other work on nearby assets to gain efficiencies. Often these decisions are made for reasons other than simply the age of the asset or the lifecycle stage and sometimes involve more than just a single contractor.

An example of this approach is a significant project carried-out over several years where we have upgraded fluorescent lighting, which dates from the original design/construction of the Civic Offices, to LED lighting. This was not necessarily driven by end-of-life considerations but more by improved energy efficiency (as described in the REGGE Plan), improved light output and a greater flexibility for directional or focused lighting used to complement or enhance the illumination of corridors, spaces etc.

#### 7.2.5 Asset Data Improvements

As resources permit, we are committed to gather condition information and inform the development and improvement of a technical Asset Register for Corporate Accommodation assets. These planned improvements to data quality are included in the AM Improvement Plan in Section 10 of the AMP.

## 7.3 Asset and Network Planning

### 7.3.1 Asset planning strategies

The fundamental tool which we use in our Asset Planning is our Capital Plan. As mentioned elsewhere, we have developed a 30 Year Capital Plan and from this, we use a 'rolling' three year Capital Plan. We use this to monitor progress on a frequent basis and we are continuously improving our lifecycle estimation, scope of work and relative cost for work packages. It is not appropriate to reproduce the full Plan in the AMP but key elements by each of the three years are as follows:

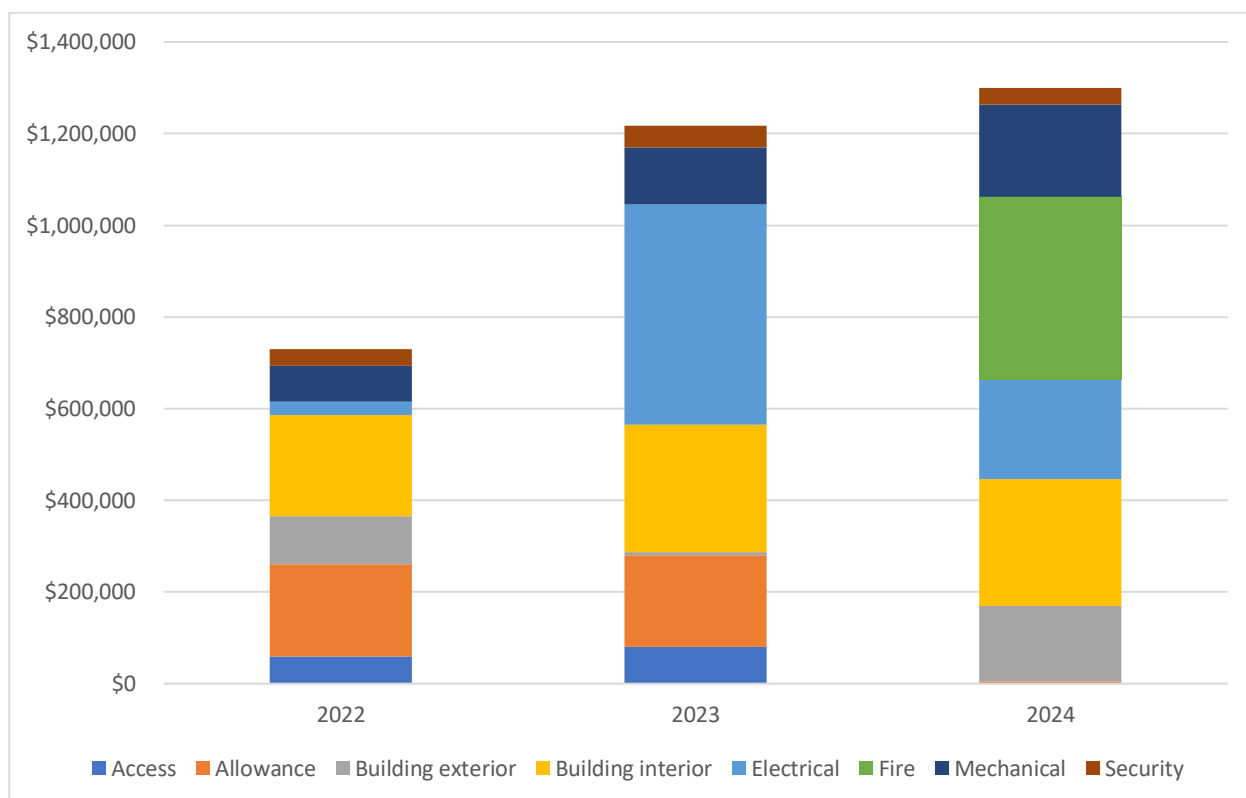


Figure 7-5: Capital works estimate of breakdown over 2022-2024

As many of the work programmes are completed within a single financial year, the quantum of the areas of work can vary significantly from year-to-year. There are exceptions to this including:

- the significant projects which have been carried-out over several years where we have upgraded fluorescent lighting to LED lighting.

## 7.4 Asset Creation (Design and Build) and Acquisition

### 7.4.1 Identifying and recording capital projects

New works are those works that create a new asset that did not previously exist or works which upgrade or improve an existing asset beyond its existing capacity. Assets may be developed by Council, or by developers and then handed over on completion of the development. In this AMP, a number of projects have been identified through consideration of:

- Level of Service requirements (described in Section 3);
- Growth and demand requirements (described in Section 4);
- Investment in network resilience (described in Section 5);
- Other asset planning initiatives (described in Section 7.2 in particular).

## 7.4.2 Selection criteria

We use a multi-criteria ranking approach including

- critical asset ranking
- risk-based
- stage in life-cycle (where known)
- other factors such as logistics, compatibility with other planned work, procurement considerations
- seeking to move to a weighted approach (in development).

## 7.4.3 Asset Design

The design phase is where a lot of value can be added to the project. The aim is to report whole-of life costing (Capex + Opex) for the whole project when considering design options. We use today's dollars to report, for the purposes of simplicity.

## 7.4.4 Capital Investment Programme

**Table 7-11: Capital works projects:**

Project name	Project funding source (Capital, Vesting, Other)	Whole of life estimated cost	Whole of life estimated time	Capex	Opex (Average Annual)	Expected start date	Expected delivery date
Transition of fuel source/reliance away from landfill gas	Capex and Opex	TBA	TBA	TBA	TBA	2027	2027

All amounts are shown in real values.

Note that this project is summarised in this table but covered in greater detail elsewhere in the AMP. At the time of writing this section of the AMP this important project is in progress. Once we have concluded the project, including establishing scope, cost and programme, this table can be populated further.

## 7.4.5 Management of Vested Assets

There are no vested assets included in the coverage of this AMP.

## 7.4.6 Asset Creation and Upgrade Improvements

The following improvements to asset creation processes are included in the AM Improvement Plan in Section 10.

Task19-G Progress specific key projects including:

- transition of fuel source to sustainable alternative – Facilities, Property and Planning initiative, contained within the Corporate Accommodation AMP, with input from Art Gallery;
- investigate storage options – Facilities, Property and Planning initiative, contained within the Corporate Accommodation AMP.

## 7.5 Operations and Maintenance

Operations and Maintenance activity and budget is closely managed by a number of staff, under the oversight of the Facilities Team. Reporting is facilitated by Citycare who provide the ability for direct interrogation via a dashboard approach.

### 7.5.1 Civic Offices

**Table 7-12: Civic Spending by Work Element**

Spending Element	FY18	FY19	FY20
Reactive Spend	\$331,335	\$372,755	\$297,270
Planned Spend	\$156,465	\$480,073	\$771,234
SMP Spend	\$209,013	\$172,756	\$184,049
<b>Total Spend</b>	<b>\$696,813</b>	<b>\$1,025,584</b>	<b>\$1,252,553</b>

In terms of the gap between what is being done in Planned work and what should ideally be being done, a number of items have been identified including;

- window cleaning/building washdowns - it is suggested that window cleaning should be being done on at least an annual basis but it is approximately three years since the Civic Office windows were externally cleaned – at an estimated cost of \$10-12k per wash. In a similar observation, the overall building has not had a washdown over the same period. It is a generalisation but nevertheless appropriate to comment that window cleaning provides largely an aesthetic benefit whereas a building washdown provides other benefits including protection to seals and joint compounds through the removal of moss and algae, enhancement of the external cladding panel fabric through the removal of particles which could promote corrosion/degradation, and potential weak acid attack. It is obviously sensible to do both the building and windows at the same time;
- roof and canopies washdown/moss treatment – not being done – estimated cost of \$8-10k per treatment/wash. (With the Hereford Street canopy roof having membrane covering, this is definitely more of an issue for these areas);
- have deferred thermal imaging of electrical boards – estimated at \$7-10k;
- decorating/painting internally is also being deferred – estimated at \$20-25k per annum;
- have made good progress with the LED upgrade project having completed Levels 1-6 in the common areas but still to do Ground Floor, lift lobbies and 'back of house' corridors etc. Cost is of course variable but this is typically a Capex cost as clearly enhancing the existing lighting infrastructure.

We can continue to defer these items of work and review/push-out work cycles but there are implications including

- reactive spend is likely to increase over time;
- the need for (potentially) earlier intervention of renewal/replacement activity may result;
- aesthetics and potentially a LOS may decline over time;
- our good relationship with our JV partner may be adversely impacted over time if they perceive that we are neglecting our responsibilities.

