THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

State of Alaska
Office of Management and Budget

Deferred Maintenance Overview
House Finance Committee
March 17, 2025

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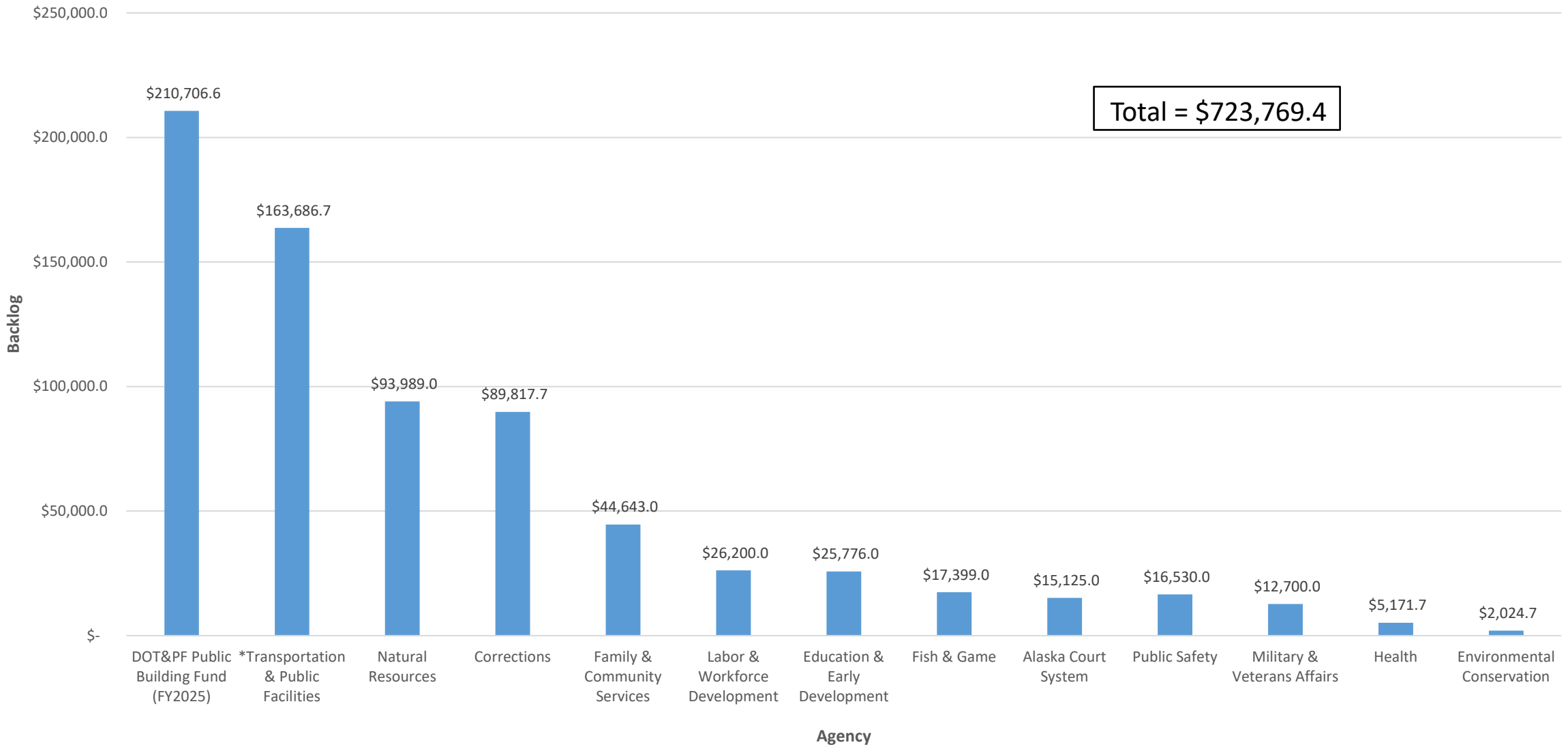
Deferred Maintenance Overview

Deferred maintenance is maintenance or repair projects that have been delayed or postponed due to lack of funds within an entity's normal operating budget cycle.

