

OAPPA AND OCFMA TRAINING SESSION #3

Leveraging the Data for Asset Management

October 15, 2020

Roth **IAMS**

Integrated Asset Management Strategies

FCAPX

A Division of Roth IAMS

AGENDA

- ▶ Introductions
- ▶ Defining Asset Management
- ▶ Telling Your Story
- ▶ Setting Expectations
- ▶ Getting the Data You Want
- ▶ How to Tell Your Story
- ▶ Building a Plan

INTRODUCTIONS



DEFINING ASSET MANAGEMENT

Roth **IAMS**
Integrated Asset Management Strategies

FCAPX
A Division of Roth IAMS

DEFINITION FROM ONTARIO.CA

- ▶ **Asset management** planning is an ongoing and long-term process that allows **organizations** to make the best possible **investment** decisions for their infrastructure **assets**. This includes:
 - ▶ Building
 - ▶ Operation
 - ▶ Maintenance
 - ▶ Renewal
 - ▶ Replacement
 - ▶ Disposal

TODAY'S FOCUS

- ▶ Today's presentation will primarily focus on Renewal and Replacement primarily
 - ▶ Implications for Building and Disposal
- ▶ Will discuss integrating O&M at the end

TELLING YOUR STORY



FIRST QUESTION TO ASK

- ▶ Why am I doing something different than before?
 - ▶ To advocate for more funding
 - ▶ To spend my limited capital dollars more effectively
 - ▶ Because someone told me to
 - ▶ Other????

SECOND QUESTION TO ASK

- ▶ What **STORY** am I trying to tell with my data?
 - ▶ Here is the current state of our infrastructure
 - ▶ Things are bad and if we don't do something new its going to get worse?
 - ▶ Here is the result of previous AM actions that we have taken
 - ▶ Injecting more capital
 - ▶ Previous funding cuts
 - ▶ Other??

THIRD QUESTION TO ASK

- ▶ Who is my audience, what do they care about and what is their general level of understanding?
 - ▶ Board
 - ▶ Finance
 - ▶ Faculty/Students
 - ▶ Public
 - ▶ Government
 - ▶ Others?

