ASSET MANAGEMENT PLAN

South Melbourne Town Hall, Fishley Street, South Melbourne, VIC

20 MAY 2020

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PREPARED FOR

City of Port Phillip
99a Carlisle Street
ST KILDA VIC 3182

PREPARED BY

Napier & Blakeley Pty Ltd
ACN 006 386 278
ATF Napier & Blakeley Unit Trust
ABN 87 601 474 307
Level 13, 90 Collins Street
MELBOURNE VIC 3000
Tel 03 9915 6300

Napier & Blakeley
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PREPARED BY	Ian Gardner, Paul Bullen & Micheal O'Gorman
ISSUE AUTHORISED BY	Rob Howells

EXECUTIVE SUMMARY

South Melbourne Town Hall – Fishley Street, South Melbourne

SUMMARY OF FINDINGS

This Asset Management Plan (AMP) has been prepared as a tool to assist the City of Port Phillip (Lessor) to monitor and manage all capital and repairs & maintenance works associated with the South Melbourne Town Hall (SMTH) for up to 50 years. It is understood all works will be the responsibility of the Lessee, being the Australian National Academy of Music (ANAM), in accordance with the proposed up to 50 year lease due to commence in 2020.

Our assessment includes the following documents and associated discussion:

- A 50 year Capital Expenditure and associated Repairs & Maintenance Forecast
- A 50 year Routine Maintenance Forecast
- An Asset Register including Minimal Maintainable Items (MMI)

Capital Expenditure and associated Repairs & Maintenance Forecast

The asset currently ranges in condition from poor to good, there are a number of capital repairs and restoration works that are required in the immediate and short term to elevate it to a reasonable, lettable standard. Broadly speaking, immediate upgrades include the following:

- Investigation and replacement of the collapsed ceilings within the theatrettes on the ground floor, server room/office area and the open office/meeting rooms on the first floor.
- Investigation and replacement of the collapsed ceiling within the first floor west theatrette
- Repairs to the sash windows which have moderate to severe levels of deterioration/wet rot.
- Replacement of the metal sheeting roof coverings will be required and repairs to the slate roofs.
- The timber suspended platforms are in poor condition and require upgrading to a metal deck.
- There is cracking to the rendered surfaces of the façade. Repairs will be required.
- Depending on the future use of the external stairs to the north repairs will be required to the concrete stairs. These areas have cracking and spalling with exposed reinforcement.
- Glazing is cracked of fully damaged in areas. these will require replacement.
- Aesthetical upgrades such as replacement of floor coverings and redecoration will be required.
- Refurbishment of the amenities will be required.
- Structural repairs to the roof to areas where the ceilings have collapsed, as well as surrounding areas
- Mechanical, electrical, fire, hydraulics and lift services

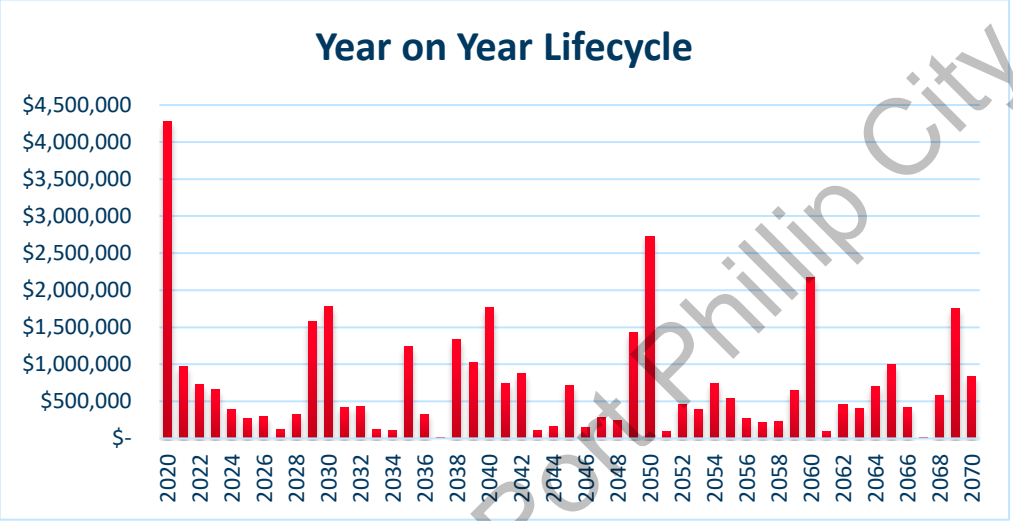
We have specifically excluded the following works

- Works associated with tenancy fit out works.
- Regulatory upgrade works that may be triggered by the tenancy fitout

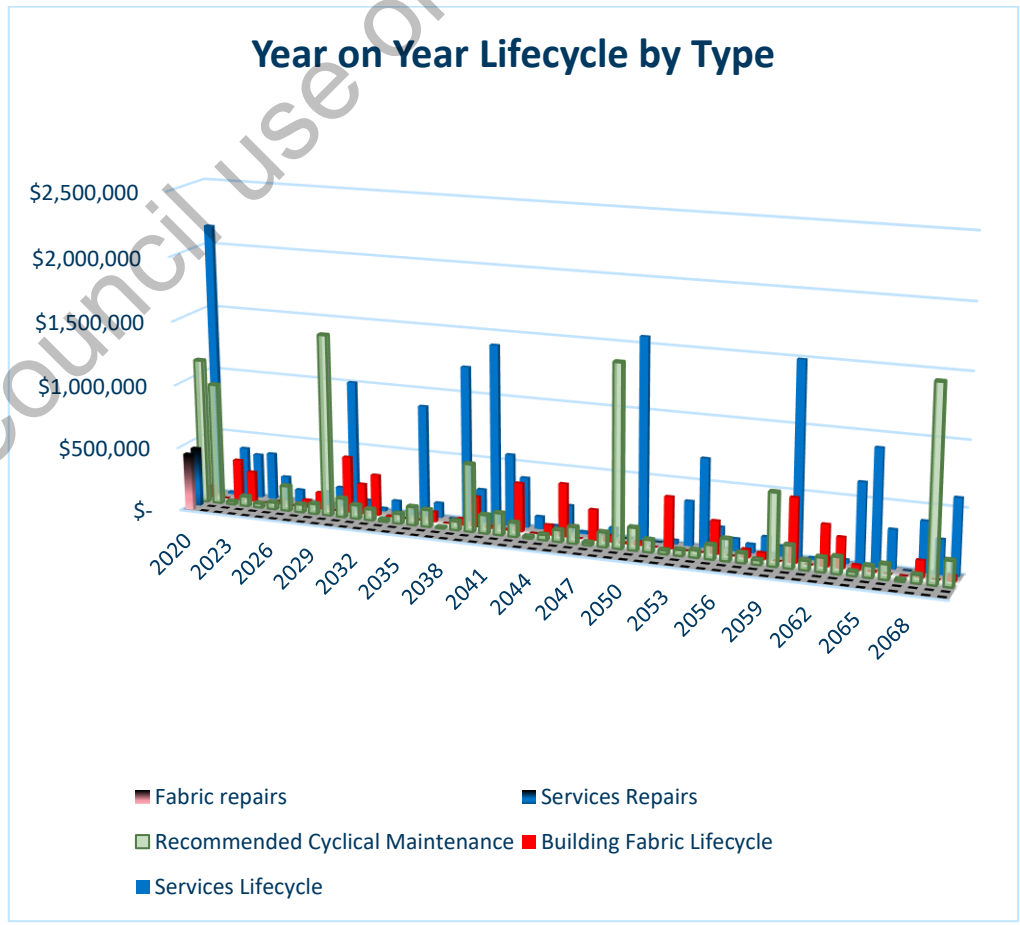
- Works of a structural nature
- Works associated with any structural renewal
- Works associated with elements that were not accessible
- Works associated with new facilities, plant and equipment that might be installed as part of the tenancy fitout or to service the tenancy fitout

