



Using APPA Staffing Guidelines to Rebalance an Out-of-Balance Budget

Martha A. May, Senior Director, Buildings & Grounds
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AGENDA

- Introductions
- Current Challenges
- Rebalancing an Out-of-Balance Budget
 - Creating New Levels of Service
 - Results
- Questions and Discussion





Are you experiencing...

- Aging facilities?
- Increasing deferred maintenance?
- Deferred renovation / renewal?
- New capital construction?
- Declining budgets?
- Reductions in workforce?





If you answered...

- YES to any question:
 - Comfort in numbers
 - Share experiences
- NO to ALL questions:
 - Where do you work?
 - How can we apply?





Purdue University Facilities Info

- 38,600 students
- 150 Major Buildings
- ~15 million GSF
- \$41 million Budget
- 1,250 Physical Facilities Employees
 - 700 Buildings & Grounds staff
 - Non Union staff





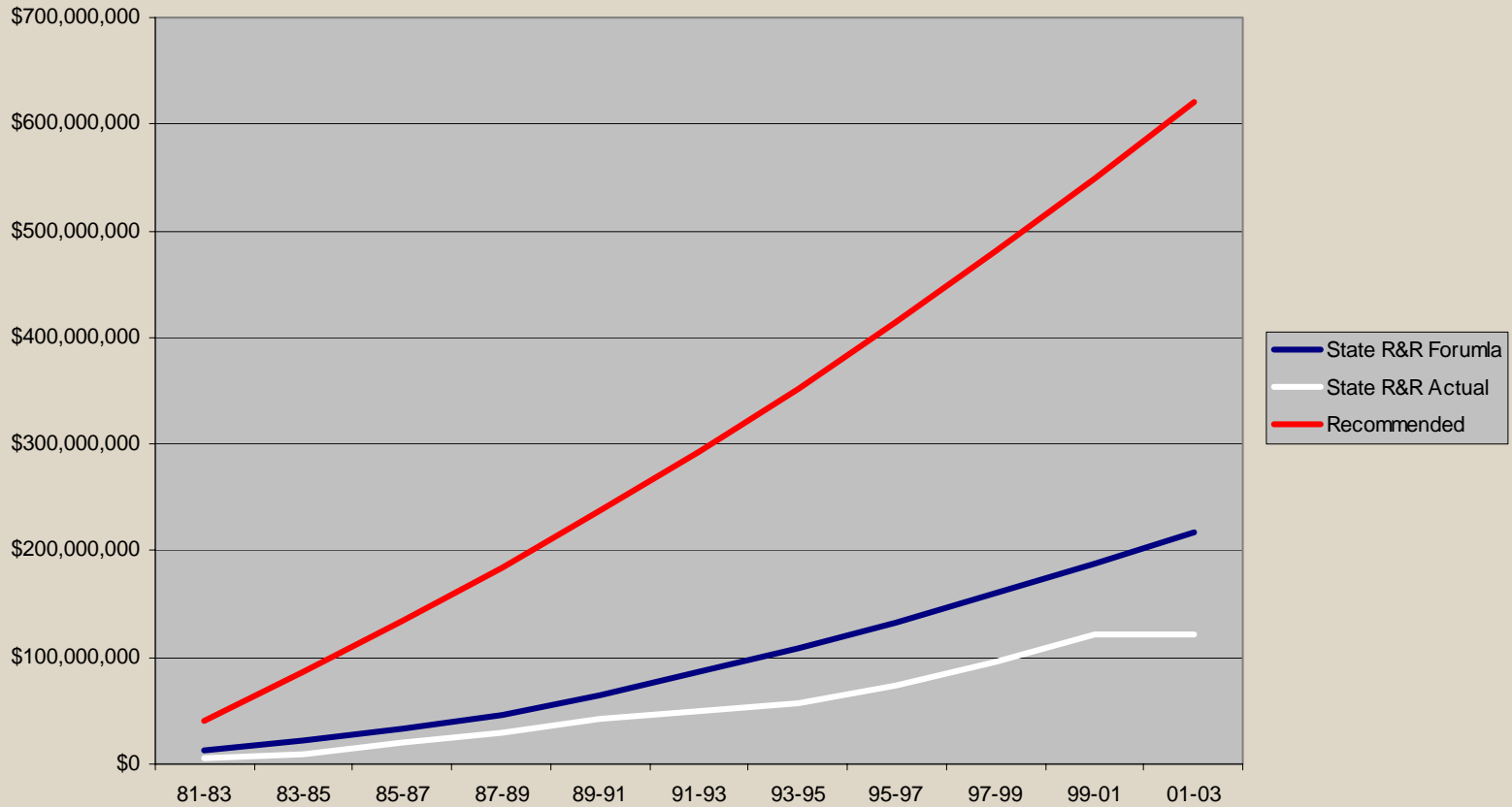
Purdue's Challenges

- Facilities: 50% = 26-50 years old
- Deferred maintenance: \$60 million
- + Deferred renewal: \$298 million
- New construction: Record-breaking
 - \$600 Million
 - 40 new buildings in 7 years





