

State of Alaska

Office of Management and Budget

Senate Finance Committee

FY2022 Deferred Maintenance Update

February 23, 2021

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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:

- **2,400+ facilities (includes University)**
- **20 million square feet of space**
- **14 State Agencies**
- **Type varies by Agency**

Deferred Maintenance: **Funding Recommendations and Targets**

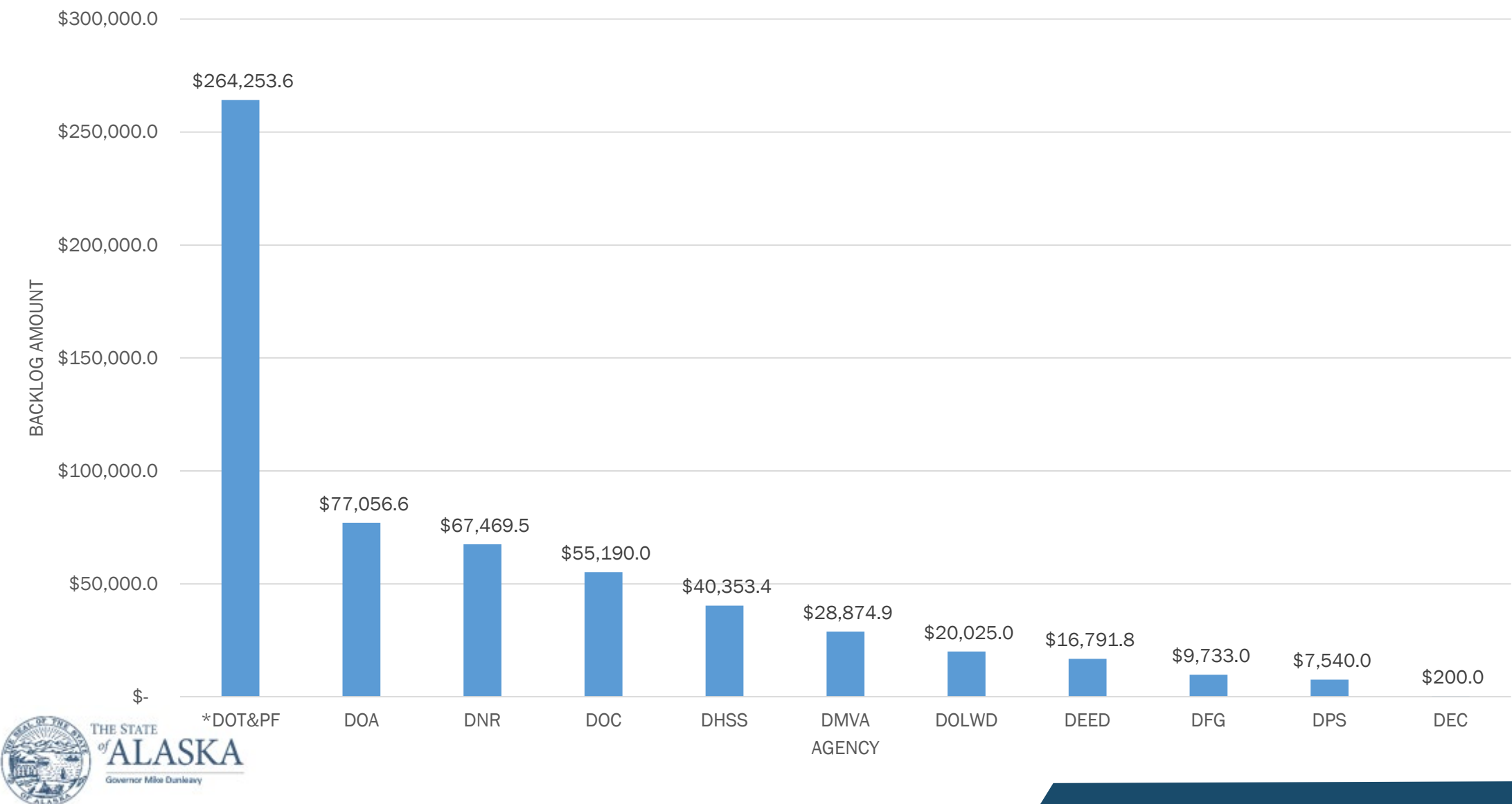
There is no one definitive rule on the level of preventive maintenance necessary to avoid deferred maintenance, but a 2012 National Research Council publication references a range of 2-4% of replacement cost value

FY2020 replacement cost value (excluding University): \$7,676,805,791

2% = \$153.5 million

4% = \$307.1 million

Deferred Maintenance: Backlog \$597,404.3 (excluding University's \$1.4 billion)



*DOTP&F includes facilities, highways, aviation, harbors, and marine highway.

