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FOR IMMEDIATE RELEASE

New APPA Standard Outlines Total Cost of Ownership Principles for Built Environment

TCO Process Considers Investments Across Entire Building Lifecycle

January 11, 2018, Alexandria VA – APPA announced today that it has published the first American National Standard (ANS) for Total Cost of Ownership (TCO): *APPA 1000-1 – Total Cost of Ownership for Facilities Asset Management (TCO) – Part 1: Key Principles*.

APPA 1000-1 was recently approved for publication as an ANS by the American National Standards Institute (ANSI). The standard identifies and defines the foundational elements and structure required to implement Total Cost of Ownership (TCO) principles for facilities.

The delivery of *APPA 1000-1* is timely, given the growing need for building owners, financial operators and facilities professionals to produce the greatest possible return on the investments they make daily in their facility assets.

One of the key drivers for the creation of *APPA 1000-1* is the recognized need to ensure that the entire cost of purchasing and owning a building through its lifetime is transparent and clearly understood by all stakeholders, and more importantly, prior to finalizing building and design plans on new construction. All too often, the predictive cost analysis for a new building stops at “first cost” (planning, construction and commissioning), when in fact the life of a building asset requires replacement of energy, utility, and safety systems; continual maintenance of the building exterior and interior and replacement of materials; updates to design and functionality; and other numerous and critical requirements.

As building infrastructure ages, and as a facility’s purpose changes over time, owners and operators of facilities must plan and anticipate necessary updates and replacements to support the full value of the asset while effectively managing costs. Utilizing Total Cost of Ownership, building owners and facility professionals are empowered to predict needs and deliver data-driven results, thereby allowing them to manage the building portfolio proactively, rather than reactively.

“The release of Part 1 of the APPA TCO standard sets the stage for a transformation in the facilities and infrastructure industries to move from a focus primarily on the first cost of structures to a far more responsible and sustainable Total Cost of Ownership view,” said Deke Smith, co-chair of APPA’s TCO Work Group. “It is imperative that we not only have the money to build a structure, but also to ensure it remains fully operational and environmentally friendly throughout its useful lifecycle. This provides an important step in the long-term stewardship of any organization’s capital assets.”

As a practice, TCO was first developed and pioneered by Doug Christensen, a former president of APPA and founding co-chair of the APPA TCO Work Group, who first utilized TCO concepts while serving as the facilities director for Brigham Young University.

“Under the guidance of Doug Christensen, who implemented TCO at Brigham Young University 30 years ago, APPA took a leadership position in developing this standard because of the proven direct application and benefit that can be realized on educational campuses,” said Ana Thiemer, co-chair of APPA’s TCO Work Group. “However, this standard has a much broader application; the principals of TCO can also be applied throughout the commercial real estate industry.”

APPA 1000-1 Total Cost of Ownership for Facilities Asset Management (TCO) – Part 1: Key Principles is available through the [APPA bookstore](#).

A companion standard to APPA 1000-1 is now in development, which will focus on the data elements and provide direction on the implementation of TCO. It is anticipated that the companion standard will be available for public review in late 2018.

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