State of Alaska property portfolio:

- 1,999 facilities (includes 402 University buildings)
- 21 million square feet of space (includes 8.3 million from University buildings)
- 17 State agencies (includes University and Courts)
- Type of facility varies by agency

Backlog (excluding University)



**DOT&PF includes facilities only (excludes highways, aviation, harbors, Alaska Marine Highway System)*

(Dollars in Thousands)

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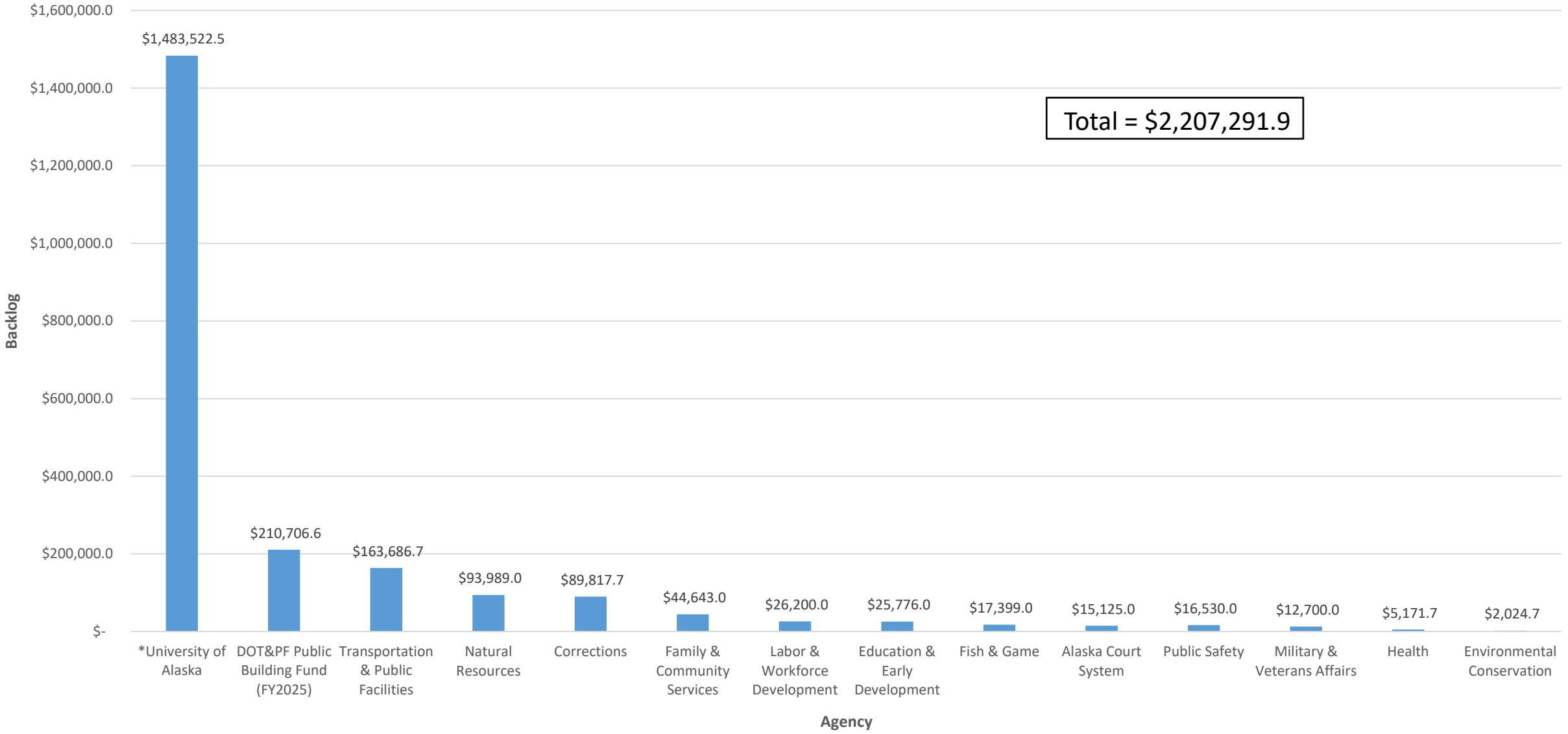
Backlog (including University)



