Washington Public Universities

FY17 Facilities Benchmarking and Analysis

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Today’s Agenda

✓ Review campus facility data trends from FY2012 through FY2017

✓ Discuss how each campus has been utilizing the Sightlines data

✓ Showcase Case Studies from across the country

✓ Develop a strategy for delivering information to the Office of Financial Management
# State Systems Peers

<table>
<thead>
<tr>
<th>State Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut State University System</td>
</tr>
<tr>
<td>Mississippi Institutions of Higher Learning System</td>
</tr>
<tr>
<td>Pennsylvania’s State System of Higher Education</td>
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<tr>
<td>University of Alaska System</td>
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<tr>
<td>University of Massachusetts System</td>
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<tr>
<td>University of Maine System</td>
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<tr>
<td>University of Missouri System</td>
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<tr>
<td>University System of New Hampshire</td>
</tr>
<tr>
<td>West Virginia Higher Education Policy Commission</td>
</tr>
</tbody>
</table>
Enrollment Trends in Washington

108K students enrolled in Fall 2016

**Fall 2016 Enrollment Distribution**
- UW: 44%
- WSU: 18%
- WWU: 13%
- EWU: 11%
- TESC: 4%

**Statewide Enrollment Trends**

*Pending collection of EWU enrollment data

**Projection based on average of last 6 years growth rate
Washington Has a Higher Density than Other Systems

Density Factor

Users/100,000 GSF

Program Space per Student

Program GSF/Student

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Impact of Major Renovations on the Age Profiles

Washington Campus Age by Category

<table>
<thead>
<tr>
<th></th>
<th>Under 10</th>
<th>10 to 25</th>
<th>25 to 50</th>
<th>Over 50</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CWU</strong></td>
<td>14%</td>
<td>36%</td>
<td>44%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>EWU</strong></td>
<td>7%</td>
<td>16%</td>
<td>52%</td>
<td>31%</td>
</tr>
<tr>
<td><strong>TESC</strong></td>
<td>7%</td>
<td>22%</td>
<td>36%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>UW</strong></td>
<td>3%</td>
<td>8%</td>
<td>42%</td>
<td>48%</td>
</tr>
<tr>
<td><strong>WSU</strong></td>
<td>18%</td>
<td>34%</td>
<td>31%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>WWU</strong></td>
<td>9%</td>
<td>26%</td>
<td>39%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>State of WA</strong></td>
<td>16%</td>
<td>19%</td>
<td>35%</td>
<td>36%</td>
</tr>
</tbody>
</table>

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Renovations Needed to Mitigate Risk Across the State

Age Categories by Biennium*

- **Buildings Under 10**
  - Little work. “Honeymoon” period.
  - Low Risk

- **Buildings 10 to 25**
  - Short life-cycle needs; primarily space renewal.
  - Medium Risk

- **Buildings 25 to 50**
  - Major envelope and mechanical life cycles come due.
  - Functional obsolescence prevalent.
  - Higher Risk

- **Buildings Over 50**
  - Life cycles of major building components are past due.
  - Failures are possible. Core modernization cycles are missed.
  - Highest risk

*Projections assume no major renovations or new construction

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Diverse Age Profile Across the State

Renovations Age

Renovation Age vs. Peers
Spending Towards Facilities Have Fluctuated

![Facilities Operating Budget Graph]

*Pending collection of EWU Operating budget data
Fewer Operating Resources Than Peers

FY2017 Operating Actuals vs. Peers

- A: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- B: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- C: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- D: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- E: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- F: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- G: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- WA Schools: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- H: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0
- I: Daily Service $5, Preventive Maintenance $0, Utilities $2, Peer Average $0

- Operate with fewer resources than peers.
Latest Biennium Saw Highest Spending Since FY12

Normalized Spending by Project Type

|$/GSF|

| CWU | EWU | TESC | UW | WSU | WWU | Statewide Average |

Existing Space  New Space
Total Capital Spend is Similar to Peers

FY2017 Capital Spend vs. Peers

- $/GSF
- Existing Space
- New Space
- Peer Average

A
B
C
D
E
F
G
WA State
H
I

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Limited Annual Stewardship Funding Across All Schools

