



Burwood depot upgrade

**UE BUS 8.01 - Burwood - Jan2020 -
Public**

Regulatory proposal 2021–2026

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1 Overview

Business	United Energy
Title	Burwood depot upgrade
Project ID	UE BUS 8.01 - Burwood - Jan2020 - Public
Category	Other non-network capex
Identified need	The existing Burwood depot requires significant upgrades due to the lack of adequate material storage, severely dated buildings and poor traffic flow throughout the site.
Recommended option	Option 1: upgrade and expand existing depot site
Proposed start date	2021/22
Proposed commission date	2022/23
Supporting documents	<ol style="list-style-type: none">1. UE MOD 8.02 - Property - Jan2020 - Public2. UE ATT065 - McKenzie - Building code Burwood - Feb2019 - Confidential3. UE ATT057 - Legal obligations property - Jan2020 – Public4. UE ATT057 - Property regulatory obligations and requirements - Jan2020 – Public5. UE ATT187 - Zinfra - UE depot safety concerns - Jan2020 - Public

In line with the company wide review of the operational performance of all depots, the existing Burwood depot has been identified as requiring significant upgrades due to the lack of adequate material storage, severely dated buildings, poor traffic flow throughout the site and possible adverse impacts on diversity, health and safety of employees. After considering three options, we recommend option 1, involving the redevelopment of the existing depot site.

2 Background

The current Burwood depot is located at 200 Burwood Hwy, Burwood, housing 160 operational employees on a land size of 34,896sqm/3.48ha. In addition, the site houses the backup control room for use in emergency and disaster recovery situations. Alterations to our depot will be required to comply with the requirements of the Building Code of Australia.

The buildings were constructed in the 1980s and there have been no significant capital improvements to the site. As a result, the current depot site is ageing and suffers from deterioration. For example, structural issues in one building mean that we can no longer use its mezzanine level.

The site has a suboptimal layout which fails to efficiently optimise office space and to maximise the available storage space for housing adequate stock of materials. Until 2017 part of the site was used by Multinet Gas for servicing their gas network and thus this area requires repurposing to allow it to be fit to service an electricity network. In addition parts of the site are zoned as urban floodway, which limits the use of these areas. As a result, works will need to be undertaken to address the flooding issues and construct buildings or storage areas to attain better utilisation of these areas. Furthermore, the layout of the site (in terms of the positioning of buildings) does not allow for optimal traffic flow throughout the site or consolidated material storage leading to inefficiencies in delivering services.

The site also requires work to ensure equipment can be operated safely. Mobile plant (forklifts and mobile cranes) should be operated on adequately designed paved surfaces, not crushed rock for example which has a tendency for potholes to form, which subsequently destabilise loads. The safety implications of operating this equipment on unstable ground has been raised by the ETU as a safety concern. In addition, the ETU have raised concerns that G&B vehicles glove and barrier vehicles should be stored under cover to ensure optimal safety performance.¹

In respect of our Occupational Health and Safety obligations, the WorkSafe Compliance Code: Workplace amenities and work environment² (**WorkSafe Code**) sets out that all employees are to have access to clean and hygienic toilet facilities at all times and employees who are required to change in and out of clothing or other apparel need to have access to private, convenient changing areas with secure storage for personal belongings. The WorkSafe Code also sets out numbers of toilet facilities required based on the workforce size and the requirement to provide separate male and female changing rooms. For a workforce of 116 male employees, and 34 female employees, toilet facilities present at the depot include nine male toilets, six female toilets and one disabled toilet. Under the WorkSafe Code, we are required to provide one toilet per 15 female employees. At these numbers, we have capacity to only add an additional 30 female employees without needing to upgrade these facilities.

See Appendix A for some site photos capturing some of the issues described above.

¹ UE ATT187 - Zinfra - UE depot safety concerns - Jan2020 - Public

² (accessed 20 October 2019), <https://content.api.worksafe.vic.gov.au/sites/default/files/2018-07/ISBN-Workplace-amenities-and-work-environment-compliance-code-2008-09.pdf>

3 Identified need

The existing Burwood depot requires significant upgrades due to the lack of adequate material storage, severely dated buildings and poor traffic flow throughout the site.

