

Deferred Maintenance Presentation

UIC



UNIVERSITY OF ILLINOIS
CHICAGO • SPRINGFIELD • URBANA-CHAMPAIGN

**Prepared for Presentation to the
Board of Trustees
November 9, 2006**

Definitions

▶ Regular Maintenance

- Planned maintenance designed to ensure the proper operation of a facility.
- Fully utilize the life of building systems or components.
- Service and repairs necessary to maintain the safety and operation of existing facilities.

▶ Deferred Maintenance

- Identified deficiencies that reflect needed repairs to a building structure or system(s) that have experienced failure or reduced operation efficiency.
- Deficiencies left unattended will lead to shortened life, higher operating costs and reduced asset value of the facility.

Definitions

▶ Capital Renewal

- Renovate or improve facility to current building standards and meet current code requirements.
- Replacement of systems that are technically obsolete and functionally inadequate.
- Upgrade of components no longer capable of sustaining the intended use of the facility.

▶ Programmatic Renewal

- Improvements/changes to a facility required to meet the current teaching programs and/or research mission of the institution.

Major Milestones

- ▶ January 2001 – Board approved Vanderweil Facility Advisors (VFA) from Boston, Massachusetts to perform audit and create database on DM
- ▶ November 2002 - Reported facility condition audit findings to the Board of Trustees
- ▶ May 2003 – Reported to Board on data, definitions and status
- ▶ September 2003 – Board approves new deferred Maintenance category in annual budget request to State
- ▶ November 2004 – BOT Approved \$110 million facility renewal program. Operating budget reallocations for debt service included in FY 2005 and FY 2006 budgets.
- ▶ January 2006 – BOT Presentation on deferred maintenance
- ▶ April 2006 – Board passed Academic Facilities Maintenance Fund Assessment
- ▶ June 2006 – 1st phase of COPs sold to support facility renewal program (\$55 M)
- ▶ September 2006 – Board approves first DM projects supported with COP funds

Deferred Maintenance University-Wide

- ▶ Magnitude of the issue:
Priority 1, 2 and 3 deferred maintenance (DM) deficiencies.
(Data from VFA 2002 survey)

Campus	Priority One and Two	Priority Three	Total DM
Chicago	\$ 165,627,649	\$ 131,214,952	\$ 296,842,601
Springfield	\$ 2,172,632	\$ 8,756,123	\$ 10,928,755
Urbana	\$ 154,476,100	\$ 154,963,014	\$ 309,439,114
Total	\$ 322,276,381	\$ 294,934,089	\$ 617,210,470

- ▶ Electrical systems, exterior enclosures and HVAC systems make up over 72% of Priority 1, 2 and 3.

DM Approach

Multiple Funding Sources

- ▶ State Capital Renewal Funds
 - Two top capital priority requests as approved by BOT
 - Six of top ten requests to State are facility renovation projects

- ▶ Institutional Funding (Operating Budget)
 - Certificate of Participation
 - College/Department Funding
 - Existing base funds held centrally

- ▶ AFMFA
 - Phased in over four years, indexed for cost increases

Deferred Maintenance Program

- ▶ Goal: Reduce deferred maintenance university-wide from current level of 18% to no more than 10% of replacement value over 10 years.
 - Stop the continuing growth of deferred maintenance deficiencies.
 - Reduce the level of deferred maintenance identified in the audit.
 - Monitor all capital projects to address DM needs whenever possible.
 - Utilize debt financing for near-term attention to DM while building recurring operating budget support to sustain long term investment.
 - Provide low cost project delivery programs to maximize construction dollars available.

DM Approach

Multiple Priorities

- ▶ Life Safety
 - Facilities safe for occupants
- ▶ Facilities Envelope
 - Stop further deterioration
 - Allows interior corrective measures to begin
- ▶ Building Integrity
 - Coordinate with program renewal and cost effective sustainable facility modifications
 - HVAC and electrical systems are high on list
- ▶ Maximize impact of available funding

Evaluating Deficiencies Project Execution

- ▶ Project identification, evaluation and prioritization are campus responsibilities
- ▶ University-wide review team reports to President and includes chief facilities officers at each campus and UA, chaired by VPA
- ▶ Utilize delivery approaches that maximize efficiency and economies of scale
 - Develop master purchase contracts for materials to be used by other University contractors, i.e. windows, air handlers
 - Use internal staff for design and oversight of projects

Projected Results

- ▶ New staff would reduce contracting costs by approximately \$1,625,000 annually in professional fees
- ▶ The equivalent of approximately \$23M in project costs
- ▶ Projected annual savings of approximately \$1M
- ▶ Projected 10% material savings on master purchases

Illustration

- ▶ Reduce time and costs of deferred maintenance project execution
- ▶ Create in-house deferred maintenance design and oversight capability
- ▶ Campus specific Program
 - UIUC – 1 Architect, 2 Engineers and 2 CAD Operators
 - UIC – 1 Architect, 1 Engineer, 2 CAD Operators and 1 Construction Inspector
 - UIS – Supported with staff from UIUC

Summary

- ▶ Completed analytical process on deferred maintenance
- ▶ Facility renewal program progressing
- ▶ AFMFA in place and will be phased in over four years
- ▶ Condition audits will continue to monitor results
- ▶ Internal staffing will be added to provide architectural and engineer support for low tech/low risk projects and to reduce soft costs in project budgets
- ▶ Status updates on DM program progress will continue