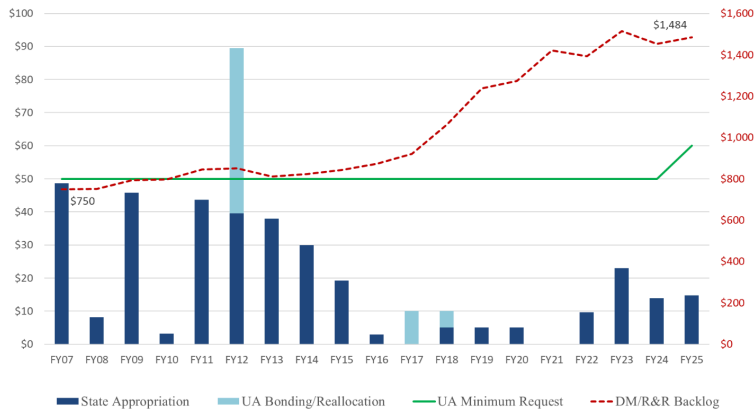


Capital Budget DM/R&R Funding History Unrestricted General Funds & Backlog

(in millions of \$)



Sustaining university system facilities

UA facilities represent more than 40% of all capital infrastructure for the State of Alaska. Facility deferred maintenance and renewal has been the Board of Regents' number one capital priority for more than twenty years.

UA is responsible for maintaining facilities and infrastructure across the state, with 400 facilities totaling 8.2 million gross square feet, an average age of 37 years, a replacement value of \$7.1 billion, and a deferred maintenance/renewal & repurposing (DM/R&R) backlog of nearly \$1.5 billion.

A \$60 million request for deferred maintenance funding is necessary after years of unfunded deferral of critical capital projects which have increased the risk of building closures.

Facility maintenance funding reduces future operating costs; improves safety, energy efficiency, student success and accessibility; extends the life span of facilities; helps to attract world-class faculty, students and researchers; and leverages federal and private funds.

UA facilities are used by many people, including travelers and wildland firefighters, for the good of all Alaska.

UA's deferred maintenance/renewal & repurposing backlog has grown to nearly \$1.5 billion

Project Costs & Cost Escalations

Deferred Maintenance (DM) project costs are determined using several methods depending on project size, complexity, expertise, and funding status. Project cost estimates for most DM projects are performed using one or a combination of the following three methods:

- Hire engineers, architects, and estimators (large or complex projects with eminent funding).
- University staff with decades of experience in designing, estimating, and constructing projects (small or medium projects).
- University staff produce estimates for projects by comparing them to actual previous project costs adjusted for inflation and/or cost data provided by external consultants (future projects).

Often, reduced funding forces projects to be delayed or canceled while additional funds are sought or the funding is redirected to the next most urgent DM/R&R need.

Other factors also lead to cost escalation including:

- Limited funds require reprioritization, leading to alterations in project scopes or requiring additional design resources to fit larger scopes into smaller budgets.
- Insufficient and unpredictable funding leads to a lack of project workflow, resulting in construction delays.
- Inflation has significantly outpaced the capital budget, leading to delays as projects wait for additional funding to account for increased bid prices
- Local construction cost pressures such as labor market challenges and shipping cost increases.

