


Capital Planning and Asset Preservation

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Welcome and Introduction

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- Certified Property Manager
- Master Facility Executive
- Certified Safety Manager
- Certified Safety Health Compliance Officer
- National Affordable Housing Professional Executive
- Credential for Green Property Management
- OSHA, NFPA, and EPA Accredited Professional
- Construction Supervisor's License
- Certified Home Inspector

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Workshop Objectives

- Overview of capital planning and why it is so important
- Understanding the PCNA report
- Long-term preservation planning
- Capital and annual budgets
- Impacts for not following the PCNA
- Capital Planning on a limited budget
- Importance of preventive and predictive maintenance for EUL

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Workshop Objectives

- Project Integration Management
- Scope Management
- Project Schedule Management
- Procurement & Cost Management
- Quality Management
- Resource Management
- Risk Management
- Reporting

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Getting Started

For the effective implementation of capital planning and asset preservation, you must be adeptly aware of the physical needs of your property.

This session will help you gain a better understanding of how to put this program together using your knowledge areas of property, facilities, rehabilitation and project management.

We will discuss the processes, specific steps, and examples associated with it.

Project Management Planning: Doing the work on paper before you do the work in real life.

Deborah Wipf



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Capital Planning Project Management

Capital Planning Project Management is about ensuring that the processes in the project (scope, schedule, cost, quality, etc.) are unified.

It is important to recognize that these processes are interdependent on each other and cannot occur independently.

Trying to manage a project without project management, is like trying to play a football game without a game plan.


Karen Tate

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Understanding the PCNA Report

Type of Report – Regular or Green
 Sections
 Financial Projections
 Funding Analysis
 Determining Future Needs
 What Happens If We Don't Get Something Done

"Pay me now or pay me later but if you pay me later, you pay me more."



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Sample Report

- In a traditional CNA, it is common for the assessors to informally comment on maintenance practices, or suggest discretionary upgrades that might affect operations, marketability, or occupant well being.
- This GCNA is aimed at more rigorously and more formally identifying green alternatives to conventional replacement of major components and systems. It offers options aimed at helping to:
 - improve energy and water efficiency,
 - reduce operating and capital costs by using durable materials and improved maintenance,
 - safeguard indoor environmental quality (IEQ) for residents, and
 - reduce the property's environmental impact.

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Sample Report (continued)

- Property Description
- Executive Summary
- Overview and Goals
- Sections
 - Site & Site Systems
 - Accessibility Requirements / Improvements
 - Mechanical Rooms
 - Building Mechanical & Electrical Systems
 - Building Architectural Systems
 - Dwelling Units
 - CNA Summary
 - Financial Projections (Typically 20-years)

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Sample Report (continued)

- Photo Journal
- Replacement Reserve (RR) Analysis
 - Existing Funding Plan – “As Is”
 - Alternative Funding Plan(s) – Capital Infusion
- EUL, *Expected Useful Life* Schedule
- Projected Capital Needs Matrix Over Twenty Years
 - Mechanical Room Systems/HVAC
 - Building Mechanical
 - Building Electrical
 - Elevators (if applicable)
 - Structure
 - Building Exterior

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Sample Report (continued)

- Roofs and Roofing Systems
- Building Interior
 - Halls
 - Stairs and Stairwells
 - Lobbies
 - Mail Facilities
 - Offices
 - Community Room/Areas
 - Common Area Restrooms
 - Laundry Room/Areas
 - Trash and Recycling
 - Miscellaneous – Site Specific

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Sample Report (continued)

- Dwelling Units
 - Living Area Finishes
 - Kitchens
 - Bathrooms
 - In-Unit Mechanical
 - In-Unit Electrical
 - Includes In-Unit Fire Protection Devices
 - Windows / Balconies
 - Appendix / Appendices

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Capital & Annual Budgets

It is important to always incorporate your capital needs items from the PCNA into your annual budget projections. Why?

Far too often we forget to use the PCNA as an annual planning tool when we create budgets. It is important to put in the information so that owners can make the best “informed” decision.

“A budget is telling your money where to go instead of wondering where it went.”

Dave Ramsey



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Long-Term Preservation Planning

It is vital that as a well-trained property professional, that you fully understand the need to look beyond today when it comes to long-term asset preservation.

PCNA’s are tools for us to use and advise others on what we can expect to happen within a generally defined timeline. These are not cast in stone but provide for a good measuring device on when something will probably need to be addressed.

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Impacts for Not Following the PCNA

There are many impacts for not following a PCNA. Including:

- Premature physical asset degradation
- Potential life/safety issues
- Opens the door to potential litigation and lawsuits
- Requires monies in other areas of your site’s budget to be reallocated
- Replacement reserve balances are not adequate causing owners to make tough financial decisions
- Could impact your reputation

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Capital Planning On A Limited Budget

When a site only has a limited amount of money, oftentimes decisions are made on where to direct those funds.
As we previously noted, when we get to this point, there may be cuts.
One way to look to help with this is by looking for outside financial assistance by applying for grants and other funding.
Oftentimes, this is a welcome cash infusion and can reverse something negative in the CAPEX program.

