

**President's Budget Advisory Committee**  
**Meeting Minutes**  
November 2, 2023

<b>Voting Members Present</b>	<b>Area Budget Reps Present:</b>	<b>Staff Present:</b>	<b>Guests Present:</b>
Agnes Wong Nickerson Bill Tong Bann Attiq	Takeshi Kobayashi Mary Anne Kremicki Crystal Little Leslie Levinson Katie Oliva Amanda Wilson	Nance Lakdawala	Eric Hansen
Nola Butler-Byrd	Rashmi Praba David Fuhriman Satish Sharma		
Hung Chan Brittany Santos-Derieg Mat Schulze Eric Felix Brian Hentschel Gustaaf Jacobs			

**Voting Members Absent:**    **Area Budget Reps Absent**

Adrienne Vargas  
Jerry Sheehan  
Hala Madanat

Christy Samarkos  
Tarek Morsy

**I. Call to order**

- **Call for amendments to agenda** – Agnes Wong Nickerson called the meeting to order at 2:00 p.m. Agnes asked if there were any amendments to the agenda but there were none. Everyone introduced themselves.

**II. Information Items**

- **Deferred Maintenance** – Katie Oliva talked about capital projects and deferred maintenance funding, and the difference among academic projects, self-supporting projects, and donor and P3 projects (see attached presentation).

Eric Hansen spoke about aspects of deferred maintenance (see attached presentation). Gustaaf Jacobs asked how the cost estimates were made?

What were they based on? Eric responded the facility condition analysis looks at national standards to determine costs but they are rough estimates. Facilities Services has been taking on some of the work with chargeback. We are trying to shift from reactive maintenance to preventative. The CSU is underfunded by \$1B every year so they have to cut back on deferred maintenance. Brian Hentschel asked about the space user fees. Eric said this is a new concept splitting the costs among the colleges. A comment was made that it would be reasonable to have a student fee to support deferred maintenance. Eric said that is a model being used at some campuses but we are very sensitive to student fees. We do need to be creative with deferred maintenance funding. Gustaaf Jacobs asked physical plant participates in estimating for the ISES project. Eric responded Facilities Services share information about the condition of the buildings but ISES creates the estimates.

**III. Action Item**

**IV. Watch List**

**V. New Business –**

**VI. Reminder**

- **Next Meeting Date** – Meeting adjourned at 3:00 p.m. Our next meeting will be November 30, 2023 at 2pm. Agnes Wong Nickerson asked everyone to please send suggested topics to Crystal or her.

# President's Budget Advisory Committee Briefing Capital Projects and Deferred Maintenance Funding

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**San Diego State University**

**Manchester Hall 3318**

**November 2, 2023**



**SDSU**

# Capital Projects & DM Funding

**Not all deferred maintenance funding is considered equal- different types of buildings require different types of funding.**



# Capital Projects & DM Funding

## Academic Projects



- Primarily funded from state/CSU funding when available
- Projects may be augmented with campus operating fund resources (1x funding, PBAC)
- The scope is limited to academic and administrative buildings



Ex: PBAC funding was allocated to update the library roof; state/CSU allocated funding to update the campus' electrical infrastructure and build Storm Nasatir Hall



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## Self-Supporting Projects

- Projects must be self-funded by the auxiliary or enterprise fund
- The aux/enterprise is responsible for initial construction, regular maintenance and deferred maintenance

Ex: initial construction and deferred maintenance of a Housing building must be fully funded by housing fees



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## Donor and P3 Projects

- Donor funds may supplement academic projects, but must be used consistent with donor intent
- Public Private Partnerships (P3) are agreements where private developers may be responsible for design, finance, construction, operation, and maintenance to support university initiatives

Ex: Mission Valley Innovation District construction will be funded by private developers who will design, finance, construct, operate, and maintain the buildings into the future



# President's Budget Advisory Committee Briefing

# Deferred Maintenance

# Overview

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**San Diego State University**