### 7.5.2 Other Corporate Accommodation

Operational cost information and analysis is performed on the following profit centres

- Commercial Properties
- Corporate Accommodation General
- Corporate Accommodation Civic Offices
- Corporate Accommodation Service Centres
- Lichfield Carpark
- Tram Operations
- Bus Interchange

Note that Christchurch Tramway Ltd, who lease the Tram Barn from Council, are responsible for any/all maintenance expenditure associated with the building.

Also note that the Citizens and Customer Services Activity who manage and control the Service Centre function has no specific Operational budget for maintenance of their fitout asset as they rely on the Host unit in their respective locations to meet any of these needs. There is a body of work required to develop Service Level Agreements which can clarify the relationship between the Host Unit and the Citizens and Customer Services Activity. The value of the associated assets (predominantly fitout assets) which are employed by the Unit in support of their Activity, are not included in the AMP to avoid the risk of 'double counting' – which would impact negatively on a transparent analysis.

As a result of a security review, a range of security upgrade works at eight of the 12 Service Centre sites have been identified. The scope of work and itemised cost schedule is consistent with the Service Centres Security Review 2017/18 Report. The CAPEX cost of this work is included in the AMP. Financial provision for the CAPEX cost has been made in the recent LTP submission for a sum of \$92,400 in FY21 to ensure that the project proceeds.

It should be noted that the AMP also contains the building assets that comprise the Animal Shelter facility, as part of the Regulatory Compliance & Licensing Activity. Although there has been active management of Opex and Capex by the Activity, it was seen as appropriate to include these assets in an AMP so that they can be included in longer term asset planning processes. Included in this AMP is a specific provision for Capex spend at the Shelter of

- \$40k in FY25 for an upgrade of all kennels and
- \$40k in FY26 for an upgrade/replacement of the Shelter roof.

Also proposed in the AMP is that a full condition assessment of the Shelter buildings will be carried-out during FY21 so that both Opex and Capex requirements are able to be identified and prioritised.

### 7.5.3 Portfolio-level O&M Strategies

The planned works is delivered via the Facilities Management contract, which provides for planned preventative and reactive maintenance works. Investigations and details of assets are being captured by Citycare to ensure completeness of components.

### 7.5.4 Operations and Maintenance Improvements

The following improvement to operations and maintenance processes are included in the AM Improvement Plan in Section 10

- Noting that the facility is operated well, start to progress more rigorous and structured Quality Management – including an intention to introduce formal audit programme, review of non-compliance actions
- Ensure all maintenance and operations expenditure settles back against individual assets to facilitate more efficient analysis and reporting of financials.
- Liaising with Leasing Consultancy to extract lease agreements conditions to inform asset data



## 7.6 Renewals

### 7.6.1 Portfolio Renewal Strategies

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or revised required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

Our principal capital planning tool is the 30 Year Capital Plan for the Corporate Accommodation portfolio which provides an agreed transparent approach to the planning of capital expenditure. The 30 Year Capital Plan is reviewed at six-monthly intervals, with a more detailed review of a rolling three year Plan carried-out at the same time.

### 7.6.2 Renewal Process Improvements

No specific improvements to asset renewal processes are included in the Improvement Plan in Section 10 at this time.

## 7.7 Asset Disposal

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Any revenue gained from asset disposals is accommodated in the LTP. The buildings at the Sockburn Service Centre site are earmarked for demolition over the term of this AMP.

As Section 8 is not being completed in this AMP, the following table (Table 7-13: Assets Identified for Disposal) is included here to describe the specific building assets which are planned for demolition.

**Table 7-14: Assets Identified for Disposal**

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
Buildings at the Sockburn Service Centre site including Service Centre building, NE Store, and other 'derelict' buildings. Note that the CD Training Centre building may be suitable for sale and relocation	Earthquake damaged and uneconomic to strengthen, repair and upgrade.	Proposed for FY21/22	Yet to be tendered	SMP costs are \$7895 per annum (sump cleaning & grounds maintenance) plus ongoing Reactive costs eg for security

# 8 Lifecycle Management Plans

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Relevant information contained in Section 8 Lifecycle Management Plans has been combined with Section 7 of the AMP at this time.

# 9 Financial projections and trends

## 9.1 Operating Forecast

This section outlines the long-term financial requirements for the activity based on the long-term strategies and tactics described earlier in the Plan.

Operating Forecasts

### 9.1.1 Financial Projections

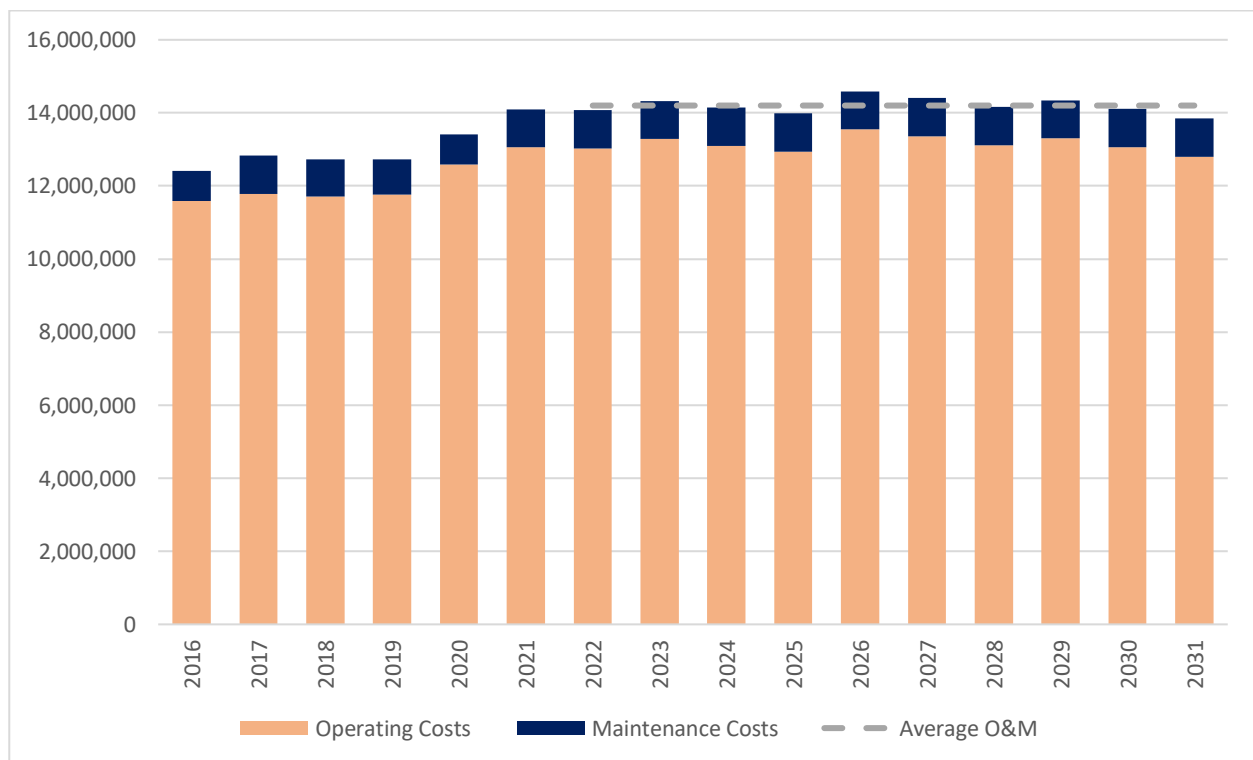
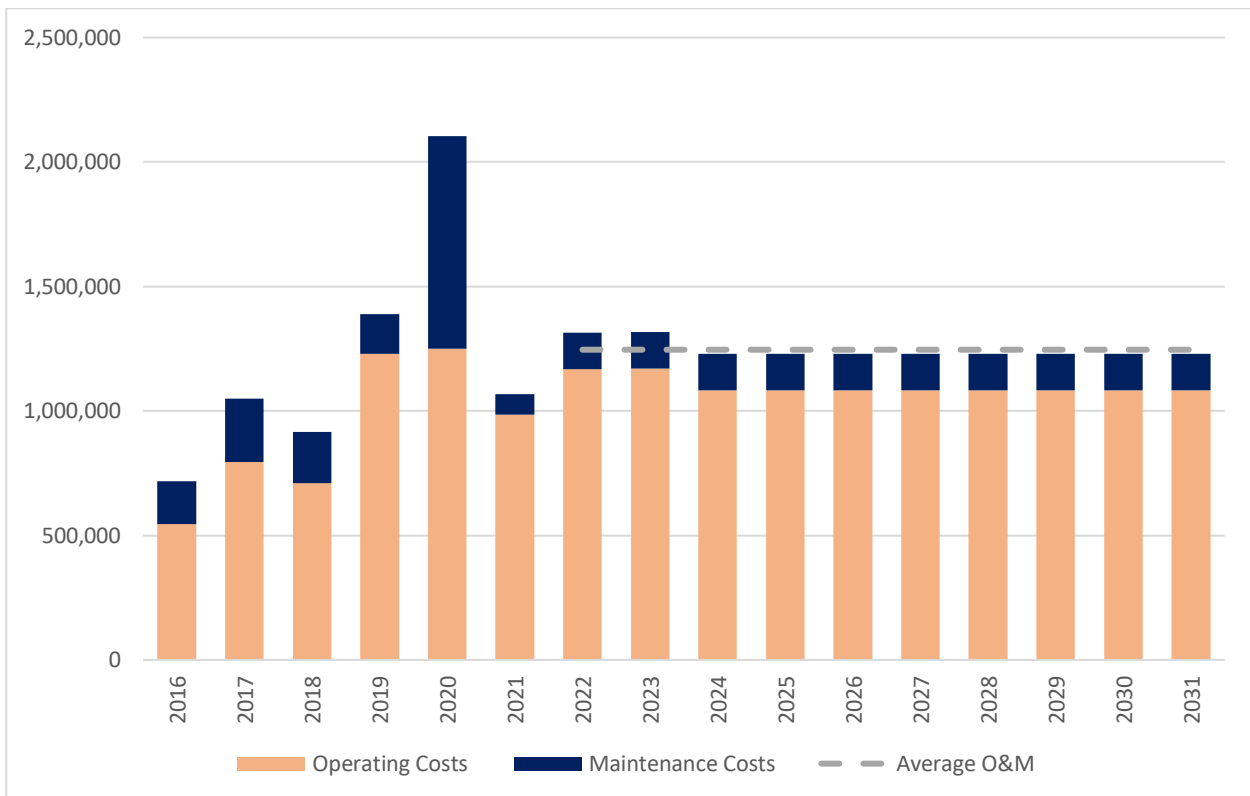


