

# Digging Out of Deferred Maintenance

*Implementing a Capital  
Replacement Plan*

John Rimer, CFM  
[FM360consulting.com](http://FM360consulting.com)





The Road to Better  
**Facility Management**

# Introduction

John Rimer, CFM

- 20+ Years Facilities Management
- Numerous Industries & Various Roles
- Owner, FM360 Consulting
- Certified Facility Manager (IFMA)
- IFMA & BOC Qualified Instructor
- B.S. Mechanical Engineering
- Education Chair, IFMA Charlotte



# Agenda

- State of the State
- *Value of a Plan*
- *How to Implement*
- *Reporting & Benchmarking*
- *Moving Forward*
- *Stay Ahead*
- Additional Resources
- Q&A



## Feeling the Squeeze...

- Equipment "EOL"
  - At or Beyond End of Life
- Reactive Firefighting
  - Not completing PMs
  - No time to be Proactive
- Insufficient Resources
  - No data to justify
  - Poor selling & marketing



# Digging Out



## Two-Pronged Approach

- Improved O&M
  - CMMS/IWMS
  - Proactive vs Reactive
    - PM/CM Ratio (80/20)
    - PM/PdM/CBM
- Capital Replacement Program (CRP)

# Typical Capital Approach...



- Band-Aid Fixes...
- Growing Laundry List
- Fraction of List Funded
- Top-Down Budgeting
  - Last Year +/- 10%

# Need a Plan...

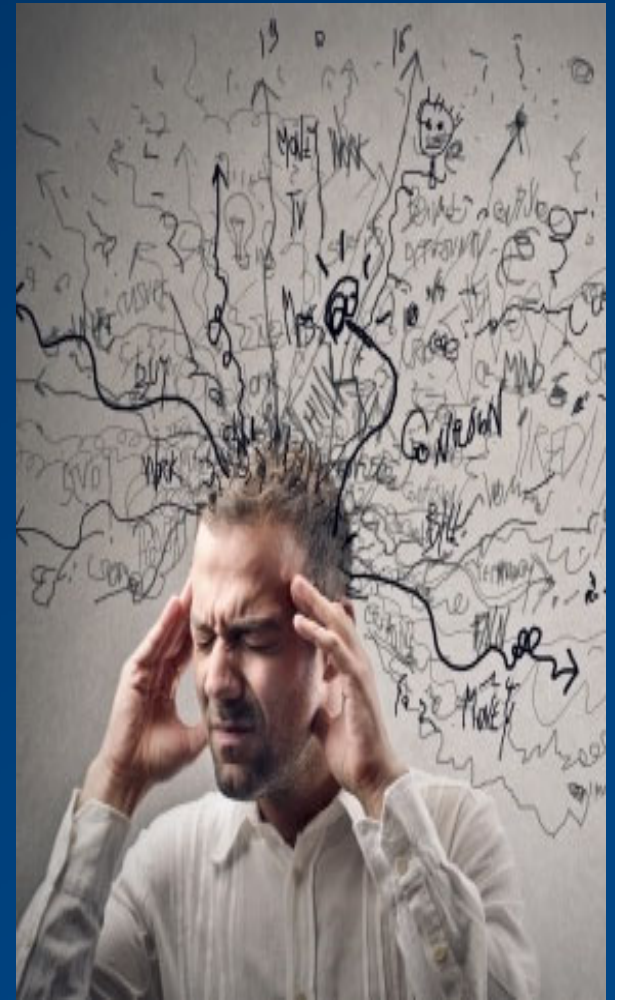
- Capital Replacement Plan
  - Multi-Year Forecast
  - Est. Replacement Year
  - Est. Replacement Cost
  - Prioritized by Criticality
  - Align with Strategic Plan





# Capital Replacement Plan

- Value of a Plan
  - No roller coaster budgets
  - No surprises
  - Substantiate Funding
  - Realize consequences of decisions
- Something to Manage





