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...
2022 Annual Conference and Trade Show · August 30 – September 1, 2022

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Speaker

Frank Muraca
President





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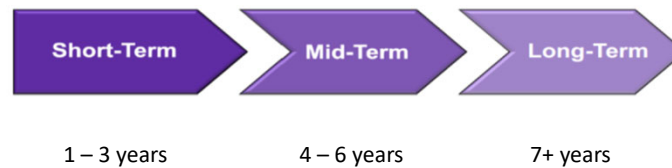
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Session Objectives

- Understand industry trends and best practices in facilities management
- Learn the importance of standardizing the unit turn process
- Comprehend how to draft an annual maintenance budget and capital expense forecast
- Appreciate the value of technology in an EVS department

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Facilities Capital Planning

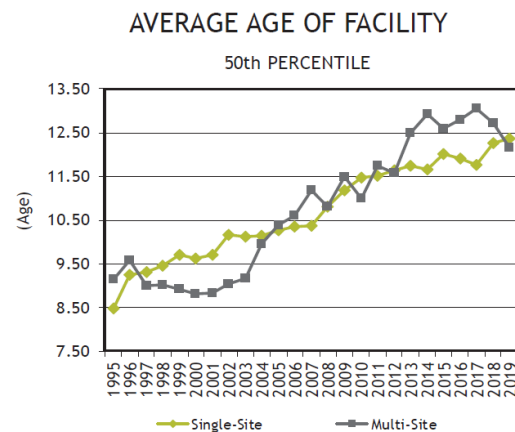


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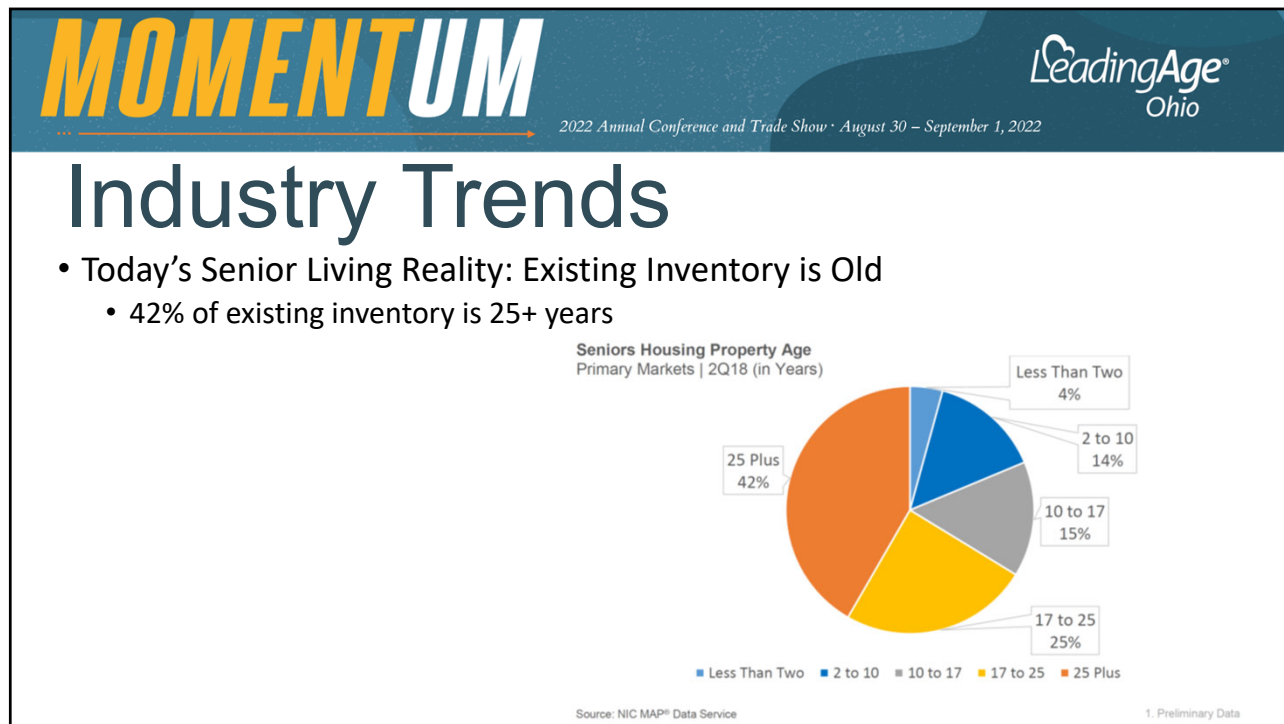
Industry Trends

