

## ONGOING FACILITIES MAINTENANCE AND REPAIR

There are many operating budget implications of owning and even renting a new or renovated facility. Budget adequately for all ongoing maintenance services. You have invested in a quality facility and it is important to maintain the value of that investment.

**Maintenance:** Many building elements need to be maintained and cared for so that they function well and are less likely to need costly repairs. Postponing maintenance is a common way organizations try to save money. This practice is called “deferred maintenance,” and can lead to more and higher repair costs over time, sooner than projected replacement costs, and equipment that may not deliver the quality of service that it should.

During the final building walk-through, your contractor will give you the operating manuals for the equipment and materials used in the project. Use these for guidance in setting up a schedule of preventive maintenance for each system. Be sure to include the cost of this maintenance in your operating budgets, including the cost of service agreements. For example, a maintenance agreement on your air conditioning system will probably include the cost of an annual servicing when filters are replaced and ductwork is cleaned. Preventive maintenance like this extends the life of the system, reduces operating costs, and saves money on repairs over time.

**Repairs:** Repairs cost money, so budget adequately so that the building continues to look like it just opened. For the first year, you can estimate the cost of maintenance and repairs by consulting other organizations with buildings of similar size and age. In future years, your previous spending on repairs can provide a reasonable guide for budgeting. But expect repair costs to rise as the building ages.



Remember to publicly thank

those who have helped make

your facility a reality.

**Replacement:** As careful as you are about maintaining your facility and making repairs in a timely way, equipment and systems wear out and need to be replaced. Everything has an expected useful life: the roof material may have a useful life of 20 years, while flooring might last 12 years. Small items can be easily replaced using your repair budget, but for major expenses the best practice is to plan for them by setting aside a small amount in each year’s operating budget to fund a “replacement reserve account.” The replacement reserve is like a savings account to cover what would otherwise be a budget-breaking cost of replacing expensive items. Your architect and builder should be able to help you estimate the life of major items in your facility, and the cost to maintain and replace them. Working with your accountant, develop a plan to fund a replacement reserve in your annual operating budget.