

An Overview of Outsourcing National Facilities Management Service Delivery





Presenters

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Background

- In-house FM delivery model supported by large subcontract base
- Annual operational expenditure on FM circa NZ\$37M
- Varying service delivery nationally
- Insufficient capability and resource to effectively support Asset Management

Key Objectives in Outsourcing

- To deliver national, standardised facilities management and maintenance services, and
- To deliver robust, industry standard, asset management services which drive value for money across the Department's NZ\$2.58bn portfolio

Scope

- Wellington Head Office Buildings
- 20 Prisons
- 50 Community Probation Service (CPS) Facilities

Prisons vary in age and complexity, low to high security, and are divided between city and rural locations across New Zealand

Contract Model

- Semi-comprehensive, with a fixed price covering the majority of services
- Shared risk liability of \$3000 for asset failure or replacement
- Agreed schedule of rates and margins for work outside fixed price scope
- Key Performance Indicators
- Employment of Corrections Staff
- Using asset depreciation data to inform replacement/upgrade strategies and forecast 20+ years
- Significant cost savings realised over in-house delivery

Asset Management (AM)

- Dedicated asset management team
 - Lifecycle Management
 - Condition Assessment
 - Energy and Sustainability
 - Capacity and Optimisation
 - Information Analysis
 - Maintenance Planning

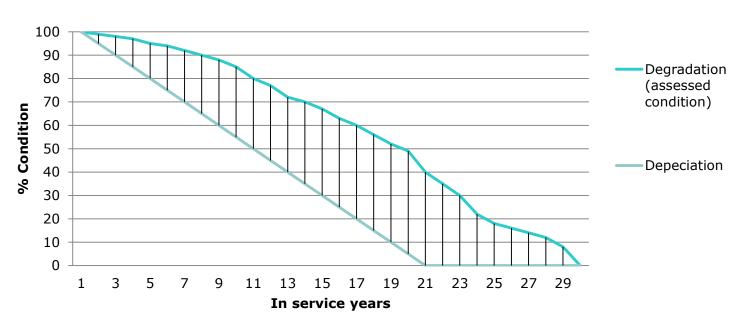
AM Strategy

Whole of life facilities management



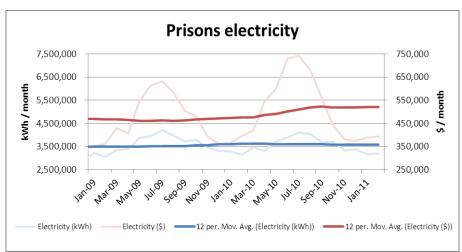
AM Delivery

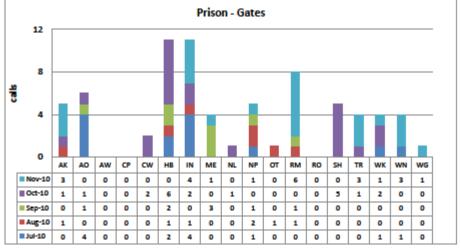
Asset Depreciation vrs Actual Degradation Models



AM - Continuous Improvement





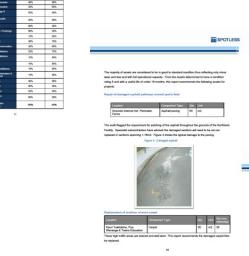


AM - Information Management



Condition Audit Report
New Zealand Prisons

15 April 2011





AM Benefits

PROPERTY SUMMARY REPORT

SWIMMING POOL

printed: 26-Apr-2011 05:02

code:	AO17P		(0)
address:			
constr. year:	1989 floor area: m2 survey date: 07/04/2011		
values			
CRV:	\$ 94,495	std. components:	\$ 94,495
DRC:	\$4,832	spc. components:	\$ 0
residual:	\$ 0		

description

Pool grounds made up of 0 metre concrete pool and two sheds; one as a changeroom and another for the chemical treatment equipment. Installation date has not been confirmed although equipment models and staff estamations would suggest late 1970s. High use from September to March/April. Pool is covered for the remaining 4-5 months. Maintenance of plant is carried out by Spotless on an annual basis (prior to its use in September).

appraisa

Treatment of the water is carried out by immates. Useful file of these assets will be increased with specialist intervention in chemical dosing which has been quoted at \$178 for a weekly inspection/sampling. The filtration system does not meet the current NZS standard 41:2008 which states two filters and two pumps are required for a pool of this sizeluse. A decision regarding the future of this asset is required. Two options are available; firstly, replace the filtration system immediately and budget for extensive pipework replacement over the next 2-5 years. An alternative option is to have the pool decommissioned.

conditio

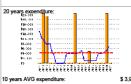
Chemical dosing equipment including the master filtration system one pump, four valves and two electrical switches are in very poor condition and flagged as non-compliant by the maintenance contractor. Evidence of crackedfalling seals and extensive corrosion of the main tank. System and pipework is recommended for immediate replacement. 3 metres (out of 15m) of pipework replaced in 2000 due to cracks. No evidence of new cracks or recent repair of structural dramage. Pool re-lined in 2000 no evidence of the surface flaking.

expenditure

Immediate replacement of plant is required. The budget for this project is estimated between 500k-500k on top of the annual inspection costs quated above. Remedial work to the poot's concrete structure is recommended in the 3 years to combant leaks and given the age of the unit. Ongoing costs to have Cowley Aqua Heat administer water tests and administer chemicals have been quoted at \$10,000 pa. a excluding chemicals. A quote to decommission the pool is currently being scoped. An alternative option is to have the pool dedecommissioned.



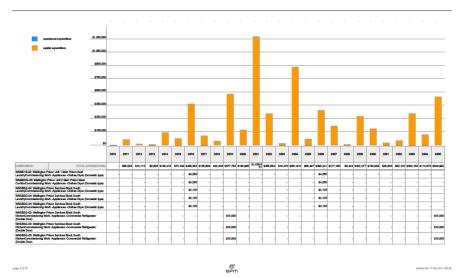




10 years AVG expenditure: \$ 3,967 20 years AVG expenditure: \$ 4,262

COMPONENT LIFE CYCLE RESULTS

PRISONS: SR-SOUTHERN REGION: WN-WELLINGTON PRISON MT CRAWFORD



Keys to Success

- Partnership & relationships
- Understanding
- Communication
- Team approach
- Managing culture change

Questions

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