Dollars in thousands

Deferred Maintenance: Governor's Proposed Budget

FY2021 Fast Track Supplemental		Amount	Fund Source
Statewide Deferred Maintenance	\$	5,903.8	Alaska Capital Income Fund
Public Building Fund DM	\$	5,946.0	Public Building Fund
Courts Deferred Maintenance	\$	1,551.2	Alaska Capital Income Fund
Total		\$ 13,401.0	

FY2022 Governor		Amount	Fund Source
Statewide Deferred Maintenance	\$	49,250.0	Alaska Capital Income Fund
Courts Deferred Maintenance	\$	2,300.0	Unrestricted General Fund
Total		\$ 51,550.0	

Grand Total		\$ 64,951.0	
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Deferred Maintenance moving forward into FY2022

- Collaborating with OMB and the State Facilities Council
- Prioritizing deferred maintenance projects across all executive branch agencies
- Facilities Council deferred maintenance workshops anticipated February through May, with goal of submitting Statewide prioritized list to OMB May 2021
- Projects to be prioritized based on combination of significant factors including facility importance, building system, and urgency to create a *Project Index Value (PIV).

**Illustrative Examples in Appendix*

Deferred Maintenance: Transition to Enterprise System

Where we are going

- The State's Enterprise Computerized Maintenance Management System (CMMS) currently in use
 - **AssetWorks AiM**
- Includes modules for managing assets, housing, and prioritizing statewide facilities deficiency and renewal needs
- Further training on the system this year to transition toward using it for deficiencies and deferred maintenance project needs



Assessment Deficiency

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1016 RESTROOM ACCESSIBILITY UPGRADES Last Edited by On 02/22/2015 04:48 PM Status **ENQUEUED**

Adjusted Planned Budget \$199,763.21

Campus	INSTITUTION	Renewal Year	2015	Subledger	Yes
	INSTITUTION	Planning Year		Design Fees	Yes
Facility	CORE	Planning Group	SAFETY / CODE	Construction Costs	No
	CORE		CODE / LAW ADHERENCE, POTENTIAL	Labor Tax	No
Property	1001	Priority	B	Modernization	No
	BATES		4-7 YEARS	Contingency	No

Deficiency Details

Line	Cost Model	Description	Base Year	Quantity	UOM	Planned Budget	Adjusted Planned Budget
1		DOOR OPERATOR, SIGNAGE, AND CONTROLS	2014	10.0000	EA	\$6,990.18	\$69,901.80
2	1001	STALL GRAB BAR	2014	2.0000	EA	\$1,397.81	\$3,051.30
3		MIRROR	2014	10.0000	EA	\$939.00	\$9,390.00
4	1002	ADA COMPLIANT SIGNAGE	2014	10.0000	EA	\$202.39	\$2,248.40
5	1003	ADA COMPLIANT LAVATORY	2014	10.0000	EA	\$2,483.51	\$27,554.20
6	1004	ADA COMPLIANT TOILET	2014	10.0000	EA	\$3,594.15	\$39,974.10
7		HIGH DENSITY POLYMER TOILET PARTITION MODIFICATION	2014	10.0000	EA	\$4,763.71	\$47,637.10

Strategic Plan

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1004 FY22 DEFERRED MAINTENANCE PLAN Created By On Last Edited by CHRISTOPHER HOOGIN On 10/22/20 10:31 AM Status **OPEN**

Type 1-YEAR

Reference Number BILL ID #345

Start	2022	Review Date	Dec 31, 2021	Needs Identified	\$877,436.97
End	2022	Estimated Approval	Apr 15, 2021	Target Budget	\$870,000.00
		Actual Approval	Apr 30, 2021	Allocated Budget	\$869,011.77
Years	1	Last Updated	3 months 29 days	Remaining Budget	\$988.23
				Remaining Needs	\$8,425.20

