

UNIVERSITY of WASHINGTON

FY2020 Annual Review Narrative Response for: **205 - Facilities**Programmatic & Academic Vitality Narrative

- 1) Please briefly describe your campus's annual internal budget development process. *Question Type: Free Text, Word Limit: 500, Required For: All Units*

UW Facilities was created in 2018 by combining the former Facilities Services (FS) and Capital Planning & Development (CPD) departments. (Note that CPD included UW Real Estate). UW Sustainability and Business Diversity then joined UW Facilities after EVP Jeff Scott's departure. The finance teams from across the newly formed UW Facilities have combined into one cohesive team and are now working together to standardize budget processes and financial forecasts.

The internal budgeting process begins with individual finance managers across UW Facilities determining current state for their areas and then working with senior leaders in their areas to understand and forecast staffing and operational expenses for the coming two bienniums.

Senior financial leadership works with the individual finance managers to review and consolidate all UW Facilities financials. Changes are made as needed to reflect departmental needs and strategic planning priorities and initiatives, such as campus growth and deferred maintenance concerns; mission/value-related commitments, such as employee safety and training; compliance with regulations and policies; equipment replacement policy and any budget items or expenses that have been omitted.

Senior financial leadership reviews the financial analyses from all areas and the consolidated reports with the other UW Facilities senior leaders to strategize and prioritize needs and direction based on funding availability and makes adjustments and decisions as needed. This cycle continues until the budget reflects the goals and decisions made by senior leadership and also presents a workable operating plan for the upcoming two bienniums.

- 2) What are 3-5 key elements of your campus's current strategic plan? *Question Type: Free Text, Word Limit: 500, Required For: All Units*

UW Facilities was created in 2018 out of Facilities Services and Capital Planning & Development. The goal is to improve our ability to manage the University's buildings, infrastructure and land in a planned and coordinated manner, focusing on the total cost of ownership and meeting customer needs. To reach this goal, we are focused on five key areas:

Asset management: To more effectively communicate and partner with our customers and stakeholders on the overall Facilities investment strategy, we are implementing a full life-cycle approach to the stewardship of the University's physical assets (buildings and infrastructure). This will allow us to optimize our resources across the full spectrum of building needs and more effectively prioritize our work, including major and minor projects, energy conservation, preventative maintenance and daily service. We will use customer feedback and data analytics to assess the performance of our facilities to better meet the University's needs while delivering more efficient services.

Deferred maintenance: As noted in our presentation to the Regents in 2018, the UW has been significantly underfunding capital reinvestment in existing facilities, placing the long-term operations of the University at risk. We are working within the envelope of our realistic funding capacity to shift more of our spending to address our backlog through renovations and life cycle replacements. This needs to be balanced against growth needs, but we may have other funding opportunities available to us to deal with these. We are also working to raise awareness of the importance of adequately funding the full annual costs of new buildings and planning accordingly. Preventing new building systems from sliding into the deferred maintenance backlog will go a long way to curtailing the growth of the overall backlog on all of our campuses.

Procurement & sourcing: We are combining processes and contracts across existing groups in UW Facilities into a new acquisitions arm that optimizes our business operations. Our primary areas of focus are procurement, strategic sourcing, contracting, business diversity and equity, and construction workforce development. We are working to leverage our buying power across UW Facilities in ways that are effective and socially aware.



UNIVERSITY of WASHINGTON

FY2020 Annual Review Narrative Response for: **205 - Facilities**

Programmatic & Academic Vitality Narrative

Workforce development: Faced with a competitive job market for trades people, we are investing in outreach to our staff. This includes improving our partnership with our unions, implementing recommendations from last year's Inclusion Initiative and updating our training, including career advancement options at multiple levels.

Safety: We are creating an embedded culture of Safety within the entire UW Facilities enterprise. While working to improve safety for our workers and contractors, we are also partnering with UW Environmental Health & Safety to develop and implement strategies to improve safety for the broader campus community.

- 3) What major obstacles or institutional barriers currently do, or likely will, hinder execution of your strategic plan? What are you doing to address these challenges? *Question Type: Free Text, Word Limit: 500, Required For: All Units*

Deferred maintenance: Because the deferred maintenance backlog is so large (exceeds \$2 billion for all three campuses), annual operating funds are strained as we approach daily maintenance in a reactive mode. We are often faced with jumping from one failure to another. This inherently reduces the effectiveness of our trades and increases the operating costs. Responding to these increased costs, the University and the State have shifted funding from capital to operating in an effort to adequately fund the operations. We need to reverse this cycle and increase our funding for replacement/renewal. The University's capital spending on renewal is close to 65% below our peers. With no action, our projected backlog will grow to approximately \$5 billion in 30 years.

