

# Asset Management

## Core Business Practice

Construction Clients Group

# Remember when...

*According to repeated nationwide surveys,*

## More Doctors Smoke **CAMELS** than any other cigarette!

Doctors in every branch of medicine were asked, "What cigarette do you smoke?" The brand named most was Camel!

You'll enjoy Camels for the same reasons so many doctors enjoy them. Camels have that cool, moist, satiny pack, silver pack, and a flavor unmatched by any other cigarette. Make this available now. Smokes only Camels for 30 days and see how well Camels please your taste. Just wait they will love them as your steady smoke. You'll no longer enjoy any other cigarette can be!

**THE DOCTORS' CHOICE IS AMERICA'S CHOICE!**



*For 30 days, test Camels in your "P-Zone" (P for Throat, P for Taste).*

The Chef  
does everything  
but cook  
- that's what  
wives are for!



I'm giving my wife a  
**Kenwood** Chef

# Did you know ...

- You don't put butter on burns
- The earth isn't really flat
- Pluto isn't really a planet
- Safety harnesses prevent falls
- **AM is a core business process**

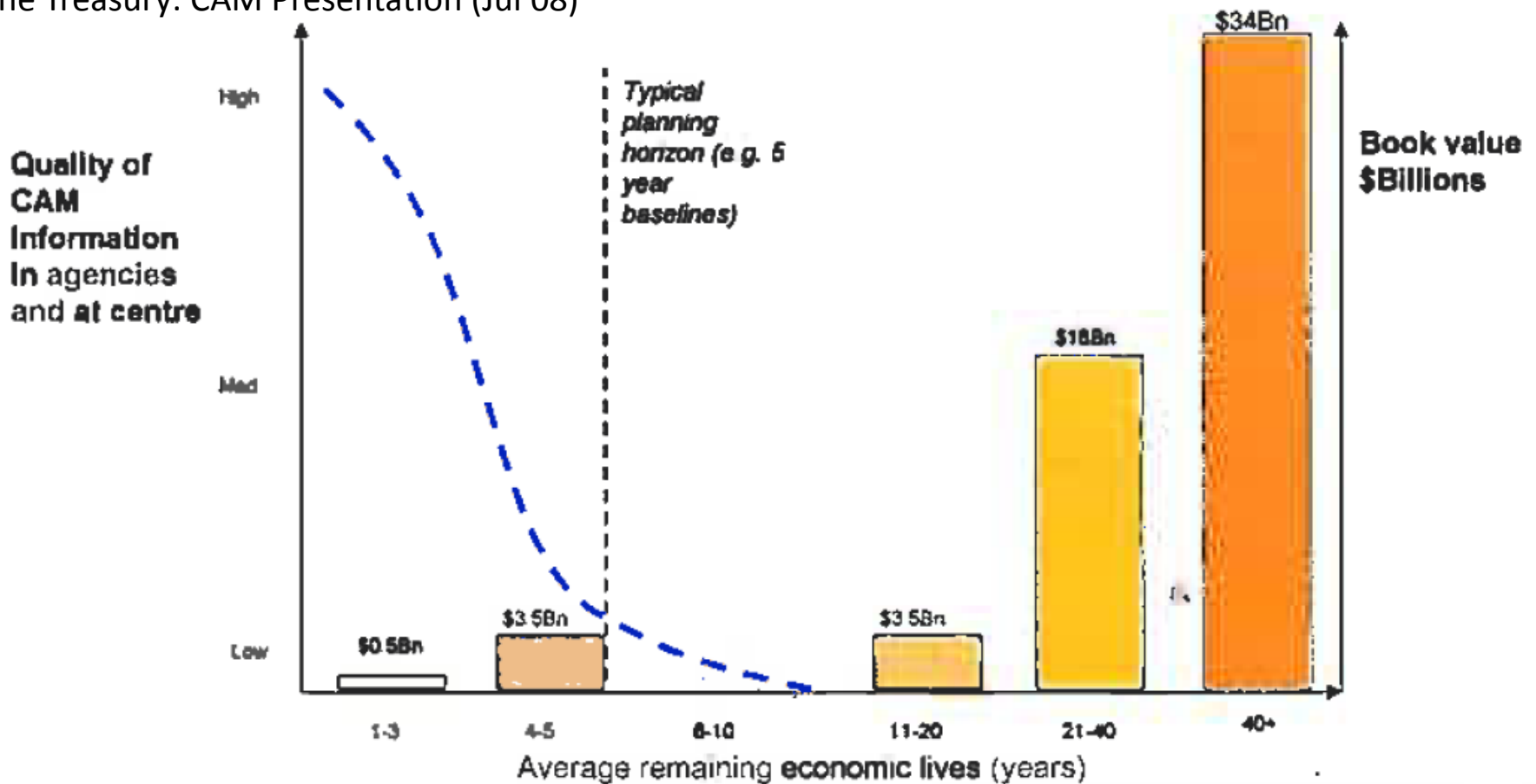


# Three typical questions:

1. What **assets** do I own and what am I **responsible** for?
