FY2014 ROPA+

University of Alaska System

Presented by: Sheena Salsberry, Madison Ford, & Peter Reeves
Who Partners with Sightlines?

Robust membership includes colleges, universities, consortia, and state systems

Serving the Nation’s Leading Institutions:
- 19 of the Top 25 Colleges*
- 17 of the Top 25 Universities*
- Flagship Public Universities in 32 States
- 8 of the 12 Ivy Plus Institutions
- 12 of the 14 Big 10 Institutions

Sightlines is proud to announce that:
- 450 colleges, universities, and K-12 institutions are Sightlines clients, including over 300 ROPA members.
- 93% of ROPA members renewed in 2013
- We have clients in 44 states, the District of Columbia, and Canada
- 57 institutions became Sightlines members in 2013

Sightlines advises state systems in:
- Alaska
- California
- Connecticut
- Hawaii
- Maine
- Massachusetts
- Minnesota
- Mississippi
- Missouri
- New Hampshire
- New Jersey
- New York
- Oregon
- Pennsylvania
- Texas

* U.S. News 2014 Rankings
A vocabulary for measurement

The Return on Physical Assets – ROPA℠

Asset Value Change

- The annual investment needed to ensure buildings will properly perform and reach their useful life, "Keep-Up Costs"

- The accumulated backlog of repair/modernization needs and the definition of resource capacity to correct them, "Catch-Up Costs"

Operations Success

- The effectiveness of the facilities operating budget, staffing, supervision, and energy management

- The measure of service process, the maintenance quality of space and systems, and the customers' opinion of service delivery

Annual Stewardship

Asset Reinvestment

Operational Effectiveness

Service

Peer Systems: Connecticut, Maine, Mississippi, Missouri, New Hampshire, Oregon, Pennsylvania
Overview

- Each school very different across many metrics
- Increasing planned maintenance important moving forward
- Strategic capital plan needed to address overdue and upcoming need
# UA System analysis at a glance

## UA System FY14 fast facts

<table>
<thead>
<tr>
<th>School</th>
<th>Campus</th>
<th>Total GSF</th>
<th># of Buildings</th>
<th># of Students (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAA</td>
<td>Anchorage</td>
<td>2,361,100</td>
<td>69</td>
<td>9,022</td>
</tr>
<tr>
<td>UAA</td>
<td>KPC</td>
<td>177,132</td>
<td>11</td>
<td>395</td>
</tr>
<tr>
<td>UAA</td>
<td>KoC</td>
<td>44,981</td>
<td>5</td>
<td>103</td>
</tr>
<tr>
<td>UAA</td>
<td>MatSu</td>
<td>117,334</td>
<td>8</td>
<td>823</td>
</tr>
<tr>
<td>UAA</td>
<td>PWSCC</td>
<td>66,159</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
<td>UAF</td>
<td>CRCD</td>
<td>151,856</td>
<td>32</td>
<td>390</td>
</tr>
<tr>
<td>UAF</td>
<td>CTC</td>
<td>110,920</td>
<td>3</td>
<td>1,127</td>
</tr>
<tr>
<td>UAF</td>
<td>Fairbanks</td>
<td>3,267,565</td>
<td>190</td>
<td>4,844</td>
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<tr>
<td>UAS</td>
<td>Juneau</td>
<td>420,304</td>
<td>33</td>
<td>947</td>
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<tr>
<td>UAS</td>
<td>Ketchikan</td>
<td>47,850</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>UAS</td>
<td>Sitka</td>
<td>79,378</td>
<td>1</td>
<td>96</td>
</tr>
<tr>
<td>UA System</td>
<td></td>
<td>6,844,579</td>
<td>362</td>
<td>17,835</td>
</tr>
</tbody>
</table>

Exclusions: Chatanika, Palmer, Seward, & State Wide Buildings
Basic benchmarks help tell the story

Density factor shows the busyness of campus

Density Factor
By Campus

Density Factor
UA System vs Peer Systems

Users/100K GSF

Fairbanks
Juneau
Anchorage
PWSCC
Ketchikan
Sitka
KPC
KoC
CRCO
MatSu
CTC

UA System
Peer Avg

0
200
400
600
800
1,000
1,200
1,400

0
100
200
300
400
500
600
700
800

A
B
C
D
E
F
G

Sightlines
Basic benchmarks help tell the story

Tech rating can affect energy consumption, cost, and trades mix on campus
Basic benchmarks help tell the story