ACCUMULATED FUNDING LEVELS FOR MAINTENANCE AND RENEWAL 20-YEAR PERIOD





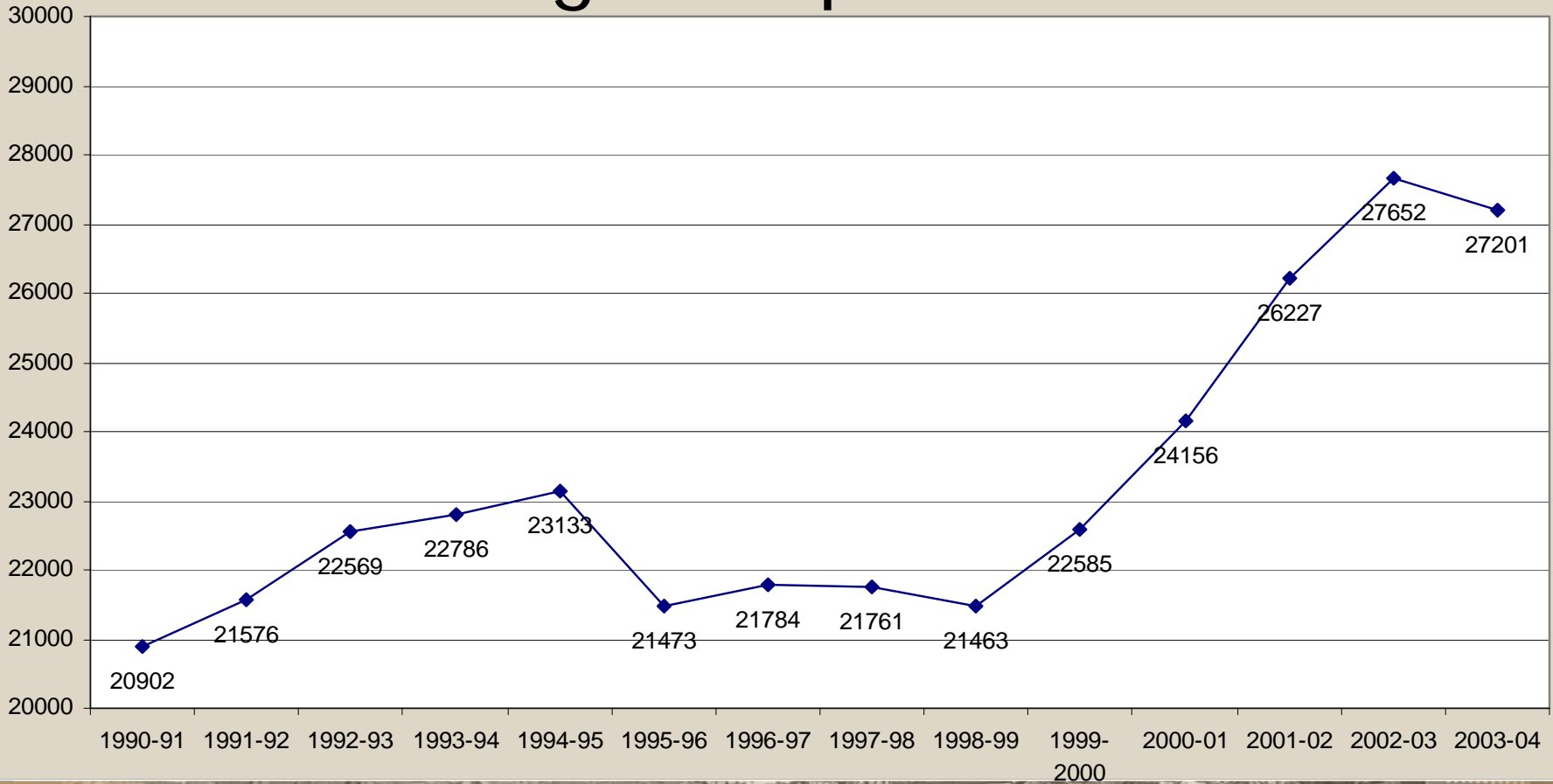
Purdue's Challenges

- Declining budgets: Yes!
 - 6 years with recurring budget cuts totaling 9.4%
 - 2 additional years with no S&E increases
 - Only 5 increases in wage line (overtime) in last 14 years, including 24/7 operations
- Reductions in workforce:
 - No layoffs
 - Holding vacancies





Cleaning Area per Custodian





Stewardship vs. Service

- What is Stewardship?
 - The role of Guardian of the university's capital investment in facilities
 - Activities related to extending the life of the building assets
 - Customer doesn't know or care
 - Important, but not Urgent





Stewardship vs. Service

- What is Service?
 - Support activities provided to the campus customers as needed and on request.
 - Ongoing or short duration activities
 - Makes the customer happy
 - Urgent, but not always Important





Is Budget in line with Concept?

- We have enough funding to address stewardship activities...
- Not enough funding to continue to subsidize service activities...
- Our Budget was out of balance!





Rebalancing Process

- Reconcile existing budget and expenditures
- Define categories of service functions
- Develop levels of service for each area based on APPA model
- Determine benchmarks and metrics
- Allocate recurring funding
- Refine results to match funds available





Categories or Priorities

Essential* - Activities required even when normal university business is shut-down (power plant, police & fire, emergency maintenance)

Critical* - minimum responsibilities for routine normal and ongoing campus activities (building operation, basic maintenance, grounds, and custodial care)

***Most Stewardship Responsibilities**





Categories or Priorities

Desirable - Services that enhance the campus environment or provide better service to meet customer needs (support for special events, enhanced custodial care, etc.)

Other - Services that we provide that are cost-effective/convenient, but are variable and on demand where the user pays or should pay total cost





APPA Custodial Levels

- Level 1: Orderly Spotlessness
- Level 2: Ordinary Tidiness
- Level 3: Casual Inattention
- Level 4: Moderate Dinginess
- Level 5: Unkempt Neglect





