

Kings III's

TOP 5

**Ways For
Property
Managers to**

CUT COSTS

Table of Contents

INTRODUCTION ▶ 3

PRIORITIZE ▶ 4

PRACTICE ENERGY EFFICIENCY ▶ 6

STANDARDIZE PROCUREMENT ▶ 11

UTILIZE PREVENTATIVE MAINTENANCE ▶ 13

HOLD OCCUPANTS LIABLE ▶ 16

CONCLUSION ▶ 19

ADDITIONAL RESOURCES ▶ 20

Introduction

We can't think of a single workplace industry in which lowering the costs of operation is not a desired objective. Property management offers no such exception. However, property managers specifically must take special care and considerations in determining how to cut costs, as cost reduction measures taken can directly affect their occupants through the quality of their properties. Luckily, there are several tried and true cost cutting strategies implemented by property managers worldwide that can be used as examples. This guide will cover **FIVE** of the top methods that property managers can implement to cut their costs without sacrificing quality.



1 Prioritize

The first and most simple action to take when attempting to cut costs is basic: **PRIORITIZE**. In order to properly prioritize all of your costs and assess where adjustments should be made, you will need to take a thorough look at all of your assets/systems, including areas such as HVAC or life safety. As you do so, put them in an order sequentially based on importance. This should be done at a regional or company level, and management should all be in consensus with what is considered top priority.

Once you do this, begin to list out all of the maintenance items involved with each system. Later on in this guide, we will discuss preventative maintenance as a method for proactive saving. However, there are certain aspects of preventative and regular maintenance that can be considered non-critical and are often areas that property managers prioritize when looking to save money. While maintenance items affecting life safety (a system likely very highly prioritized) are obviously not to be compromised, there are more routine maintenance items that can potentially be performed on a less frequent basis in order to cut costs. Examples of less critical maintenance items that property managers may consider doing less often where able include emptying the trash and changing out light bulbs.

1 Prioritize

The key to effectively cutting costs without compromising quality when prioritizing maintenance items is to have a clear idea of the following:

- 
- ✓ **ALL MAINTENANCE ITEMS PERFORMED**
 - ✓ **THE FREQUENCY OF EACH MAINTENANCE TASK**
 - ✓ **EXPENSES INVOLVED WITH THE MAINTENANCE**
 - ✓ **HOW THE MAINTENANCE AFFECTS THE BUILDING AND ITS PERFORMANCE**
 - ✓ **THE POTENTIAL COST INVOLVED WITH REPAIRING AN ASSET/SYSTEM ASSOCIATED WITH THE MAINTENANCE TASK SHOULD SOMETHING GO WRONG**

As we mentioned earlier, regular and preventive building maintenance can be absolutely essential to cutting costs and saving money. Many of you may go through the process of prioritization and determine that all current maintenance programs are essential in order to preserve your building's overall quality. However, it is important to regularly assess and prioritize these items to have a good idea of how they all contribute to building performance and to become aware of any oversights involved with excessive and unnecessary costs that don't necessarily contribute to perceived quality of life to your community or don't stand out as attractive to new occupants.

Practice Energy Efficiency

2

The previous section involved making smart cuts and reductions in order to cut the property/facility manager's overall costs. Instead of cutting back, this section, suggesting energy efficiency practices, involves making alterations to or even enhancing existing building systems in order to achieve long term cost reductions.

We are sure you are aware of the desirability of energy efficiency in property management. Not only can it cut costs, but it can also actually benefit profitability by being an enticing building attraction to renters.

A KINGS III TIP: YOU CAN ACTUALLY CUT COSTS WHILE CUTTING COSTS! SEE HOW TO RECEIVE FUNDING, REBATES, AND TAX REDUCTIONS THROUGH [ENERGY EFFICIENCY INCENTIVE PROGRAMS](#).

Practice Energy Efficiency

2

When it comes to energy efficiency, efforts can fall under two different strategy types: passive and active efficiency.