Figure 9-1: Civic Building OPEX forecast (uninflated)



**Figure 9-2: Corporate Assets (excluding Civic Building) OPEX forecast (uninflated)**

The above figures illustrates the operating forecast for the next 10 years. Variation in the years before 2021 in Corporate Assets are offset by controllable revenue elements.

### 9.1.2 Key Assumptions

General assumptions in preparing this forecast include:

- no budget levelling has been undertaken;
- Increase in assets to provide for the activity have been allowed for.

Significant risks associated with these assumptions include:

- price increases of building materials and labour have increased at a higher rate than the consumer price index therefore there is a risk that continued increase of these building costs means future years budgets have less net useable value.

### 9.1.3 Significant Changes

Council’s strategic framework and general implications for the activities are presented in Council’s Strategic Asset Management Plan. No activity plan exists for Corporate Accommodation, so key responses by Corporate Accommodation to contribute to the community outcomes and strategic priorities are limited

**Table 9-1: Activity Operating Costs – Significant Changes**

Item	Movement	Rationale for change
Personnel	Increase	Standard contracts allow for 2% increase pa

Item	Movement	Rationale for change
Contracts	Increase	The retendering of maintenance contracts will take into consideration steady increases in construction costs reflected in the contracts lump sums, schedule of rates and quoting for planned works.
Construction Materials and Labour	Increase	There have been steady increases in building material and labour rates as reflected in The Capital Goods Price Index. Construction costs have increased by 30% over the last decade. Acute labour shortages, growth in construction demand and capacity constraints suggest construction cost inflation is forecast to be in the vicinity of 3.5% annually over the next five years.
Energy	Increase	Electricity prices are generally increasing to reflect the substantial cost to build, finance, maintain, and operate power plants and the accompanying electricity transmission and distribution lines. Council's commitment to investigating sustainable energy options means if adopted they could require substantial initial financial investment.
Insurance	Increase	Post-earthquakes insurance costs have steadily increased to represent a move by insurers to more risk based pricing to reflect seismic, flooding and climate change risk. There is an awareness by entities that there was an historic element of underinsurance. Where assets are unable to be commercially insured Council will need to make financial allowances for self-insurance.

#### 9.1.4 CAPEX spending by asset group

##### Civic Offices and other corporate facilities

The 10 Year forecast which was included in the LTP submission is broadly in line year-by-year with the first 10 Year period of our 30 Year Corporate Assets Capital Plan. The exception is in FY27 and FY28 but the combined total for those two years is equivalent.

##### Transport

##### Bus Interchange

CAPEX provision has been included in the LTP submission under – Programme: Public Transport Assets Renewals for **some** building-related Asset Management requirements.

The breakdown is as follows:

CAPEX provision for the first three years of the LTP period FY22, FY23, FY24

- from LTP submission - \$0.550m in FY22, \$0 in FY23 and \$0 in FY24, a total of \$0.55M, allocated **specifically** for the asset renewal work related to the building
- from our 30 Year Capital Plan – a total of \$0.625m required in FY22, FY23 and FY24

CAPEX provision for the remaining seven years of the LTP period FY25 to FY31 is not so clear

- From LTP submission – there is a provision made under the same code Programme: Public Transport Assets Renewals – **but** this is shared with other teams in Transport – Total of \$2.874m over the seven years FY25 to FY31
- From our 30 Year Capital Plan - Total of \$1.125m required over this period FY25 to FY 31 for CAPEX related to the building
- This has been flagged to Transport and they are reviewing the sum which will be allocated from the Programme to the CAPEX work which has been identified in this AMP

### **Lichfield Street Carpark**

We are yet to prepare a Capital Plan for this building so we have not identified specific expenditure profiles or timings of intervention.. However, the building is only three years old as we enter the LTP planning period and so required capital expenditure on Replacements and Renewals will be minimal; certainly over the earlier years of the LTP.

Although not specifically flagged for building-related CAPEX which may be required, there is a project with a budget which is (at least partly) available; (budget title is 'Parking Renewals: Off Street Delivery Project').

- The total sum in the 10 Year LTP submission = \$3.097M, which is estimated to be sufficient to meet building-related CAPEX requirements over this period. Capital planning and scoping will allow both the Transport and Parking Operations Units to set-up a specific project and budget for identified building-related work.

### **Tram Barn**

We are yet to prepare a Capital Plan for this building so we have not identified specific expenditure profiles or timings of interventions. However, earthquake-related repair and strengthening work was completed (relatively) recently and so required capital expenditure on Replacements and Renewals will be manageable over the early years of the term of the LTP.

- From LTP submission – there is a provision made under the project 'Tram Base & Tram Overhead' to a Total of \$0.550m over the ten years of the LTP period. Once a Capital Plan has been prepared, we can agree with the Transport Unit to set-up a specific project and budget for identified building-related work

## Performing Arts Precinct (PAP)

At this early stage of the Court Theatre project development process, it has not been possible to carry-out and/or to gain a detailed understanding of the future CAPEX (and OPEX) requirements. However, some estimates have been made in the LTP submission and the following is relevant:

- at a high level, a provision of \$100,000 has been made in FY22 and FY23 for rates on the empty site and
- a provision of \$98,000 per annum from FY24 for the remainder of the 10 Year LTP period for CAPEX Replacements and Renewals

Note that in the Performing Arts Business Case 'Indicative Financials' section, the following extract is relevant:

### *INDICATIVE WHOLE OF LIFE COST OF PAP*

*136. Based on the whole of life forecast the PAP is expected to cost -\$175,000 per annum more to operate the Theatre building and public areas than is received in rentals*

*137. If Council is the owner, this will be offset by additional rates it would receive of -\$230k per annum*

*138. In addition the building owner will need to fund replacements and renewals expenditure which is forecast to cost \$8.3million over 50 years (in inflated terms), in lumps in years 11, 16, 21, 26, 36, 41, and 46 ranging from \$100k to \$2.1 million. The first major cost is expected in year 21 at \$1.4 million (in inflated terms).*

## Regulatory Compliance & Licensing

The buildings at the Animal Shelter in Bromley are included in the AMP. There are specific identified CAPEX requirements over the term of the LTP as follows:

- Upgrade of kennels – sum of \$40,000 in FY25
- Upgrade/replacement of Shelter roof – sum of \$40,000 in FY26

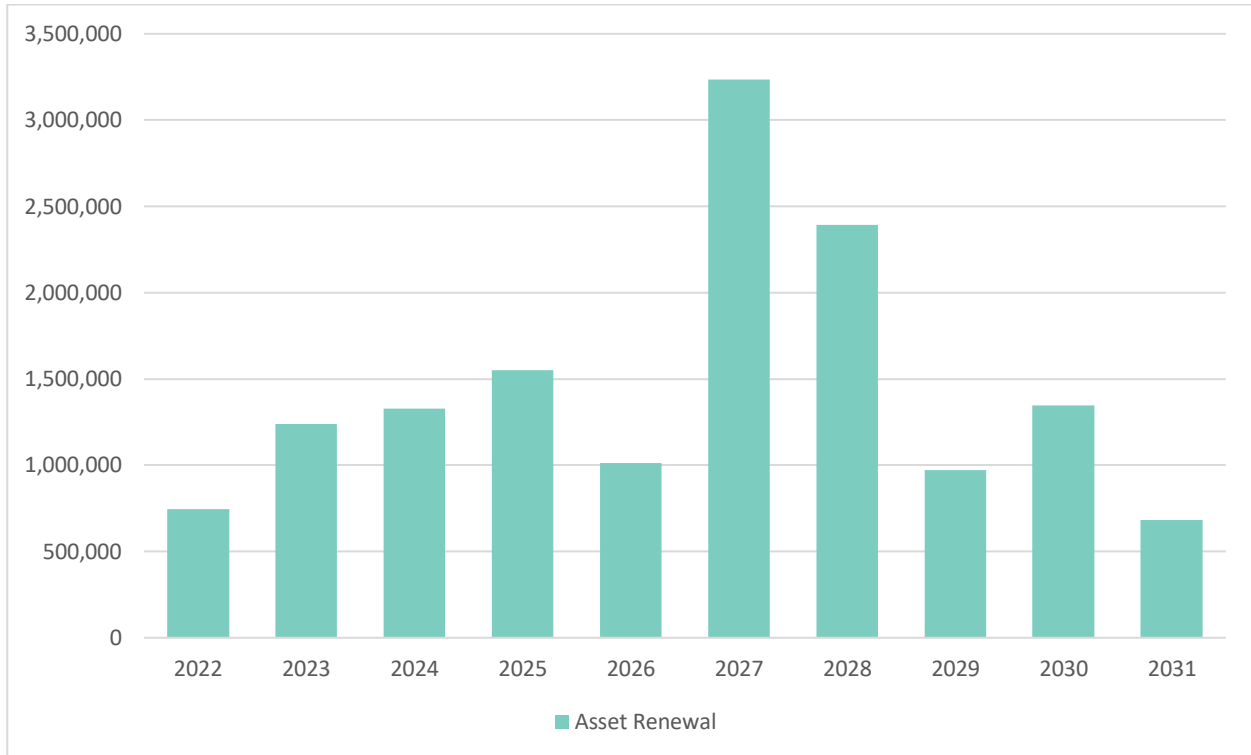
There is specific funding set aside for these projects in the Activity budget. It should be noted that funding for this Activity comes primarily from