SETTING EXPECTATIONS

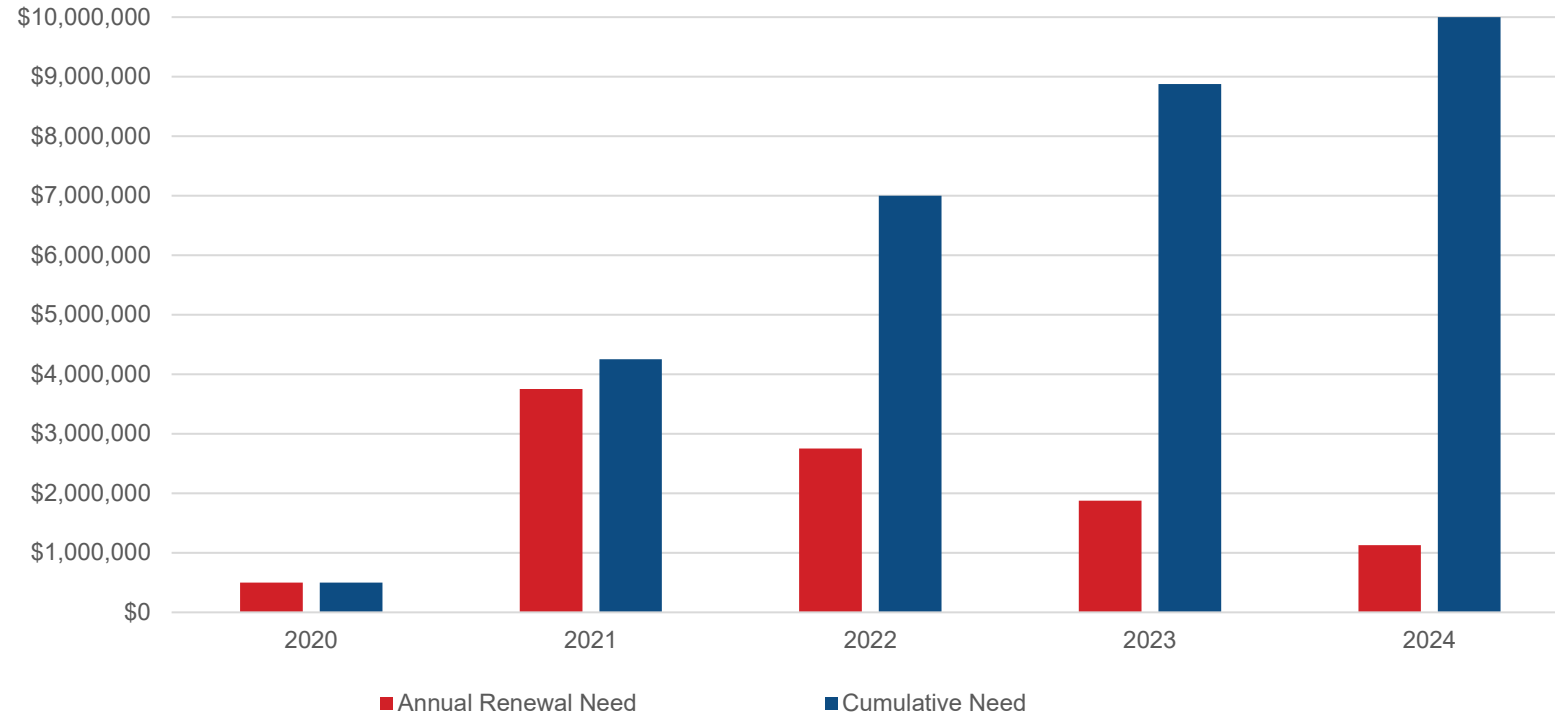


SETTING YOURSELF UP FOR SUCCESS

- ▶ Is this a continuation of a narrative?
- ▶ Is this a reset of a narrative?
- ▶ Is this an entirely new narrative?

