



Board of Trustees
15 Estabrooke Drive
Orono, ME 04469

Tel: 207-581-5840
Fax: 207-581-9212
www.maine.edu

September 5, 2018

TO: Members of the Finance/Facilities/Technology Committee

FR: Ellen N. Doughty, Clerk of the Board *Ellen Doughty*

RE: **September 13, 2018 Finance/Facilities/Technology Committee Meeting**

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

The Finance/Facilities/Technology Committee will meet from **9:00 am to 9:30 am on September 13, 2018**. The meeting will be located at the University of Maine System Executive Offices, Rudman Conference Room, 253 Estabrooke Hall, 15 Estabrooke Drive in Orono. In addition to the Estabrooke Hall location, the following conference call connection will also be available:

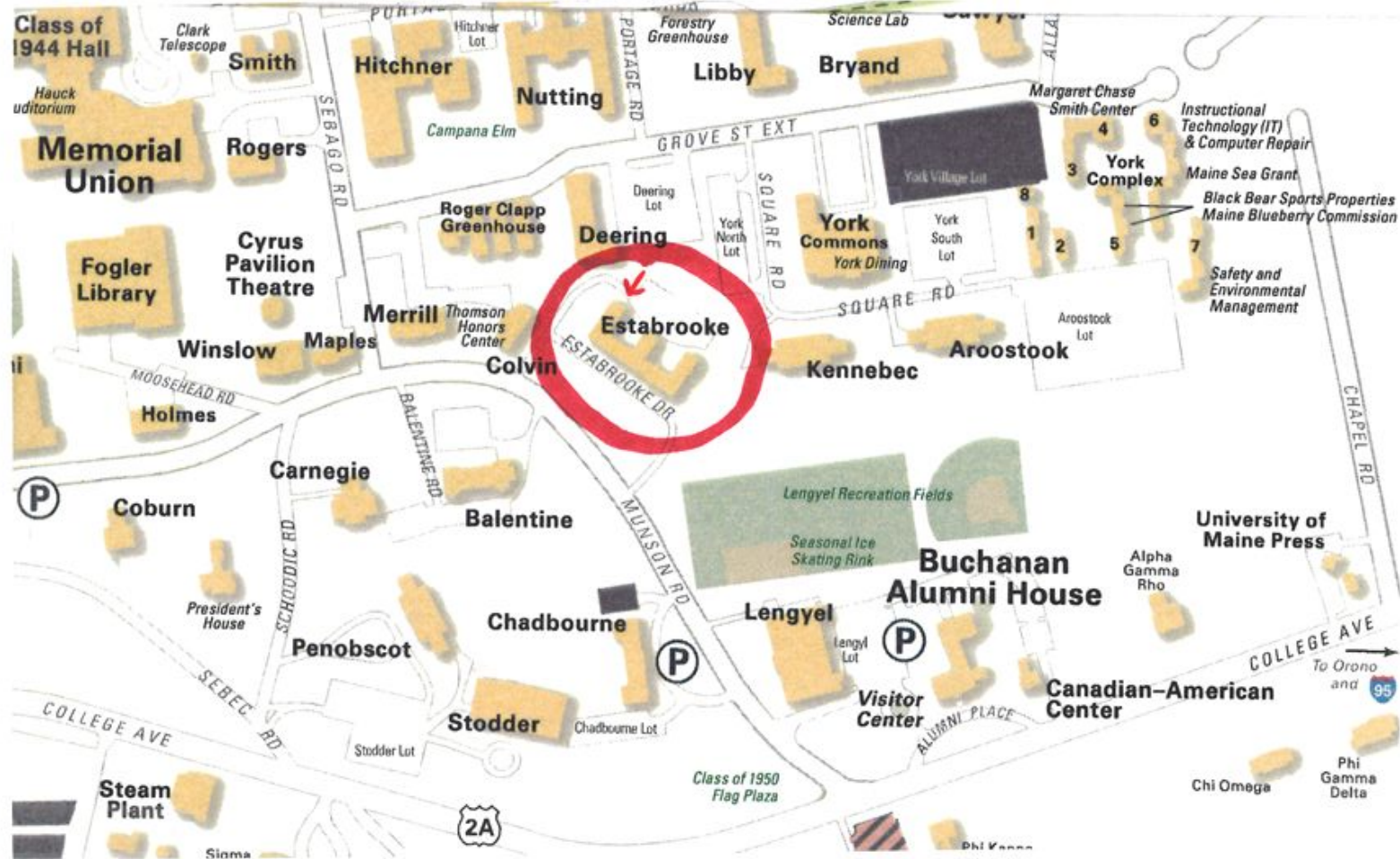
Phone: 1-800-605-5167 code 743544#

The meeting materials will be posted to the Diligent Board Portal as well as the Board of Trustees website (<http://www.maine.edu/about-the-system/board-of-trustees/meeting-agendas/finance-facilities-committee/>).