- Dog licence fees and
- Infringement fees

## Citizens & Customer Services

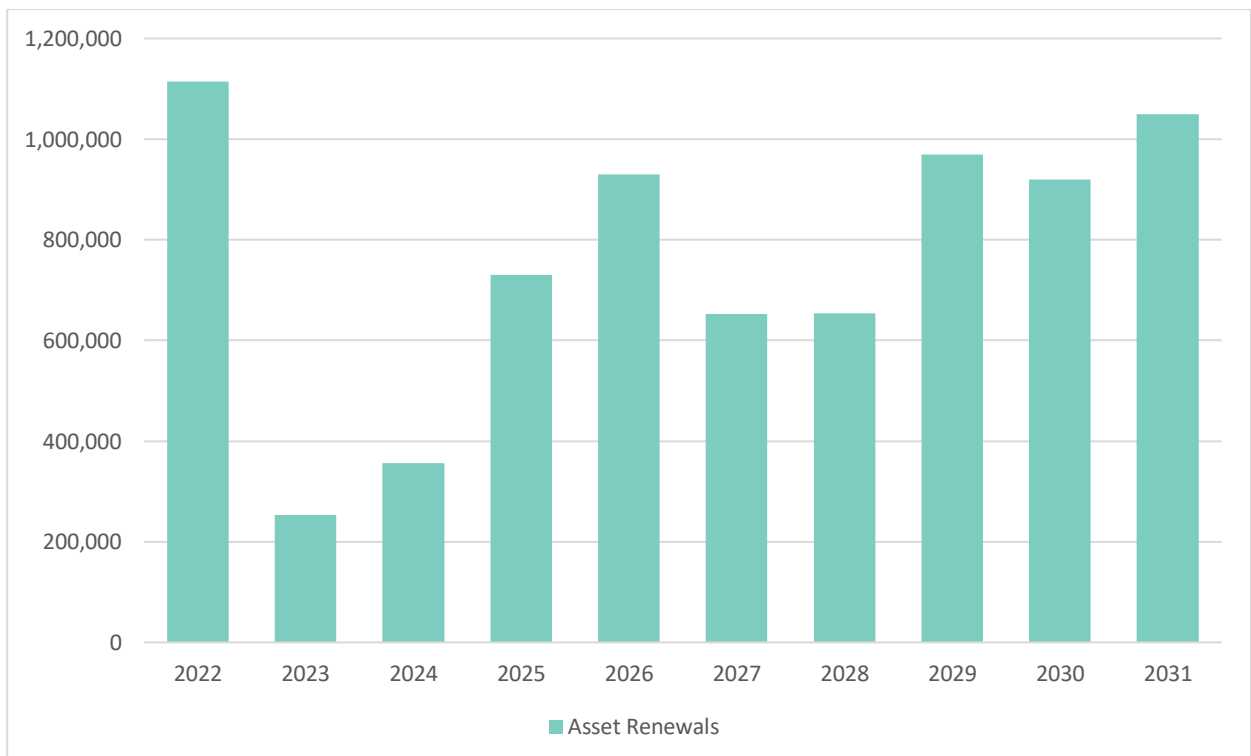
The cost of the upgrade of security provision project at the 12 service centre counters was specifically included in this AMP. This project will be completed in FY21 so there is no need to include further funding for this work in the AMP.

### Capital Financial Projections



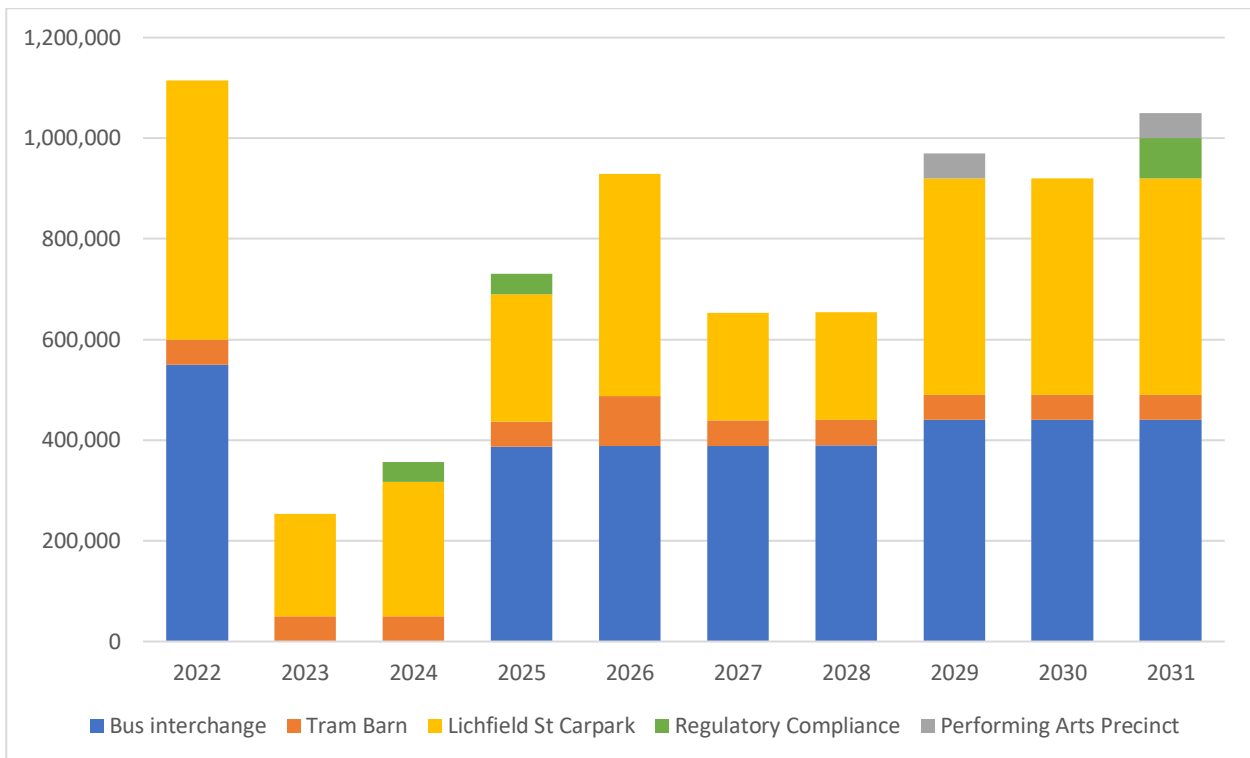
**Figure 9-3: Civic Building Costs - 10 Year Summary Capital Forecasts (uninflated)**

The landfill gas project is represented as a significant ‘spike’ in 2027. The provision made at this time for Capital is focused on likely building services infrastructure including mechanical, electrical, security, and HVAC-related works.



**Figure 9-4: Corporate Assets Costs (excluding Civic) - 10 Year Summary Capital Forecasts (uninflated)**





**Figure 9-5: Breakdown of Corporate Assets Costs (excluding Civic) - 10 Year Summary Capital Forecasts (uninflated)**

As stated elsewhere, there is an anomaly in the LTP CAPEX submission made for the Bus Interchange. The submission includes a sum of \$0.550m in FY22, but \$0 in FY23 and \$0 in FY24. This explains the significantly increased figure in 2022 and the significantly reduced figures in 2023 and 2024. We will need to request a financial ‘Carry Forward’ from 2022 for 2023 and 2024.

Capital investment requirements to address renewal, level of service, growth and resilience requirements have been considered and detailed in working spreadsheets. These are compiled and presented in the AMP.

The most significant projects and programmes consider:

- Sustainability
- Renewals and replacements
- Deferred maintenance

### 9.1.5 Key Assumptions

General assumptions in preparing this forecast include:

Significant risks associated with these assumptions include:

- Unknown financial effects from COVID-19.