PASSIVE EFFICIENCY involves altering, enhancing or adding building systems and/or fixtures in order to achieve significant energy and cost savings over an enduring period of time. An example of passive energy is installing energy efficient lighting systems and light bulbs in place of your existing lights that require more consumption.

ACTIVE EFFICIENCY includes tactics such as enforcing reduced power and water expenditure and using reusable products in place of disposable ones.

This guide's focus will be on passive energy saving techniques, as they are more easily and effectively implemented and enforced.

Practice Energy Efficiency

2

There are countless building fixtures and systems that can be examined in order to achieve energy efficiency. In this guide, we will focus on two of the most widely looked at areas for energy efficiency: lighting and HVAC systems. Below, you will find tips to increase efficiency in each of the of the previously mentioned categories.

LIGHTING ENERGY EFFICIENCY

- ✓ **IMPLEMENT LIGHT SWITCH SENSORS THAT CONTROL LIGHT BASED ON DAYLIGHT, OCCUPANCY AND/OR SCHEDULES**
- ✓ **USE ENERGY EFFICIENT LIGHT LAMPS. LIGHTING SYSTEMS SHOULD USE LESS THAN 1 WATT PER SQUARE FOOT. COMMONLY USED ENERGY EFFICIENT LAMPS:**
 - ✓ FLUORESCENT LAMPS
 - ✓ HIGH-INTENSITY DISCHARGE LAMPS (HID)
 - ✓ LED LAMPS
- ✓ **FOR CURRENT TO LAMP REGULATION, USE ENERGY EFFICIENT BALLASTS. EXAMPLES INCLUDE:**
 - ✓ FLUORESCENT BALLASTS
 - ✓ Rapid start ballast
 - ✓ Instant start ballast
 - ✓ Program rapid start ballast
 - ✓ Dimming electronic ballast
 - ✓ ELECTRIC HIGH-INTENSITY BALLASTS (HID)
- ✓ **OPTIMIZE YOUR LIGHTING SYSTEMS HOLISTICALLY BY INSTALLING LUMINAIRES-FIXTURE UNITS THAT INCLUDE BALLAST(S), LAMP(S), LAMP SOCKET(S) AND SHIELDING (I.E. REFRACTORS, LENSES, BLADERS, LOUVERS, ETC.)**

Practice Energy Efficiency

2

HVAC ENERGY EFFICIENCY

- ✓ **IF YOU ARE IN THE PROCESS OF SELECTING OR DESIGNING A BUILDING, SEEK BUILDINGS THAT ARE DESIGNED WITH HVAC ENERGY SAVINGS IN MIND. THE FOLLOWING ARE DESIRABLE ENERGY SAVING DESIGN TECHNIQUES:**
 - ✓ [PASSIVE SOLAR HEATING](#)
 - ✓ LANDSCAPING THAT PROVIDES AMPLE SHADE
 - ✓ USE OF [BUILDING ENVELOPES](#)

- ✓ **HAVE AN AUTHORIZED ENGINEER INSPECT YOUR CURRENT HVAC SYSTEM TO DETERMINE THE NECESSARY EQUIPMENT REQUIRED. MANY HEATING AND COOLING EQUIPMENT SYSTEMS ARE SIZED TO MEET CONDITIONS FOR HVAC EQUIPMENT THAT IS FULLY LOADED, OR WORKING AT ITS NEARLY MAXIMUM OUTPUT (FOR CONDITIONS THAT VERY RARELY OCCUR), MEANING THAT HVAC SYSTEMS ARE DELIBERATELY OVERSIZED A VAST MAJORITY OF THE TIME. IF SO, A REDESIGN CAN BE CONSIDERED FOR ENERGY EFFICIENCY.**

- ✓ **ADD BUILDING INSULATION TO DIMINISH THE AMOUNT OF HEAT AND AIR CONDITIONING LOST BY THE BUILDING.**

Practice Energy Efficiency

2

HVAC ENERGY EFFICIENCY CONT.