	Level 1 Orderly Spotlessness	Level 2 Ordinary Tidiness	Level 3 Casual Inattention	Level 4 Moderate Dinginess	Level 5 Unkempt Neglect
Custodial (Based on APPA standards)	Floors and base moldings shine and/or are bright and clean; colors are fresh. All vertical and horizontal surfaces have a freshly cleaned or polished appearance and have no accumulation of dust, dirt, marks, streaks, smudges, or fingerprints. Washroom and shower tile and fixtures gleam and are odor-free; supplies are adequate. ...	Floors and base moldings shine and/or are bright and clean. There is no buildup in corners or along walls, but there can be up to two days' worth of dirt, dust, stains and streaks. All vertical and horizontal surfaces are clean, but marks...	Floors are swept clean, but upon close observation dust, dirt, and stains, as well as a buildup of dirt, dust, and/or floor finish in corners and along walls, can be seen. There are dull spots and/or matted carpet in walking lanes, and streaks and ...	Floors are swept clean, but are dull. Colors are dingy, and there is an obvious buildup of dust, dirt, and/or floor finish in corners and along walls. Molding is dull, and contains streaks and splashes. All vertical and horizontal surfaces have conspicuous dust, ...	Floors and carpets are dirty and have visible wear and/or pitting. Colors are faded and dingy, and there is a conspicuous buildup of dirt, dust, and/or floor finish in corners and along walls. Base molding is dirty, stained and streaked. Gum, stains, dirt, dust balls, and trash are broadcast. All vertical and horizontal surfaces have major accumulations of dust, ...
Blind Shop (No applicable APPA Stds)	Annual cleaning of all blinds. Repairs completed with 24 hours. Special projects completed within 5 working days. New buildings (avg size of 100,000 NSF) online in one week.	Cleaning of all blinds within 18 months. Repairs completed within 1 week. Special projects completed within 5 working days. ...	Cleaning of all blinds within 3 years. Repairs completed within 2 weeks. Special projects completed within 10 working days. ...	Cleaning of all blinds every 5 years. Repairs completed within three weeks. Special projects completed with one month. New buildings ...	No regular Blind cleaning. Repairs done only as time permits. Special project work done only during semester breaks. New buildings (avg size of 100,000 NSF) would require additional/contracted ...
Lamp Shop (No applicable APPA standards)	All work requests completed the same day. All light fixtures in working order. All academic, low voltage, HID and emergency lighting systems maintained on a timely basis.	75% of work requests completed same day. No more than 5% of all lights out at any given time. Delays in maintenance for academic, ...	50% of work request completed same day. No more than 10% of all lights out at any given time. Delays in maintenance for academic, low voltage, HID and ...	Lighting in academic buildings replaced on an "as needed" basis. Requests would be prioritized with most urgent requests completed within one week. Delays in ...	Maintain essential minimal lighting in academic buildings. Many lights will be out in areas and only replaced when absolutely necessary. Maintenance for academic, low voltage, HID and emergency lighting systems ...





APPA Maintenance Levels

- Level 1: Showpiece Facility
- Level 2: Comprehensive Stewardship
- Level 3: Managed Care
- Level 4: Reactive Management
- Level 5: Crisis Response





Defined New Levels of Service

- Facilities Administration
- Design & Estimating Services
- Project Mgmt & Construction
- Graphic & Info Mgmt
- Utilities & Distribution
- Police, Fire, Fire Safety & Engring
- Parking, Env. Health
- Auxiliary Services
- Business Office
- Human Resources & Training
- Computer Support





New Levels of Service Examples

- Office of the University Architect
- Utilities Power Plant
- Purdue Police
- Facilities Administration