As building intensity increases the more, smaller buildings there are to maintain

Building Intensity
By Campus

Building Intensity
UA System vs Peer Systems
Basic benchmarks help tell the story

As building intensity increases the more, smaller buildings there are to maintain

% Small Buildings
By Composite Campus

<table>
<thead>
<tr>
<th>Campus</th>
<th>Buildings</th>
<th>% of campus under 10k GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAA</td>
<td>43 Buildings</td>
<td>43%</td>
</tr>
<tr>
<td>UAF</td>
<td>156 Buildings</td>
<td>70%</td>
</tr>
<tr>
<td>UAS</td>
<td>22 Buildings</td>
<td>58%</td>
</tr>
</tbody>
</table>

Building Intensity
UA System vs Peer Systems

- **UA System**: Orange line indicates higher building intensity compared to peers.
- **Peer Avg**: Red line represents average building intensity among peers.

Key points:
- Higher building intensity at UA System with a significant percentage of buildings under 10k GSF.
Basic benchmarks help tell the story

Age is a defining factor in UA System’s story

Renovation Age
By Campus

Renovation Age
UA System vs Peer Systems

Years

Juneau
Anchorage
Fairbanks
CTC
Ketchikan
KPC
PWS/CC
CRCD
MatSu
KoC
Slik

Age in Years

0
10
20
30
40
50
60

0
10
20
30
40
50
60

A
B
C
D
E
F
G

UA System
Peer Avg

sightlines
Basic benchmarks help tell the story

Age is a defining factor in UA System’s story

### Renovation Age
#### By Campus

- Juneau
- Anchorage
- Fairbanks
- CTC
- Ketchikan
- KPC
- PWSCC
- CRCD
- MatSu
- KoC
- Sitka

#### By Composite Campus

- **UA System**
  - **UAS**
    - Older: -6.0 Years
    - Younger: +2.3 Years
  - **UAA**
    - Aged: +3.6 Years
  - **UAF**

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![Sightlines Logo](image)
Diverse age mix across all schools and campuses

Different age profiles constitute different operational strategies

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Buildings Under 10
No capital investment needed.

Buildings 10 to 25
Short life-cycle needs; primarily space renewal.

Buildings 25 to 50
Major envelope and mechanical life cycles come due.

Buildings over 50
Life cycles of major building components are past due. Failures are possible.
Operations Profile Update
UA System Budget Spending

UA System spending $10/GSF

Budget by UA System Budget by Campus

$/GSF

- $18
- $16
- $14
- $12
- $10
- $8
- $6
- $4
- $2
- $0
- $-

UA System
Juneau
Anchorage
Fairbanks
CTC
Ketchikan
KPC
PWSCC
CRCD
MatSu
KoC
Sitka

Daily Service
Planned Maintenance
Utilities
Total utility spending increasing across system

UA System utility cost increased 14% since FY10

UA System Utility Budget by Campus

% change of total utility cost FY10-FY14

-19%  +9%  +9%  -6%  -9%  +34%
Some campuses able to have large reductions in consumption since FY10

FY14 Consumption by Campus

% change of total consumption FY10-FY14:
-5%  +2%  +5%  -37%  +7%  -46%  -19%  +27%  -1%  -9%  +7%

- Fossil Consumption BTU/GSF/HDD
- Electric Consumption BTU/GSF
Total campus spending trends

UAF Actuals

<table>
<thead>
<tr>
<th>Year</th>
<th>$/GSF</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$12</td>
<td>-1%</td>
</tr>
<tr>
<td>2011</td>
<td>$10</td>
<td>9%</td>
</tr>
<tr>
<td>2012</td>
<td>$8</td>
<td>19%</td>
</tr>
<tr>
<td>2013</td>
<td>$6</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$4</td>
<td></td>
</tr>
</tbody>
</table>

UAA Actuals

<table>
<thead>
<tr>
<th>Year</th>
<th>$/GSF</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$12</td>
<td>3%</td>
</tr>
<tr>
<td>2011</td>
<td>$8</td>
<td>10%</td>
</tr>
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<td>2012</td>
<td>$6</td>
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</tr>
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<td>$4</td>
<td></td>
</tr>
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<td>2014</td>
<td>$2</td>
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UAS Actuals

<table>
<thead>
<tr>
<th>Year</th>
<th>$/GSF</th>
<th>% Change</th>
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<tbody>
<tr>
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ROPAL Performance in 2014

2014 Areas of Focus: Budget Performance

The top 25 institutions represent “Best in Class” institutions which are determined by analyzing results and resources.

