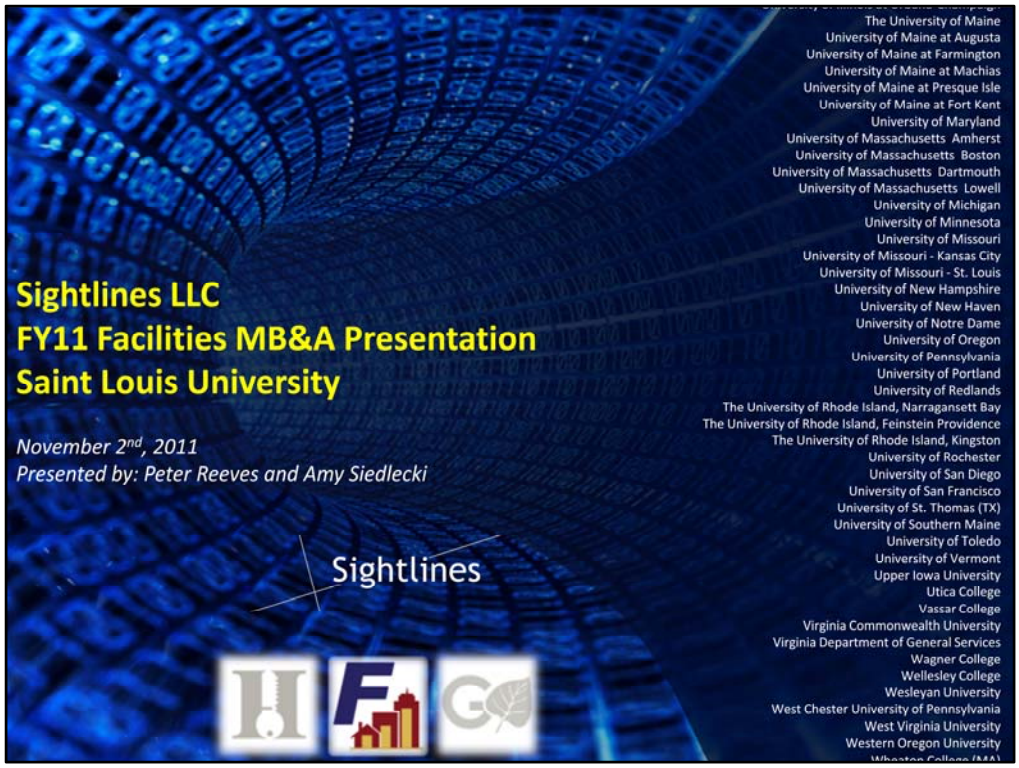
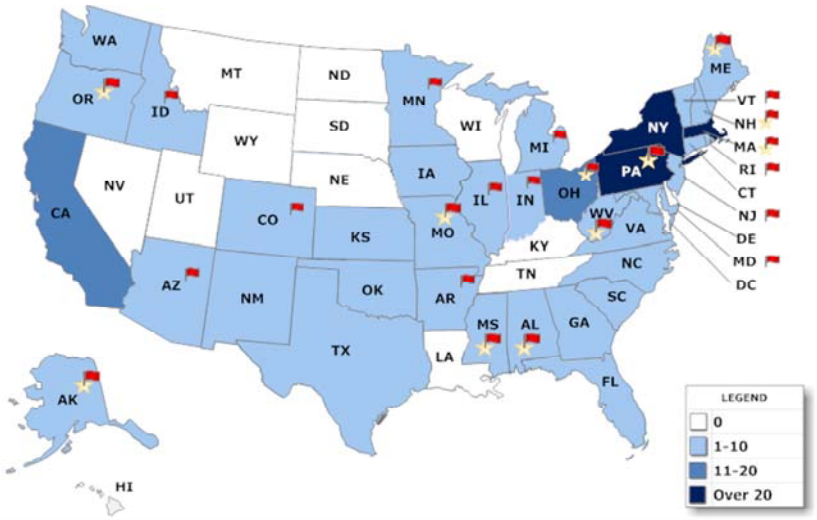
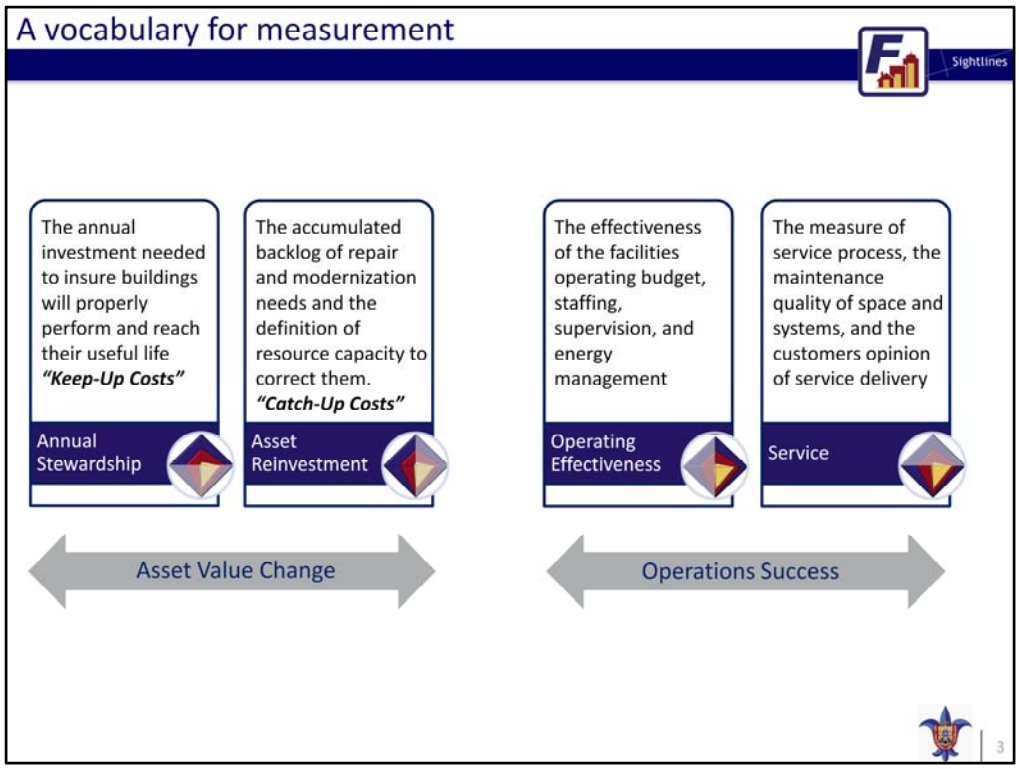

Sightlines LLC
FY11 Facilities MB&A Presentation
Saint Louis University
November 2nd, 2011
Presented by: Peter Reeves and Amy Siedlecki
Sightlines
The University of Maine
University of Maine at Augusta
University of Maine at Farmington
University of Maine at Machias
University of Maine at Presque Isle
University of Maine at Fort Kent
University of Maryland
University of Massachusetts Amherst
University of Massachusetts Boston
University of Massachusetts Dartmouth
University of Massachusetts Lowell
University of Michigan
University of Minnesota
University of Missouri
University of Missouri - Kansas City
University of Missouri - St. Louis
University of New Hampshire
University of New Haven
University of Notre Dame
University of Oregon
University of Pennsylvania
University of Portland
University of Redlands
The University of Rhode Island, Narragansett Bay
The University of Rhode Island, Feinstein Providence
The University of Rhode Island, Kingston
University of Rochester
University of San Diego
University of San Francisco
University of St. Thomas (TX)
University of Southern Maine
University of Toledo
University of Vermont
Upper Iowa University
Utica College
Vassar College
Virginia Commonwealth University
Virginia Department of General Services
Wagner College
Wellesley College
Wesleyan University
West Chester University of Pennsylvania
West Virginia University
Western Oregon University

Sightlines profile



- 10 year old company based in Guilford, CT
- Common vocabulary and consistent methodology
- 95% Annual retention rate
- Tracking $5.9 billion in operations budgets and $4.2 billion in capital projects
- Database of 23,500 buildings and 825 million GSF


A vocabulary for measurement
Sightlines
The annual investment needed to insure buildings will properly perform and reach their useful life "Keep-Up Costs"
Annual Stewardship
The accumulated backlog of repair and modernization needs and the definition of resource capacity to correct them. "Catch-Up Costs"
Asset Reinvestment
The effectiveness of the facilities operating budget, staffing, supervision, and energy management
Operating Effectiveness
The measure of service process, the maintenance quality of space and systems, and the customers opinion of service delivery
Service
Asset Value Change
Operations Success
3

Core Issues

Sightlines

Shifting Age Profile

- Enrollment growth has outpaced space growth, increasing density
- Substantial portions of SLU's campus are moving into more costly age categories.

Limited Historical Investment

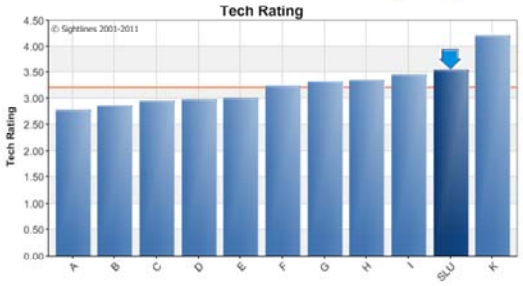
- Investment levels are significantly below peers and annual investment levels
- The backlog of needs on campus has been steadily increasing, while peers have managed a decrease

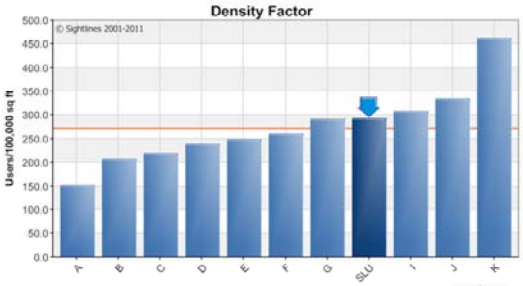
Strong Operation, Sustainable?