- AGE measures organizations' ability to maintain its physical plant
- Suggests investments may not be sufficient to counter the aging of physical plants
- The median AGE for single-site organizations weakened to 12.37 from 12.26
- The median AGE for multi-site organizations improved to 12.15 from 12.71

Source: Financial Ratios & Trends Analysis of CARF Accredited Organizations, 2020



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Best Practices

- **Establish preventative maintenance plans**
- Implement clear spending processes
- **Define re-occupancy and refurbishment plans**
- Listen and utilize your knowledgeable staff
- **Perform routine facility assessments & create capital budgets**

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Best Practices

- Prioritize capital projects
- **Identify and track Key Performance Indicators (KPIs)**
- Take advantage of group purchasing
- **Consider appropriate technology**
- Don't be afraid to re-evaluate and adjust

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Sample PM Tasks

- | | |
|-----------------------------------|--------------------------------|
| • Sprinkler head inspections | • Roof top A/C inspections |
| • Emergency generator | • Baseboard heater inspections |
| • Fire extinguisher inspections | • Vent cleaning |
| • Stove inspections | • Circulating pump inspections |
| • Coolers & freezers inspections | • Grease trap cleaning |
| • Dryer inspections | • Sump pump cleaning |
| • Dryer Exhaust ductwork cleaning | • Furnace inspections |
| • Window A/C unit Inspections | • Exit light inspections |

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Routine Testing

- Coordination Required Between EVS and Nursing Team
 - Public Health / Life Safety
 - Department of Social Services
 - Local agencies
 - Fire Marshal
 - Elevators
 - Backflow Preventers
 - Local Health Inspector

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Clear Spending Process

- With limited capital dollars, clear spending process is important
- Determine appropriate review workflow
- Create common and consistent evaluation criteria

ASSET PURCHASE FORM			
Request for Campus/Facility		Request No.:	
<input type="checkbox"/> Approval of Project in Plan	Plan Project No. _____	Estimated Cost for this request (based on current quotation (attach a copy of quote))	\$ _____
<input type="checkbox"/> Approval of Apartment Refurbishment Project	<input type="checkbox"/> Refurbishment or <input type="checkbox"/> Re-occupancy Project No. _____ Project Amount \$ _____	Project cost over \$25,000 <input type="checkbox"/> Yes <input type="checkbox"/> No Project requires permit <input type="checkbox"/> Yes <input type="checkbox"/> No If you answered "yes" to either of above, Camp Facilities sign off is required. See signature lines below. Project to be funded from:	<input type="checkbox"/> Operations – Emergency, Apt Refurb, Routine <input type="checkbox"/> Property Replacement/Renewal <input type="checkbox"/> Designated Contributions <input type="checkbox"/> Other _____
<input type="checkbox"/> Approval of Emergency Project	Project No. _____ Project Amount \$ _____	Estimated timing of expenditure _____	
<input type="checkbox"/> Approval of Project not in Plan	Project No. _____ Project Amount \$ _____		
Project Description and Benefits:			
Does asset replace an asset that has been or will be disposed? If yes, complete the asset disposal form (No. _____)			
<input type="checkbox"/> Yes <input type="checkbox"/> No			
Comments:			
Administrator / FR Director _____ Date _____	Executive Director _____ Date _____	Expenditure > \$10,000	
Corporate Facilities _____ Date _____	Chief Technology Officer _____ Date _____	Expenditure requiring any sort of investment	
Chief Financial Officer _____ Date _____	Chief Executive Officer _____ Date _____	Expenditure > \$25,000	
Expenditure > \$100,000 requires board of directors approval			

