Risky Business:
A Week Focusing on Risk Management’s Contributions to Higher Education

TCO & TCOR: Where Facilities Meets Risk Management

Presenters

Keith Woodward
Associate Vice President for Facilities Operations
Quinnipiac University

Glenn Klinksiek
Resource and Education Manager, URMIA/
Associate VP, Risk Management and Audit (retired)
University of Chicago
TCO & TCOR: Where Facilities Meets Risk Management

### Learning Objectives
- From a risk management perspective, understand facilities-related strategic, operational and compliance risks.
- From a facilities standpoint, understand the challenge of supporting the three-Rs with constrained resources.
- Understand the “touch points” Facilities and Risk Management should have to support each other.

---

### What’s with the title of this webinar?

**TCO – Total Cost of Ownership of buildings and property**
- Constrained resources for resources
- Balance risk versus other demands

**TCOR – Total Cost of Risk**
- Total Cost of Risk includes insurance premiums, retained losses, loss prevention and safety costs, administration and other costs incurred to address
- Facilities prominent in an institution’s risk profile
- Challenge is to partner with Facilities to address the prioritized risks and in a budget-constrained environment

---
TCO & TCOR: Where Facilities Meets Risk Management
Facilities-related Strategic, Operational and Compliance Risk

- Risk management begins with an assessment of the risk of events that could adversely affect the institution
- URMIA’s Risk Inventory lists 23 groups of risk
- Facilities-related risks are found in several of these groups

- Strategic risk
  - Degree that facilities support the goals of the institution including attracting the best faculty and students while maintain the institution’s image
  - Adequacy of capital plans and campus planning
  - Suitability of facilities for the intended purpose
  - Cost of constructing, maintaining, and operating facilities
TCO & TCOR: Where Facilities Meets Risk Management
Facilities-related Strategic, Operational and Compliance Risk

- Operational risk:
  - Delivery of capital projects on time and budget
  - Adequacy of project design
  - Limitations of landmark status
  - Issues related to donors and naming rights
  - Access to facilities, security and use by outside groups
  - Accidents resulting in injury arising from facility conditions
  - Accidental property damage from fires, storms, water damage, floods, etc.

- Operational risk (continued):
  - Insurance company requirements
  - Fire and life safety
  - Deferred maintenance and inadequate preventive maintenance
  - Inadequate signage
  - Adequate emergency response and business continuity planning
TCO & TCOR: Where Facilities Meets Risk Management
Facilities-related Strategic, Operational and Compliance Risk

- Compliance risk:
  - Building code compliance and ADA
  - Regulations impacting construction and maintenance work such as OSHA, environmental regulations

- Challenge to Facilities – stretching resources to mitigate the risks
  - Capital budget
  - Operating budget
  - Skilled and other personnel
  - Tools and equipment
  - Scheduled and unforeseen activities
TCO & TCOR: Where Facilities Meets Risk Management
Facilities Support of the 3 R’s

- College and university focus on 3 R’s
  - Recruitment (Students and Faculty)
  - Retention
  - Resources

- Facilities budgets not keeping place
  - Dollars directed to other areas
    - Academic programs
    - Faculty recruitment
    - Information technology
  - Aging or obsolete facilities/deferred maintenance
  - Rising cost of labor, materials and equipment
  - Increasing cost of compliance

TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

- Maintenance and the risk to people and property
  - Maintenance activities
    - Preventative, especially mechanical, roofs
    - Scheduled
    - As needed and emergent
    - Housekeeping
  - Consequence of maintenance inadequacies
    - Falls on cracked/broken walks, broken stair treads, lose handrails
    - Injuries from falling bookcases, lighting or ceilings
    - Property damaged by water from roofs or plumbing
    - Increased fire damage when fire detection/suppression systems fail to work
TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

- Maintenance and the risk to people and property (continued)
  - Identifying problems
    - Incident investigation
    - Loss trends
    - Inspections (staff or insurer)
    - Complaints
  - Mitigation
    - Problem evaluation
    - Practical solution
    - Request of support
      - Budget
      - Re-prioritization

TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

- Facilities workers and employee health and safety/workers’ compensation
  - Challenging working conditions
    - OSHA Compliance
    - Training

<table>
<thead>
<tr>
<th>Required Training</th>
<th>Carpenter Training/Groundskeeper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asbestos Awareness-One Time Only</td>
<td>x</td>
</tr>
<tr>
<td>Back Safety-One Time Only</td>
<td>x</td>
</tr>
<tr>
<td>Bloodborne Pathogens-Annually</td>
<td>x</td>
</tr>
<tr>
<td>Electrical Safety – General-One Time Only</td>
<td>x</td>
</tr>
<tr>
<td>Fire Safety and Evacuation-Annually</td>
<td>x</td>
</tr>
<tr>
<td>Forklift Safety-Every Three Years</td>
<td>x</td>
</tr>
<tr>
<td>Groundskeeping Safety-One Time Only</td>
<td>x</td>
</tr>
<tr>
<td>Hazard Communication-Every Three Years</td>
<td>x</td>
</tr>
<tr>
<td>Hearing Conservation-Annually</td>
<td>x</td>
</tr>
<tr>
<td>Ladder Safety-Every Three Years</td>
<td>x</td>
</tr>
<tr>
<td>Lockout/Tagout-One Time Only</td>
<td>x</td>
</tr>
<tr>
<td>Personal Protective Equipment-One Time Only</td>
<td>x</td>
</tr>
<tr>
<td>Respiratory Protection-Annually</td>
<td>x</td>
</tr>
</tbody>
</table>
TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

### Facilities workers and employee health and safety/workers’ compensation

- Challenging working conditions (continued)
  - Location and environment
    - At heights
    - In water
    - In constricted, concealed space
    - In extreme heat/cold
    - Heavy lifting
    - Noisy conditions
    - Exposure to faculty, staff and students
  - Union rules
Facilities workers and employee health and safety/worker's compensation (continued)

- Consequences
  - Employee injury
  - Reduced staff while employee recuperates
  - Workers compensation costs for medical and disability
  - OSHA fines
  - Union issues

- Identifying problems
  - Incident investigation
  - Loss trends
  - Inspections (staff, insurer, regulatory)
  - Complaints

Mitigation

- Problem evaluation
- Practical solution
  - Robust training and tracking program
  - Confident issue reporting
  - Adequate equipment
- Request of support
  - Budget
TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

- Emergencies and their response/continuity planning
  - Challenge
    - What is an emergency
    - Frequency of “emergencies”
    - Escalation and reporting
    - Conflicting priorities
    - Robust emergency plans and practice
    - Authority

- Emergencies and their response/continuity planning (continued)
  - Consequences
    - Damage more extensive than could have been
    - Excessive disruption of campus activities
    - Imperiled insurance coverage because of claim reporting delays
    - Conflict with mission critical activities
    - Professional criticism
TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

- Emergencies and their response/continuity planning (continued)
  - Mitigation
    - Coordinated emergency planning process
    - Regular, robust emergency plan exercise
    - Process leadership and institutional support
    - Request for support
      - Budget

- New construction/renovation and risk reduction
  - Challenge
    - Ensuring building design addresses risks related to building occupancy, especially fire and life safety
    - Safety construction practices including on project and off
    - Robust contract liability and insurance provisions
TCO & TCOR: Where Facilities Meets Risk Management
Overlapping Interests/Aligning Goals

- New construction/renovation and risk reduction
  - Consequences
    - Remedial cost to address deficiencies
    - Unexpected potentially large liability claims
  - Mitigation - Consideration of risk
    - Building design
    - Bidding and contracting
    - Contracting

Thank You for Helping Us Celebrate Risky Business on Our Campus!

Questions?
Who Is URMIA?

- The University Risk Management and Insurance Association is dedicated to the advancement of risk management in higher education
  - URMIA helps institutions of higher education reach their academic, social, and economic goals
- Goals:
  - To protect the reputation and resources of institutions of higher education through sound risk management practices
  - To make available the best risk management information for institutions of higher education
  - To provide excellent professional development opportunities for risk management professionals