

REDUCING EXPENSES DURING CORONAVIRUS

As designated essential staff in most markets, Colliers teams are working to mitigate the economic repercussions this pandemic will have on our managed assets. Where occupancy in the buildings that we manage dwindles, we are determining how to reduce expenses and operate as efficiently as possible. Savings opportunities fall into roughly three categories: daily operations, preventative maintenance, and common area maintenance costs. Our teams will work with you to evaluate and implement the below, as possible, in accordance with lease terms (to avoid claims of diminished building services), OSHA standards and safety requirements:

OPERATIONS

- **Lighting**
 - Exterior - Reduced occupancy does not require the same amount of illumination. Turn off breakers for any lighting outside main building perimeter, including decorative and pole lighting in larger parking lots. Please use good judgment and do not compromise safety.
 - Interior – Turn off lights on unoccupied floors and lobbies.
- **Elevators** – Consult with elevator vendors to determine the benefits of powering down all but one elevator, where possible. Most modern systems will go idle on their own; however, older systems will continue to use electricity and generate heat. This also increases energy use by the elevator machine room HVAC. Be sure to consider building occupancy levels to maintain social distancing guidelines.
- **Heating** – In most locations, heating systems can be turned off. Buildings without efficiency controls can continue to cycle on an off as a result of marginal temperature changes this time of year. Where vacancy permits, turn off all breakers to heating equipment to reduce this cycling.
- **Vending** – Power down vending machines that dispense liquid drinks. Where machines serve perishable goods, use good judgment to either remove these items and power down the units or request the servicing vendor remove goods whose expiration dates will fall within the timeframe of stay-at-home orders.
- **Exhaust** – Turn off or reduce the operating time for all parking, loading dock and/or other exhaust equipment that is not located in occupied space.
- **HVAC** – It is important to maintain air exchange for all occupied spaces. Instead, shut down mechanical cooling where it is not needed. Raise set points to prevent over-cooling spaces that are occupied or are not under government mandates to close; consider reducing service in minimally occupied areas (in lieu of 7am – 6pm schedules). Survey tenants for weekend operations and run only necessary floors. Refer to above heating guidelines.
- **Security** – Evaluate whether 24/7 guard presence is necessary if a card access system is in place. Consider truncating hours.

PREVENTATIVE MAINTENANCE

- Restroom Inspections – Ensure soap dispensers are operational and soap containers are full; replace automatic equipment batteries if it has not been done in the last six months.
- Reduce Overtime/After-Hours Expenses:
 - Clean cooling towers in vacant buildings during regular hours.
 - Complete projects that would require tower or heat pump shutdown during regular hours.
 - Perform life safety equipment testing scheduled for the next 45-60 days during the day if it is normally done after-hours.
 - Work on lighting retrofits during regular hours.
 - Reduce construction oversight fees by shifting any possible jobs to regular hours.
- General Housekeeping – Inspect back of house conditions; this is a good time to complete work that get deprioritized during regular conditions:
 - Complete in-house painting projects.
 - Audit/Inventory plumbing, electrical, HVAC, and other supplies to minimize over-purchasing.

COMMON AREA MAINTENANCE EXPENSES



- Cleaning
 - Day Cleaning – Evaluate opportunities to clean with existing porters/matrons during the day.
 - Vacancy Credits – Monitor and verify that the proper credits are issued for vacancy.
 - Window Cleaning – Ensure only the minimum number of cleanings occur as are required under leases.
 - Inventory – Minimize unnecessary supply stocking.
 - Rubbish Removal – Evaluate how many weekly pickups are needed under reduced operating conditions.
 - Metal/Marble Maintenance – Defer if/where possible.
 - Parking Garage Sweeping – Defer if/where possible.
- HVAC Contract – Determine what, if any, service can be completed in-house rather than requesting vendor technicians.
- Landscaping – Reduce seasonal enhancements.
- Shut down café subsidies due to closures

If this creates significant savings projections, Colliers can work with you to determine any CAM expense reductions and provide a mid-year true-up for tenants at your request. In addition, if buildings have reduced occupancy, we can work to reschedule or reprice work that may be less expensive without the need to work around tenant schedules. These could include parking lot restriping, elevator repairs, or similar projects.

We look forward to helping our clients preserve their asset value and retain tenants.