PREVENT DEFERRED MAINTENANCE WITH RELIABLE LIFE CYCLE COST DATA

Dealing with deferred maintenance is like fighting a losing battle: a funding realignment or shortfall allows maintenance and repair issues to accumulate. The mounting backlog of needs then requires even more money. The result is an even greater backlog. It is a vicious cycle, but one that can be prevented with a life cycle cost solution.

Facility managers and owners in nearly every market face the considerable struggle of their growing list of deferred needs. In the education sector, the costs to overcome the backlog of repairs, then modernize facilities to meet current education, safety and health standards is a staggering $542 billion[1]. At universities, the need is also dire. Deferred maintenance on college campuses across the nation amounts to $36 billion[2]. If universities were to wait until an emergency situation to fix their facilities, they could end up paying as high as three to four times more than if they made scheduled facility renovations[3].

Similarly, roads and bridges in the U.S. are in need of updating to maintain their usefulness. The Federal Highway Administration projects that an annual investment of $20.5 billion is needed to eliminate our bridge deficient backlog by 2028[4]. Likewise, roads need heavy investment, and studies demonstrate the advantage of spending sooner rather than later. For every $1 spent now to preserve a road in good condition, it would cost up to 14 times more to repair that road, were it left to deteriorate to poor condition[5].

In the commercial market, building owners and landlords find difficulty in selling or renting space when repair and maintenance projects are deferred. In addition to having to increase spending to tackle a backlog of repairs, commercial building owners and landlords may have to reduce prices in order to attract tenants or sell the property, cutting into their profit margins. The former regional headquarters of Citizens Bank in New York was recently sold for only 69% of the original listing price, in part due to price reductions for deferred maintenance needs[6].

Just as waiting to fix universities and roads requires additional costs instead of performing the work ahead of time, building owners and managers who defer maintenance can count on paying up to 15 times more than the total repair cost in the future[7]. Those who do not regularly update buildings and equipment with preventive maintenance measures will see the life cycle of those assets slashed by as much as one-third[8].

Experts suggest performing regular facility assessments and studying the ensuing escalation of repair costs when making a case to others to reduce the backlog of repairs[9,10]. Chipping away at the trough of deferred maintenance measures will help to alleviate price pains. A more proactive approach, however, would be to avoid the backlog altogether. This can be achieved with Life Cycle Costing for Facilities from RSMeans from The Gordian Group. Life Cycle Costing data provides facility owners and managers with a clear estimate of the future operating and maintenance costs of their buildings and equipment. It allows owners and managers to more accurately budget for five, 10, and even 20 years down the road.

Using this data, managers and owners can complete their business case and provide their leadership with a schedule of specific maintenance and repair work, as well as the anticipated estimate costs associated with each. Using RSMeans' Life Cycle Costing for Facilities, building owners and managers can stay ahead of the game and anticipate future budgetary impacts. Life Cycle Costing for Facilities prevents the backlog, so owners and managers maintain budgetary control and avoid playing maintenance catch-up.

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3. http://www.sightlines.com/wp-content/uploads/2013/10/The-State-of-Facilities-in-Higher-Education-2013-Benchmarks-Best-Practices-Trends.pdf
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