Not upgrading the site would result in detrimental impacts on:

- operational performance including:
 - escalating adverse impacts to our workforce's ability to carry out duties due to the lack of materials storage and poor traffic flow
 - future impacts on network reliability as workload growth cannot be accommodated due to site congestion.
- workforce, diversity and health and safety standards - buildings are compliant with relevant historic standards, but not with standards required should the depot be built in the present day. See attachment UE ATT057 - Legal obligations property - Jan2020 – Public for further information about our legal obligations relating to building standards, occupational health and safety and equal opportunity.

4 Options analysis

The three options that have been explored are:

- option 1 - redevelop existing site
- option 2 - purchase "Greenfield" site
- option 3 - purchase "Brownfield" site.

Table 1 Cost analysis, \$m June 2021

	Option	Cost
1	Redevelopment of the existing depot site	30.1
2	Development of a new depot on a vacant site (Greenfield site)	46.0
3	Development of a new depot on a site with existing commercial / industrial buildings (Brownfield site)	38.5

Source: United Energy

To determine efficient spend, the proposed options were costed using the following information:

- material and construction costs are based on prior depot builds of a similar size and scale. Our depot builds are outsourced to independent third parties through market tender processes.
- lease costs for any temporary facilities are based on reviewing the average rate for suitable properties currently available for lease in the area.
- land costs are derived by reviewing recent land sales and market valuations in the area to determine an average per square meter rate and applying that to the land size required for the depot.

4.1 Option one

Refurbish current depot, which would include the demolition of existing buildings, construction of new offices, change room facilities, stores and truck parking facilities and address the areas impacted by floodway zoning.

Table 2 Options analysis - existing site

Advantages	Disadvantages
Lowest cost option, with no need to purchase new land.	Would require significant disruption to operations with staff having to be relocated twice (i.e. pre and post construction).
The current site is ideally located to service the region with proximity to major arterial roads.	A temporary facility would need to be secured on a short term basis. With suitable locations within the Burwood region being in short supply, this may require moving to a less optimal location during construction.
Enables increased material storage space and improve traffic flow, leading to improvements in operational performance.	
Improved workforce health, safety and diversity through upgrading to current standards.	

Source: United Energy

4.2 Option two

Purchase a new vacant site and construct an operational depot.

Table 3 Options analysis - Greenfield site

Advantages	Disadvantages
Not constrained by current site configuration, allowing the construction of a purpose built operational depot.	Highest cost option as it requires the acquisition of land and a ground up build.
Minimal disruption to staff with the current site to be retained until construction is completed.	Due to the proximity to the CBD, available land of the size required for a depot is in extremely short supply in Burwood and surrounding areas meaning that the depot may need to be relocated further east, potentially impacting fault response times within the region.
Enables increased material storage space and improve traffic flow, leading to improvements in operational performance.	
Improved workforce health, safety and diversity through upgrading to current standards.	

Source: United Energy

4.3 Option three

Purchase a new site with existing commercial/industrial buildings and redevelop it into a productive operational depot.

Table 4 Options Analysis - Brownfield Site

Advantages	Disadvantages
Lower construction costs due to the ability to utilise existing structures.	Development may be somewhat constrained by the existing buildings and site configuration.
Quickest build time (subject to the ability to purchase a suitable site) and minimal disruption to staff with the current site to be retained until construction is completed.	Limited supply of suitable sites will make acquisition difficult and may require paying a premium above market.
Enables increased material storage space and improve traffic flow, leading to improvements in operational performance.	Due to the proximity to the CBD, available land of the size required for a depot is in extremely short supply in Burwood and surrounding areas meaning that the depot may need to be relocated further east, potentially impacting fault response times within the region.
Improved workforce health and safety as well as diversity through upgrading to present day standards.	

Source: United Energy

5 Recommendation

It is recommended that option 1, the redevelopment of the existing depot site, be pursued. This redevelopment will allow for the reconfiguration of the depot and maximisation of the current space in order improve storage and traffic flow, while also allowing for the retention of the current location which is ideally situated to service customers within the region.

