

TOTAL COST OF OWNERSHIP (TCO)

Total cost of ownership (TCO) is an analysis of the true total cost of a capital acquisition through its life cycle. This cost includes each phase of ownership including purchasing and operating costs as well as costs related to replacement or upgrades at the end of the life cycle.

At Chaffey, TCO focuses primarily on initial and on-going operating costs. TCO is used to inform institutional planning and budgeting. The two primary areas for which the TCO is applied is facilities and technology.

1. Facilities:

Master Planning: During each facilities master planning process, the District convenes a broad-based shared governance planning work group. This group reviews District goals and planning principles, conducts facilities planning forecasts, and reviews master planning space and sustainability programs. Formalized recommendations are provided for each campus location.

At the initial stages of conceptualizing a new building, a stakeholder's group is established to prepare a criteria document that follows the Functional, Inspirational, Effective, Responsible, Cohesive, Environmental Stewardship "FIERCE" planning principles. When a building project reaches 50% completion, the Executive Team commences a TCO review to evaluate the short and long-term costs anticipated over the facility's lifespan.

Budgeting: The District has established a management tool to measure and track the operation and life cycle of its facilities so that it can maintain a high-quality learning and work environment. The tool is identified in the Facilities Total Cost of Ownership (TCO) Framework (see Exhibit A – Cambridge West Partnership, Chaffey College Facilities TCO Framework).

2. Technology/Equipment:

Capital Investments: As part of the annual Resource Allocation Committee (RAC) review process, the Technical Review Team reviews all validated technology and equipment requests received from Program and Services Review (PSR). Particular scrutiny is applied to "Big Ticket Items," which are proposed acquisitions that exceed a purchase point of \$50,000. The Technical Review Team reviews the proposed expenditures to ensure that it meets District standards, complies with all safety and regulatory requirements, and can be maintained in a cost-effective and efficient manner.

Budgeting: The District has established a management tool to measure and track the hardware and software acquisition, end-user expenses, and labor costs to support the operation and efficiency of computer equipment. The total cost has been estimated for these items to forecast better associated costs with each computer purchased and

deployed for use (see Exhibit B – Chaffey College Information Technology TCO Analysis/Technology Replacement Program).

The TCO cost factor is published on the 2023-24 Equipment and Software Standards on the IT page of the District website. Any items purchased according to these standards are credited with this additional factor. Departments requesting computer equipment pursuant to PSR and RAC must apply the TCO factor for funding consideration (see [Information Technology Equipment and Software Standards](#)).

Vendor Selection and Cost-Saving Initiatives: When selecting vendors for capital acquisitions, the District uses TCO as a criterion for evaluating proposals. Vendors that demonstrate a lower TCO over the life of an asset may provide a better Return of Investment (ROI). Additionally, the District uses and evaluates opportunities to optimize resources through Just In Time (JIT) warehouse delivery systems, managed print services and rent/lease options for specialized equipment.

For more detailed information on TCO, please contact Business Services at 909-652-6036 or Purchasing Services at 909-652-6701.