Major upgrades are anticipated over the forecast period, with significant expenditure expected in years 2020-2021, 2029-2030, 2038-2040, 2049-2050, 2060 and 2069 aligning with the initial repairs and works and the main 10 and 15 year lifecycles. While it is understood that these works are entirely the responsibility of the Lessee, and all works will be co-ordinated, programmed and funded by them, it is assumed that the Lessor will engage in a project monitoring role to ensure the Lessee obtains all the required permits (heritage, permit and building) to ensure that works carried out by the Lessee do not compromise or expose the Lessor to any unnecessary risks.

The following graph illustrates the estimated expenditure profile over the forecast period.

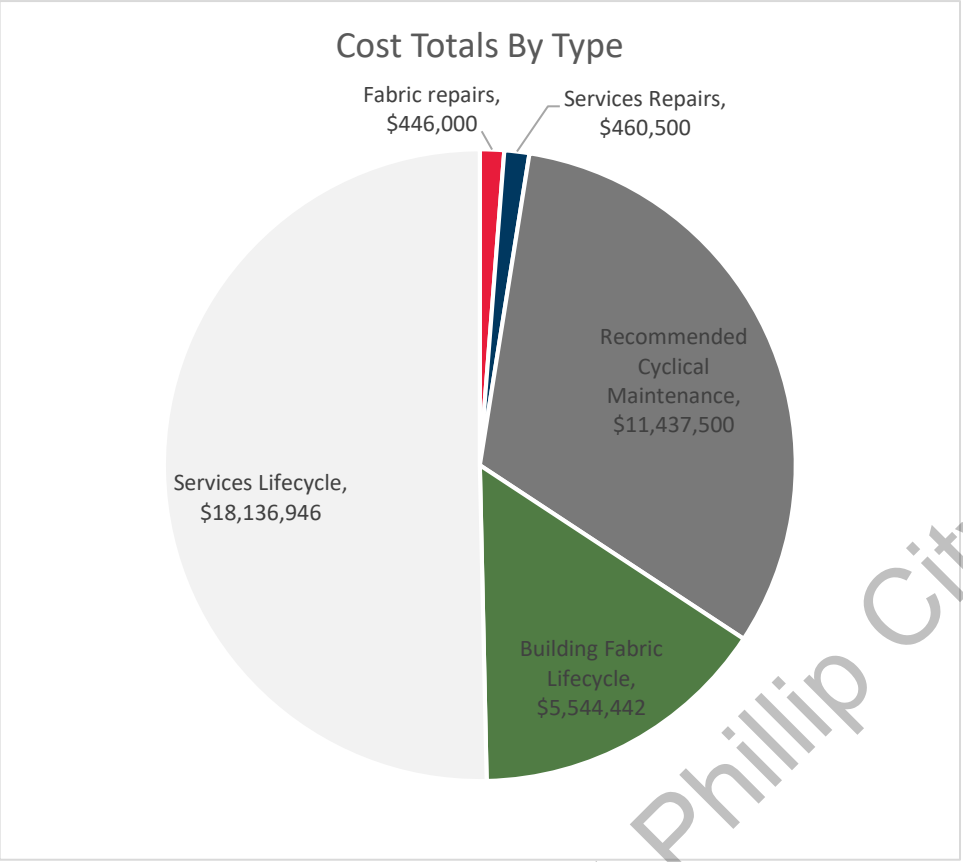


Capital expenditure carried out in the immediate to short term is required to upgrade the building to a suitable level of occupancy. The following graph illustrates the works by type – Repairs, Cyclical Maintenance and Lifecycle Replacement



Recommended cyclical maintenance represents works above a normal routine maintenance schedule and may include partial replacement works

The following graph illustrates the total 50 year cost by type Repairs, Cyclical Maintenance and Lifecycle Replacement



The tenancy works are likely to trigger requirement to retrospectively upgrade the facility to meet current day regulatory requirements. As at this time there are no details of the proposed works, we have not considered them within this plan.

Routine Maintenance Schedule

Our forecast assumes that routine maintenance of capital upgrades will be carried out in accordance with industry standards over the course of the lease period, and in accordance with the Routine Maintenance Forecast provided in Addendum 2. It is recommended however that the Lessee provide your office with evidence that routine maintenance is being carried out to help ensure that installed systems operate to their required performance standard, meet regulatory requirements, and do not age prematurely.

Maintenance of Essential Safety Measures (ESMs) appears to be carried out to a reasonable standard based on a spot check of maintenance tags and review of piecemeal maintenance logs. We note however that a current Annual Essential Safety Measures Report (AESMR) was not sighted. Again, while it is understood that the Lessee will be responsible for the maintenance of all ESMs, it is recommended that the Council obtain evidence that required maintenance is being carried out and at a minimum, the Annual Essential Safety Measures report (with no conditions) be issued to your office annually. It is also recommended, in accordance with Part 15 of the Victorian Building Regulations, that the Lessee provide your office with an updated and current List of Essential Safety Measures on completion of any works that alter or add a new ESM to the facility.

Asset Register including Minimal Maintainable Items (MMI)

The Asset Register has been prepared based on our visual walk through inspection of the property, together with a review of available documentation.

The assessment includes items considered to be “Minimum Maintainable Items”, being those that are typically included in an OPEX budget and nominally in the order of $5,000 per item, or a collection of identical items.

We recommend that the Asset Register be updated on completion of the proposed capital upgrade in order to accurately reflect installed systems.

1. INTRODUCTION

1.1 PURPOSE OF PLAN

It is understood that the City of Port Phillip Council (Lessor) is currently considering an up to 50 year Lease with the current tenant, ANAM (Lessee) for a term of up to 50 years, commencing in 2020. It is proposed that the Lessee will be responsible for all repairs, maintenance and capital replacements associated with the facility over the term of the lease. As such, to assist in the monitoring and management of these works, Council (Lessor) require an Asset Management Plan for an up to 50 year period, including:

- A 50 year Capital Expenditure and associated Repairs & Maintenance Forecast
- A Routine Maintenance Schedule
- An Asset Register including Minimal Maintainable Items (MMI)

1.2 GENERAL DESCRIPTION

Opening on 30th June 1880, the South Melbourne Town Hall (SMTH) comprises a two storey, heritage listed building with a floor area of approximately 6,000m², on a site area of approximately 3,650m².

The asset is a purpose built public service building with a Main Hall, clock tower, east and west wings over two levels, and on grade parking to the perimeter, developed over the following periods:

- 1880 - Original building
- 1981 – addition of a large turret clock tower
- 1930s – interior refurbishments and additions including the installation of furniture to the Council Chambers
- 1994 – Major refurbishment to suit the needs of ANAM (major tenant)
- 2004 – restoration works funded by a heritage grant. The decorative roof and iron cresting (removed in 1945) and the original ochre exterior colour were reinstated.
- 2018 – parts of the first floor ceiling collapsed due to water damage to the roof structure. Areas of the building impacted by the collapse are undergoing rectification

The building accommodation is broken down into the following general areas:

- Ground Floor – East and West Wings.
- First Floor - East and West Wings.
- Main Hall.