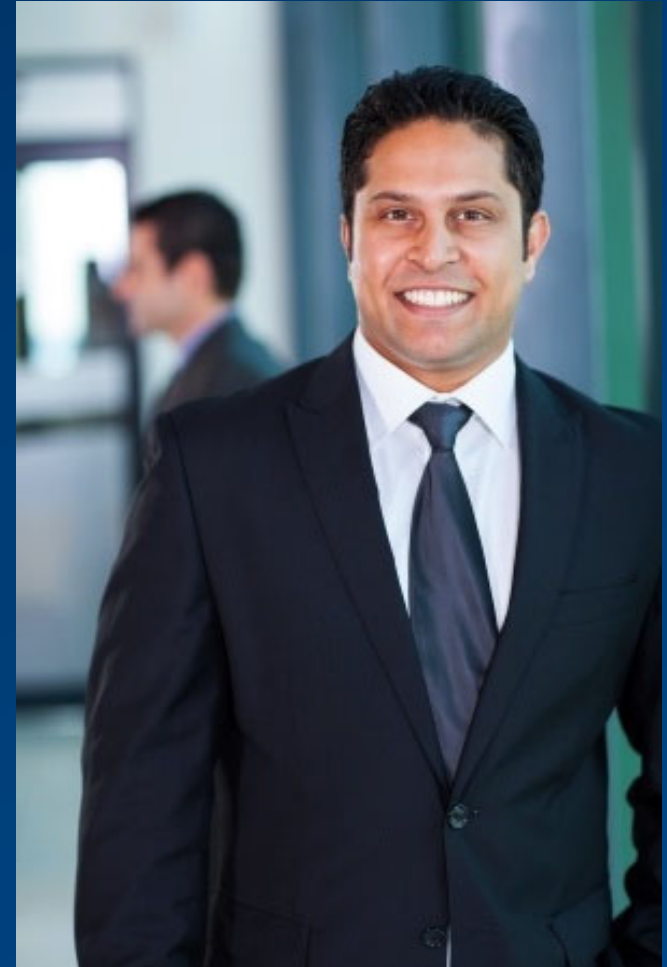
# Where to Start



- Assess Facility Systems
  - Exterior to Interior
  - Age & Condition
- Define Life Expectancy
- Identify Replacement Date
- Estimate Replacement Costs

# Contract Out or In-House?

- Third-Party
  - Expertise & Resources
  - \$/ SF (Volume Dependent)
  - Software System
  - Templates
  - Reporting



# In-House Low Budget Approach



- Prioritize Facilities
- Leverage Contractors
  - Assess Systems
  - Provide Estimates
- Utilize CMMS
  - Install Date
  - Life Expectancy
  - Replacement/Install Cost



# Facility Condition Assessment



## Assess Facility Systems

- Exterior to Interior
  - MEP (Mech/Elec/Plmb)
  - FLS (Fire/Life/Safety)
  - BLDG (Elevators, Stairs, Roof, etc.)
  - FF&E
- Age & Condition



# Facility Condition Assessment



## Define Life Expectancy

- Historical Data/CMMS
- Balance Risks vs. Costs
  - Bathtub Curve
  - Affects Maintenance Strategy
- BOMA Life Expectancy Table
  - [FM360consulting.com/CRP](http://FM360consulting.com/CRP)
- Geographical Effect
- Identify Replacement Date
  - Track in CRP or CMMS



# Facility Condition Assessment



Estimate Replacement Costs

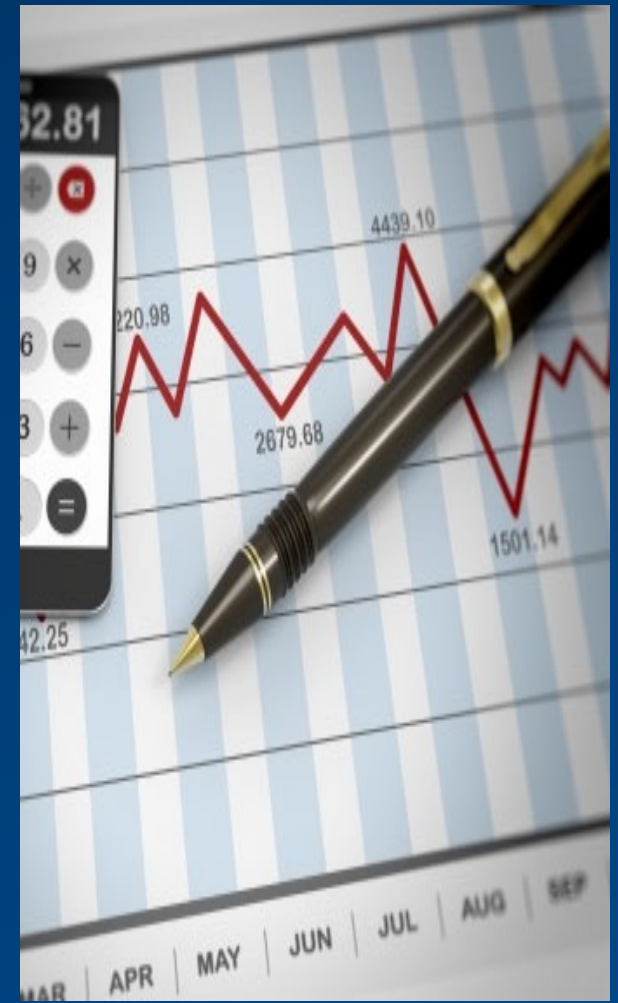
- Historical Data (CMMS)
- Parametrics (\$ per xxx)
- Recent Projects
  - Similar and Recent
- RS Means
  - Validate (Sniff Test)
- Contractor ROM