If you have questions about the meeting arrangements or accessing the meeting materials, please call me at 581-5840. If you have any questions or desire additional information about the agenda items, please call Ryan Low at 581-1541.

cc: James Page, Chancellor
Trustees who are not members for the FFT Committee
Presidents
Robert Neely/Kay Kimball
Ryan Low
David Demers
Tracy Elliott
Chip Gavin
Miriam White

15 Estabrooke Drive, Orono



The UMS is located on the 2nd floor of Estabrooke Hall. Enter Estabrooke Hall from the back of the building, the entrance closes to Deering Hall.



Board of Trustees

Finance, Facilities & Technology Committee

September 13, 2018, 9:00 am to 9:30 am
Rudman Conference Room, 253 Estabrooke Hall, Orono
Phone Option: 1-800-605-5167, Code 743544#

AGENDA

Tab 1 - Short-Term Housing, UMA

Action items within the Committee purview are noted in green.

Items for Committee decisions and recommendations are noted in red.



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Short-Term Housing, UMA
2. **INITIATED BY:** Karl W. Turner, Chair
3. **BOARD INFORMATION:** **BOARD ACTION:** X
4. **OUTCOME:** **BOARD POLICY:**
 Increase enrollment 801 - Acquisition of Real Property
 Improve student success and completion
5. **BACKGROUND:**

The University of Maine System acting through the University of Maine at Augusta (UMA) requests approval to enter a lease for a 38-bed student housing facility located at 2 Coos Lane, Hallowell, Maine. The lease costs are to be paid by the University from student housing fees from residents of the facility and from tuition revenue associated with increases in credit hours resulting from the availability of the facility.

This request is pursuant to Board of Trustee Policy 801, which requires Trustee approval for any real property lease of more than five years' duration and \$100,000 in value. The proposed lease would have a cost of approximately \$1.5 million over the first five years. With optional renewals, the total cost and term could reach \$5.3 million and 15 years.

This effort is consistent with the priority outcomes set forth by the Board of Trustees to increase enrollment and improve student success and completion. In particular, the lease provides student residential housing for UMA's Augusta campus and is intended to support enrollment growth in key academic programs including Aviation, Architecture, Music and Nursing. For example, assuming a 92 percent occupancy rate with 20 percent out of state students, this initiative is projected to yield an incremental 918 credit hours and approximately \$300,000 in tuition and revenue annually.

This request is also before Trustees in connection with the increase in space at UMA, albeit privately-owned leased space with termination options for the University and not an increase in permanent University-owned space. The proposed lease would involve a three-story, brick masonry, 18,000 square-foot building in a historic district.

This initiative and request to enter this lease is also further consistent with the update provided to the FFT Committee in July 2018 and the guidance provided by the FFT Committee regarding housing at UMA in April of 2017.

The lease would make available 20 furnished student residential units containing a total of 38 beds within the Stevens Building at the Stevens Commons, which is the former Stevens School Campus just off Winthrop Street in Hallowell. Thirty-two beds will be available on August 1, 2019 and the remaining beds will be move-in ready by January 1, 2020.

This student housing proposal is the result of a public, competitive solicitation (RFP2018-81) which was advertised by the University on May 24, 2018, and to which multiple responses were received. An award to Mastway Development, LLC, contingent on Trustee approval and other considerations, was issued on August 10, 2018.

This particular proposal emerged as the top-scoring proposal in that public, competitive process. The facility is in close proximity to Augusta's I-95 interchanges and only 5 miles to the University of Maine at Augusta, with an average drive time of 10-12 minutes. The Kennebec Explorer also regularly stops within walking distance of Stevens Commons and also stops at the UMA Augusta campus.

The proposed lease would have an initial lease term of 5 years and would have a maximum estimated cost of approximately of \$1.5 million over that period. Two optional renewals of 5-years each are contemplated, and the maximum cost could reach \$5.3 million if both are exercised. The cost includes an \$84,132 cap in annual operating costs.

The initial term of the lease before Trustees today would commence on August 1, 2019. A security deposit of \$25,650 is also due upon execution of the lease. In addition to the lease commitment, the University will also invest approximately \$25,000 to furnish two common rooms and a small fitness area.