The current tenants include the following:

- Australian National Academy of Music (ANAM) which currently occupies the East Wing Ground and First Floor, including the Main Hall. ANAM is the national centre for the further development of musicians, and the hall has become a concert venue.
- The City of Port Phillip which occupies the West Wing Ground Floor.

The South West corner of the ground and first floors are currently vacant due to the ceiling collapse in 2018, as well as the Caretaker Apartment, but are included in the Asset Management Plan

1.3 SITE LOCATION

The site is bound by Daly Street to the North, Layfield Street to the West, Fishley Street to the East, and Bank Street to the South, in South Melbourne, Victoria.

2. ROLES AND RESPONSIBILITIES

It is understood that the proposed up to 50 year lease will assign all capital and maintenance responsibilities to the Lessee, and the Lessor will not be responsible for any expenditure associated with the SMTH for the life of the lease.

We note that while the Lessor is not responsible for any works, they have a duty of care to ensure the asset is safe and suitable to occupy.

As such it is assumed that the Lessor will engage in a project monitoring role to ensure the Lessee meets all regulatory obligations including but not limited to:

(a) obtaining all required permits (heritage, permit and building etc) associated with capital upgrade works. The project monitoring role will assist in ensuring that all works carried out by the Lessee does not unnecessarily compromise or expose the Lessor, and

(b) obtaining evidence that the Lessee carries out all required routine maintenance and mandatory Essential Safety Measures (ESM) maintenance to reduce the risk of exposure should a fire or emergency occur. At a minimum, the Annual Essential Safety Measures Report (AESMR) should be obtained from the Lessee each year, in the month that it falls due.

Where it becomes evident that the required regulatory processes and procedures are not being followed by the Lessee, it is recommended that the Lessor take responsibility for these activities to reduce the risk of non-compliances. It is assumed that the lease will adequately consider scenarios and associated penalties for failure by the Lessee to comply with their obligations in this regard.

3. BUILDING STRUCTURE, FABRIC AND SERVICES DESCRIPTION

3.1 BUILDING STRUCTURE AND FABRIC

It is expected that the foundations to the building consist of bluestone slabs with the timber floors supported by brick piers spaced at regular intervals. The remaining building elements consist of the following:

- The principal roof coverings generally consist of pitched timber framed structures covered with slate to the front facing elements and metal sheeting on the back facing areas.
- The remaining roof coverings consist of shallow pitch or flat areas covered with metal sheeting.
- Rainwater fall to a mixture of box lined and eaves mounted gutters.
- Parapet walls are generally extensions of the façade.
- There are suspended metal platforms (for building services) and metal walkways.
- The facades are a mixture of brickwork with a rendered finish, timber sash windows, steel windows, Corinthian columns, solid timber doors and glazed automatic doors.
- Internally, the base building elements consist of masonry load bearing walls, plastered ceilings and walls with decorative finishes and suspended timber floors.
- Finishes consist of carpet tiles, carpet, exposed timber floors, decorated walls and ceilings, ceiling tiles in a suspended grid, timber and concrete staircases and timber dado walls.
- The amenities have a mixture of finishes such as tiled floors, tiled and decorated walls, ceramic sanitary fittings, and laminate joinery and cubicles.
- Externally, there are stone steps leading to the south which provide access to the hall. Concrete stairs which act as emergency escape stairs (these are located to the left of the main hall).

3.2 BUILDING SERVICES

The building services include:

- Mechanical
- Electrical
- Fire
- Hydraulics
- Vertical Transport

MECHANICAL SERVICES

The portion of the building occupied by ANAM is supplied via a central chilled water system consisting of the following:

- Air cooled multistack chiller, 110kW approximate capacity
- Single chilled water pump with a 3 phase, 4 pole motor with 1.1kW capacity
- Water dosing pot and expansion tank

Heating to this area is supplied by central gas fired natural draft hot water comprising:

- Model 423 manufactured by Raypak with rated capacity of 93kW
- Automatic dosing Water treatment plant from automatic heating
- Single chilled water pump with a 3 phase, 4 pole motor at 1.1kW capacity
- Insulated heated water pipework external to the building.

The remainder of the building not occupied by ANAM is provided with:

- Package air cooled E-mail Air and Air Change units which all appear to operate on R22 refrigerant and at the end of their useful life.
- Split system supplementary units throughout serving small meeting rooms, computer server rooms and to increase capacity in rooms where the package units are

ELECTIRCAL SERVICES

Electrical services include the main switchboard, various distribution boards, general power outlets and lighting (including exit and emergency) throughout the office areas and a telecommunications main distribution frame.

FIRE SERVICES

Fire and protection services include sprinkler systems fire hydrants, and fire hose reels, Fire Indicator Panel and an Early Warning System

HYDRAULIC SERVICES

Hydraulic services include the provision of domestic cold water supply, sewer drainage system and rainwater tanks.

VERTICAL TRANSPORTATION SERVICES

Vertical transportation services include two (2x) 825 kg Machine Room Less (MRL) Traction lifts. Lifts are made by Forte Lifts.

4. REVIEW AND FINDINGS

4.1 CAPITAL EXPENDITURE AND ASSOCIATED REPAIRS AND MAINTENANCE FORECAST

The Expenditure Forecast has been prepared to reflect the immediate expenditure required to meet lease obligations together with the ongoing end of life replacement costs and associated maintenance over the forecast period.

We note that the forecast includes installation of new systems as part of the initial upgrade works, and their associated repairs and maintenance over the forecast period.

Capital expenditure carried out in the immediate to short term is required to upgrade the building to a suitable level of occupancy.

We also note that costs included in our forecast relate to base building upgrade works only.

We have specifically excluded the following works

- Works associated with tenancy fit out works.
- Regulatory upgrade works that may be triggered by the tenancy fitout
- Works of a structural nature
- Works associated with any structural renewal
- Works associated with elements that were not accessible
- Works associated with new facilities, plant and equipment that might be installed as part of the tenancy fitout or to service the tenancy fitout

4.2 ROUTINE MAINTENANCE PLAN

The objective of the Routine Maintenance Plan is to provide continuous and reliable operation of all equipment and assets at SMTH with minimum disturbance and interruption to normal operations of various systems within the building.

The maintenance activities fall into the following main categories:

a. Routine Maintenance,
b. Major repairs identified during our inspection
c. Cyclical replacement of items at the end of their lifecycle

4.3 ASSET REGISTER (MINIMUM MAINTAINABLE ITEMS)

Napier & Blakeley deploy a standardized method for asset registers that meets the needs of asset managers and financial officers.

This method adopts the industry accepted trade/element and item descriptions.

Systems within the industry standard trade descriptions are represented within the database as individual records only when their value exceeds the “Minimum Maintainable Item” threshold, as determined by the client. (Nominally $5,000).

The in service dates for assets is estimated based on data provided by the client, and the age of the building under consideration.

