Saint Louis University

FY17 ROPA Final Presentation

Presenters: Peter Reeves, Kathleen Buckley & Jack Kasten

July 2018
Peer Benchmark Group

**ROPA Peer Institutions**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Location</th>
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<tbody>
<tr>
<td>Loyola University Maryland</td>
<td>Baltimore, Maryland</td>
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<tr>
<td>Boston College</td>
<td>Boston, Massachusetts</td>
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<tr>
<td>University of Notre Dame</td>
<td>South Bend, Indiana</td>
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<tr>
<td>Gonzaga University</td>
<td>Spokane, Washington</td>
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<tr>
<td>Seattle University</td>
<td>Seattle, Washington</td>
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<tr>
<td>The University of Chicago</td>
<td>Chicago, Illinois</td>
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<tr>
<td>Xavier University</td>
<td>Cincinnati, Ohio</td>
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<tr>
<td>Washington University in St. Louis</td>
<td>St. Louis, Missouri</td>
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<tr>
<td>Vanderbilt University</td>
<td>Nashville, Tennessee</td>
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<tr>
<td>Creighton University</td>
<td>Omaha, Nebraska</td>
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**Jesuit Peer Institutions**

<table>
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<td>Saint Joseph’s University</td>
<td>Philadelphia, Pennsylvania</td>
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<td>University of San Francisco</td>
<td>San Francisco, California</td>
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<td>Xavier University</td>
<td>Cincinnati, Ohio</td>
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**Comparative Considerations**

Size, technical complexity, region, geographic location, and setting are all factors included in the selection of peer institutions.
Creating a Common Vocabulary

Annual Stewardship
The annual investment needed to ensure buildings will properly perform and reach their useful life “Keep-Up Costs”.

Asset Reinvestment
The accumulation of repair and modernization needs and the definition of resource capacity to correct them “Catch-Up Costs”.

Operational Effectiveness
The effectiveness of the facilities operating budget, staffing, supervision, and energy management.

Service
The measure of service process, the maintenance quality of space and systems, and the customers opinion of service delivery.

Asset Value Change

Operations Success

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Discounted Tuition Coinciding With Declining Enrollment

While SLU’s discount rate is at peer levels, the rate has increased steadily over time.

*Denotes Jesuit Institution

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Space vs. Wealth Relationship; SLU Within Tough Quadrant

Less Resources

More Resources

GSF/Student

Wealth per Student

Less Students

More Students

Saint Louis University

ROPA Peers

Jesuit Peers

Students FTEs: 12,003

Endowment 2017 from SLU website: $1,050,000,000 (12/2016)

Space: 6,892,150 – All Occupied Space– Does Not Include Parking - Garages – Includes Grand Hall and Biology Extension Building

*FY15 peer data
Schools with a similar Space Profile to SLU, have approximately $222,000 more wealth per student to take care of their space.

Schools with a similar Wealth Profile to SLU, have approximately 94 GSF per student less to take care. At SLU, that equates to 1.125M GSF.
Which Building Functions Drive SLU’s Space Profile?

**More Program Space**

(Academic, Administrative functions) Strong correlation between program space and wealth

**More Science Research Space**

Strong correlation between Science Research space and wealth

**More Student Life Space**

SLU more in line with peer average when removing Manresa, museum space

*Denotes Jesuit Institution  
**All graphs are arranged in order of increasing Wealth/Student FTE
New Construction Drives Decreasing Campus Age

New space and gut renovations lower the overall age of campus

Campus Age Over Time

- 2004 Campus Age
- 2017 Campus Age (No Investment in New Space)
- 2017 Campus Age (Actual)

Impact of New Construction: 9.5
Impact of Renovations: 5.6
Residence Halls, Athletics Focus of New Space Spend

Recent new space investment brings new Residence Halls online

Total Capital Investment into Existing Space (in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Chaifetz Arena, DRC</th>
<th>Grand, Spring Halls</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$10</td>
<td>$30</td>
</tr>
<tr>
<td>2005</td>
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<tr>
<td>2017</td>
<td>$10</td>
<td>$30</td>
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Residence Halls, Athletics Focus of New Space Spend

Recent new space investment brings new Residence Halls online

Total Capital Investment into Existing Space ($/GSF)

- SLU
- ROPA Peers

- Chaifetz Arena, DRC
- Grand, Spring Halls

Existing Space Investment
New Space Investment
Existing Space Average
Deferral Remains Despite Increased Investment

Increased commitment to existing space limits deferral and reaches towards target levels

Total Capital Investment vs. Funding Target

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

*Spending does not include new space, non-facilities, or infrastructure

**5-year average, total capital spending

New Space for FY18:
Grand Hall
Biology Extension Building


Total $ (Millions)
Additional Annual Investment Required to Maintain New Space

New buildings will require annual operational and capital attention to keep up to the demand of the space.

*dollars shown in present day value

<table>
<thead>
<tr>
<th></th>
<th>Grand Hall</th>
<th>Biology Extension Building</th>
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</thead>
<tbody>
<tr>
<td>Total Annual Cost of Ownership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational Demands</td>
<td>$0.90</td>
<td>$1.74</td>
</tr>
<tr>
<td>Capital Renewal</td>
<td>$0.38</td>
<td>$0.45</td>
</tr>
<tr>
<td>Future Capital Costs</td>
<td>$0.85</td>
<td>$1.88</td>
</tr>
</tbody>
</table>

Including historical construction and acquisition costs with future operational and capital demands, will eclipse $100M by 2020.

*dollars shown in present day value
$552M of need exists Over 10 Years without investment capacity to address it all

<table>
<thead>
<tr>
<th>Total Investment Needs</th>
<th>Updated Data</th>
<th>Remaining Needs</th>
<th>10 Year Stewardship Capacity*</th>
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<tbody>
<tr>
<td></td>
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<td>Backlog + A $213</td>
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<tr>
<td></td>
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<td>B Timeframe $137</td>
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<tr>
<td></td>
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<td>C Timeframe $168</td>
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<td>$552M</td>
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*10 Year Stewardship Capacity is based on Avg. Stewardship from FY14-FY17 for 10 Years.
Key Takeaways

• SLU has more space than peers in a number of measures
  • Additional space can be a competitive advantage when used for recruiting
  • However, there’s a significant additional cost associated with having more space as it ages

• Due to space demands, SLU has needed to invest more into new space over the last 15 years
  • Additional space carries increased capital and operational cost associated with it, especially as the buildings age

• With the current level of existing space investment, SLU has been unable to keep up with capital demands as buildings age, leading to a $500M backlog of need over the next 10 years
  • The majority of this 10 year need ($213M) is either passed due or is coming due in the next 3 years
Questions & Discussion