

Capital Asset Management System Phase 1 of 2

FY2014 Request: \$2,000,000

Reference No: 56959

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: General Government

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Cheryl Lowenstein

Estimated Project Dates: 07/01/2013 - 06/30/2018

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Brief Summary and Statement of Need:

This request is for the first phase of a two-phase project for the implementation of a Capital Asset Management System for state owned and operated facilities statewide. Funds will be used to secure a vendor through a request for proposal process to conduct facility condition audits and develop a capital asset management system. The system is needed to maintain consistent and accurate facility data for all state owned facilities throughout Alaska.

Funding:	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Gen Fund	\$2,000,000	\$2,000,000					\$4,000,000
Total:	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$4,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

No prior funding history

Project Description/Justification:

The State of Alaska does not have a Capital Asset Management System (CAMS) to track the location, size, use, condition and investments of state facilities to address deferred maintenance. In absence of a building condition baseline, it is difficult to compare the relative condition of facilities against each other at a statewide level and to make strategic funding decisions to improve the condition of state facilities.

Not including the University or the Legislature, there are 12 state departments that are responsible for nearly 10,500,000 square feet of space in more than 1,800 buildings statewide. Each department operates independently in maintaining their buildings. The process used to prioritize building needs from one department to another varies considerably.

Funds will be used to secure a vendor through an Request for Proposal (RFP) process that will perform the following two components of work.

- 1) Perform Building Condition Audits (BCA) for state facilities throughout Alaska; and
- 2) Provide and populate a web based system that will house data collected through the BCA.

Key Benefits

Complete an accurate cost information for all deferred maintenance projects;
Establish a Facility Condition Index (FCI) benchmark for all facilities;
Prioritize projects for budget allocation based on established methodology;
Proactively manage facilities rather than respond to emergencies;
Effectively address and reduce deferred maintenance backlog; and
Increase sustainability through extending the life of facilities and facility systems.

By implementing a Capital Asset Management System, the state will have accurate and consistent information for every building in the state's building portfolio outside of the University and the Legislature. The University has their own comparable system that is designed specifically for university campuses.

History

The Governor's priority of funding deferred maintenance at \$100 million annually for five years started in 2011. FY2014 is the fourth year of this five year priority. The consistent levels of funding have benefited departments, who can now plan ahead and phase projects. Design services can be conducted one year while planning for construction the following year.

The state's resources will be utilized more efficiently and have accurate information about all state facilities in a single, centralized web based repository that is accessible to all department facilities managers. Currently, every department tracks its own facilities differently, and departments identify and prioritize projects with different criteria. There is a lack of consistent evaluation criteria when prioritizing projects. Some agencies do not know the extent of their deferred maintenance needs because they don't have the resources or the funding to investigate.

The replacement value of all state facilities is estimated at \$7.7 billion. The complete backlog of deferred maintenance is estimated at \$1.8 billion, or 23% of replacement value. Investing \$100 million annually amounts to 5.5% of the backlog. When adjusted for inflation of 3%, it will take 25 years and \$2.5 billion to address today's existing deferred maintenance backlog. This does not take into consideration new facilities coming on line during this time.

This two-phase project will procure a statewide Capital Asset Management System to accomplish the following:

- Maintain accurate and current facility data statewide in a single system.

- Identify and prioritize deferred maintenance, renewal, repair, repurposing and equipment projects using a consistent methodology across all agencies;
- Proactively manage facility renewal projects (managed approach vs. emergency approach);
- Assist agencies in creating a streamlined budget process by using the system to generate deferred maintenance requests; and
- Increase collaboration among agencies through a centralized system.

Cost

Funds requested for Phase 1 (FY 2014): \$2 million

Funds requested for Phase 2 (FY 2015): \$2 million

Estimated total project cost: \$4 million

The total estimated project cost is based on 38 cents per square foot and 10,500,000 square feet of space.

The entire project consists of the procurement of a statewide building condition audits, design of a facility management system, testing of the system, and full implementation and training. To fund Phase 1, the allocations to state agencies have been adjusted slightly to redirect deferred maintenance resources for this system. Funding from years four and five of the Governor's deferred maintenance priority will complete the project.

Without this project, there will be no centralized system for storing facility data and no efficient method for tracking or analyzing facility capital needs at a statewide level. There will continue to be a lack of consistent and accurate cost estimates for deferred maintenance projects and no opportunity for streamlining deferred maintenance, renewal and repurposing capital requests.