For example, individual light fittings are not recorded as asset register records, but the following records are created:

- Tenanted areas lighting
- Common areas lighting
- Emergency & Exit lighting
- Car park lighting
- External lighting

A similar approach is adopted for mechanical & transport services, where large high value assets are recorded individually (e.g. Chillers, Lifts, Generators etc.) and lower value items are recorded as a group (e.g. VAV terminal units, small ventilation fans, wall mounted split).

Large value assets are also assigned key data such as manufacturer, model number, capacity etc.

5. REVIEW AND ADJUSTMENT PROCESS

5.1 MONITORING AND REVIEW

A periodic assessment of the condition of the facilities is an integral component of the asset management strategy. The objective of the condition assessment is to provide factual information on the condition of the asset against the required standard. If the current standard is below the required standard, more detailed inspections will be made to identify the actual work required to restore the required standard. This may mean repair, partial upgrade or full replacement.

Condition assessments of assets should be planned to be undertaken as each major asset or asset groups approach the 75% point of their lifecycle. Condition audits may be also be undertaken if the performance of an asset falls below its assigned level or through a consultative review process with the operator/tenant.

The condition standards applied to all assets are indicated in the lifecycle schedule. Port Phillip City Council (PPCC) in conjunction with the operator/tenant should conduct a desktop audit review of all assets to assess the current condition and update the lifecycle database to adjust the scheduled replacement based on the assets current conditions. PPCC should schedule a detailed asset inspection process for categories identified with major discrepancies.

5.1.1 ASSET CONDITION STANDARDS AND LEVELS OF SERVICE

The Master Plan is designed to ensure that the building and building services and systems will be maintained to ensure operability and reliable service levels are achieved to support business function. The focus on performance rather than just availability is part of the risk mitigation strategy for asset management. The following sets out a potential review and monitoring process to adjust the Asset Management Plan to account for assets that either exceed their expected life or fall short of their expected life.

5.1.2 Asset Condition Standards

Definitions are suggested as follows (and have been used in this assessment):

- Very Good - Asset has no defect. Asset is as new.
- Good - Asset is functional and displays superficial defects only, or has minor signs of deterioration to surface finishes; but does not require any major maintenance. No major defects exist.
- Fair - Asset is functional but shows signs of moderate wear and tear; deteriorated surfaces require attention; services are functional, but require attention; backlog maintenance works may be required.
- Poor - Asset functionality is reduced. Asset has significant defects affecting major components, deteriorated surfaces require significant attention; services are functional but potentially failing; significant backlog maintenance works are required.
- Failed - Asset is not functional. Asset has deteriorated badly, or has serious structural problems; general appearance is poor with eroded protective coatings; elements are broken; services are not performing; significant number of major defects exist.

Based on the above assessment of each asset, works can be projected and the asset management lifecycle plan adjusted accordingly.

5.1.3 Required Actions

- Very Good – No action required, maintain only.
- Good – Undertake routine/preventative maintenance to control the level of minor defects.
- Fair –. A number of factors need to be considered, in fair condition this can be undertaken at a high level as below.
    - Assess repairs required and if economical, repair asset to restore condition.
    - Assess the criticality of the asset and ensure any repairs address the underlying reliability and longevity of the asset.
    - Assess whether the asset is obsolete or approaching obsolescence (Availability of parts and service). Replace if asset is obsolete.
    - Assess whether asset is appropriate to provide the functionality required and whether the required functionality has changed. If improved or changed functionality is required, replace, otherwise repair.
    - Assess is technology superseded. Consider obsolescence and functionality. Replace if it fails either criteria.

- Poor – Undertake or more through reviewed and analysis of the asset as below.
  - Assess repairs required and if economical, repair asset to restore functionality.
  - Assess the criticality of the asset and ensure any repairs address the underlying reliability and longevity of the asset.
  - Assess whether the asset is obsolete or approaching obsolescence (Availability of parts and service). Replace if asset is obsolete.
  - Assess whether asset is appropriate to provide the functionality required and whether the required functionality has changed. If improved or changed functionality is required, replace, otherwise repair.
  - Assess is technology superseded. Consider obsolescence and functionality. Replace if it fails either criteria.
  - Consider sustainability aspects (Materials, energy etc.)
- Failed – Replace asset after consideration of the following:
  - Assess whether like for like replacement of the asset is appropriate to provide the functionality required and whether the required functionality has changed. If improved or changed functionality is required, review and analyse potential new assets.
  - Assess is technology superseded. Review and analyse potential new assets.
  - Consider sustainability aspects (Materials, energy etc.)

6. MAINTENANCE

6.1 ESTABLISHING APPROPRIATE MAINTENANCE

The establishment of levels of service based on clearly defined priorities and the standards, to which various elements and facilities are to be maintained, is fundamental to implementing the Stadium's maintenance strategy (Refer Asset Management Condition Assessment Form).

These priorities and standards enable the development of specific maintenance policies and services such as:

Setting the type and frequency of cyclic maintenance and inspections

Initiating maintenance tasks when a condition falls below the acceptable level

Setting prescribed standards of workmanship, and

Defining the level of detail required in routine inspections.

Service Category	Service Category Description
Criticality	The level of importance to services provision
Functionality	The requirement for the asset to meet performance standards
Utilisation	The level of use or operational requirement
Safety & Statutory Compliance	The requirement to comply with OH&S, legislation, regulations and statutory maintenance
Appearance	The importance placed on maintaining the physical appearance

Service Category Field Descriptions

Service Level	Service Category				
	Criticality	**Functionality**	**Utilisation**	**Safety & Statutory Compliance**	**Appearance**
1	Essential	Functional Plus	Continuous	Compliance & Registration	Excellent
2	Important	Highly Functional	High	General Compliance	High
3	Standard	Functional	Normal	Limited Compliance	Good
4	Non-Essential	Partly Functional	Occasional	Not Required	Minimal
5	Not Required	Not Suitable	Limited	Not Required	Minimal

6.2 SERVICE CATEGORY LEVEL DESCRIPTIONS

The level of service to which a particular asset or part of the facility is to be maintained is determined by assessing the rating of the functional areas or assets within the facility against the criteria relating to the maintenance standards. The rating of assets/areas is:

Criticality – the consequence of the delay

Criticality, or "operational importance", reflects how dependent the service delivery obligations are upon that asset. In determining the criticality rating, consideration has been given to the immediate availability of alternatives and the consequences of failure.

1 Essential

This rating indicates that the asset's function is absolutely essential if the operations are to continue as intended.

2 Important

This rating describes a high level of criticality to operational needs without being highly critical.

3 Standard

This rating applies when the basic needs of the operations are met.

4 Non-Essential

This rating applies to an asset that is not considered to be an integral part of the operations of the facility.

5 Not Required

This rating applies to an asset that provides no contribution to the owner or operations manager's objectives.

Functionality – the assets operation satisfies the intended requirement/output

Functionality is "fit for purpose". It describes how suitable an asset is for its current use or area.

1 Functional Plus

Ideal indicates that the asset is ideally suited to the operation provides and additional functionality, redundancy or flexibility in use.

2 Highly Functional

This grading indicates the asset has meets required operational needs and has some additional functionality.

3 Functional

This grading applies when the asset, meets the core operational needs.

4 Partly Functional

This grading applies to an asset that may be in use but does not fully meet the current operational needs.

5 Not Suitable

An asset that does not meet current operational requirements.

Utilisation – how intensively is the asset used?

1 Continuous

An asset that is in constant or continuous use.