Portfolio/Planning Group	Description	Allocation	Needs Identified	Allocated Budget	Remaining Needs
STATEWIDE ESSENTIAL	STATEWIDE MISSION ESSENTIAL		\$380,155.76	\$371,730.56	\$8,425.20
RELIABLE-PRESERVE	COMMITTING NECESSARY RESOURCES TO PRESERVE, REPAIR, OR ADAPTIVELY RE-USE CURRENT ASSETS	100.00%	\$316,983.41	\$316,983.41	\$0.00
PROGRAM IMPROVEMENT	IMPROVING PROGRAM EXPOSURE, BENEFIT, CAPABILITIES, EFFICIENCY ETC.	100.00%	\$41,590.21	\$41,590.71	\$0.00
SAFETY / CODE	CODE / LAW ADHERENCE, POTENTIAL SAFETY RISKS	100.00%	\$13,156.44	\$13,156.44	\$0.00

Property Disposal Directive: **Status**

- **February 12, 2019 Property Disposal Directive**
 - Directed Executive Branch to investigate options available for reducing the State's assets by identifying properties that could be divested
- **A multi-departmental workgroup was formed, inclusive of State Facility Council members and project managers from the DOT&PF Division of Facilities Services**
 - Property Disposal Report with 'Consider' Candidates submitted late 2019 and updated 2020
- **Next Steps:**
 - OMB discussions with individual Departments on the Consider candidates, any further cost benefit analyses, and approvals of selected Consider candidates
 - Resource and implement the disposal of the approved properties

UA's Facilities Overview

- Facilities across the University of Alaska are extensive and a unique subset of public facilities
 - 397 facilities totaling over 8 million square feet, valued at over \$4 billion, and average age 35-years old
 - Facility type varies from residential housing, general offices and classrooms to complex laboratories
- Deferred Maintenance, Renewal, and Repurposing
 - Backlog over \$1.3 billion
 - FY22 funding request \$50 million
 - Sold 10 facilities (~38,000 gross-square feet)
 - Demolished 13 aged facilities (~28,000 gross-square feet)
- Emergency repairs are becoming more common place as major components and systems surpass their normal life-span.
- Resources are going toward reactive rather than preventative maintenance, increasing the risk of higher costs in the future and reducing UA's resiliency.
- Fiscal Responsibility
 - Leasing space to third parties and exploring public-private partnership opportunities
 - Exploring and implementing energy efficiencies

UA Anchorage Deferred Maintenance Projects

Building Interior & Systems Renewal \$6.45M

- Energy Service Company (ESCO) investment: Eugene Short Hall, Wendy Williamson Auditorium, Professional Studies Building, and Social Sciences Building (\$2.96M in G.O. Bond bill)
- UAA/APU Consortium Library: core mechanical upgrades
- Rasmuson Hall: elevator and infrastructure upgrades to improve reliability

Building Envelope and Roof Systems Renewal \$2.35M

- Lucy Cuddy and campus spine roofs; repair and replace roofs, doors, windows, vapor barriers, siding, weatherization, & insulation

Campus Security & Safety \$1.9M

- Access Control & Keyway Software/Hardware Installation
- Review, design, & implement security measures for buildings, classrooms, and other facilities

Regulatory Compliance, Safety Improvements, & Code Upgrades \$2.1M

- Electrical Safety, Exit Signage, and ADA Improvements

Community Campus Regulatory Compliance \$3M

- Kodiak, Kenai, Homer, Mat-Su & Valdez Electrical, Exit Signage, and ADA Improvements.

Campus Exterior Infrastructure & Signage Renewal \$0.5M

- Repair and upgrade storm sewer drains and improve water supply systems



UA Fairbanks Deferred Maintenance Projects

Building Interior & Systems Renewal \$20.1M (\$18.7 in G.O. Bond bill)

- Renewal and modernization of largest residence halls due to failing plumbing systems

Campus Infrastructure & Exterior Renewal \$4.4M

- Existing sanitary sewer line is severely degraded wood-stave pipe
- Centralized chilled water utilities to reduce energy consumption

Safety & Regulatory Compliance \$1.9M

- 30 fire alarm panels have reached end of life; maintaining alarm systems required for building occupancy
- Interior doors and hardware will be replaced to improve campus security and install a new keying system