- ✓ **DOUBLE OR TRIPLE GLAZE WINDOWS WITH COATED (LOW-EMISSIVITY) GLASS TO AVOID THE EXCAPE OF HEAT THROUGH YOUR WINDOWS- GOOD FOR MANAGERS WHOSE WINDOWS ARE ALREADY IN NEED OF ALTERATION OR REPAIR.**
- ✓ **INSTALL AN ENHANCED AUTOMATED CONTROL SYSTEM AND COMPATIBLE CONTROL EQUIPMENT ON YOUR BUILDING'S MECHANICAL AND ELECTRICAL SYSTEMS TO KEEP YOUR HVAC SYSTEM FROM OVERWORKING BY ALLOWING FOR CONSTANT ADJUSTMENTS BASED ON ENVIRONMENTAL FACTORS AND OCCUPANT DENSITY.**

These are some of the many available measures that you can take in order to improve upon your building's energy efficiency. For a more in-depth look at lighting and HVAC energy efficiency as well as energy saving tips in other systems, such as your elevator system, download our free guide, ["Energy Efficiency for Commercial Buildings."](#)

3 Standardize Procurement

Effective building management involves purchasing a multitude of products as well as services in order to keep everything looking and running like a well-oiled machine. Because of this, it should come as no surprise that these products and services can greatly affect the profitability of a building. We are not suggesting that you buy less or buy cheaper products and services. Quality should definitely be important here. Instead, we strongly urge you to develop a standardized system of procurement that allows you to buy at the standard required and save money at the same time. As opposed to buying as needed/when an issue or a deficit arises, having a strategy for making purchases will allow for efficiency and provide more visibility for potential cost cutting opportunities. Below are strategies for saving money through purchasing standardization.

Keep track of product warranties.

We've already mentioned the vast amount of product purchasing required in building management, right? The more items purchased, the more opportunities there are for product deficiencies, breakdowns or other things to go wrong. That's what warranties are there for! Don't throw money down the drain by not getting properly compensated in the event of a product mishap. Product or service have a lifetime warranty? Even better!

It is essential for those in property management to keep track of any and all warranties involved with every single product purchased in one centralized place, whether it be in an accessible Excel document or through more advanced warranty tracking software. This way, if a sudden issue with a property fixture arises, its product number can be searched within the warranty database to ascertain if it is still covered. If it is, the proper steps can then be taken to get the item replaced. Without a standardized method for keeping track of warranties, something like this would likely slip through the cracks and unnecessary money would be spent replacing the fixture.

3 Standardize Procurement

Negotiate prices at portfolio level.

In order to cut costs, property managers should get the most they can out of volume discounts by coming to price agreements based on all properties managed by the company as opposed to price negotiations based on individual properties. With a much more “buying in bulk” approach, rates will likely be substantially improved.

Review products and standardize at the company level.

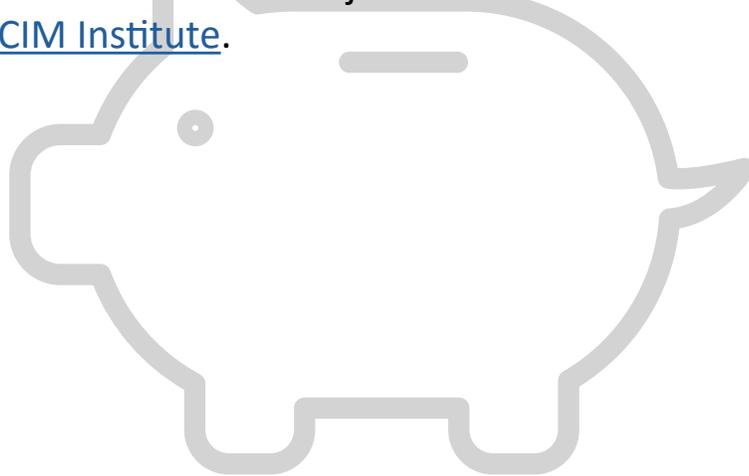
If your property management company is not already standardizing products at the company level, you should be advocating for them to do so. A successful standardizing system involves a regular (yearly) review of all products/brands against any company product specifications and selecting specific product types to be used at all locations then negotiating pricing and agreements at this level. Individual locations will then be able to choose from this pre-approved list, saving time, ensuring the proper negotiations and achieving the appropriate quality. In addition, if the purchase is one that contributes to liability or risk reduction, standardization across the portfolio is beneficial on many levels.

