STANDING COMMITTEES

Finance and Asset Management Committee

Deferred Maintenance

INFORMATION ITEM

This item is being presented for information only.

BACKGROUND

Sightlines, Inc. has been retained to help assess the level of investment in existing buildings in relation to industry standards and our peer institutions. This presentation includes preliminary findings for discussion. Ongoing work will create predictive modeling intended to inform the One Capital Plan.

Attachment

Sightlines Report: “Our Facilities, Comparing UW’s Seattle Campus with its Peers”
OUR FACILITIES

COMPARING UW’S SEATTLE CAMPUS WITH ITS PEERS

July 14, 2016
Presented by:

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WHAT IS SIGHTLINES?

Sightlines is a leading asset-advisory firm specializing in rigorous benchmarking and analysis, helping universities improve facilities and financial performance to enable focused operational and capital decisions.

Sightlines serves the nation’s leading institutions, including:

> 70% of the Top 20 Colleges*
> 75% of the Top 20 Universities*
> 34 flagship state universities
> 14 of the 14 Big 10 institutions
> Nine of the 12 Ivy Plus institutions

*U.S. News & World Report 2016 universities rankings

OUR COMPARISON INSTITUTIONS

> Carnegie Mellon University
> The Johns Hopkins University
> Massachusetts Institute of Technology
> Northwestern University
> Rutgers University
> University of Colorado - Boulder
> University of Illinois - Urbana/Champaign
> University of Michigan
> University of Minnesota - Twin Cities

Size, technical complexity, region, geographic location and setting are all factors included in the selection of peer institutions.
**CAMPUS PROFILE**

**DENSITY**

UW's Seattle campus is more dense than our peers in terms of people per square foot, and in terms of research percentage.

**INTENSITY**

The University's Seattle campus buildings are some of the largest among our peer institutions.

**COMPLEXITY**

Our Seattle campus buildings are more technically complex in terms of systems that support research than peers, which puts more strain on maintenance.
PREVENTATIVE MAINTENANCE

Funding for preventative maintenance from the UW Building Account is well below our peers.

Our preventative maintenance spending v. peers

Our preventative maintenance spending v. peers (last five years)
STAFFING AND OUR STANDARDS

On average our maintenance staff, including custodial, groundskeeping and skilled trades maintenance, cover more gross square footage per full-time employee than our peers. Surpassing 100,000 GSF/FTE for maintenance is considered high efficiency. We’ve maintained quality maintenance coverage at our Seattle campus despite the larger-than-average burden.

Maintenance five year trend

Maintenance coverage

Maintenance supervision

General repair score
The renovation age of a building can tell us about its operational demands and capital risks.

**Operational demands**

- **React as needed**
  - Issues in components past the end of their lifecycles will demand reactive maintenance.

**Capital risk**

- **Highest risk**
  - Life cycles of major components past due, the end of the building’s life cycle is approaching.

**Building renovation age v. peers**

- **UW - Seattle buildings by type**
  - 25% of buildings are 50+ years since renovation
  - 28% are 25-50 years since renovation
  - 24% are 10-25 years since renovation
  - 20% are <10 years since renovation

**UW - Seattle buildings by type**

- **Average years since last renovation**
  - UW E&G: 35 years
  - UW ICA: 15 years
  - UW HFS: 10 years
OPERATING EXPENDITURES

Annual operating costs

- Preventative maintenance
- Daily service
- Utilities
- Peer average

F–3.1/207-16
7/14/16
ANNUAL ASSET INVESTMENT

Total capital investment v. funding target
$262M deferred since FY2012 due to limited funding
Our approach has created a deferred maintenance backlog in the Seattle campus’ Education and General (E&G) buildings that’s well above the peer average, but well below for both UW housing and athletics.
Looking ahead, our strategy stratifies capital risk to current need (deferred maintenance backlog), capital renewal, and modernization and infrastructure needs.

### Asset Reinvestment Need

- **Current need**: $1,059 million
- **Renewal need**: $329 million
- **Modernization/infrastructure**: $646 million

### Total Current Need by System

- HVAC: 32%
- Building exteriors: 21%
- Electrical: 16%
- Plumbing: 15%
- Interiors: 12%
- Roofing: 3%
- Small building renovation: 1%