Office of University Architect

	Level 1	Level 2	Level 3	Level 4	Level 5
Customer Service	Project manager is the primary contact for all customer needs related to capital...	Function in an advisory/consulting capacity to departments on various building ...	Serve as primary customer and A/E contact throughout project design. ...	Function as project administrator and monitor progress. A/E has primary ...	A/E is the primary contact for all customer needs related to ...
Scope, Schedule and Budget	Total responsibility and accountability for all aspects of scope...	Responsible for scope, schedule and budget compliance from ...	Establish and monitor scope, schedule, and budget. Participate ...	Participate in milestone planning meetings. Responsible for ...	No direct responsibility for scope, schedule, ...
Administration	Negotiate custom contracts with A/E. Establish and monitor post occupancy inspection. ...	Assist in preparation of CPC-1 & CPC-2 documents. Maintain costing database. ...	Negotiate A/E contracts. Monitor project progress for compliance with A/E contract. ...	Negotiate A/E contracts. Monitor project progress for compliance with A/E contract. ...	Negotiate A/E contracts. Projects are managed by A/E.
Campus Master Planning	Maintain ongoing campus master planning process for West Lafayette campus and ...	Manage ongoing master planning process for West Lafayette campus. Participate in master plan update process ...	Manage campus master plan update process. Assist with periodic master plan updates ...	Periodically monitor the Master Planning process with the A/E. Consult on an as ...	A/E drives planning decisions on an as-needed basis. OUA participates on an as needed basis. ...
Design Standards	Maintain and continuously monitor/update ...	Establish and periodically update architectural design ...	Develop and maintain general architectural standards.	Provide design and construction guidelines to A/E as necessary ...	A/E develops standards for each project based ...
Programming	Assist SMAS with Academic Program. Produce complete Architectural...	Assist SMAS with Academic Program. Produce Architectural Program and design ...	Monitor Academic Program development. Assist with critical ...	Provide "boilerplate" program data to A/E to supplement Academic Program. No ...	No participation with SMAS to produce Academic Program. A/E produces ...





Purdue Police

	Level 1	Level 2	Level 3	Level 4	Level 5
Staffing	Sufficient for daily dispatch, patrol and investigation needs, proactive community policing activities, and Drug Task force. Fully staffed, active PSSP	Sufficient for daily patrol and investigation needs, some community policing activities, and Drug Task force. Fully staffed, active PSSP	Full shift coverage is the norm. Investigation staff minimum. PSSP staff for escort service and other PUPD needs. Drug task force staffed with one	Understaffed. Full day shift coverage full shift coverage at night is the exception. Investigation staff at a minimum. No proactive programs. Drug task force staffed with one. PSSP staffed only when funded by users	Critically understaffed; vacancies remain unfilled. Usually sufficient for shift minimums daily, full shift coverage is the exception. No PSSP staff
Customer Relations	Excellent; 95% of customer service surveys are positive; input gathered from focus groups of major customers; media coverage is consistently positive	Very good; 85% of customer service surveys are positive; media coverage is consistently positive	Good; over 50% of customer service surveys are positive; media coverage is neutral	Poor; 85% of customer surveys are negative; media coverage is usually negative.	Critical; 95% of customer surveys are negative; media coverage is consistently negative.





Utilities Power Plant

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
Physical Assets Condition	Installed firm capacity capable of meeting abnormal demands, high reliability to point customer doesn't consider loss of utility services in their activity and project planning, virtually no safety risk liability and immaculate in appearance.	Installed capacity capable of meeting abnormal peak demands, good reliability to the point customer seldom considers loss of service in their activity and project planning, assets are low safety risk liability and excellent in appearance	Installed capacity capable of meeting normal demands, reasonable reliability to the point customers accept 1 service interruption annually with few complaints, assets are reasonable safety risk liability and good in appearance.	Installed capacity capable of meeting normal demands, unreliable to the point service interruptions occur 2 to 3 times annually causing customers to consider back-up equipment at their facilities, assets are a significant safety risk liability and fair in appearance.	Installed capacity not capable of meeting normal demands, unreliable to the extent customers require back-up equipment at their facilities, assets are high safety risk liability and poor in appearance.
Maint. Activities	No corrective maintenance required, regular planned maintenance, and a fully implemented quality control and quality assurance program.	Rare occurrences of corrective maintenance activity (<10% of available man-hrs), regular planned maintenance occurs, and moderate use of quality control measures.	Occasional corrective maintenance activity (<25% of available man-hrs), and regular planned maintenance occurs, and limited use of Quality control measures.	Regular corrective maintenance activity (>50% of available man-hrs), and only minimal planned maintenance occurs.	Constant corrective maintenance activity (100% of time), and no planned maintenance occurs.





