

A blurred office scene with three people working at desks. A man in the foreground is focused on his laptop, while two women are visible in the background, one standing and one sitting. The image has a blue overlay.

Passing Through the Cost of Your On-Demand HVAC Software to Your Tenants

Ways to Fit Technology into Your Budget

One of the biggest concerns for property teams assessing new technology is determining how to fit it in the budget. Budgets are always tight and getting budgets approved for something new and not-mission-critical can be an uphill battle.

As a result, property teams are always looking for ways to implement new technology without impacting the operating budget. On-Demand HVAC automation offers a unique opportunity to pass through the cost to tenants while ensuring that only tenants who choose to benefit from the service bear its cost.

This creates an ideal chance to benefit from technology without risking precious budget dollars.

HERE ARE A FEW PRIMARY BENEFITS:

1. The software cost no longer impacts your operating budget.
2. Only the tenants who use the software bear the cost (in direct proportion to their usage).
3. You have the opportunity to more than cover the software cost, since the convenience it provides tends to increase On-demand HVAC usage.

WHAT IS ON-DEMAND HVAC SOFTWARE?

Before we get into how to pass the cost of on-demand HVAC software through to your tenants, let's establish what exactly it is. On-Demand HVAC software provides an app and/or web interface that lets individual tenant users make after-hours HVAC requests directly. When a request is submitted, the software automatically fulfills it and generates the tenant's invoice (based on their individual lease). The software fully automates an otherwise fragmented and manual process that property team members must typically undertake every time a request is made.



HOW ARE ON-DEMAND HVAC RATES CALCULATED?

Each year, property teams determine the appropriate hourly rate to charge their tenants for on-demand HVAC usage. This rate calculation takes a variety of expenses into consideration, which generally include:

Energy costs: How much the delivery of an hour of on-demand HVAC will contribute to the building's energy bills. **Equipment depreciation:** The longer and more often a building runs, the harder the equipment works. Using the equipment outside of leasing hours necessitates considering and covering the cost of its eventual repair and/or replacement.

Engineering costs: Without automation software, fulfilling requests requires manual involvement from the property team. This line item considers the hourly costs of engineering resources and the average time spent programming an after hours request.

Administrative costs: This line item estimates the cost of property administrators or accountants managing and calculating the appropriate bill for each request. It combines the hourly cost of administrative resources with the average time spent on request-related tasks.

Once these costs are totaled and some buffer or profit is added, the resulting rate is compared against other market rates (these can vary based on geography). Once all has been considered, a building's rate for the coming year is established. Once these costs are totaled and some buffer or profit is added, the resulting rate is compared against other market rates.



HOW ARE ON-DEMAND HVAC RATES CALCULATED?

This calculation process presents an opportunity to easily build the cost of On-Demand HVAC software into your hourly rate. You can determine a per-request-hour cost (usually just a few dollars) by taking the cost of the software and dividing it by the expected number of hours of overtime air you will fulfill.

You can either add the number to your existing on-demand HVAC costs or use it to replace your current engineering and administrative cost line items, since the automation of on-demand HVAC request fulfillment and billing should clear your team's plate entirely of related tasks. Both are easy ways to pass the software cost through to your tenants and eliminate the need for a line item in your annual budget.

The image below is an example of a costing spreadsheet, complete with the inclusion of the Genea software cost and zeroing out the engineering and administrative costs.

1) Equipment Used	kWh	Price per kWh	Total Energy Cost	Equipment Replacement Cost	Useful Life	Hours of Operation per Year	Capital Replacement Reserve	Annual Maintenance Cost	Incremental Maintenance Allocation
Reciprocating Compressors	102	\$ 0.16	\$ 16.32	\$ 65,000.00	20	2,808	\$ 1.16	\$ 12,280.00	\$ 4.37
Supply Air Fans	149	\$ 0.16	\$ 23.84	\$ 28,000.00	20	2,808	\$ 0.50	\$ 5,250.00	\$ 1.87
Relief Fans	11	\$ 0.16	\$ 1.79	\$ 5,800.00	20	2,808	\$ 0.10	\$ 3,760.00	\$ 1.34
Toilet exhaust fan	4	\$ 0.16	\$ 0.59	\$ 1,500.00	20	2,808	\$ 0.03	\$ 1,880.00	\$ 0.67
Evaporative Condenser	17	\$ 0.16	\$ 2.75	\$ 185,000.00	20	2,808	\$ 3.29	\$ 6,640.00	\$ 2.36
Air Compressor	2	\$ 0.16	\$ 0.24	\$ 4,800.00	20	2,808	\$ 0.09	\$ 940.00	\$ 0.33
Total Equipment-related costs			\$ 45.54				\$ 5.17	2,808	\$ 10.95
2) Other Operational Costs	Hourly Cost	Formula Used:	Description						
Engineering	\$-		Cost of having an additional engineer present if necessary for operation of HVAC - potentially an overtime rate. With Genea installed, the time that an engineer spends programming an automation system for after-hours HVAC service is significantly reduced.						
Water	\$0.53		3 gallons evaporation per ton X _____ tons per floor divided by 748 (748 gals. in 1 CCF) X \$ _____ (cost per CCF).						
Water treatment	\$1.51	4129/2738	This is typically based on total water treatment bill divided by the total operating hours per year. Adjust otherwise if not the case.						
*Genea ACS Cloud	\$5.51	15480/2808	Hourly cost is determined by dividing the total annual cost by the total hours of operation per year						
Total Other Operational Costs	\$7.55								
3) Non-Operational Costs	Total Cost	Formula Used:	Description						
Administrative Cost	\$ -		Include administrative charges only if request taking and invoice processing require services that are significantly greater than normally expended for billable tenant services.						
Total Non-Operational Costs	\$ -								
Total Energy Expense	\$46.06		The annual fee of Genea's On-Demand HVAC Service can be embedded as part of the cost associated with providing overtime air to tenants in the building. By implementing Genea's service, building teams can reduce Engineering and Administrative costs to almost zero as Genea's software automatically manages the entire overtime air process from tenant request, BMS programming and fulfillment and all the way through tenant billing and accounting integration.						
Other Expenses (not including CRR)	\$17.97								
Capital Recovery	\$5.17								
Total Cost	\$69.20								

This approach helps make an easy case for implementing software to manage your on-demand HVAC program (though there are other value drivers as well). Not only can you pass the cost directly through to the specific tenants who benefit from the technology, you can potentially more than pay for the investment, since the software's convenience frequently drives additional usage.

INTERESTED IN DETERMINING WHETHER THIS IS A FIT FOR YOUR BUILDING?

Schedule a demo and we'll walk through the specifics of your building and help you determine whether our On-Demand HVAC software can make an impact on your building's operations.

[LEARN MORE ABOUT OUR SERVICE](#)





Contact Us

Give us a call 24/7/365
+1 (714) 694-0536

Support

Helpdesk help.getgenea.com
Email support@getgenea.com

Home Office

19100 Von Karman Ave. Suite 550
Irvine, CA 92612