- SLU's operating budget is well below peers, with limited growth in the past 5 years.
- Despite the lower resources, Operations performance is at or above peer levels in Maintenance, custodial, and grounds.
- There exist some early warning signs as to the impact on effectiveness of the limited investment

Peer Institutions

Institution
Boston College
Brown University
Clemson University
Duke University
Northwestern University
The University of Chicago
Thomas Jefferson University
University of Missouri – Columbia
University of Notre Dame
University of Pennsylvania





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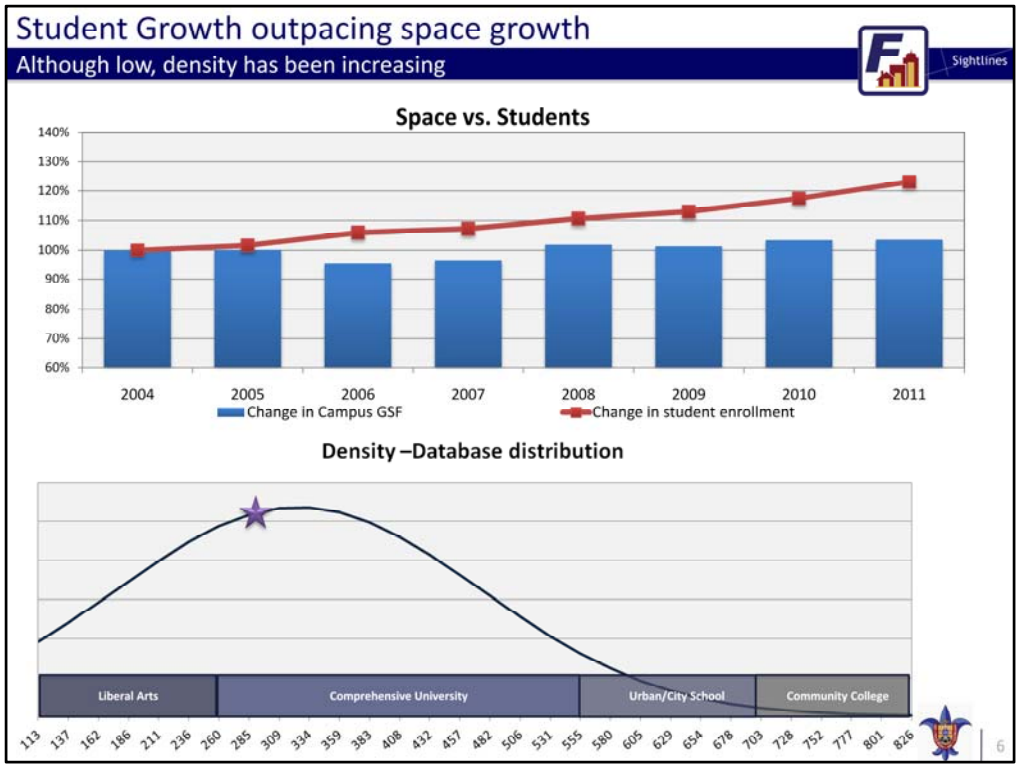
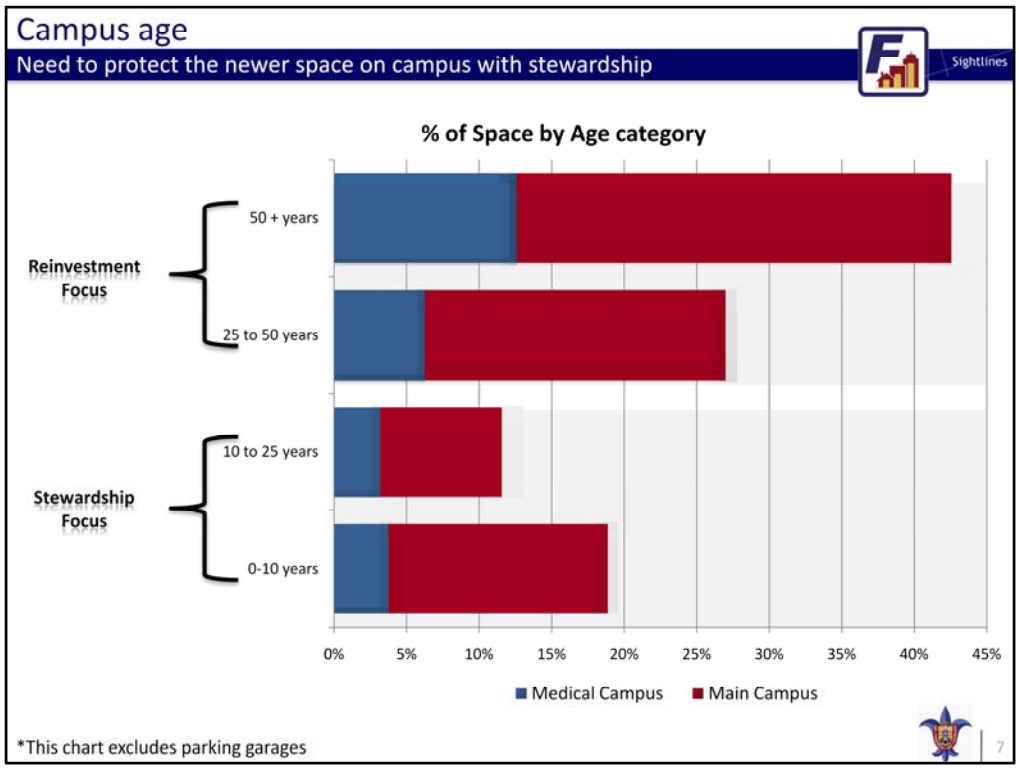
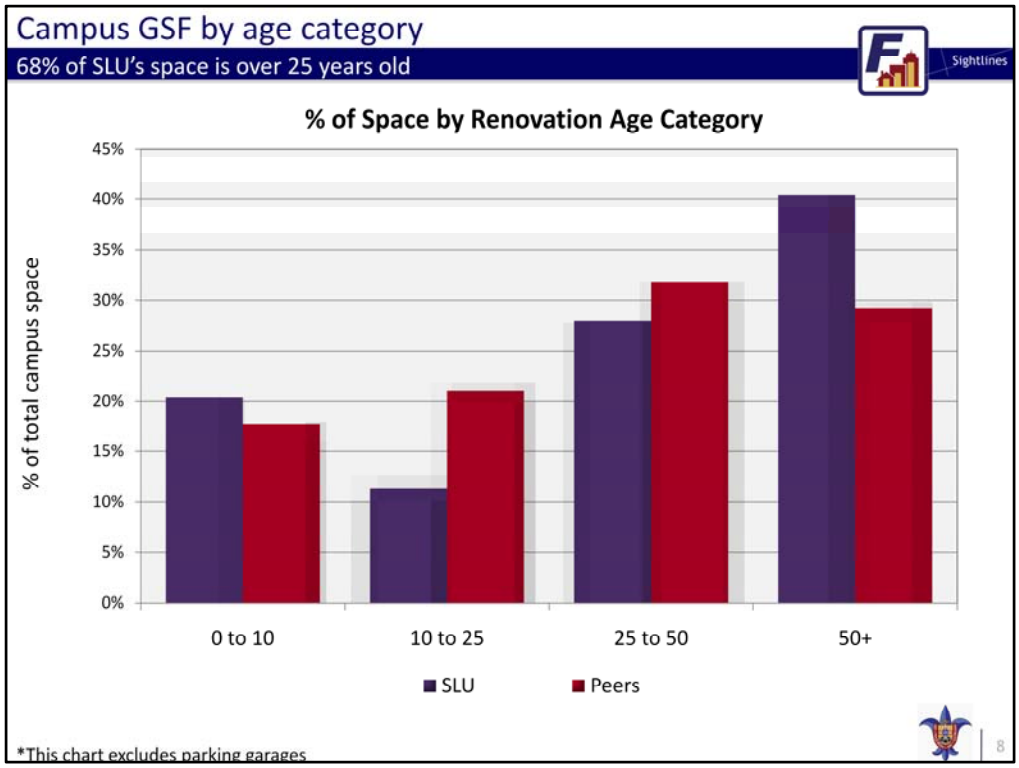
We use a number of factors to determine a peer group such as location, program, enrollment and various facility profile metrics. Among the facility profile metrics, we focus on Tech Rating and Density factor. Tech Rating determines the technical complexity of the systems within a building and Density Factor is Campus Users (in FTEs)/100,000 GSF.



