

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 2023, UAF construction in progress totaled \$66.8 million in funded total project cost, and of that total, \$51.3 million has been expended or encumbered (77 percent). The most significant funded project on the list is the Bartlett Hall and Moore Hall Modernization and Renewal project. The project list also contains major deferred maintenance (DM) items.

- Bartlett Hall and Moore Hall Modernization and Renewal (\$32.5M) The project will revitalize and rebuild fourteen floors of restroom facilities in UAF's largest residences halls. Work will also renew finishes in each dorm room and the corridors. Laundry rooms and kitchen spaces will be updated and new equipment installed. Construction is scheduled for completion in late July 2024.
- Rasmuson Library Student Success Center (\$9.0M) The 6th floor of the Rasmuson Library is being repurposed to serve as the home of UAF's Student Success Center. The project includes renewal of the restrooms and HVAC system, while creating new rooms and collaboration spaces for the center's programs. The center is scheduled to open for the Fall 2024 semester.
- Nenana Airport ACUASI Hangar (\$3.3M) Construct a 5,000 square foot hangar to house autonomous aircraft for the UAF ACUASI program. The project includes site development on leased property at the Nenana Municipal Airport. The hangar will move into operation in March 2024.
- 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.
- Utilities Hess Village Sanitary Sewer (\$1.4M) 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 2024 (due to lead times on pumps).

B. Lease, Joint Use, Debt and Rental

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

UAF leased space accounts for 2.1 percent of total UAF square footage, totaling 84 thousand of the campus' 3.9 million square feet of owned space. Annual lease payments total roughly \$882,000.

As of FY23, few off-campus leases remain in the Fairbanks area including \$302,000 for the CTC Hutchison Institute of Technology, \$33,000 for the ACUASI Hangar space, and \$260,000 for the CTC Process Technology and 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 roughly \$1.1 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 (FY23 to FY33)

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 FY23 is \$19.3 million and will remain at this level for the next decade (through FY33) 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.

Notably, UAF fulfilled its debt obligation on the Akasofu Building in FY23 after 25 years and two refinancing events. Begun in 1998 as Series G, UAF refinanced in 2006 under Series N at a savings of approximately 6.5 percent. UAF refinanced Series N in 2016 under Series V to realize an additional savings of approximately 2.4 percent. The D/S Schedule, Appendix 5.C.1, displays UAF's current and proposed debt obligations over the next decade. The FY23 commitment of \$19.3 million is roughly 8.0 percent of UAF's unrestricted revenues.

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.

UAF is coordinating with the rest of the UA system on a long-term debt strategy to better meet the deferred maintenance needs of the system's infrastructure. Discussion is ongoing in this area.

D. Facilities Strategy

UAF remains dedicated to employing a variety of methods and funding avenues to preserve and enhance its aging facility portfolio in alignment with UAF's mission and strategic objectives. This is achieved through the implementation of several key strategies:

- **Emphasizing Preventive Maintenance:** UAF places a high priority on its preventive maintenance program. Each year, a portion of the operating budget is allocated to address essential building systems' upkeep and repair, such as roofs, plumbing, lighting, and motors. By actively engaging in preventive maintenance and targeted repair efforts, UAF ensures that its buildings continue to support academic and research activities effectively, notwithstanding their age.

- **Investing in Human Capital:** UAF is committed to nurturing its workforce. This involves a focus on occupational safety and job-specific training, which remains a top priority for the Facilities Services' Administration. With the ongoing challenge of a workforce shortage, the goal is to retain high-quality and skilled staff. UAF encourages its Facilities Service staff to develop and excel in their respective areas of interest.
- **Prioritizing Funding for Critical DM&R Projects:** Every proposed project is carefully evaluated in terms of UAF's Deferred Maintenance and Renewal (DM&R) requirements. Projects are financed through a combination of capital and operational funding. Given the high costs associated with construction, projects often encompass efforts to rejuvenate, revitalize, and eliminate functional obsolescence in addition to the DM&R work, enhancing overall efficiency. As these projects are completed, they are removed from the DM backlog report. In situations where new construction is not feasible, UAF strives to modernize and reduce ongoing operations and maintenance costs by implementing efficiency measures. This includes creating more appealing spaces for students, enhancing accessibility in line with ADA requirements, and adapting services to meet evolving student needs.

UAF also maintains a continuous commitment to exploring opportunities for leveraging its land and assets in innovative and collaborative ways through new or shared arrangements. This exploration includes the possibility of public-private partnerships (P3) or concessions for a hotel, housing, a new community ice rink, or other appropriate projects meeting modern student expectations, which also helps to attract new and retain existing students.

E. FY23 Capital Budget Snapshot with FY24-FY25 Capital Outlook

FY23 Deferred Maintenance (DM)

Typically, when the state of Alaska funds deferred maintenance (DM), a percentage of the UA System total is distributed to each university based on facility age, replacement value, gross square footage and weighted density. However, in FY23, the UA System as a whole did not receive a DM allocation from the state. Instead, UAF's most significant deferred maintenance (DM) request for Moore and Bartlett plumbing and revitalization was funded from the state at \$23 million. This is an excellent outcome to address critical failures in these student residence halls.

FY23 Other Capital Funding

In FY23, UAF also received \$2.5 million for emerging energy opportunities for the Alaska Center for Energy and Power (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.

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.

FY24 Capital Budget Outcomes

In FY24, UA initially did not receive any capital funding for DM. However, after the legislative session concluded, UA was awarded \$6.3 million in supplemental funding for deferred maintenance. Of the \$6.3 million total, UAA received \$4.0 million and UAF received \$2.3 million.

Also included in the FY24 capital budget is \$2.5 million in non-general funds/receipt authority for the University Park Early Childhood Development Center. This receipt authority means that UAF can receive funds from an external source, should such a partnership be developed.

UAF also received capital funding for research and workforce training. The UAF Alaska Center for Unmanned Aerial Systems received \$10 million of additional investment to support its ongoing work in researching, developing, testing, and eventually implementing commercial drone operations. This funding will help ensure ACUASI becomes the premier drone research center in the United States and helps to fuel the state economy. UAF also received \$500,000 in support of Alaska Food Security and Independence agricultural research to address increasing food security demands through the Institute for Agriculture, Natural Resources and Extension.

FY25 Capital Planning

As part of FY25 budget cycle planning and in lieu of one-time capital funding, UAF is working as part of a UA-wide modernization plan to seek predictable and sustained funding for new and improved facilities, supporting programmatic growth, and to help reduce ongoing operating costs and deferred maintenance. This is a UA-wide legislative strategy for consistent annual state funding in an effort to bring UA greater financial stability.

The BOR approved capital budget request also includes \$20.0 million for UAF's goal to achieve R1 research status and \$10 million for Year 3 of the UAF Drone Program.

Funding outcomes to be determined in June 2024.

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.
- FY24 - UA initially did not receive any capital funding for deferred maintenance. However, after the legislative session concluded, UA was awarded \$6.3 million in supplemental funding for deferred maintenance. Of the \$6.3 million total, UAA received \$4.0 million and UAF received \$2.3 million.