

GUIDE TO BUILDING OPERATIONS, MANAGEMENT AND FINANCE IN THE NEW NORMAL



BUILDING OPERATIONS

With building utilization increasing, how are operational practices changing?

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Being a leader during an evolving time means taking care of the team around you.

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LETTER FROM THE EDITOR



Gabriel Eckert, FASAE, CAE, is editor-in-chief of CRE Insight Journal. He also serves as the CEO of the Building Owners and Managers Association of Georgia and the BOMA Georgia Foundation. He is a Certified Association Executive, Fellow of the American Society of Association Executives; and has been named by the Atlanta Business Chronicle as one of the Top 100 Who's Who in Commercial Real Estate, a list of "leaders, dealmakers and legends who are changing Atlanta."

COVID-19 has presented many challenges this year and will continue to do so well into 2021.

It is also presenting many opportunities for real estate professionals. These are opportunities to re-imagine tenant communications, tenant amenities, space use, building operations, financial planning, safety/security, and more. Many professionals, when asked, say they never thought they would ever be in a situation like this and yet, they have survived and thrived. That is a testament to the resiliency of commercial real estate professionals.

In response, we have compiled this guide as a collection of resources to assist property management and operations teams plan and prepare for the new normal. What is the new normal? It is difficult to think that we will return to the way things were before the COVID-19 pandemic. We have learned and evolved too much. The new normal will combine our original standards of service and creativity with a newfound resilience and ingenuity.

The entire real estate industry is working together during this time to find optimal solutions to shared challenges. This guide features product and service providers who are well equipped to help real estate companies find these solutions. I encourage all readers to look at the resources these companies can provide as partners in building operations and management.

This guide includes features on education such as the BOMI-HP® designation program, a three-course program designed to prepare professionals for the future of commercial real estate and hone their problem-solving skills. It is also packed with resources from BOMA International meant to assist with your accounting and budgeting.

Beyond resources and recommendations, this guide is serving as a sounding board for the industry. Some features contain the thoughts and insights from professionals across the industry on topics such as budgeting, tenant care, and leadership. This guide serves as a reminder that while the industry is changing and evolving, we are never alone.

Providing added value, this guide is also interactive. There are links to videos and articles that offer more information on the topics covered. Some articles also include links to webinars that go more in-depth on an issue presented. We do not just want you to read the guide, we want to offer you as many elements as possible to assist with the adjustment to the new normal.

[CREInsightJournal.com](https://www.creinsightjournal.com) continues to be the driving force behind publications like this and our ever-expanding library of online materials. CRE Insight Journal, much like the commercial real estate industry, is evolving and adapting to change. It is growing in a continuing mission to provide resources and community for commercial real estate professionals. This guide is but one example of the work being done. To stay informed of the newest resources available, [subscribe to our email newsletter](#).

Use this guide to find some of the connection lost by physical distancing. Listen to your peers and colleagues and see that they too may be going through the same struggles as you. Learn from experts in the industry about new techniques and ways of thinking about processes that used to be standard. Explore resources you may have not seen before or re-visit ones that may help you through this specific time. This guide cannot replace value brought by being physically together, but it can serve as a digital reminder of it.



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Throughout the global pandemic, these companies have remained steadfast supporters of the real estate industry and are helping commercial real estate property management and building operations professionals continue to operate high-performance real estate assets. Companies who have provided the highest level of support are highlighted in blue. The BOMA Georgia Foundation has also provided significant support to real estate professionals throughout the pandemic. The foundation has awarded nearly 500 scholarships since it was founded. This would not be possible without the generous support of donors. Foundation donors at the Associate level and above are marked with a 🌟

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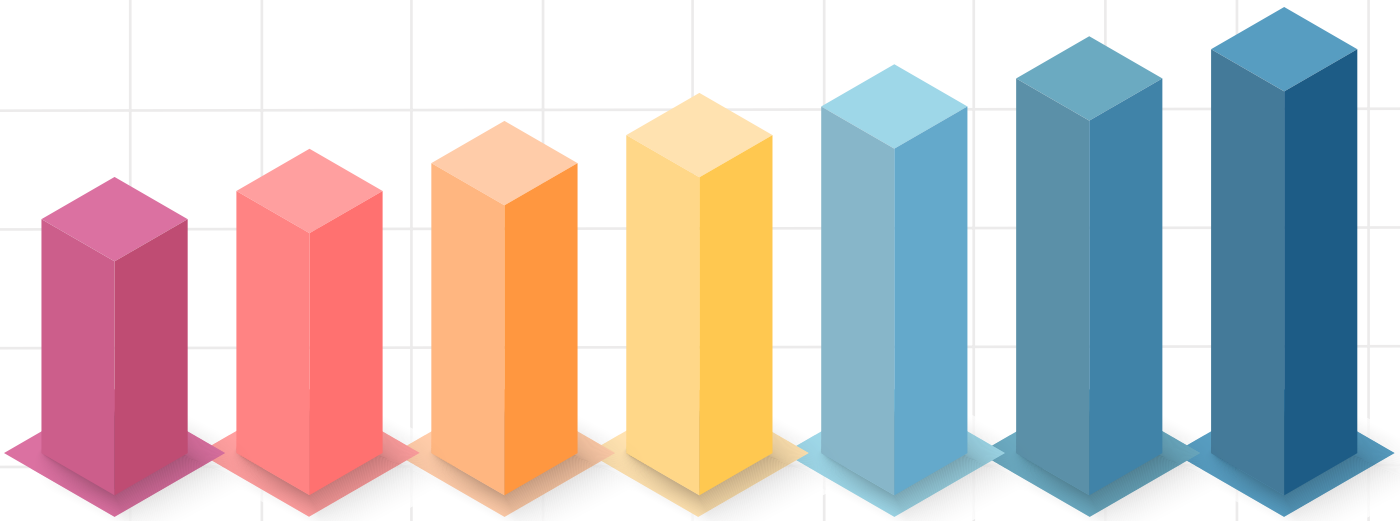
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<https://www.bomageorgiafoundation.org/>



GRADUAL RISE

Responsible Operations While Increasing Building Utilization



When the pandemic began and buildings began to empty, there was an immediate focus on new projects, energy savings, and maintenance work. As tenants return and buildings begin to experience increased utilization, operations and maintenance professionals need to be intentional about the choices they make when reopening.

KEEPING TABS

For the past several months, a property could have been saving a lot of energy and money due to the decrease in electrical and water usage. Tenants re-entering the building does not mean the erasure of these savings. Jack Kennedy, senior property operations manager for Jackson Healthcare, said that his team of engineers was very strategic with how they saved energy.

“As people come back to work, we are being careful about the lighting we turn on,” Kennedy said.

He mentioned how his team is keeping most lights off except where tenants have returned to the space or where there is a high traffic area. Sensor-triggered lights help with this energy savings and decrease the workload on engineers’ rounds.

Steve Sauriol, the director of engineering for America’s Capital Partners, said that it is important to monitor usages across all systems and ensure that no one system is getting overloaded.

