

State of Alaska

Office of Management and Budget

Deferred Maintenance

Senate Finance Committee

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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
- 15 State Agencies
- Type varies by Agency

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

FY2021 replacement cost value (excluding University): \$7,678,370.1

1% = \$76.8 million

2% = \$153.6 million

4% = \$307.1 million

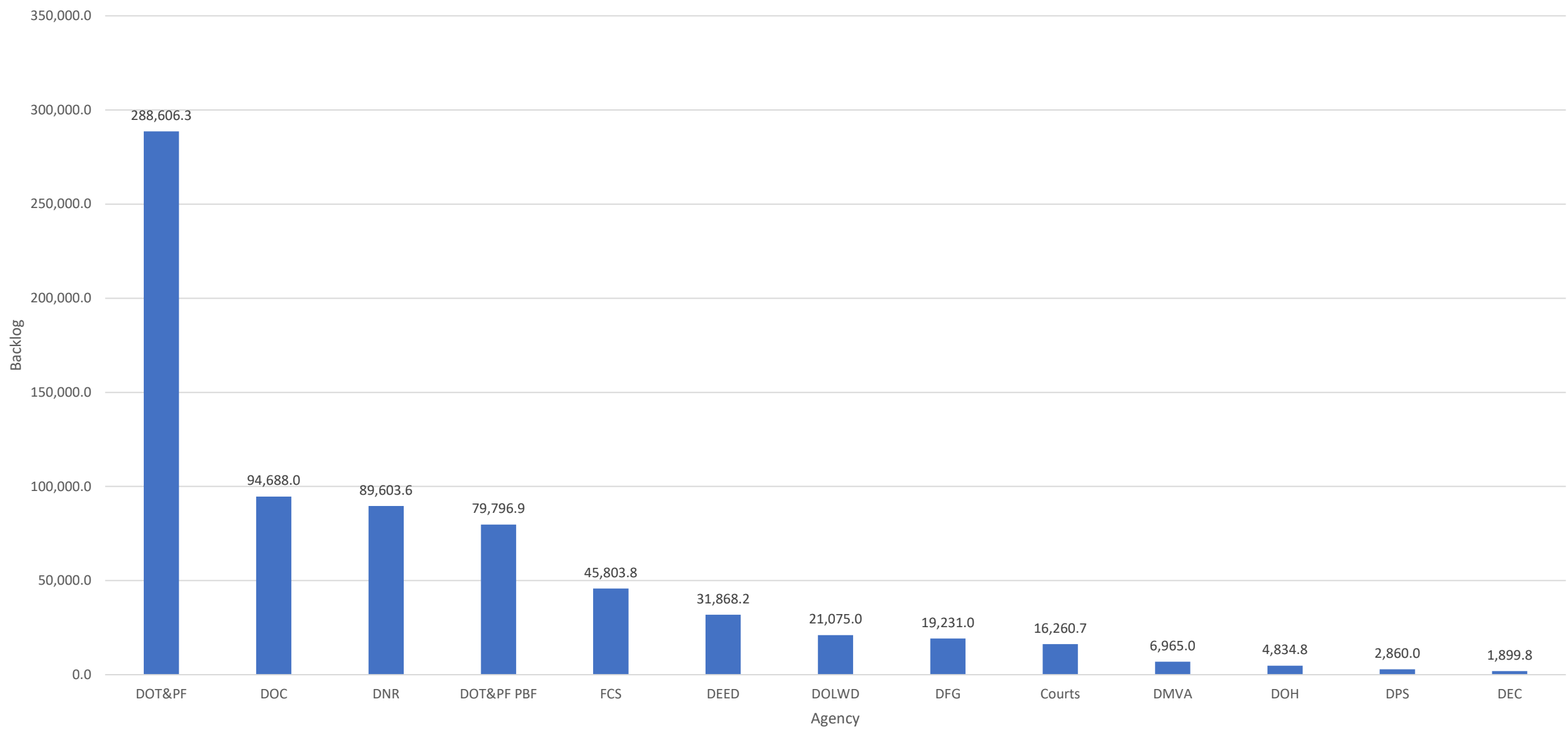
Governor's Budget Maintenance Funding

FY2024 Capital Bill	Amount	Fund Source
Corrections Statewide Security Doors and Windows DM	\$1,000.0	Undesignated General Fund (UGF)
Courts DM	\$3,050.0	Alaska Capital Income Fund
Fish and Game Sport Fish Hatcheries DM	\$1,000.0	Undesignated General Fund (UGF)
Fish and Game Vessel and Aircraft DM	\$500.0	Alaska Capital Income Fund
Statewide DM	\$29,283.6	Alaska Capital Income Fund
FY2024 Capital Total	\$34,833.6	
FY2024 Operating	Amount	Fund Source
Maintenance and Operations - All Agencies	\$77,783.2	Various
FY2024 Operating Total	\$77,783.2	
Capital + Operating Total	\$112,616.8	

