



SPENDING MONEY IS EASY, SPENDING IT WISELY IS HARD

February 22, 2023

12:45 to 1:45 PM

Foothills Room

AGENDA

- ▶ Introductions
- ▶ Setting the Table
- ▶ Where We Find Ourselves
- ▶ Strategies to Spend Wisely

INTRODUCTIONS

INTRODUCTIONS – ROTH IAMS

Bill Roth

- ▶ President & CEO of Roth IAMS
- ▶ Co-Founder of SLAM Technologies
- ▶ Over 25 years of experience collaborating with higher education institutions across North America on all aspects of facility and infrastructure asset management
- ▶ Proud Member of APPA, SRAPPA, ERAPPA, MW APPA, Several State Chapters



SETTING THE TABLE

QUESTION #1



- ▶ Historically, have you had sufficient budgets to properly fund capital renewal and maintenance for your facility and infrastructure assets?

QUESTION #2



- ▶ Have you received any government stimulus related funding for your facilities since the pandemic?

QUESTION #3



- ▶ Have you changed your decision-making process for how to allocate available funding since the pandemic?

WHERE WE FIND OURSELVES

WHERE WE FIND OURSELVES

- ▶ Historically facility operations, maintenance and renewal have been underfunded for decades
- ▶ Pandemic-related stimulus money has provided some short-term relief to funding needs
- ▶ Other organization continue to struggle with limited funds



WHERE WE FIND OURSELVES

- ▶ Current economic environment makes getting anything done very complicated
 - ▶ High inflation
 - ▶ Supply Chain Issues
 - ▶ Labor Shortages
- ▶ Funding received today is based on estimates from more than a year ago, prior to significant inflation



STRATEGIES TO SPEND WISELY

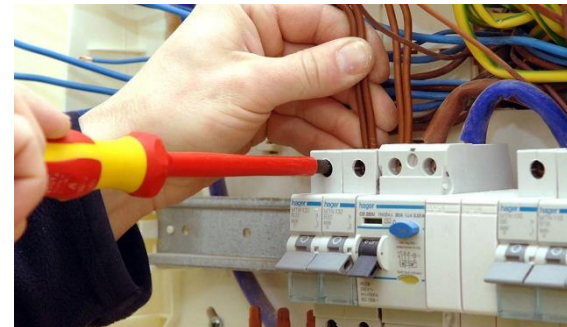
STEP #1 – SET PROPER EXPECTATIONS

- ▶ What are your KPIs for your renewal investment
 - ▶ Facility Condition Index
 - ▶ Reduction in Deferred Capital Renewal and Maintenance
 - ▶ Reduction in Energy Consumption/GHG
 - ▶ Will the situation improve or are you “Aiming for Less Worse”?



STEP #1 – SET PROPER EXPECTATIONS

- ▶ Manage stakeholder expectations on what you can achieve based on your current programs
 - ▶ A dollar in renewal may not result in a dollar reduction in Deferred Capital Renewal and Maintenance
 - ▶ Inflation
 - ▶ Upgrades
 - ▶ New Installation



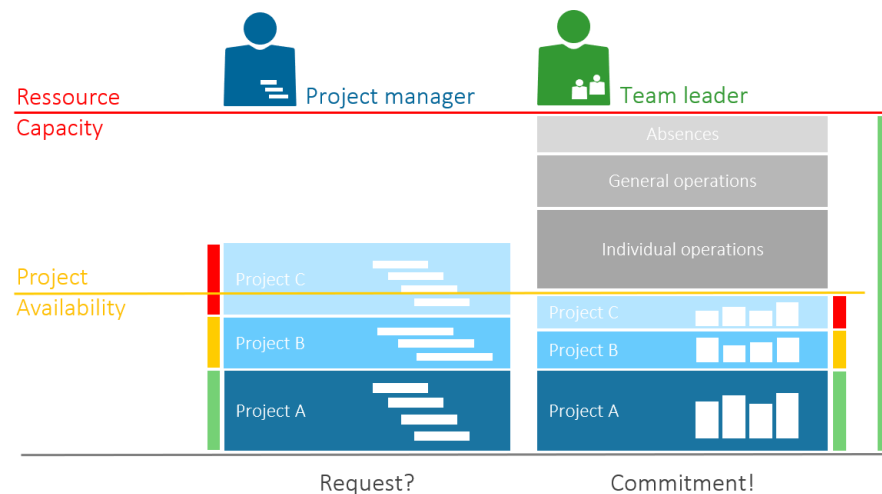
STEP #2A – DEVELOP MULTIYEAR PLANS

- ▶ Rolling 3 (recommended) to 5 Year plan with a list of the specific projects that you plan to do each year
- ▶ Based on forecasted funding sources and budget estimates
- ▶ Ideally you want to get “informal” approval of Year 2 during Year 1 finalization
 - ▶ Allow you to start design on future year project



STEP #2A – DEVELOP MULTIYEAR PLANS

- ▶ Prioritized, multiyear capital plans allow you to be nimble
- ▶ Adjust plans as circumstances change
 - ▶ Shovel ready projects if new funding becomes available
 - ▶ Reprioritize if a tender comes back too high – “Up Next”
 - ▶ Get approval to start design early so you can get out to the market earlier than others



STEP #2A – DEVELOP MULTIYEAR PLANS

- ▶ Factor in condition and non-condition related needs
 - ▶ Program needs/changes
 - ▶ Energy efficiency/carbon reduction
 - ▶ Resource and Market Constraints
- ▶ Be strategic about when you do certain types of work



STEP 2B – KNOW YOUR RESOURCES

- ▶ What capacity does your team have to manage work
 - ▶ Do you have to use internal resources
 - ▶ Can you bring it outside resources
- ▶ What capabilities do you have internally?



STEP 2B – KNOW YOUR RESOURCES

- ▶ How much capacity is available in your market
 - ▶ Contractors
 - ▶ Trades
 - ▶ Equipment
- ▶ Who else has money to spend and what strings are attached



STEP #2C – BUILD PROJECT AND PROGRAMS



PROJECT

Combining multiple elements in a single building to create a larger renewal/renovation project



PROGRAM

Combining similar elements (e.g. Roof, Windows, Boilers) across multiple buildings into a single contract

STEP #2C – BUILD PROJECT AND PROGRAMS

- ▶ Supply Side
 - ▶ Creates larger contracts which may attract larger bidders
 - ▶ Draw bidders from a larger geographic area
 - ▶ Larger projects will have GCs which can reduce internal management requirements



STEP #2C – BUILD PROJECT AND PROGRAMS

- ▶ Operational Impacts
 - ▶ Lower overall cost due to economies of scale
 - ▶ Volume discount (Programs)
 - ▶ Reduced soft cost as a percentage of overall project cost
 - ▶ Minimize the number of disruptive events to individual buildings (Projects)
 - ▶ Rip the Band-Aid Off



STEP #3 – COLLABORATE WITH YOUR “COMPETITORS”

- ▶ Especially important in smaller markets
- ▶ If everyone is competing for the same pool of contractors, materials and labor, high demand means the supply side wins



STEP #3 – COLLABORATE WITH YOUR “COMPETITORS”

- ▶ Can you “open your books” to other institutions in your market?
 - ▶ Have high-level discussions about the kind of work you need to do each year
 - ▶ Don’t all chase the same work at the same time
 - ▶ Enhance maintenance on some elements to extend the life a year or two and focus elsewhere – where your “competitors” are focusing this year
 - ▶ Can you do a joint contract?



WHAT WE TOLD YOU?

SUMMARY

- ▶ Given today's market conditions making wise capital reinvestment decisions is harder than ever.
- ▶ Four Strategies to Help achieve Value for Money
 - ▶ Set proper expectations
 - ▶ Develop a Multiyear Capital Plan
 - ▶ Know Your Resources and Market
 - ▶ Build Projects and Programs
 - ▶ Collaborate with Your Competitors





Q & A

THANK YOU FOR ATTENDING

- ▶ Visit our website at rothiams.com
- ▶ Follow us on [LinkedIn](#) for more content
- ▶ Connect with us directly through email at bill.roth@rothiams.com or call **(727) 247-9419**