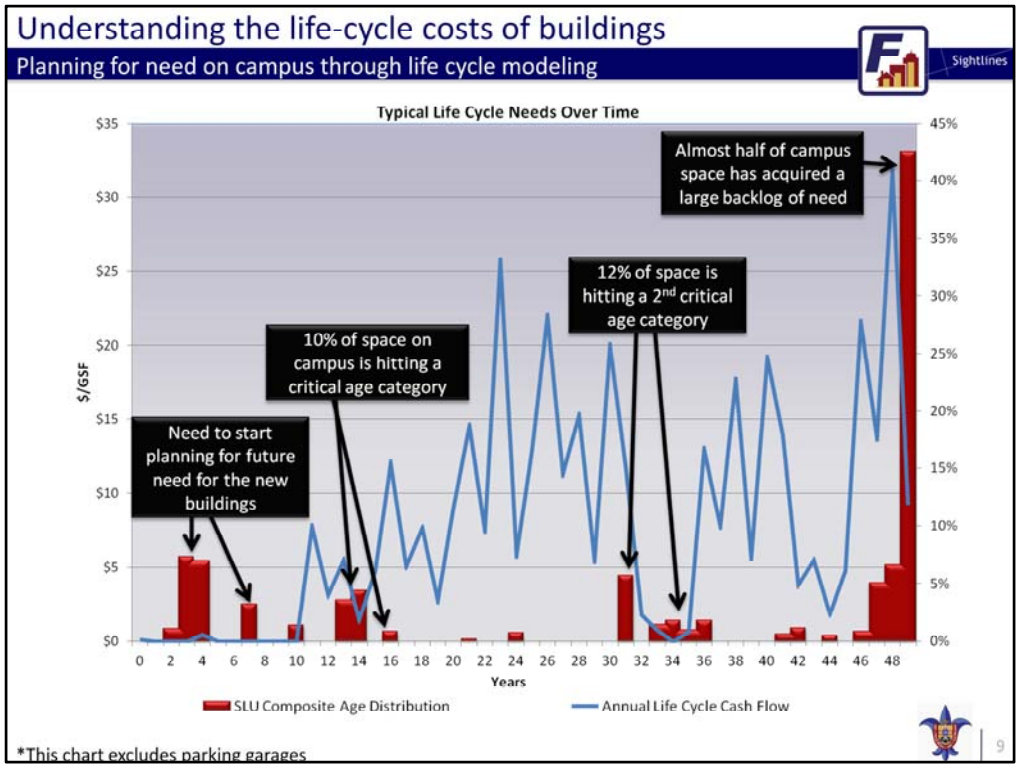
Student Enrollment has outpaced the growth in space over the last 8 years. This means campus density has increased. The database distribution shows, that while density has increased, it is still relatively low compared to our database. It does however fall well within the range we see for comprehensive Universities.



It is important to understand the age profile of campus when thinking about facility investments. The important dividing line is over/under 25 years old. Space Under 25 requires Stewardship ("Keep – up") investment, while space over 25 requires Reinvestment ("catch-up") investments. SLU's campus profile is more heavily weighted to the Reinvestment group, with approximately 70% of space over 25 (and an even greater % of the medical campus falls into that category).

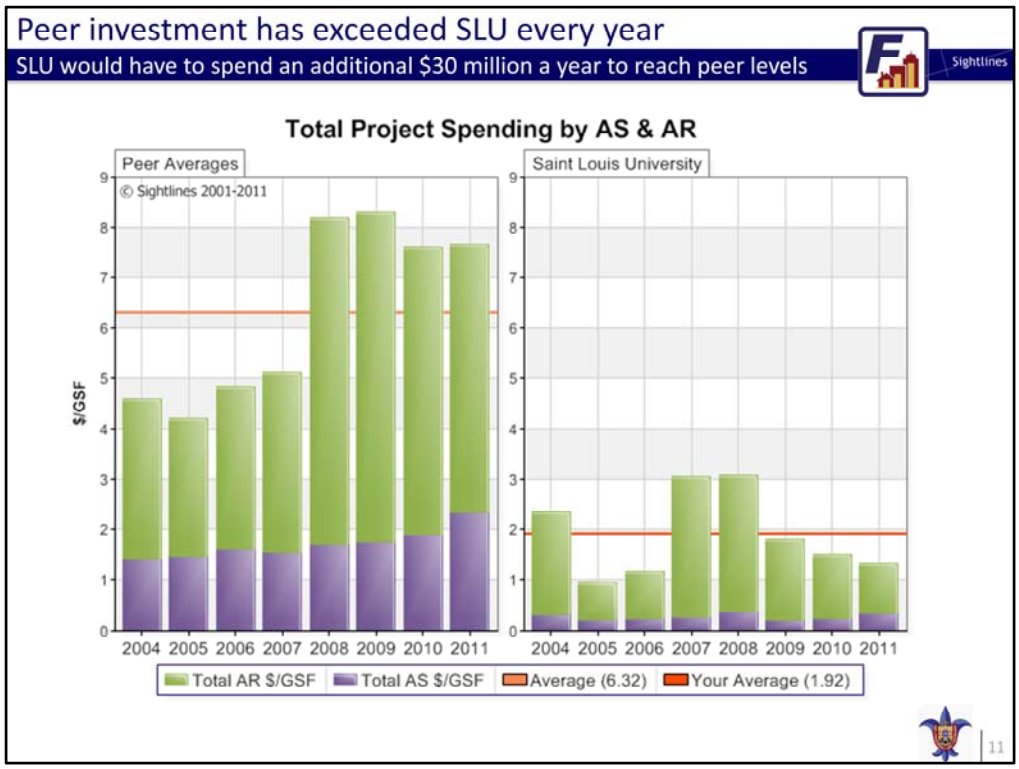


Compared to peer institutions, SLU has an older campus profile. Particularly in the Over 50 category. These are the facilities that require significant investments in the coming years and also increase strain on maintenance operations.

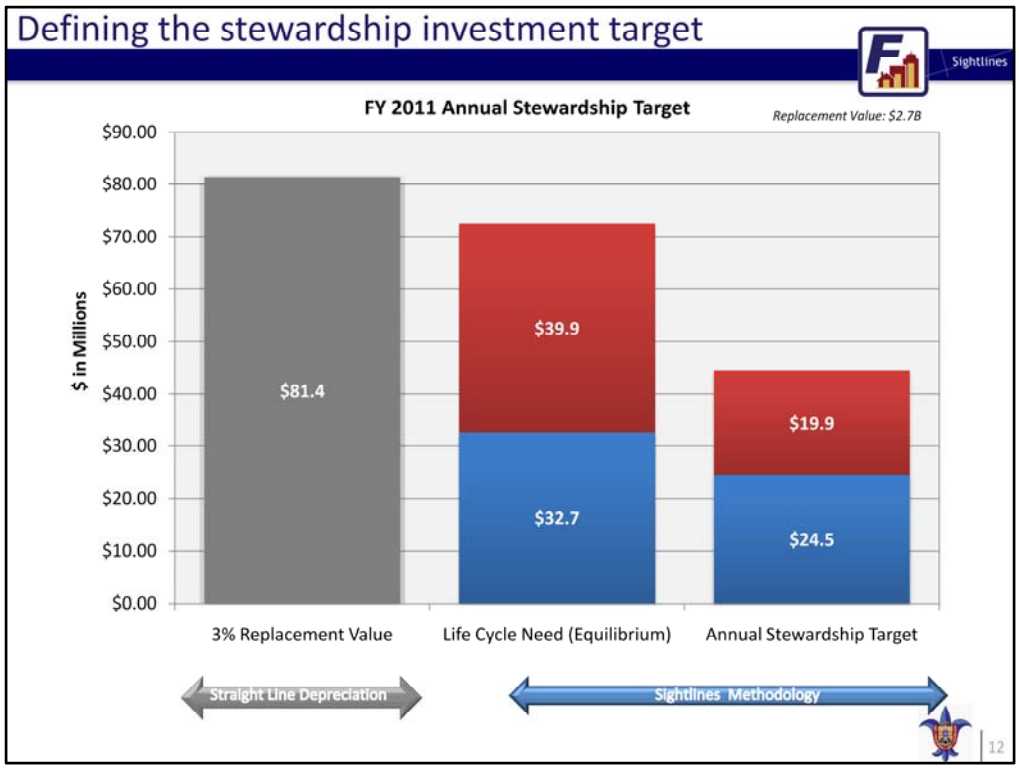


Understanding the life cycle needs of your buildings also help with understanding upcoming or deferred capital needs. Using a typical life cycle chart, one can see that SLU's campus can be broken roughly into four categories based on where they fall on the life cycle curve.