If the University chooses to terminate the lease before 5 years, it would be responsible to pay a termination fee as follows: after year 1, \$220,000; after year 2, \$165,000; after year 3, \$110,000; and, after year 4, \$55,000.

A protest was received in this matter from a non-selected bidder and the University's determination has been upheld. That determination can yet be appealed under university policy. Barring any such further appeal being received by the University within the period allotted by policy, the text of the proposed resolution is below.

While the University at this time has not executed an agreement, pending Trustee approval, the private developer of the winning proposal may submit materials to the municipal planning board as soon as September 5 or shortly thereafter in order to present the project to that board at its meeting September 19, 2018. Those steps are intended to help achieve the timeline for UMA occupancy outlined in this document.

6. TEXT OF PROPOSED RESOLUTION:

That the Finance/Facilities/Technology Committee forwards this item to the Consent Agenda at the September 16-17, 2018 Board of Trustees meeting for the following resolution:

That the Board of Trustees accepts the recommendation of the Finance, Facilities and Technology Committee to authorize the University of Maine System acting through the University of Maine at Augusta to enter a lease for student residential space with Mastway Development, LLC or its successor organization for an initial 5-year period an initial cost of approximately \$1.5 million and with optional renewals for a maximum term of 15 years and cost of up to \$5.3 million, subject to review and approval of the final terms and conditions by the University's General Counsel and Treasurer.

Presentation of Stevens Commons



for University of Maine at Augusta

Introductions

- **Matt Morrill** (Mastway Development, Founder)
 - Lives in Winthrop, Wife Tammy and two children
 - Wentworth Degree in Architectural & Civil Engineering
 - Owner of Grandview Builders – Custom Home Builder for 15 years
 - Developer of Hallowell Overlook
 - Owner of Mastway Development, LLC
- **Michael Sabatini, P.E.** (Mastway Development, Member)
 - Lives in Camden, Wife Kelli and three children
 - Co-Owner of Landmark Corporation Surveyors & Engineers – 16 years
 - Project Manager of \$30M worth of real estate development – 8 years
- **Traverse Fournier** (Trusted Consultant)
 - Lives in Yarmouth, Wife Sharon and two *children*
 - *Owner of Maine Street Capital– Since 2014*
 - *Combined with previous banking experience closed over \$1 Billion in financing*

Stevens Commons

Agenda

1. What is the vision for Stevens Commons?
2. What is happening now?
3. Why is UMA-Housing a good fit at SC?
4. Our proposal and execution
5. Meeting Topics

Cultivating community through conservation, restoration, and partnership

Stevens Commons Vision



Public Gathering Space

Cultivating community through conservation, restoration, and partnership

Stevens Commons Vision



Public Access and Interconnectivity

Cultivating community through conservation, restoration, and partnership

Stevens Commons Vision



Onsite Amenities and Services

Cultivating community through conservation, restoration, and partnership

Stevens Commons Vision



New Housing Options in Historic Buildings

Cultivating community through conservation, restoration, and partnership

Stevens Commons Vision



Cultivating community through conservation, restoration, and partnership

Stevens Commons

What is happening now?

Stevens Commons

What is happening now?
Roadway and Infrastructure



Stevens Commons

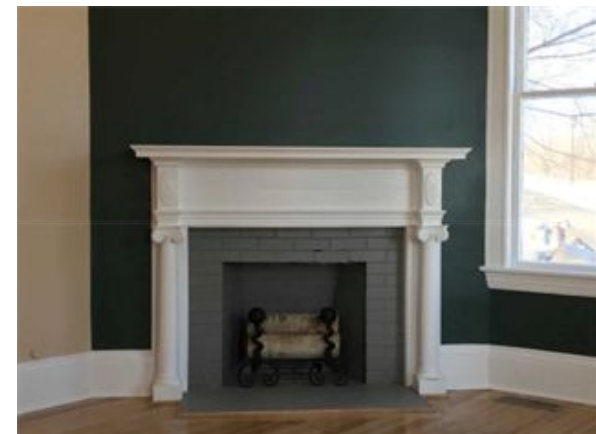
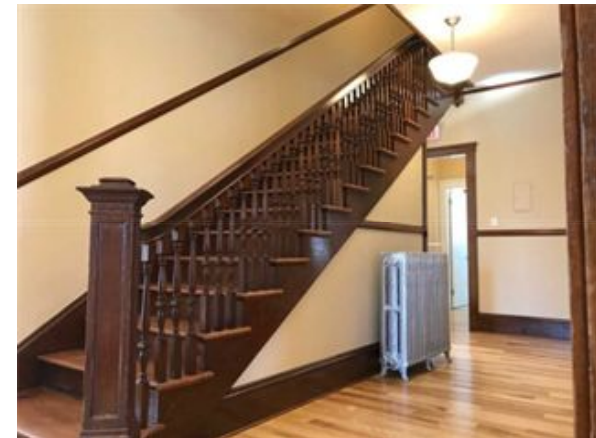
What is happening now?