By implementing the above techniques discussed, operational costs can be significantly affected over a long period of time. By strategizing and purchasing smartly, not only are you finding additional ways to negotiate and save, but you are providing a quality and consistency attractive to building occupants, encouraging both retention and new renters.

Utilize Preventative Maintenance

4

Performing maintenance does have costs associated with it, so using it as a means to save can seem counterintuitive. In fact, we have previously mentioned in this guide that in a real money crunch, there may be particular maintenance items that are either unnecessary or being performed too frequently that may be costing you extra. However, upon prioritizing as suggested in our first section, it is probable that you will begin to realize the large costs associated with potential unexpected issues stemming from poor maintenance. Not only this, but by simply regularly performing necessary maintenance items, you are likely to increase the longevity of your buildings as well as the items within it. Multiple property managers will attest to and swear by this, including Steve Jankowski, CPM, president of Gatehouse Management. “A solid preventative maintenance program extends the life of major mechanical machinery,” says Jankowski, as stated in [CCIM Institute](#).



Utilize Preventative Maintenance

4

Preventative maintenance involves performing maintenance tasks on a routine basis with allotment for checkpoints of existing machinery. Some pertinent preventative maintenance items include:

- ✓ **CLEANING GUTTERS**
- ✓ **CHANGING AIR FILTERS**
- ✓ **SERVICING HEATING AND COOLING UNITS**
- ✓ **EXTERMINATION**
- ✓ **LUBRICATION**
- ✓ **MECHANICAL ADJUSTING**
- ✓ **TESTING EMERGENCY SYSTEMS**

This list may appear short, and that is because it should be. While preventative maintenance does take up a considerable amount of time due to its routine nature, the list of preventative maintenance items should remain short because as we have said, tasks reserved for preventative maintenance should only include those of essential systems.

ITEM	REPAIR/MOD	SAVINGS
Cracks in the property's exterior near windows, doors and joints	Check caulking and re-caulk when necessary	Reduces heating and cooling costs by up to 25%
Gas & electric	Separate or submeter tenant utilities	Reduces direct costs; studies show tenants reduce energy consumption by up to 20% when they have to pay costs directly
Water	Install flow restrictions on showers and 1.6 gallon toilets	Reduces water usage by up to 50%
Energy	Insulate hot water pipes	Reduces gas consumption for water heater
Insects, cockroaches & rodents	Have a licensed pest control service inspect & spray each month	Prevents costly infestation

Utilize Preventative Maintenance

4

When preventative maintenance is performed effectively, it is beneficial in several ways. Preventative maintenance allows you as the property manager to make adjustments and repairs before a major issue or breakdown occurs within one of your critical systems. This allows for savings through prevention of costly repairs, increasing the longevity of building fixtures and the prevention of a buildup of maintenance issues, as one maintenance issue left untouched increases the opportunity for and likelihood of another maintenance issue. Not only this, but preventative maintenance greatly increases the likelihood for you to correct these problems before your occupants notice them, thereby increasing quality of life or perception of quality in your community. Maintenance issues are one of the top reasons that occupants leave properties, so this can be essential for retention.

