

Section 5. Facilities Snapshot

A. Construction in Progress

Appendix 5.A.1 UAF Construction in Progress

(Fairbanks campus: projects over \$1,000,000; community campus: projects over \$250,000)

As of September 2022, UAF construction in progress totaled \$34.3 million in funded total project cost, and of that total, \$18.2 million has been expended or encumbered (53 percent). The most significant funded project on the list is the Wickersham Hall Renewal and Water Damage Repairs project. The project list also contains major deferred maintenance (DM) items.

- Wickersham Hall Renewal and Water Data Repairs (\$4.1M): Renewal of Wickersham Hall finishes, ensuite restrooms, and exterior windows. Completion scheduled for December 2022.
- Fine Arts Salisbury Theater Code Corrections Phase 1 (\$2.5M): Code corrections to address fire separation of the stage, smoke ventilators, stage curtains, and combustible finishes. Completion scheduled for January 2023.
- Butrovich Data Center Resiliency - UPS and Chiller Deferred Renewal (\$4.6M): The project will replace these two key systems and significantly increase the data center's resiliency and allow the facility to support high performance research computing. A new 1200kW Uninterruptible Power System will provide more reliable backup power to the critical computing loads. Three new chillers, plus the ability to add a fourth chiller, will replace aged-out components that cool the data center. Project is slated for completion in June 2023.
- Utilities Hess Village Sanitary Sewer (\$1.3M): Replace the 40-year old force main sewer line with a new force main that routes to the east of the apartment complex. The work will also replace the force main pumps. The sewer line work is substantially complete as of September 2022 and the pump replacement will occur in May 2023 (due to lead times on pumps).
- Campus Wide Doors and Security (\$1.6M exterior and \$2.0M interior): The Fairbanks Campus has over 9,000 doors secured with a keying system that is 20 years beyond its patented expiration date. The antiquated keying system severely compromises building security and leaves facilities vulnerable. The interior door rekey is also moving along with Phase 1 rekeying complete and Phase 2 starting in late fall 2022. Phase 3 work for the rekey will be contingent on funding in 2023.

B. Lease, Joint Use, Debt and Rental

Appendix 5.B.1 Lease, Joint Use, Debt and Rental

UAF leased space accounts for 2 percent of total UAF square footage, totaling 83 thousand of the campus' 3.9 million square feet of owned space. Annual lease payments total roughly \$871,000.

As of FY22, three off-campus leases remain in the Fairbanks area: \$306,000 for the CTC Hutchison Institute of Technology, \$32,500 for the ACUASI Hangar space and \$245,000 for the CTC Process Technology & Environmental Safety programs at the Fairbanks Pipeline Training Center, a portion of which is paid from TVEP funds.

Third Party Leased Space

UAF-owned space leased to third parties totals \$1 million in annual revenues. UAF has special arrangements with other entities to share non-UA owned facilities located on UA property. These include the Cold Climate Housing Research Center (CCHRC) and the State of Alaska Virology Lab.

C. UAF Debt Service

Appendix 5.C.1. UAF Debt Service Schedule

Annual listing of all debt payments and the term of the debt (FY22 to FY32).

Current Debt Issues

UAF's most significant debt service (D/S) obligations include the CHPP, DM, and the Engineering and Murie buildings. These four together represent over three quarters of UAF's total debt. Deferred maintenance is a significant factor because it represents borrowing to address current infrastructure, which then reduces UAF's ability to maintain existing infrastructure in future years.

The D/S obligation in FY22 is \$19.3 million and will remain at this level for the next decade notwithstanding additional debt issuance or refinancing activities. This is due to the issuance of Series W, which is a refinancing package intended to reduce debt service in the near term (by approximately \$3 million in FY21) in favor of stable costs.

The D/S Schedule, Appendix 5.C.1, displays UAF's current and proposed debt obligations over the next decade. The FY22 commitment of \$19.3 million is roughly 8.3 percent of UAF's unrestricted revenues.

In FY22, the UA System request of \$15.1 million for debt relief was not funded by the State of Alaska.

Long-Term Capital Leases

UAF opened its new dining facility during fall semester 2014 (FY15), and financed the project through a public-private partnership (P3). UAF's financial obligation on this facility is limited to a 30 year lease agreement, after which time UAF will own the building. Lease payments began in FY15 and are approximately \$1.4 million annually.