The scarcity of supply of vacant or established sites within Burwood and the surrounding areas would mean that under options 2 and 3 the depot would likely need to be relocated further east, posing an unacceptable long term risk to operational performance of the region as well as to the health, safety and diversity of our workforces.

Table 5 Recommended Option 1: expenditure profile, \$m June 2021

Expenditure forecast	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capital expenditure	15.7	15.3				30.9

Source: United Energy

A Site photographs



Figure 1: Male toilets with missing tiles



Figure 2: Out of order male showers



Figure 3: Paint peeling from female toilet sink



Figure 5: Cracked floor tiles



Figure 7: Inadequate cover for vehicles



Figure 4: Male showers with steep floor gradient

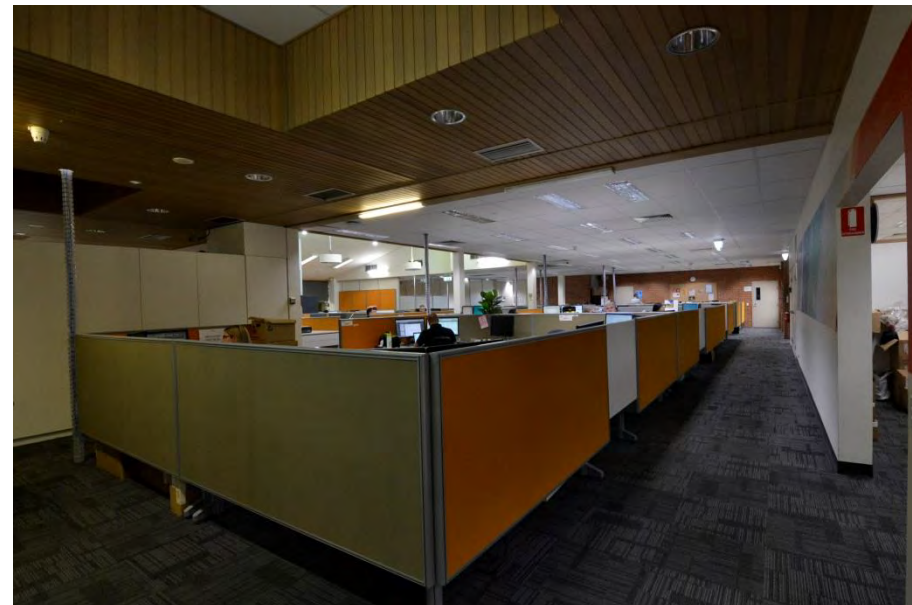


Figure 6: Offices in main building



Figure 8: Out of order mezzanine floor and inadequate storage space on ground level



Figure 9: Step entry



Figure 10-12: Damaged hot water heater

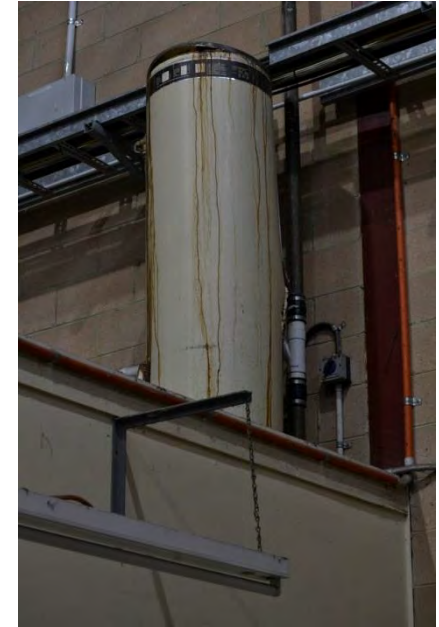


Figure 11



Figure 12



Figure 13: Lack of space to conduct maintenance and repair works



Figure 14: Un-optimised site space formerly shared with Multinet Gas



Figure 15: Un-optimised site space formerly shared with Multinet Gas



Figure 16: Improper surfacing, which causes vehicles to get bogged



Figure 17: Improper surfacing, which causes vehicles to get bogged



Figure 18: Improper surfacing, which causes vehicles to get bogged



Figure 19: Inadequate and damaged bunding



Figure 20



Figure 21