MAINTENANCE SOFTWARE

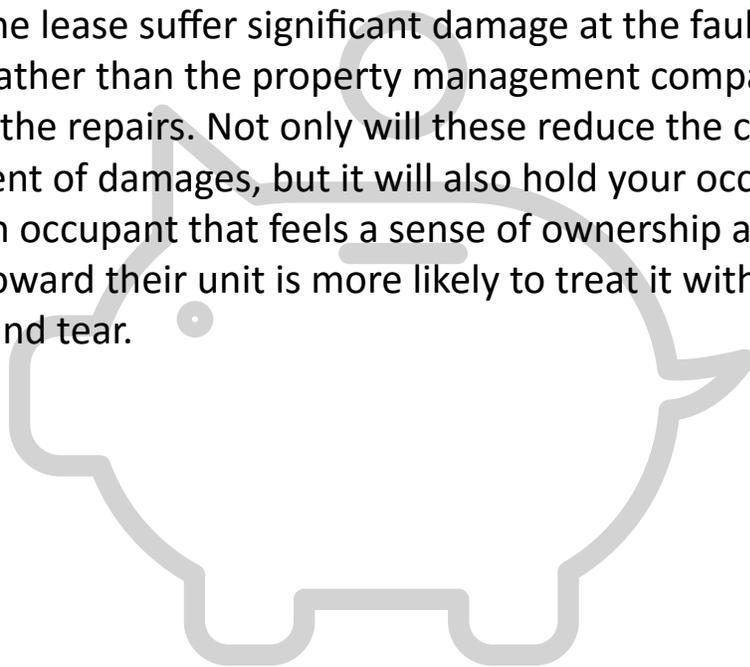
Many property managers, especially those that are responsible for multiple properties, now utilize computerized maintenance management systems (CMMS) in order to keep track of all maintenance necessities, including work orders, maintenance requests and scheduling preventative maintenance tasks. It also allows for efficiency reports, resource allocation and allocation of budget. CMMS helps property managers efficiently perform maintenance at optimal productivity. As technology has improved, CMMS have become more advanced at more reasonable costs. While we do not have a particular CMMS that we recommend over another, there are many options available for property managers and their specific needs.

5 Hold Occupants Liable

Property managers can potentially cut costs by holding their occupants responsible for some costs associated with the property, both through risk transfer and submetering.

RISK TRANSFER

Through risk transfer, building occupants will be held responsible for certain justifiable maintenance areas within their control, such as repairs to appliances, clogs in drains and broken windows. Property managers should include any instances of risk transfer within their lease. If these fixtures predefined in the lease suffer significant damage at the fault of the occupant, the occupant, rather than the property management company, will be held responsible for the repairs. Not only will these reduce the costs that you must cover in the event of damages, but it will also hold your occupants accountable. An occupant that feels a sense of ownership and responsibility toward their unit is more likely to treat it with care and less likely to cause wear and tear.



5 Hold Occupants Liable

SUBMETERING

Mentioned briefly in the table on page 14, another way that many properties, especially multi-family properties have begun to hold their occupants liable is through submetering. Instead of paying usage bills and then including the cost within occupants' rent, properties are requiring their occupants to pay these charges on their own. A study cited by [CCIM Institute](#) showed that when residents directly paid water and sewer charges that overall usage decreased by almost 30 percent. One could see how this could add up to significant savings for the property management company. There are several methods for how to do so, some of which are highlighted below.

Ratio Utility Billing Systems (RUBS)

Ratio Utility Billing Systems (RUBS) are set in place for situations where installing a submetering system at the property is not possible, either because initial costs are too high or because of plumbing/electrical barriers. RUBS administer costs of the the property's overall bill to occupants based on the number of occupants within a unit, the square footage of the unit or a combination of both factors. This is a widely used practice and considered a fair way for property managers to recover partial costs for their bills. It is considered the easiest submetering option, as there are no initial costs and no major installation disruptions.