**Manchester Hall 3318**

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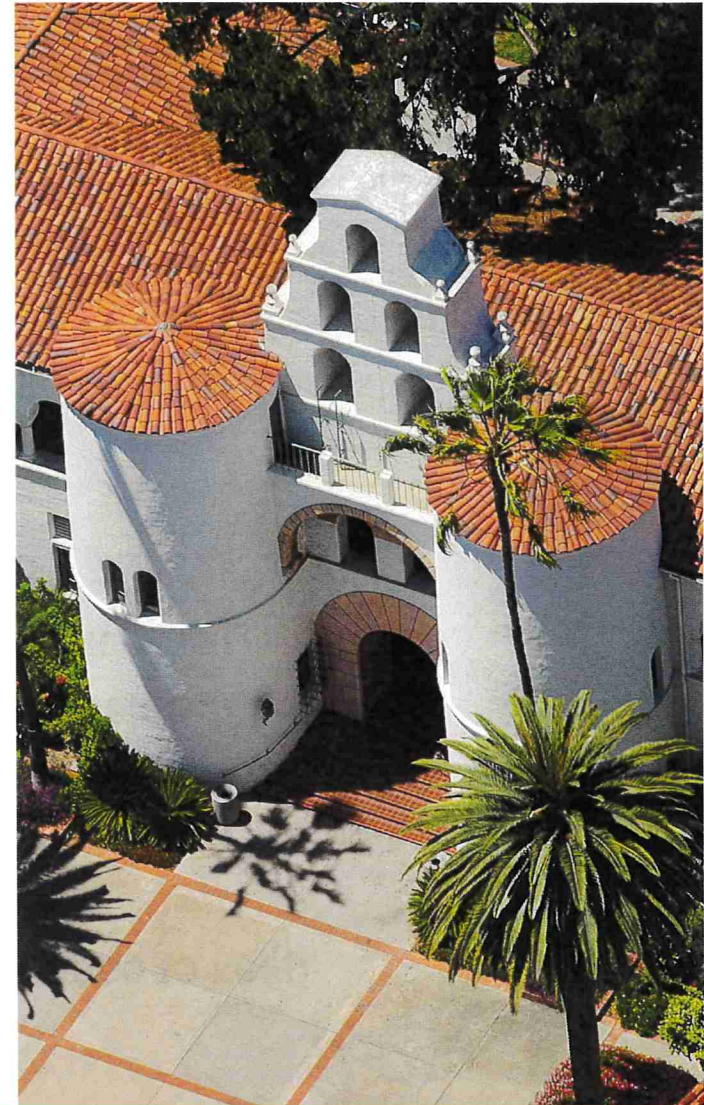


**SDSU**



# Agenda

1. Deferred Maintenance Defined
2. Deferred Maintenance Categories
3. CSU Context
4. Defining the Problem
5. Current Portfolio
6. Guiding Principles
7. Priority Work Scale
8. Historical Funding Summary
9. DM Funding Strategies



# Deferred Maintenance Defined

All facilities require routine, preventative, and corrective maintenance to keep infrastructure, building systems, and equipment operational.

Deferred maintenance (DM) refers to delaying repair and/or replacement of aged or deficient equipment or building systems based on a lack of available resources (funding and/or personnel) to complete the needed work.

Primary focus on replacing end-of-life systems.

- **Capital Renewal** = Replacements on or before end-of-life
- **Deferred Maintenance** = Replacements after end-of-life



# Deferred Maintenance Categories

- **Accessibility:** For people with disabilities
- **Exterior:** Includes windows, doors, finish materials, roof, etc.
- **Interior:** Architectural finishes
- **Plumbing System:** Includes piping, drainage, plumbing fixtures, etc.
- **Heating, Ventilation, and Air Conditioning (HVAC) System:** Includes air handlers, air distribution systems, fans, chillers, etc.
- **Electrical System:** Includes switchgear, transformers, and electrical wiring
- **Immediate Building Site:** Includes walkways, stairs, ramps, and railings adjacent to building
- **Vertical Transportation:** Includes freight and passenger elevators and lifts
- **Health Hazards:** Includes any known hazardous materials or other health issues such as asbestos, mold, etc.
- **Campus Wide Utility Infrastructure:** Includes telecommunications, central domestic water, sewer, storm drain, chilled water, heating hot water, steam, electrical, and natural gas systems



# CSU Context

- **Adequate funding is system-wide problem**
- **Allocations have been significantly reduced since 2007**
  - Very limited capital money for building replacement
  - Average annual deferred maintenance allocations to SDSU \$3.5M with many years being \$0.
- **Allocations have restrictions and are compartmentalized**
  - Examples:
    - Infrastructure
    - Seismic Retrofit
    - Specific Systems
    - Energy
- **Allocations are one-time and have expirations**
  - Can't combine several years to fund larger projects
- **Allocations are subject to competing CSU priorities**
  - Other CSU campuses
  - Compensation
  - Programs & Initiatives
- **Allocations vary greatly from year to year**
  - Mid to long-term planning not possible
  - Can't commit to larger projects



