



UNIVERSITY
of ALASKA

Many Traditions One Alaska

Proposed
10-Year Capital Improvement Plan
FY12-FY21

Board of Regents
December 10, 2010
Fairbanks, Alaska

Prepared by Statewide Planning & Budget
450-8191

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University of Alaska
Proposed 10-year Capital Improvement Plan
FY12-FY21
Introduction

The scope of the 6-year capital plan was extended to include a 10-year period in order to display additional information that is congruent with the 10-year fiscal plan submitted to the State of Alaska.

In accordance with Regents' policy 05.12.032, this report presents the 10-year capital plan for the University of Alaska.

...the MAU 6-year capital plan proposals, which are developed based upon approved strategic, academic and other planning assumptions will be consolidated into a systemwide 6-year capital plan in accordance with guidelines approved by the board and procedures established by the chief finance officer. The 6-year capital plans are reviewed and updated each year as part of the capital budget submission process. Year one of the approved systemwide 6-year capital plan, exclusive of any operating leases and other property or facilities funded from current operating funds, shall become the university's capital budget request for the next capital appropriation cycle P05.12.032(A), (B).

The goal of the Board of Regents' University of Alaska FY12-FY21 Capital Improvement Plan (CIP) is to guide decision making that ensures that the necessary facilities, equipment, and infrastructure are in place to support the academic direction of the university system as prescribed in the UA Academic and Strategic Plans. This extended capital forecast also allows for consideration of the associated annual operating costs that will be incurred.

In accordance with the Board-approved guidelines and their campus master plans, the MAUs submitted capital budget requests to the Statewide Budget Department on July 26, 2010 for consideration in the FY12-FY21 systemwide plan.

The proposed 10-year Capital Improvement Plan (page 5) clearly demonstrates that the Deferred Maintenance (DM) and Renewal & Repurposing (R&R), is and will continue to be, the highest priority until the backlog of DM is reduced to a reasonable level. The additional amount of \$25 million for Annual Renewal and Repurposing (R&R) is the first year of an effort to reach a property maintenance sustainment strategy of reinvesting \$50 million annually to manage the life of older buildings needing major system replacements. This \$50 million is 2.5% of the UA facilities adjusted value, an estimated \$2 billion, addressing UA's intent to halt the deferred maintenance freefall.

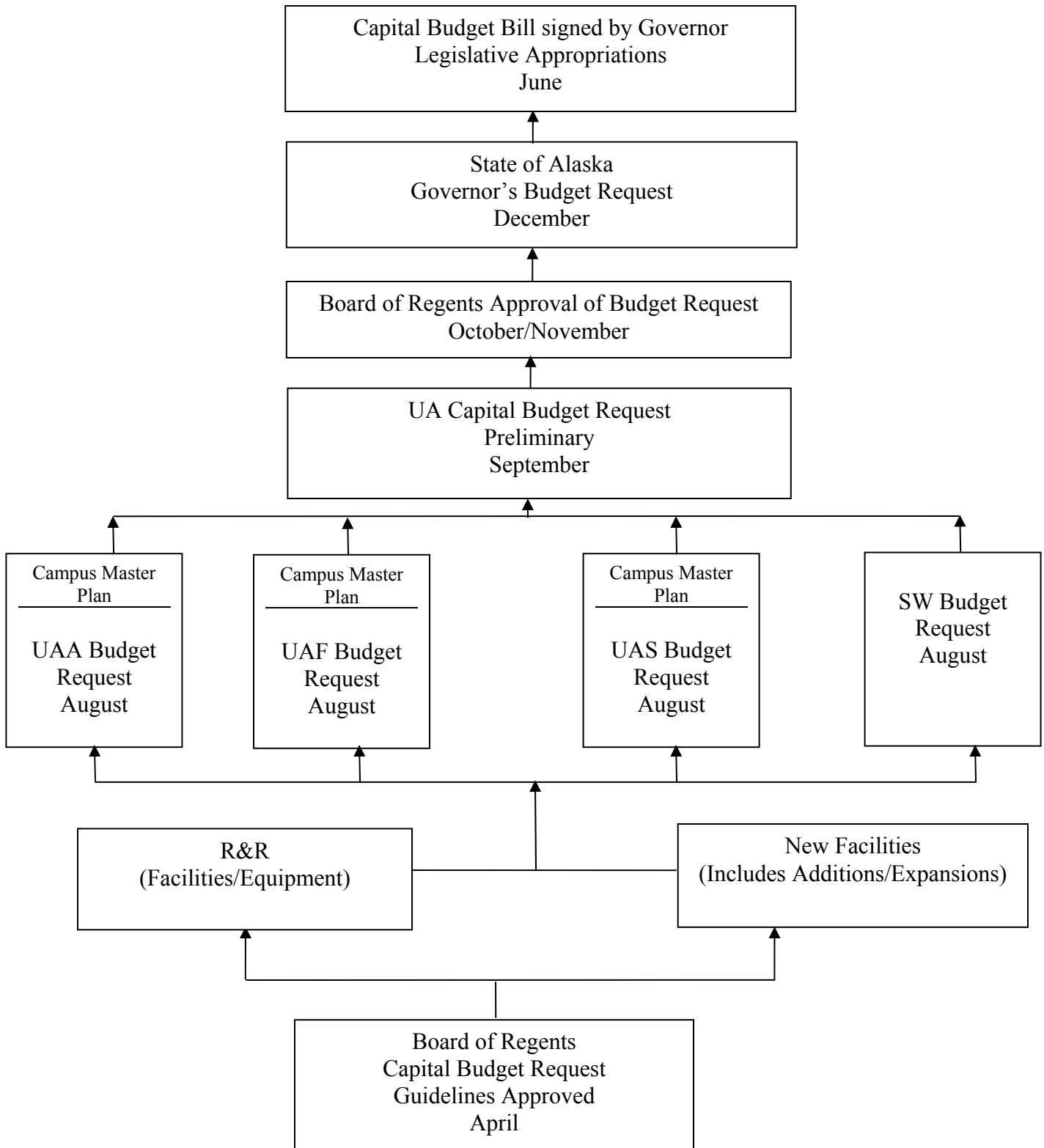
The Governor's intention is to support \$37.5 million of that in each of the next four years. Although extremely important to the sizeable task at hand, the \$37.5 million leaves UA with an annual shortfall of \$12.5 million, which means the DM continues to grow, albeit at a slower pace. In order to break the vicious cycle of DM/R&R growth we will require a significant departure from past budgeting practices. Fortunately, the Governor's funding offers such an opportunity through use of leverage via the bond market. Market conditions being advantageous, it appears possible for us to focus upwards of \$200 million on the DM/R&R problem over the next four years, at a very modest payment rate, and take a significant portion of the spiraling DM/R&R problem off the table.