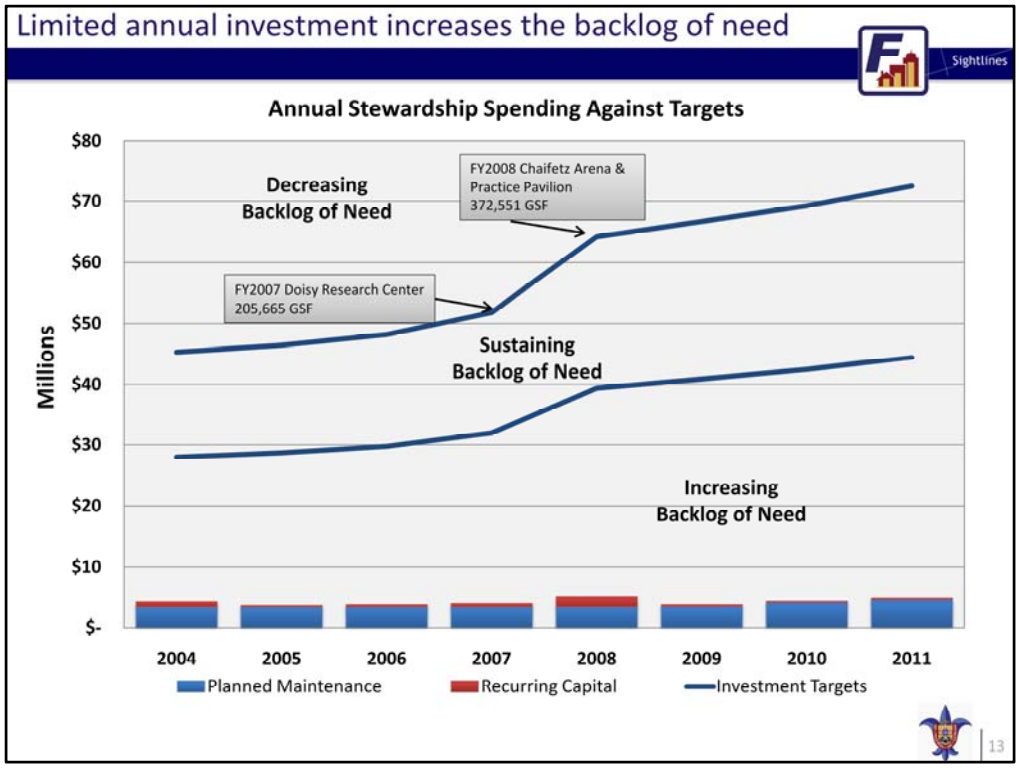

Capital Investments



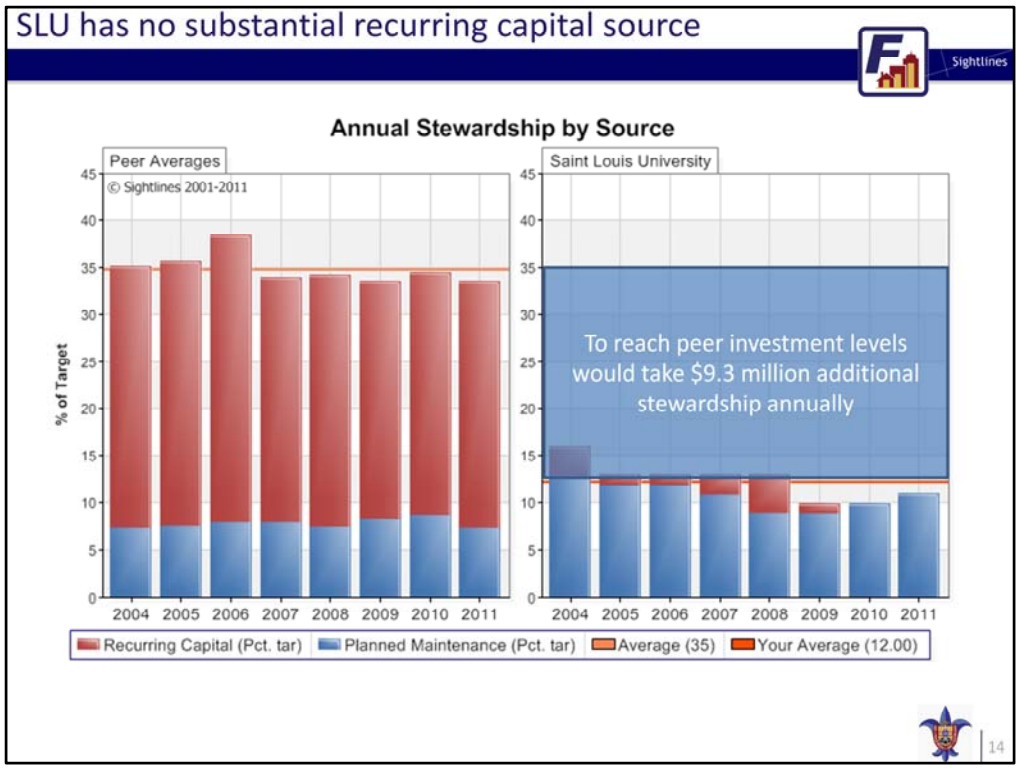
Capital Investment levels at SLU remain significantly below peer institutions. Both sources of funding are below peers Annual Stewardship – Purple & Asset Reinvestment – Green). While peers have been able to address deferred maintenance and perform major renovations through significant investments, SLU has not.



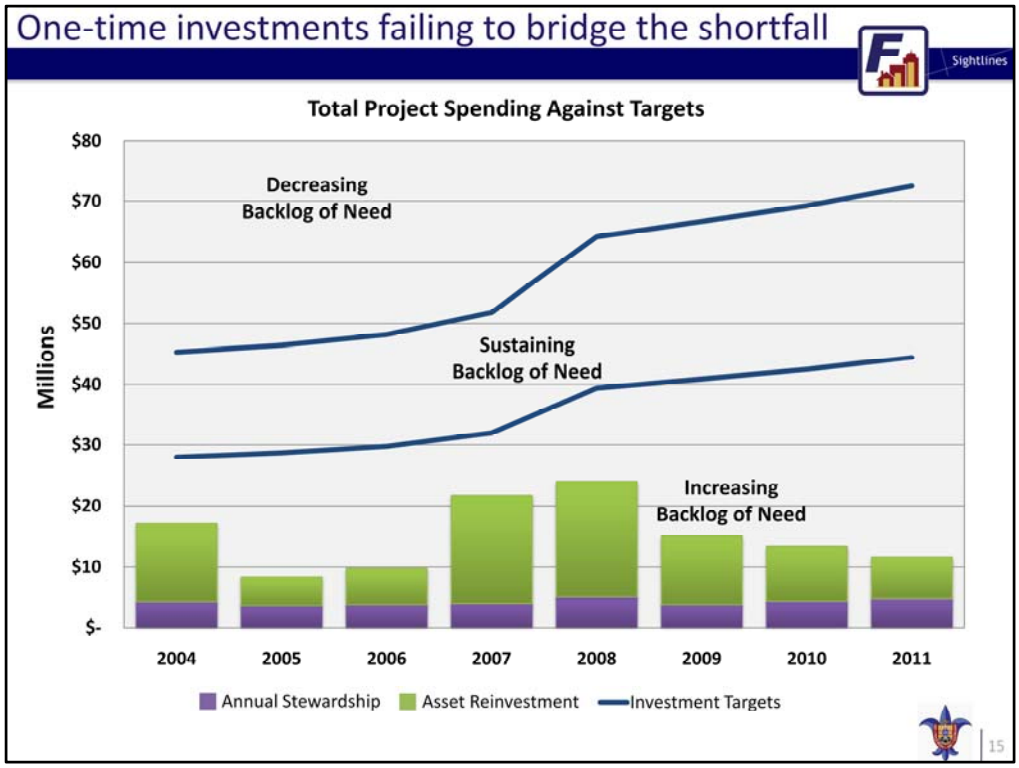
How much does an institution need to invest on an annual basis?
3% Of replacement value – Reference point. Based on Straight line depreciation of assets.
Life Cycle Need – Sightlines Generated number based on Age, Function, and Technical Complexity. What would it cost to replace every building component at the end of its useful life. Red – Space and Programming, Blue – Envelope and Mechanical.
Annual Stewardship Target – Discounts the Life Cycle Need for the coordination of Renovations and Modernizations, as well as the extensions of building life cycles through proper upkeep.



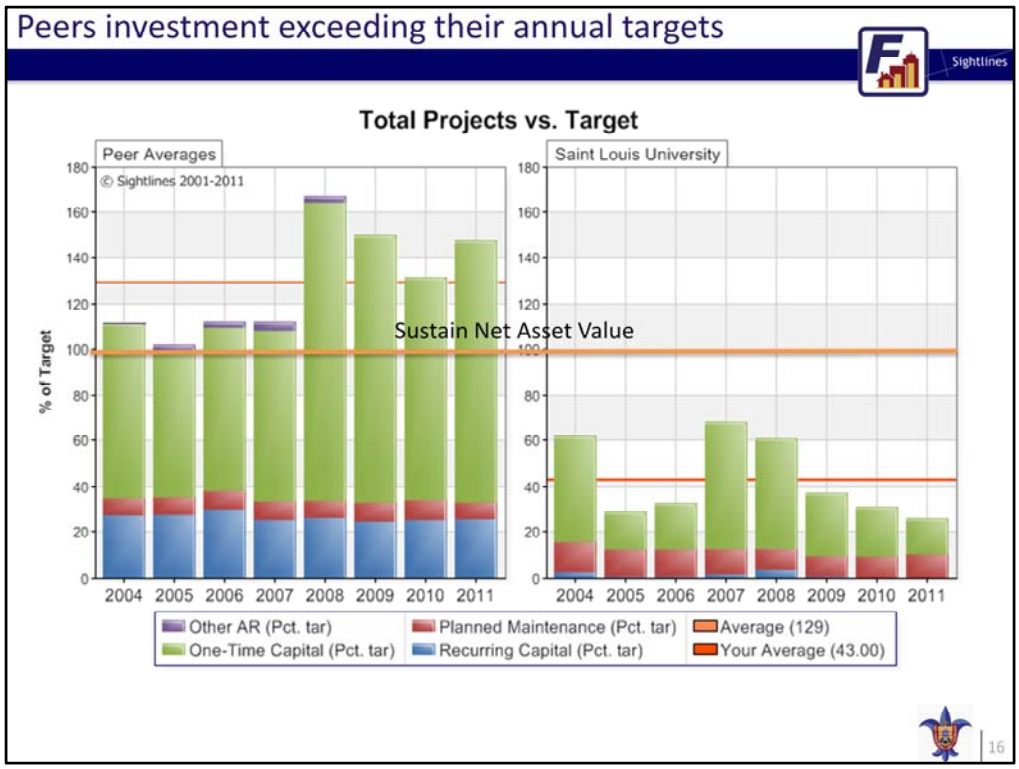
The lines represent the two Sightlines generated targets. They grow over time due to the addition of space and construction cost inflation. When Measuring the Recurring funding against this target, SLU has funded approximately 5 million each year, and has increasingly fallen short of the investment target. By not reaching the investment targets, projects are added to the backlog of need (deferred maintenance).