“You have to be proactive to increase occupancy. The operation protocols you have in place now need to be in place as occupancy increases,” Sauriol said. “There’s no way to go back.”

DOING THE HOMEWORK

Just as tenants are not returning all in one day, the systems in place on a property should not return to full capacity all in one day. U.S Centers for Disease Control and Prevention (CDC) and The American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) have both released guidelines on new precautions that need to be taken, especially in the realm of indoor air quality.

“Hopefully, most of the engineers have increased their filter capacity to a higher rating, hopefully, they have done their homework,” Sauriol said.

It is important to let the systems in a building gradually return to full capacity and make the necessary adjustments to ensure tenant and visitor safety. Kennedy said it was extremely important to face the reality of the situation.

He said a mistake that engineers could make right now is returning to the pre-pandemic settings without consideration.

“Now that you have everything adjusted, don’t go back and arbitrarily make changes,” Kennedy said, “Think them through and have a conversation with the tenants.”

MOVE FORWARD WITH PURPOSE

In many buildings, systems are set to an optimal standard. Then after tenants move in and express different needs, adjustments are made. During the time of low occupancy, many property teams reset these standards to their original optimal setting. This can sometimes mean a more efficient and energy-saving property. Kennedy said engineers should consider keeping it that way.

“We are using this period to implement new scheduling strategies for mechanical systems, and what we are trying to do is train people to what the building has been accustomed to while they have been out,” Kennedy said.

If there are new systems installed or a system is performing differently, tenant education is key. Consider making small videos showing new protocols or showing how to use new touchless technology.

It may also be helpful to send out a bulletin explaining all of the changes made while tenants were out of the building. This can be done in partnership with the property’s existing tenant communications.



ADD IT UP

While the energy and usage savings during low occupancy were above average, don’t discount the efforts that can be made during re-occupancy. There are multiple small adjustments that when made can still add up.

Increasing round frequency to ensure lighting systems are not staying on longer than necessary is a way to save energy. Installing touchless bathroom fixtures has shown to save water usage. Having a well-monitored egress and ingress onto the property can help counteract the extra energy that may be used with the filtration system.

“I think the future is wide open. We are all in this game together,” Sauriol said.

The future may be a bit unknown, but as buildings re-occupy, there are a few standard considerations that will make the process smoother

DEEP DIVE: Restarting Water Systems

Legionella Prevention and Detection Preparing for Increased Building Utilization: Restarting Low- and No-Flow Water Systems Responsibly

Trace Blackmore, CWT President of Blackmore Enterprises
Update to webinar originally recorded on June 6, 2020



In this update to BOMA Georgia’s recent webinar on Restarting Low- and No-Flow Water systems, Trace offers new information for property management professionals to consider as occupancy increases at their properties. With Legionella recently found at some U.S. Centers for Disease Control and Prevention offices in Atlanta, it is more important than ever to have and follow a water management plan.

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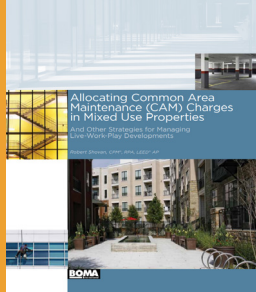
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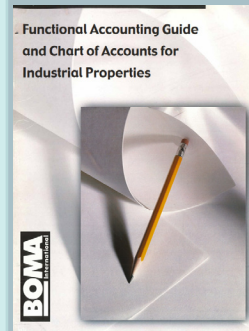
BOMA'S COMMON AREA MAINTENANCE GUIDE



Allocating common area maintenance charges in a mixed-use development space can often confuse. This guide breaks down day-to-day strategies to be used when budgeting and allocating CAM charges specifically in the mixed-use space. From courtyards to construction, the guide makes live-work-play spaces easier to allocate for. This guide also helps with every step of the process. From transitioning from

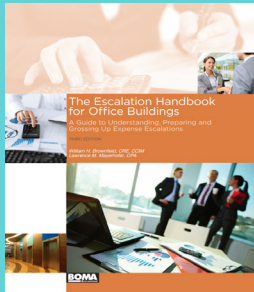
development to operation to providing service to tenants and owners, this guide is comprehensive in its approach. The best way to learn is through others, so the multiple case studies included provide real-life examples to supplement a professional's working knowledge.

FUNCTIONAL ACCOUNTING GUIDE (INDUSTRIAL)



Much like its office counterpart, this guide lets professionals compare income and expense items easily. This guide helps industry professionals regardless of company size or ownership structure and includes accounts that help with asset management and property financing. This guide is made so that professionals can compare income and expense line items on a "apples to apples basis." It also, like its office counterpart, contains a chart of accounts useful for standardizing financials. Beyond this chart, the guide covers, depreciation of assets and amortization of soft costs.

THE ESCALATION HANDBOOK FOR OFFICE BUILDINGS

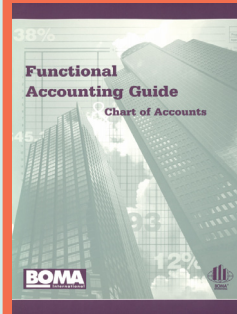


A third edition of the industry standard, this guide lays out critical steps to making sure your building is profitable and that your relationships with tenants remain strong throughout the escalation process. This new edition of the escalation guide contains new information on expense caps, management of an escalation audit and escalating building rating system costs.

Maintaining a property's profitability and creating lasting relationships with tenants

requires expert escalations. This guide also works with ALPHA Office Escalations software. This lets property managers and building owners get an overall picture of their building year after year.

