



Keysborough depot upgrade

UE BUS 8.02 - Keysborough - Jan2020 -
Public

Regulatory proposal 2021–2026

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Contents

1	OVERVIEW	4
2	BACKGROUND	5
3	IDENTIFIED NEED	7
4	OPTIONS ANALYSIS	8
4.1	Option one.....	8
4.2	Option two.....	9
4.3	Option three	9
5	RECOMMENDATION	11
A	SITE PHOTOGRAPHS	12

1 Overview

Business	United Energy
Title	Keysborough depot upgrade
Project ID	UE BUS 8.02 - Keysborough - Jan2020 - Public
Category	Other non-network capex
Identified need	The existing Keysborough 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 2 - upgrade and expand existing depot site
Proposed start date	2022/23
Proposed commission date	2024/25
Supporting documents	<ol style="list-style-type: none">1. UE MOD 8.02 - Property - Jan2020 - Public2. UE ATT066 - McKenzie - Building code Keysborough - Feb2019 - Confidential3. UE ATT057 - Legal obligations property - Jan2020 – Public4. 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 Keysborough depot has been identified as requiring significant upgrades due to the lack of adequate material storage, severely dated office buildings and poor traffic flow throughout the site and possible adverse impacts on diversity, health and safety of employees. After considering three options, we recommend option 2, to upgrade and expand the existing depot site.

2 Background

The current Keysborough depot is located at 194-198 Cheltenham Rd, Keysborough. It was built in the 1960s, and houses 120 operational employees on a land size of 21,910sqm/2.19ha. The last capital improvements to the site were completed in 2013 and comprised of upgrades to one of the office building and part of the yard, costing \$1.4m. The remainder of the yard and the other buildings have not been upgraded for a number of years, resulting in a number of issues. Alterations to our depot will be required to comply with the requirements of the Building Code of Australia.

The current depot site is severely dated, with much of the original 1960s interior and infrastructure remaining, with asbestos present in some areas. Some of the buildings have structural issues, as seen by cracks in the walls. Building B has no lift and only has exterior stairwell access to the upper level. There are also power-only operated roller doors (meaning that they cannot be opened in the case of a power outage). Building D has an office built into a shed, and suffers from ongoing flood issues. Some fences are also starting to fall down, resulting in security issues. There is also asbestos in some of the buildings, which will be costly to remove. The site would not be compliant with Health and Safety Standards if built today.

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.

There is a lack of adequate facilities to cater to the increases in staff over time or changes to reflect a more diverse workforce. For example, in one of our main buildings, due to legacy infrastructure there is a single female toilet while there are eight male toilets, despite the building's permanent staff having 50% female and male representation. There are also no female change rooms at the depot. Provided that female employees are required to change, this would not meet the requirements of the WorkSafe Code, and poses a risk that a female employee could successfully claim that she is being discriminated against due to the significant difference in access to facilities. Alternatively, a female employee could argue that by not being provided with female specific change rooms, we are not taking reasonable measure to eliminate sexual harassment.

The site is not of sufficient size to accommodate material storage requirements or adequate traffic flow. The lack of space has necessitated the lease of 6,300sqm/0.63ha of land adjoining the depot site. This lease was established in 2015 at an additional cost of \$60,873 p.a. The additional land is predominantly used for operational vehicle parking and storage of power poles.

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>

In addition to the limited space, the site is further constrained by the presence of an operational zone substation located on the rear section of the site which further reduces the available area and requires access to be maintained through the site.

Furthermore the layout of the site requires drivers to manoeuvre large vehicles within tight confines due to the lack of adequate traffic flow.

See Appendix A for photographs of the current site.

3 Identified need

The existing Keysborough depot has been identified as requiring 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 ongoing and escalating adverse impacts to our workforce's ability to carry out duties due to the lack of space and future impacts on network reliability as workload growth cannot be accommodated
- depot security with consequential increasing risks of theft and threats to public and worker safety
- 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 - Property regulatory obligations and requirements - 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 - redevelopment of existing site
- option 2 - expansion and redevelopment of current depot
- option 3 - new site: purchase a new site with existing commercial/industrial buildings and redevelop it into a productive operational depot.

Table 1 Cost analysis, \$m June 2021

	Options	Cost
1	Redevelopment of the existing depot site	20.5
2	Expansion and redevelopment of current depot	22.3
3	Development of a new depot on a site with existing commercial / industrial buildings	35.5

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 existing depot, which would include the demolition of existing buildings, construction of new buildings, change room facilities, stores and truck parking facilities and realignment of vehicle entry and exit points.

Table 2 Options Analysis - Redevelop depot

Advantages	Disadvantages
Lowest cost option, as there is no need to purchase new land.	The current land size is insufficient to cater for existing requirements necessitating stock to be stored offsite at a third party facility requiring additional travel and impacting response times.
Mitigation of security risks to public and workforce.	Poor traffic flow throughout the site leading to delays in loading and unloading vehicles. Development options are constrained by the presence of the operating zone substation.
Improved workforce health, safety and diversity through upgrading to current standards.	Would require significant disruption with staff having to be relocated twice (i.e. pre and post construction). A temporary facility would need to be secured on a short term basis, with the probability of securing a suitable location within the Keysborough region considered to be very low. Any temporary location is likely to require a compromised service model due to layout and facilities, leading to inefficient work practices and potential delays in customer response times.

Source: United Energy

4.2 Option two

Seek to purchase land surrounding the current site and refurbish the current depot as per option 1, whilst also increasing the material storage capacity and reconfiguring the layout to allow for improved traffic flow.