Facilities Administration

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
<p>All work products completed accurately and on time. Strategic plan looks several years in advance to plan and anticipate trends and issues. Significant proactive programs and planning processes to address emerging needs. Influential input into university fiscal decisions that impact facilities.</p>	<p>With few exceptions, work products completed accurately and on time. Strategic plan attempts to look in advance to plan and anticipate trends and issues. Several proactive programs and planning processes to address emerging needs. Proactive/reactive management mix 75/25. Input into university fiscal decisions that impact facilities.</p>	<p>Adequately staffed with appropriate skills to accomplish responsibilities. Occasionally rushed to meet critical deadlines. Most work products completed accurately and on time. Strategic plan attempts to look in advance to plan and anticipate trends and issues. Some proactive programs and planning processes to address emerging needs. Proactive/reactive management mix 50/50. Little input into university fiscal decisions that impact facilities.</p>	<p>Inadequately staffed with appropriate skills to accomplish responsibilities. Frequently rushed to meet critical deadlines with frequent errors. Strategic plan in place, but reactive only. Very few proactive programs or planning processes to address emerging needs. Proactive/reactive management mix 25/75. No input into university fiscal decisions that impact facilities.</p>	<p>Consistently misses deadlines. Inaccurate work product. Frequently fails to understand or follow correct procedures for university and state project approval. No strategic plan. Reactive management only. No input into university fiscal decisions that impact facilities.</p>





Capital Reserves

Level 1

Recurring reserves sufficient to replace vehicles and equipment on a life cycle basis including a reserve accumulation for major capital equipment. Vehicles and equipment enhance the department's ability to fulfill its mission.

Level 2

Recurring capital reserves sufficient to replace vehicles and equipment on a life cycle basis. Some recurring reserve for major capital equipment but supplemental funding must come from year-end balances. In most cases vehicles and equipment enhance the department's ability to fulfill its mission.

Level 3

Recurring capital reserves sufficient to replace most vehicles and equipment on a life cycle basis. No recurring reserves for major capital equipment and the funding must come from year-end balances. Vehicles and equipment neither enhance nor detract from the department's ability to fulfill its mission.

Level 4

Some recurring funding but level is insufficient to cover anything other than highest priority. Many department vehicles and equipment are well beyond their useful life and their condition reflects poorly on the university's image and has a negative impact on service and productivity. Lack of sufficient funding requires year-end balances to maintain even a minimal level of replacement.

Level 5

No recurring budget for capital equipment. Only year-end balances are available to fund capital equipment. Department vehicles and equipment are normally well beyond their useful life and their condition reflects poorly on the university's image and has a negative impact on service and productivity.





Central Reserves

Level 1

Recurring central reserves are sufficient to cover almost all unexpected problems. Cash reserves remains intact. Funds are available for program enhancements such as the Venture Grant program. Recurring reserve is 2.5% of recurring, non-utility budget.

Level 2

Recurring central reserves are sufficient to cover most unexpected problems. Only major problems require supplemental funding. Most years' balances are available to carry forward and maintain a cash reserve. Funds are available for high priority enhancements. Recurring reserve is 2.0% of recurring, non-utility budget.

Level 3

Recurring central reserves are sufficient to cover routine problems. Major problems require supplemental funding. Some years' balances are available to carry forward to build a cash reserve. Occasionally funds are available for high priority program enhancements. Recurring reserve is 1.5% of recurring, non-utility budget.

Level 4

Some recurring reserves are available to cover minor problems. Insufficient funding to carry over cash to build reserve balances. Supplemental funding required for anything other than minor problems. Recurring reserve is <1.0% of recurring, non-utility budget.

Level 5

No recurring central reserve budget. Reserve balances, if available, come from year-end balances. Even minor problems require supplemental funding from external sources.