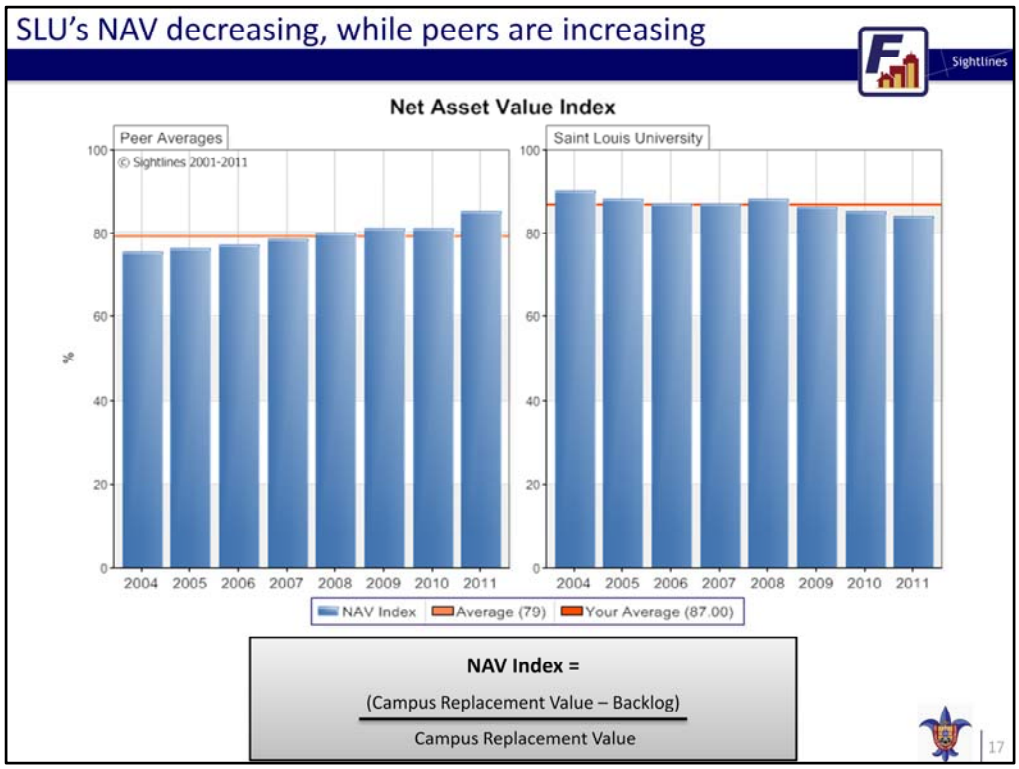
This shows the percent of the Annual Stewardship funded by peers and SLU over time. Overall funding levels are significantly below peers by approximately $10 million annually. The main difference is the availability of recurring capital dollars. Peers are significantly funded with recurring capital (i.e. maintenance Reserve, R&R funds, Maintenance & Repair funds, etc.), while SLU's primary source is from the operating budget planned maintenance.



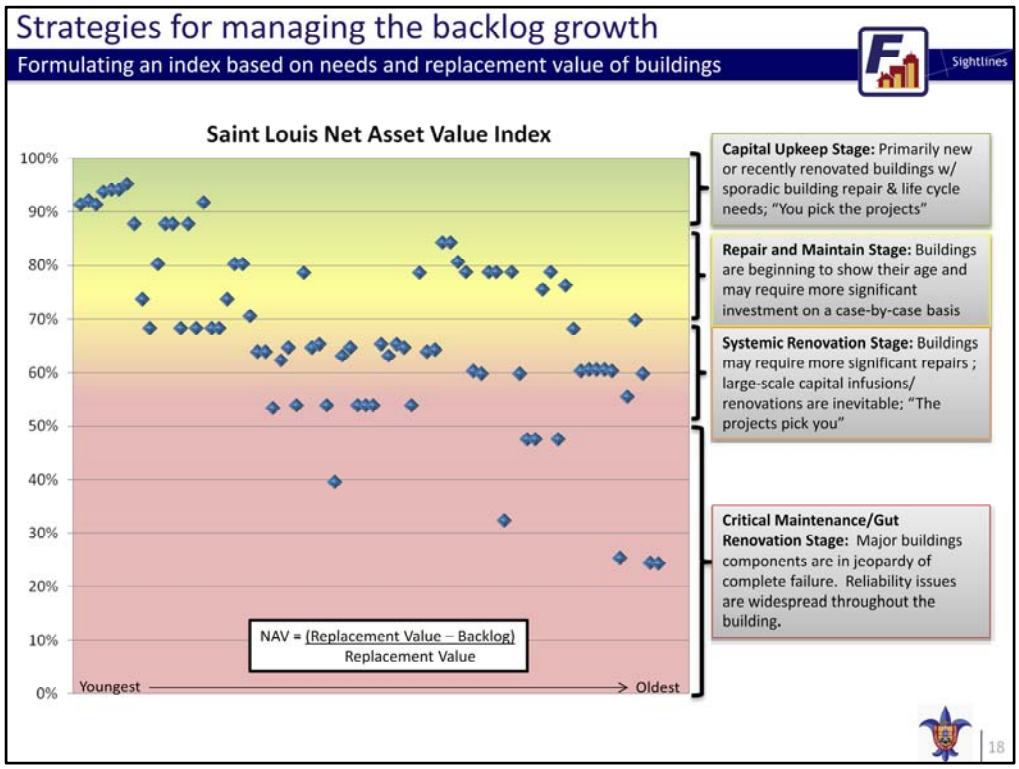
If you are unable to reach the target investment level with Annual Stewardship, many institutions make up the difference with Asset Reinvestment. SLU has been unable to do this in any year of our analysis. This means that the backlog of need has been growing in every year.



Peers on the other hand have reached and exceeded their target investment level. This means that peer institutions have been reducing their backlog of need.

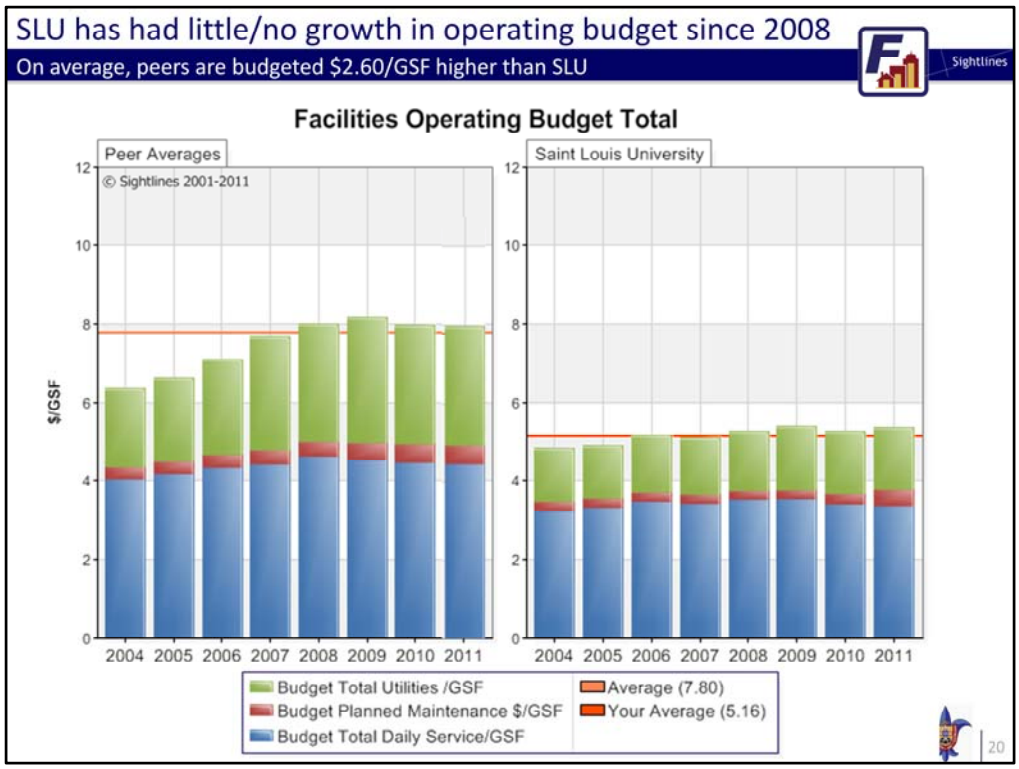


Net Asset Value measures the "percent good" of a building. A rising NAV means that you are reducing backlog, while a falling NAV represents a growing backlog. Peers have been growing their NAV (reducing backlog) and SLU has been decreasing their NAV (Increasing backlog). Despite the trends, NAV is similar to peers in FY11.

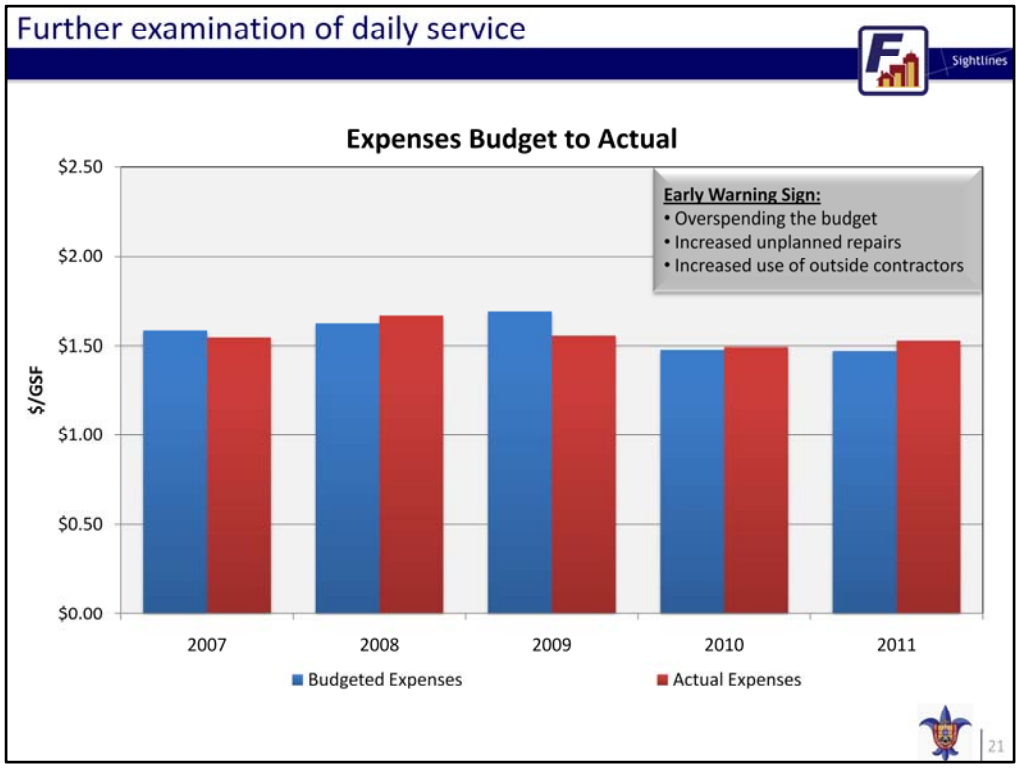


This is a sample slide. It shows that you can take different approaches to different buildings based on age and conditions. Focus on keep-up the young buildings that are in good condition(High NAV), while you want to Renovate or transition old buildings in poor condition(low NAV).