2. What is the **quality** of my assets and what are they **costing** me?
3. What will I **need to do** in the future and what will it **cost**?

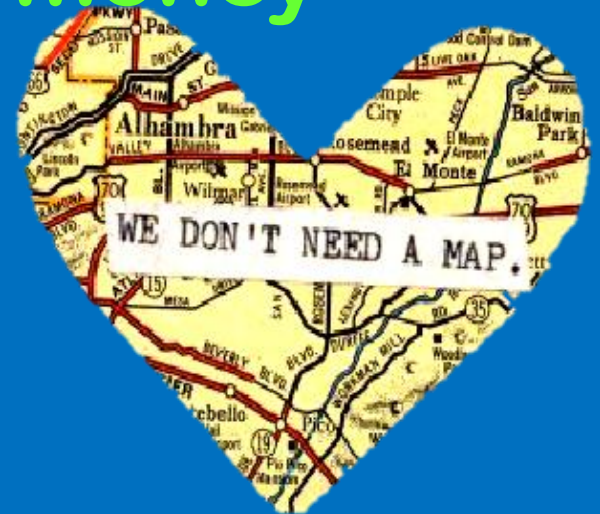
# NZ government too ...

The Treasury: CAM Presentation (Jul 08)



# We don't because ...

1. Done it this way for **25 years**
2. Can't **influence** the budgets
3. The **policy** keeps changing
4. Don't have the **time** or **money**



# Why things are changing...

- **Evidence** based decision making
- More **appropriate** and **timely** intervention
- More effective **lifecycle** management
- More effective **risk** management



# Good practice?



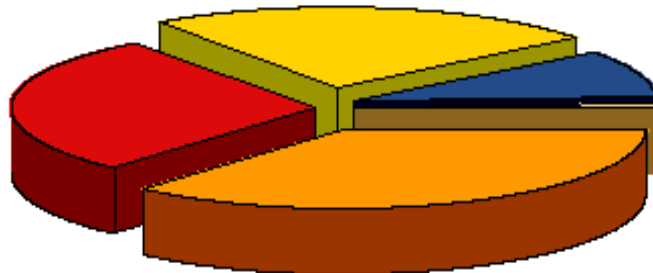
*Source: SPM's 7 Pt Framework based on IIMM*



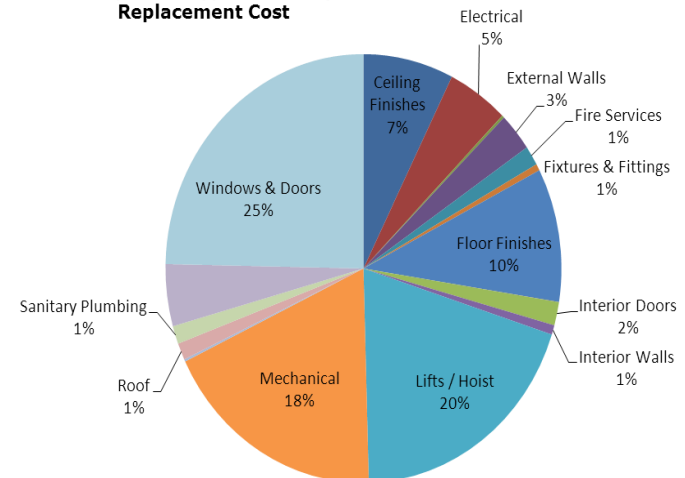
# Property and Assets Info

- Identify the key physical assets
- Replacement and historical costs
- Condition and deterioration rates
- Asset performance – now and future

comp. group	count	cost	perc
Interior Finishes	4797	\$ 9,349,305	36%
Services	2498	\$ 7,338,085	29%
External Fabric	675	\$ 6,256,502	24%
Exterior Wks, Sundries	642	\$ 2,530,257	10%
Special	51	\$ 208,946	1%
total	8663	\$ 25,683,095	100%