### 9.1.6 Funding Gaps

#### Civic Building

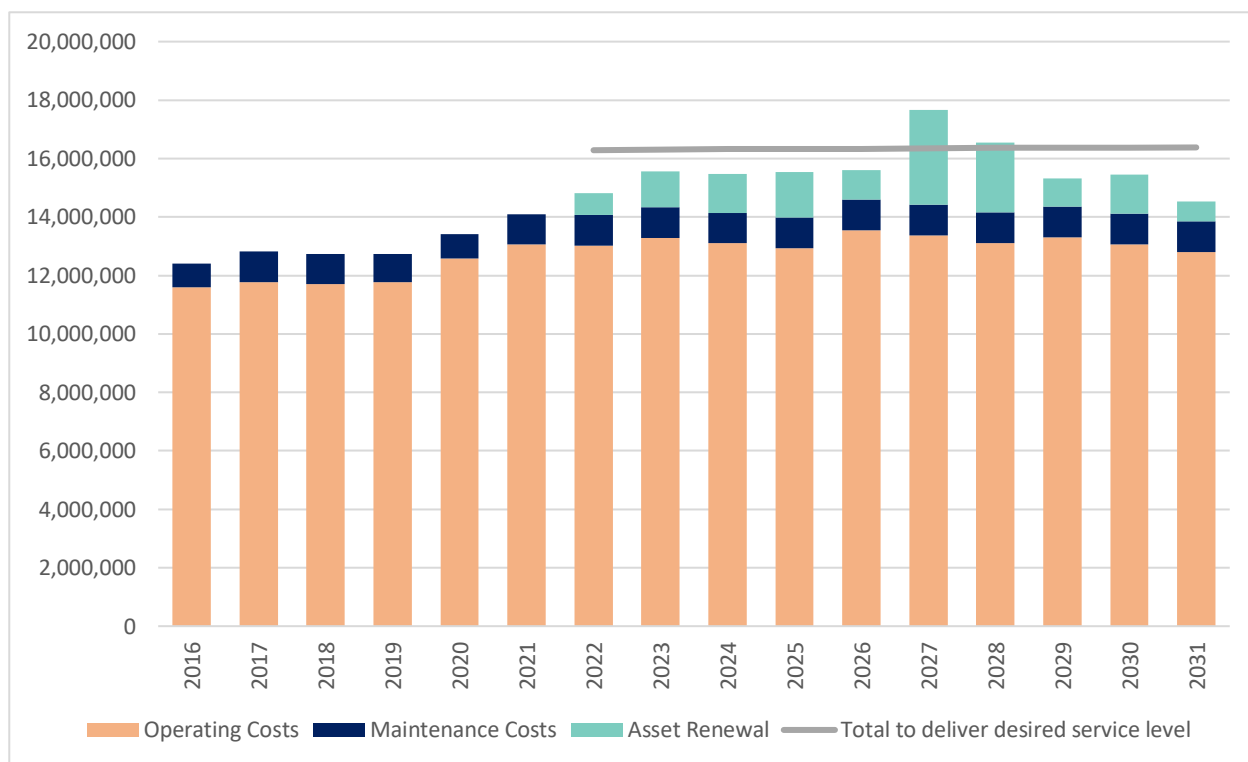
The projected outlays necessary to provide the services covered by the Corporate Accommodation AMP includes operations, maintenance, renewal and upgrade of existing assets over the FY22 – FY31 year planning period is \$163.4M.

Estimated available funding for this period is \$156.5M which is 96% of the cost to provide the service. This is known as the financial indicator. There is a funding shortfall of \$687k on average per year, which is a combination of OPEX and CAPEX. In considering the average annual funding shortfall, it must be noted that a provision of \$2.25M has been made in FY27 for

the anticipated cost of replacing/upgrading supporting infrastructure in the Civic Offices to accommodate an alternative fuel source. The study to investigate the benefit/cost of options and report on a preferred solution and timeframe will be completed by June 2021.

Providing services from infrastructure in a financially sustainable manner requires matching the projected expenditures to the service to achieve a financial indicator of 100%.

The projected expenditure required to provide services in the AMP compared with planned expenditure submitted in the Long Term Financial Plan are shown in the graph below. Note submissions for the LTP have not been adopted.



**Figure 9-6: Forecast for the Operations, Maintenance & Renewal for the Civic Offices building (uninflated)**

**Table 9-2: Asset related expenditure summary (uninflated)**

10 year total cost [10 year Operational, Maintenance, Renewal & Upgrade Projected Expenditure]	\$163,383,234
10 year total LTP budget [10 year Operational, Maintenance, Renewal & Upgrade LTP Budget]	\$156,514,820
10 year AM financial indicator 100%	96%
10 year average annual funding shortfall	\$686,841

The average funding shortfall comprises of approximately \$216k of proactive maintenance activities, and provision of new assets online in OPEX and approximately \$236k in deferred renewal expenditure that has occurred post 2011 earthquakes. The remainder is estimated in operating costs. A major expenditure item in the portfolio is the transition from landfill gas (LFG) as the primary fuel source in the Civic Offices. A provision of \$2.25M has been made in FY27 as a Renewal, for the potential capital cost of new/refurbishment of supporting infrastructure. (A similar provision has been made in the Christchurch Art Gallery AMP in FY27 for equivalent work at that facility). A study to establish the best fuel option from a benefit/cost perspective and the optimum timing of transition will be completed in June 2021.

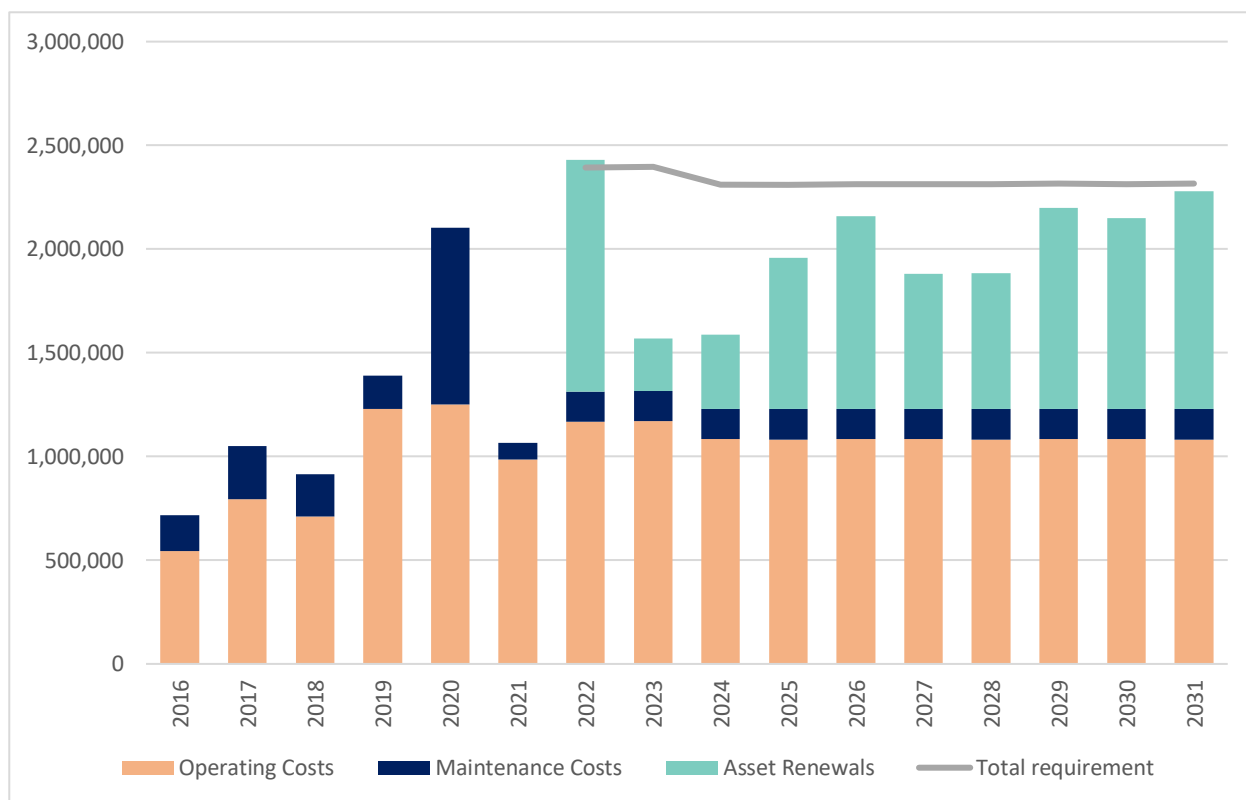
#### **Other Corporate Assets, including Bus Interchange, Tram Barn, Service Centre counters, Carpark Buildings, Regulatory Compliance and Licensing buildings and Performing Arts Precinct**

The projected outlays necessary to provide the services covered by the Corporate Accommodation AMP includes operations, maintenance, renewal and upgrade of existing assets over the FY22 – FY31 year planning period is \$23.3M.

Estimated available funding for this period is \$20.1M which is 86% of the cost to provide the service. This is known as the financial indicator. This is a funding shortfall of \$320k on average per year, which is a combination of OPEX and CAPEX.

Providing services from infrastructure in a financially sustainable manner requires matching the projected expenditures to the service to achieve a financial indicator of 100%.

The projected expenditure required to provide services in the asset management plan compared with planned expenditure submitted in the Long Term Financial Plan are shown in the graph below. Note submissions for the LTP have not been adopted.