Statewide DM Appropriation by Agency

Agency	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Administration	\$ 4,682.5	\$ 470.5	\$ 3,109.0	\$ -	\$ -	\$ -
Corrections	\$ 5,414.0	\$ 4,080.0	\$ 2,665.0	\$ 3,953.0	\$ 9,335.1	\$ 2,385.3
Education & Early Dev	\$ 597.3	\$ 691.0	\$ 3,944.5	\$ -	\$ 7,112.4	\$ 2,136.0
Environmental Conservation	\$ -	\$ 420.0	\$ 600.0	\$ 49.7	\$ 428.3	\$ -
Family & Community Services	\$ 1,667.5	\$ 1,315.2	\$ 678.1	\$ -	\$ 4,261.5	\$ 1,492.3
Fish & Game	\$ 145.1	\$ 500.0	\$ 1,560.1	\$ -	\$ 1,075.0	\$ 2,455.0
Office of the Governor	\$ -	\$ -	\$ -	\$ -	\$ 120.0	\$ -
Health	\$ -	\$ 251.8	\$ -	\$ -	\$ 240.0	\$ 620.0
Labor & Workforce Dev	\$ 1,000.0	\$ 1,350.0	\$ 575.0	\$ -	\$ 7,050.0	\$ 750.0
Military & Veterans Affairs	\$ -	\$ 616.4	\$ 862.9	\$ -	\$ 2,190.6	\$ 1,425.0
Natural Resources	\$ 1,013.5	\$ 650.0	\$ 555.0	\$ -	\$ 1,135.0	\$ 2,482.0
Public Safety	\$ -	\$ 900.0	\$ 4,959.7	\$ -	\$ 2,911.4	\$ 150.0
Transportation & Public Fac	\$ 5,010.9	\$ 5,553.5	\$ 7,970.4	\$ -	\$ 5,990.7	\$ 795.6
Courts	\$ -	\$ 193.0	\$ 1,594.2	\$ -	\$ 2,450.0	\$ -
University	\$ 469.2	\$ 3,008.6	\$ 2,621.1	\$ 1,901.1	\$ 4,700.0	\$ -
Unobligated	\$ -	\$ -	\$ 5.0	\$ -	\$ -	\$ 12,808.8
Total	\$ 20,000.0	\$ 20,000.0	\$ 31,700.0	\$ 5,903.8	\$ 49,000.0	\$ 27,500.0

Backlog \$703,493.1 (excluding University)



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 workshops anticipated February through June, with goal of Statewide prioritized list to OMB June 2023
- 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 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

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
<ul style="list-style-type: none"> Critical: <ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Important: <ul style="list-style-type: none"> Would impact the Agency’s mission if unavailable. Possible workarounds 	0.5 – 0.74	Certain Office Buildings
<ul style="list-style-type: none"> 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 Warehouses or Storage Buildings
<ul style="list-style-type: none"> 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	

Systems & Needs Examples

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

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
DOC	Wildwood Correctional Complex	0.9	Kenai-WCC Site Upgrades Perimeter Fence and Drainage	Upgrade Antiquated Fence Detection Upgrade. Parts unavailable. Upgrade the transitional housing security fence, expand double fencing to include Wildwood Pre-Trial Compound, Lift station is original equipment from the 1950s, and parts are not available. Project requires design, CA services, and construction. Upgrade will require all new lift station equipment and a sewage macerator.	1.00	5.00	4.50	\$ 1,600,000
DOC	Mat-Su Pretrial Facility	0.9	Palmer-MSPT Movement Doors, Locks and PLC System Upgrade	The eight segregation slider doors require replacement due to an unknown design flaw; Door Programmable Logic Controller (PLC) has reached end of life and requires replacement. Existing PLC have reach end of life and replacement parts; Replace all plumbing chase doors. Existing doors are too high and staff cannot access for repairs. Existing detention locks are obsolete. Prox card locks needed at certain staff doors.	1.00	5.00	4.50	\$ 910,000

