Finance/Facilities/Technology Committee

Present: Committee Members:  Norman Fournier, Chair; Samuel Collins (by phone), James Donnelly, Gregory Johnson (by phone), Marjorie Medd (at USM), Paul Nelson (by phone), and Karl Turner (at USM).  Chancellor: James Page.  Faculty Representatives: Robert Rice.  System Staff: Tracy Bigney, Chip Gavin (at USM), Richard Thompson and Rebecca Wyke.  Presidents:  Wilson Hess (at UMFK), Susan Hunter, Glenn Cummings and Kat Foster (at UMF).  Other Participants: Dick Campbell (at USM), Ryan Low, Laurie Gardner (at UMF), Jeff McKay (at UMF), John Murphy (at UMFK) and Tom Perkins (at UMF – Energy Consultant).

Committee Members Absent: Victoria Murphy.

Trustee Fournier, Chair, called the meeting to order and welcomed everyone.  Trustee Fournier welcomed Trustee James Donnelly as a new committee member.

FINANCE ITEMS

Establishment of the Edward Sturgis Grew Professorship of Petrology and Mineralogy, UM.  UM President Susan Hunter requested to establish the Edward Sturgis Grew Professorship in Petrology and Mineralogy.  The Professorship was established at the University of Maine in 2014 with a generous gift of $250,000 to be paid in five annual installments from Dr. Edward Sturgis Grew.

This gift enables the College of Natural Sciences, Forestry, and Agriculture to recruit a tenure-eligible faculty member in the School of Earth and Climate Sciences.  This new faculty member will have a demonstrated ability to teach as well as conduct and publish outstanding research in igneous and/or metamorphic petrology, geochemistry and mineralogy, and will be part of the Geodynamics, Crustal Studies and Earth Rheology research group (or its successor entity) at the University of Maine.

The Grew Professorship shall support salaries, benefits, travel expenses, and other needs related to the teaching, research, and service activities of the holder of the professorship.

Nominations for the Edward Sturgis Grew Professorship shall be submitted to the Provost and then forwarded to the President of the University.  The appointment shall be for a term of five years starting in the 2016 academic year.

The fund shall be administered by the Dean of the College of Natural Sciences, Forestry, and Agriculture.

On a motion by Trustee Medd, which was seconded by Trustee Donnelly, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the January 26, 2015 Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approve the establishment of the Edward Sturgis Grew Professorship in Petrology and Mineralogy at UM.
TECHNOLOGY ISSUES

Review of projects with a value of $250,000 or greater. Mr. Richard Thompson, Chief Information Officer, provided an update on the Facilities Software Project – Integrated Workplace Management System (IWMS). The purpose of this project is to acquire and implement an integrated workplace management system to replace the current UMS work management, space management, utility management, asset management and, ultimately, capital planning systems to support facility management activities, planning and decision-making Statewide. The system must be able to interface with existing MaineStreet systems.

Outcomes will include a solution scalable enough for the smallest and largest of campuses to use efficiently, better integration between general ledger, procurement and human resources, and providing standards and a system of record for space, which today is stored in several systems in varying, inconsistent, ways.

The go-live of the AiM operations and maintenance modules for UM, USM, and University Services during the week of 10/20/14 was a success. Work continues on finalizing the work order billing and purchasing interfaces, and converting UM & USM inventory module data into AiM. A major recent accomplishment was USM’s complete move off of the MP2 work management system. When UM inventory data is converted into AiM by the end of December, UM will be positioned to discontinue use of MP2, as well. Given the decreasing dependency on MP2, the UM, USM, and UMF Facilities Directors recently decided to not renew the MP2 annual maintenance agreement that was due in November. This resulted in a total savings of $29,301 for the UMS.

Prior to the large campus go-live, the project Core Team contracted with Barkley Group Associates to conduct a go-live readiness assessment that examined key success factors for project execution. The assessment report indicated the project is well organized, well executed and proceeding on plan.

The AiM implementation for UMA and UMF kicked-off on 10/27/14. To date, UMF and UMA have completed Conceptual Training and Business Process Analysis sessions, and their initial set of data has been converted into the AiM Test database. Work over the next few weeks will focus on converting and testing remaining data, and on becoming familiar with how AiM will support their operations after go-live, scheduled for early March 2015.

FACILITIES ISSUES

Capital Projects Status Report. Mr. Chip Gavin, System Director of Facilities Management and General Services, explained that the Capital Projects Status Report reflects a total of 23 projects, a net reduction of one project since the last report due to removal of the Aquaculture Research Center Fish Lab at UM. This project was removed prior to completion for reconsideration by program.