WHAT OUR DATA TELLS US

5-Year Renewal Need

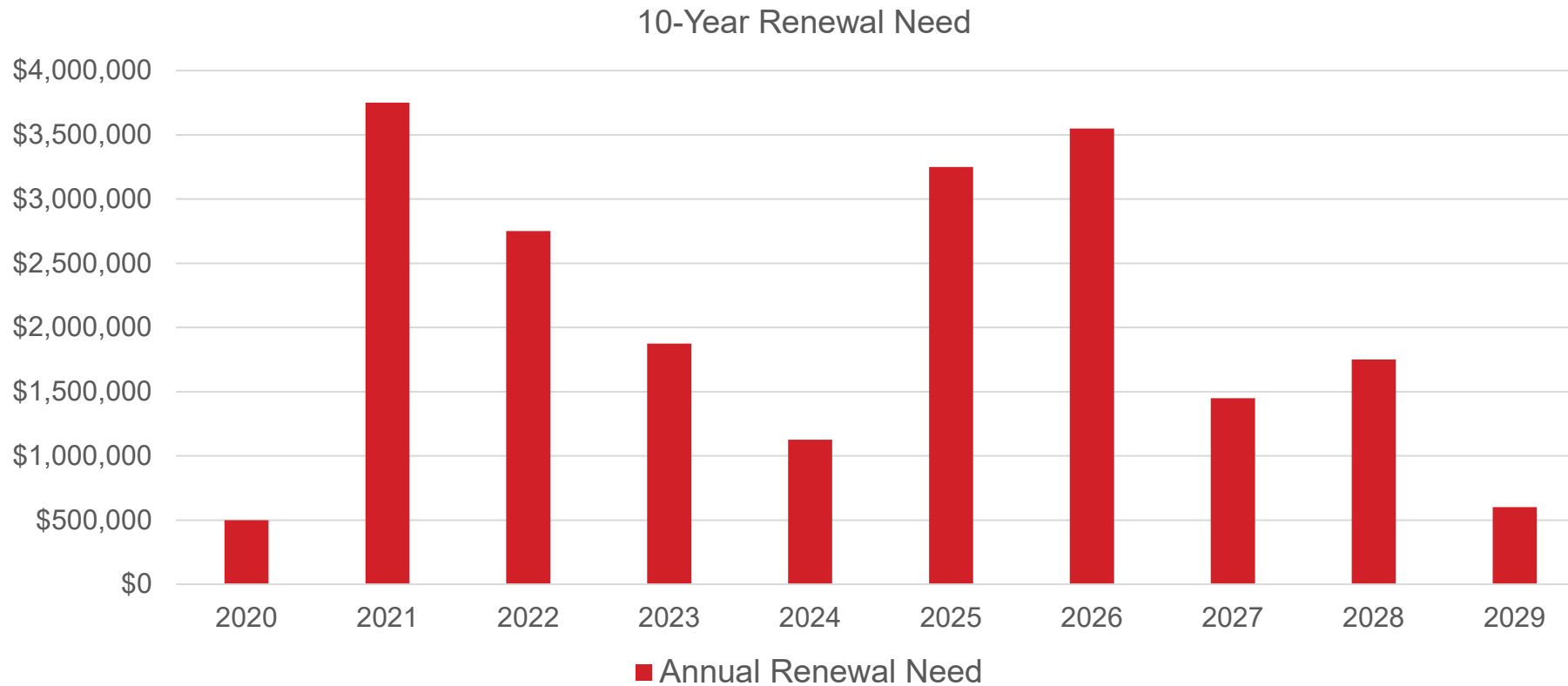


WHAT MIGHT WE SAY

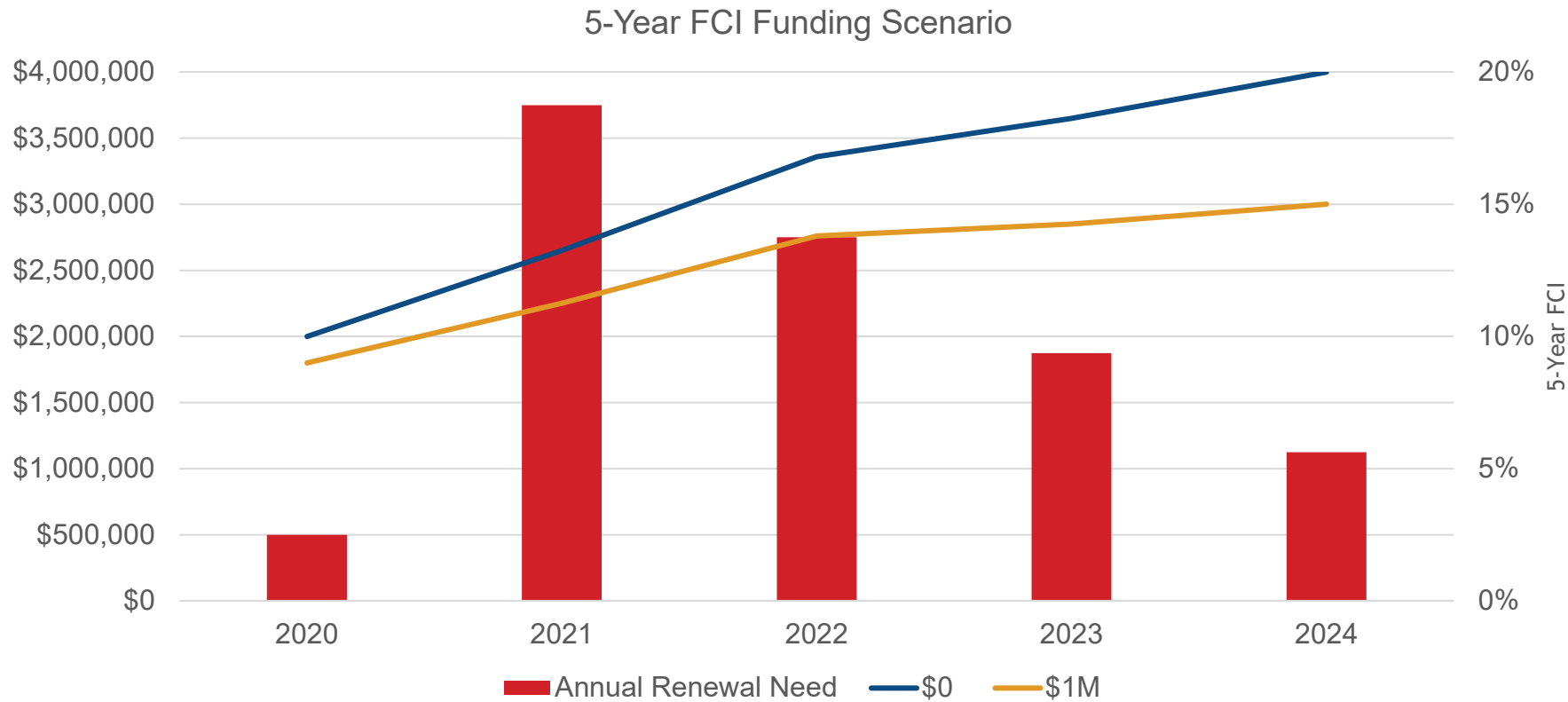
- ▶ Give me \$1M a year in funding and I will reduce our 5-Year FCI from 10% to 5%
- ▶ Give me \$2M a year in funding and I will eliminate our “backlog”

This is where the trap is set

WHAT OUR DATA ALSO TELLS US



WHAT IS WE GOT THE \$500K FUNDING?