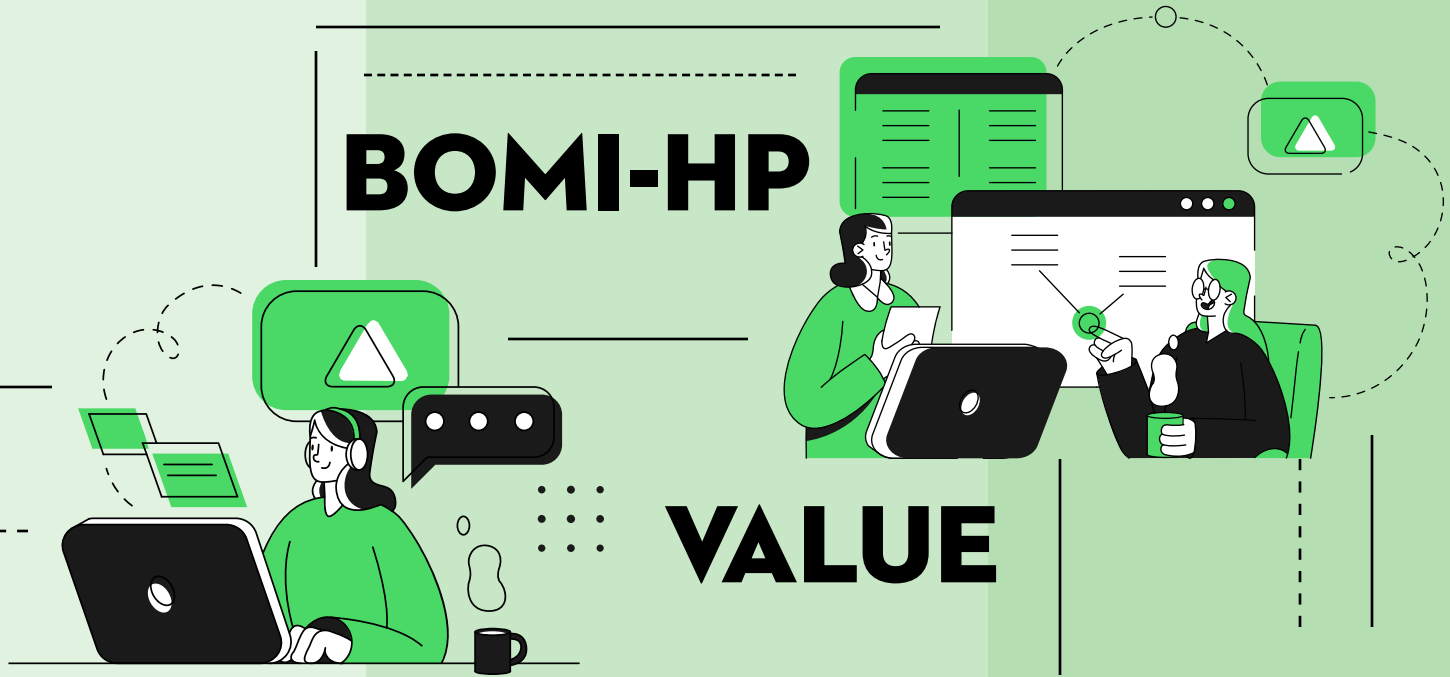
FUNCTIONAL ACCOUNTING GUIDE (OFFICE)



With an easy-to-use number system for segregating income accounting by type of occupancy and special activity, this guide makes reporting your financials a streamlined process. This guide also includes a chart of accounts for office buildings that has been used as the industry standard for 100 years. This progressive guide has four levels of detail from functional categories to detailed subsets of accounts.

It also accommodates both cash- and accrual-based accounting. Establishing this level of standardization will make office building operation financial stress a thing of the past.





Starting a class in the middle of a pandemic was not any property professional's plan. However, those that had begun or decided to begin the [BOMI High Performance designation \(BOMI-HP\)](#) are finding unexpected value from their chosen course.

The three-course program is designed to train commercial real estate professionals to create, lead, and obtain investment on sustainable initiatives. The course prepares professionals across all segments and markets.

HIGH PERFORMANCE IN LOW OCCUPANCY

With many buildings carrying a lower occupancy than before, energy-efficiency has been an important topic. Technology has become paramount in monitoring energy usage during re-occupancy and maintaining energy savings. The BOMI-HP program's focus on sustainability and technology has helped students like Senior Property Manager Sonia Zamora with Akridge in Washington, D.C., be well equipped to use new systems.

"This subject of high performance is important for the simple reason that right now not all buildings are occupied at a normal level, we can use a lot of this technology to save electricity, to run our buildings more efficiently considering the occupancy levels we are experiencing," Zamora said.

The health and safety of tenants have been of high importance when it comes to re-occupancy efforts. Judi Sponsel, a senior property manager with America's Capital Partners in Atlanta, said that in general, high-performance buildings were well prepared for this emphasis.

"A high-performance building will be functioning at a more efficient level during these difficult times which helps reduce operating costs and increases occupant health and safety," Sponsel said.

FACING THE UNKNOWN

This theme of the past few months is flexibility. Being able to adjust to situations like this is important. With the new normal being an unknown entity, property managers need to approach their job with adjustment in mind.

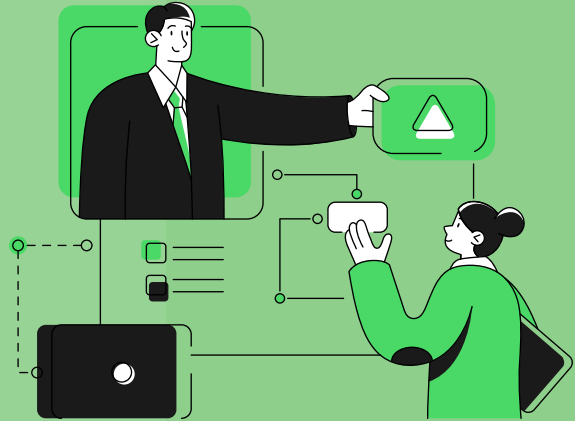
"One of the things I have learned is that we need to be flexible. We need to be accommodating to different situations and scenarios," Zamora said. "We need to be mindful that we oversee these assets and that we need to be careful of how we are doing that."

The BOMI-HP designation teaches more than sustainability practices, it teaches leadership. Chonte' Martin, facility management director of operations with the City of Atlanta, said this class allowed her to better present to her stakeholders concerning operating costs.

"You have to be able to present business cases. You have to understand from the investor's and the owner's side," Martin said.

Zamora also found the experience of taking the classes to be valuable as well as the content. She said having a community of professionals outside of her workplace was useful for idea generation and a sense of togetherness. She said she appreciated the chance to innovate on subjects other than COVID-19.

DURING



THIS



TIME

"I was thankful that we could talk about something else and engage in other conversations that were not related to what was happening at the time," Zamora said.

LEADING NEW PROJECTS

Property managers with the BOMI-HP designation are trained to use this time to look forward. Sponsel said that this has been a perfect time for professionals to research solutions for the future to make their building more efficient and for decreasing operating costs.

"Once the BOMI-HP designation is achieved, it is exciting to present forward-thinking ideas and solutions to your peers and upper management," Sponsel said. "You will have the skills to create a presentation that differentiates high-performance investments from simply maintaining current maintenance procedures."

The experience of collaboration during the program can reset a lot of property professionals' way of thinking. Chonte said that she found value in being able to discuss the lessons with other professionals in her industry.

"You have your textbook and you know what is being taught, but the experience levels of your various peers within your group helps to create forward-thinking and innovation within the peer group," Martin said. "It's almost like you are benchmarking within the class."

One of the biggest sustainability and high-performance initiatives that have been taking place during the COVID-19 pandemic is the increased use of technology both from a systems monitoring and work-from-home standpoint. The BOMI-HP designation instructs on technology use and cutting-edge resources.

Zamora said that she has appreciated being well-equipped to handle the new technology emphasis occurring in the industry.

"I think COVID-19 has brought that out in the forefront. I think now people have more of an urgency to have them," Zamora said. "I think people are starting to see the benefits of having all of this technology available to you."

While education and sustainability may not have been on the front of people's minds the past few months, their uses go far beyond the classroom and are essential to navigating the new normal. BOMI-HP graduates are going to be equipped to be leaders during this pandemic and beyond.

Technology for Managing Amenities
in the Future Workplace

from

Becky Hanner

Hanner Commercial Asset Services

VIDEO



FINDING THE BALANCE

Tenant Care and Communications

As a service-based industry, commercial real estate has remained tenant-focused through this unpredictable year. With each month, tenants are facing new challenges whether it be with their staff, finances, or keeping up with health and safety guidelines. Property managers have the task of being informative while balancing unique needs.

