

Property management fundamentals



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Background of Property Management (worth 10%)

Introduction to property management & relation to case study

In property management, there are various areas that require critical view as far as corporate social responsibility, government commitment and improve marketability or corporate image. Property management seeks to improve productivity and increase staff retention and attraction. According to the case study property management in Australia should focus on reduced energy use through increased natural lighting, reduced solar load, and solar hot water heating and promoting alternative transport means within the city.

The dimensions of property management should focus on the physical environment in the context of ensuring that there are reduced emissions, ensure the use of non ozone depleting refrigerant, and ensure increased fresh air and use of low gassing materials. Technology in property management cannot be left behind. The recent advancements in technology should promote the use of chilled beams, smart lifts, low e-glazing, adaptive management systems, wireless enabled infrastructure. Recycling is a fundamental part of property management in the context of water harvesting, use of recycled steel and concrete and also the use of salvaged materials.

Sustainability is fundamental in property management. According to the case study 2 this can be achieved through 30% reduction in green house gasses through energy savings and ensure up to 50% savings in water consumption. Sustainability should focus of increasing up to 4% staff productivity, improved occupant health, and wellbeing. It should also ensure that there is

substantial reduction of resource depletion and ensure less waste from those properties.

Background research of the case study topic and targeted problems identified

The purpose of this case study is to articulate the property management practices that can provide facility management programs, standards and staffing practices. The study seeks to emphasize on maintenance operations and space management which are the primary responsibilities of property management. The responsibilities attached to this property management range from different profiles such as size, use, type of space and industry. While the case study is focused on improving the environmental performance so as to battle against the impact of climate change.

Another targeted problem in this case study is to ensure that property management is committed to sustainability in all aspects. There should be policies set out in the national office that are designed to reduce energy consumption, encourage recycling and limiting the need for pollution-intensive modes of transport. The issue of ergonomics and emergence response that entails flexible work arrangements and smart buildings are the most important issues targeted in this case study. Leading issues in the design of properties in this case studies concern recycling, emergency response and telecommunications.

Strategic Property/Facilities planning (worth 20%)What planning will be required and for what?

Planning in this context will take three different forms which include site, project, and master planning. The planning for the proposed properties must be coordinated with various appropriate regional planning agency, the various state agencies, local and area industry and the general public (Rayfield, 1997). The purpose of site planning is to ensure that there is public involvement in an integral part of the planning process. This is to ensure that any planning effort can be implemented (Rayfield, 1997). This implies that the site planner should not lose sight of the fact that planning whether for general development or for a specific project is done for a constituency. This means that site planning seeks to ensure that it has incorporated the needs and desires of those who live and work in the project area.

In this context, planning ensures that there is a proper coordination with other proposed projects, existing plans within the area or location, special interest groups, and public bodies (Rayfield, 1997). Both site, project and master planning will ensure that the planning process acts as a communications system for the various disciplines involved in a project, for environmentalists, designers, managers and other involved in some way in the project or planning situation (Rayfield, 1997).

When are the milestone dates likely to be and for what?

Review and evaluation of the current situation in as far as site planning and project planning is concerned is one of the key milestones. This can take a period of one month which should go in parallel with the development of requirements (Lodge & Morris, 2008). At this milestone the individuals in charge of the planning process is to indicate current facilities, policies,

attitudes, and trends. This milestone should take a period of one month/ 30 days. Other milestones according to Lodge & Morris (2008) are to ensure optimization of location advantages, space utilization, and layout configuration. Developing an in-house team, Come up with a decision making process, identify project needs and objectives, selecting and define the consultant team, developing project schedule and budget.

How will the project be run, managed, and reported?

The project will be planned and organized during the project organization phase. During this phase the team in charge of this project will ensure that there is a detailed project planning that will respond to the requirements of the organization during the entire period of project implementation (Lodge & Morris, 2008). The project will be run, managed, and reported through the structure lay down in the project organization phase. Lodge & Morris (2008) says that this implies that the initial planning process of gathering information, people, and procedures will be significant in running this project. Its reporting will undertake well founded strategies, coordination, and communication with all the relevant stakeholders in the project.

Who are the stakeholders involved and their roles?