**University of Alaska includes deferred maintenance/renewal and repurposing backlog consistent with UA's Board of Regents policy (P05.12.020D)*

(Dollars in Thousands)

Statewide Deferred Maintenance Appropriation by Agency

Agency	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
DOA	$3,109.0	-	-	-	-	$650.0
DOC	$2,665.0	$3,953.0	$9,335.1	$6,732.7	$7,794.7	$50.0
DEED	$3,944.5	-	$7,112.4	$3,335.3	$1,112.3	$571.8
DEC	$600.0	$49.7	$428.3	$153.2	-	-
DFCS	$678.1	-	$4,261.5	$1,943.6	$2,365.0	$3,680.0
DFG	$1,560.1	-	$1,075.0	$2,455.0	$230.0	$2,100.0
GOV	-	-	$120.0	-	-	-
DOH	-	-	$240.0	$1,432.4	$963.3	$1,605.0
DOLWD	$575.0	-	$7,050.0	$750.0	$2,275.0	$4,850.0
DMVA	$862.9	-	$2,190.6	$1,425.0	$1,900.0	$1,250.0
DNR	$555.0	-	$1,135.0	$2,482.0	$705.0	$1,768.0
DPS	$4,959.7	-	$2,911.4	$150.0	$3,150.0	$1,500.0
DOTPF	$5,591.5	$1,901.1	$5,990.7	$2,702.7	$4,426.4	$3,770.0
Courts	$1,594.2	-	$2,450.0	-	-	-
UA	$5,000.0	-	$4,700.0	$3,938.1	$4,361.9	-
Unobligated	$5.0	-	-	-	-	$6,427.7
Total	**$31,700.0**	**$5,903.8**	**$49,000.0**	**$27,500.0**	**$29,283.6**	**$28,222.5**

(Dollars in Thousands)

Statewide Funding Approach

Allocation process

- OMB facilitates the collection of agency deferred maintenance lists
- State Facilities Council reviews and prioritizes deferred maintenance projects across executive branch agencies
- Facilities Council deferred maintenance meetings anticipated March through June, with goal of a Statewide prioritized list to OMB by July 2025
- Projects to be prioritized based on combination of significant factors including facility importance, building system, and urgency to create a Project Index Value (PIV).

Project Ranking Formula

- Project prioritization is a combination of the below to create a Project Index Value (PIV):

PIV = (MAI) x (System Factor) x (Need)

  - MAI - Mission Alignment Index, alignment of facility to an Agency's mission
  - System Factor - Scale related to various building systems and their impact on building
  - Need - The urgency and criticality for replacement

Mission Alignment Index

- Mission Alignment Index (MAI) identifies the relative importance of a facility in relation to an agency's primary mission. Besides how critical the facility is to the agency mission it considers:
  - *How capable is it to deliver services*
  - *How utilized is it, how many people, citizens, or state services does it impact*
  - *Availability of other facility options at that location*

- The most critical facilities of an agency are directly aligned with the agency's purpose to exist
  - *Amongst multiple critical facilities within in an agency, there are still varying degrees*

- Allows better risk management to programs, and guides investment and divestiture decisions

- Determined by the agency. Periodically revisited.

