Finance/Facilities/Technology Committee


Committee Members Absent: None

Trustee Fournier, Chair, called the meeting to order and welcomed everyone.

INFORMATION TECHNOLOGY ITEMS

Review of Projects with a Value of $250,000 or Greater. Mr. Richard Thompson, Chief Information Officer, updated the Committee on the status of current Information Technology projects.

Projects on-time:

USDA Rural Utilities Services Grant remains on schedule with ten months remaining to scheduled completion. The Request for Proposals (RFP) for end point equipment was released on May 15, 2013 and the deadline date for proposals was June 11, 2013. Two awards were made – one to HB Communications for Polycom solutions and the second to Presidio for Cisco solutions.

Facilities Software Project is on schedule and moving forward with assistance from the Project Management Office. A contract was awarded to Facility Engineering Associations (FEA) on August 20, 2013. FEA will assist with business process reengineering of the UMS facilities systems and processes. The expectation is to reengineer core processes in a way that creates efficiencies, reduce costs, better serves stakeholders, and leverages the AssetWorks AiM System to drive staff efficiency and improve customer service.

Projects behind schedule or over budget:

MaineStreet Solutions Data Warehouse Project is due to be completed soon, though continued expansion is expected based on user requests. New data marts are being developed along with analytic tools and analytic information for users.

Projects completed:

Regional Optical Network Expansion Project is now complete. An increase in the cost of equipment caused the project to go over budget.
Chief Information Officer Report on Implementation Activities of Information Technology Administrative Review Recommendations and Savings. Mr. Thompson provided a report on the next steps and savings relating to the Implementation Activities of the Information Technology Administrative Review Recommendations. Implementation of the recommendations related to information technology hinge on establishing a strong and effective leadership to execute the changes designed to achieve efficiencies and cost savings.

The Information Technology governance and organizational transformation plan followed the timeline indicated below:

- May 2013: Reorganize the Information Technology Department structure to accommodate a single Information Technology organization from a human resource perspective, including compensation budget. (COMPLETE)
- July 2013: Transfer central campus and System Information Technology staff to a unified business unit with no change in job functions. (COMPLETE)
  - Work location, assignments, job descriptions and responsibilities unchanged
  - Funding for each position to transfer to a central account to meet payroll requirements
- July 2013: Establish Multi-Campus Information Technology Director (COMPLETE)
- September 2013: Complete Hiring of Quarter 1 positions: Directors of Architecture, Infrastructure, Financial Analyst (UNDERWAY)
- December 2013: Implement new organization structure
  - October 2013: Realign directors and senior management staff to new roles and responsibility under the new structure through direct assignment or human resources internal recruitment processes. (UNDERWAY)
  - December 2013: Plan transfer of distributed Information Technology staff into new Information Technology organization. (UNDERWAY)

The Information Technology Administrative Review accomplishments in August are listed below:

- Searches initiated for Director of Architecture and Service Management, Financial Analyst, and Director of Technology Infrastructure
- Design teams identified to begin detailed design on Recommendations 3, 5, 6, 7, and 8 as well as Information Technology standards and procurement
- Chief Information Officer developed the Accelerated Design Process and charged design teams
- Report on campus commonalities was published
- Project Management Office framework policy published
- Continued research on funding model development

The following are the expectations for September:

- Complete internal searches for Architecture, Financial Analyst, and Technology Infrastructure positions.
- Design teams will meet and provide progress reports. First draft is due in October.
- Finalize and publish first year savings at or above expected level.
- Strategy development for transfer of distributed Information Technology staff will accelerate.
- Finalize rate development approach.

Information Security Update. Mr. John Forker, Chief Information Security Officer, provided an update on Information Security Plan. Components of the Information Security Plan include
intrusion protection, risk management, compliance management, privacy, third party contract review, and incident handling.

FINANCE/FACILITIES ITEMS

Executive Session
On a motion by Trustee Medd, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee agreed to go into Executive Session under 1 MRSA Section 405 6-C for purposes of discussion or consideration of economic development if premature disclosure would prejudice the competitive or economic advantage of the System.

On a motion by Trustee Medd, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee concluded Executive Session.

Acceptance and Sale of Gift of Real Estate, UMPI. Mr. Chip Gavin, System Director of Facilities Management and General Services and President Linda Schott from UMPI, explained that the University of Maine at Presque Isle requests that the Board of Trustees authorize the University to accept a gift of land and buildings in Mapleton, Maine, from Raynold and Sandra Gauvin of Mapleton and subsequently to dispose of the same. Pending Trustee approval the University intends to sell the property and invest the proceeds in existing facilities, most likely UMPI's Wieden Auditorium for cultural enrichment. This intention is fully known and acceptable to the donors.

The property in this instance includes a sugar camp and approximately 75 acres. The building has been appraised by the University with the permission of the donors at approximately $155,000. An appraisal of the value of the land, which was harvested for approximately 312 cords of wood in 2001-2002 in consultation with a professional forester and which has been managed since 2002 in accordance with a professional forester's management plan, is pending. The appraised value may exceed $200,000 once the land appraisal is completed, so full Board approval is requested to ensure appropriate authority is in place should the value exceed $200,000.