RECOGNIZE THE SITUATION

Different sectors and industries are being affected in different ways due to current circumstances. Each tenant is facing a unique challenge and is developing a unique plan for themselves. Property managers need to remain understanding when communicating with tenants. Miller Getz, general manager with Piedmont Office Realty Trust, said that its important to remember everyone is in the same situation.

“Tenants, landlords, management companies, and product and service partners are dealing with many of the same issues - how our businesses, operations, and employees have been impacted by COVID-19,” Getz said.

Proper tenant communications start from a place of understanding. Tenants will return to buildings at their own pace. A [recent video produced by Granite Properties](#) emphasized that the management company and the tenants were “in this together” and that they “appreciated their ongoing efforts to follow recommended safety guidelines.” This statement showed an understanding of the tenants’ situation while promoting health and safety efforts being made at the properties.

CONNECTION BEYOND COVID-19

While new information and updates about COVID-19 legislation and guidelines are essential for property teams to relay to their tenants, property professionals and tenants alike may be experiencing news fatigue and losing a sense of community when staying at home. Property managers can make active efforts to provide non-COVID-19 related content to their tenants.

Getz’s company began to send out a weekly newsletter featuring new healthy recipes, activities for children, and briefs about updates at the property. He said this newsletter was a new initiative that helps them keep connected with tenants.

“Most of the content is not related to COVID-19. We include topics and ideas to engage with our tenants while they are away from us and away from the buildings,” Getz said.

With re-entry beginning and buildings experiencing increased utilization, property managers should keep that driving spirit of innovation and discover new ways to engage the tenants both in and out of the building.

FACING FORWARD

Difficult conversations about rent, renewal, and eviction may be coming in the next year. While many property management companies are developing creative solutions, keeping a dialogue throughout the next few months may help these conversations go smoother. Keeping engaged with the tenant and understanding how their situation in evolving can help property professionals have a better understanding when it comes time to sit down and discuss leases.

“We really want it to be a dialogue, and so we are making sure we are accessible and available, asking questions to understand the challenges our tenants are facing,” Getz said.

This year has certainly highlighted the commercial real estate industry’s ability to adapt. Transitioning to online has been an adjustment for everyone and is still ongoing. Property managers and leaders should make sure to appreciate their team and tenants for their quick accommodation. A team or tenant that feels recognized is much more likely to be open to solutions and have an open mind.

“Our companies would express appreciation for our team members’ flexibility and attitude, as we deal with everything 2020 has thrown at us,” Getz said.

As the world moves into the next few unpredictable months, it’s important to always keep tenants’ needs front and center. Stay informative with well-backed sources such as the U.S. Centers for Disease Control and Prevention and remember to stay connected with tenants wherever they are.



VIDEO

The Customer Experience Punchlist



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MEET THE 2020 OFFICE EXPERIENCE EXCHANGE REPORT



With so many unknowns going into budget season, data can be a guiding light. The 2020 Office Experience Exchange Report from BOMA International is a tool professionals can look to for that data. With information collected from thousands of office buildings across the United States, this report can be used for multiple budgeting needs.

1. VALIDATE YOUR BUDGET ASSUMPTIONS.

Not sure how your property stacks up? Use the Office EER to compare income and expenses with hundreds of markets across the country. The report is highly interactive and customizable so properties can be compared on an apples to apples basis. Reports based on building location, size, age and other characteristics will help property professionals see how their building sizes up.

2. JUSTIFY YOUR OPERATING EXPENSES.

Go into a meeting with asset managers and stakeholders with confidence. Operating expenses for the next year are going to be difficult to predict. The 2020 Office EER can show what other properties are spending on different line items. This will help the property teams justify expenses and keep the budget on track.

3. DEMONSTRATE WHY YOU MIGHT NEED TO INCREASE SPENDING.

Everybody has a wish list. This time is perfect for renovations and improvement projects. Property teams can use the EER to show how comparable buildings are spending their money on improvements and maintenance. Not only will that help budget the project, but it will create a more resourced pitch when presenting to managers and owners.

4. IDENTIFY MARKET TRENDS. NOW IS THE TIME TO BE CREATIVE.

Property teams need to examine their numbers and see if they are going in the right direction. If they aren't teams need to develop strategies to adjust costs. This also goes for service contracts. The Office EER can be used to compare service contracts and make it easy to find out if they are under or above the market average. The Office EER can be a great tool for reconfiguring an existing service contract.

"Renegotiating service contracts is going to be a major part of budgeting and operations going into next year. Having data to compare and bring into a meeting will help get everyone on the same page," managing director with CBRE Marie Kastens said.

5. CREATE CUSTOM CHARTS AND GRAPHS TO PLUG RIGHT INTO YOUR BUDGET DOCUMENTS.

Professionals can export figures from any custom reports they run with the Office EER right into Excel and create charts. When creating a budget presentation, this tool will save time and effort. Custom reports mean saving time and property teams can get relevant information for their property specifically.

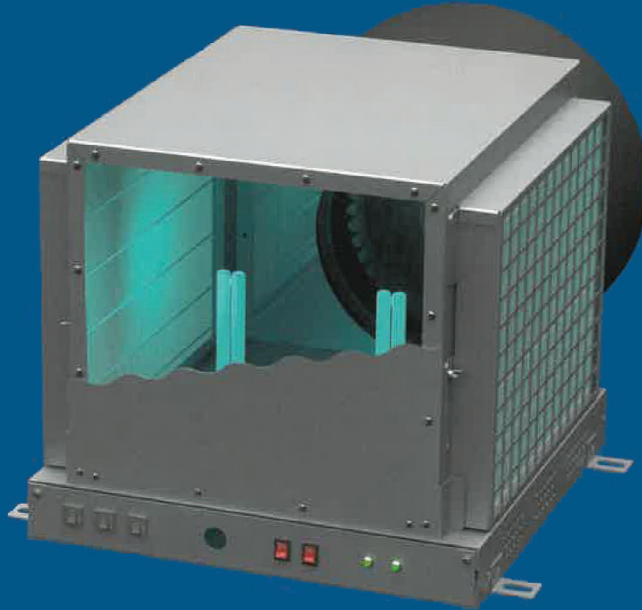
[Access the 2020 Office EER Here](#)



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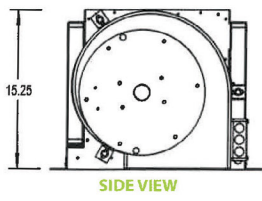
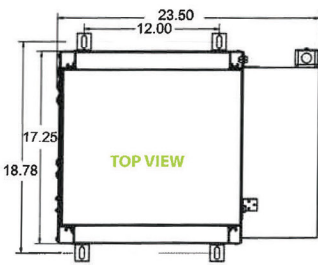
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CRASH COURSE:

LESSON #1: GO BACK TO BASICS



WHAT MAKES AN EFFECTIVE LEADER?

