

BRIEF 03 OF 07 · BEFORE YOU RENEW

Facilities, Construction & Interiors

Building performance standards turn compliance into a recurring services obligation, while the capital renewal backlog keeps growing.

\$156

deferred capital renewal backlog
per gross square foot, up 8% in a
year

73.5%

of required renewal funding actually
invested

\$18 vs \$9

reactive vs. predictive
maintenance, per horsepower per
year

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If you read one thing here, identify which building performance standards apply to your sites and on what deadline, and confirm whether the operations and maintenance program and energy management plan several of them mandate exist in documented form.

The challenge as members describe it

Facilities leaders continue to be asked to extend asset life, improve energy efficiency, maintain compliance, and avoid downtime without adding headcount. The question members put to us has sharpened over the past year. It is no longer only how to control spend without sacrificing uptime. It is how to fund a compliance obligation that arrived with a statutory deadline and no accompanying appropriation.

Status quo belief and the more accurate insight

THE BELIEF

Building performance regulation is a capital problem.

THE EVIDENCE

Several of these regimes mandate a continuing operations and maintenance program, which makes it a recurring services procurement that no capital project discharges.

New York City Local Law 97 covers buildings above 25,000 gross square feet and assesses penalties at 268 dollars per ton of carbon emissions (New York City Department of Buildings, 2026). The Washington State Clean Buildings Performance Standard explicitly reaches campus district energy systems, phases compliance by building size beginning June 1, 2026, and assesses penalties of 5,000 dollars plus 1.50 dollars per square foot.

It also requires, as conditions of compliance, an operations and maintenance program and a comprehensive energy management plan (Washington State Department of Commerce, 2026). Maryland, Colorado, Boston, and Cambridge operate comparable regimes on differing timelines. Institutions with facilities in several states will face several of them at once.

Dynamics E&I is observing

The reinvestment picture has not improved. Gordian's thirteenth edition, published in April 2026 and drawing on roughly 43,000 campus buildings representing about 1.1 billion gross square feet, placed the deferred capital renewal backlog at 156 dollars per gross square foot, an increase of 8 percent over the prior year, and found institutions investing only 73.5 percent of the funding required to keep the backlog from growing, with operating budgets 18.5 percent below target (Gordian, 2026).

APPA recommends annual allocation of 2 to 4 percent of current replacement value (APPA, 2025). Measured against that benchmark, a 73.5 percent capital funding ratio describes a structural deficit rather than a lean year.

One widely repeated figure was removed from our analysis this quarter. It is frequently asserted that emergency repair costs roughly four times proactive renewal. That claim appears on numerous vendor publications and could not be traced to any association, standards body, or government source. The documented federal comparison is smaller and attributable: Department of Energy analysis places reactive maintenance at 18 dollars per horsepower per year, preventive at 13, predictive at 9, and reliability centered at 6 (U.S. Department of Energy, 2010). A differential of two to three times is a strong argument before a board, and it has the advantage of being sourceable.

Sourcing implications

- Map building performance exposure by site, with thresholds and deadlines, and scope the mandated operations and maintenance program and energy management plan before the compliance date rather

than after a penalty notice.

- Establish the institution's reinvestment rate as a percentage of current replacement value against the 2 to 4 percent benchmark, and report the gap in dollars rather than in percentage terms when it goes to finance.
- Determine what proportion of maintenance activity is currently reactive, since that is the figure the federal cost ladder acts upon.
- Attach a utilization figure to every renewal request. Renewing an asset used well below capacity is a decision the institution should make deliberately rather than by default.
- Because compliance obligations of this kind are sustained through recurring service rather than a single purchase, a pre-competed agreement converts fragmented sourcing into planned, contracted work. E&I's facilities intelligence agreement supports that consolidation, and a member's E&I sourcing consultant can identify the vehicle that fits the institution.

Want help acting on this?

Your E&I sourcing consultant can point you to the contract that fits. The Executive Overview, full report, and 90-day checklists: [\[LANDING PAGE LINK\]](#)

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Sources

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