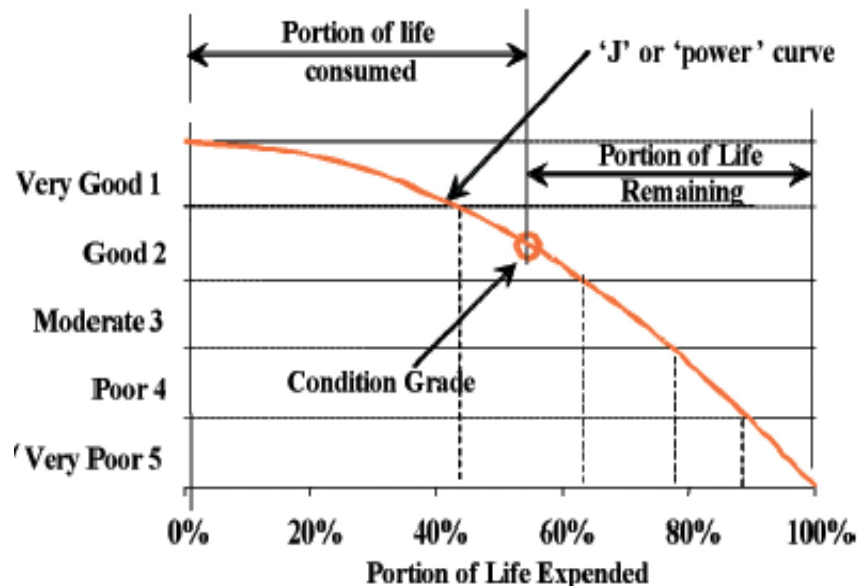


Component Type Shown by Replacement Cost



# Property and Assets Info

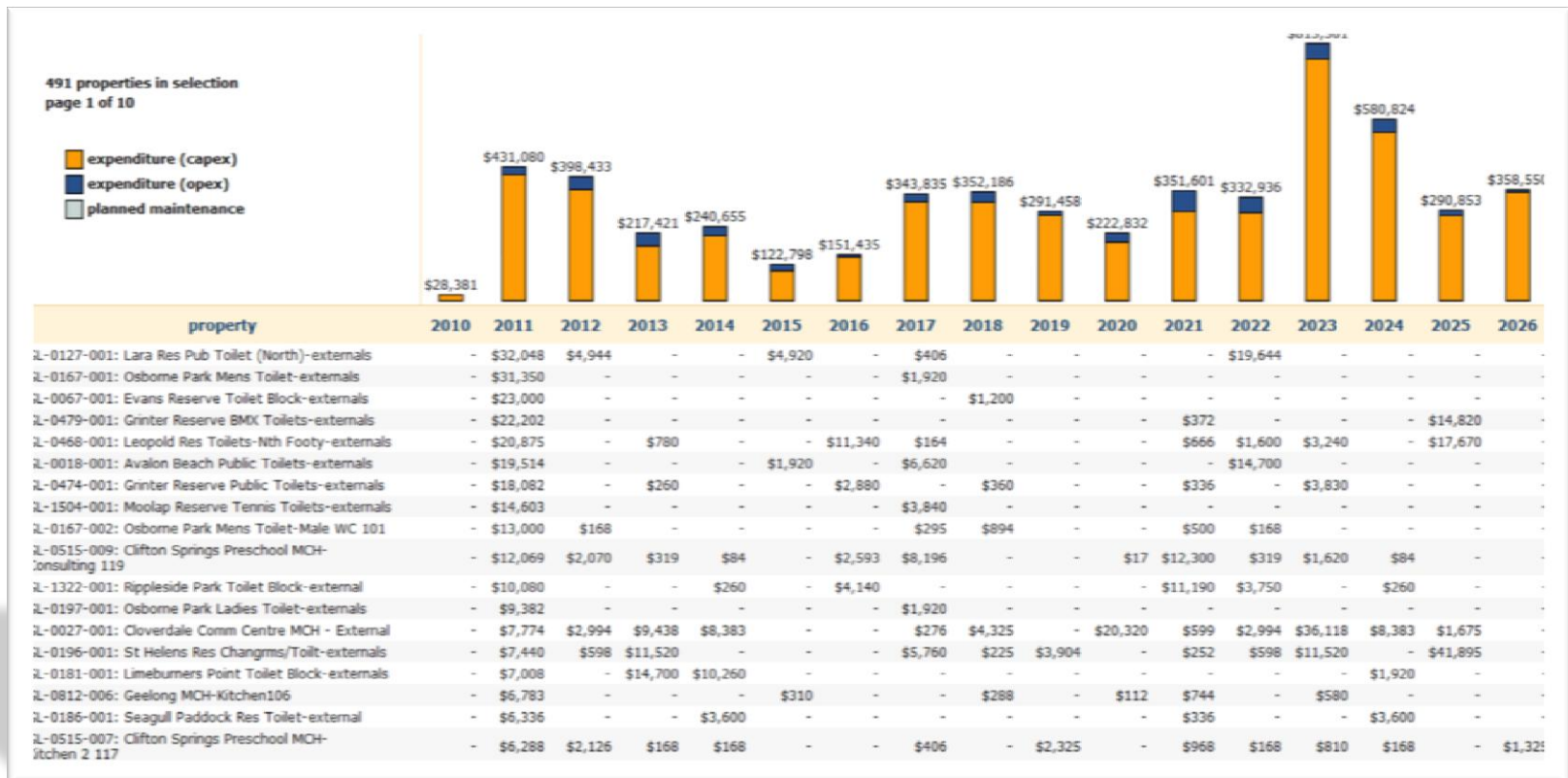
- Consider the quality of the asset data
- Consider intervention strategies
- Consider the NAMS risk based analysis
- Select the right deterioration model