Check List for Capital Asset Request

- ☐ A completed Form No. _____ signed by the Executive Director
 - ☐ An identified campus representative who will manage the project work flow
 - ☐ Outline of the scope of work
 - ☐ Three (3) proposals / contracts that have been obtained to complete the work
 - ☐ A review and assessment of bids, identifying the recommended vendor and an explanation for the selection.
 - ☐ Total funds to complete the scope work, identifying all sources of funding.
- ### Check List for Emergency Capital Asset Request
- ☐ A completed Form No. _____ signed by the Executive Director
 - ☐ An identified campus representative who will manage the project work flow
 - ☐ Outline of the issue and proposed scope of work
 - ☐ Estimated cost of work and/or 1 proposal/contract (minimum)

See administrative policy No. _____ – Capital Expenditure Limits

Approval Needed	Up to \$10,000	\$10,000 - \$25,000	\$25,000 - \$100,000	\$100,000 - \$500,000	More than \$500,000
Campus Executive Director	✓	✓	✓	✓	✓
Chief Financial Officer		✓	✓	✓	✓
Corporate Facilities			✓	✓	✓
Chief Executive Officer			✓	✓	✓
Board of Directors				✓	✓
Feasibility Study					✓

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Unit Turn Standards

- Incorporate refurbishment plans that maintain marketability
- Develop bid forms with invitation to bidders
- Define assumptions for number of unit turns annually
- Consider type of re-occupancy (light and full)
- Establish appropriate Entry Fees pricing with Monthly Service Fees
- Define upgrades and selection process with incoming residents
- Timing to complete re-occupancies
- Set organizational standards
- Consider unit combinations

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2022 Considerations

- Inflation risk – speed to market, construction volume/costs, asset values
- Labor market—union vs non-union, shop vs field
- Materials market—commodity/materials prices, supply interruptions
- Extended construction and marketing timelines
- Market recovery timing, find a new normal
- Demand characteristics; Demographics remain strong, market is largely need-based
- Pivots or adapting post-pandemic is crucial (permitting, construction, pre-sales durations)

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CapEx Forecast Process

- Initial data gathering & conditions assessment
- Cost of replacement and improvements
- Reliable & accurate sources
- Discretionary vs. required & prioritize
- Budget across timeline (forecast) – can consider any number of years (3-15)
- Confirmation of fundamental forecast assumptions

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Investigation

- | | |
|---|--|
| <ul style="list-style-type: none"> • Data Collection <ul style="list-style-type: none"> • Site and floor plans • Square footage and program count/mix • Current year capital budget & emergency fund • Typical re-occupancy and refurbishment costs • Local market and contractor/supplier input | <ul style="list-style-type: none"> • Conditions Assessment <ul style="list-style-type: none"> • Exterior • Interior • Mechanical, Electrical, Plumbing (MEP) systems • Grounds |
|---|--|

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Other Categories

- Infrastructure
- Technology
- Campus Improvements (cosmetic)
- Strategy/Optimization
- Emergency Needs (consider 10%)

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Sources

- Infrastructure – professional assessments
- Technology – IT department, resident and employee feedback
- Campus improvements (cosmetic) First impression visits, Sales department
- Strategy / Optimization – industry trends, marketing studies
- Unit renovations – Repositioning units or common spaces market demand – market trends/unit marketability

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Summary Forecast Sample

Sample Community
Lincolnshire, IL

ARCH Consultants, Ltd

1-Sep-2018

Forecast Summary
With an annual escalation of 2%

Grouping	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Totals
Exteriors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interiors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MEPP/Vertical Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Escalation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grouping Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Building/Area	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Building 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building 4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Escalation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building/Area Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Other	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Site	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ReOcc/Refurb's	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Escalation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals (Build/Area & Other)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average per year total	\$0										
Average per year inclg Other	\$0										

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Budget Data & Reporting

Yearly \$ / Grouping

Yearly \$ / Building

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Importance of Forecasting

- Our responsibility to determine organizational needs
- Finance needs this information for modeling
- Mitigating risks to the organization
- A poorly maintained community effects marketability