- **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

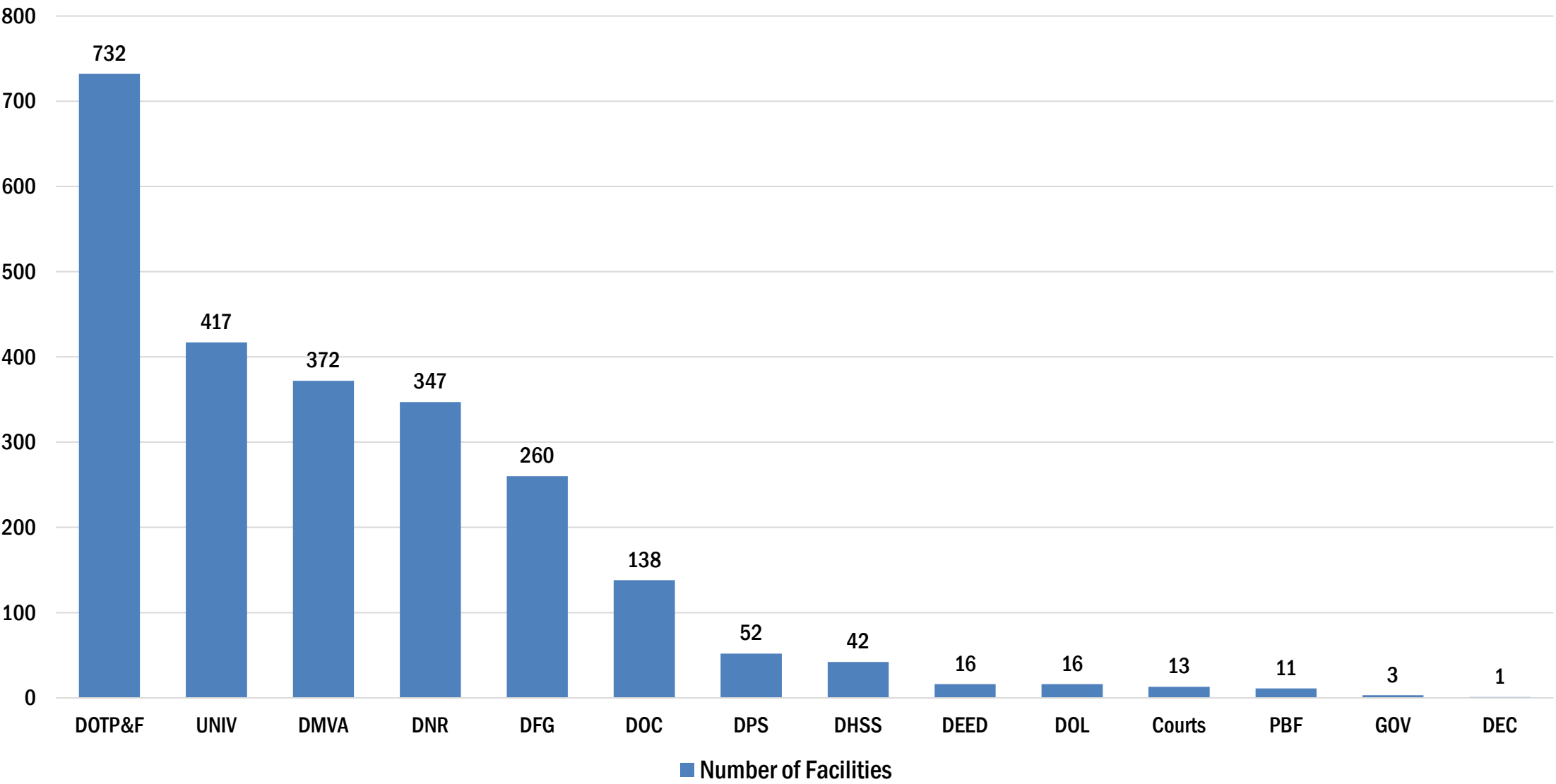
Final prioritized list was reviewed and approved by Facilities Council, then shared with OMB to inform the recommended deferred maintenance allocation.