D. Facilities Strategy

UAF continues to leverage various means and funding sources to maintain and update the aging facility portfolio in support of UAF's mission and strategic goals by utilizing several strategies:

- Prioritizing UAF's preventive maintenance program. Annual operating dollars are tapped to repair and renew systems needed for the basic functionality of buildings: roofs, plumbing systems, lighting, and motors. Through active preventive maintenance and focused maintenance, buildings continue to serve the academic and research missions despite their age.
- Prioritizing human capital. Occupational, safety and project/job specific training continues to be a focus of Facilities' administration in an effort to keep quality and qualified staff

during this time of extreme worker shortage. Facilities Service's staff is encouraged to grow and succeed in their areas of interest.

- Prioritizing funding of critical DM&R projects. Every proposed project is weighed against UAF's DM&R needs and then funded through a combination of capital and operational dollars. Given the high cost of construction, projects often include scopes of work to renew, revitalize, and remove functional obsolescence at the same time as the DM&R work, increasing the efficiency of the contract. As work is accomplished the items are removed from the DM backlog report. Where new construction is not yet possible, there is an effort to modernize and reduce operations and maintenance (O&M) costs by implementing efficiencies, contributing to greater student appeal, greater access to modern spaces, adopting ADA and accessibility improvements, and supporting changing UAF services to meet student needs.
- UAF continues to explore opportunities to leverage land and assets in new or shared ways. Asset privatization strategies being explored include the possible concession of certain utility infrastructure systems and facility use partnerships with state and federal agencies. Private-public partnerships (P3) continue to be explored, specifically for housing or utility infrastructure. These opportunities leverage land and assets to help fund programmatic growth and to assist with the elimination of ongoing operating costs and/or deferred maintenance.

E. FY22 Capital Snapshot with FY23-FY24 Capital Outlook

A percentage of the UA System deferred maintenance (DM) and R&R Funds is distributed to the campuses based on facility age, replacement value, gross square footage and weighted density. For FY22, after the normal budget cycle (during September 2021), the Governor's office allocated \$5 million to the UA System for DM. Of this total, UAF's DM increment was \$3.1 million. The UA System FY22 request of \$17.3 million for COVID impact mitigation was not funded by the state.

UAF funding requests submitted for consideration in the FY23 and FY24 capital budget and the FY25-33 Capital Improvement Plan continue to be adjusted and prioritized with special emphasis on major facilities, DM and renewal and renovation (R&R).

A brighter budget picture is emerging and fortunately, in FY23, UAF's most significant deferred maintenance (DM) request for Moore and Bartlett plumbing and revitalization was funded from the state at \$23 million.

In FY23, UAF also received \$2.5 million for emerging energy opportunities through ACEP, \$500,000 for Rare Earth Demonstration Facility, \$250,000 for Rare Earth Mineral Security and a portion of \$2 million for Fisheries, Seafood and Maritime Works to be determined through a UA-wide process.

In addition, all universities will also participate in an upgrade of student information technology systems (\$20 million) affecting how UA delivers education and communicates with students throughout Alaska and beyond. This project will improve the student experience and is critical to meeting changing student and technology needs.

Looking ahead to FY24, the BOR approved capital budget request includes \$72.3 million for UA DM, of which UAF's estimated distribution is \$38.5 million, if funded. The capital budget request also includes \$21.2 million for facilities modernization, which includes two UAF facilities: Lola Tilly Repurpose for Student Engagement and University Park Early Childhood Development Center. FY24 funding outcomes will be known in May 2023.

UA/UAF DM funding history:

- FY15 - UAF did not receive a DM distribution because the legislature funded CHP and a portion of the Engineering building.
- FY16 - UA received \$3 million for DM in total. UAF's DM increment was \$2.35 million.
- FY17 - UA reallocated \$10 million from operating funds for DM. UAF's DM increment was \$6.2 million reallocated from operations. UAF also received \$168K in Natural Resources funding.
- FY18 - UA received \$5 million for DM and reallocated an additional \$5 million from operating funds. UAF's DM increment from each source was \$3.1 million, for a total of \$6.2 million. UAF also received \$183K in Natural Resource funding. Reallocation of operating funds for DM adversely impacts UAF's ability to proactively address maintenance and repair (M&R) needs and is therefore a short-term strategy.
- FY19 - UA received \$5 million for DM: \$2 million from the capital budget and \$3 million from the Governor's office. UAF's DM increment was \$3.1 million.
- FY20 - UA received \$5 million for DM from the capital budget. UAF's DM increment is \$3.1 million.
- FY21 - UA did not receive a DM distribution or funding for any capital budget items.
- FY22 - UA received \$5 million for DM from the capital budget. UAF's DM increment is \$3.1 million.
- FY23 - UAF received \$23 million for Moore/Bartlett plumbing and revitalization.