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Key Performance Indicators

- Measurable data used to determine success towards objectives
 - Work order completion percentage
 - Days to resolve/close the work order
 - Number of overdue work orders
 - Labor time
 - Number of work orders
- Align KPI tracking with facilities policies
- Other measurable data
 - Utilities

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EVS/Facilities Dept Tech

- Electronic Work Order Systems
 - Less 'intermediates'
 - Real time reporting & historic data
 - Less down time/checking-in
 - Easier to track Key Performance Indicators (KPIs)
- Work Order Software
 - *TheWorxHub, Hippo CMMS, Maintenance Connection, Fiix, ManagerPlus, UpKeep, eMaint CMMS, FMX (Facilities Management eXpress), other...*

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Today's Takeaways

- Plan in order to increase asset useful life
- Identify KPIs to hold your team accountable
- Rely on your skilled team and external resources
- Balance existing assets with new physical plant investments
- Develop clear spending process to streamline spending
- Consider technology to increase efficiency
- Re-evaluate and adjust on routine basis



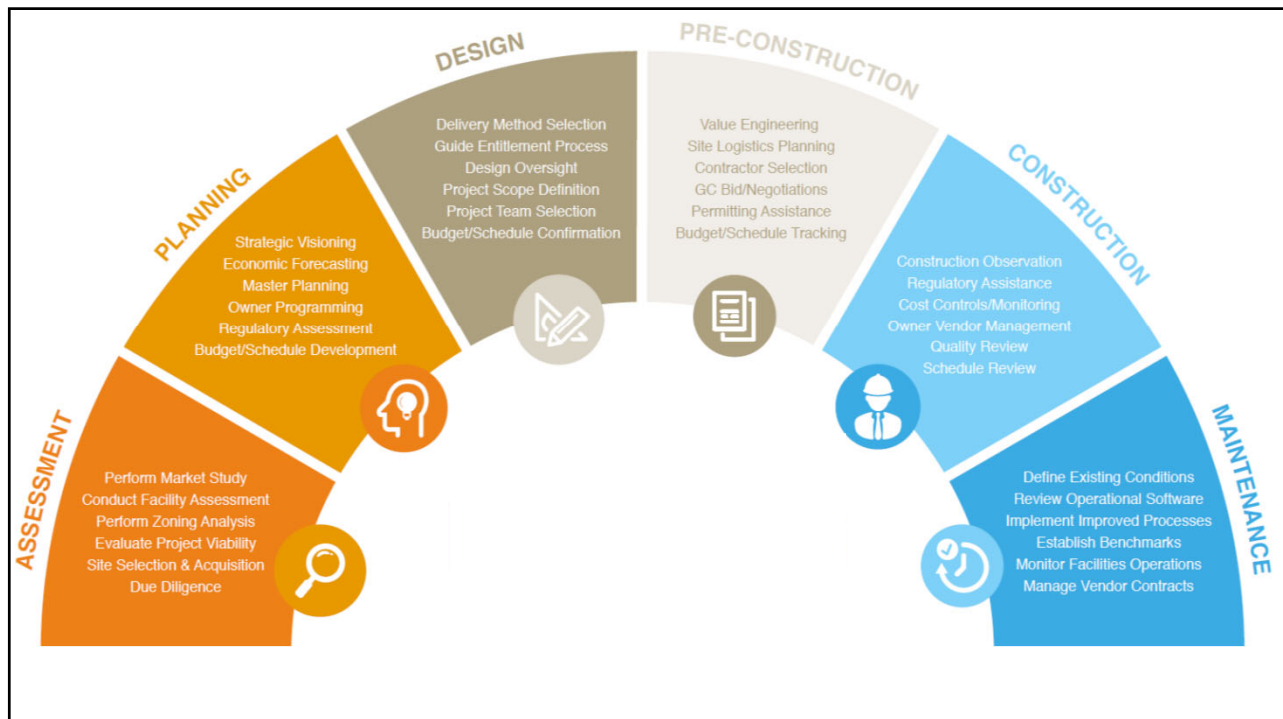
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Questions & Contact Information


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