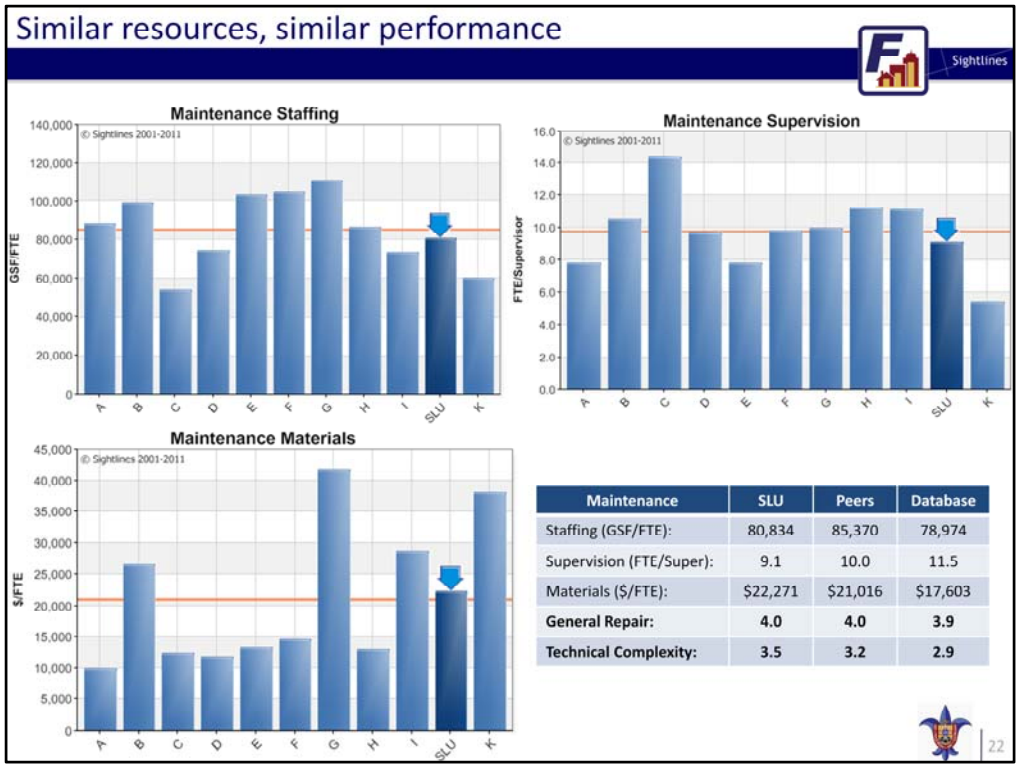

Operating Effectiveness



Facilities Operating budget against peers. SLU is spending over $2/gsf less than peers. Driven in large part due to the low utility costs. But Daily Service costs also remain below peers, meaning SLU is running a efficient operations.

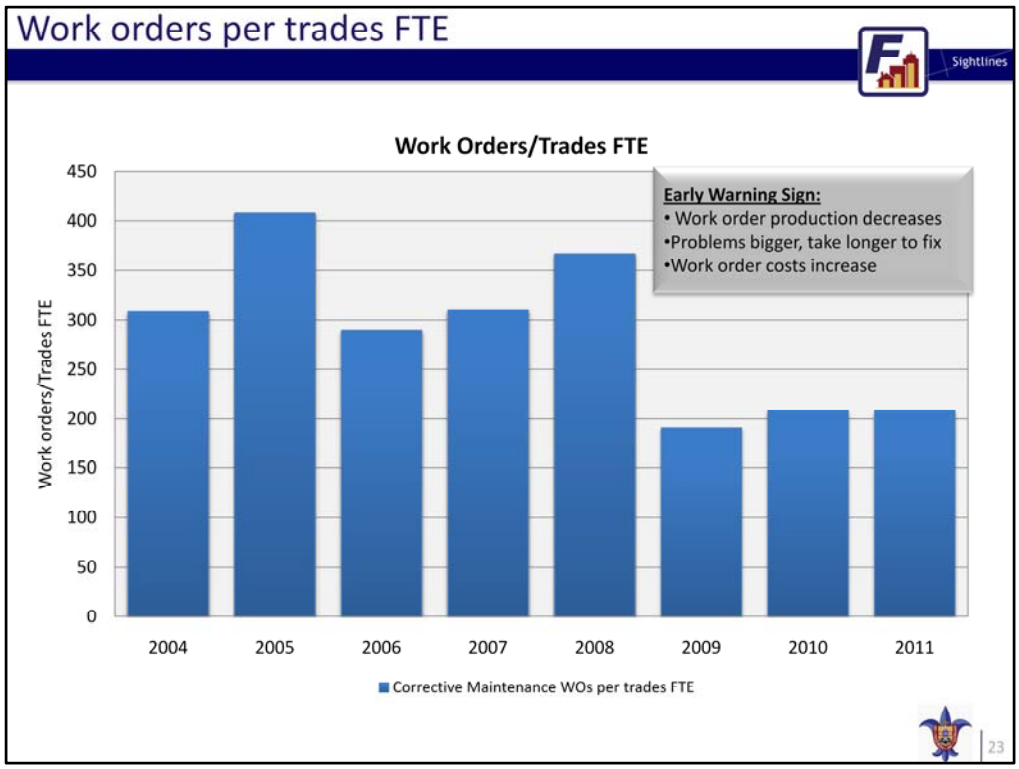


Comparing Budget to actual for facility expenses (Contracts and materials) can be a good early warning sign as to limited capital investment catching up with a campus.

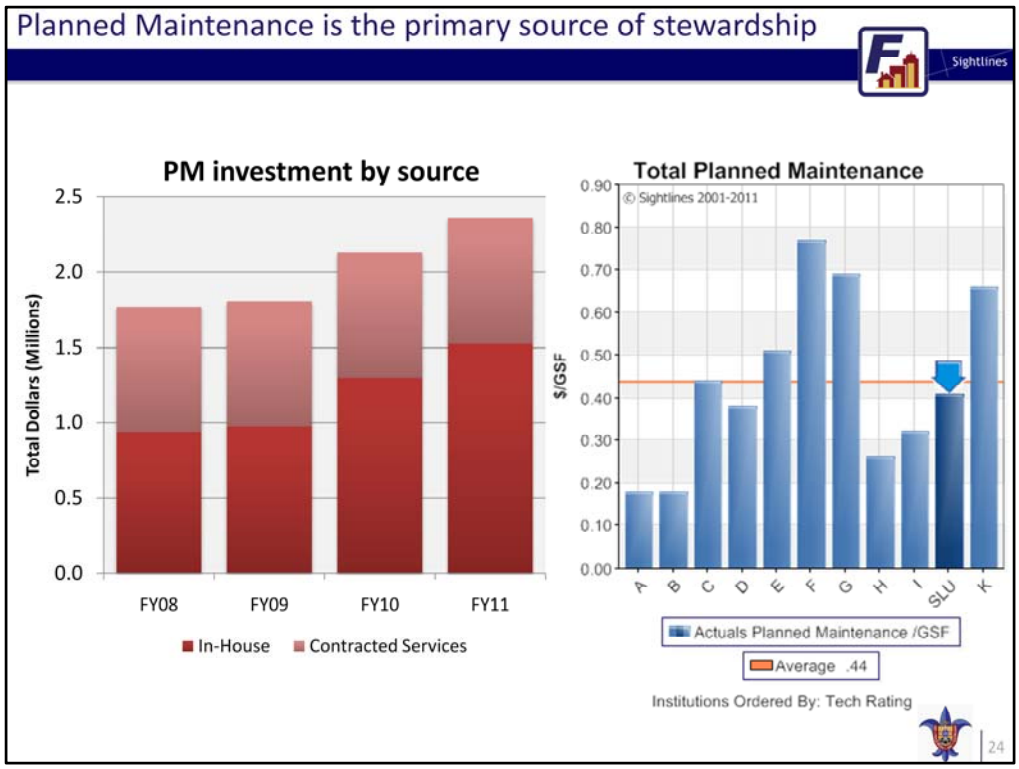


Maintenance	SLU	Peers	Database
Staffing (GSF/FTE):	80,834	85,370	78,974
Supervision (FTE/Super):	9.1	10.0	11.5
Materials ($/FTE):	$22,271	$21,016	$17,603
General Repair:	**4.0**	**4.0**	**3.9**
Technical Complexity:	**3.5**	**3.2**	**2.9**