Click Here

VIDEO

Effective Leadership in a Crisis
with Cynthia Mills
Founder of The Leader's Haven

With the current situation constantly evolving and changes occurring each month, sometimes consistency is the first step to effective crisis leadership. With so many unknowns, people are reacting differently to the situation. People that like to look before they leap may be struggling in the work from home environment while independent workers may be thriving.

To make sure an office and staff still run smoothly, look to the basic leadership principles. Develop trust. Make sure any new information is accurate. Keep communications flowing. These everyday leadership tactics can serve as a lifeboat in times that may feel chaotic.

Part of going back to the basics is strengthening and re-defining the relationships with staff. Even if there are people that have worked at an organization for years, their environment and their manager's environment have changed. Trust is the foundation of any relationship, and relationships are at the core of any business. Take the time to check in with staff and re-define the relationship to make sure they are being correctly served and led.

LESSON #2: REMEMBER YOUR INFLUENCE

Leaders are selected for a reason. Somewhere along a leader's journey, another person saw potential. Leaders are selected on the good faith that they will positively impact a team and those who work with them. This is important to remember during a time of change. A team is going to place their energy where their leader places it.

Be aware of the influence a leader can have. Identify the needs of staff and adjust accordingly. Being able to act as a calming presence or energized motivator is essential to adapting to an organization's needs. Assessing and defining priorities will let staff and team members better serve their clients and have a clear direction during changing times.

This situation is a marathon, not a sprint. Leadership during this time is about long-term management. This is not about weathering a storm, it is about re-strategizing and figuring out what the organization looks like in a new reality. No one has the answers, but while a team figures it out, their leader needs to be responsible and make sure the focus is being properly placed.



WHERE IS THE FOCUS?

Click Here

VIDEO

Prioritizing in a Crisis with Cynthia Mills
Founder of The Leader's Haven



Leading During Change

LESSON #3: WHAT TO DO WHEN YOU ARE NEW

There are many cases where newly-promoted professionals found their leadership skills being put to the test a little earlier than expected. In some cases, leadership changes may have been made in the middle of the COVID-19 pandemic, adding a new layer of adjustment to the situation.

A new leader should follow the same advice they would during a normal year: learn from others. This industry is built on mentorship and communication. New leaders should make sure that they are reaching out for advice as well as being a resource for their staff.

Finding a footing during a time of intense change is difficult, but staying engaged with the organization is a way to stay connected and informed. A leader during any time should be focused on building relationships with their teams. New leaders should follow that same tactic and adjust it for the situation. Hold ZOOM office hours. Schedule phone check-ins. Have a once a week all-hands meeting. New leaders should look for innovative ways to show their teams they are focused and have a distinct direction.



HOW DOES A LEADER STAY ENGAGED?

[Click Here](#)

VIDEO

What does a Newly Promoted Leader Need to Know with Bill Moebius
Senior Vice President with JLL



WHY DOES SELF CARE MATTER?

[Click Here](#)

VIDEO

Dealing with Stress and Significant Work Hours in a Crisis
with Cynthia Mills
Founder of The Leader's Haven

rest, physical activity, or meditation. Setting boundaries and limits should be encouraged among the whole team. Creating and maintaining a culture of health shows a team that their leader cares about them beyond the job that they do. In a time where people are feeling isolated, this sense of care can go a long way.

Leaders want to be the best version of themselves all the time. Getting adequate amounts of sleep and maintaining boundaries allow leaders the breathing space to re-center and re-focus. As situations evolve, leaders should take their time developing plans that allow for productive and balanced workloads.

LESSON #4: TAKE CARE OF YOURSELF

A leader is not good for their team if they aren't taking care of themselves. This is one of the easiest areas to skip because leaders often feel like they need to be available and take full responsibility 100 percent of the time. While ownership and accountability are important, so is sleep and rest.

Burnout can negatively affect a leader's ability to confidently guide their team. Remote work has left many professionals working longer hours, feeling more isolated, and created elevated stress levels. A leader should not only do their best to mitigate those situations for their team but for themselves as well.

Physical and mental health are essential to being productive and happy in a job. Leaders and managers should find routines that allow them to carve out time for



LOOKING OUT Colleague and Team Care

Whether a team is continuing remotely or they have begun to re-utilize office space, there are several challenges involved with making sure a team is staying productive and positive during a time of change. Uncertainty is often the cause of morale issues and a decrease in the quality of work. Both leaders and colleagues need to be conscious of their team members and be thinking of ways to keep them engaged and content with their work.

SETTING EXPECTATIONS

Measuring productivity and maintaining consistency is all about managing and setting expectations. As the COVID-19 pandemic continues and the future remains uncertain, expectations are becoming increasingly important. Founder and CEO of The Leader's Haven Cynthia Mills said that professionals are faced with a difficult challenge when it comes to expectations.

"We do have to balance hope with reality to make sure that from our present perspective we are positioned to thrive well and not positioned to be disappointed," Mills said.

Especially in the case of a remote work scenario, it can be difficult to monitor progress, and it can be worrying to not know exactly what a team is doing. Mills said leaders must set expectations to bring organization to the remote work process.

"Make sure the people you are leading know what those expectations are so they can follow them. Don't set them up to frustrate you," Mills said.

Many professionals thrive in structure and in a world when predictability is difficult, setting up a structure is a form of care for colleagues and team members. Amanda Madrid, a associate director with Cushman & Wakefield, said her team created a schedule almost immediately.

"From the very beginning we established team meetings, and we also reached out individually to each person," Madrid said.

ASSUME THE BEST

When a team goes from being in a physical space together every day to being fragmented at home or in the office, the issue of trust becomes paramount. Leaders and team members may no longer know what their colleague's schedules are and what they are working on. This can cause leaders to worry about productivity levels and for team members to consider overcompensating.

Balance is imperative. Assuming the best out of either a boss or a team leads to balance and innately forces a professional to think positively about the other person. Mills said that it's important to remember that everyone is in the same boat and that it is important to pay attention to patterns to get a sense of someone's work ethic.

"Unless you have had some sort of evidence of lack of productivity that has been a consistent issue, going virtual doesn't create that. Don't allow yourself to fall into not assuming the best from your team," Mills said.

Madrid also said that paying attention to her employee's patterns was essential when leading the transition to remote work. She said it was important to look at her team as individuals and provide tools that fit each one of their situations.

"You can tell very quickly when someone starts to hide or remove themselves. It's not intentional, it's just that people can fall into that pattern," Madrid said. "It's important to pull them out of that and make them feel like a part of the team."

If new patterns begin to emerge, assuming the best out of that person will allow leaders and team members to approach the situation with more understanding and sensitivity.

ENGAGE THE TEAM

No matter the work situation, professionals' calendars are different. Without team lunches, in-person meetings, or less on-site work, some team members may be feeling isolated or frustrated with the lack of connectivity that used to fill their day. Leaders need to work to provide community and engagement to their teams.

Madrid said that her team used meetings and care packages to simulate the community usually found in the office space. She said that it was important to make sure that everyone felt like they were still a part of a larger team.

"We had these wonderful town hall meetings every week and they were amazing," Madrid said. "They gave great pieces of information about where we were headed as a company but also inspirational portions that helped morale."