Mission Alignment Index Examples

	Index Scale	Facility
• Critical: • *The agency **cannot** meet its mission without this facility. There are no viable workarounds*	0.75 – 0.9	Key Maintenance Station, Correctional Center, Hangar, School, etc.
• Important: • *Would impact the agency's mission if unavailable. Possible workarounds*	0.5 – 0.74	Certain Office Buildings
• Supportive: • *Would possibly impact the agency's mission if unavailable, but other options available*	0.25 – 0.49	Certain Warehouses or Storage Buildings
• Other / Non Mission Critical: • *Would not have an effect on the agency's mission if unavailable*	0.0 - 0.24	

Systems & Needs Examples

	System Factor
• Life, Health, Safety, Structure ▪ *Sprinkler, Fire Alarm, Structural,* ▪ *Including Life, Health, Safety issues caused by envelope, mechanical, electrical, or other system failures*	0.75 – 1.0
• Envelope and Shell ▪ *Roof, Exterior Walls, and Windows*	0.5 – 0.74
• Mechanical, Electrical, Conveying, Process ▪ *HVAC, Plumbing, Power, Lighting, Elevators, Escalators, industry specific systems*	0.5 – 0.74
• Interior, exterior grounds, other ▪ *Interior Doors, Walls, Floors, Finishes*	0.25 – 0.49

Need

5 – Critical

-Corrects critical life safety or code hazard

-Imminent failure, requires immediate action to return facility to normal operations

4 – Important, not yet critical

-Requires action within next five years to stop intermittent interruptions

-Corrects deterioration or potential safety hazards

3 – Necessary

-Require appropriate attention to preclude deterioration or potential downtime

Determined by Facilities Council from information amongst facilities, architectural and engineering professionals, condition assessments and indices, maintenance records, engineered reports, users, etc.

Examples From Last Prioritization Cycle

Dept	Facility/Building	Mission Alignment Index (0-0.9)	Project Title	Project Description	System Factor	Need	Project Index Value	Project Cost	Location/City
DNR	Northern Region Compound	0.9	Demo & Hazmat Remeidiation for Northern Region Fire Warehouse and Operations Center	Remediation and disposal of hazardous materials and the demolition of existing dilapidated and unsafe structures is needed on the Fairbanks Fire Compound to reduce exposure and risk to employees. The structures have been declared a physical hazard to both the public and State employees and inspection revealed the presence of asbestos that will need to be remediated and disposed of prior to demolition. Once fully completed, design and construction of a fire crew facility will begin.	0.956818182	5	4.305681818	$ 135,000	Fairbanks
DOC	Lemon Creek Correctional Center	0.9	In-Floor Heating Repairs	Original steel piping imbedded in concrete floor has failed. Will be unable to maintain adequate heating in the coming winter months. Project will add heat tubing to the underside of the concrete floor to restore heating to inmate living areas. Facility already at a limited capacity. Inmates would have to be moved to another institution if temperatures cannot be maintained.	0.933181818	5	4.199318182	$ 750,000	Juneau
DOC	Fairbanks Correctional Center	0.9	Kitchen Roof Replacement	Kitchen Roof needs to be replaced numerous leaks onto electrical panels, temporary patching has been done to mitigate damage to facility.	0.884545455	5	3.690966942	$ 750,000	Fairbanks

- Mission Alignment Index – Determined by the owning department. In this example, each is a critical building essential to serving the mission of the respective department
- System Factor – Average of the inputs from each member of the Facilities Council
- Need – Average of the inputs from each member of the Facilities Council
- Project Index Value – Calculated and ranked for over 100 projects from the last ranking cycle

Final prioritized list was reviewed and approved by Facilities Council, then shared with OMB to inform the recommended deferred maintenance allocation.

Deferred Maintenance Project Implementations

General Processes

- Typical project efforts may include planning, design, and construction phases with varying durations depending on scope and intensity

- Projects offer opportunities for local and statewide design professionals and contractors through the State's procurement processes

- Typical project cost impacts may include economic markets of contracting, commodity prices, scope increases due to unknown conditions or hazardous materials
  - Projects can come in both under or above estimates; in some cases, the State has seen bids exceeding estimates by ranges of 65 to 113 percent
  - These challenges are shared within Facilities Council forums and used to help inform future projects

Funding Recommendations and Targets

There is no one definitive rule on the level of preventive maintenance necessary **to avoid** deferred maintenance, but a National Research Council publication references a range of two to four percent of replacement cost value.