- Condition
- Location
- Criticality
- Baseline
- Remaining Life
- Replacement Cost

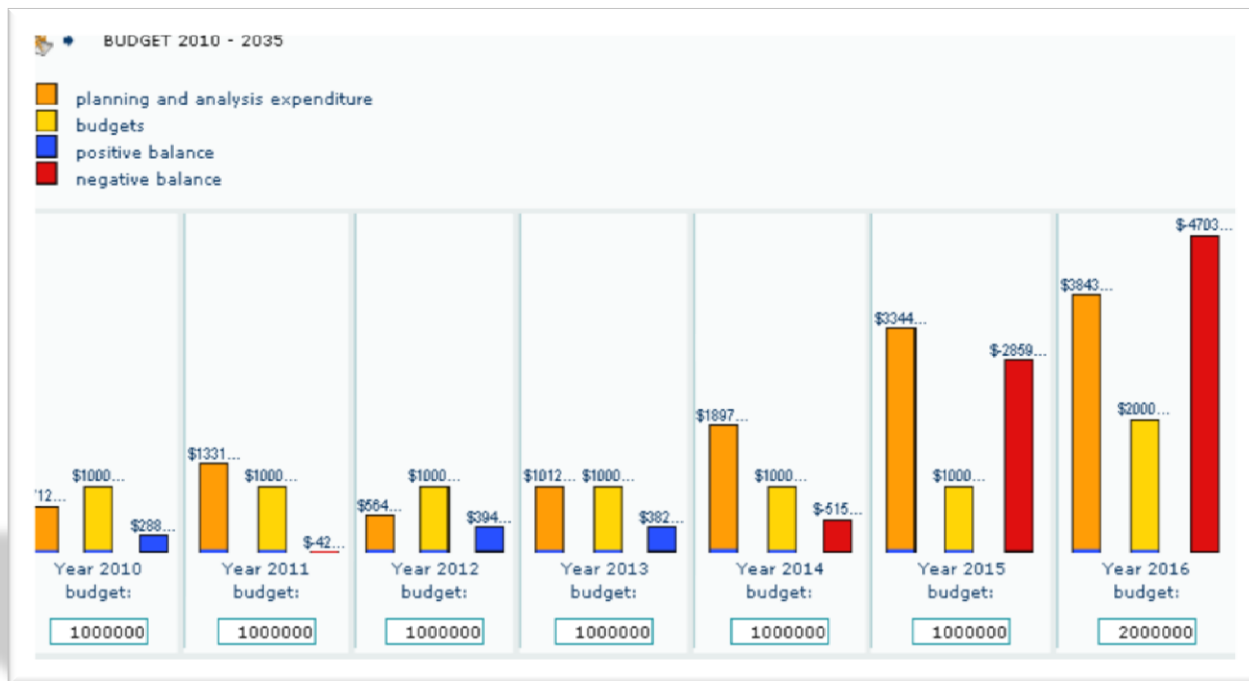
# Lifecycle Modeling

- Analyse at asset level
- Aggregate at property and portfolio level



# Scenario Modeling

- Balance budgets and risk
- Organise and scope potential projects
- Evidence based decision making



