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)

<table>
<thead>
<tr>
<th>Campus</th>
<th>Priority One and Two</th>
<th>Priority Three</th>
<th>Total DM</th>
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<tr>
<td>Chicago</td>
<td>$165,627,649</td>
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<td>Springfield</td>
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<td>Urbana</td>
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<td>Total</td>
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<td>$294,934,089</td>
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► 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