Baker Building



Stevens Commons

What is happening now?
Admin Building Restoration



Stevens Commons

What is happening now?

CHOM Elderly Affordable Housing



Stevens Commons

What is happening now?

Fire Station



Stevens Commons

What is happening now?

Farmers Market



Stevens Commons

Plans for the future?

- Additional office use in Baker and Admin
- Stevens Building Café and catering
- **Stevens Building UMA Student Housing**
- Utilize public green for events with on-site catering and boutique inn
- Multi-unit, duplex, and single family housing
- Stevens Arts and Creative Center in the Erskine Building

Stevens Commons

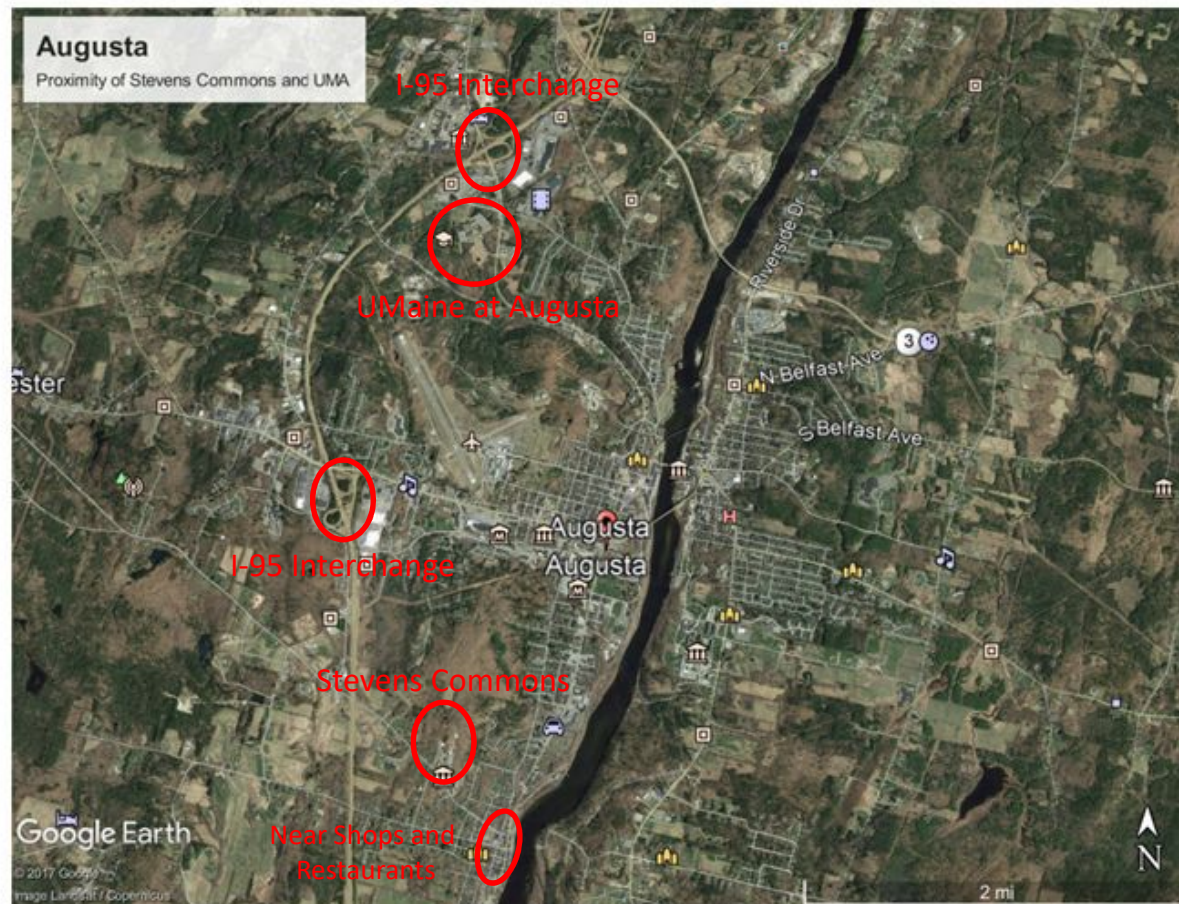
Why is UMA Student Housing a good fit at Stevens Commons?