# Knowledge & Decisions

## Property Summary Report

**name:** 1 LEONARD ISITT DRIVE - EXTERNALS  
**code:** BLDG98 EXT (0)  
**address:** 1 Leonard Isitt Drive  
**constr. year:** 2012 **floor area:** 0 m2 **survey date:** 13/03/2012  
**values**  
 CRV: \$ 2,454,039 | std. components: \$ 1,151,075  
 DRC: \$ 1,646,769 | spc. components: \$ 48,700  
 residual: \$ 1,254,264 | CGI: 1.26



### description

Detached three level office building on corner site. There are front and rear entrances into a central lobby with a single lift and stair access to the upper levels. The front of the site includes lawns, concrete paving and a semi-circular garden shrub-enclosed and paved sitting area with park seats. At the rear of the building is the tenant parking areas are divided into two areas with entrances from Leonard Isitt Drive and John Goulter Drive. Construction is concrete slab, heat applied bitumous sheet roof cladding, aluminium and stainless steel stormwater fittings, powder coated aluminium wall cladding and aluminium joinery.

### appraisal

Building appears to be in generally very good condition. Some issues with unresolved roof leaks. Some scuffing of internal paintwork in high traffic areas. PVC window beading in good condition. Some minor gapping on rear wall lower NE windows.

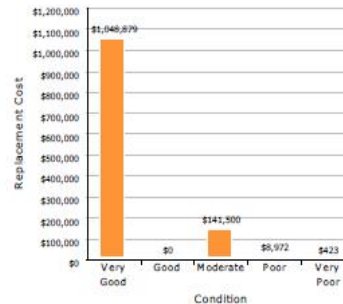
### condition

The overall condition of the property is good, with the majority of components by replacement cost in condition grade one. Components in poor or very poor condition include a fan coil unit in a Level 1 office and carpet in the Level 1 Lobby. There is also corrosion on soffit mounted down lights.

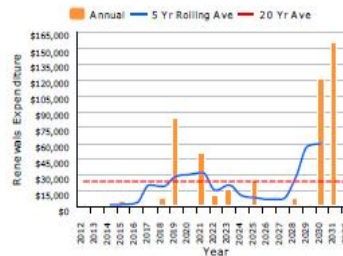
### expenditure

This comment field is designed for the asset manager to summarise the planned expenditure for the property, reflecting the organisation's property strategy, building importance and available budgets.

### condition:



### 20 year renewals expenditure:



10 year AVG expenditure: \$ 15,255  
 20 year AVG expenditure: \$ 24,596  
 20 year AVG annual planned maintenance: \$ 60

element	location	c1 / r1	c2 / r2	c3 / r3	c4 / r4	c5 / r5	cost	comment
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 990	.
- China Bowl m	Global	- / -	- / -	- / -	100 / -	- / -	\$ 2,067	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 990	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 990	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 3,190	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 990	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 990	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 3,190	.
Finish	Global	- / -	80 / -	- / -	20 / -	- / -	\$ 3,520	.
							\$ 16,917	

### value

Summary report

# Case Study

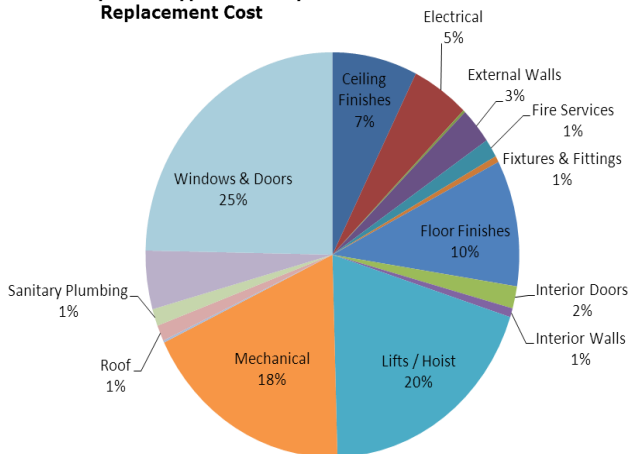


- **Major New Zealand bank:**
  - ✓ 195 retail store and three corporate buildings nationwide
  - ✓ majority of property is leased
  - ✓ one third of annual procurement is Property related
- **Three similar questions:**
  1. What is the condition of the property portfolio?
  2. Is the bank meeting its maintenance obligations?
  3. What will its maintenance obligations cost?
- **Need to understand future requirements**