Lodge & Morris (2008) says that the in-house team will be in charge of interfacing with senior management, users, and special interest groups in the development of the property. In addition they will be responsible for gathering and coordinating information and responses throughout the development of the project. They also indicated that in-house team will define the project need and objective and at the same time work with the

various interest groups in the development of requirements (Lodge & Morris, 2008).

Property consultants will be involved in the development of options for the in-house team, review the alternatives, provide input, and at the same time make recommendations for further actions (Rayfield, 1997). The consultant team will comprise of the real estate management who will do a market research, analysis, purchase, sale, and leasing representation. The project managers will draft the cost and schedule control, do project documentation, and construction quality assurance. Rayfield (1997) indicated that internal architectures will come up with program development, space planning, design, and documentation for construction and furniture procurement and general construction monitoring.

Engineers will include mechanical, electrical, plumbing, and structural analysis and design (Williams & Purdey, 2005). Other specialist includes audiovisual, lighting, security, and telecommunications, cost estimating and records management. Williams & Purdey (2005) indicated that there must be thorough consultations between the stakeholders especially between project consultants, engineers and the in-house team.

Asset management (worth 20%)

What assets are involved. What needs to be budgeted?

Langford & Retik (2010) indicated that the assets involved in this property development include land and buildings for administrative purposes, motor vehicles, computer equipment, plant, electrical and fixtures and fittings, staff

amenities, equipment telephones and data communication systems. The above list includes the assets that need to be budgeted for during the property development. Power (2008) noted the reason to budget these assets is so as to identify ongoing maintenance costs need to bring and keep satisfactory services.

The assets used should be incorporated into the accounts. The budget for these assets should include their values, existing historic accounting of the assets and cost of consumption of service potential of the asset (Langford & Retik, 2010). Another benefit of budgeting is to measure the cost of consumption or wastage of the above assets through regular charges of the operating statement (Power, 2008). In addition the property managers should provide asset register that can be used for more effective management decision making on asset management.

When will the assets be required?

Assets will be required during the start of property development including the planning phase. This implies that asset management plan is required at the onset of the project and it should be formulated based on a specialist technical audit of the property owners or organization needs and objectives (Langford & Retik, 2010). Incorporating asset management at the start of the project means that the stakeholders can make enhancements on asset management procedures that eventually result to large benefits achieved quickly with minimal additional cost (Paxman, 2007).

How will the assets be managed and reported on?

The stakeholders of the property who include engineers, property managers, designers, architects will come up with a methodology for determining the condition of the available assets. The methodology will be built into the daily operational and facilities management process of the facility managers.

Langford & Retik (2010) established that to facilitate real-time asset management technology is required in order to simplify the process of data capture, update, and reporting. At the same time large amount of information is required to identify the condition of assets and should be made accessible for informed policy decisions as well as daily facilities management decisions (Lodge & Morris, 2008).

In the management of these assets there should be a maintenance program which should make a difference between maintenance expenditure and capital works improvements. The reporting of the assets should give an allowance of the current physical condition of the assets used in the process of property development (Wurtzebach & Miles, 1994). The following considerations should be made when managing and reporting the assets that are the cost associated with bringing that asset up to an acceptable condition, an estimate of the remaining life of the asset, level of usage of the asset and previous maintenance history of the asset (Langford & Retik, 2010).

Who will own the assets and when?

The assets involved in the development of this property include land and buildings for administrative purposes, motor vehicles, computer equipment, plant, electrical and fixtures and fittings, staff amenities, equipment

telephones and data communication systems (Langford & Retik, 2010). Asset ownership in this case will come at different levels. The facility managers will own computer equipments, part of the motor vehicles, staff amenities, and equipment telephones and data communications systems. Langford & Retik says that the engineers will own plant, electrical and fixtures and other fittings (2010). The ownership of the assets is based on the role each stakeholder plays in the property development. Mechanical engineers, planners, interior designers can use their own assets or lease them based on the agreement with property owners.

Maintenance Management (worth 20%) What will require maintenance?

After the completion of the project, the facility manager will receive warranties on the equipment as well as training and maintenance procedures from the manufacturers. In addition the manager will have to develop procedures and schedules for all responsibility areas within the facility (Learoyd, 2006).

When will maintenance be required?