*FY2023 replacement cost value (excluding University): $8,430,192.0

1% = $84.3 million

2% = $168.6 million

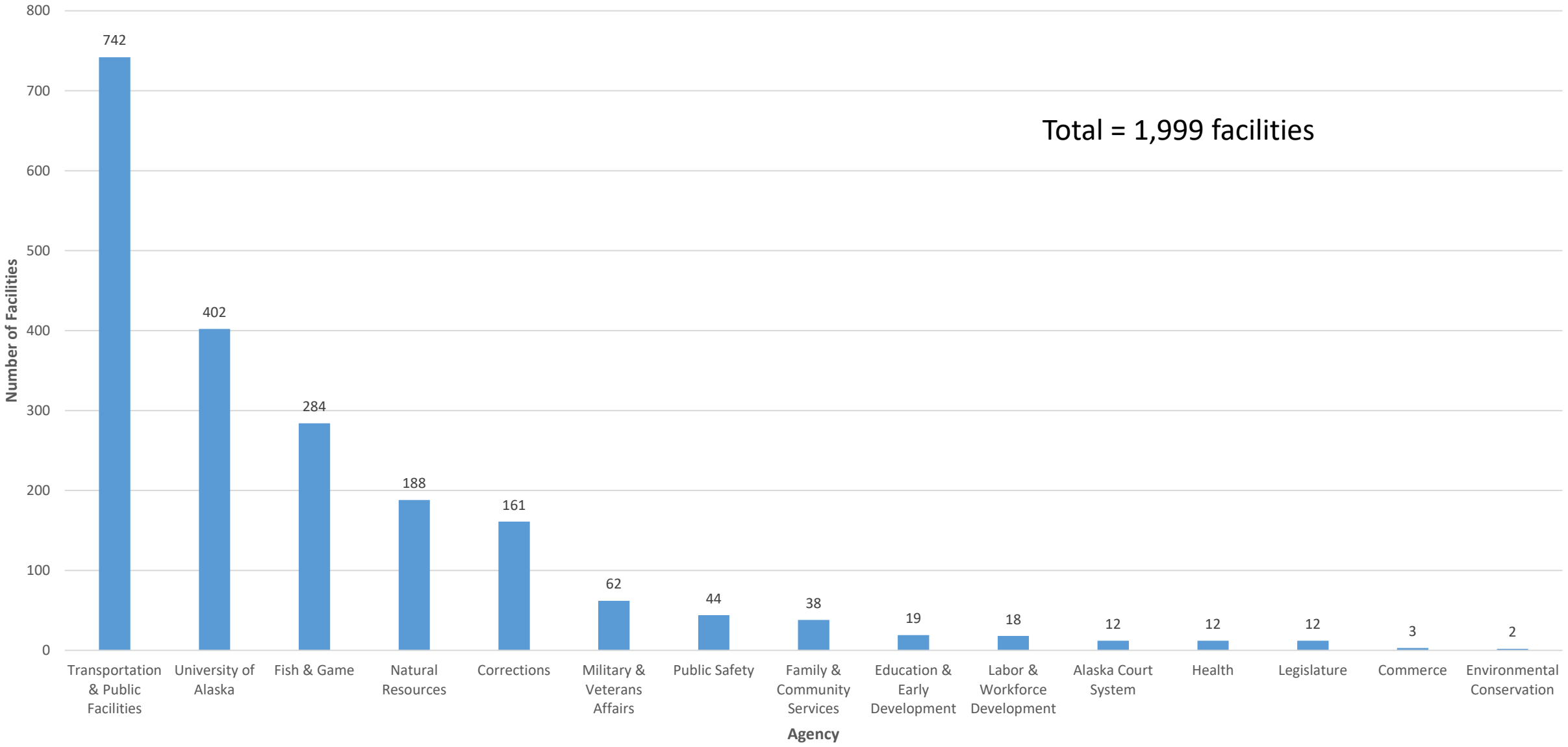
4% = $337.2 million

**FY2024 Division of Risk Management Annual Report*

(Dollars in Thousands)