Recurring Repair & Renovation (R&R) Funds

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
<p>Recurring funding is sufficient to maintain education and research facilities in “state of the art” condition. <i>“Buildings and equipment are routinely and regularly upgraded keeping them current with modern standards and usage. Breakdown maintenance is rare and limited to vandalism and abuse repairs. FCI <0.05”</i>. The condition and functionality of facilities significantly enhances academic units’ ability to accomplish their missions.</p>	<p>Recurring funding is sufficient to maintain most education and research facilities in “state of the art” condition. <i>“Buildings and equipment are regularly upgraded keeping them current with modern standards and usage. Breakdown maintenance is limited to system components short of mean time between failures. FCI 0.05-0.15”</i>. With few exceptions, the condition and functionality of facilities significantly enhances academic units’ ability to accomplish their missions.</p>	<p>Recurring funding is sufficient to address highest priority needs only. <i>“Buildings and equipment are periodically upgraded to current standards and use, but not enough to control the effects of normal usage and deterioration. Buildings and systems components periodically or often fail. FCI 0.15-0.29”</i>. Rate of repair/renovations stems the growth of the deferred maintenance and deferred renovation backlog, but is not sufficient to reduce the backlog. Only newest facilities are “state of the art”. Many older facilities hinder academic units’ ability to accomplish their missions.</p>	<p>Minimal recurring funding but level is insufficient to cover anything other than emergency needs. <i>“Normal usage and deterioration continues unabated, making building and equipment inadequate to meet present use needs. Many systems unreliable. Constant need for repair. Backlog of repair needs exceeds resources.” FCI 0.30-0.49”</i>. Rate of repair/renovations does little to stem the growth of deferred maintenance and deferred renovation backlog. The condition of facilities significantly hinders academic units’ ability to accomplish their missions.</p>	<p>No recurring budget for repair and renovation. Only year- end balances are available to address emergency needs. <i>“Normal usage and deterioration continues unabated, making building and equipment inadequate to meet present use needs. Many systems are non-functional. Repair instituted only for life safety issues. FCI >0.50”</i>.* The condition of facilities significantly hinders academic units’ ability to accomplish their missions.</p>





E PLURIBUS UNUM...





Realigned Funding on Stewardship Activities

- Public Safety Activities that protect and safeguard the campus community
 - Police and Fire protection, Emergency services
- Environmental Health Activities
 - regulatory monitoring, disposal and compliance





Realigned Funding on Stewardship Activities

- Utility production and distribution to campus buildings
- Basic operations & maintenance activities
 - planned and preventive
 - extend the life of the building assets
- Basic custodial & grounds operations





Cost of Service Model

- Need to obtain additional resources by implementing a fee-based “cost of service” concept on selected services to campus.
- These on-demand variable activities are funded by the requesting department.





“Free” On Demand Services

- Support for In-House and Contract work
- Project Estimates
- In-House Design work
- Equipment and Tool Usage
- Craft Supervision





“Subsidized” On-Demand Services

- Project Construction Supervision & Testing
 - benefits centrally funded
- All In-House Labor
 - Overhead charge did not cover vacation & sick leave expenses
 - benefits are centrally funded
- Parking





Services that will Remain Free

- Basic building O&M, custodial services and utilities for academic & administrative facilities
- Emergency services
- Hazardous waste disposal
- In-house “opinion of cost” estimates
- Craft supervision & support
- Equipment usage
 - until rates can be implemented





Services Provided for a Fee

- Established Fees:
 - Capital projects assessed a 2% project management fee based on project budget
 - includes benefits charges
 - Construction S&T rate now includes benefit cost but cost did not change to customer





Services Provided for a Fee

- New Fees effective July 1, 2004:
 - In-house estimates and design charged a flat rate of \$40/hr.
 - In-house labor overhead will be increased from 15% to 19%
 - benefits will remain centrally funded





Results of Rebalancing Process

- Funded stewardship functions at an appropriate level
- Shift to Cost-of-Service model
- Created detailed & understandable budget
- Defined clear outcomes
- Useful budget model to predict impacts of future budget changes





QUESTIONS?

Martha May
mamay@purdue.edu
(765) 494-0930