Rural and Community Campus Renewal \$2.2M

- Rural Campus fire alarm panels have reached end of life; maintaining alarm systems required for building occupancy
- Kuskokwim Campus Vocational Ed Center electrical system replacement to meet code and programmatic challenges

Building Envelope and Roof Systems Renewal \$1.6M

- UAF has a multi-year plan to replace exterior door locks to reduce maintenance and increase building security
- Window and roof replacements for end-of-life and to reduce energy consumption

Community and Technical College Renewal \$300k

- CTC University Park renewal of the original restroom facilities that serve growing programs in workforce development



UA Southeast Deferred Maintenance Projects

Building Envelope and Roof Systems \$0.7M

- Novatney roof is more than a decade past its warranty date
- Paul building mansards are crumbling under Ketchikan weather
- Mourant window replacement phase 3; new windows provide greater energy efficient and are more suitable to the current use

Safety & Regulatory Compliance \$1.6M

- Welding laboratory fire alarm replacement; manufacturer no longer supports this 20+ year old system
- Paul Building (Ketchikan) entry reconstruction to meet ADA requirements
- Emergency notification speakers in Mourant Cafeteria

Exterior Infrastructure \$0.7M

- Six projects consisting of repairing or replacing asphalt parking lots, concrete sidewalks, roads and street lighting, ADA access ways, and covered stairways

Interior Systems \$0.2M

- Elevators in Paul and Soboleff buildings are more than 49 years old, Repair technicians say future repairs could be impossible due to lack of replacement parts.
- Boilers in TEC & Housing are 30+ years old and need replacing





Questions?



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Deferred Maintenance: Appendix



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Deferred Maintenance: More Information on the Budget

OMB FY2022 Website:

<https://omb.alaska.gov/>

Deferred Maintenance Project Detail:

https://omb.alaska.gov/ombfiles/22_budget/Gov/Proposed/2022proj62700.pdf

https://omb.alaska.gov/ombfiles/22_budget/ACS/Amend/2022proj62615.pdf

https://omb.alaska.gov/ombfiles/22_budget/Supp/FY2021_Supplemental_Backup_Packet_2-2-21.pdf

School District Major Maintenance Listing:

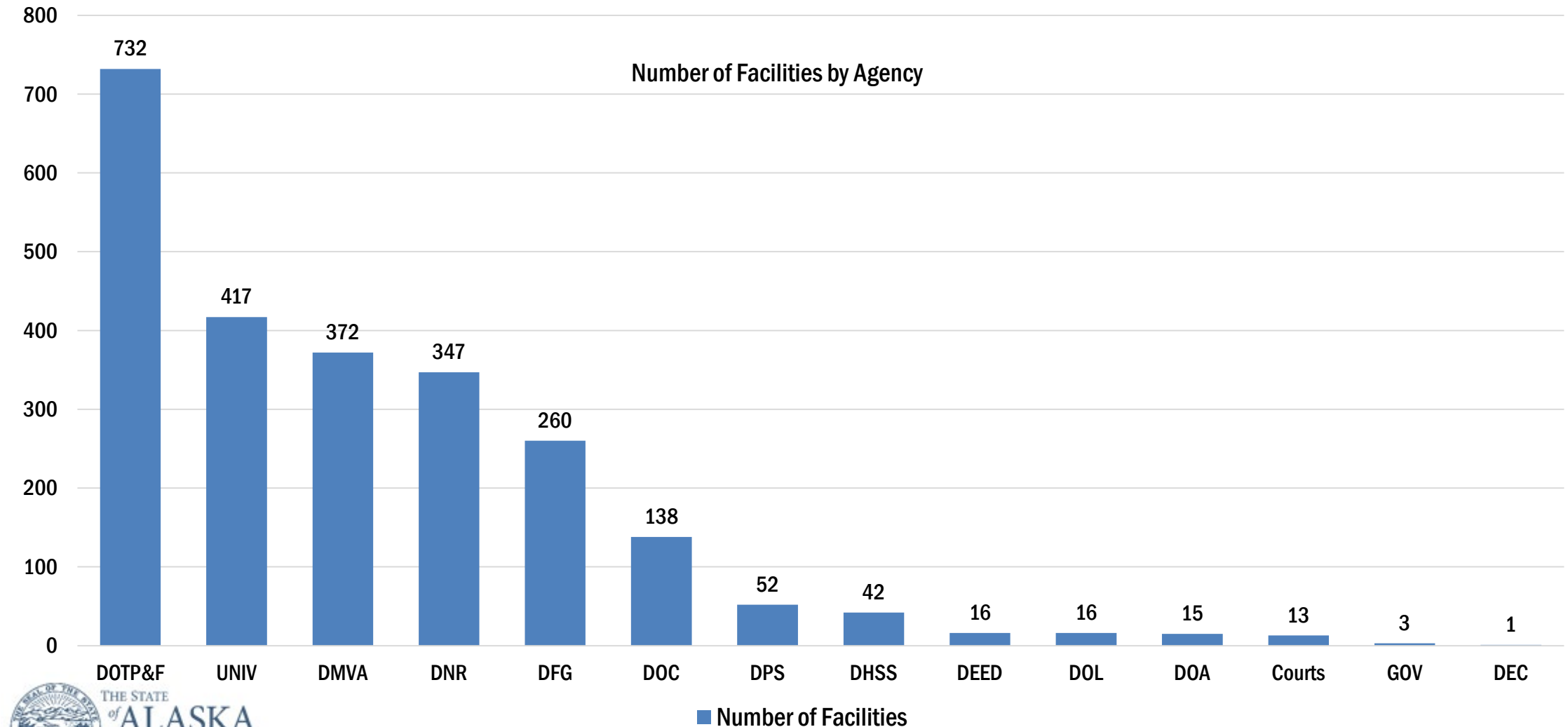
<https://education.alaska.gov/Facilities/final/FY22MaintenanceFinalList.pdf>