2 High

Used on a regular basis and for extended periods.

3 Normal

Standard level of usage for which the area or asset has been designed.

4 Occasional

This asset may not meet owner's requirements or is not being utilised according to its full extent or design.

5 Limited

This grading indicates that an asset has low level of demand.

Safety & Statutory compliance– an indication of the requirement to comply with OH&S legislation and statutory maintenance

1 Compliance & registration requirement

All laws applicable to OH&S, environmental essential safety measures and legal compliance must be met. All standards applicable to OH&S, the environment and building compliance should be achieved. Essential Safety Measures maintenance requirements. Plant/Asset registration required.

2 General compliance requirement

All standards applicable to OH&S, the environment and building compliance should be achieved. Essential Safety Measures maintenance requirements.

3 Limited compliance requirement

Meets basic safety requirements with no risk to staff or patrons. No registration requirements.

4 Not Required

No legal or OH&S requirements.

Appearance – the importance placed on maintaining the physical appearance

1 Excellent

Is as new.

2 High

Is the asset is in good condition with no signs of deterioration that may impact on its operation.

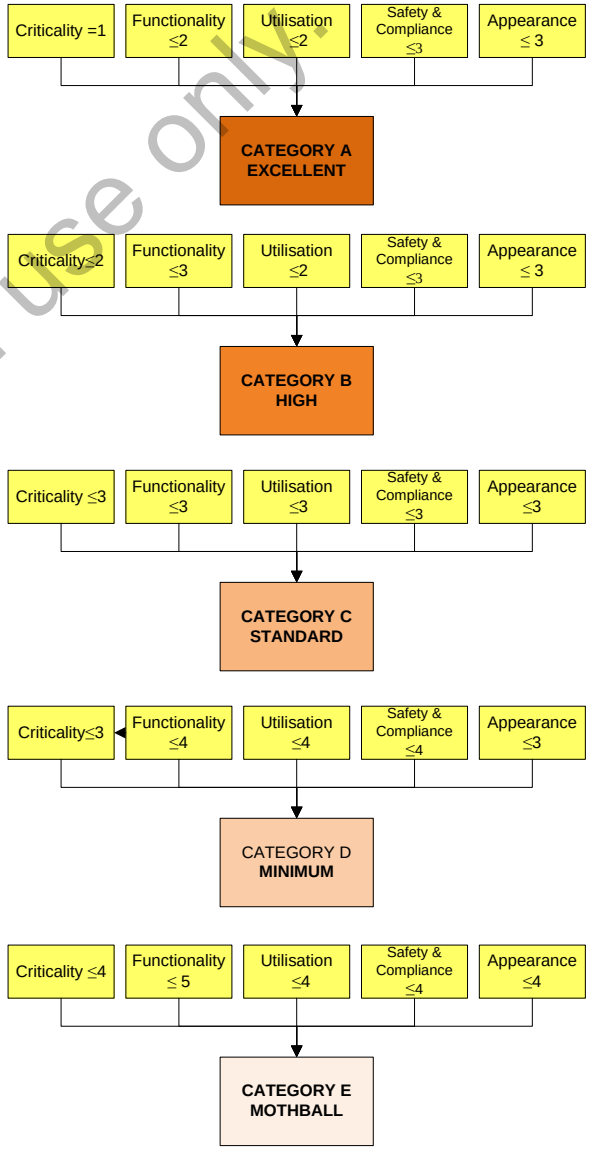
3 Good

The asset shows signs of wear and tear but is satisfactory.

4 Minimal

The appearance is unsatisfactory and may reduce the life of the asset.

The following chart represents the recommended Service Level Category to be assigned to each Maintenance Standard.



Asset Standard Category Structure

7. OUR APPROACH AND REPORT LIMITATIONS

7.1 REPORT METHODOLOGY AND DEFINITIONS USED

CONDITION RATINGS

The current condition of the building in terms of its structure, internal and external fabric and building services have been assessed against the following condition methodology:

- Very Good - Asset has no defect. Asset is as new.
- Good - Asset is functional and displays superficial defects only, or has minor signs of deterioration to surface finishes; but does not require any major maintenance. No major defects exist.
- Fair - Asset is functional but shows signs of moderate wear and tear; deteriorated surfaces require attention; services are functional, but require attention; backlog maintenance works may be required.
- Poor - Asset functionality is reduced. Asset has significant defects affecting major components, deteriorated surfaces require significant attention; services are functional but potentially failing; significant backlog maintenance works are required.
- Failed - Asset is not functional. Asset has deteriorated badly, or has serious structural problems; general appearance is poor with eroded protective coatings; elements are broken; services are not performing; significant number of major defects exist.

CAPITAL EXPENDITURE

Capital Expenditure (CAPEX) can be defined in commercial real estate as “money spent on capital improvements, being those that change the nature of property, extend its useful life, or otherwise improve it beyond the natural improvement to be expected with routine repairs and maintenance.”

In the context of the scope of our report, we allow for end of life capital (CAP) replacements of each building element on a 'like for like' replacement basis.

In addition, we also note that due to the extent of the proposed scope of initial works, there may be requirement for retrospective upgrades to meet current building regulations in relation to the building services. We have not specifically addressed these upgrades as they are at this point unknown in scope and scale. Our allowances are general and do not take into consideration possible fire engineered solutions and / or possible dispensations issued by a Building Surveyor.

End of life is defined as the end of an items serviceable life when it is no longer able to perform its function with an acceptable level of certainty/reliability.

REPAIRS AND MAINTENANCE

Maintenance can be defined as “all regular and routine actions necessary for retaining an item or asset in, or restoring it to, its original condition, as far as practicable”.

Our inspection and subsequent reporting is focussed on condition based repairs and maintenance (R&M) only, and specifically excludes the other routine maintenance items usually associated with Operational Expenditure (OPEX). We have therefore excluded routine maintenance items and OPEX costs associated with:

Planned Maintenance:

- Preventative service maintenance – Typically carried out as part of annual service maintenance contracts or routine expenditure including: cleaning, gardening, air conditioning servicing and repairs, electrical repairs and testing, etc.
- Statutory maintenance – To meet legal or mandatory requirements stated in statutory regulations, standards and building codes. For example maintenance, testing and replacements for fire installations, air conditioning systems, electrical systems, cooling towers, etc.

Reactive Maintenance:

- Routine and breakdown maintenance – These tasks are normally reactive repairs in response to unforeseen failures and breakages. For example replacement of lighting bulbs and tubes, drainage or pipework repairs, air conditioning repairs, etc.
- Incident maintenance – These are unplanned maintenance actions to restore an asset to an operational and safe condition following property damage. For example following vandalism, storm damage or fire.

CAPITAL AND MAINTENANCE EXPENDITURE FORECAST

The forecast in Attachment 1 identifies those items and budget costs over an up to 50 year lifecycle, based on the current condition of the asset.

These cost items are limited to a period of up to 50 years. This is defined as the report's forecast period. Rectification timings have been categorised within the forecast period as:

- Short Term – <= 1 Year;
- Medium Term – Years 2 to 5;
- Long Term – Years 6 to 10;
- Very Long Term – Years 11 up to 50

We have considered the current condition of the building and life expectancy of the various elements of the building.

It is assumed that appropriate routine maintenance and condition based audit procedures are carried out by the Lessee over the forecast period in order to preserve the condition of the asset.