**Figure 9-7: Forecast for the Operations, Maintenance & Renewal for Corporate Assets excluding the Civic Offices building (uninflated)**

**Table 9-3: Asset related expenditure summary (uninflated)**

10 year total cost [10 year Operational, Maintenance, Renewal & Upgrade Projected Expenditure]	\$23,290,429
10 year total LTP budget [10 year Operational, Maintenance, Renewal & Upgrade LTP Budget]	\$20,093,576
10 year AM financial indicator 100%	86%
10 year average annual funding shortfall	\$319,685

Renewal shortfalls are estimated in the Transport Unit, (for the Bus Interchange and the Tram Barn), for the Regulatory Compliance and Licensing Unit, (for the animal shelter and kennels buildings) and lower than usual allowances for the Performing Arts Precinct (for the Court Theatre building). Maintenance shortfalls are estimated at \$134k per annum.

Any reductions in the current LTP submissions for either OPEX or CAPEX will result in reductions in the service levels for lower criticality assets in the Corporate Accommodation portfolio.

These figures are subject to change based on LTP adopted budgets and assets included in scope, and assumption changes.

## 9.2 Input Data Confidence Levels

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale in accordance with Table 9-4 below.

**Table 9-4: Data Confidence Grading System**

Confidence Grade	Description
<b>A Highly reliable</b>	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
<b>B Reliable</b>	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
<b>C Uncertain</b>	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 are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
<b>D Very Uncertain</b>	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
<b>E Unknown</b>	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 9-5 below.

**Table 9-5: Data Confidence Assessment for Data used in AMP**

Data	Confidence Assessment	Comment on Reliability of Forecasts
<b>Operations expenditure</b>	C - Uncertain	Forecasting is undertaken by the analysis of current contracts, actual work invoices and SAP data.
<b>Maintenance expenditure</b>	C- Uncertain	Forecasting is undertaken by the analysis of previous years spend. .
<b>Renewals (asset value, lives, condition, performance)</b>	C-Uncertain	Analysis of asset component data for some sites has been undertaken, to determine a priority list for the budget. Typical standardised cyclic renewal events need to be tested and confirmed
<b>Upgrade/New expenditures (level of service, demand, resilience projects)</b>	C- Uncertain	Analysis of asset component data for some sites has been undertaken, to determine a priority list for the budget. Typical standardised cyclic renewal events need to be tested and confirmed
<b>Disposal expenditure</b>	C- Uncertain	Due to lack of post-earthquake asset disposals there is a lack of suitable comparable costs for disposal expenditure. Such costs, if required can be readily estimated.

## 9.3 Valuation and Depreciation

### 9.3.1 Valuation Basis

Council's building portfolio was revalued as at 1 July 2020. The methodology below outlines the approach:

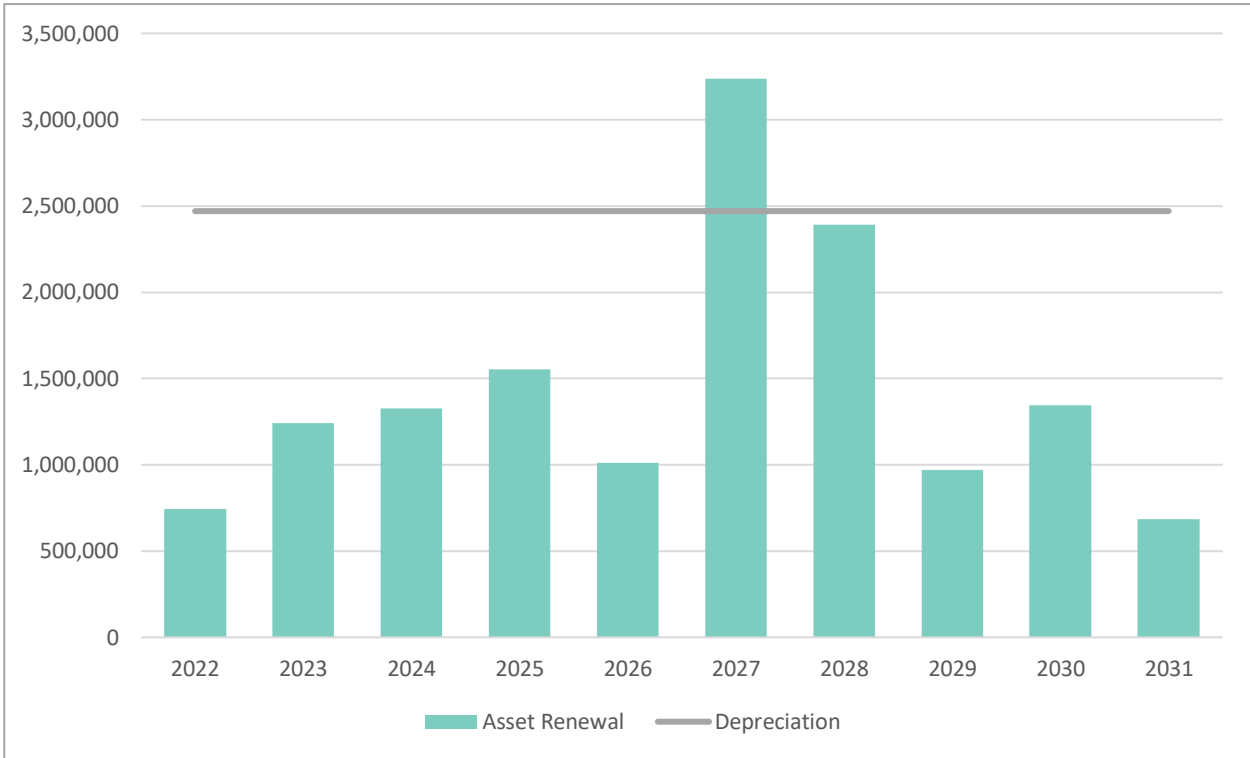
- Replacement costs have been assessed with reference to actual construction costs where known, published quantity surveyor data, analysed building contracts and Bayleys construction cost database;
- Indemnity values have been based on age of structures and physical condition where known, bearing in mind the requirement to produce values on a desktop basis without inspections;
- Quantity Surveyors, Rawlinsons, have produced replacement costs for specified structures;
- Values have been calculated using the Council supplied information including description of buildings, addresses, floor areas, age and previous valuations.

The Local Government Act 2002 and the Financial Reporting Act 2013 requires Council completes a full valuation of its assets every three years and a desktop valuation in each of the two years between these full valuations. These valuations are required to be completed by an independent registered Valuer. Valuations have used the depreciated replacement cost valuation methodology for improvements.

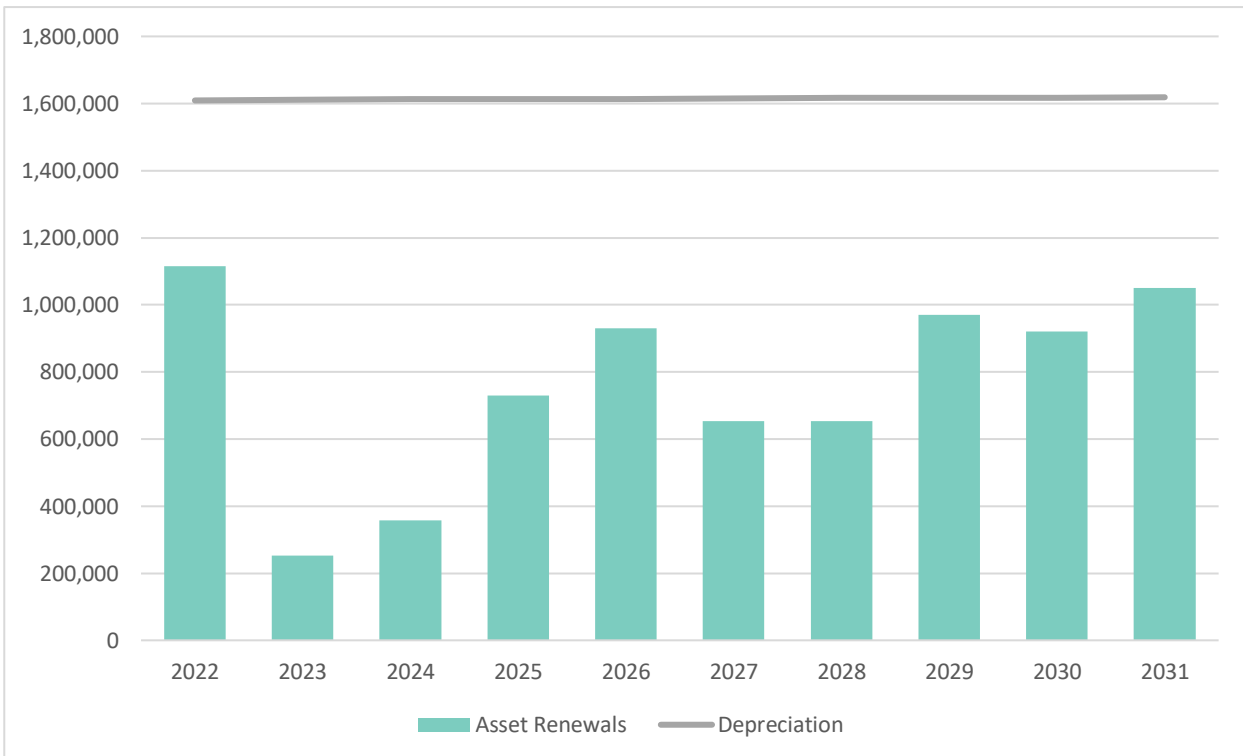
**Table 9-6: Valuations data**

Category	Gross Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
Corporate Accommodation (Includes Civic fitout only)	\$38,886,338	\$11,198,261	\$1,559,349
Regulatory Compliance	\$2,561,000	\$1,067,100	\$44,918
Transport Building Assets	\$63,209,181	\$59,837,723	\$938,275
Assets where Council is Lessee	\$3,186,446	\$2,918,010	\$91,041
	\$107,842,964	\$75,021,094	\$2,633,582

### 9.3.2 Valuation and Depreciation Forecasts



**Figure 9-8: Civic Building Valuation / Depreciation Forecasts 2022 – 2031 (uninflated)**



**Figure 9-9: Corporate Assets (excluding Civic Building) Valuation / Depreciation Forecasts 2022 – 2031**

### 9.3.3 Depreciation / Renewal Forecast Comparison

Renewals are significantly less than the depreciation forecast. This is primarily due to large value assets in the portfolio being relatively new, such as the two principal Transport building assets; namely the Bus Interchange and the Lichfield Street carpark. Investigation into the longer term costs and impacts of these assets is recommended.

