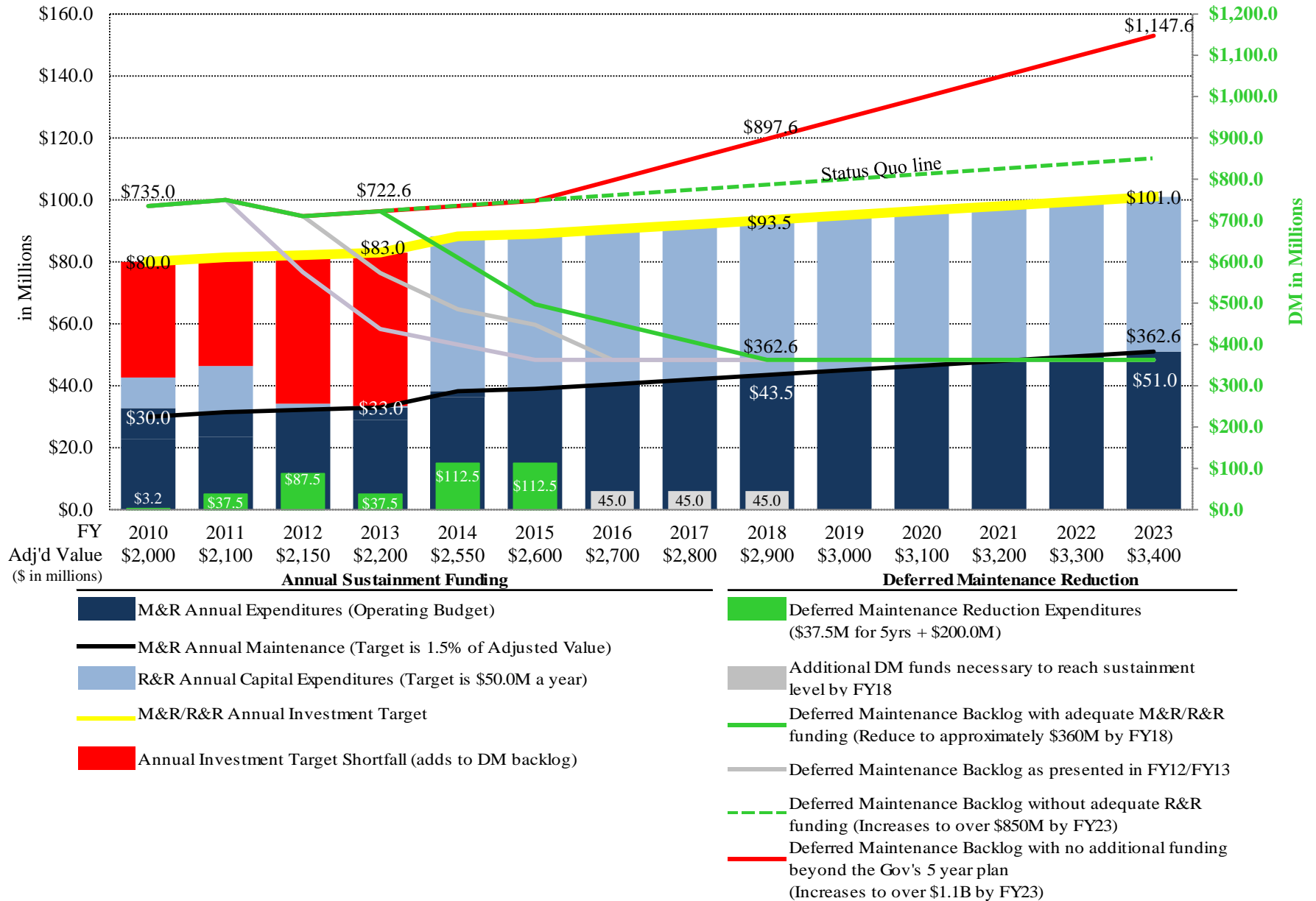


# FY14 Sustainment Funding Plan for UA Facilities



## **FY14 Sustainment Funding Plan for the UA 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 FY18 and achieve a sustainable level of funding for annual maintenance and capital reinvestment by FY19. The assumptions used in developing the plan are below.

- Adequate funds for two streams of investment are achieved by FY18: annual routine & preventative maintenance and repair, and major repair and recapitalization (building system renewal and repurposing). Making this needed investment annually is the only way to eliminate the continued increase of deferred maintenance. Status Quo (dashed green line) represents effect of not adequately 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 and dark blue column).
- Annual requirement for Renewal & Repurposing (R&R) will be targeted at \$50 million per year from FY11 forward, approximately at 2.5% of facilities adjusted value.
- Non-State sources have averaged over \$9 million from FY06-FY11, and are a portion of the light blue column. Sources include: Federal Title III, and University bonding. Non-state revenue sources will continue to help support R&R activities.
- 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 by \$37.5 million a year through FY15, with an additional \$200 million investment in deferred maintenance over FY12 through FY15 (green column). A Facility Condition Index (FCI) is being created for FY12, and will be used to demonstrate the effects of spending to reduce the DM backlog.
- In order to reach the deferred maintenance goal, any unfunded annual R&R requirement has been added to FY16 through FY18 (grey columns).
- 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.
- Reducing deferred maintenance to \$360 million by FY18 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).
- 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 approximately 50% higher.
- FY11 General Obligation Bond projects are projected to increase the facility adjusted value by \$300 million in FY14.
- The solid red line indicates what would happen to the deferred maintenance backlog if there was no additional funding beyond the Governor's 5 year plan