If the bond proposal does not work out, our secondary plan is to repeatedly request from the legislature in addition to the Governor's proposal, another \$62.5 million each year for each of the next four years to be applied 75%/25% against DM and R&R respectively, to achieve the same results. Given past funding history, this option does not bode well for eliminating risk of mission failure and excessive operating and maintenance unprogrammed expenses brought about by excessive DM/R&R.

Mindful of the emphasis being placed on DM/R&R and the urgent need to address this staggering problem, new starts, growth, enhancements and the associated planning for expansion other than what is already set in motion, will see significant de-emphasis over the next 2-3 years. Projects in the current budget request year are listed by project title. Construction project themes support the UA Strategic Plan and include a range of academic, research, student life, community support, and infrastructure priorities.

Trying to gauge the changing nature of the economy and political climate over a 10-year horizon requires an annual review in order to evaluate and address the subsequent impacts on each campus of the pertinent events occurring in each year of the decade of activity.

University of Alaska Capital Budget Request Process



University of Alaska
FY12 Proposed Capital Budget Request
(in thousands)

	State Approp	Receipt Auth.	Total
Deferred Maintenance (DM) and Renewal & Repurposing (R&R)	37,500.0	100,000.0	137,500.0
<i>Estimated Bond Repayment</i>	6,000.0		6,000.0
<i>UA-Anchorage</i>	7,528.5		7,528.5
<i>UAA-Community Campuses</i>	1,543.5		1,543.5
<i>UA-Fairbanks and CTC</i>	18,931.5		18,931.5
<i>UAF-Community Campuses</i>	756.0		756.0
<i>UAS-Juneau</i>	1,417.5		1,417.5
<i>UAS-Community Campuses</i>	819.0		819.0
<i>UA-Statewide</i>	504.0		504.0
Annual Renewal & Repurposing (R&R) Year 1 of 2	25,000.0		25,000.0
New Construction (New Starts) & Planning Moved to Out-Years			
Ongoing Community Campus Projects			
UAA KPC Kenai River Campus Boiler/HVAC Renewal	1,011.0		1,011.0
UAA Kodiak Roof Replacement	1,011.0		1,011.0
UAA Mat-Su Roof Replacement	1,011.0		1,011.0
UAF Kuskokwim Campus Facility and Voc-Tech Renewal - Phase II	4,900.0		4,900.0
Research Capital - Arctic, Alaska			
UAF Food Security: Alaska Products for Alaskans	1,592.5		1,592.5
UAF Alaska Research Center for Snow, Ice & Permafrost Hazards	1,250.0		1,250.0
UAF Ocean Acidification Research in Coastal Alaska	1,250.0		1,250.0
UAF Mineral Resource Remote Predictive Mapping	2,000.0		2,000.0
UAF Satellite Receiving Station for Mapping & Monitoring	6,000.0		6,000.0
Federal Receipt Authority		30,000.0	30,000.0
Total FY12 Proposed Capital Budget:	82,525.5	130,000.0	212,525.5

University of Alaska
Proposed 10-Year Capital Improvement Plan
(in thousands)