#### Implications of approved ten-year budget

This to be completed once the LTP is adopted.

### 9.3.4 What we cannot do

The Council has prioritised decisions made in adopting the 2021 LTP to obtain the optimum benefits from its available resources.

Budget constraints as a result of the post COVID-19 economic environment will limit the work that can be undertaken in this LTP period. There are some operations and maintenance activities and capital projects included and identified in this AMP that may be unable to be undertaken within the next 10 years due to reprioritisation and budgetary constraints.

#### *Service consequences*

Operations and maintenance activities and capital projects that cannot be undertaken will maintain or create service consequences for users. These include:

- potential for reduction in LOS, for lower priority sites;
- not meeting LOS performance measures

#### *Risk Consequences*

The operations and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences for the organisation. These include:

- inability to maintain assets to a level they are fit-for-purpose and suitably maintained so as to provide an appropriate level of operation;
- increased financial requirements (and gap) due to accelerated assets deterioration;
- poorer planning outcomes due to funding addressing deferred works, versus proactive works.

# 10 Continuous Improvement

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## 10.1 Overview of the Improvement Programme

Council has made a strong commitment to improvement of asset management practices and seeks to further improve the approach. Council acknowledges the need to focus efforts to further asset management practices over the next 2-3 years to an appropriate level of capability.

Council's overall AM improvement process is outlined in the SAMP. This section details the Corporate Accommodation improvement programme.

## 10.2 Current Asset Management Maturity – 2016 and 2018

An independent assessment of current AM practice was undertaken in 2016 and 2018. This was completed at a high level covering most of Council's Facilities portfolios: that is Libraries, Community facilities, Recreation and Sport, Housing and the Art Gallery. We did not prepare a Corporate Accommodation AMP in the past so we did not assess the AM Maturity in this specific area of our practice.

The baseline 'Current' maturity assessment (at that time) for each portfolio was achieved through interactive workshops which involved a good cross-section of participants including representatives of asset owning groups, the respective Facilities leads and Strategic Property Analyst representatives. Our performance against a number of key AM criteria defined by Audit NZ was assessed. A 'Future' maturity level was set as a number of aspirational targets which combined the desire to achieve appropriate best practice, and considering the agreed business drivers. It should be noted that the approach taken for the Facilities portfolios in rating 'Future' or aspirational levels was determined as those that could realistically be achieved with available resources over the three year life of the AMP.

The appropriate level of AM practice for this Activity has been defined in our AM Policy as 'Core'.

The most relevant AM maturity assessment presented as a 'spider web' diagram is included below in Figure 10.1. It should be noted that the label 'Community Facilities' was assigned by an external consultant who was engaged to facilitate our first AM Maturity assessment process. Her experience with other New Zealand Councils, who typically referred to most/all of their buildings as 'Community Facilities', led her to use the same term for all of our buildings – causing a little confusion later as we obviously have a specific sub-set identified as 'Community Facilities'. However, this grouping is useful as a benchmark of performance across all of our portfolios in 2015, and can be compared with the comprehensive 2020 Maturity Assessment which is outlined below.

This 'spider web' diagram in Figure 10-1 highlights a number of key issues:

- significant gaps between Current and Target (Future) in several areas including:
  - Improvement Planning – largely due to no specific resources (people and budget) being identified to progress identified Improvement tasks;
  - Demand Forecasting – largely due to difficulty in assessing demand in a changed city given the relatively short period the Gallery had been open following post-earthquake closure; and
  - AM Plans – at the time of review, the AMP preparation process was under pressure but this has been improved significantly with a more integrated and consistent approach followed in 2019.
- we are close to achieving our target in several areas including:
  - Risk Management – largely through the adoption and application of ProMapp;
  - Maintenance Planning – largely due to the progress made in FBBM (although this has not been without its own challenges); and
    - Operational Planning and Reporting – largely due to the much more frequent meetings which are held at an operational level (and also at a capital planning level as well).



- It is worthy of note to highlight that we have assessed low levels of performance in the area of Quality Management, largely due to Council not having any formal Quality Management Plan, with no programme of audits etc. Although this is unlikely to change markedly in the next three years, a specific Improvement Plan task has been included to progress simple Quality Management initiatives which can bring quick benefits – identified as Task 19-C in Table 10 – 2.

Table 10-2 provides a programme of Improvement tasks which have been identified to seek to address weaknesses identified during the development of this AMP. This has been further expanded and informed now that we have the results of the 2020 AM Maturity Assessment.

## Community Facilities AMP Maturity Index



**Figure 10-1: Asset Management Maturity Assessment for Community Facilities Activity (Note that the term ‘Community Facilities’ was used to describe ALL of Council’s facilities when the AM Maturity Assessment was carried-out in 2015)**

### 10.3 Review of Progress against Previous Plan

As mentioned elsewhere, we did not prepare a Corporate Accommodation AMP in the past so we cannot carry-out a review of progress.

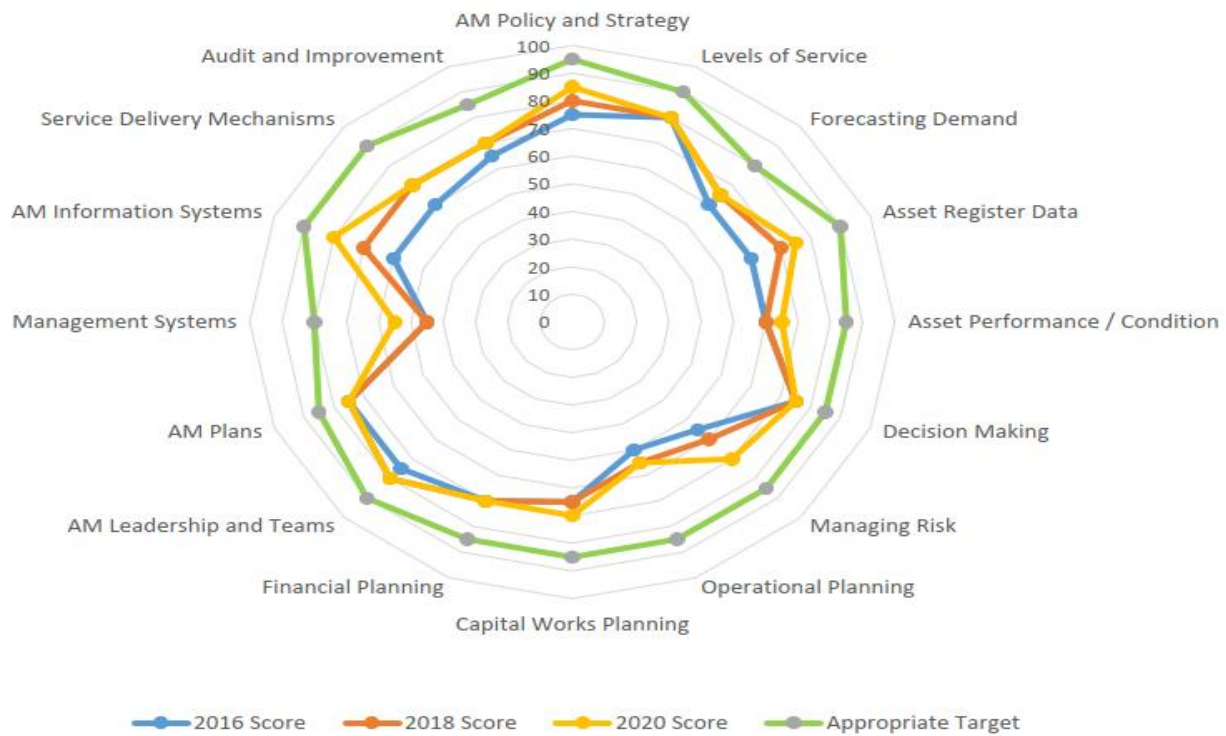
However, as we have identified a number of Improvement Tasks in Table 10-2 following, we can monitor the progress of these tasks in the three years of the AMP cycle and report on the achievement and progress when the next AMP is prepared.

### 10.4 Asset Management Maturity Assessment

This most recent Asset Management Maturity Assessment report has been completed by Infrastructure Decisions Limited.

The report summarises the findings of an Asset Management Maturity Assessment (AAMA) across all of Council’s asset management activities. This section of the AMP focuses on ‘Section 5.5 Facilities’ contained in the Report. It identifies improvements made since previous assessments in 2016 and 2018 and makes recommendations to support further

improvement to levels of 'appropriate' asset management maturity. These are illustrated diagrammatically in the 'spider web' diagram in Figure 10-2 below.