Table 3 Options analysis - expand and redevelop depot

Advantages	Disadvantages
Provides scope to increase material storage space and improve traffic flow, leading to improvements in operational performance.	Higher cost than option 1 as it requires the acquisition of land.
The additional space will allow the staging of construction to minimise disruption to staff and will mean a temporary facility would not be required.	Available land adjoining the depot site is limited and thus requires paying a premium which has been factored into the cost.
Mitigation of security risks to public and workforce.	
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 - Develop new depot on '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).	Limited supply of suitable sites will make acquisition difficult and may require paying a premium above market.
Mitigation of security risks to public and workforce.	Highest cost option because of need to purchase and alter existing site to new specifications
Improved workforce health, safety and diversity through upgrading to current standards.	

Source: United Energy

5 Recommendation

It is recommended that option 2, the purchase of additional land and subsequent redevelopment of the depot, be pursued. This strategy will provide increased material storage, improved layout/traffic flow and allow for a staged construction which minimises disruptions to staff and customers.

While it is acknowledged that refurbishing the current site represents the lowest cost option (option 1), the constraints on the site due to size and layout mean that this option would not be effective in meeting current and future requirements and create substantial disruption during the refurbishment. Similarly the scarcity of supply of established sites in the region and the potential requirement to compromise the optimal layout to allow for existing structures on the site means that option 3 is not considered efficient in the long term.

Table 5 Recommended Option 2: expenditure profile, \$m June 2021

Expenditure forecast	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capital expenditure			16.7	5.6		22.3

Source: United Energy

A Site photographs



Figure 1: Building exterior with outdoor eating area



Figure 2: Old switchboard without blast-proof doors, exterior ventilation or other containment

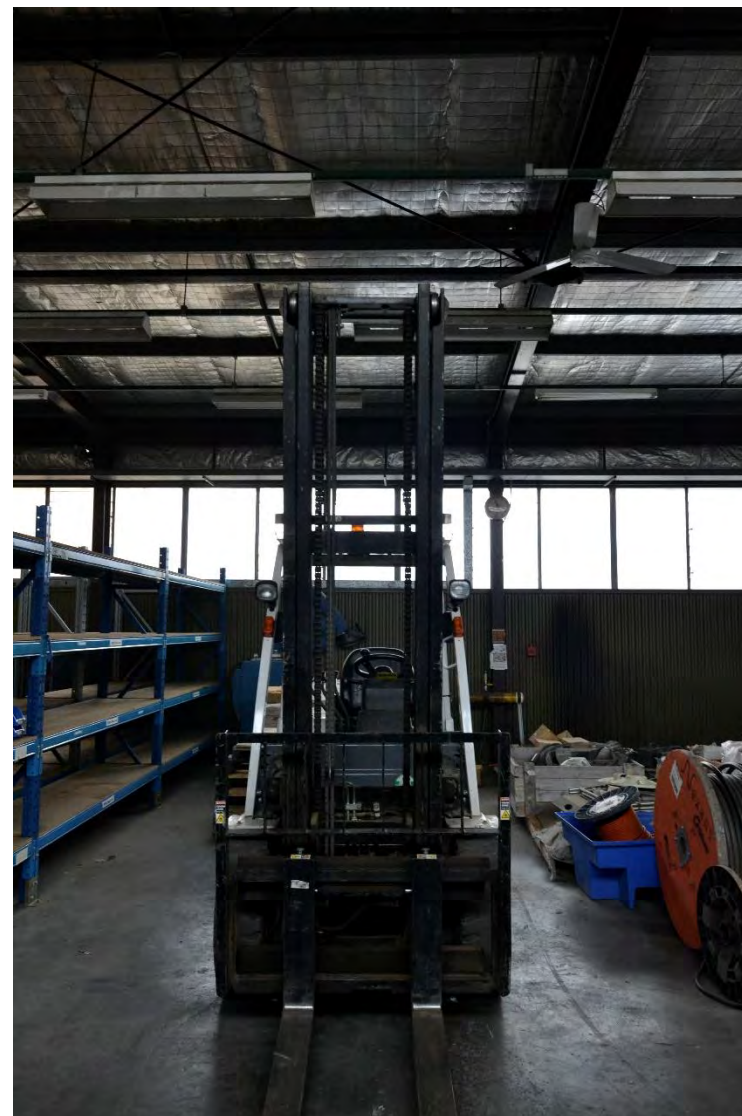


Figure 3: Forklift operating in building with low ceiling, creating safety concerns



Figure 4: Lack of storage space within depot



Figure 5: Building E exterior



Figure 6: Damage to exterior of Building E and vermin control measures

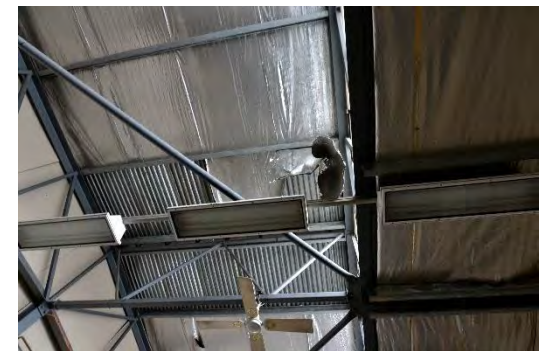


Figure 7: Torn insulation in ceiling



Figure 8: Office made of portable located within warehouse



Figure 9: Damaged ceiling of portable office, with low ceilings and lack of natural daylight



Figure 10: Lack of optimisation; private office accessible only through another private office



Figure 11: Male urinals



Figure 12: Showers with no privacy doors or curtains, high ground-edging and no slip rail



Figure 13: Ad hoc resurfacing works resulting from funding constraints