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Preventive and Predictive Maintenance

With site teams fully committed to providing top-quality customer service to the residents and other stakeholders, one tried and true way to do your part is by adhering to the PM and PdM program for your facility.

What does this mean? Discussion.

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Capital Planning Project Management

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A man can succeed at almost anything for which he has unlimited enthusiasm.
Charles Schwab



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Project Integration Management Definition

Project integration management is defined as the processes that are necessary to successfully carry out and coordinate the activities of the CAPEX project management process.



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Processes

- Developing a project master plan
- Writing the management plan
- Managing the project’s work through direction, monitoring, and controls
- Addressing and performing all revisions needed to complete all phases of the project.
- Project closeout and final report



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Specific Steps

- Identify and document all changes
- Review the changes and submit to ownership for approval or rejection and determine any decisions that must be made in relation to these actions
- Submit, track and monitor these changes and any actions taken in response.



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Project Management Plan

- Ensure that project documents are up-to-date
- This plan must include all the following:
 - Scope management plan and cost management plan
 - Quality requirements plan
 - Communications plan and resources plan
 - Scheduling plan and project life cycle
 - There must be a definitive goal to the project, and one of the project management necessities is the closure of the project.

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Project Management Plan

- There are several steps to this process and each one is required to ensure that the entire project's needs have been fulfilled.
- Ensure that all documents and other deliverables are up-to-date and completed.
- Confirm that any, and all changes to the project have been documented.
- Manage any accounts closely that have been opened in relation to the project.
- Keep detailed notes on everything along the way.



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Project Scope Management

Project Scope Management is considered one of the easier topics to work with, but it is important to keep in mind that once the work that needs to be done has been established, ONLY the work included in the project management plan can be done.


Plans are worthless. Planning is essential.
Dwight D. Eisenhower

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Project Scope Management Definition

Project scope management is the phase that includes steps in determining the various project costs, including the labor that will be required to complete the project in a timely and efficient manner.

This phase is exclusive to only the work to be performed at this point. Nothing else.



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Processes

- Scope Management Plan
- Collect the documentation
- Define the scope of the project in detail
- Monitor the status of the project
- Create the WBS
- Validate the scope of the project to formalize the acceptance of the project
- Control the scope to monitor the status

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Project Scope Management Process		
Process	Project Group	Key Deliverables
Planning Scope Management	Planning	
Collecting Requirement	Planning	Required Documents
Defining the scope	Planning	Project Scope statement
Creating the WBS	Planning	WBS dictionary, directory and breakdown
Validating the Scope	Monitoring and controlling	Acceptance of deliverables
Controlling the scope	Monitoring and controlling	Change Request Documented

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Specific Steps

- Product scope focuses on the end result, product, or service.
- Project scope focuses on the work that is necessary to deliver a specific service or product.
- Part of the scope management phase involves the validation of the scope, then managing the needs of the stakeholders.



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Examples

Managing the changes and requests for changes is included in this step of the project.

Scope management requires documentation on costs, work performance, schedules, etc.



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Project Schedule Management

Project managers should be knowledgeable with the project scope of work in order to solve any issues that may arise during the work phase of the project, most importantly scheduling.

The major reason for setting a goal is for what it makes of you to accomplish it.
Jim Rohn

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Project Schedule Management

- Deadlines
- Milestones
- Activities and their sequences



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Processes

- The activities that are required by the project schedule management need to ensure that the activities of the project are fluid, and able to change with the unexpected events that are guaranteed to arise. Some of these activities need to focus on the development, the monitoring, and the control of the project's schedules.
- Release and iteration timeframes are defined
- Detailing of the levels of accuracy for activities
- Update the scheduling statuses and document the progress

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Specific Steps

- Most likely - based on realistic expectations
- Optimistic - best-case scenario.
- Pessimistic - worst-case scenario.



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Examples

- Resource leveling - the goal is to balance the demand for resources with the availability
- Resource smoothing - the goal is to adjust the schedule so that resource use does not exceed a preset amount



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Project Cost Management

The best way to sum up Project Cost Management is to understand EVM, *Earned Value Management*. EVM is a powerful methodology that gives project managers, team leads, executives, and other stakeholders the ability to visualize project status throughout the project life cycle.

Expect the best, plan for the worst, and prepare to be surprised.
 Denis Waitley

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Project Cost Management Definition

- Financing and funding
- Cost of the resources
- Completed within the allotted budget



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Processes

- Plan cost management
- Breaking down each required activity
- Ongoing monitoring of the project

PROCESS

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Specific Steps


- Changes are dealt with in a timely manner
- Costs do not exceed the authorized budget
- Inform all appropriate stakeholders



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Examples

- Variance analysis: planned costs against actual costs
- Trend analysis: examines performance over time
- Reserve analysis, monitors the status of the contingency



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Project Quality Management

Simply put, project quality management is to ensure everything is in place to get the work get done right, the first time, and to avoid the need for contractors or others to return to perform or address original work.