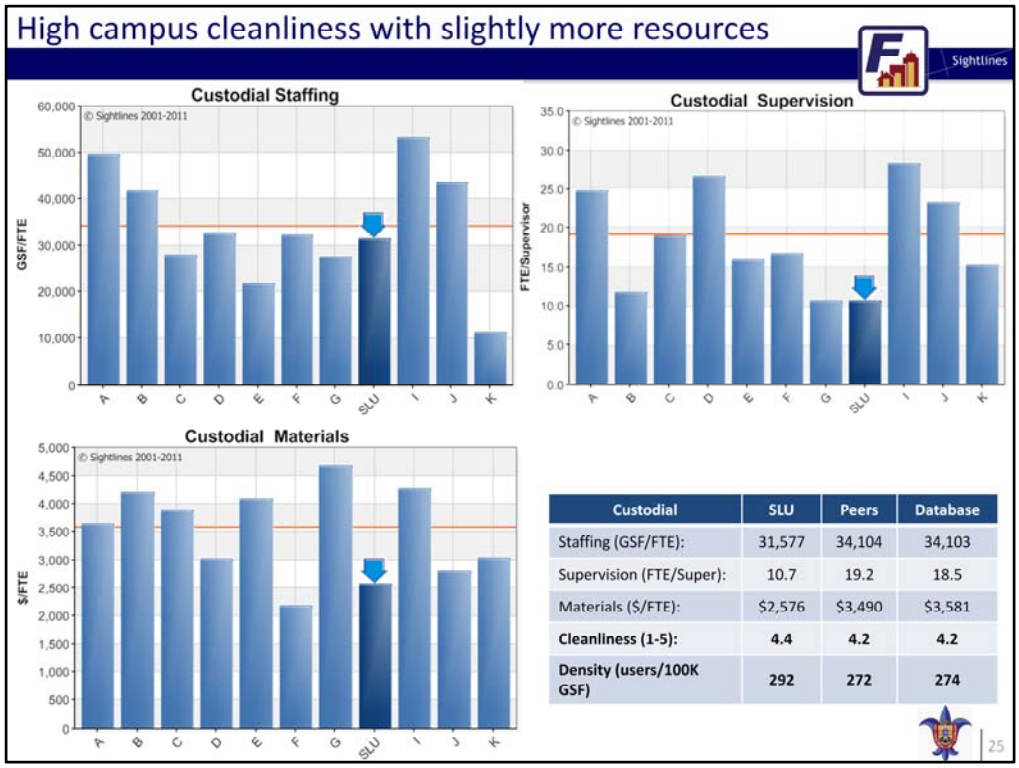
Important factor to consider on this chart is both the high tech rating and the limited capital investment. Both these factors are increasing the strain on maintenance staff. Given those factors, similar performance with similar resources is a good news story.



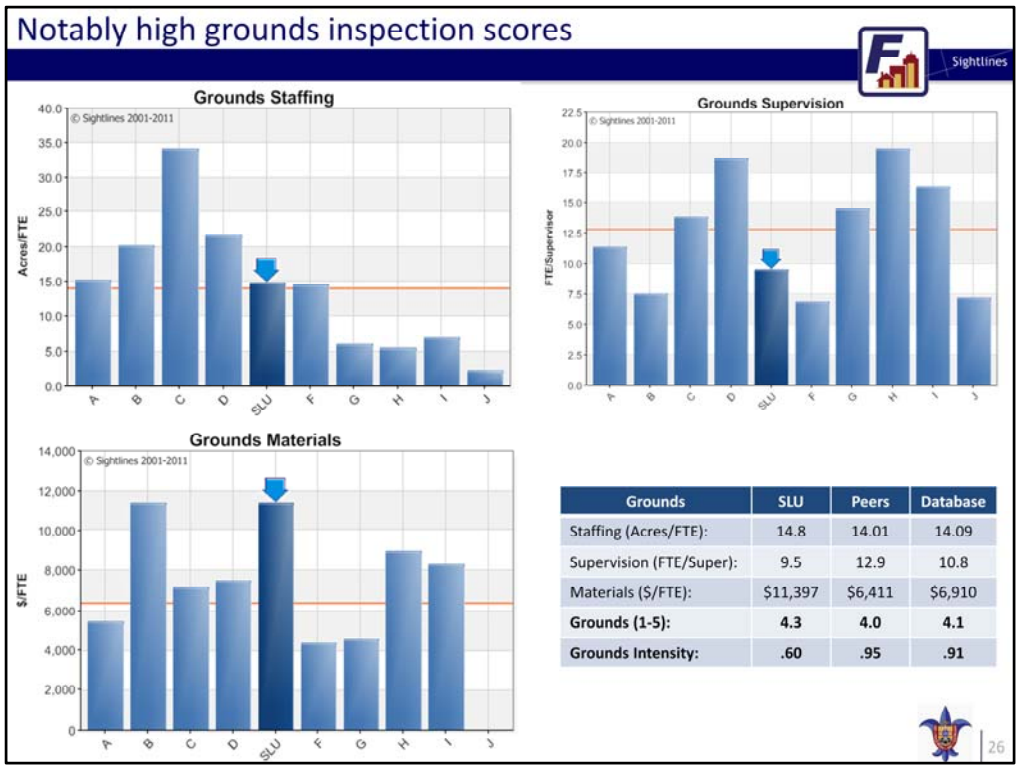
Looking at work order trends can be another tool to find early warning signs of under investments. It corrective maintenance work orders are taking more time, the # of work orders per FTE will also decrease. This can be indicative of problems becoming more serve.



PM has been increasing, but it is still below peer levels. Since this is the only source of annual stewardship, it is crucial to maintain and grow this investment if possible.

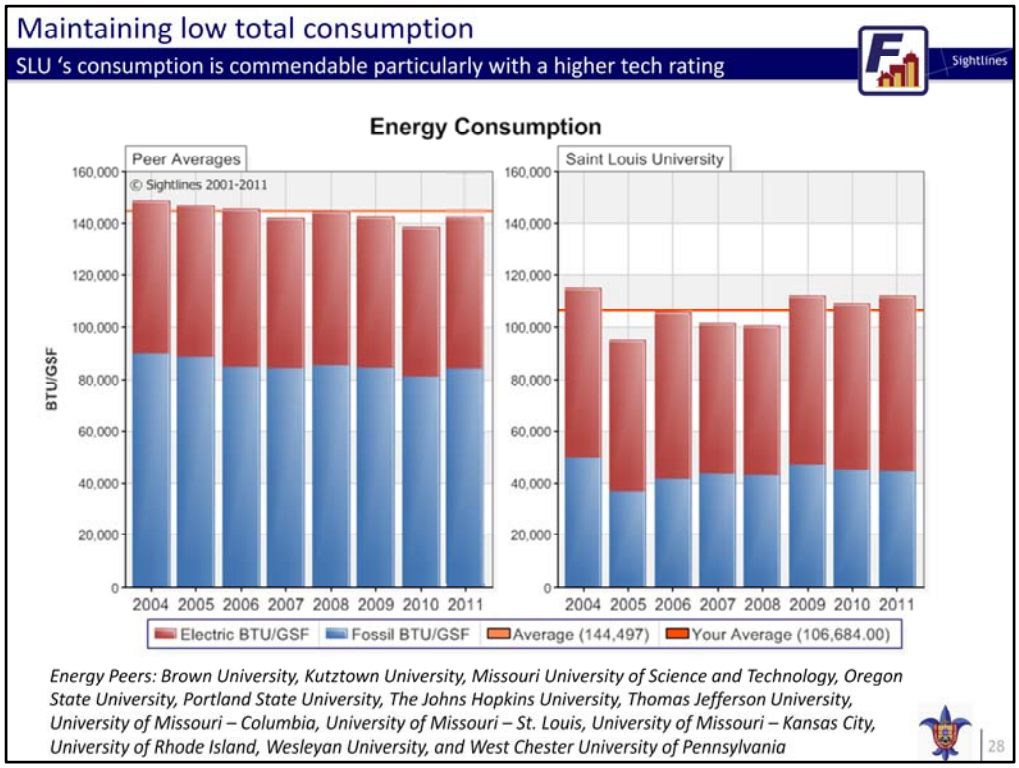


Despite having slightly more resources, the cleanliness inspection score is higher than peers. This is a value proposition, is slightly more investment into staff and supervision worth a higher cleanliness score?

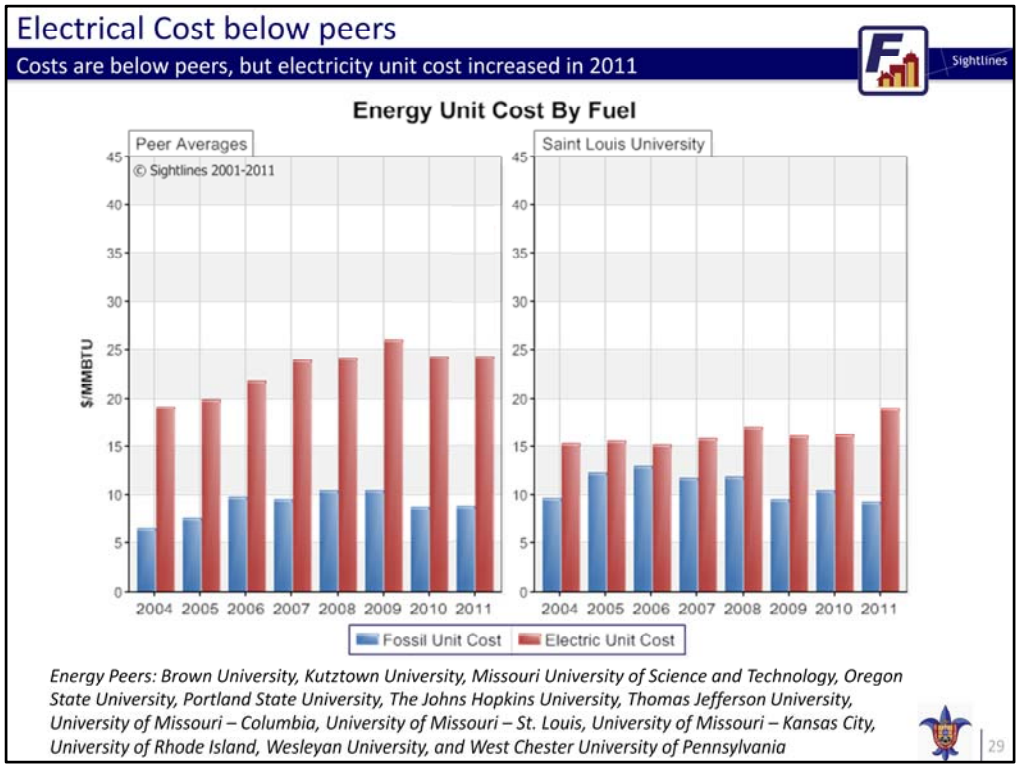


SLU's grounds department is performing at a high level with similar staffing and supervision as peers, and more investment into materials.