Legislative Finance Division FY2021 Overview:

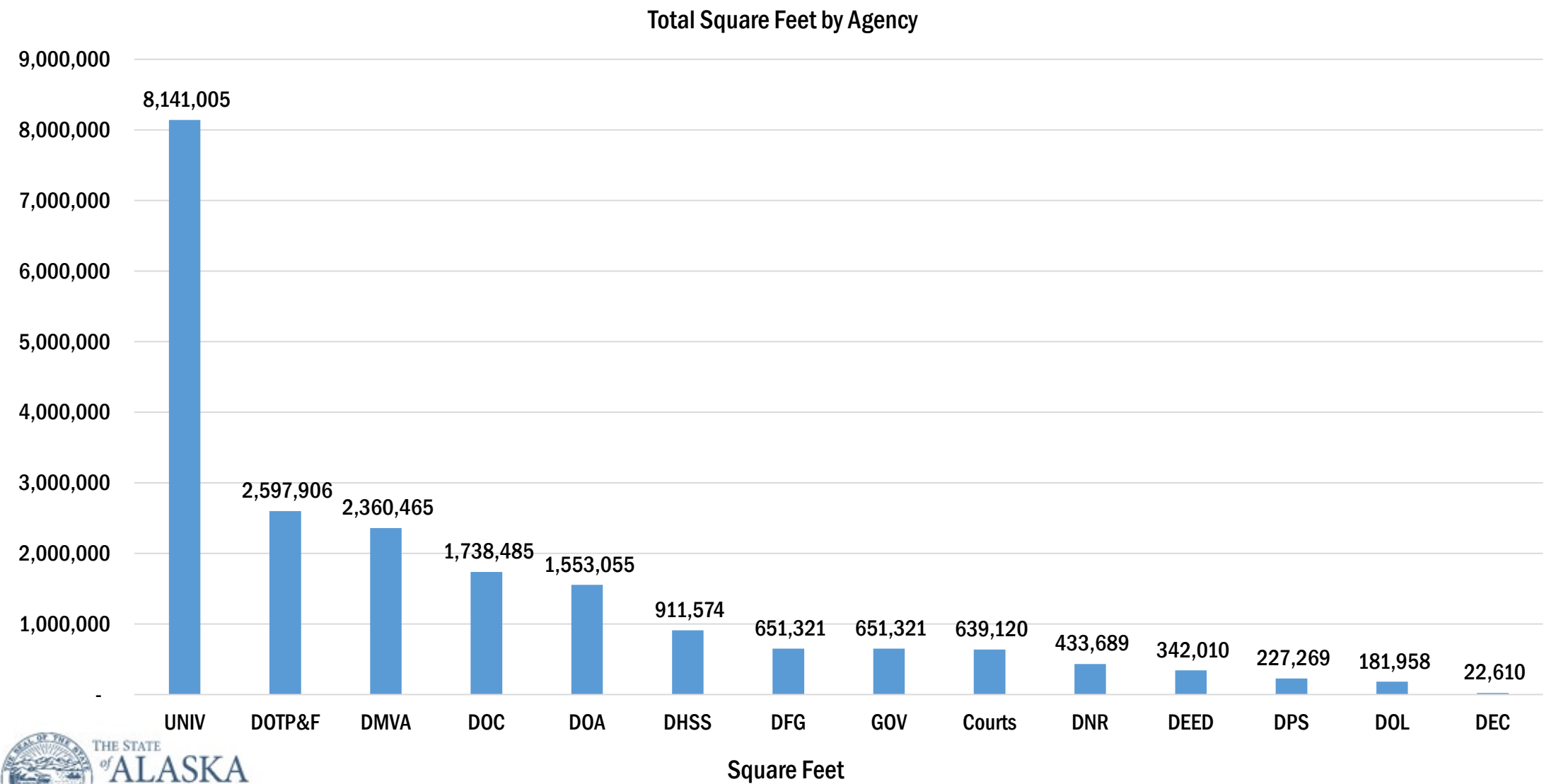
<http://www.legfin.state.ak.us/Overview/Overview2022.pdf>



