

Coast Community College District
ADMINISTRATIVE PROCEDURE

Chapter 3
General Institution

AP 3903 Total Cost of Ownership

References:

Accrediting Commission for Community and Junior Colleges Accreditation Standards 3.4, 3.7

BP 3250 Institutional Planning

Association of Higher Education Facilities Officers: Leadership in Educational Facilities

Introduction

Total cost of ownership (TCO) is an analysis that determines the true total cost of the complete lifecycle of a capital purchase. This value includes every phase of ownership, including acquisition and operating costs, as well as costs related to replacement or upgrades at the end of the life cycle. TCO highlights the difference between purchase price and long-term cost, which is used to gauge the viability of any capital investment. TCO is a tool to inform institutional planning, and under BP 3250, the Chancellor ensures that the District has and implements a broad-based comprehensive, systematic, and integrated system of planning that involves appropriate representation from the Colleges and the District Office, supported by institutional effectiveness research.

Integrated Planning

Program review, planning, and resource allocation are part of an integrated process that leads to accomplishment of the mission, sustained financial stability, and continuous improvement of academic quality and institutional effectiveness.

The Facilities Master Plan, including the separately prepared, but aligned, District Strategic Technology Plan, are designed to align with the District-wide Strategic Plan.

Implementation of the District Facilities Plan and District Strategic Technology Plan shall be consistent with the District Total Cost of Ownership Plan (TCO).

While the District draws on numerous fund sources to underwrite the cost of ongoing maintenance and technology, the District has made a significant long-term commitment through the general obligation bond endowment program, to help fund TCO for facilities and technology. The following provides a framework for utilization of these, and other, resources.

Total Cost of Ownership

I. Facilities.

Buildings are among the most expensive capital assets owned by the District, and must be regularly maintained/updated to operate properly, effectively, and efficiently.

The District will implement effective and efficient management tools to measure and track the performance of its facilities so that it can provide a consistent high-quality environment Districtwide for students, faculty, and staff to teach, work and learn.

The District will create objective district-wide criteria for cleanliness and staffing levels.

The District will effectively manage lifecycle-building costs to maintain and protect the District's capital investments and equipment warranties.

Key factors informing building lifecycle costs include:

1. Initial costs to build and/or acquire.
2. Daily operating costs, including personnel and non-personnel, to perform cleaning, trash hauling, gardening and other activities
3. Non-recurring maintenance costs to perform corrective, preventive and predictive actions
4. Utility costs that include electricity, gas, water, and sewer
5. Capital renewal costs that include periodic replacement of major building components and utilities infrastructure such as HVAC (heating, ventilation and air conditioning), roofing, infrastructure, fire-life-safety code compliance, safety, streets and accessibility
6. Building end-of-life costs that reflect modernization, demolition, or new construction.

II. Technology

For purposes of Information Technology, TCO includes hardware and software acquisition, management and support, communications, end-user expenses and the opportunity cost of downtime, training, and other productivity losses.¹

Key factors informing technology TCO costs include:

1. Initial cost to acquire equipment/systems along established refresh cycles
2. Cost of staffing or service contracts to effectively and adequately maintain systems/equipment.
3. Network equipment required to support intranet or internet access.
4. Decommissioning and disposal.
5. Other fixed operating costs.

III. Summary

The District will endeavor to ensure full value from its operations and maintenance resources by performing a cost-benefit analysis on facilities maintenance and operations activities.

The District will create and adopt a TCO framework and recommendations and consider TCO cost projections in the planning and implementation of long-range capital projects, including those from bond measures.

Ratified November 1, 2017

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¹ <http://www.gartner.com/it-glossary/total-cost-of-ownership-tco>