**Figure 10-2: 2020 Asset Management Maturity Assessment for Facilities**

Since the last AMMA which was carried-out in 2018 there has been good progress across many functions, with notable improvements relating to asset information and analysis, alignment of strategic priorities with AM planning and understanding of long term renewal investment requirements. However there are still identified gaps between Actual and Target scores remaining in a number of areas including service delivery, asset performance/condition, operational planning and management systems.

The average score across Facilities activities increased from 68% to 72% in the last two years, aiming for a target of 87%. The basis for the scores is described in Table 10-1, which includes summary comments from the Report which are relevant to the asset management practices and performance across Corporate Accommodation assets.

**Table 10-1: 2020 Asset Management Maturity Assessment Scoring**

Section	Current	Target	Comments pertinent to Corporate Accommodation
<b>AM Policy &amp; Strategy</b>	85	95	Corporate AM Policy and Strategic AM Plan in place. Strategic context thorough and documented. Strategic priorities are well embedded with good alignment through to AMP and Activity Plans.
<b>Levels of Service</b>	80	90	The levels of service sections of the AMPs have good linkages to strategic outcomes, customer expectations. LOS and performance measures reviewed by 'pit crews' in 2020. Engagement through user surveys is stronger for some activities (eg the Art Gallery) than others. Comment: Community needs analysis and surveying is still limited for this Activity
<b>Forecasting Demand</b>	65	80	Good analysis of demand drivers in AMPs, supported by corporate demographic information. The current and historical utilisation and capacity of most facilities is measured

Section	Current	Target	Comments pertinent to Corporate Accommodation
			however the demand forecasts have not been converted into quantitative forecasts to a level useful for planning for individual facilities. Demand management techniques identified in AMP but not clear which are being funded or progressed.
<b>Asset Register Data</b>	75	90	Data structure reviewed as part of the Facilities Better Business Management (FBBM) Programme. The data in SAP has been cleansed and is of a better quality but some datasets still have big gaps. A data collection process is underway to capture remaining facility assets and their attributes.
<b>Asset Performance/Condition</b>	65	85	A significant amount of asset data validation and condition assessments have been undertaken, unfortunately the data was not available to support the 2020 AM Plans. Asset performance data is limited to maintenance reporting and response times. Asset performance assessments (eg fitness-for-purpose) have not been part of this year's asset inspections.
<b>Decision Making</b>	75	85	Formal decision-making processes are applied to major projects and programmes – business cases are used to justify the financial and non-financial benefits of projects. Options are evaluated using a Council framework. CAPEX projects are captured and prioritised against decision criteria (aligned to Council priorities) in CPMS. See also CAPEX planning re: renewal decisions.
<b>Managing Risk</b>	70	85	The Council risk framework has been applied, with regular risk reporting through ProMapp. The Risk section of the AMP and appendices covers the main risks for each of the five facility types, and the mitigation measures. Criticality is considered in decision making, and the key risk for each facility are known and managed. However, a criticality rating has not been formally assigned to individual assets.
<b>Operational Planning</b>	55	85	Scheduled maintenance programmes are developed collaboratively with Citycare and Facilities. There have been efforts in recent years to more planned (less reactive) maintenance and SAP was being used to manage scheduled maintenance but this has reverted to spreadsheet lists. Reactive maintenance and costs are captured in SAP, but only at a building level. Budget constraints are likely to see cuts to planned maintenance programmes, focussing on maintaining safety and compliance activities.
<b>Capital Works Planning</b>	70	85	See comments for 'Decision Making' plus ... Capital projects and programmes managed in accordance with CPDF and projects tracked in CPMS. A 10-year (AMP/LTP) and 30-year (IS) CAPEX programme is in place. Renewal forecasts are still based on 'top down' assessments until asset condition data is available for analysis. Network planning is required to provide a stronger base for development of growth and LOS project CAPEX.
<b>Financial Planning</b>	70	85	10-year forecasts are provided for OPEX and CAPEX. OPEX forecasts are largely based on historical expenditure and staff knowledge. Consequential OPEX (OPEX associated with new assets) is estimated, but there is limited information on asset expenditure to date, as the practice of linking Work Orders to assets is only just beginning within the new asset data structure. The operating impact of budget changes on levels of service (asset performance) is not well linked.

Section	Current	Target	Comments pertinent to Corporate Accommodation
<b>AM Leadership &amp; Teams</b>	80	90	The organisational structure for asset management has embedded. There is a good working relationship between asset managers and activity managers and the AMP process has been useful in developing a joint understanding of AM issues.
<b>AM Plans</b>	75	85	Five Facilities AMPs (including the Corporate Accommodation AMP) have been updated and were largely complete at the time of the assessment (August 2020). There is some good content, and there has been much better engagement with business owners during AMP development enabling. However not all sections are complete, the information from recent condition assessments was not available to inform the AMP and there is limited performance information in the AMPs.
<b>Management Systems</b>	55	80	The need for a Quality Management approach to asset management is understood and continues to be developed. Processes are well established and documented for many corporate processes such as capital delivery and risk. AMU is supporting a more formal process to assist activities prioritising 'critical AM Processes' and reviewing/improving the highest priority ones, but this is initially focusing on 3 Waters and Transport.
<b>AM Information Systems</b>	80	90	Good information systems – SAP, GIS, Fulcrum (field data). The FBBM project has focused on better use of SAP data and information to support the business. Power BI is being used to develop dashboards to better meet user needs, still work-in-progress.
<b>Service Delivery Mechanisms</b>	70	90	Contracts are in place for the delivery of maintenance and operations functions. Competitive tender processes are used. Increasingly the business is driving change in asset data collection, Work Orders and contract payments through the FBBM project –to get more accurate costing and better contract performance monitoring. A greater focus on ensuring what is in the contract and what is additional work, and more accurate maintenance schedules.
<b>Audit &amp; Improvement</b>	70	85	An AM improvement programme has been developed for Facilities. Reporting on major projects that are part of the corporate programme is via AMGB. Each AMP identifies items for improvements for the Facilities area but there is no formal monitoring/reporting process.

## 10.5 Improvement Plan

Table 10-2 below details those Improvement tasks that will be actioned and completed over the next three years. The High Priority (H) tasks have a focus specifically on those areas where the risk is most critical. To facilitate the practical implementation of the improvement programme tasks have been designed to address several issues concurrently and be programmed to ensure a logical progression towards the three year target.

As outlined above, the independent AM Maturity assessment process provides a sound basis for prioritising and monitoring improvements to current asset management practices, and identified actions will be added to the Improvement Plan programmed for 2021 through to 2024.

**Table 10-2: Asset Management Improvement Tasks**

Task ID	Project / Task	AM Maturity Gaps	Priority (H, M, L)	Responsibility	Resources (teams, \$)	Timeframe
21-A	Further asset condition assessment and financial data consolidation into single database (SAP or other)	Data quality, data accountability	H	Owned by Property Asset Team	Initially time of team members.	Term of AMP
21-B	Focus on critical assets – review previous work & update process. Integrate with Asset Register. Ensure influences CAPEX & OPEX prioritisation	Risk, prioritisation of spend	H	Owned by Property Asset Team	Time of team members	2021
21-C	Noting that the facilities are operated well, start to progress more rigorous and structured Quality Management – including introduce more formal improvement audits, review of non-compliance actions	Risk, process improvement	M	Owned by wider team (Property Asset and Facilities teams)	Time of team members initially. Possible cost of extra resource to document procedures	Term of AMP
21-D	Specific structured AM training for key team members	Risk, succession planning	M	Owned by Property Asset Team	Time of key team members. Possible cost of training courses	Term of AMP
21-E	Ongoing Improvement Planning – focus on identification of improvement tasks. Review AM Maturity Assessment completed in October 2020 and prioritise improvement tasks	Process improvement, prioritisation of investment	M	Owned by Property Asset Team	Time is most important – and continues to be the constraint to successfully progressing tasks	Term of AMP
21-F	Progress specific key projects including transition of fuel source to a sustainable alternative and investigate storage options using	Risk, sustainability, asset management improvement	M	Owned by Property Asset and Facilities teams	Time of key team members, potential Capex and Opex cost increase depending	Fuel supply study

Task ID	Project / Task	AM Maturity Gaps	Priority (H, M, L)	Responsibility	Resources (teams, \$)	Timeframe
	Council-owned facilities (noting that the Christchurch Art Gallery is also involved in the former project)				on outcome of investigations	<p>completed in 2021</p> <p>Storage options started in 2021</p>

## 10.6 Resourcing the improvement programme

As can be seen from Table 10-2 above, the common resource required to progress all initiatives is time – especially the time of the key team members. This requirement, linked with a limited budget for additional resources to free-up team members, has proven to be a constraint in the past and so it will require further thought as to how this challenge can be overcome. As Ernest Rutherford said

‘We haven’t the money – so we’ve got to think’

It is likely that across Council, a lack of overall resources will result in difficulty delivering all the improvement items. A prioritisation and costing exercise will be required to ensure the highest priority items are delivered first and that future delivery costs are understood, and sufficient budgets allocated within the LTP. The process to prioritise improvement items will be coordinated by the AMU.

## 10.7 Monitoring and review

The improvement programme will be reported to the AMU and either included within the advancing asset management improvement programme (corporate) or within the continuous improvement programme (unit based). All improvement items will be monitored by the AMU and tracked through the Council’s Asset Management Governance Board and the PDP tool.