Facilities Planning and Capital Investment Preview

November 2024

In this presentation:

- Preview of System Level Facilities Planning Approach
- Existing Facility Capital Reinvestment Data Analytics

Preview of System-Wide Facilities Planning

- Facilities Planning will serve MUS Strategic Plan Goals
- Working Advisory Groups: MSU, UM, Affiliate Campuses, BOR Infrastructure, others TBD
- Assemble accurate and consistent system-wide data
- Determine Facilities-Related MUS Key Performance Indicators
- Analyze Data to Benchmark Campus KPIs and roll up to MUS KPI's
  - Campus Condition Assessments
  - **Capital Investment Magnitude and Allocation**
  - Space Utilization
  - Operational Effectiveness
  - Service Quality
- Strategic Capital Planning as a System and per Campus
  - Programmatic and Physical Plant Needs
  - Trajectory (Programs, Student FTE, Research, etc)
  - Campus Age/Renewal Profile. Planning for our future obligations.
- Implement – Measure - Feedback

Preliminary look into Capital Investment Analytics

- Montana State University-Bozeman Benchmarking Analysis
- Second Round completed this year, the first report was delivered in 2013
- Multifaceted approach to benchmarking
  - Peer Group Comparison
  - Consultants database of ~1.5 billion square feet of Higher Education space
- Areas of Focus include:

Thanks to MSU for proactively developing and sharing this data!

Existing Facilities Capital Reinvestment

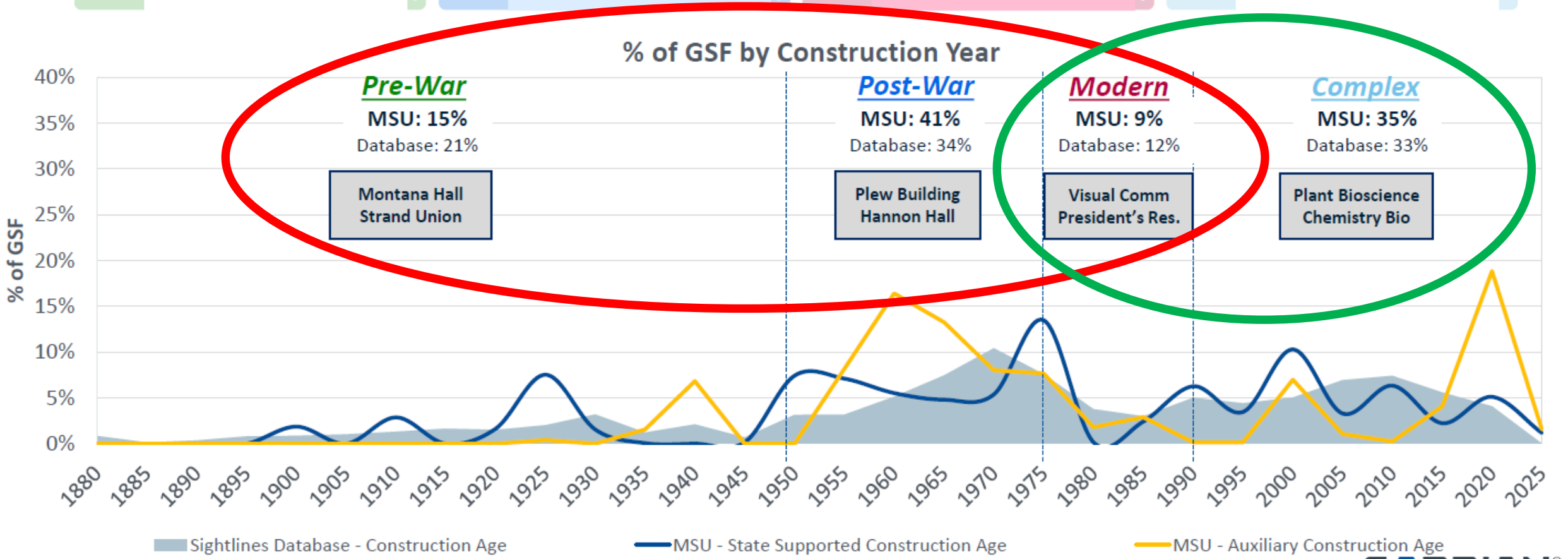
Putting Your Construction Age in Context