# Case Study: Questions

- **Condition of the property portfolio?**
  - ✓ Data and information available to quickly understand and report property condition and performance
  - ✓ Property managers have detailed reports and analysis
  - ✓ Executive has dashboard reports with drill down functionality

Component Type Shown by Replacement Cost



# Case Study: Questions

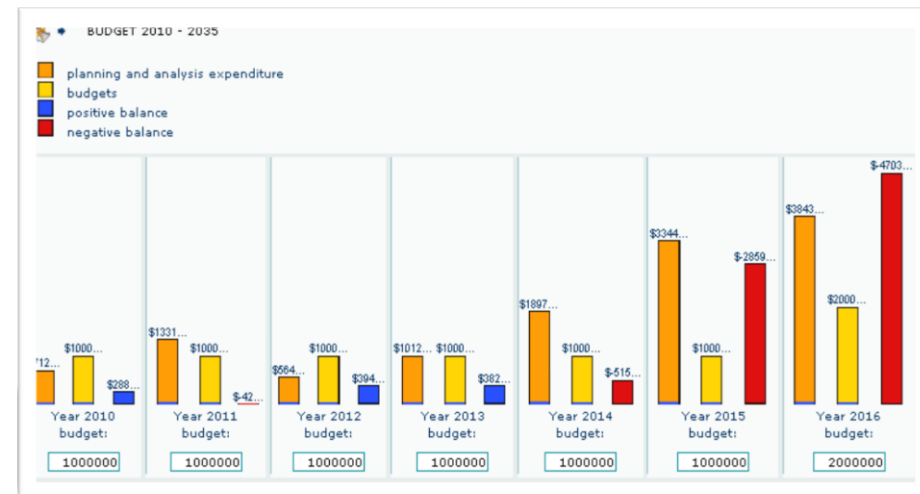
- **Are we meeting maintenance obligations?**
  - ✓ Consolidated list of obligations recorded at an asset level
  - ✓ Expenditure forecasts can be organised and categorised, e.g. separating tenant and landlord expenditure obligations
  - ✓ Survey data and photos provide property managers with the knowledge to talk confidently with landlords
  - ✓ Reduced likelihood the Bank will inadvertently fund landlord's maintenance activities