Appendix

State-Owned Facilities Count by Agency



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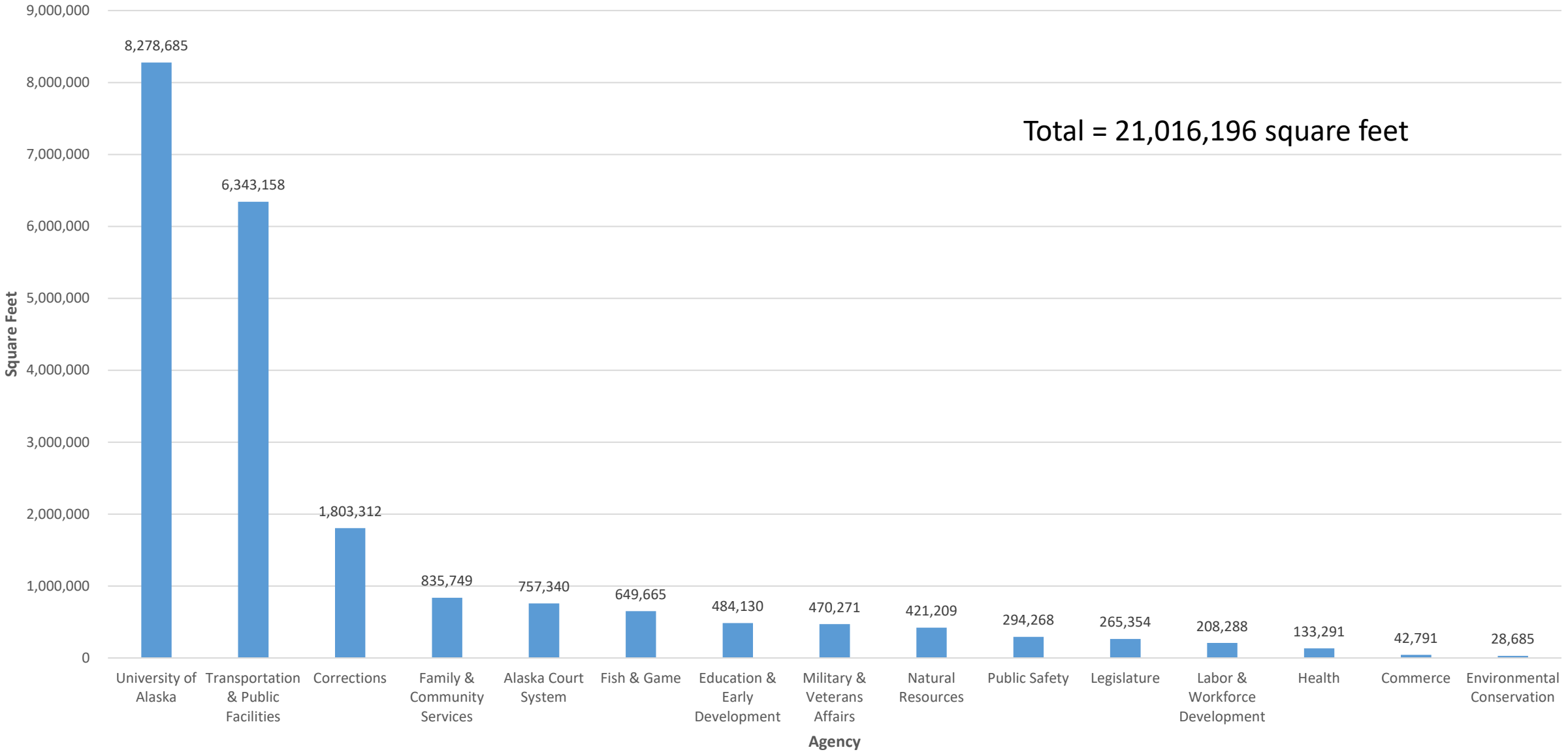
State-Owned Facility Space by Agency



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