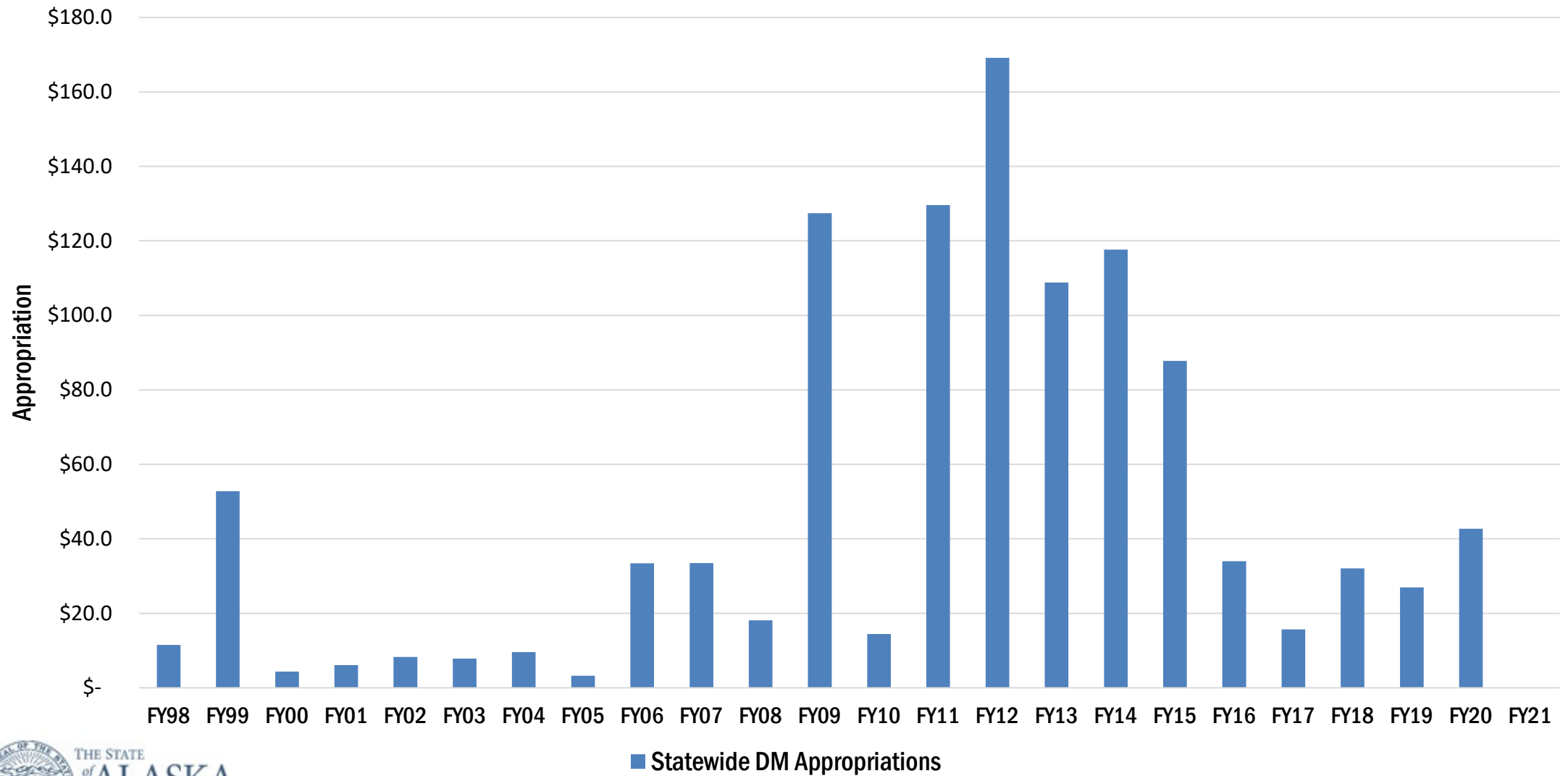
Deferred Maintenance: State Owned Facilities