# Defining the Problem

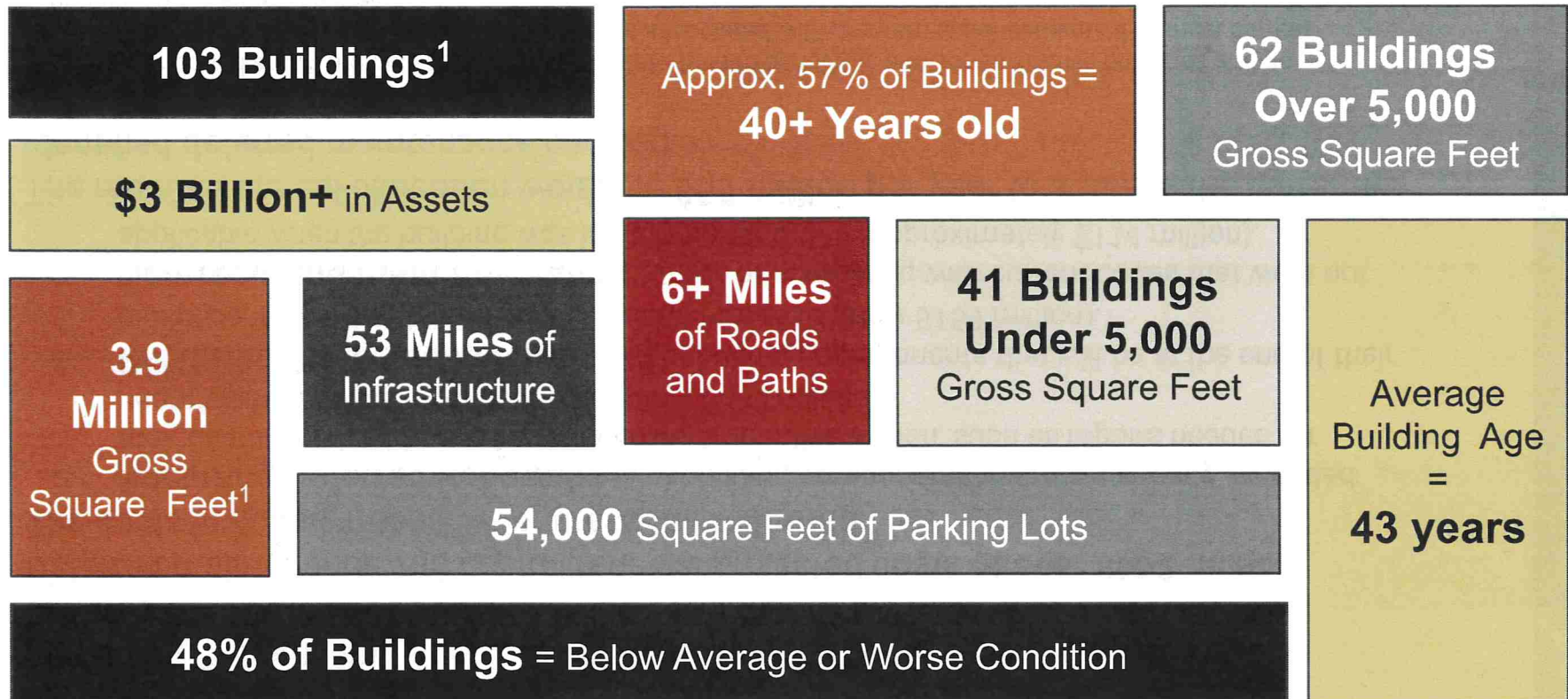
## Facility Condition Analysis (FCA)

- Intelligent Systems and Engineering Services (ISES) conducted FCAs at all CSU campus
- Deferred maintenance and capital renewal projected costs of **over \$552 million**
- The costs included in the FCA address the following:
  - **Recurring Deferred Renewal:** Major building components that have already exceeded their useful service life and Non-Recurring Corrective Action, such as repairs needed for unanticipated deficiencies (approximately \$280 million).
  - **Recurring Projected Renewal:** Major building components that will be at the end of their useful service life within the next 10 years (approximately \$159 million).
  - **Non-recurring Plant Adaptation:** Costs of complying with current codes that were not applicable when the building was initially constructed (approximately \$114 million).
- The required annual allocation would be **\$55 million per year** to address the currently identified deferred maintenance backlog.