# Reporting

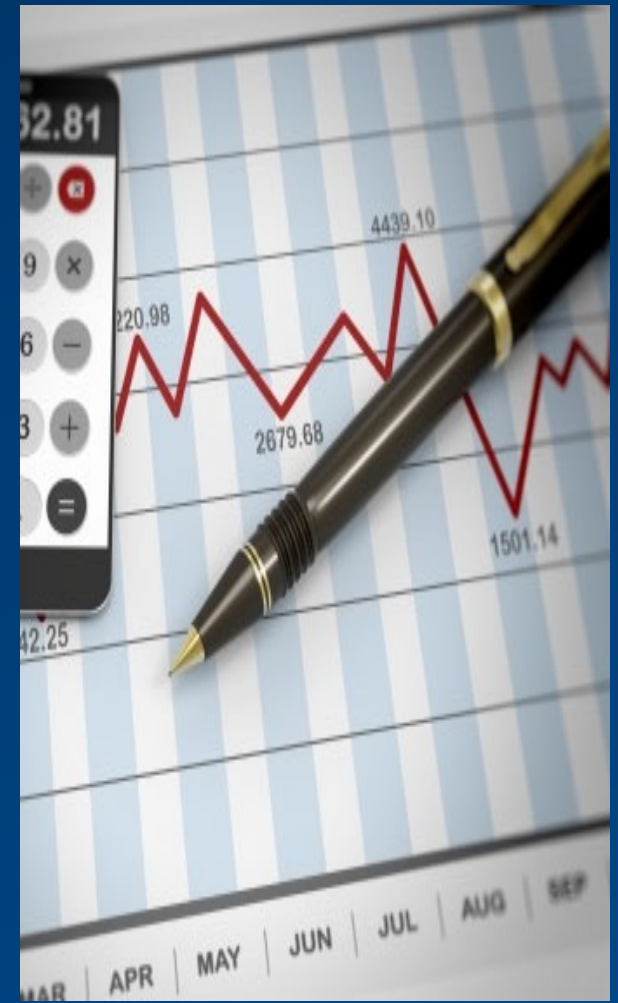
- 1/3/5/10 Year Forecast
  - 1Yr – Hard Estimates
  - 10Yr – ROM
- Smooth it out
  - Push/Pull Replacement
  - Consistent Spend
  - Allow for Inflation