Utilities funding model: Our utilities infrastructure is at the core of UW's sustainability goals, but we are still using a historical funding model that does not meet our current reality or standard utility funding practices, which include provision for capital reinvestment. This reinvestment is necessary to avoid catastrophic failures in the future.

Technical trades recruitment and retention: The labor market in Seattle is very competitive, particularly for the technical trades, which is facing a shortage industry-wide as more people retire than enter the field. The high cost of living in Seattle also makes it difficult to retain employees. A continued shortage of employees puts pressure on existing staff and makes long-range plans harder to implement.

- 4) Over the next year, could any of your planned strategic activities result in material changes to revenues or expenditures, faculty or staff workload, or the student experience within your campus and/or another unit/campus? *Question Type: Free Text, Word Limit: 500, Required For: All Units*

As stewards of the campus, our job is to provide and care for the campus infrastructure in a way that effectively supports the mission of the institution with appropriately configured space and more efficient operations for every unit across the University. By more effectively prioritizing our investment efforts we will be able to focus on projects that deliver higher value, including efficient space utilization and reducing the deferred maintenance backlog. Lease consolidation efforts associated with Population Health and Roosevelt Commons, for example, are projected to save \$2 million a year.

We will also continue our investments in energy conservation and waste diversion, which already results in several million dollars in cost avoidance a year. Our focus on the deferred maintenance backlog will increase the efficiency of academic and administrative units by minimizing day-to-day disruption and lowering frustration. These efforts will also increase student satisfaction by improving the spaces they use everyday.

- 5) What is your unit doing to effectively use resources in a way that benefits your campus and/or other units/campuses? *Question Type: Free Text, Word Limit: 500, Required For: UWB, UWT, UWS Administrative Units*

1. As we implement asset management practices across the department, we will carefully examine the use of all University resources, including space, capital and operating budgets to increase impact and reduce costs. Efforts are underway to sell underutilized properties, consolidate leases and permanently exit leased space. As new buildings come online, we will further consolidate space. By focusing on space utilization and managing it more effectively we will be able to save the University several million dollars annually in operating expenses. We have reduced the University's annual utility costs by strategically reinvesting rebates offered by utility companies and this an area ripe for increased



UNIVERSITY of WASHINGTON

FY2020 Annual Review Narrative Response for: **205 - Facilities**

Programmatic & Academic Vitality Narrative

investment in order to capture even higher returns. Finally, leveraging our capital resources and partnering with Cascadia College, King County, Seattle City Light, the Campus Sustainability Fund and private developers will allow us to multiply the impact of the University's capital investments and create a broader learning environment for students.

2. Transportation Services offers a variety of flexible commuter products to faculty, staff, and students, including the internationally recognized U-PASS program. Campus shuttles connect the University's hospitals and clinics as well as providing accessible and nighttime services. We also manage a fleet of 600+ vehicles that allow UW community members to conduct official business across the region. We maintain over 3.4 million square feet of parking structures and surface lots, as well as 10,000 bicycle parking spaces. We support the 1.5 million visitors who come to campus each year with event parking and wayfinding services. All of these efforts are conducted with the University's sustainability goals in mind, from reducing the drive-alone rate for commuters to below 20% to deploying hybrid fleet vehicles.

3. UW Sustainability maintains the UW's position as a national leader in sustainability by leading UW green certification, student-led initiatives and operational initiatives. We also support academic coursework focused on sustainability. These efforts not only save the University money by reducing its operating expenses — energy conservation, water conservation, waste diversion and paper conservation represent millions of dollars in cost avoidance annually — but they engage faculty and students to prepare future leaders in this field.

4. Facilities Operations is working to improve the preventive maintenance program for our buildings and infrastructure. This focus on preventive maintenance extends the life of our assets and thereby helps reduce the growth in the deferred maintenance backlog.

- 6) What are you doing to improve the experience and outcomes of students on your campus? What could the University do to support your efforts? *Question Type: Free Text, Word Limit: 500, Required For: UWB, UWT, UWS Academic Units, UAA, Graduate School*

Not Applicable