Pre-War
Built before 1951
Durable construction
Older but typically lasts longer

Post-War
Built from 1951 to 1975
Lower-quality construction
Already needing more repairs and renovations

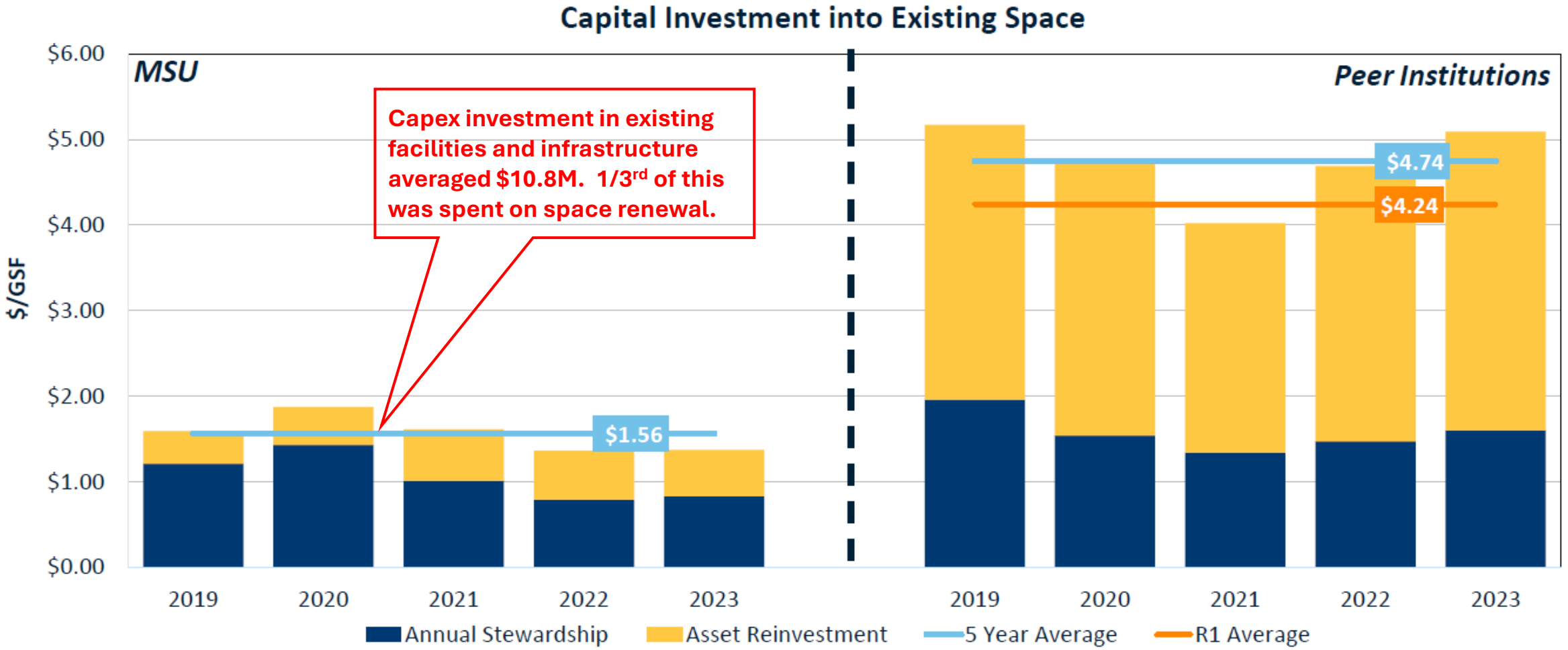
Modern
Built from 1976 to 1990
Quick-flash construction
Low-quality building components