A good plan today is better than a perfect plan tomorrow.
Proverb

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Project Quality Management Definition

- The project quality management stage encompasses all the activities regarding the project’s implementation including:
- Planning / Developing
- Monitoring
- Controlling the project’s quality requirements that were identified at the beginning of the project by the stakeholders

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Product Quality Management Processes

- Defines the quality standards for the project
- Integrating the standards into the team and the project’s activities
- Control quality through ongoing monitoring



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Specific Steps

- Standards and requirements
- Provide the guidance for the project
- Expectations for quality



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Examples

- Cause and effect diagram
- Flowchart
- Check sheet
- Histogram



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Project Resource Management

Project resources are typically not unlimited, so having a plan in place that allows you to figure out which resources are absolutely necessary and the ability to make the most of all resources is imperative.

The 'P' in 'PM' is as much about 'People Management' as it is about 'Project Management.'
Cornelius Fichtner

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Project Resource Management Definition

- Acquiring
- Developing
- Managing the resources necessary for the project



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Processes

- Draft a resource management plan
- Acquire the resources
- Manage the day-to-day
- Control resources



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Specific Steps

1. Resources that are pre-assigned to the project
2. Choosing from the best of the best
3. Manage the potential risk



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Examples

- Dedicated - no other work obligations
- Part-time - only be part-time contributors to the project
- Partnership - independent organizations



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Project Communications Management

Inadequate communication can negatively impact all aspects of a project, which can lead to issues such as low quality, increased risk, and a delayed schedule.

Ensure your documentation is short and sharp and make much more use of people-to-people communication.
Bentley and Borman

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Communications Management Definition


- Crucial to the project
- Distribute information
- How the information will be handled



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Processes


- Draft communication plan
- Manage communications
- Monitor communications



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Specific Steps

- Formal written - complex problems
- Formal verbal - presentations and speeches
- Informal written - texts
- Informal verbal- used in meetings



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Examples

- Trend reports – is performance getting better or worse
- Progress reports – what has been achieved
- Forecasting reports – what is expected in the future



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Project Risk Management

Proper risk management enables the project manager to maintain control of the project rather than being controlled by it.

It allows the project to be completed in a manner that is effective and efficient, as well as lessen stress on the project manager and team.

An ounce of action is worth a ton of theory.
Friedrich Engels

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Risk Management Plan Definition

- Potential for risks
- Mitigate damages
- Increasing the likelihood of positive events



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Processes

- Identify and analyze risks
- Plan responses
- Implement risk responses
- Monitor risks



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Specific Steps

- The methodology section that outlines how risk management will be performed for the project.
- The roles section that outlines the duties for which each individual is responsible.
- The cost section that outlines the budget designed for the risk management process.

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Examples

- External - regulatory items, market shifts, supply chain issues, labor shortages
- Internal - project scope changes, inadequate planning, increases to budget
- Unforeseeable - items that are unplanned or unanticipated



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Project Procurement Management

Direct contact with outside vendors and/or an internal procurement department is necessary in order to complete the project. You are required to have a basic understanding of contracts to ensure it is being properly followed.

Purchasing power is a license to purchase power.
Raoul Vaneigem

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Procurement Management Definition

- Most companies have a procurement process already in place
- Acquiring the goods and services necessary at the fairest price



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Processes

Once the documents have been sent to the seller, the buyer and seller work together to ensure the terms are agreeable, the purchase is made, and then payment is made.



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Specific Steps


- There are three main types of SOWs:
- Procurement
 - Functional
 - Design



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Examples

- The deliverable schedule
- Standards that must be met
- The payment schedule



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Project Stakeholder Management

Managing stakeholders is not about telling others what to do; it is about engaging them and getting their input.

Having their input is vital to making sure they have no complaints, and ensuring the final product is on target with their needs.

To make progress, we have to build a multi-stakeholder process, harnessing the appropriate energies.
Mary Robinson

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Stakeholder Definition

- Those who are affected by the project
- Entire organizations
- Technical experts



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Processes

The four processes in Project Stakeholder Management:

- Plan stakeholder engagement
- Manage stakeholder engagement
- Monitor engagement



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Specific Steps

- Determine the key stakeholders
- Prioritizing your list
- Several models can be used



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Examples

- Company executives
- Project team members
- Customers



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Words from the Wise

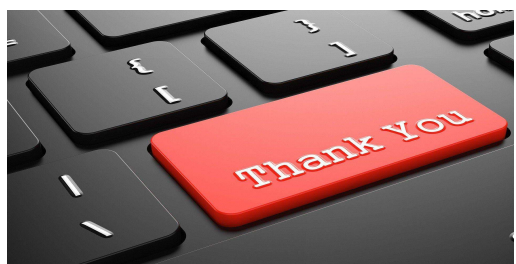
Joy Gumz - Operation keeps the lights on, strategy provides a light at the end of the tunnel, but project management is the train engine that moves the organization forward.

Charles Schwab - A man can succeed at almost anything for which he has unlimited enthusiasm.

Stephen Covey - All things are created twice; first mentally; then physically. The key to creativity is to begin with the end in mind, with a vision and blueprint of the desired result.

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Wrapping Up



Being a project manager is like being an artist, you have the different colored process streams combining into a work of art.
Greg Cimmarrusti

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THANK YOU

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