Three current projects are completed and will be removed from the next report. They are: Planetarium and Observatory at UM; Field House/Memorial Gym Complex at UM; and Morse Field Scoreboard Upgrade at UM. Two projects approved by the Finance/Facilities/Technology Committee (at their October 31, 2014 meeting) are not yet reflected in this report because the Board of Trustees took final action in November after the date of preparation for this report. Those projects will be included in future reports. Those two projects are: Aubert Hall STEM Classroom Renovations at UM and Estabrooke 3rd and 4th Floor Renovation at UM.
**Updated Authorization for Central Heating Plant, UMF.** UMF President Kate Foster explained the request to update the authorization for the already approved Central Heating Plant project at the University of Maine at Farmington, including allowing the project to use biomass as its energy source rather than natural gas. The updated project is expected to: reduce energy costs in the first year by approximately $830,000; be cash flow positive starting in the first year; have a simple payback of 9.4 years; and, reduce carbon emissions by an estimated 3,400 tons annually compared with the status quo. This update does not include any change in the authorized total budget.

This request for updated authorization follows the determination by the project’s natural gas partner that it will be unable to commit to the delivery of natural gas on which the project had been reliant. This notice to the University followed the July 21, 2014, approval by the Board to increase the scope and cost of the project, and to authorize financing for the project. At that time, the University was very much still working toward a natural gas solution. The Board at that time “authorized the University of Maine System, on behalf of the University of Maine at Farmington, to increase the scope and approved maximum expenditure of $11 million to build a central plant and distribution system that is dual-fuel, which is natural gas with a #2 oil backup. Until the natural gas line is constructed, a bridge fuel will be engaged on a short-term basis. There will be capacity to add a biomass boiler after five years. The final term, including rate, associated costs and other terms, shall be negotiated by the University of Maine at Farmington in the best economic interest of the University, subject to review and approval by the University of Maine System Treasurer and General Counsel.”

With the notice that natural gas would not be available as anticipated, UMF reevaluated its plan to advance the goals of improving energy efficiency, reducing energy costs and gaining other benefits such as carbon emission improvements.

UMF engaged its Project Team - consisting of Dirigo A/E (project management), Competitive Energy Services (energy consultant), Trane (RFP award contractor), UMF’s Sustainability Coalition and the UMF Energy Committee - to build on the already completed and still applicable engineering and designs for the project, including building energy models, equipment sizing, and piping system for a central heating plant fueled per the BOT approval.

With the collaborative effort of this Project Team and stakeholders, and following a recent campus dialogue initiative around this project, UMF now recommends and seeks approval to implement this project as a biomass (woodchips) solution, with liquid propane gas as a backup alternative fuel.

This recommendation is based on:
- Cost analysis of biomass and other fuels to determine savings and simple payback
- Operating costs and site logistics
- Engagement of local community members
- Examination of carbon footprint reduction and emissions permitting
- Fuel flexibility to accommodate future commodity market changes
- Tours and interviews with other operators of biomass central heating plants

The total project cost is expected to remain within the current Trustee-approved limit. Any further updates or changes would be re-visited with Trustees at the Board’s meeting in January if necessary. Lastly, UMF is committed to seeking alternative funding sources to offset the cost of the project and is working with Efficiency Maine, the United States Department of Agriculture, Northern Forests, and other organizations regarding grant options that could lessen the debt service burden of the project and
further improve cash flows. No such funding is yet secured, but there appear to be potentially greater opportunities for alternative funding to support a biomass project than would be the case with natural gas.

On a motion by Trustee Nelson, which was seconded by Trustee Medd, the Finance/Facilities/Technology Committee approved this recommendation and agreed to forward it to the Consent Agenda for January 26, 2015 Board meeting for approval of the following resolution:

That the Board of Trustees authorizes the University of Maine System to enter such agreements as may be necessary to utilize biomass (wood chips) at the University of Maine at Farmington as a primary fuel source at the pending central heat plant project, with liquid propane gas as a backup energy source, subject to review and approval by the University of Maine System Treasurer of all terms and conditions, including all costs.

**Updated Authorization for Heating Plant Replacement, USM.** Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, and Mr. Dick Campbell, USM Chief Financial Officer explained the request to update the authorization for the already approved Central Heating Plant Replacement project. The project is unchanged from the approval granted by the Board of Trustees on September 21-22, 2014, per the recommendation of its Finance/Facilities/Technology Committee except the funding source for the project now is being updated.

As part of the proposed FY2016 budget package at the University of Southern Maine, the University proposes to use internal financing rather than reserves to fund this project. That mechanism will allow the University to have those reserves available instead to ensure a balanced budget in FY2016 and also still pursue the needed energy project.

The University currently has the capacity to permit this $3 million internal loan. The internal rate to USM would be 1.69% APR for a total of five annual payments of $630,759.81, one each in FY2017 through FY2021.

On a motion by Trustee Nelson, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee approved this recommendation and agreed to forward it to the Consent Agenda for the January 26, 2015 Board meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance/Facilities/Technology Committee to authorize the University of Southern Maine to expend up to $3,000,000 via an internal University loan to fund replacement of the Portland Central Heat Plant and related equipment.

**Bond Update.** Dr. Wyke provided the Committee with an update on the annual bond requests. She stated that Senator Dill has agreed to sponsor the bond package on behalf of the UMS.

Adjournment.

Ellen Doughty for
Tracy B. Bigney, Clerk of the Board