Deferred Maintenance: Facility Types



Deferred Maintenance: Funding History



Deferred Maintenance: Statewide Approach – the Basics

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

$$\text{PIV} = (\text{MAI}) \times (\text{System Factor}) \times (\text{Need})$$

- **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
- If known, other attributes are also considered such as anticipated return on investments, any matching funds, or eligibility as a financed energy savings performance project

Illustrative Examples in Appendix

Deferred Maintenance: Statewide Approach – 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.

Deferred Maintenance: Statewide Approach – Mission Alignment Index Examples

	Index Scale	Facility
• Critical: <ul style="list-style-type: none">• The Agency <i>cannot</i> meet its mission without this facility. There are no viable workarounds	0.75 – 0.9	Key Maintenance Station, Correctional Center, Hangar, School, etc.
• Important: <ul style="list-style-type: none">• Would impact the Agency's mission if unavailable. Possible workarounds	0.5 – 0.74	
• Supportive: <ul style="list-style-type: none">• Would possibly impact the Agency's mission if unavailable, but other options available	0.25 – 0.49	Certain Office Buildings
• Other / Non Mission Critical: <ul style="list-style-type: none">• Would not have an effect on the Agency's mission if unavailable	0.0 - 0.24	Certain Warehouses or Storage Buildings

Deferred Maintenance: Statewide Approach – Systems & Needs

	System Factor	Need
<ul style="list-style-type: none">Life, Health, Safety, Structure<ul style="list-style-type: none">Sprinkler, Fire Alarm, Structural,Including Life, Health, Safety issues caused by envelope, mechanical, electrical, or other system failures	0.75 – 1.0	5 – Critical <ul style="list-style-type: none">-Corrects critical life safety or code hazard-Imminent failure, requires immediate action to return facility to normal operations
<ul style="list-style-type: none">Envelope and Shell<ul style="list-style-type: none">Roof, Exterior Walls and Windows	0.5 – 0.74	4 – Important, not yet critical <ul style="list-style-type: none">-Requires action within next 5 years to stop intermittent interruptions-Corrects deterioration or potential safety hazards
<ul style="list-style-type: none">Mechanical, Electrical, Conveying, Process<ul style="list-style-type: none">HVAC, Plumbing, Power, Lighting, Elevators, Escalators, industry specific systems	0.5 – 0.74	3 – Necessary <ul style="list-style-type: none">-Require appropriate attention to preclude deterioration or potential downtime
<ul style="list-style-type: none">Interior, exterior grounds, other<ul style="list-style-type: none">Interior Doors, Walls, Floors, Finishes	0.25 – 0.49	

Determined by expertise from facilities, architectural and engineering professionals, condition assessments and indices, maintenance records, engineered reports, etc., with input from users

Deferred Maintenance: Statewide Approach – Example

- Illustrative Example

Project Title	Project Description	Project Cost
Office Building- Upgrade Electrical System	Existing electrical system is unsafe in its current configuration. Transformers need to be relocated to outside of building for the safety of its occupants. In addition, this agency's critical headquarters facility needs backup power in case of electrical outages. This upgrade will remedy an unsafe situation and provide much needed redundant power.	\$650.0

- **Mission Alignment Index** – Agency's Building is crucial facility for it's mission, MAI = 0.85
- **System** – Electrical Transformer/Power => 0.74
- **Need** – Corrects code condition and safety hazard => 5