The institutions with the most resources will not necessarily fall within the Top 25.

As resources increase so must the results. Therefore, institutions with less resources but strong results can reach the “Best in Class” distinction.

Each UA campus spending under budget

Closer to 0% difference equates to higher score

- PM investment on edge of top 25
- PM Spending has significant impact on the daily service costs
- PM spending has largest impact on total score

Increasing PM spending should lower DS over time

None of the UA Campuses’ daily service costs have changed much over time.
ROPA+ Performance in 2014

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To get to an A+

*Increasing PM levels up to $1.00/GSF*

(10% of total Budget)

*Also under the assumption that DS will decrease*

<table>
<thead>
<tr>
<th>Budget Overall Performance</th>
<th>Sightlines Score</th>
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<tbody>
<tr>
<td>UAA Current Score</td>
<td>B</td>
</tr>
<tr>
<td>UAF Current Score</td>
<td>B</td>
</tr>
<tr>
<td>UAS Current Score</td>
<td>A-</td>
</tr>
<tr>
<td>Best in Class Score</td>
<td>A+</td>
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ROPAs+ Performance in 2014

2014 Areas of Focus: Budget Performance

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</tr>
<tr>
<td>UAS Current Score</td>
<td>A-</td>
</tr>
<tr>
<td>Best in Class Score</td>
<td>A+</td>
</tr>
</tbody>
</table>

To get to an A+

**Increasing PM levels up to $1.00/GSF**

(10% of total Budget)

*Also under the assumption that DS will decrease

Recommendation:

**Increasing PM at each campus by $0.05/GSF each year over the next 3 years**
Capital
UA system total capital spending

Goal to capture investment into existing space only

Total Capital Spending

- Million

- Existing Space
- Infrastructure
- Non-Facilities/New Space

UA system capital spending into existing facilities

Goal to capture investment into existing space only

Total Capital Spending

*Please note the change in scale

*Please note the change in scale

Existing Space
Defining stewardship investment targets

Setting a target for Alaska

FY14 Stewardship Targets – UA System

3% Replacement Value

Life Cycle Need (Equilibrium)

Functional Obsolescence (Target)

Envelope/Mechanical

Space/Program

Depreciation Model

Sightlines Model

CRV: $4.4B

$131.6

$64.6

$32.3

$51.5

$38.6

Millions
Total spending mix into existing facilities

Total Capital Spending Mix

Millions

- Building Systems
- Envelope
- Safety/Code
- Space Renewal
- Target Need

Strong spending into valuable parts of campus

UA System Spending Mix
since FY10

Peer Spending Mix
since FY10

<table>
<thead>
<tr>
<th>Category</th>
<th>UA System</th>
<th>Peer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Systems</td>
<td>27%</td>
<td>34%</td>
</tr>
<tr>
<td>Envelope</td>
<td>25%</td>
<td>8%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>13%</td>
<td>19%</td>
</tr>
<tr>
<td>Safety/Code</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>Space Renewal</td>
<td>27%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Capital investment short of target annually

$200M deferred since FY06

Total Capital Spending

- **Sustaining or Decreasing backlog**
- **Increasing backlog**

**Millions**

- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014

- Annual Stewardship
- Asset Reinvestment
- Target Need
Total UA system capital spending less than peer systems

5 year avg. Total Capital Spending vs. Target
(% of Target)

- Juneau Anchorage Fairbanks

% of Funding Source
UA System
- One-Time: 17%
- PM: 5%
- Recurring Capital: 78%

% of Funding Source
Peers
- One-Time: 25%
- PM: 68%
- Recurring Capital: 7%

☑ Relying heavily on one-time funding
☑ Contributing less PM than peers
System backlog total and by campus

**Total System Backlog**

- Total Backlog: $1,282
- Phase 2 Backlog: $574

**UA System Backlog by Campus**

- Juneau: $222
- Anchorage: $486
- Fairbanks: $1,282
- CTC: $200
- Ketchikan: $400
- KPC: $600
- PWSCC: $800
- CRCD: $1,000
- MatSu: $1,200
- KoC: $1,400
- Sitka: $1,600

Legend:
- Blue: Life Cycle Need
- Yellow: Immediate Need
- Black: Additional Need
Historical system spending short of future need