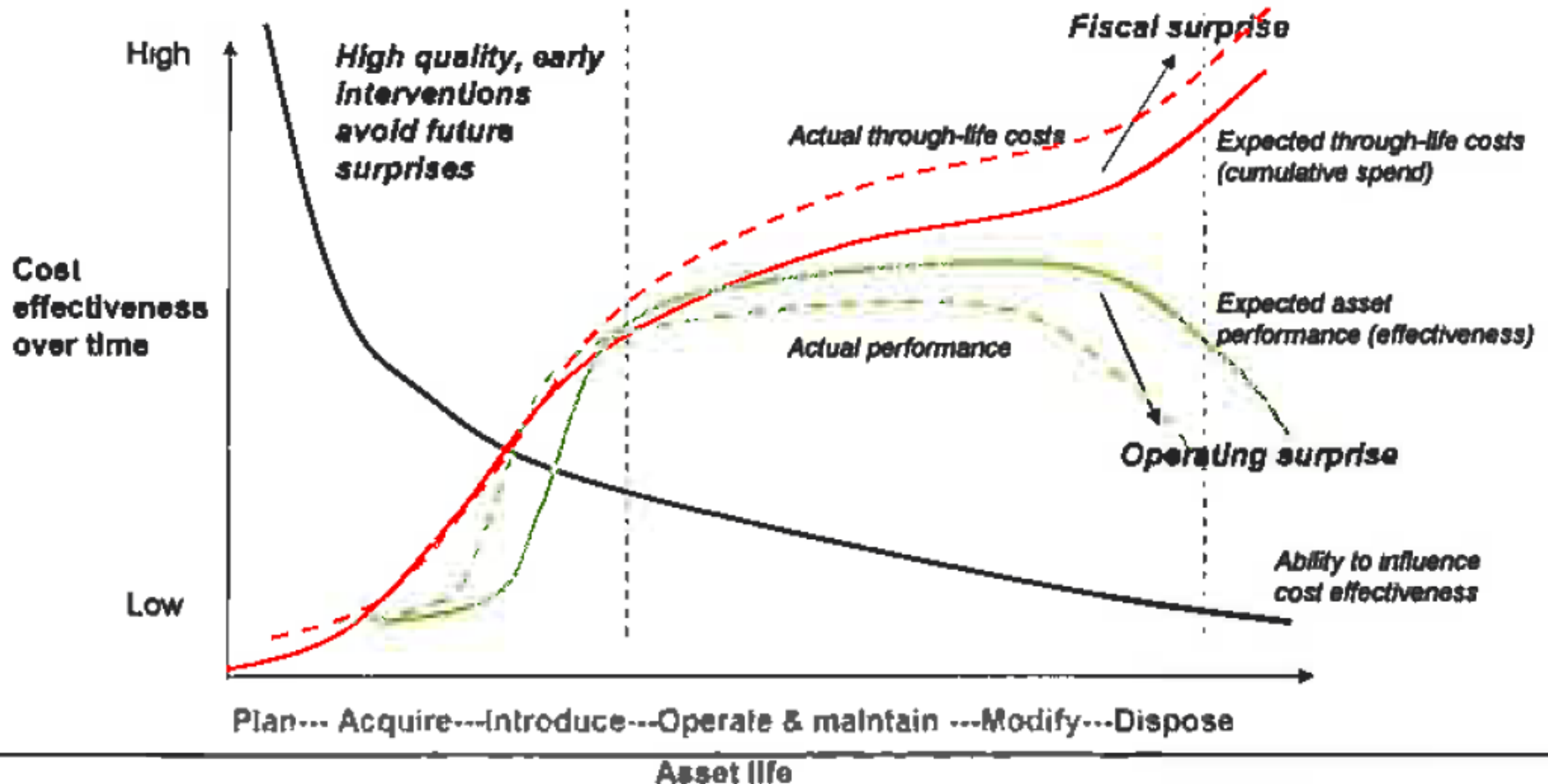
# Case Study: Questions

- What will the maintenance cost?
  - ✓ Accurately and consistently forecast future expenditure
  - ✓ Understand the consequence of funding and policy decisions
  - ✓ Develop a works programme and reprioritise when necessary
  - ✓ Influence strategic procurement agreements and lease renegotiations
  - ✓ Improved decision making
  - ✓ Reduced costs



# Influencing Lifecycle Costs

The Treasury: CAM Presentation (Jul 08)

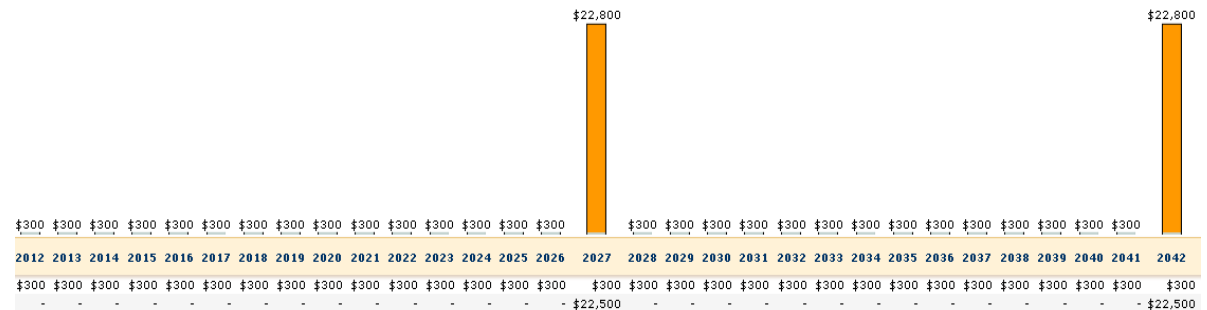
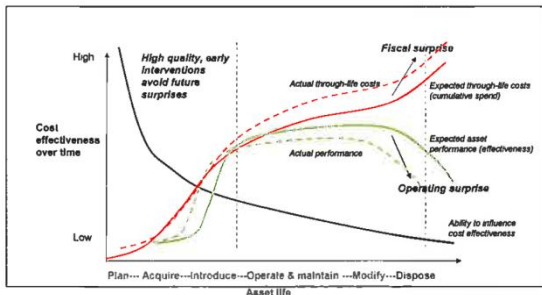