MAI		System		Need	PIV
(0.85)	X	(0.74)	X	(5)	3.15

Deferred Maintenance: Statewide Approach – Example

- Illustrative Example Values – Applying across all projects all agencies
 - *Projects for illustrative purposes only*

Dept	Building	Mission Alignment Index (0-0.9)	Project Title	Project Description	System Factor	Need (5-4-3)	Project Index Value	Project Cost	Anticated ROI (If known/applicable)	Any Matching % Funds (if applicable: Fed, Grants)	Potential for Financed ESPC (Y/N)
DEPT. D	Building Name	0.85	Office Building - Upgrade Electrical System	Existing electrical system is unsafe in its current configuration. Transformers need to be relocated to outside of building for the safety of its occupants. In addition, this critical facility needs backup power in case of electrical outages. This upgrade will remedy an unsafe situation and provide much needed redundant power.	0.74	5.0	3.15	\$650.0	N/A	50%	
DEPT. C	Building Name	0.8	Maintenance Station - Replace Siding	Existing siding is deteriorated and leaks, windows are inefficient and allow tremendous heat loss. Siding panels have become loose and can no longer be secured thus creating a wind blown hazard to surroundings.	0.75	5.0	3.00	\$550.0	0-5%	N/A	Yes
DEPT. A	Building Name	0.9	Shop Trench Drain	Remove and replace existing trench drain. The existing concrete and steel has become extremely corroded and is a tripping hazard in numerous places along the grating. Eventually, it will deteriorate and fail to support equipment.	0.60	5.0	2.70	\$50.0	N/A		
DEPT. A	Building Name	0.75	Example School Building - Exterior Repairs	Replace roofing, repair siding, replace corroded exterior electrical switch boxes.	0.74	4.0	2.22	\$100.0			
DEPT. E	Building Name	0.9	Hangar Siding Replacement	Building siding is corroding and needs to be replaced. Failing overhead doors also need replacement.	0.60	4.0	2.16	\$500.0			
DEPT. B	Building Name	0.85	Office/Parking Garage-Repair Cracks	Repair expansion joint and crack leaks on certain levels	0.60	4.0	2.04	\$152.3			
DEPT. D	Building Name	0.9	Office Building - Generator Replacement	Remove current emergency generator, and replace with 1000Kwh unit to add building data centers	0.74	3.0	1.998	\$1,000.0			

Property Disposal Directive: **Methodology**

- **Methodology involved departments categorizing their facilities into ‘Consider’ or ‘Non-Consider’ categories**
 - **Consider:** These buildings were identified by departments as candidates for divesting. Candidate buildings may be appropriate for demolition, space consolidation, or selling.
 - **Non-Consider:** Identified by departments as non-candidates. Departments were asked to provide justifications for each non-consider building.

Property Disposal Directive: **The Divestment Process**

- **Executive Branch follows an established process for divesting buildings through the Departments of Administration and land through Department of Natural Resources with exception of:**
 - Buildings on airport land under DOT&PF authority (AS 02.15.060.070)
 - Buildings acquired by DOT&PF from the acquisition of land for highway projects (AS 19.05.070)
 - Education buildings (AS14.07.030)
 - DNR buildings which improve state lands (AS 38.05.035)
 - Federally funded buildings, in which each federal agency has its own rules and may require federal funds to be refunded. For example, DMVA federal use or funded armories, in which DMVA is following federal guidelines in their current facilities divestment program.
- **For those facilities with little value or unlikeliness to sell, other factors for consideration include suspension of all maintenance and repair costs, liability associated with vacant structures and demolition costs.**

Deferred Maintenance: **Known Disposed Assets**

- Department of Health and Social Services Ketchikan Youth Center Returned to the City
- Department of Health and Social Services Nome Youth Facility in-progress
- Department of Fish and Game Birch Lake Land Parcel
- Department of Natural Resources Sold Facility Associated with the Agriculture Revolving Loan Fund
- Department of Military and Veterans Affairs Divested 15 Army National Guard Facilities with 50 Others Planned or In Progress
- Department of Transportation and Public Facilities Sold Two Facilities from Kulis – Anchorage
- University of Alaska Reduced Space through Property Sales, Elimination of Leases, and Demolition