TOPIC:

Plant Operation and Maintenance Charges

CONTEXT:
Consistent with the principles of budget restructuring, the cost of utilities, maintenance, and a basic level of custodial services are allocated on a uniform campus-wide average across general funds and earnings unit space. Units can choose to voluntarily contract for higher levels of service.

For FY 09, the maintenance and renewal rate has increased from $0.25 per assignable square foot to $0.33 per ASF.

For FY 09 an additional $0.07 has been added to the Maintenance, repair and renovations charge. This will generate $552,000 to begin to reduce the backlog of repair and renovations projects.

Colleges and support units have been responsible for increases in physical plant costs and credited with costs of vacated space since FY 03.

In FY 09, colleges and support units will be:
- Charged an inflationary increase on space assigned to them prior to January 1, 2007 and charged the full physical plant rate for space assigned to them between January 1 and December 31, 2007.
- Credited with the costs associated with the physical plant for space vacated by the unit between January 1 and December 31, 2007.

Cost allocations are adjusted at the close of the FY to reflect changes in the units’ space assignments through mid-FY.

Costs for FY 09 will be impacted by facilities that opened or closed between January 1, 2007 and December 31, 2007. The new facilities that opened during this period were the PAES building and the 4-H Building. Units assigned space in these buildings paid cash in FY 08 based on the date FOD services began and the general funds units in these buildings will be assessed annual rate in FY 09. Also taken into consideration was
space closed as part of the Jennings Hall renovation. These costs will be moved out of the PPA assessment. Please see Attachment A for details.

As recommended by Senate Fiscal Committee, Resource Planning again analyzed the cost impact of BRT to determine if the estimated maintenance and/or utility costs exceed the university’s rate by more than 10%, which would initiate a recommendation to implement a surcharge for the BRT. Based on this analysis, for the second year a surcharge is needed for maintenance costs. A surcharge will also be phased in for BRT utilities.

The McCorkle utilities surcharge will be needed for the third year, and a new utilities surcharge will be implemented for RPAC.

Please see Attachment B for details.

**RECOMMENDATIONS:**

The FY 09 university-wide average physical plant assessment is calculated to be $14.34 per assignable square foot. This is a 5.8% increase over FY 08 including the maintenance and renewal allocation. Please see Attachment C for details.

Last year the rates increased 9.7%, due mainly to projected increases in utilities costs.

Utilities surcharges should be implemented for the BRT and RPAC due to the significant rate differentials for these buildings.

**ISSUES:**

- Are there unintended consequences from the implementation of this proposed increase?
- Who else should be consulted before the FY 09 rate is approved?
- Should the inflationary cost on existing space continue to be funded at the 50% rate?