Based on the findings of the Report Investigation Process, appropriate budget allowances have been made for identified items of repairs and maintenance (R&M) or capital expenditure works (CAP), and/or rectifying non-compliances to the Building Code of Australia (BCA).

We note that while it is understood that all capital and maintenance works will be the responsibility of the Lessee, it is assumed that the Lessor will engage in a project monitoring role to ensure the Lessee meets all regulatory obligations and obtains all required permits (heritage, permit and building). The project monitoring role will assist in ensuring that all works carried out by the Lessee does not compromise or expose the Lessor. It is also assumed that the Lessor will monitor all routine maintenance and mandatory Essential Safety Measures (ESM) maintenance to reduce the risk of exposure should a fire or emergency occur.

BASIS OF COST ESTIMATES

The estimates for the forecast expenditure are indicative only, and are provided as an "order of magnitude cost allowance" for the identified scope of works. The estimates provided reflect the preliminary nature of the assessment and the limited amount of information and time available. Allowances are exclusive of GST and rates current as at the date of this report.

Works have been estimated on the basis of being undertaken as isolated tasks, not as part of a comprehensive upgrade or refurbishment. Please note items have been identified based on the visual and audible inspection only, and hence some matters may require further investigation or destructive testing to determine the full scope of the works.

No items or allowances have been made within the current estimates for:

- Negotiated, staged, 'out of hours' work or other special forms of contract;
- Future expansion of the building or services;
- Replacement of building fabric, finishes, fitments, fixtures or decorations as a result of elective refurbishments or upgrades due to economic or social changes;
- Statutory authorities' payments, contributions and compliance orders;
- Costs associated with the relocation, temporary accommodation, disruption to business or loss of profit of the building owner, operator or tenants;
- Costs associated with the investigation, removal, disposal and remediation of hazardous materials or waste;
- Escalation;
- Professional fees, council and authority fees and charges; and
- Builder's margin, mark-up and preliminaries.

Where budget estimates are shown for any building regulation work code items (BCA), these are high level indicative order of magnitude estimates only, and are subject to change through design review / engineered solution and legislation at the time of any physical works.

ROUTINE MAINTENANCE FORECAST

The Routine Maintenance Forecast has been based on the plant and equipment noted during our visual walk through inspection, together with the review of the following documentation provided by your office:

- Condition Assessment Report by Redd Zebra, dated December 2019.

- Mechanical Services Condition Report by Medius Hanna & Associates., dated June 2017.
- Fire Protection Services Condition Report by Omnii Consulting Fire Engineers, dated May 2017.
- Essential Services Maintenance Report issued by City of Port Phillip, dated April 2017.
- Annual test reports for
    - Fire Alarms, Hydrants, Sprinklers and VESDA system, tests conducted by NFS, dated September 2016.
- Consolidated List of Essential Safety Measures

The items included in the schedule are defined into 2 distinct categories:

- Items of maintenance required to maintain the installed plant to ensure occupant comfort levels are met and plant does not age prematurely
- Essential Safety Measures (active and passive) required to be maintained in accordance with the requirements set out in Part 15 of the Victorian Building Regulations.

The assessment also includes additional items of plant installed to meet current regulatory requirements.

ASSET REGISTER (MINIMAL MAINTAINABLE ITEMS)

The Asset Register has been prepared based on our standardised method that meets the needs of asset managers and financiers.

Systems within the industry standard trade descriptions are represented within the Asset Register as individual items when they exceed the “Minimum Maintainable Item” threshold which is typically items included in an OPEX budget and nominally in the order of $5,000 per item, or a collection of identical items.

The items included in the Asset Register are in accordance with those identified during our visual walk through inspection of the property, together with a review of the documents as provided by your office.

7.2 REPORT EXCLUSIONS AND QUALIFICATIONS

The addressee of this report can rely upon it as accurate only as at the date it is first issued. This report may be provided to the original addressee’s advisors. However, this report is not to be made available to or relied upon by any third party without the express written agreement of Napier & Blakeley.

The report is available for review by parties accepted by the Lessor as potential Lessees but may not be relied upon by them. If a Lessee wishes to rely upon the report, then Napier and Blakeley will consider reliance for a fee.

In the absence of such express written agreement Napier & Blakeley accepts no responsibility to any third party in respect of the contents of this report. If Napier & Blakeley agrees in writing to the provision of this report to a third party, that agreement is subject to the original terms of engagement, scope of works, and all limitations and exclusions to which this report is subject.

The report will be further limited to the defined scope of work, any site specific limitations, and the following:

- All information contained herein is gathered from sources we consider to be reliable. However, we cannot guarantee the accuracy of that information and all interested persons should rely on their own enquiries.
- We cannot guarantee that the state of property has not changed after the date of inspection.

The property has not been inspected specifically to ascertain the following in respect of flooring finishes or structural substrates:

- Design structural capacity for defined or assumed loads.
- Suitability for intended purposes or applications (if change of use is proposed).
- Undulations or sloping areas within or exceeding acceptable limits specified by relevant Australian Standards.

It is not the intention of the Report Investigation Process to encompass any work of a specific engineering nature, such as building services and building structure engineering

calculations, analysis, testing or measurements. The Report reflects our interpretation of the condition of the building as apparent from the walk through site inspection only.

The site inspection is a visual and audible walk through inspection only, of a non-intrusive and non-destructive nature. Parts of the building built in, covered up, or otherwise made inaccessible during construction, alteration, or fit out, are not able to be inspected. This will include ceiling voids, wall cavities, service risers, etc. Therefore, we are unable to comment as to whether such elements are free from defect or infestation.

In relation to building structure and fabric, our work involves the inspection of the building and does not include for the sampling or testing of materials. We are unable to state that deleterious materials were or were not used during construction, as this would involve sampling and analysis which is beyond the scope of this brief.

The assessment excludes identification, testing and assessment of Aluminium Composite Panels (ACP) or other combustible cladding. Should we suspect from information provided or from our walk through inspection, that ACP or other combustible claddings exist at the property then a recommendation will be made for the separate appointment of a suitability qualified Fire Engineer.

Building services were visually inspected where exposed to view only. No internal inspections were undertaken of plant, equipment and machinery, or where services are covered up or hidden by the building structure and finishes.

The condition and life expectancy of the building elements were assessed in relation to the systems as a whole, and not the individual parts or components which may be, or have been, subject to repairs, maintenance or replacement.

New and innovative materials and system technologies (including imported products) are increasingly being utilised for building construction. These relatively new technologies, products or practices in the market place, have not yet established any industry benchmark life expectancy nor suitability for purpose data. Building technology and building services (like any new or established technology) can fail and break down without prediction. Our assessments cannot wholly eliminate uncertainty regarding the presence of physical deficiencies and the performance of a building's systems.

The property has not been inspected specifically for termite or other pest infestation and we would only report on such if termite or other pest evidence was readily apparent during our inspection.

This Report is not a certification, a warranty, guarantee, defects list or wants of repair schedule. It does not identify minor or immaterial defects that would normally be addressed by routine or cyclical repairs and maintenance. It has been scoped in accordance with the instructions given and importantly, the fee and time allowed.

The Report does not remove any of the responsibilities the developer, and / or the design and construct team, have under any particular agreements.

The scope of the Report is described in our proposal and instruction, and disciplines not specifically mentioned are excluded from this Report.