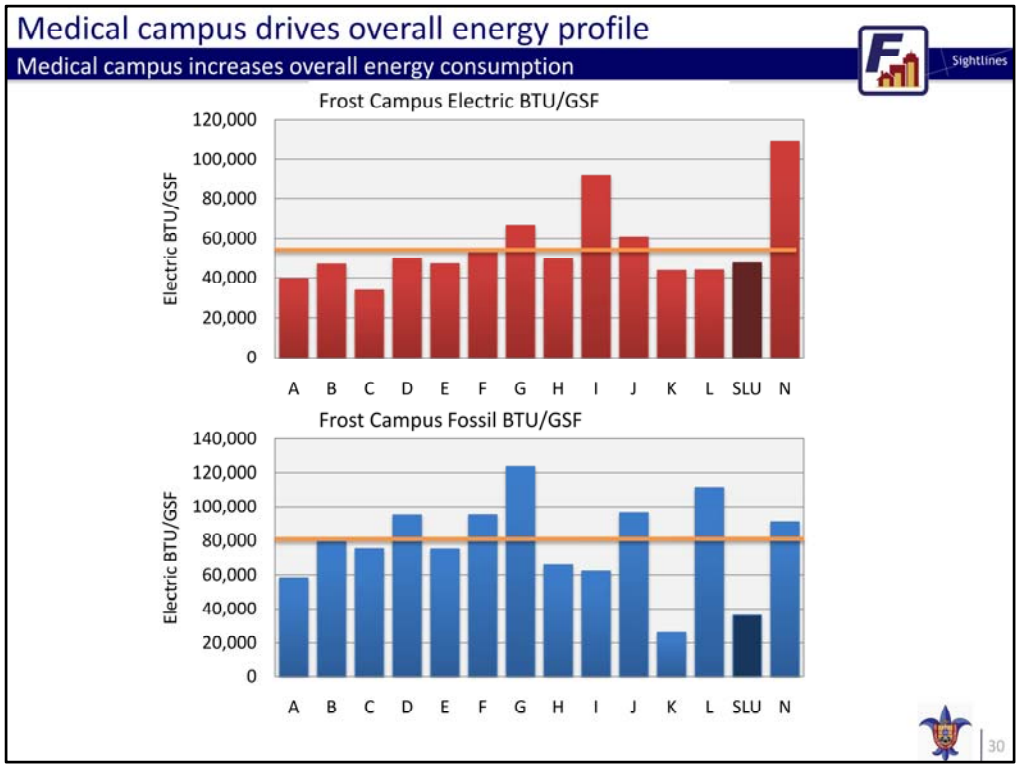

Energy Consumption



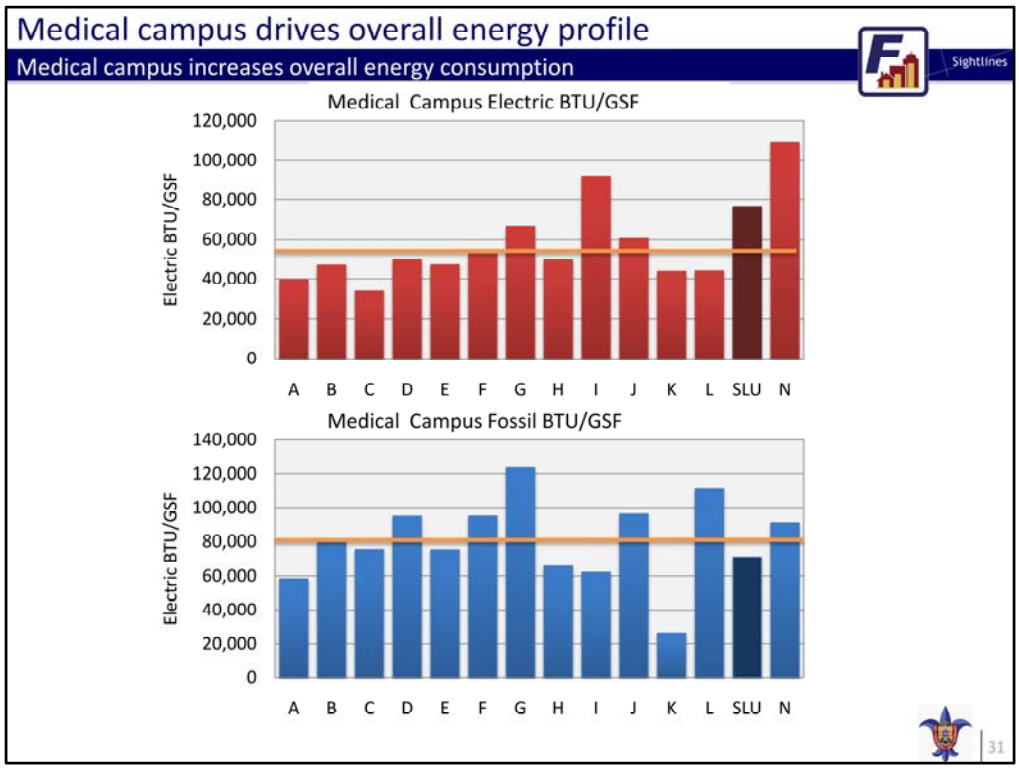
Tech Rating is one of the biggest factors in energy consumption. To have a high tech rating like SLU and still manage to keep consumption low is commendable.



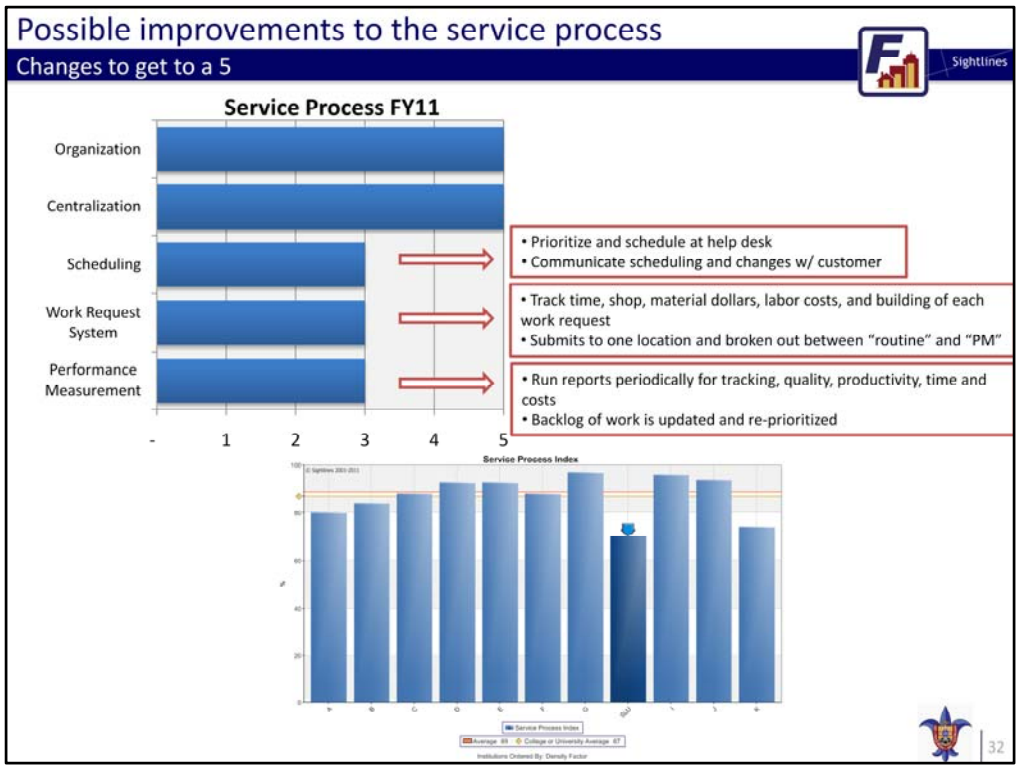
Regional costs, particularly for electricity are very low.



When looking at consumption just for the Frost campus, it is significantly below peers.



The medical campus consumption is closer to peers in fossil and above peers in electric. The Medical campus probably has the best prospects for energy reduction.



New work order system should help in implementing some of these changes, which will contribute greatly to improving the service process.

Why it's important

Know what you need and track what you need to know

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Concluding comments

Sightlines

Facilities MB&A

Evolving Campus:

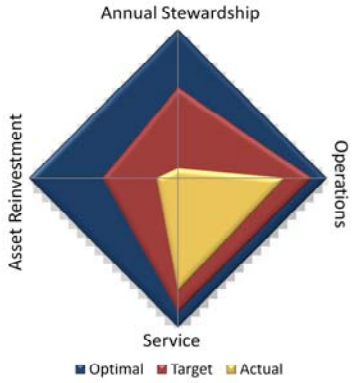
- Different segments of SLU campus have very different needs. Each of these segments require a unique approach to capital and operations.

Capital Investments:

- A successful capital approach will utilize stewardship investment in younger space, while focusing Asset Reinvestment in Older spaces.
- Understanding the backlog of need on campus will help with project selection and improving the overall quality of space.

Operating Effectiveness:

- Operations have been performing at a very high level, but there exist some possible early warning signs that question the sustainability of this performance.
- Any energy savings will most likely be found on the medical campus and can be used to supplement operational and capital shortfalls.



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Questions and Discussion