WHAT IS “LESS WORSE”

- ▶ Setting goals in the near term that don't necessarily improve things, but just keep them from getting less worse
 - ▶ Likely insufficient funding and capacity (market and/or organizational) to improve things in the near term
- ▶ The problem has been decades in the making, we are not going to solve it in a few short years

SELLING “LESS WORSE”

- ▶ Challenging, as people want to see things getting better
- ▶ Requires a deeper understanding of Facility Asset Management by all stakeholders, including those in education and finance
- ▶ Realistic and achievable as opposed to “pie in the sky”
 - ▶ Can build on the success and momentum of “achieving the goal” even if it is “Less Worse”

FINAL WORD ON “LESS WORSE”

- ▶ Taking a “Less Worse” approach today is the only way most organizations are going to get “Better” over the longer term.

GETTING THE DATA YOU WANT

Roth **IAMS**
Integrated Asset Management Strategies

FCAPX
A Division of Roth IAMS

HOW TO TELL YOUR STORY

Roth **IAMS**
Integrated Asset Management Strategies

FCAPX
A Division of Roth IAMS

KEY ISSUES RIGHT NOW

▶ Colleges

- ▶ Depending on the College, somewhere between 0% and 100% of the buildings and site infrastructure has been reassessed under the new scope
- ▶ Older data was assessed between 2011 and 2014
 - ▶ Deferral of “old systems” that were performing well were likely originally placed in Years 6 and 7, which is now considered Backlog or within the 3-Year FCI horizon
 - ▶ Updated assessments may further defer these costs, reducing your near-terms FCI
- ▶ New methodology for Current Replacement Value being implemented before Year-End

KEY ISSUES RIGHT NOW

▶ Universities

- ▶ Global Data Clean-Up is complete
- ▶ University-Specific Data Clean-Up has not been started or completed for many Universities
- ▶ Cost Model Assessments vs. System Model Assessments
- ▶ High degree of inconsistency on presences and quality of Infrastructure Data

PRIORITIZATION IN VFA

- ▶ Which High is Higher than High?
- ▶ VFA Priority was modified for both Colleges and Universities
- ▶ “Old Way” the priority drove the Action Year
 - ▶ Assessor would create a manual Requirement and give it a Priority
 - ▶ Priority 1 – Current Year
 - ▶ Priority 2 – Year 2
 - ▶ Priority 3 – Year 4
 - ▶ Priority never changed as years went by

PRIORITIZATION IN VFA

- ▶ New Way
 - ▶ System-Based Renewals means that Requirements will be placed in every year of an evaluation period
 - ▶ Priority system was adjusted so that Action Year drives Priority
 - ▶ Current Year (VFA terminology) – Priority 1
 - ▶ Year 1 – Priority 2
 - ▶ Year 2 – Priority 3
 - ▶ Old priorities have been maintained for legacy data
 - ▶ Priority is essentially “Likelihood of Failure”

ENHANCED PRIORITY

- ▶ VFA allows users to do Pairwise Analysis for Priority
 - ▶ Do not have access to demonstrate that to the group
- ▶ FCAPX recommends Multivariable Prioritization
 - ▶ Easier to understand
 - ▶ Easier to evolve over time
 - ▶ Less subjective
 - ▶ Independent of any software product
- ▶ Regardless of the Methodology what you want is a numerical value for Priority not a Category

THE MAGIC OF PIVOT TABLES

Roth **IAMS**

Integrated Asset Management Strategies

FCAPX

A Division of Roth IAMS

SAMPLE DATA ANALYSIS

SAMPLE DATA ANALYSIS

- ▶ FCI vs Unfunded Liability
 - ▶ With or without funding scenarios
- ▶ Need Over Time
 - ▶ Simple
 - ▶ By Priority
 - ▶ By Uniformat Code
 - ▶ By Building
- ▶ Heat Map

BUILDING A PLAN



BUILDING A PLAN

- ▶ Highly recommend a 3-5 Year Capital Plan
 - ▶ Starts with estimates of the funding sources
 - ▶ Selecting specific projects/plans that are going to be done
 - ▶ Include Non-Renewal Driven Projects
 - ▶ Renovations, upgrades, program improvements
 - ▶ Leverages Enhanced Priority
 - ▶ Use a Road Map to explain “How We Got From Here to There”
- ▶ Multiyear Planning make you nimble

QUESTIONS????

Roth **IAMS**
Integrated Asset Management Strategies

FCAPX
A Division of Roth IAMS