Items normally regarded as tenants' assets, fixtures and fittings are excluded from the Report.

This is the normal approach and conditions under which we carry out a report of this type.

7.3 DISCLAIMER

This report is the opinion of Napier & Blakeley Pty Ltd (Napier & Blakeley) and is to be read together with and is subject to the terms and conditions of our engagement. Our opinions in this report are based on the information referred to in this report that have been made available to us by or on behalf of the addressee (Information).

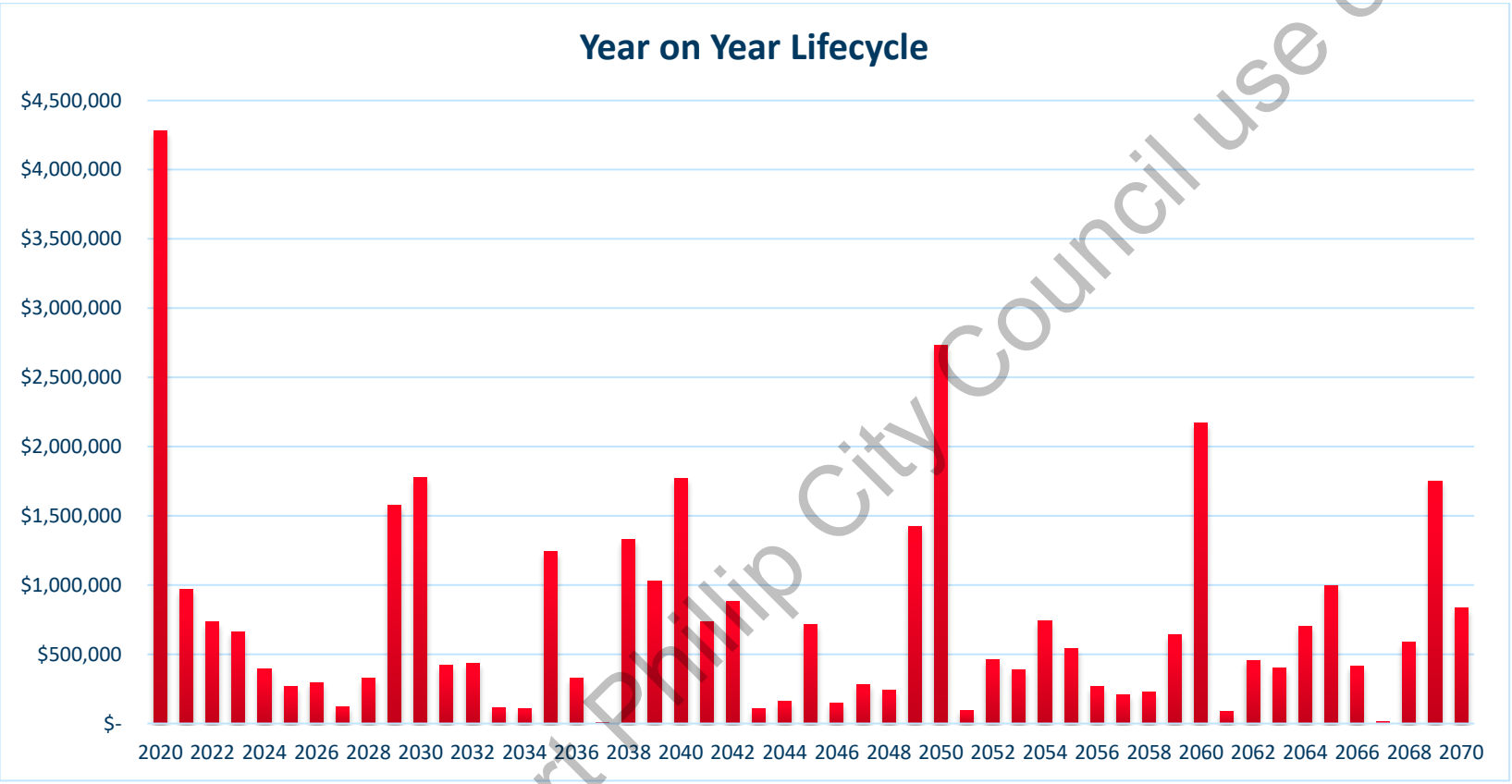
Napier & Blakeley has not obtained independent verification of the Information. As such, our opinion may be different if the Information is incorrect or inaccurate in any way. This report was prepared solely for the addressee and its use is limited to the purpose for which it was provided. No third party may rely on this report without first obtaining the prior written consent of Napier & Blakeley.

Napier & Blakeley does not warrant the accuracy or completeness of the Information, and to the maximum extent permitted by law, does not accept any responsibility or liability for any loss suffered by any person or entity as a result of or in connection with error, inaccuracy, misrepresentation, incompleteness or similar defect in the Information and/or this report or

any default, negligence or lack of care in relation to the preparation or provision of the Information and/or this report.

ATTACHMENT 1 – LIFECYCLE AND CAPITAL EXPENDITURE FORECAST

Refer to separate Microsoft Excel file: *South Melb Town Hall - 50 Year Output 20-05-2020.xlsx*