Note: FCA costs mentioned above are only associated with state-funded academic and administrative buildings and do not include infrastructure, such as utilities and roadways, or costs associated with program enhancements that meet current academic or mission-driven requirements.



# Current State-Funded Portfolio



<sup>1</sup>Total buildings/Gross Square Feet maintained by Facilities Services at SDSU, and SDSU Imperial Valley. . This number does not include research stations at Santa Margarita Ecological Reserve, and Mount Laguna Observatory housing, parking, Associated Students, Aztec Shops, or SDSU Research Foundation facilities.

<sup>2</sup>Estimated average total project cost in 2020 (total Gross Square Feet x \$800/Gross Square Feet)

# Deferred Maintenance Advisory Committee

The **Deferred Maintenance Advisory Committee (DMAC)** is composed of representatives from all divisions and a student representative from Associated Students (A.S.) tasked with:

- Reviewing deferred maintenance projects
- Assessing the priority level of each project, and
- Ensuring projects will benefit the university community.

The committee ultimately makes recommendations to the Vice President of Business and Financial Affairs and the SDSU President to fund proposed repairs.



# Guiding Principles

1. **Integrate** building condition considerations into university planning activities to maximize SDSU's limited financial resources.
2. **Balance** individual user, college, and department needs with impacts to core university functions to leverage limited financial resources for maximum effectiveness.
3. **Align** facilities investments to university strategic priorities.
4. **Identify** potential funding sources to avoid adding to the deferred maintenance backlog.





# Priority Work Scale

## **Priority 1: Currently Critical / Life Safety / Code Compliance**

Significant impact to the mission of the University. Require immediate action to return a facility to normal operation, stop accelerated deterioration, or correct a cited safety hazard, especially those conditions which potentially impact an entire Campus or pose a significant risk to health and safety.

## **Priority 2: Potentially Critical**

Will become Priority 1 within a year if not corrected expeditiously. Currently experiencing intermittent interruptions, rapid deterioration, and potential safety hazards.

## **Priority 3: Necessary / Not Critical**

Conditions require reasonable prompt attention to avoid predictable deterioration or potential downtime. Costs of project increase if deferred further.

## **Priority 4: Recommended / Programmatic**

Sensible improvement to existing conditions. Projects will either improve overall usability and/or reduce long term maintenance.



# Historical Funding Summary\*

FY	State DM	State Infrastructure	State Major Cap	SDSU PBAC/UOF	Total
2009/2010	\$0	\$0	\$0	\$0	\$0
2010/2011	\$0	\$0	\$57,169,000	\$1,800,000	\$58,969,000
2011/2012	\$0	\$0	\$0	\$0	\$0
2012/2013	\$0	\$0	\$2,583,000	\$5,300,000	\$7,883,000
2013/2014	\$0	\$0	\$0	\$3,300,000	\$3,300,000
2014/2015	\$0	\$5,883,000	\$8,732,000	\$4,800,000	\$19,415,000
2015/2016	\$1,300,000	\$1,000,000	\$34,736,000	\$4,259,000	\$41,295,000
2016/2017	\$2,000,000	\$1,822,000	\$0	\$3,442,069	\$7,264,069
2017/2018	\$0	\$1,140,000	\$0	\$6,375,000	\$7,515,000
2018/2019	\$6,932,000	\$0	\$0	\$4,480,000	\$11,412,000
2019/2020	\$20,000,000	\$0	\$33,212,000	\$14,600,000	\$67,812,000
2020/2021	\$0	\$0	\$60,000,000	\$2,300,000	\$62,300,000
2021/2022	\$17,434,600	\$0	\$0	\$8,000,000	\$25,434,600
2022/2023	\$6,000,000	\$0	\$80,000,000	\$8,000,000	\$94,000,000
2023/2024	\$0	\$0	\$0	\$7,500,000	\$7,500,000
<b>15 year total</b>	<b>\$53,666,600</b>	<b>\$9,845,000</b>	<b>\$136,432,000</b>	<b>\$73,656,069</b>	<b>\$273,599,669</b>
<b>15 year average</b>	<b>\$3,577,773</b>	<b>\$656,333</b>	<b>\$9,095,467</b>	<b>\$4,910,405</b>	<b>\$18,239,978</b>

\*Only for state-funded buildings



# DM Funding Strategies

## Current

1. CSU/State Allocations
2. PBAC

## Proposed

1. Additional advocacy to State
2. Space-use fees (incentive based budgeting)
3. Grant funding
4. Donor contributions
5. Other?