General Processes

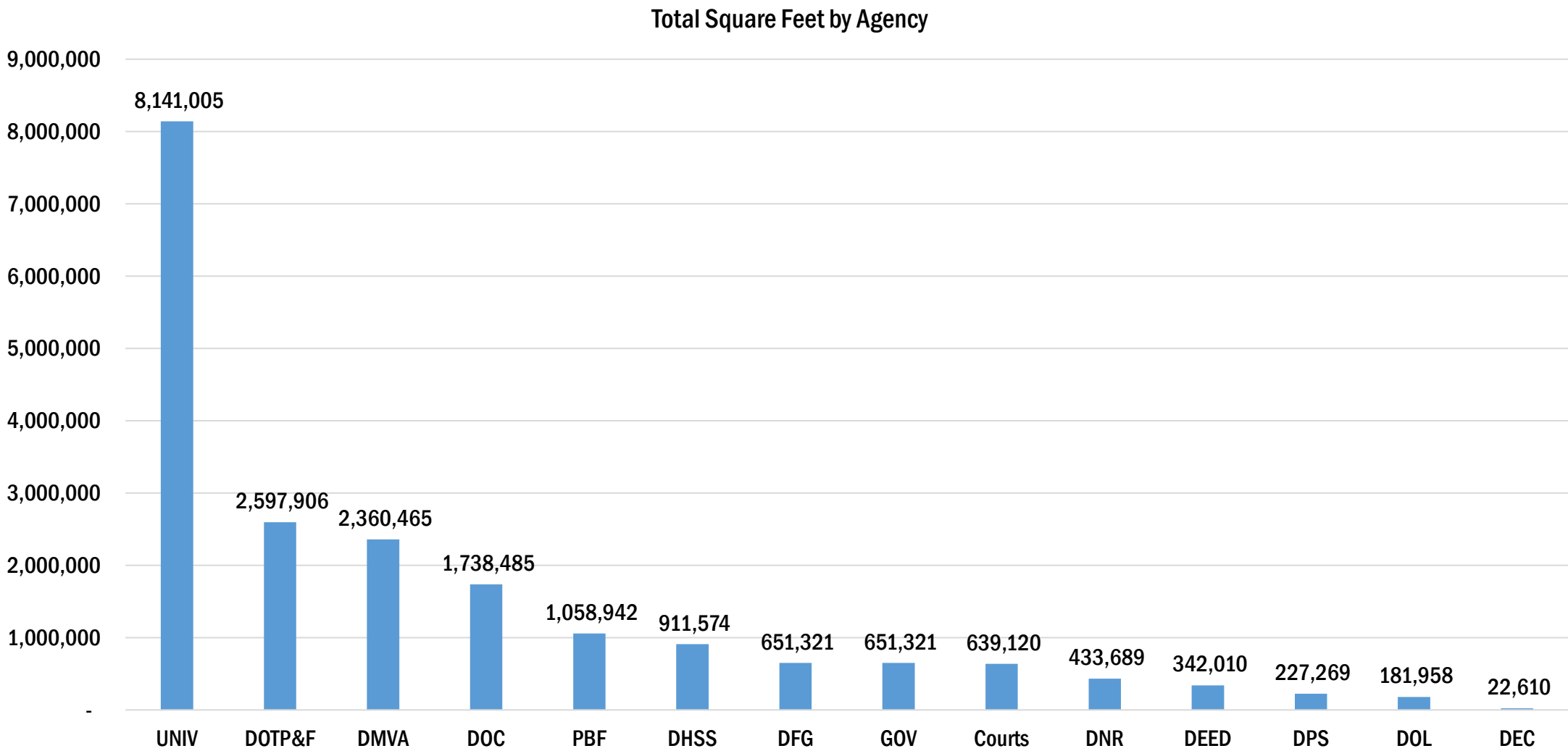
- Typical project efforts may include planning, design and construction phases with varying durations depending on scope and intensity
- Projects offer opportunities for local and statewide design professionals and contractors through the State's procurement processes
- Typical project cost impacts may 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 65-113%
 - These challenges are shared within Facilities Council forums and used to help inform future projects

Appendix

State-Owned Facilities Count by Agency



State-Owned Facility Space by Agency



State-Owned 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 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 transferred the Telephone Hill property to the City
- 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