Asset Reinvestment funding is more one-time in nature and less reliable

Funding to the Annual Investment Target

Asset Reinvestment Funding
- Major Capital Improvements
- State Major Capital
- Minor Capital Projects (Local/Dep)
- Bond Funding
- Large Capital Projects

Annual Stewardship Funding
- Preventive Maintenance (from Operations)
- Minor Capital Repair
- Minor Capital Projects (State Funds)
- Reserve Funding
- Minor Works Preservation
- Minor Works Infrastructure
- Preservation and Program
- Small Capital
Growth in Total Backlog of Need

Asset Reinvestment Need Change over 6 Years

Change from FY2012


CWU EWU TESC UW WSU WWU

FY2017 Total Asset Reinvestment Need

$/GSF

$0 $20 $40 $60 $80 $100 $120 $140 $160 $180

CWU EWU TESC UW WSU WWU
Higher Asset Reinvestment Need than Other Systems

FY2017 Asset Reinvestment Need vs. Peers

$/GSF

A  B  C  D  E  F  G  WA System  H  I
Option 1: Set Stewardship Funding Levels

Increase recurring funding sources to meet more of the Stewardship Target

Annual Stewardship Funding & Targets

<table>
<thead>
<tr>
<th>FY12-13</th>
<th>FY14-15</th>
<th>FY16-17</th>
<th>FY18-19*</th>
<th>FY20-21*</th>
<th>FY22-23*</th>
<th>FY24-25*</th>
<th>FY26-27*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$100</td>
<td>$200</td>
<td>$295</td>
<td>$301</td>
<td>$315</td>
<td>$330</td>
<td>$348</td>
</tr>
<tr>
<td>$197</td>
<td>$200</td>
<td>$210</td>
<td>$401</td>
<td>$419</td>
<td>$440</td>
<td>$464</td>
<td></td>
</tr>
<tr>
<td>$232</td>
<td>$220</td>
<td>$210</td>
<td>$440</td>
<td>$464</td>
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*Projections assume no major renovations or new construction
Option 2: Establish Funding Targets to Control Backlog

In FY2017, the Asset Reinvestment Backlog was $3.8B

<table>
<thead>
<tr>
<th>Percent Change</th>
<th>Biennial Funding Level</th>
<th>$/GSF Biennial Project Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% Cut</td>
<td>$171M</td>
<td>$6.09</td>
</tr>
<tr>
<td>No Change</td>
<td>$341M</td>
<td>$12.14</td>
</tr>
<tr>
<td>25% Increase</td>
<td>$427M</td>
<td>$15.20</td>
</tr>
<tr>
<td>60% Increase</td>
<td>$657M</td>
<td>$23.38</td>
</tr>
</tbody>
</table>

*Projections assume no major renovations or new construction*
Compared to other systems, Washington schools are younger than the average. 54% of the space is over 25 years old, though, which is a high risk age category and can demand more facilities spending in day to day operations and capital investment.

Washington is currently investing $1/GSF less than other state systems across the country in their facilities operating budgets.

As a result of having older facilities and spending less in operating costs, Washington has had increasing needs for capital allocations, both at the school level and by the state.

- Annual needs for funding 100% of the Annual Stewardship needs across the state will reach $464M by the 2026-27 Biennium. The Annual Stewardship needs is the costs associated with “Keeping Up” with the campus needs as they age.
- The current Asset Reinvestment Need across Washington is $3.8B. This is captured as the estimated amount of “Catch Up” need to address the current needs (backlog), future renewal needs over the next 10 years, as well as the modernization and infrastructure needs.
  - If capital funding for the schools remains consistent over the next 10 years, Sightlines estimates that this Asset Reinvestment Need will grow to $6.2B.
  - If capital funding can increase to $657M per biennium, it is estimated that the schools would have sufficient funding to keep the Asset Reinvestment need at $4B.

Concluding Comments