In a world fueled by technology and virtual meetings, it is important for a team to still find connection and unity. Reaching out and checking in with team members is a way to remind them that their interests are being looked out for. Showing off new crafts or sharing recipes can bring back the relationship-building aspect of a workplace.

"Part of what we need to find in this pandemic are those moments of humanity," Mills said.

Work is different right now, and looking forward, it is going to continue to change. Taking care of a team and its members is about being adaptable and aligning the team's wellbeing at the core of any strategy. This circumstance is not permanent, so find the balance of hope and reality and use this time to strengthen the team.



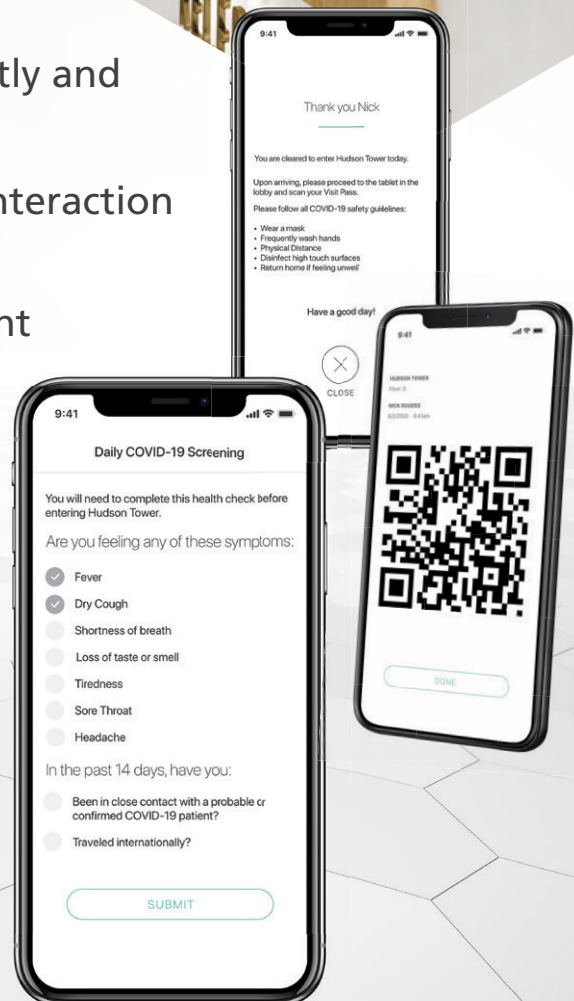
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STEPS TO A GREAT BUDGET

By Judi Sponsel

*Vice President of Property Operations
America's Capital Partners*

It is probably fair to say that 2020 didn't go according to plan for you and your property or business. In fact, it could be said that is the understatement of the year.

One of those plans that was disrupted was probably your budget. Projects may have been deferred or eliminated. Tenants may have gone into bankruptcy, moved out, refused to pay rent, or are in rent deferral. How many bottles of sanitizer, rolls of wipes, and face masks did you buy? Did you fill your property with pandemic signage recommended by the CDC? How many one-time charges did you have that would not be relevant if we were not experiencing a pandemic?" ?

As you are working on your 2021 budget, take a look at your 2020 reforecast if you have prepared one. Notice the changes due to the pandemic. Your janitorial costs may be much lower, your trash removal may have some savings due to lower occupancy in the building, and your utilities and management fees will have decreased. If you use your current year reforecast to start your next year budget, be mindful of these changes to your 2020 budget directly related to COVID-19 and its effect on occupancy.

If you have done this before, you have your favorite ways of compiling information. We all have various deadlines. We have different budget programs – MRI, Kardian, Yardi, Excel, and others. If you've recently moved to another company or property, you have a new set of challenges: different account numbers; a new budget program; and possibly a different property type -- (office, retail, industrial, medical, flex, suburban, urban, office parks, work-live-play developments) and more.

It all seems confusing and overwhelming. I have never heard a property manager shout with joy at the beginning of another budget season. It has a reputation of taking time away from our families and making us work long hours. It's stressful. The COVID-19 pandemic has certainly not made our jobs any easier. During budget season, we know we will be putting in a few extra hours because we have dead-

lines. And we know those deadlines are not suggestions. Due to the various reviewers that are involved before the final budget, deadlines keep everyone on track and on time. So, no matter what it takes, we make it happen. We become superheroes of the property management world who hone our skills of multi-tasking and stamina.

Is it really that bad? It doesn't have to be. With a little planning, the process will be less stressful; become more enjoyable (dare I say), and there is that feeling of accomplishment when it's completed, approved and finalized. You have created the roadmap for another year. We can't do our jobs effectively without the budget. So let's make friends with it and the process of creating it.

Here are a few tips to help you through the process.

HELPFUL PRE-PLANNING TIPS BEFORE ACTUAL BUDGET INPUT

OPERATING EXPENSES:

Start a "Budget" File for the next year: It is helpful to start a file with known expenses for the next budget year as soon as the budget for the previous year is complete and approved.

You can start the file on January 1st, but it's never too late to create one. During your building inspections, keep in mind not only repair and maintenance items that need immediate attention, but also make a list of items that can be done the following year. Make a note and drop it in your budget file either a hard copy or electronic. Did you have items you wanted to complete in the current budget year but were removed during budget review or deferred due to COVID-19? Put it back in the file for next year. In other words – this is your file for those special, out-of-the-ordinary



projects. Get pricing as soon as reasonable, and keep them in this file. Going a step further, put the account number on the proposal or note. That way it will be a breeze to drop the number into the budget.

Review your service contracts: Begin reviewing your service contracts well in advance of budget season. Check to see which need to be re-bid, and re-bid them as early as possible so you have the numbers in advance of the budget preparation. Check with providers that may automatically renew, but the increased amount is not clear in the contract. Ask for the charges in writing. Once the increase, if any, is known, prepare amendments to the contract as necessary. Create or update a spreadsheet for your budget file with the vendor contracts including contact information; contract termination dates; monthly, quarterly and annual amounts as specified in the contract; account number it is charged to; and the last time the contract was bid. You will be happy when you are facing a deadline that you have this spreadsheet. You have the amounts, the account numbers and the frequency of the payments all in one place.

Engineers: Engineers must be empowered to contribute to the budget. It is customary the property manager or administrative team enters the information into the budget program, but engineers play a vital role in the preparation. Ask their opinion about the equipment. Give them a copy of the detailed budget pages for repair and maintenance (R & M) accounts from the current budget and ask them to update it for the next year. They can prioritize replacements, repairs, and upgrades. They should solicit preliminary pricing for projects they feel are important for the budget year, and those that can be entered into the 5 or 10-year plan. Engineers can create a spreadsheet with the project description, account number, priority and dollar amount, or simply update the individual general ledger page from the budget. Be efficient and keep it simple. Drop this spreadsheet into your "budget file" and update as projects become known throughout the year with the help of the engineering team. Now you have the special R & M projects with account numbers all in one place and ready to go when you start the budget.