5 Hold Occupants Liable

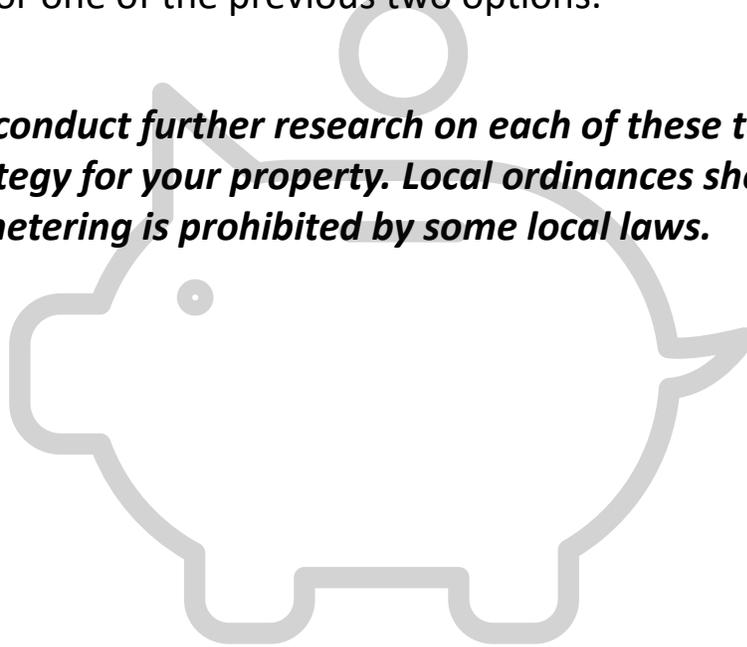
Hot Water Allocation

Hot water allocation is a little more complex than RUBS because allocation is based on an estimate of each unit's actual usage. The State of Texas provides a step-by-step guide for water allocation [here](#).

Direct Submetering

Direct submetering, of course, is the most accurate technique for billing occupants. This involves installing meters in each unit in order to get a precise reading usage. While it is the most accurate, because of its initial costs and the labor and disruption involved with meter installation, many property managers opt for one of the previous two options.

****Note: be sure to conduct further research on each of these techniques before deciding on a strategy for your property. Local ordinances should also be reviewed, as submetering is prohibited by some local laws.***



In Conclusion

As an organization dedicated to helping property managers maintain excellence while potentially saving costs through our own services, Kings III recognizes the importance of how important this is in all aspects of a property manager's business. By using this guide, hopefully you will be able to implement some of these cost-saving techniques into your own property management strategy, if you are not doing so already.

MORE ABOUT KINGS III

We are a family-owned company whose business is all about delivering peace of mind to our customers by helping them reduce their exposure to risk. Our turnkey emergency communication services are utilized in elevators, parking garages, stairwells, pools, campuses and more. At the core of our service is our very own state-of-the-art Emergency Dispatch Center (EDC), available with highly-trained operators 24/7/365. Our package is full-service: including equipment, installation, maintenance, monitoring and dispatch services bundled in a convenient and hassle-free solution for our clients. See the Kings III difference [here](#).

REQUEST YOUR FREE RISK ASSESSMENT.

Fill out [this form](#) and your local Kings III Business Development Manager will contact you shortly.

Additional Resources

- ✓ [ELEVATOR COMMUNICATION CODE COMPLIANCE](#)
- ✓ [ELEVATOR MODERNIZATION](#)
- ✓ [POOL MAINTENANCE AND SAFETY](#)
- ✓ [ENERGY EFFICIENCY FOR COMMERCIAL BUILDINGS](#)
- ✓ [THE ABC'S OF PROPERTY MANAGEMENT PT. 1](#)
- ✓ [THE ABC'S OF PROPERTY MANAGEMENT PT. 2](#)
- ✓ [BUILDING YOUR EMERGENCY ACTION PLAN](#)
- ✓ [A PROPERTY MANAGER'S GUIDE TO ADA](#)

CONNECT WITH US:



www.kingsiii.com