Complex
Built in 1991 and newer
Technically complex spaces
Higher-quality, more expensive to maintain & repair



Existing Space Spending vs. Peers (By Funding Source)

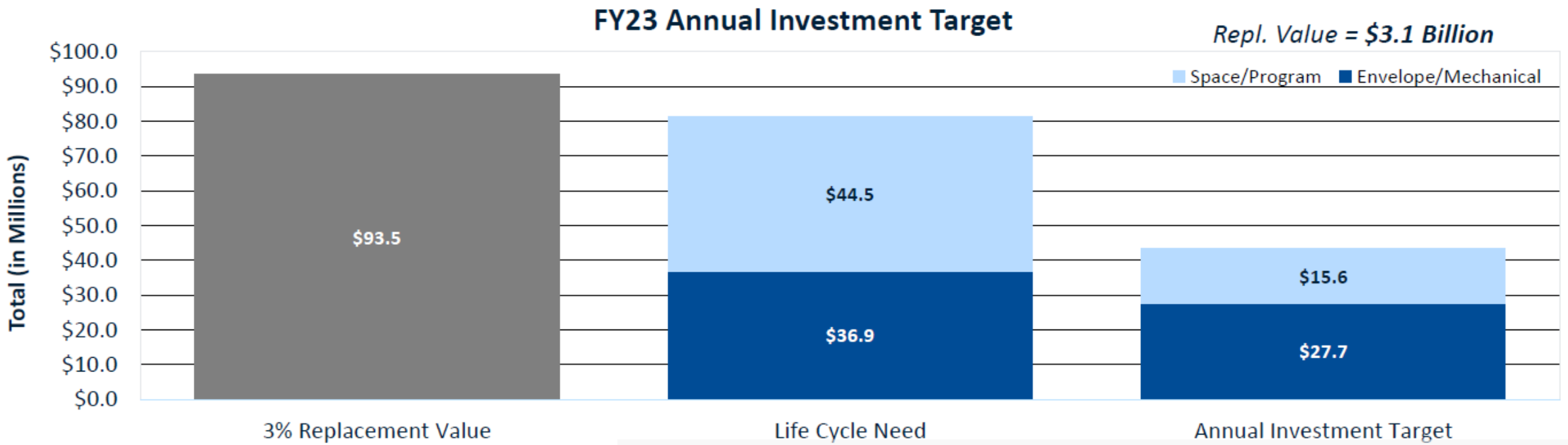
Peers are spending $3.18/GSF more on an average compared to MSU



Does not include infrastructure spending

Defining an Annual Investment Target

MSU FY23 investment target: ***$43.3M***



Standard Depreciation Model

Industry standard takes 3% of the replacement value of every building on campus to estimate the amount needed to keep up with building lifecycles on an annual basis.

Gordian Budgeted Model

The **Life Cycle Target** shows the amount of dollars necessary to replace all building components at the completion of their useful life.

The **Annual Investment Target** discounts the lifecycle target to represent the annual minimum investment required to halt the increase of backlog.

Preliminary Components to Rightsizing Annual Investment

- Establish a “No-Net-New” policy that prioritizes investment in existing buildings, or decommissions buildings if new buildings are added. Exceptions for student enrollment and vetted programmatic needs may be considered.
- Institute a rigorous Space Utilization program across the MUS. Based on Space Utilization and Facility Condition Data Analytics, increase utilization, decommission, or divest of space if possible.
- Consider a Building Endowment policy that would require a portion of any building-related donation be invested for the long-term stewardship of the building and related infrastructure.
- Identify Operational Savings that may be reallocated to Annual Investment. Build and Remodel to High Performance standards.
- Explore funding model changes to increase Capital Reinvestment

Next Steps:

- Facilities Planning will serve MUS Strategic Plan Goals
  - ✓ **Working Advisory Groups: MSU, UM, Affiliate Campuses, BOR Infrastructure, others TBD**
  - ✓ **Assemble accurate and consistent system-wide data**
  - ✓ **Determine Facilities-Related MUS Key Performance Indicators**
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