Falling short of target need has grown immediate need significantly

Total Capital Spending
UAF-New plant and infrastructure will cut down backlog

Total 10 Year Need

Original Backlog: $773
Phase 2 Backlog: $404
$219/GSF
33 Reno. Age

Addressed Infrastructure and New Plant (2019):

Backlog Decrease by $247M**

Demo of 25% Small Buildings* on UAF Fairbanks campus:
Total of 72K GSF
2.2% of total Fairbanks campus

Backlog Decrease by $14M

New Backlog: $151
New Phase 2 Backlog: $254
$148/GSF
31 Reno. Age

*Small building defined as less than 10,000 GSF
**Figure based off of condition assessment received in FY11
UAA-Resetting the clock through renovations

Renovating buildings with highest immediate need decreases campus age

Total 10 Year Need

<table>
<thead>
<tr>
<th>Original Backlog</th>
<th>Phase 2 Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>$435</td>
<td>$219</td>
</tr>
<tr>
<td>$139</td>
<td></td>
</tr>
<tr>
<td>$77</td>
<td></td>
</tr>
</tbody>
</table>

$158/GSF 24 Reno. Age

Potential Full Renovations within these buildings:
- Consortium Library
- Fine Arts
- Professional Studies
- Wells Fargo Center

Total of 389K GSF
13% of campus
(including the Alaska Airlines Center)

Backlog Decrease by $106M

Reset the clock on those buildings

Total 10 Year Need

<table>
<thead>
<tr>
<th>Post Reno Baklog</th>
<th>New Phase 2 Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>$329</td>
<td>$139</td>
</tr>
<tr>
<td>$119</td>
<td></td>
</tr>
<tr>
<td>$77</td>
<td></td>
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</tbody>
</table>

$119/GSF 19 Reno. Age
UAS-Addressing highest priority first

Renovating buildings with highest immediate need decreases campus age by three years

**Renovations within these buildings:**
- Technical Education Center (FY15/16)
- Hendrickson Building (FY16)

**Total 10 Year Need**

- Original Backlog: $75
- Phase 2 Backlog: $38
- Post Reno Backlog: $69
- Phase 2 Post Reno: $36

**UAS-Addressing highest priority first**

$131/GSF 17 Reno. Age

Reset the clock on those buildings

$127/GSF 14 Reno. Age
After planned work, what is left to address

*UAF in need of most aggressive capital plan to address large immediate need*

System wide needs, next 10 years

![Bar chart showing system wide needs for the next 10 years for UAF, UAA, and UAS. The chart highlights the immediate need, remaining need, and life cycle need for each institution across the years 2015 to 2024.](image-url)
After planned work, what is left to address

Though lower total $ need, UAS still has large upcoming on a $/GSF basis

System wide needs, next 10 years ($/GSF)
ROPAP+ Performance in 2014

2014 Areas of Focus: Capital Performance

- Total capital investment in relation to campus inspection falls within range of the “Best in Class” institutions.
- This is a key category in the overall performance rating.
- UAS total spending low this FY14 due to freshman housing construction.
- The stewardship investment as a percent of total investment is an area of concern.
- Shifting the investment mix with more of an emphasis on stewardship will improve your overall rating.
- The spending mix profile is balanced at UAA & UAS, (not heavy on space/programming), which improves your overall performance scores.
- UAF has seen increased space spending in 2014.

The top 25 institutions represent “Best in Class” institutions which are determined by analyzing results and resources. The institutions with the most resources will not necessarily fall within the Top 25. As resources increase so must the results. Therefore, institutions with less resources but strong results can reach the “Best in Class” distinction.
Recommendations

Each school requires a different capital strategy

Once the renovations on the last of the immediate need buildings are complete, UAS will need to shift capital and operational strategies in order to fully fund the upcoming life cycle needs of campus and increase planned maintenance in young buildings to extend the life of those systems and buildings.

With all of the renovations UAA has done recently and has scheduled, campus is on the way to being primarily a keep-up campus. Until then, it is still important to have a balanced capital profile to continue to renovate those buildings with the greatest need and invest in the newer buildings on campus to extend those lives capitally and operationally.

UAF is the largest campus with the most buildings and the one with the most immediate need. A smart strategic plan is needed to decide which should be removed from campus and which of the buildings on campus are worth major investment. Those buildings with the most investment will need aggressive capital infusions for renovations to address the need across campus.
Recommendations

Once the Quadrant chart is complete, it will help inform the decisions that will need to be made to drive the backlog to a manageable level.