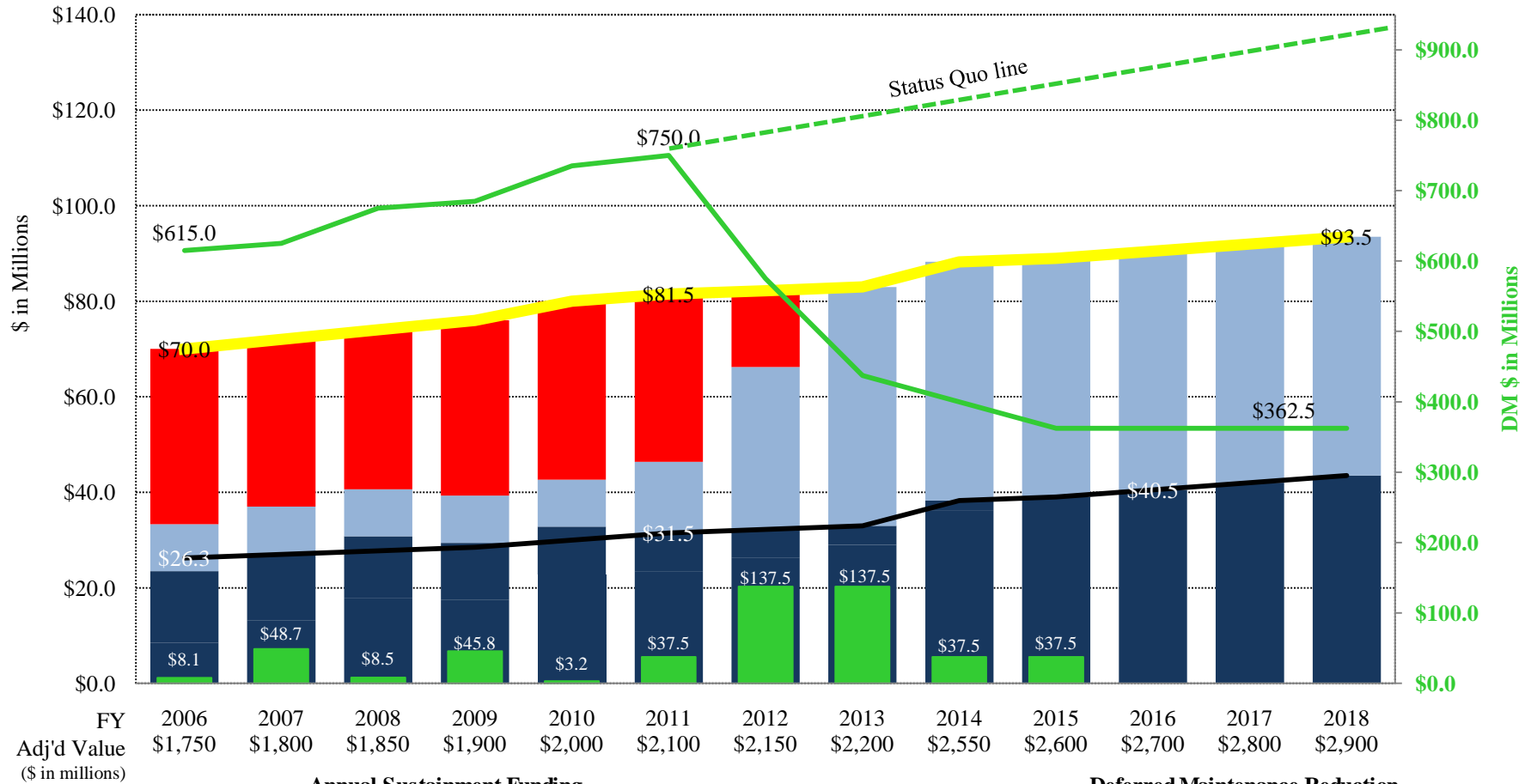


# Sustainment Funding Plan for UA Facilities



## Annual Sustainment Funding

## Deferred Maintenance Reduction

- M&R Annual Expenditures (Operating Budget)
- M&R Annual Maintenance Target 1.5% of Adj'd Value (Budget Intent)
- R&R Annual Capital Expenditures (Target is approx. 2.5% of Adj'd Value)
- M&R/R&R Annual Investment Target (Approx. 4% of Adj'd Value)
- Annual Investment Target Shortfall (adds to DM backlog)

- Deferred Maintenance Reduction Expenditures (\$37.5M for 5yrs + \$200.0M)
- Deferred Maintenance Backlog with adequate M&R/R&R funding (Reduce to approximately \$360M by FY15)
- Deferred Maintenance Backlog without adequate R&R funding (Grows to over \$900M by FY18)

## **Sustainment Funding Plan for the University of Alaska Facilities**

This plan sets forth the funding strategy and requirements for preserving and achieving full utilization of the buildings, assets and infrastructure for the University system. The objectives are to reduce the University's deferred maintenance (DM) to approximately \$360 million by FY17 and achieve a sustainable level of funding for annual maintenance and capital reinvestment by FY18. Below are the assumptions used in developing the plan.

- Adequate funds for two streams of investment are achieved by FY17: annual routine & preventative maintenance, and major repair and recapitalization (building system renewal and repurposing). Making this needed investment annually is the only way to eliminate continued increase of deferred maintenance. Status Quo (dashed green line) represents effect of not making this investment.
- Annual Maintenance & Repair (M&R) operating expenditures will continue to meet or exceed the annual target of 1.5% of adjusted facility value (black line).
- Annual requirement for Renewal & Repurposing (R&R) will level off to \$50 million per year from FY11 forward, estimated at 2.5% of facilities adjusted value.
- Non-state revenue sources will continue to help support R&R activities. Sources have averaged over \$9 million in the last 6 years and are a portion of the light blue column. Sources include: Federal Title III, and University bonding.
- State support for R&R will increase to supplement the non-state sources and provide the projected need: \$50 million per year (light blue).
- State support for reducing deferred maintenance of \$37.5 million through FY17, with an additional \$100 million investment in deferred maintenance in FY12 & FY13 (green column).
- Deferred maintenance in FY11 (\$750 million) is based on the MAU's categorization of DM and R&R projects for FY11. A \$360 million level of DM is approximately 12% of UA's facilities replacement value, recently estimated at \$3 billion.
- Facilities adjusted value in FY11 is based on escalation of original construction cost over time as recorded in the fall 2010 Facility Inventory publication. Replacement value is 50% higher.
- FY11 General Obligation Bond projects are projected to increase the facility adjusted value by \$300 million in FY14.
- Deferred maintenance will be reduced to \$360 million by FY17. This level of DM will minimize the expenditures for emergency response maintenance, which is more expensive than performing the preventative maintenance, routine maintenance, and capital reinvestment on a planned basis. (green line).