

Digging Out of Deferred Maintenance *Implementing a Capital Replacement Plan*

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Agenda

- Feeling the Squeeze
- *Value of a Plan*
- *How to Implement*
- *Reporting*
- *Benchmarking*
- *Moving Forward*
- Q&A




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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



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Typical Capital Approach...




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

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Building Blocks of a FM Program

- Leadership & Management
- Operations & Maintenance (O&M)
- Emergency Response Management & Preparedness (ERM)
- **Capital Replacement Program (CRP)**
- Training & Development
- Project Management



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Need a Plan...

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



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Capital Replacement Plan

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



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Where to Start

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



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Contract Out or In-House?

- Third-Party
 - Expertise & Resources
 - Pennies / SF
 - Software System
 - Templates
 - Reporting



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In-House Low Budget Approach



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

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Facility Condition Assessment




- Systems to Evaluate
 - Grounds & Hardscapes
 - Parking Lots
 - Exterior Finishes (Walls/Windows/Doors)
 - Interior Finishes (Flooring/Ceiling/Doors/Walls)
 - Mech/Elec/Plmb (MEP)
 - Fire/Life/Safety/Security (FLS)
- Conduct Annually & Update

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Reporting

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


*Except for Munis...



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Facility Condition Index (FCI)


- FCI = Σ DM \$ / CRV
 - Deferred Maintenance (DM)
 - At or beyond End of Life
 - Facility Condition Assessment
 - Current Replacement Value (CRV)
 - Cost to rebuild
 - Historical/Parametric
 - Finance Department
 - Assessed Value



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Facility Condition Index (FCI)

- FCI Range
 - <0.05 "Good"
 - 0.05 – 0.1 "Fair"
 - 0.1 – 0.3 "Poor"
 - >0.3 "Critical"
 - Benchmark
 - Internally/Externally
 - Trend & Report



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Moving Forward...






- Leverage CMMS
 - Capture all work
 - 100% Time
 - Admin WOs
- Prioritize Work Orders
 - PMs vs. CMs vs. SRs
- Dedicate Resources to PMs
 - Days/Week
 - % Staff

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Moving Forward...



- Track Performance
 - KPIs (PM/CM, PM Comp, etc.)
- Manage Expectations
 - Not Johnny on the Spot...

Questions?

www.fm360consulting.com/crp

Next Sessions:

- Developing a Robust O&M Program
- CMMS – Nervous System of FM