Administrative Expenses: As with R & M expenses, involve your administrative team if possible. Do you need to replace office equipment such as a copier or computers? If so – these items take a little while to competitively price. Start early. Do you need to adjust tenant event dollars if your occupancy increased? The 2020 budget year most likely eliminated all tenant events and gatherings. Get new pricing from your event vendors. Take inventory of office equipment and plan to replace aging computers, copiers, etc. Will employees attend additional training? Check the options from BOMA or other relevant programs.

Capital: As you go through the year, review your five-year capital plan, update it and discuss items for next year's budget with your asset manager and engineering team. List the cosmetic and mechanical priorities and begin to solicit pricing so it is ready when you begin budget input. Be sure to check Lender requirements, or items noted in a Property Condition Report and include those items in the year suggested. Drop this information into the budget file.

Income: Each time a lease is signed for a new tenant, an expansion, or renewal, drop the abstract into your budget file. At budget time, you won't have to search for changes.

DURING THE YEAR BUDGET CHECKLIST

Start a budget file for next year that includes:

-  Review of Service Contracts
-  Engineer Recommendations and Data
-  Administrative Expenses
-  Capital Updates
-  Additional Income



VIDEO: OPERATIONS BUDGETS ON THE RISE RECORDED WEBINAR



BUDGET INPUT TIPS

So now you have the information in one place that you've been gathering for several months. It's time to create your budget.

First thing, relax. You are well prepared to do this because you have the budget file.

The main components of a budget are *income, operating expenses non-operating expenses, debt service and capital expenses*. Break it down, and the process does not seem as overwhelming.

Income: Correct Rent Roll and Input Updated Leasing Projections: First, use your current rent roll and check that all tenant spaces listed in the budget match the rent roll. You may have had some tenants that terminated their leases early due to COVID-19. Update that information. Perhaps they sub-leased their space. Identify the changes for those tenants. Leasing projections may be less than in previous years. Check square footage, lease commencement and expiration dates, current rent and rent increases, operating expense base years (or triple net, or modified), any operating expense cap amounts, etc. Does the tenant have a monthly storage charge, parking charge or other income that needs to be included? Make changes and modifications as necessary utilizing your budget file where you have all of the abstracts and information needed at your fingertips! Next, input the leasing projections from your leasing team or asset manager. Update leasing commissions, and tenant improvements according to the lease projections. Check your CAM pools and Controllable Expense Cap amounts if you use your budget program to calculate estimated operating expenses for the upcoming budget year.

Operating Expenses: Start with the budget file. You have been keeping track of your contract amounts and your special project costs for months. Now is the pay off. You can enter accurate numbers without much anxiety this year. Sit down with your engineer and discuss any budget changes from the mechanical projects that were recommended and priced earlier. (Hint: I always add a contingency to the larger projects, and I include any Construction Management fees if allowed by the management agreement for large R & M projects). Compare your operating budget expense portion with the previous year to double-check that all necessary monthly expenses have been included that may not be a specific contract, especially administrative and non-recoverable. If your budget program has a feature to adjust certain costs automatically based on connected parameters and occupancy fluctuations, such as janitorial costs, utilities, paper supplies, trash removal, occupancy, income, and management fees, input those formulas now. Be mindful that during COVID-19, certain operating expenses for 2020 were much less – janitorial, trash removal, paper products, utilities, etc., as an example. Use the 2020 budget rather than a 2020 reforecast to estimate these expenses for 2021. Check previous years' averages to input the cost per square foot as if your leases spaces were fully occupied. While the expectation is that occupancy may not get back to "normal" until sometime next year, it would be better to assume

the expenses as if the tenants have returned to their space. Kardin has a feature to automatically calculate the variance in these types of expenses based on income and occupancy. As the leasing team updates their projections, it saves time from manually inputting certain operating cost updates. This is a real time saver.

Capital Expenses: Begin with the 5-year plan. Start by inputting the projects already earmarked for the budget year. Then, update with any additional projects you identified earlier in the year and have already priced. Input the information. Again, add in contingencies and CM fees as appropriate. Owners may request additional reports including market information, stacking plans, multi-year expense history, etc. That information should be readily available or included in your budget package as required. Finally, run a comparison between the current year budget, current year reforecast and the 2021 budget. Note any significant variances and check your numbers again. Explanations may be required between large variances from one year to the next. With COVID-19 during 2020, the variances from reforecast 2020 income and expenses and 2021 projected income and expenses in occupancy-driven and income categories will be significant. Check all the CAM estimates, base years, pro-rata shares, etc. If you are required to write a business plan for the upcoming year, this is a good time to complete that.

Once you have thoroughly reviewed your budget and you are satisfied that the information is accurate, prepare a professional package for your review team and ownership. Ensure all items required are included.

IN SUMMARY

Budgets don't have to be stressful if you plan ahead. It is the best way to learn about a new property, or reconnect with a property you've managed for years. Take one section at a time and complete it. Your budget will come together perfectly.



ABOUT THE AUTHOR

Judi Sponsel, RPA, HP currently serves as the Vice President of Property Operations for the America's Capital Partners Office Building Portfolio. Her role consists of creating policies and procedures, training, hiring, or assigning teams for each property, assisting with due diligence for acquisitions and dispositions, preparing and hosting a Property Manager Conference each year and assuring policies are understood. She also assists

with capital cost approvals, capital cost tracking, construction management, monthly financial reports, CAM reconciliations, and budgets among other duties.

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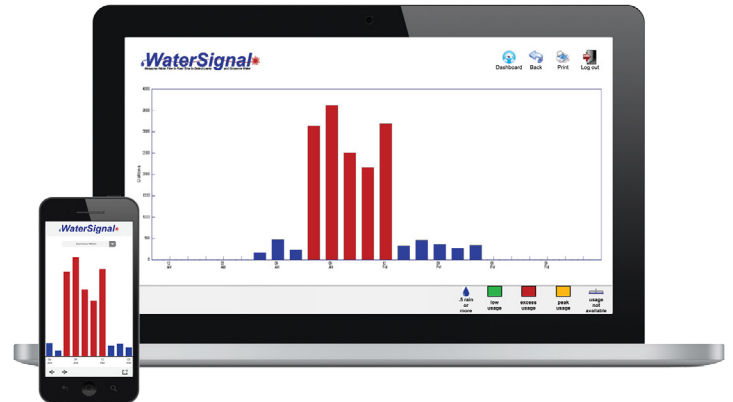
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CONSIDERATIONS FOR BUDGETING 2021

With all the uncertainty surrounding budgeting for 2021, we collected insights from real estate industry leaders that can help inform the considerations for other property professionals going into 2021.

What are your major considerations when budgeting for 2021?

"While I believe the pandemic will come to an end, I am still challenged with whether or not to continue incorporating many new sanitization practices and products going forward."

*Leigh Ann Gantt, Senior Property Manager
OA Management*

"What will it cost to make our tenants feel safe when returning to the office? What staffing will be needed to serve our tenants needs?"

*Tammy Ruppel, Director of Property Management
Portman Holdings*

"That we haven't seen the full extent of the effects of COVID-19 on company closures/rent collection."

*Traci Porto, Senior Property Manager
The Simpson Organization*

"Utility budgets will need to be based on kWh and water use consumption years prior to 2020."

