Peer Institutions – Comparing the SLAC Institutions
Integrated Campus Stewardship

- Despite divesting from smaller properties, Wesleyan’s building inventory is heavily weighted towards older, smaller buildings.
- Wesleyan’s capital investment levels are competitive with SLAC peers on $/GSF basis. Wesleyan is keeping pace with the Sightlines Annual Investment target but is reliant on one time capital to meet the need.
- Wesleyan’s Asset Reinvestment need is higher than the SLAC peers and the Sightlines database average. The PAC renovation will remove a large portion of Asset Reinvestment need.
- Wesleyan’s operating resources are limited but effectively utilized.
- Wesleyan’s energy consumption reaches an all time low.
66% of Wesleyan’s Campus Over 50 Years Old

Campus Reno Age by Category

- Wesleyan Construction Age: 14% (14% High Risk)
- Wesleyan Renovation Age: 66% (66% High Risk)
- SLAC Renovation Age: 37% (37% High Risk)

Buildings Over 50
Life cycles of major building components are past due. Failures are possible. Core modernization cycles are missed.
Highest risk

Buildings 25 to 50
Major envelope and mechanical life cycles come due. Functional obsolescence prevalent.
Higher Risk

Buildings 10 to 25
Short life-cycle needs; primarily space renewal.
Medium Risk

Buildings Under 10
Little work. “Honeymoon” period.
Low Risk
Smallest Buildings are the Oldest

Smallest buildings on campus do not create economics of scale for Wesleyan University

Average Building Size by Renovation Age

Average Building Size vs. SLAC Peers

sightlines
a GORDIAN company
Asset Value Change
Total Investment FY02-FY17: $412.6M

FY17 investment $ 21.7M

Total Capital/Major Maintenance Investments from FY02-FY17

Millions

| FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    | $    |

- Existing Space Investment
- New Space Investment
- Non-Facilities
- Average
Wesleyan Investment Higher than SLAC Average in FY17
Defining an Annual Investment Target for Wesleyan

Annual Funding Target: $13.9M

FY17 Annual Investment Target

Replacement Value: $1.1B

- 3% Replacement Value
  - $33.3

- Life Cycle Need
  - $12.8
  - $12.6

- Annual Investment Target
  - $4.5
  - $9.4

Degradation Model

Sightlines Recommendation

*Sightlines Annual investment target does not include infrastructure need. Wesleyan estimates approximately $2M of infrastructure need each year.*
Chasing A Growing Target

Capital/Major Maintenance Investments to Target

- Increasing Net Asset Value
- Lowering Risk Profile
- Increasing Backlog & Risk

FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17

$ in Millions

- Annual Stewardship
- Asset Reinvestment
- Infrastructure
- Annual Investment Target
- Life Cycle Need

*Investment into existing space
**Sightlines Annual Investment target does not include infrastructure need. Wesleyan estimates approximately $2M of infrastructure need each year.
FY17 Total Asset Reinvestment Need Above SLAC Average

Wesleyan’s Backlog is at $102/GSF; SLAC Peers: $82/GSF; SL database: $92/GSF

Total Asset Reinvestment Need vs. SLAC Average

*SLAC average is $72/GSF without Peer H

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ROPA+ Prediction: Wesleyan’s Ten Year Backlog of Need

ROPA+ Prediction quantifies $168 Million in system-specific need

- Modernization/Programmatic need is $114M.
- Sightlines recommends a 10 year capital strategy to address the total need.
- Total 10 year renewal need is $72M.
- This represents the life cycle needs coming due between 2018-2027.
- Current Need Today (Backlog)
Comparing the Past, Present and the Future

Historical funding focused on Space Renewal; Future Needs focused on Mechanical

Distribution of Historical Spend (FY02-FY16)

- Mechanical: 47%
- Envelope: 23%
- Space Renewal: 30%

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Operations
Operating Efficiencies Save $7.6M Annually by FY17

Investment of $2.78/GSF or $7.6M additional resources to match inflation growth in FY17

Facilities Operating Actuals

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$7.6M
FY17 Facilities Operating Expenditures Less than Peers

Facilities Operating Actuals

Planned Maintenance Daily Service Average

MHC Bowdoin Williams Swarthmore E Wesleyan Hamilton Carleton H Pomona Amherst K Davidson

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Planned Maintenance Below SLAC Average

Additional $247K needed to reach SLAC average

Total Planned Maintenance

Opportunity for Cost Avoidance:
Invest $1.00 in Planned Maintenance now
OR
Spend $2.73 in reactive maintenance later*

*Data from Ozanne Analytics – research of Sightlines database of work orders comparing costs of corrective and emergency work orders to planned and preventative work orders

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Historical Utility Consumption and Cost

Energy Consumption

- 41% Decrease

Energy Costs

- Annual Energy Cost Avoidance since FY09: $2.56M
- 24% Decrease

BTU/GSF

FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17

Electric  Fossil  Average

$/MMBTU

FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17
Concluding Comments

✓ Strategically Keep Up and Catch Up
- Strategically examine individual building needs over time and identify sequencing for major renovations.
- Buildings with needs coming due gradually over time should be “kept up,” or stewarded. Buildings with large spikes of need should be “caught up,” with non-critical life cycle projects intentionally deferred and then addressed with a major renovation.

✓ Develop Building Portfolios Given the PAC Renovation
- Create Building Portfolios to segregate those buildings that will be demolished or renovated to provide a clearer view of the stewardship needs for remaining campus.
- Grow the major maintenance funds to meet the Sightlines Annual Investment target.

✓ Understand Operating Performance
- Participate in the Sightlines Customer Satisfaction Survey to gauge expectations and satisfaction with Facilities. Determine if changes to staffing and resources need to take place to meet the needs of campus and work to align expectations to the available operating resources.
- Continue Energy initiatives to limit consumption on campus to mitigate high utility costs.