Staff from the University of Maine at Presque Isle have visited the site, reviewed a professional forester's plan and assessment of the property and its condition, conducted its own environmental review, and obtained a copy of the current deed along with other information. No agreement yet exists between the parties. The donors have indicated in writing their desire and willingness to make the gift and the parties would pursue an agreement pending authorization to do so by Trustees.

On a motion by Trustee Medd, which was seconded by Trustee Collins, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the September 23, 2013 Board of Trustees meeting for approval of the following resolution:

The Board of Trustees authorize the University of Maine System, acting through the University of Maine at Presque Isle and subject to review and approval by the Treasurer and University Counsel of the necessary agreements and documents, to accept the real estate gift of a sugar camp and 75 acres and subsequently to dispose of the same in order to invest the resulting proceeds in improvements to existing facilities at the University of Maine at Presque Isle. The Board of Trustees by this action does not bind the University to accept this or any gift.

Authorization of Financing for Energy Savings Projects, UMS. Mr. Gavin and Mr. John Murphy, Chief Financial Officer at UMFK, provided information for the
Finance/Facilities/Technology Committee’s consideration regarding a proposed package of energy projects to be undertaken in partnership with the Efficiency Maine Trust. The University of Maine System requests the authority to engage in energy improvement projects across the System to be funded with up to $6.1 million in financing provided by the Efficiency Maine Trust.

The Efficiency Maine Trust is an independent trust created by law and dedicated to promoting the efficient and cost-effective use of energy in order to save money for Maine residents and businesses, grow the economy, and create jobs. The Efficiency Maine Trust has reviewed the UMS projects and is prepared to move forward with a financing agreement, subject to final review.

At least one project has been identified at each University. The simple payback across all projects is estimated at 9-to-14 years. The total cost of the projects is estimated at $8.9 million and $6.1 of that amount would come from the proposed financing.

UMS has contracted with Sightlines, LLC to provide facility asset solutions that allow the UMS to make exceptional operational and capital decisions on campus infrastructure. In its most recent annual reports, Sightlines documented that UMS, since 2006, has cut energy consumption by 17 percent and has reduced gross greenhouse emissions System-wide by 25 percent. This proposal is in keeping with that continued effort.

These new projects are being planned in two basic categories: electricity and thermal energy.

1. $1.4 million in electricity reduction projects would generate an estimated savings of 1.8 million kWh and $155,888 annually for an estimated simple payback of 6.5 years after additional Trust incentive funds are considered beyond the financing.

2. $4.8 million in thermal energy reduction projects generating an estimated $436,548 in annual savings for an estimated simple payback of approximately 11 years on Efficiency Maine’s investment.

The electricity projects are expected to include approximately $841,000 for the replacement of outdoor lighting with more energy efficient devices at UM, UMA, UMFK, UMM, UMPI and USM. An additional $527,000 is targeted for electricity reduction projects such as lighting controls and mechanical pump improvements at UMM and USM. The thermal projects are expected to include approximately $4.71 million for: energy-saving air stratification improvements at USM; a portion of the district biomass project at UMFK; and a boiler replacement and geothermal enhancements at UMF.

In some instances the Trust is funding the entire project. In other projects, additional resources from other sources also being invested in the improvements. The major instance of additional funding being involved in a project in addition to the proposed Trust financing is the district biomass project at UMFK. That project already has obtained a USDA grant of approximately $2.6 million. As part of this financing authorization, UMFK also is seeking approval for an increase in the overall cost of that project and intends to use Trust funding to supplement the existing grant and other funds. The new requested maximum cost is $5.5 million, up from the $3 million originally authorized in May 2012.

The cost increase is related nearly entirely to improved engineering studies and cost estimates completed by UMFK since the original grant and approval for this project were awarded. The initial estimates did not adequately account for the size of the equipment required to accomplish the project and the amount and the cost of underground piping. A biomass project could be completed for only the cost of the existing grant funding. Such a project would not bring all of the benefits or savings anticipated by UMFK. UMFK, which has recently been recognized again by the Princeton
Review, U.S. News and World Reports and others as a college of distinction, also is pursuing other funding options for the increased cost of this project and may yet be able to reduce the amount of Trust financing required for the project.

The terms of the financing agreement with the Efficiency Maine Trust remain to be finalized pending the authorization of the Trustees to proceed with this initiative. The interest for the financing currently is proposed at a rate of 1.5 percent per annum.

On a motion by Trustee Murphy, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee agreed to forward this item to the Consent Agenda at the September 23, 2013 Board of Trustees meeting for approval of the following resolution:

The Board of Trustees authorize the University of Maine System to engage with the Efficiency Maine Trust and to execute such agreements as may be necessary, subject to final review and approval by the Treasurer and University Counsel, to obtain up to $6.1 million in Trust financing for investment in energy projects across the System. This authorization does not obligate the University to enter any agreement. The Board further approves a new maximum cost for the UMFK district biomass project of $5.5 million, including up to $2.6 million of that amount to be provided from Trust financing.