*High quality, early interventions avoid future surprises...*

# Case Study

- Recent Public Private Partner projects
- Influencing design and product selection

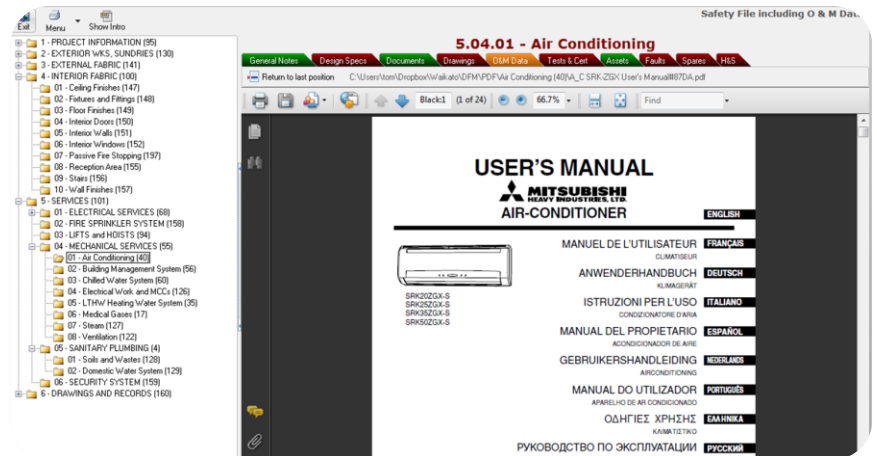
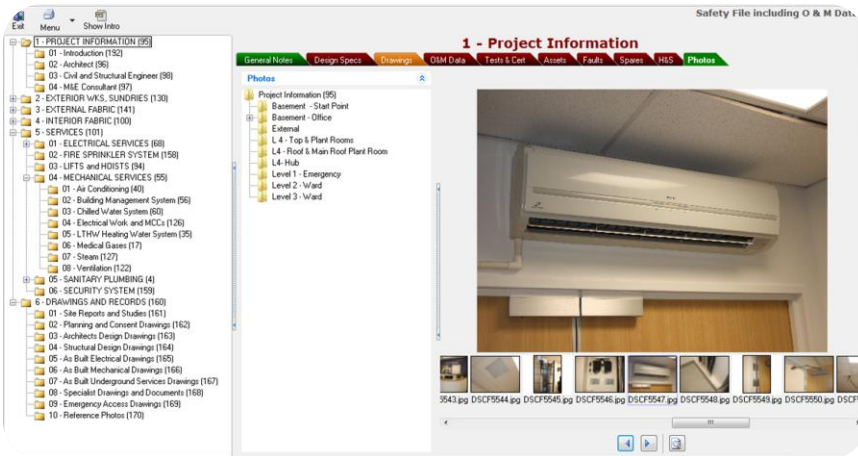
Roofing Lifecycle Scenarios					
Scenario	Refurb Cost	Refurb Cycle	Annual Maint Cost	20 Year Average Annual Expenditure	50 Year Average Annual Expenditure
Steel Roofing - Unmaintained	\$18,000	10	\$0	\$1,800	\$1,800
Steel Roofing - Maintained	\$18,000	14	\$300	\$1,200	\$1,380
Aluminium Roofing - Unmaintained	\$22,500	14	\$0	\$1,125	\$1,350
Aluminium Roofing - Maintained	\$22,500	15	\$300	\$1,425	\$1,650



High quality, early interventions avoid future surprises...

# Digital Facility Files

- Difficult to access good asset information
- Information generated during design, construction, commissioning, operation
- Drawings, commissioning, certification, warranties, and O&M manuals, ...



# Case Study

- **Substantial NZ construction project**
- **18 months following PC:**
  - No documentation for key internal and external components
  - Substantial gaps in info for electrical, mechanical, and fire
  - Number of “For Construction” and “For Approval” drawings
  - No architectural, structural or services design specifications
  - No Opinions of Compliance or Completion Certificates
  - No residual risks report or register

# ISO 5500x

- Derived from PAS55 (UK)
- NZ maintaining an Observer status
- “what to do” NOT “how to do it”
- Leadership and commitment are key
- Now planned for release in late 2013
- How will it influence your organisation?

# Questions and Discussion

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