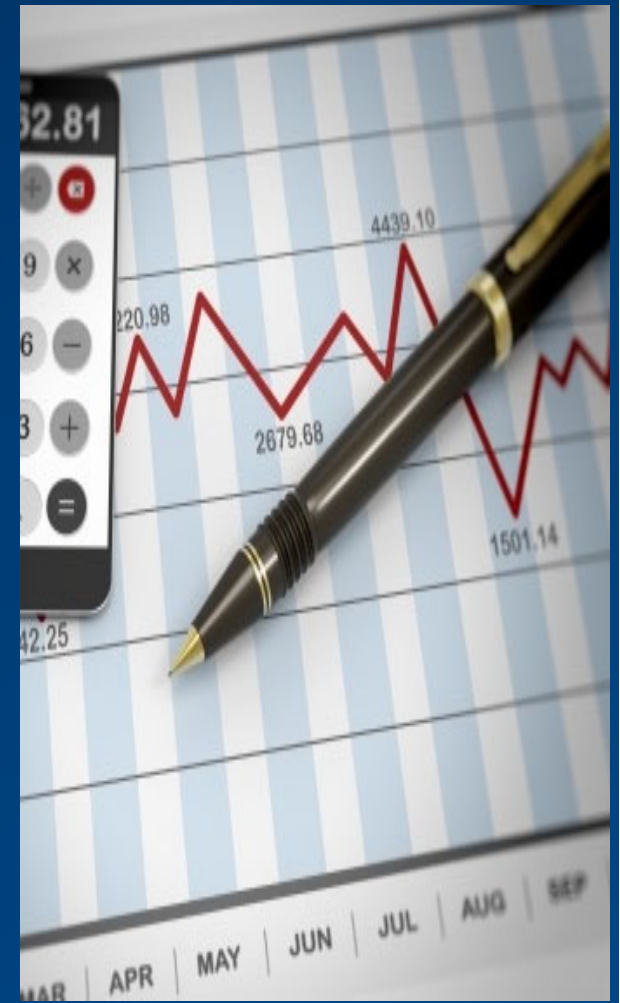
# Reporting

- Facility Condition Index (FCI)
  - $\Sigma$  Deferred Maintenance \$ / Replacement Value (CRV)
  - Industry Benchmark
    - <0.05 – Good
    - 0.05 to 0.1 – Fair
    - >0.1 – Poor



# Reporting

- Facility Condition Index (FCI)
  - Benchmark
    - Internally
    - Externally
  - Trend & Report
    - Return on Investment
  - Funding Scenarios

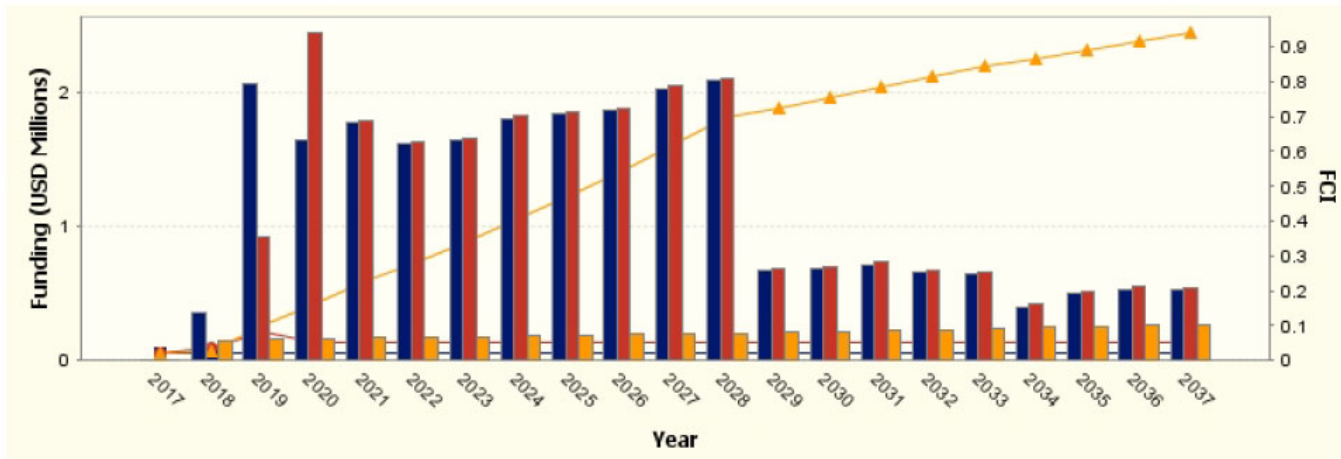


# Funding Scenario



The values shown on this page do not include any soft costs.

Funding/FCI Report



- Funding-Maintain - FCI
- FCI-Maintain - FCI
- Funding-Target - Funding to reduce FCI to 5.00% in 1 years
- FCI-Target - Funding to reduce FCI to 5.00% in 1 years
- Funding-Extrapolate - 1.50% of previous years funding
- ▲ FCI-Extrapolate - 1.50% of previous years funding



# Moving Forward...



- Leverage CMMS
  - Capture all work
- Prioritize Work Orders
  - PMs vs. CMs vs. SRs
- Dedicate Resources to PMs
- Track Performance
  - KPIs (PM/CM, PM Comp, etc.)
- Manage Expectations
  - Not Johnny on the Spot...



## Stay Ahead...



### Selling & Marketing Facilities

- Identify Touchpoints
- Develop Marketing Plan
- Tout Successes
- Celebrate/Promote Team
- Substantiate Budgets
  - Capital Replacement Planning
  - O&M (CMMS/IWMS)



# Questions?



John Rimer, CFM

[john@fm360consulting.com](mailto:john@fm360consulting.com)

## *Resources*

[www.fm360consulting.com/crp](http://www.fm360consulting.com/crp)

[www.fm360consulting.com/cmms](http://www.fm360consulting.com/cmms)

[www.fm360consulting.com/selling](http://www.fm360consulting.com/selling)