**Capital Projects Status Report.** Mr. Gavin provided an update of the Capital Projects Status Report. The report reflects a total of 20 projects.

**Update on Implementation Activities of Procurement Administrative Review Recommendations and Savings.** Mr. Gavin provided a brief update on the implementation activities and savings of the Administrative Review for Strategic Procurement. Mr. William (Rudy) Gabrielson has been hired as the Chief Procurement Officer. Mr. Gabrielson’s office will be at UMA. There is a team of over 50 people working on components of the Procurement Administrative Review. The p-card and travel management Administrative Practice Letters (APLs), policies and practices are being reviewed and updated. One significant recommendation from the Administrative Review was to look at how to change travel management for the System. A key element of this is to develop a Request for Proposal (RFP) for a travel and expense administration tool as well as a travel administrative firm.

**Facilities Administrative Review.** Chancellor Page discussed the charter and plans for a Facilities Administrative Review. The purpose for the Facilities Administrative Review is to establish the role and responsibilities of the Facilities Administrative Review Team. The charge is pursuant to the Goals and Directives of the Board of Trustees as adopted in January 2012 and in keeping with the subsequent administrative review of university functional areas which recommended in January 2013 as a top priority that a full administrative review be conducted in the facilities functional area.

The Facilities Administrative Review Team is charged with the responsibility for successful completion of the facilities component of the general Administrative Review project. It reports through the Vice Chancellor and Chancellor to the Administrative Review Steering Committee and to the Presidents’ Council. It is to begin its work in September 2013 and make an interim report by December 31, 2013, outlining how the Review is to be carried out and a proposed timeline.

It is anticipated that any final report would be submitted in the period January 1, 2015 to June 30, 2015. Because of this timeline, the Review Team is to seek out and plan for interim, actionable reports and milestones prior to making its final report. The Team is authorized to include in its
review the facilities functional areas such as construction, project management, trades, grounds, custodial, other daily operations, long-term planning, fleet management, risk management, safety and environmental management and any other reasonably related functions as it determines necessary or constructive.

The following is an overview of the UMS facilities, as summarized in the report of January 2013:

- The facilities function manages 583 facilities, encompassing approximately 9.4 million square feet, on 3,831 developed acres, with an asset value of approximately $1.825 billion.
- The facilities function is staffed with approximately 500 FTEs, with over 59% of the workforce being custodians, building and grounds workers. An additional 25% of FTEs are in the trades.
- The annual budget for all facilities is in excess of $64 million, with over 38% of that going to compensation and benefits. Approximately 15% of the annual budget is contracted to parties outside of UMS with some campuses as low as 5% and one as high as 35%.
- More than 36% of UMS facilities have a renovation age of 50 years old or greater.
- Deferred maintenance is approximately $400 million. The estimated total asset reinvestment backlog is approximately $720 million and growing.

The Review Team’s anticipated work is divided broadly into two deliverables:

1. Review the operational administration and management of all UMS facilities assets and services System-wide, including campuses, outreach centers, auxiliary spaces, leased space, owned space, construction services, project management services and fleet services and to define and answer, how is this work done, how to achieve administrative efficiencies and/or service enhancements?
2. Develop a strategic, System-wide plan to manage UMS facilities including a multi-year plan for managing, developing, and rightsizing the facilities plant that takes into account relevant data (e.g., financial realities and contingencies; student numbers and profiles; differentiations in campus’ missions; focused research and service needs) as well as a process for its no-less-than annual updating of such a plan.

The assumptions for the Review Team to incorporate and/or test as part of its work are as follows:

1. Functionally up to date facilities are required for UMS to meet its tripartite mission in: a) education; b) research and economic development; and, c) public service.
2. The existing facilities portfolio is likely too large, functionally sub-optimal, or badly sited to be fiscally sustainable in the existing and forecasted operating environment. (This assumption needs to be quantified and tested.)
3. Some functional efficiencies may be implemented best at the System-wide University Services level, although these opportunities will need to be identified and quantified.
4. How do the relevant data sets (e.g., demographics, campus missions, revenue streams) inform and affect facilities planning, and vice-versa?
5. The structure of servicing students via 7 primary institutions (USM, UMA, UMF, UMM, UM, UMPI and UMFK) and 9 primary physical campuses (Gorham, Portland, Lewiston, Augusta, Bangor, Orono, Machias, Presque Isle, Fort Kent) is beyond the scope of this review.
6. Additional items for consideration are reflected throughout the January 2012 administrative review report on facilities management.
The Review Team composition is: Ryan Low, Chip Gavin, Trustee Karl Turner, Trustee Norm Fournier, and additional members will be assigned.

**FFT Work Plan for FY2014 and the FFT Duties and Responsibilities.** Trustee Fournier asked Committee members to provide input on Finance/Facilities/Technology Work Plan for FY2014 and the Committee’s Duties and Responsibilities.

The next meeting of the Finance/Facilities/Technology Committee is scheduled for October 30, 2013 from 9:00 am to 12:00 pm.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk