Managing Capital Planning and Competing Priorities

Summary

Many of us have condition data on our facilities and are using it to guide us in our capital plans. As we form our capital plans there are often competing priorities from different departments. In fact, other departments may have done projects that impact your capital plan and result in inaccurate data. We will provide insight on how an integrated collaborative approach combining Capital, Operational and Performance excellence leads to successful management of your facilities data.

Learning Objectives

1. Understand why it is important work with other departments to maintain this data up to date.
2. Gain insight on tools to help manage and maintain your capital planning data.
3. Learn strategies that can integrate your facilities data with other goals such as energy reduction and space planning.
4. Understand how a collaborative approach can improve funding availability and stretch what you are able to achieve.

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10 YEARS 2014 - 2024

AGENDA

- Introductions
- Setting the Table
- Winning the Competition for Capital
- Prioritization
- Telling Your Story
- What's the Catch

INTRODUCTION

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
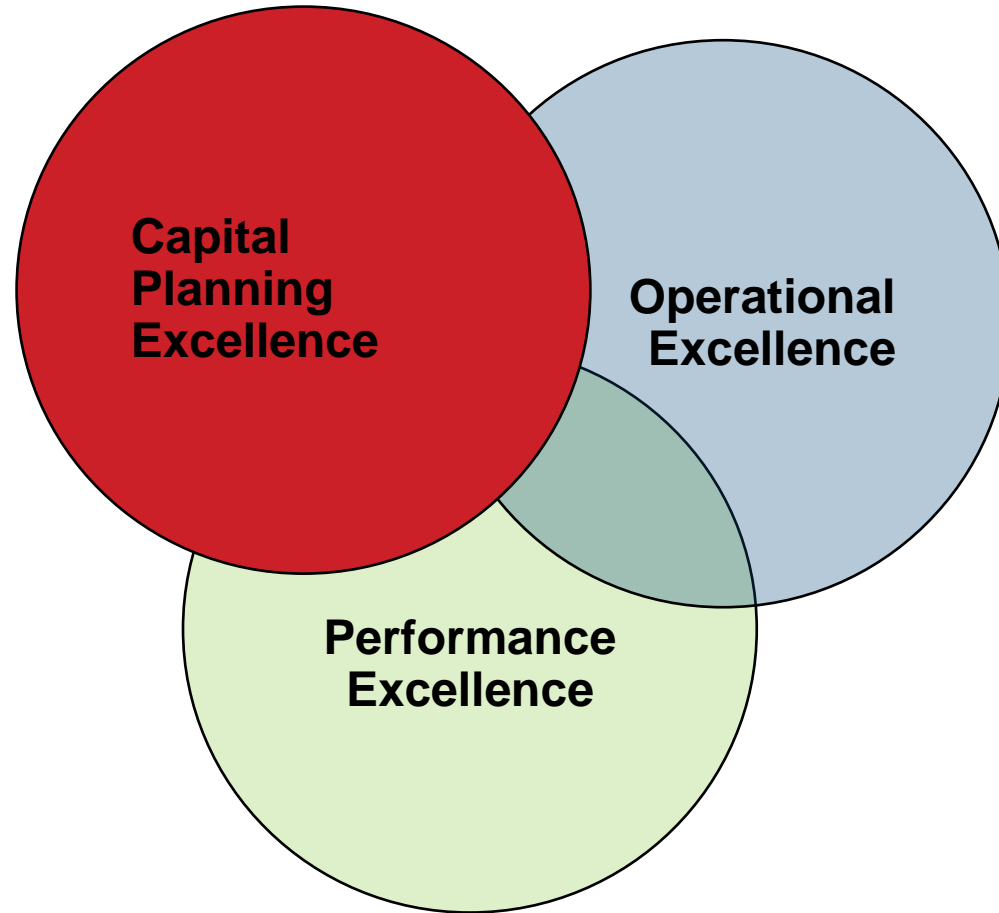
Setting the Table

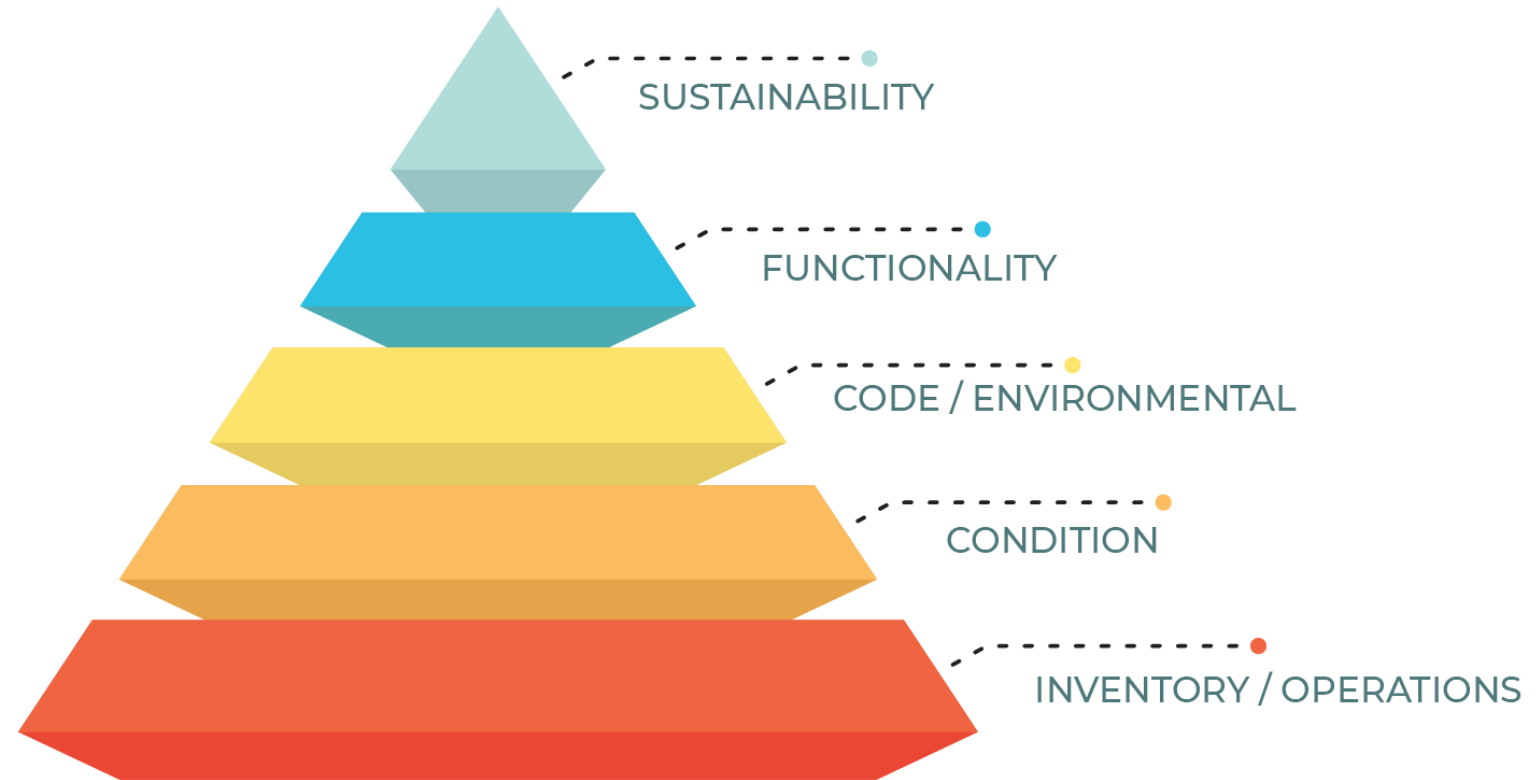# WHAT IS INTEGRATED ASSET MANAGEMENT?

IAM – WHERE IS OUR FOCUS NOW?

ALL THE COMPETING FACTORS

SUSTAINABILITY

FUNCTIONALITY

CODE / ENVIRONMENTAL

CONDITION

INVENTORY / OPERATIONS

WHERE ARE WE COMING FROM?

► Single Year Budgets

► Bottom-Up Development

► (single asset focus)

► Priority is based on:

  ► Is it Broken?

  ► Squeaky Wheel/Politics

  ► Discipline Bias of Decision Makers

WHAT ARE THE RESULTS?

- ▶ Inflexibility
- ▶ Highly reactive
- ▶ Worsening overall asset condition and performance
- ▶ Inefficient investment of limited capital dollars
- ▶ Little accountability to results or improvement

WHY EVOLVE?

► Aging infrastructure and evolving building program needs

► Inadequate funding

► Interdepartmental competition for capital

► Aging/retiring workforce takes knowledge with them when they leave

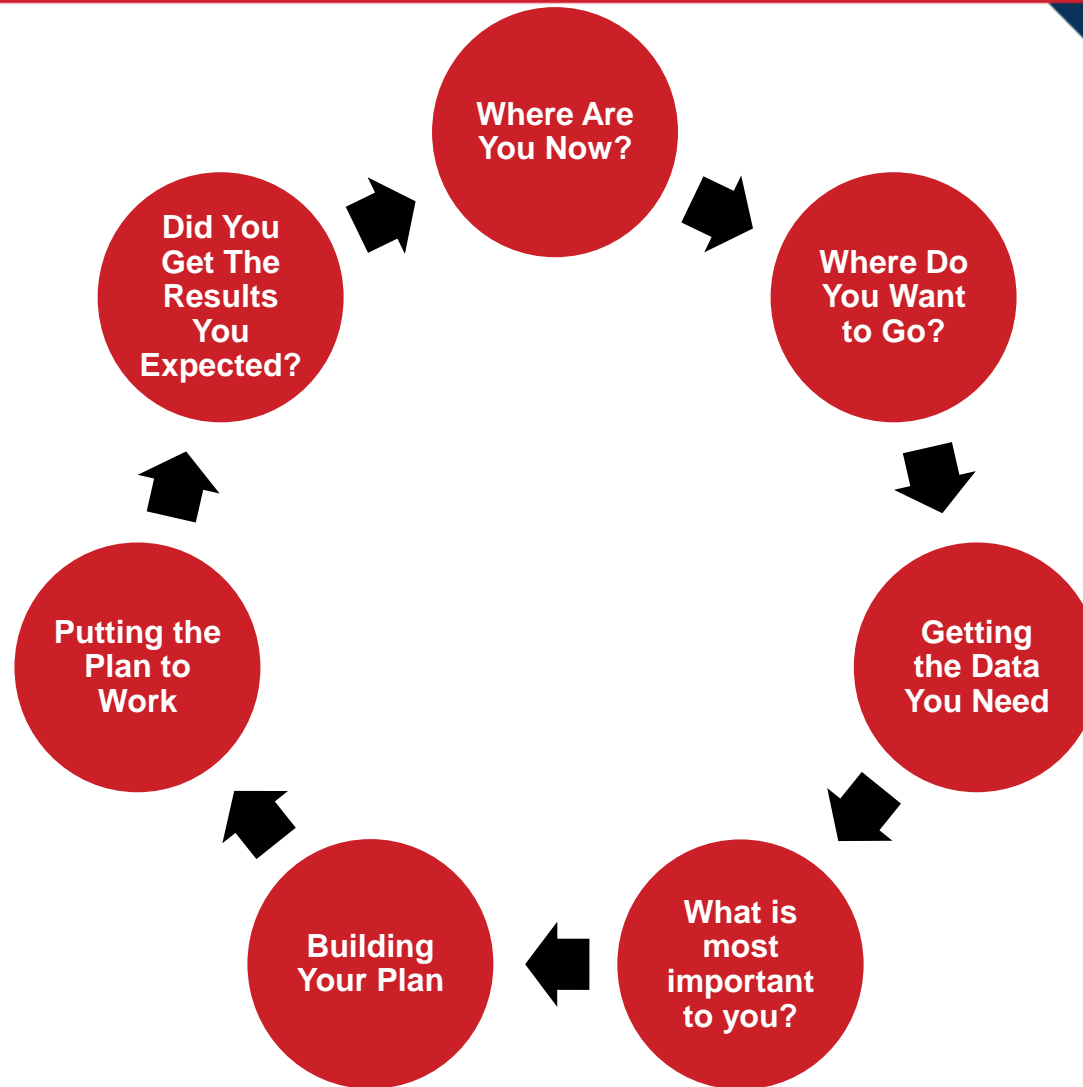► Inconsistent asset data

► Stricter regulations/codes

WHAT IS THE GOAL?

To develop a strategy, process and tools that allow an organization to improve the quality of their built environment through the efficient and effective allocation of limited capital and maintenance dollars.

MULTI-YEAR PLANNING PROCESS

- Where Are You Now?
- Where Do You Want to Go?
- Getting the Data You Need
- What is most important to you?
- Building Your Plan
- Putting the Plan to Work
- Did You Get The Results You Expected?

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WHAT IS A MULTIYEAR PLAN?

▶ Three or Five-Year plan that details specific projects to be undertaken

▶ Based on Condition Assessment Data as well as other Expert-Level Assessments

▶ Includes consideration for business and "political" factors

▶ Built based on known levels of funding and projections of future funding

▶ Presented to Senior Leadership and Stakeholders for approval each year

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WHAT IS A MULTIYEAR PLAN

Updated throughout the year based on:
- ► Changes in Priority
- ► Changes in Available Funding
- ► System Failure
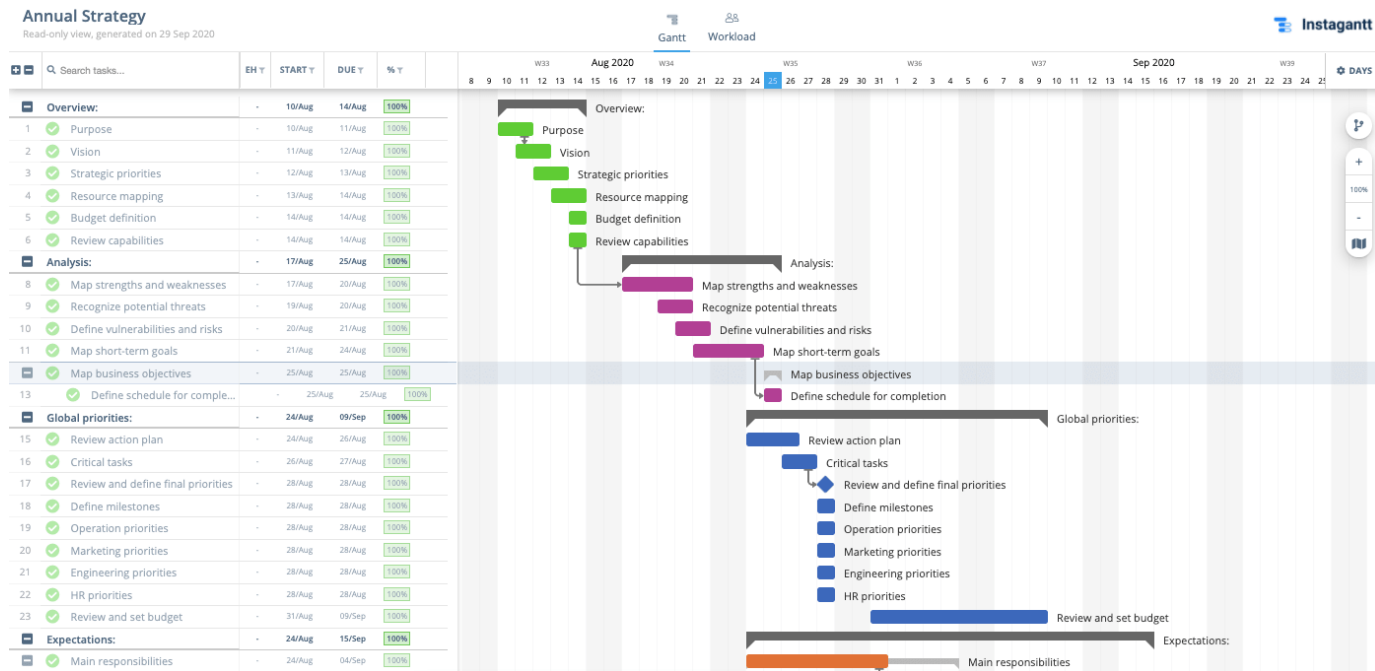- ► Changes in Project Costs

Refreshed annually based on:
- ► Actual Work Completed
- ► Confirmation of Funding
- ► Updated Asset Information
- ► Available Internal Resources

UNIVERSITY OF SASKATCHEWAN

MULTI-YEAR CAPITAL PLAN (2008/09-2011/12)

Multi-Year Capital Plan for the Second Planning Cycle

2008/09-2011/12

Prototype June 2009

www.usask.ca

MULTI-YEAR PLANNING TOOL

What is it?
► Spreadsheet or functionality within Capital Planning Software used to select the FCA recommendations for inclusion and exclusion from the Three-to-Five-Year Capital Plan

How does it Work?
► Begins with an extract of relevant FCA data
  ► Far greater need than available funding
► Needs to align with long-term space/program needs
► Integrates additional facility data beyond 5-Year Condition data based on visual observation
► Provides justification for inclusion and exclusion of each need identified in the FCA
► Can include Multivariable Prioritization (MVP) based on organization-specific objectives (e.g. enhanced utilization)

PRIORITIZATION

PRIORITIZATION

► Picking what needs are included in an actual capital plan

► Most organizations use categorical priority

   ► e.g. Urgent, High, Medium Low

   ► What happens when you run out of money in the middle of a category?

   ► Which High is Higher than High?

► Often primarily based on condition assessment data and condition criteria

► Needs to build beyond traditional risk management

TRADITIONAL RISK MANAGEMENT

		Consequence of Failure				
		1	2	3	4	5
Likelihood of Failure	5					
	4					
	3					
	2					
	1					

BEYOND JUST RISK MANAGEMENT

► More than just Risk to consider in Capital Planning

► What other factors do you consider?
  ► Program Needs
  ► Sustainability
  ► Political
  ► Community Needs
  ► Others?

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MULTIVARIABLE PRIORITIZATION (MVP)

► Collaborative process with stakeholders from across an organization including: Facilities, Finance, Users, etc.

► Provides a matrix that includes what is important to your organization

► Building/Asset or Element Level Categories that are scored and weighted

► Allows stakeholders to understand how the priority score was calculated

► Easy update as organizational goals evolve

► Generally, includes both aspects of Risk Management

MULTIVARIABLE PRIORITIZATION (MVP)

Category Type	Category	Weighting	Subcategory	Score
Building/Asset	Building/Infrastructure Type	10	Academic - Classroom/Lab	10
			Academic - Research	9
			Residence	8
			Infrastructure - Subsurface	8
			Ancillary	4
			Infrastructure - Surface	2

Category Type	Cateogory	Weighting	Subcategory	Score
Element	Consequence of Failure	30	Fire/Life Safety	10
			Full Campus Shut Down	9
			Multi-Building Shutdown	8
			Full Building Shut Down	6
			Partial Building Shut Down	4
			Program Interruption	3
			Nuisance	1

TELLING YOUR STORY

ROAD MAP

What is it?

- ▶ Part of the Multi-Year Planning Tool
- ▶ Provides a step-by-step review of how each relevant FCA need was addressed
- ▶ Presented in Lay-Person Language for non-facilities stakeholders' benefit

How Does it Work?

- ▶ Links to all other areas of the Planning Tools so you can stay at the high-level or "dive deep" to look at a specific project in a specific building
- ▶ Answers the question:

  "How did we get from there to here?"

ROAD MAP

3-Year Capital Plan (2019/2020 to 2021/2022)- Road Map			
Count of 5-Year Recommendations			1,000
Total 5-Year Recommendations			$ 11,250,000
Selection Criteria	**Explanation**	**Included Rec.**	**Excluded Recs**
Life Safety	Life Safety Systems in Critical/Poor Condition	15	
Potential Closure	Building being considered for Closure/Divestment		110
Studies	Studies (from BCAs) covered by Maintenance Budget		35
Priority	Low and Medium Priority Removed		625
Roofing Consultant Recs	Findings of Detailed Roofing Study	20	
Roofing Deferrals	BCA Recommendations that contradict Roofing Study		24
Boiler Program	Two Highest Priority Boilers included Each Year	6	
Board Priority - Windows	Focus on Window Renewal due to Previous Deferrals	20	
Building Staff Feedback	Feedback provided by Building Ops Staff/Occupants	20	
Energy Opportunities	Energy consuming equipment in Critical/Poor Condition	25	
Budget	Insufficient Capital Budget Available		115
Totals		**91**	**909**
Total 3-Year Capital Spend			$ 2,350,000

WHAT'S THE CATCH?

WHAT'S THE CATCH?

None of this will work if you don't have an effective strategy in place to acquire, manage and update consistent and defensible asset data on a regular basis

- ►Finding your data sweet spot
  - ►More data is not always a good thing
- ►Requires collaboration across your organization
  - ►Capital/Construction
  - ►Operations & Maintenance
  - ►Finance
  - ►Program/Users

ANNUAL UPDATES

Adjustments are made to the process and tools each year

▶ Review and update MVP/Priority

▶ Adjust the dataset based on newly completed FCAs

In-depth annual revision to the specific projects selected

▶ Reconcile deferred projects from previous year's plan

▶ Consideration of the previous assumptions / priorities

▶ Adjustments based on current business objectives

HOW TO WIN THE COMPETITION FOR CAPITAL

▶ Develop a Multiyear Capital Planning Process

▶ Maintain a Comprehensive Prioritization System

▶ Build a Road Map Each Year

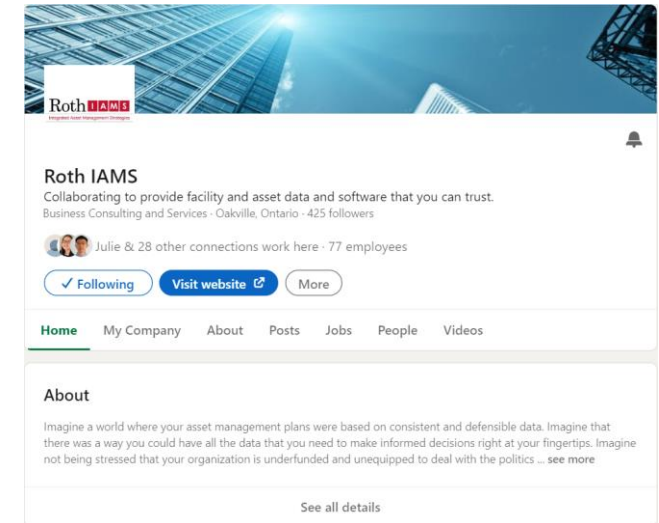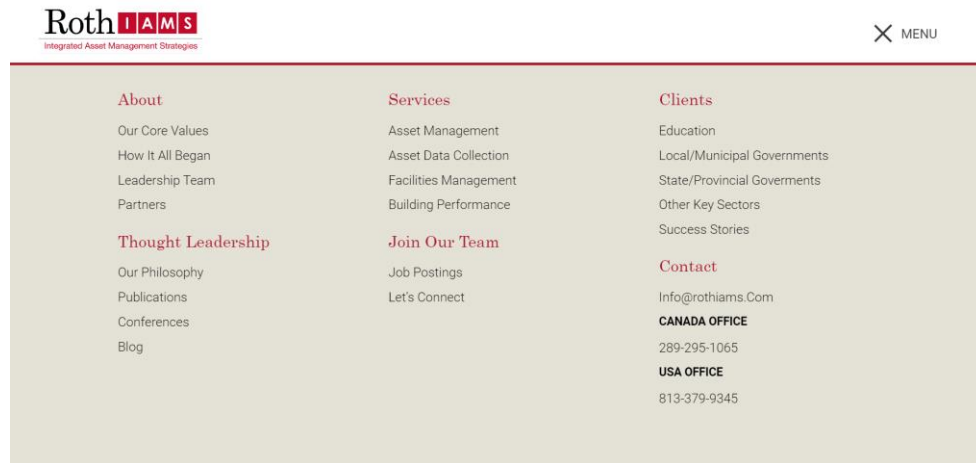▶ Acquire, manage and update consistent and defensible data

▶ Repeat Each Year

Ask Bill Anything

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**

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Thought Leadership**