*Chris Lelle, Portfolio Chief Engineer
Lincoln Property Company*

"Trying to provide class A services with increased protection from COVID-19 without drastically increasing operating expenses."

*Terri Barret- Viteri, Senior Property Manager
Anchor Health Properties*

"Our company is exploring feasibility and cost of UV lighting for HVAC; air purification fans for elevator cabs; AHU pan coatings; higher MERV count filters, etc. All options are being considered in order to keep our buildings clean and safe for our tenants."

*Sandy Hilton-Jacob, Senior Property Manager
The Simpson Organization*

"The focus will shift from amenities and enhancements to health and safety."

*Amy Mesteller, Property Manager
The RMR Group*

"Reducing or controlling operating expenses during the pandemic."

*Diane Dameron, Senior Property Manager
Regent Partners*





What questions are you asking about next year when it comes to budgeting?

“Whether tenants that are coming up for renewal will renew. If they do renew, how will COVID-19 play into the renewal?”

*Diane Dameron, Senior Property Manager
Regent Partners*

“What will be the effective ways to limit/control virus spread and exposure and their associated costs?”

*Terri Barret- Viteri, Senior Property Manager
Anchor Health Properties*

“I am currently questioning whether or not we need to look into adding more touch-free technology.”

*Leigh Ann Gantt, Senior Property Manager
OA Management*

“We are asking our team to consider the effects of reduced occupancy for existing tenants on all controllable and non-controllable expenses. We are striving to deliver the best service with the least financial impact to tenants and ownership.”

*Sandy Hilton-Jacob, Senior Property Manager
The Simpson Organization*

“Can we maintain contract prices without increases? Are we refocusing capital items on COVID-19 related signage, touchless upgrades, air purification?”

*Traci Porto, Senior Property Manager
The Simpson Organization*

“We are partnering with our vendors to help us survey the buildings and count fixtures that need to be upgraded. We are also looking at costs to put in ADA touchless actuators on all restroom doors.”

*Amy Mesteller, Property Manager
The RMR Group*

“How do we, at this point, even guess at what next year’s leasing assumptions should be? Will the new normal require more or less office space?”

*Tammy Ruppel, Director of Property Management
Portman Holdings*

“The biggest question is what do we expect from leasing?”

*Chris Lelle, Portfolio Chief Engineer
Lincoln Property Company*

What is your biggest unknown?

“Will shuttles, cafes and fitness centers be operating in 2021? Will there be enough people in the building to justify cost of their reopening?”

*Traci Porto, Senior Property Manager
The Simpson Organization*

“The impact of the virus on leasing is our biggest unknown.”

*Sandy Hilton-Jacob, Senior Property Manager
The Simpson Organization*

“How long will we be affected by the pandemic? Is this our new normal?”

*Terri Barret- Viteri, Senior Property Manager
Anchor Health Properties*

“How COVID-19 will affect commercial real estate?”

*Diane Dameron, Senior Property Manager
Regent Partners*

“My biggest unknown is what impact COVID-19 will have on the commercial real estate industry and its leasing efforts. Budgeting rental income and tenant improvements will most likely look very different in 2021.”

*Amy Mesteller, Property Manager
The RMR Group*

“One of my biggest unknown factors is trying to predict whether or not leases that expire in 2021 will be extended. With so many tenants continuing to work remotely, it is hard to determine if they may choose to continue down that path or return to properties.”

*Leigh Ann Gantt, Senior Property Manager
OA Management*

“Will we have enough tenants paying rent to cover the property expenses?”

*Tammy Ruppel, Director of Property Management
Portman Holdings*

“What impact will leasing have on the operating budgets?”

*Chris Lelle, Portfolio Chief Engineer
Lincoln Property Company*



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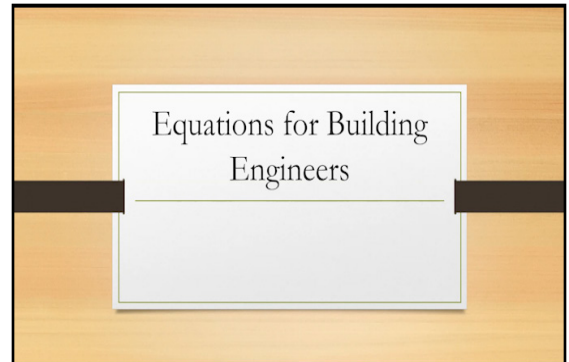
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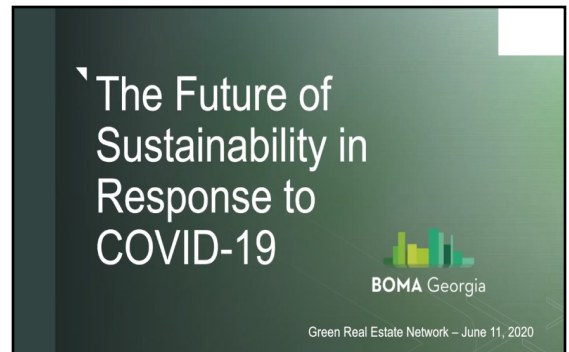
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Managing the Tenant/Customer Experience During COVID-19



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The Building Engineer's Essential Equations



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BUILD A STRONG FOUNDATION

Resources Available from the BOMA Georgia Foundation

SALARY AND BENEFITS SURVEY

Find the resources you need for benchmarking your organization all in one place. The research includes extensive salary and benefits data for various property management and building engineering positions. Position titles have been standardized and include descriptions, which enable Georgia real estate companies to benchmark their salary and benefits. Budgeting for personnel in 2021 is more difficult this year than ever, but a tool like this can provide a much-needed set of data. Research is powerful, consistent tool, especially in uncertain times

BUNDLE OF BOTH

Stay competitive with as much research as possible. In this bundle, professionals receive both the 2018-19 Metro-Atlanta Property Management and Building Engineering Salary and Benefits Survey and the 2016 Metro-Atlanta Staffing Ratio Study. Use these guides to address the roles and workloads of personnel serving commercial office buildings in metro-Atlanta. This extensive publication will provide professionals with the tools they need to staff and manage their organizations.

WHITEPAPERS

The BOMA Georgia Foundation has produced six whitepapers available for free download. During the COVID-19 pandemic, the BOMA Georgia Foundation produced three white papers focused on operational savings and providing up-to-date information for property professionals.

Beyond COVID-19, the BOMA Georgia Foundation is committed to providing research and resources about the future of commercial real estate. With white papers on beekeeping and the future workplace, the BOMA Foundation wants to use research to drive innovation in the industry. All whitepapers are free to download.

STAFFING RATIO STUDY

It is important to investigate the roles and job titles in your industry. This study addresses the roles and workloads of personnel serving the commercial office buildings in metro-Atlanta. The study produces an average full-time equivalent staff for various property management, building engineers, leasing, and accounting positions, and provides a formula to real estate professionals understand how the property they own and manage compare to the industry average. The results are from 26 building ownership/management organizations and represent 110 metro-Atlanta buildings, comprising approximately 27 million square feet.

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