ATTACHMENT 2 - ROUTINE MAINTENANCE SCHEDULE

Napier & Blakeley

SOUTH MELBOURNE TOWN HALL

YEAR: 2020

M

Standard Frequency

Routine Maintenance

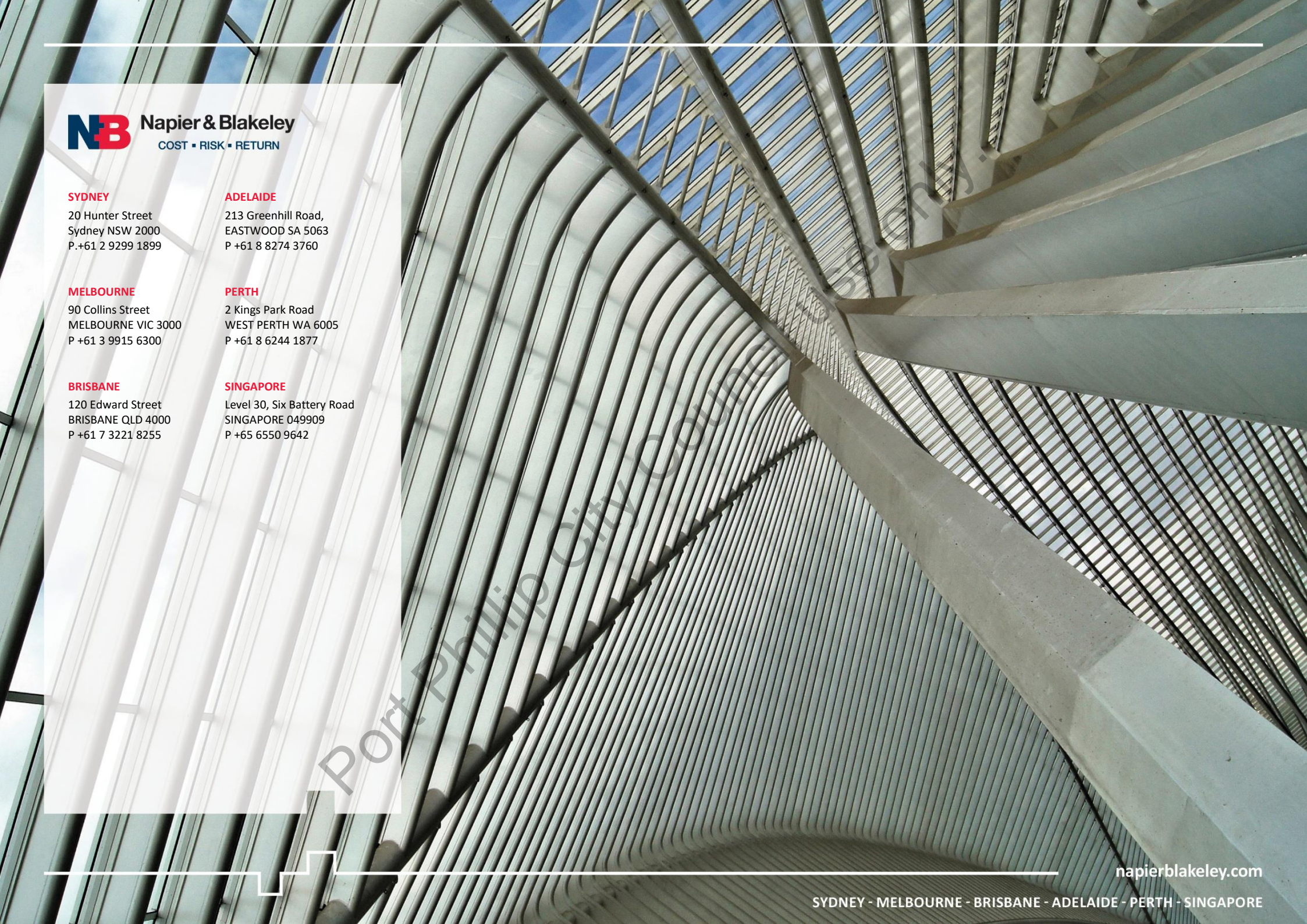
By Contractors

Item	Standard	Frequency	JAN					FEB				MAR				APR					MAY				JUN				JUL					AUG				SEP					OCT				NOV				DEC				Additional Tests
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	
Air Conditioning																																																							
Packaged Air Conditioning units	AIRAH DA19	Quarterly	Q													Q													Q														Q												
Split Ducted Airconditioning units	AIRAH DA19	Quarterly	Q													Q													Q														Q												
Fan coil units	AIRAH DA19	Quarterly	Q													Q													Q														Q												
Chiller	AIRAH DA19	Quarterly/Annual	Q													Q													Q														A												
Boiler	AIRAH DA19	Quarterly/Annual	Q													A													Q														Q												
Pumps	AIRAH DA19	Quarterly	Q													Q													Q														Q												
Fans	AIRAH DA19	Quarterly	Q													Q													Q														Q												
Controls (BMCS)	AIRAH DA19	Quarterly	Q													Q													Q														Q												
Electrical Services																																																							
Thermographic Test	AS3760	Annual																																									A												
RCD Testing	AS2467	Annual																																									A												
E&E Lighting	AS2293.2	6 monthly, Annually																									6M																							A				
Fire Systems																																																							
Hydrant	AS1851	Monthly (pumps), 6 monthly, Annually, 5 yearly & 10 yearly (pumps)	Q					M				M				Q					M				M				6M					M				M					Q				M				A				5 & 10 yearly
Sprinkler System	AS1851	Month/Quartery/Annual	Q					M				M				Q					M				M				6M					M				M					Q				M				A				5 Yearly
Hose Reels	AS1851	6 monthly, Annually																										6M																						A				
Portable Fire Ext.	AS1851	6 monthly, Annually																										6M																						A				
Fire Doors	AS1851	Quarterly, Annually	Q													Q													Q														A												
Fire Doors	AS1851	Annual														A																																									
Gas System	AS1851	Monthly	Q													Q													Q														Q												
Miscellaneous																																																							
Evacuation Training	AS1851	Quarterly						Q													Q													Q													Q								
Pest Control		Monthly																																																				
Window Cleaning		Quarterly																																																				
Automatic Gates		Quarterly										Q													Q													Q													Q				
Roller Doors		Quarterly						Q													Q													Q													Q								
Landscaping		Monthly	M					M				M				M					M				M				M					M				M					M				M				M				
Annual Essential Services (AESMR)		Annual			A																																																			
Hydraulic Services																																																							
Potable Water Supply	AS3500	Annual																																					A															
Thermostatic mixing valves	AS3500	Annual																																					A															
Heating Water Services	AS3500, AS3666	6 Monthly																6M																							6M															
Sewer System / Diversion Valve		6 Monthly																6M																							6M															
Storm Water Pits & Drains		Quarterly	Q													Q													Q														Q												
Roof & Gutter Clean		6 Month																																					A															
Backflow Prevention Valve Testing	AS3500.1	Annually																																					A															
Interceptor (Oil/Petrol)																																							A															
Submersible Pump		6 Month																6M																							6M															
Lift Services																																																							
Lifts & Hoists	AS1735	Quarterly	Q													Q													Q														Q												
Lift Environmental																																																							
Asbestos, Hazardous substances, Training	AS1735	Quarterly	Q													Q													Q														Q												

Annual Services & Testing Routines

Item	Frequency	Date of Previous Test	Date of Next test
Air Conditioning - Contractor - Contractor			
Packaged Air Conditioning units	Quarterly		
Split Ducted Airconditioning units	Quarterly		
Fan coil units	Quarterly		
Chiller	Quarterly/An		
Boiler	Quarterly/An		
Pumps	Quarterly		
Fans	Quarterly		
Controls (BMCS)	Quarterly		
Electrical Services - Contractor			
Thermographic Test	Annual		
RCD Testing	Annual		
E&E Lighting	6 monthly,		
Fire Service - Contractor TBA			
Hydrant	Monthly		
Hose Reels	6 monthly		
Portable Fire Ext.	6 monthly		
Fire Doors	Quarterly		
Fire Doors	Annual		
Gas System	Monthly		
Miscellaneous			
Evacuation Training	Quarterly		
Pest Control	Monthly		
Window Cleaning	Quarterly		
Automatic Gates	Quarterly		
Roller Doors	Quarterly		
Annual Essential Services			
Hydraulic Services			
Potable Water Supply	Annual		
Heating Water Service	6 Month		
Sewer System	6 Month		
Storm Water Pits & Drains	3 Month		
Roof & Gutter Clean	6 Month		
Backflow Prevention Valve Testing	Annually		
Interceptor (Oil/Petrol)	Annually		
Submersible Pump	6 Month		
Lift Services			
Lift Maintenance	Quarterly		
Environmental			
Environmental	Quarterly		

* Should be carried out by Building Superintendent where possible.



Napier & Blakeley
COST ▪ RISK ▪ RETURN

SYDNEY
20 Hunter Street
Sydney NSW 2000
P.+61 2 9299 1899

ADELAIDE
213 Greenhill Road,
EASTWOOD SA 5063
P +61 8 8274 3760

MELBOURNE
90 Collins Street
MELBOURNE VIC 3000
P +61 3 9915 6300

PERTH
2 Kings Park Road
WEST PERTH WA 6005
P +61 8 6244 1877

BRISBANE
120 Edward Street
BRISBANE QLD 4000
P +61 7 3221 8255

SINGAPORE
Level 30, Six Battery Road
SINGAPORE 049909
P +65 6550 9642