	FY12			State Appropriations		
	State Approp.	Receipt Auth.	Total	Short-Term FY13-FY14	Mid-Term FY15-FY16	Long-Term FY17-FY21
Deferred Maintenance (DM) and Renewal & Repurposing (R&R)						
Facilities	37,500.0	100,000.0	137,500.0	75,000.0	87,500.0	250,000.0
Equipment				10,000.0	10,000.0	25,000.0
Annual Requirement for R&R	25,000.0		25,000.0	100,000.0	100,000.0	250,000.0
New Construction (New Starts)*					160,000.0	400,000.0
Academic Facilities						
<i>UAA Engineering Phase I - Engineering Instructional Lab Building</i>				50,000.0		
<i>UAF Engineering Facility</i>				50,000.0		
<i>UAF Energy Technology Building (\$14.3M NGF)</i>				12,300.0		
<i>UAA Health Sciences Phase II</i>				70,000.0		
Research Facilities						
Student Life (Housing) & Community Support Facilities						
<i>UAS Student Housing Dorm Addition (NGF: \$2,190.0)</i>				7,000.0		
<i>UAA Community Arena and Athletics Facility</i>				29,000.0		
Infrastructure						
Planning and Design*				1,000.0	30,000.0	40,000.0
Ongoing Community Campus Projects					60,000.0	100,000.0
UAA KPC Kenai River Campus Boiler/HVAC Renewal	1,011.0		1,011.0			
UAA Kodiak Roof Replacement	1,011.0		1,011.0			
UAA Mat-Su Roof Replacement	1,011.0		1,011.0			
UAF Kuskokwim Campus Facility Critical Deferred & Voc-Tech Renewal, Phase II	4,900.0		4,900.0			
Academic & Community Support Facilities						
<i>UAF Northwest Campus Consortium Learning Center</i>				10,200.0		
Research Capital - Arctic, Alaska						
UAF Food Security: Alaska Products for Alaskans	1,592.5		1,592.5			
UAF Alaska Research Center for Snow, Ice & Permafrost Hazards	1,250.0		1,250.0			
UAF Ocean Acidification Research in Coastal Alaska	1,250.0		1,250.0			
UAF Mineral Resource Remote Predictive Mapping Project	2,000.0		2,000.0			
UAF Satellite Receiving Station for Mapping and Monitoring	6,000.0		6,000.0			
Receipt Authority		30,000.0	30,000.0			
Total	82,525.5	130,000.0	212,525.5	414,500.0	447,500.0	1,065,000.0

*Additional projects will be determined in support of academic and strategic goals

University of Alaska Budget Development Calendar

Due Date	Category	Responsible
August 1	<ul style="list-style-type: none"> ▪ MAU Capital Budget Request <ul style="list-style-type: none"> ○ Capital Project Requests ○ Deferred Maintenance Lists ○ List of Expected Leased Properties ○ List of Projects with Potential Debt Financing Needs 	MAU MAU MAU SWPB/MAU
August (early)	<ul style="list-style-type: none"> ▪ Face to Face Budget Meeting <ul style="list-style-type: none"> ○ MAUs discuss budget request priorities 	MAU/SWPB
August (mid)	<ul style="list-style-type: none"> ▪ Facilities Council Review of Capital Projects ▪ Systemwide Academic Council <ul style="list-style-type: none"> ○ Program Priorities ○ Review of Capital Projects ▪ Business Council Review of Capital Projects 	FC SAC BC
August (late)	<ul style="list-style-type: none"> ▪ Capital Project Request Listing for Board Agenda 	SWPB
September (late)/ October(early)	<ul style="list-style-type: none"> ▪ Submit Deferred Maintenance List to OMB 	SWPB
September (mid)	<ul style="list-style-type: none"> ▪ Board of Regents Meeting <ul style="list-style-type: none"> ○ Capital Budget Request first review 	BOR
October	<ul style="list-style-type: none"> ▪ Deferred Renewal Book 	SWPB
October	<ul style="list-style-type: none"> ▪ Yellowbook Released 	SWPB
October (late) to November (early)	<ul style="list-style-type: none"> ▪ Board Approval <ul style="list-style-type: none"> ○ Capital Budget Request ○ Six-Year Capital Improvement Plan 	SWPB
November (mid)	<ul style="list-style-type: none"> ▪ Capital Budget Request Summaries to OMB (in ABS) 	SWPB
December (mid)	<ul style="list-style-type: none"> ▪ Governor Releases Capital Budget 	SWPB
December	<ul style="list-style-type: none"> ▪ Redbook Released 	SWPB
January (mid)	<ul style="list-style-type: none"> ▪ Request sent to MAUs for Capital Project Status Report and review of lapsing appropriations 	MAU
January (late)	<ul style="list-style-type: none"> ▪ Capital Project Status Reports entered into ABS 	SWPB
April (mid)	<ul style="list-style-type: none"> ▪ Request to Legislative Finance Division for extension of lapsing appropriations ▪ Capital Budget Request Guideline ▪ Six-Year Capital Improvement Plan Guidelines 	SWPB
June	<ul style="list-style-type: none"> ▪ Board Approval <ul style="list-style-type: none"> ○ Capital Appropriation Distribution Plan 	BOR