Maintenance is supposed to start after the completion of the property (Learoyd, 2006). It is however to note that initial projections of when to start maintenance should be obtained from equipment suppliers, utility and the architect and engineers. Old or aging equipments and assets that belong to the facility will have to be replaced and conditioned (Learoyd, 2006). The rooms will have to be refurbished after a certain period of time to minimize wear and tear.

How will maintenance be performed and for what?

A scheduled maintenance for all equipments, systems, interior and exterior areas and the grounds will be developed (Seibert, 2009). This is because a good maintenance will eventually increase the life span of equipment and element of the facility (Price & Wallbank, 2007). At the same time quality janitorial service will ensure that the facility maintains a good visual appearance. Seibert (2009) say that grounds care will be done regularly which include aspects of weeding, mowing the lawn, and ensuring that all plants are watered. It will also involve trimming overgrown bushes because they can be a security concern of the facility.

Who is responsible for maintenance?

The facility management team will be responsible for the maintenance. The team may include the facility manager, assistants, a janitorial company, grounds maintenance company, signage company, electrical contractor, plumber, designer/architectural consultant for leasing and remodeling the space, manufacturers maintenance companies and general contractor for small changes Seibert (2009). This team will be responsible for responding quickly in emergencies instead of having to go through the selection process or work with untried firms (Wallace, 2007).

Energy Management (worth 20%)

What energy management will be required?

Diacono (2008) says that energy management is an integral part of property management. Australia's increased environmental and compliance costs

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coupled with pressure on capital budgets to fund infrastructure improvements have forced the industry to look to a range of innovative approaches to addressing improved energy efficiency (Diacono, 2008). There will be a need to realize that the owners of the property are capable of generating fundamental benefits to the organization by implementation of holistic scheme of energy efficiency measures which will bring the benefits of reduced operating costs and improved environmental credentials (Diacono, 2008).

When will energy management start?

Energy management will start after the completion of the property development. This means that managers will immediately be on the lookout for a way to implement new technologies that will improve energy efficiencies but without the daunting capital costs normally associated with a major equipment upgrade (Diacono, 2008). This has led to the increasing popularity of performance-based contracts for energy efficiency improvements. Williams & Purdey (2005) indicated that through a performance-based contract, energy service providers such will guarantee the financial and technical delivery of energy and operational efficiencies and use the cost savings generated to fund the upgrade of existing infrastructure.

How will energy management be achieved?

Energy management is possible through the sophisticated application of a range of engineering solutions and a proven methodology for analyzing and improving utilities management to obtain the maximum possible energy

savings (Williams & Purdey, 2005). The positive cash-flow generated from the resulting energy efficiencies (for example, reduced power consumption) is used to fund required capital improvements required to deliver the ongoing energy savings, such as the replacement of old or inefficient central energy plant equipment.

Energy providers like Honeywell contractually guaranteeing the savings and owning the risk of delivering the savings over an extended period of time, it is now affordable for any organization to achieve green house emission reductions and long-term sustainability (Williams & Purdey, 2005). There are a number of strategies that can be incorporated into building management to ensure a focus on energy efficiencies. These include: Meter management - allocate, track and understand baseline energy usage on a real-time basis across the enterprise and respond to real time anomalies (Williams & Purdey, 2005).. Alarm management - establish rules for more efficient energy usage and generate alarms based on present demand limit thresholds, forecast loads and variable price factors (Williams & Purdey, 2005). Trending - identify the effects of operational changes on energy use and modify operations accordingly (Williams & Purdey, 2005). Optimal energy management - using energy management software to drop loads or bring on-line local generation capacity during peak usage or peak pricing Whether applying energy performance contracting or under taking a specific energy reduction project, major savings, improved capital equipment asset portfolios and reduced greenhouse emissions can be achieved with little long-term capital outlay and minimal risk (Williams & Purdey, 2005)

Who is responsible for energy management?

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The organization owning the property will be responsible for energy management which means the property manager or the organization will react to the new energy management with a minimum compliance approach (Simson, 2008). As a result a growing number of organizations want to do more to manage their energy utilization (Williams & Purdey, 2005). Williams & Purdey established that the facilities managers are expected to cut energy costs and improve performance while increased profits are demanded without increased operational funding (2005). When applied to energy management, this has resulted in further pressure on existing infrastructure, on operations and on the people that manage them.