Stevens Commons

Why is UMA-Housing a good fit at SC?

Near campus and Access to I-95

Less than 5 miles and a 10 minute drive



Stevens Commons

Why is UMA-Housing a good fit at SC? Public Transportation

KVCAP



Kennebec Explorer

Kennebec Explorer Gardiner Route



GARDINER



Gardiner schedule effective February 1, 2017

UMA	Downtown Augusta	State House	YMCA	Cotton Mill Apts	Pine Hill	Gardiner Hennaford	Randolph IGA	Cotton Mill Apts	State House	Downtown Augusta	UMA
						7:00 a	R	7:00 a	7:05 a	7:20 a	7:20
I	9:20 a	9:25 a	R	9:45 a	R	9:00 a	R	9:00 a	9:05 a	9:20 a	I
I	12:30 p	12:35 p	R	12:45 p	R	1:00 p	R	1:10 p	1:15 p	1:20 p	I
I	4:30 p	4:35 p	R	4:45 p	R	5:00 p					

Stevens Commons

Why is UMA-Housing a good fit at SC?

Walkability and Site Amenities:

- Retail and Restaurants just down the hill on Water Street (via sidewalks)
- Possible on site amenities, health club, spa, café, art/maker space
- On-site walking paths, preservation land, and trails to Howard Hill preserve



Stevens Building

Why is UMA-Housing a good fit at SC?

Campus Setting

Inspiration for Architecture students

Safe and Inviting place to be



Stevens Commons

Why is UMA-Housing a good fit at SC?

Satisfies a strategic plan goal

“Explore and leverage new student housing options to grow signature programs such as Architecture and Aviation as well as attract out of state and international students”

Stevens Commons

Proposal Options and Execution

1. Options 1 & 2
2. Schedule

Topics for Discussion

1. Parking
2. Heating and electric costs for each room
3. Internet / Wifi Services
4. Student Common Areas
5. Room Layouts

Cultivating community through conservation, restoration, and partnership

Options 1 & 2

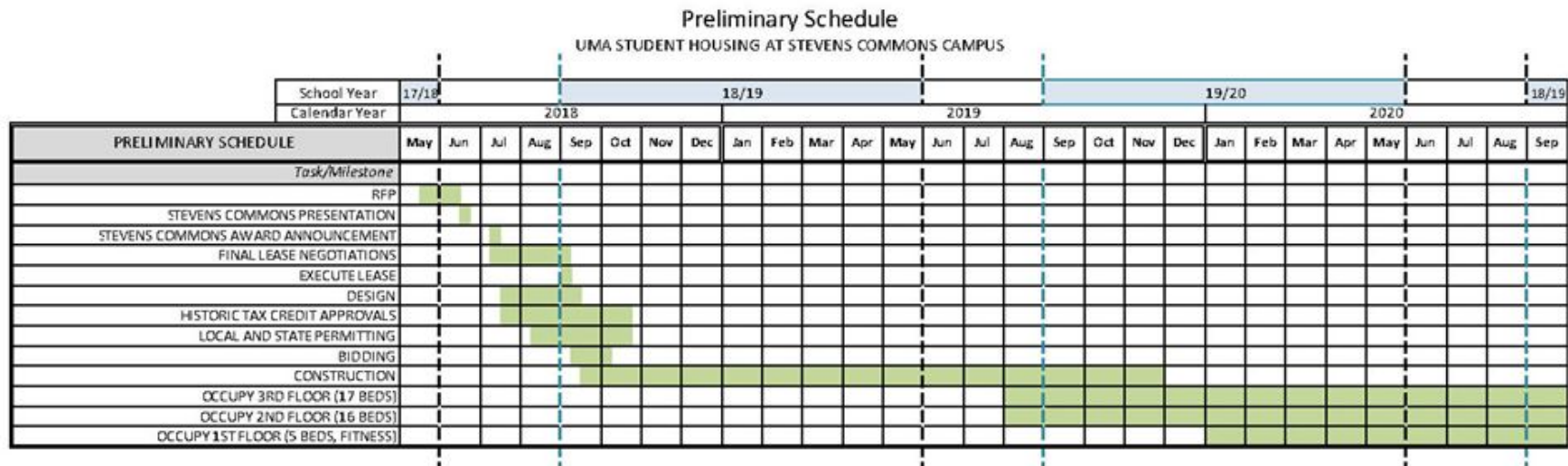
Option 1 (Formal response to RFP)

- 5-Year term
- Monthly rent per bedroom \$675
- Gross Lease with expense cap
- Diminishing termination fee

Option 2 (for consideration)

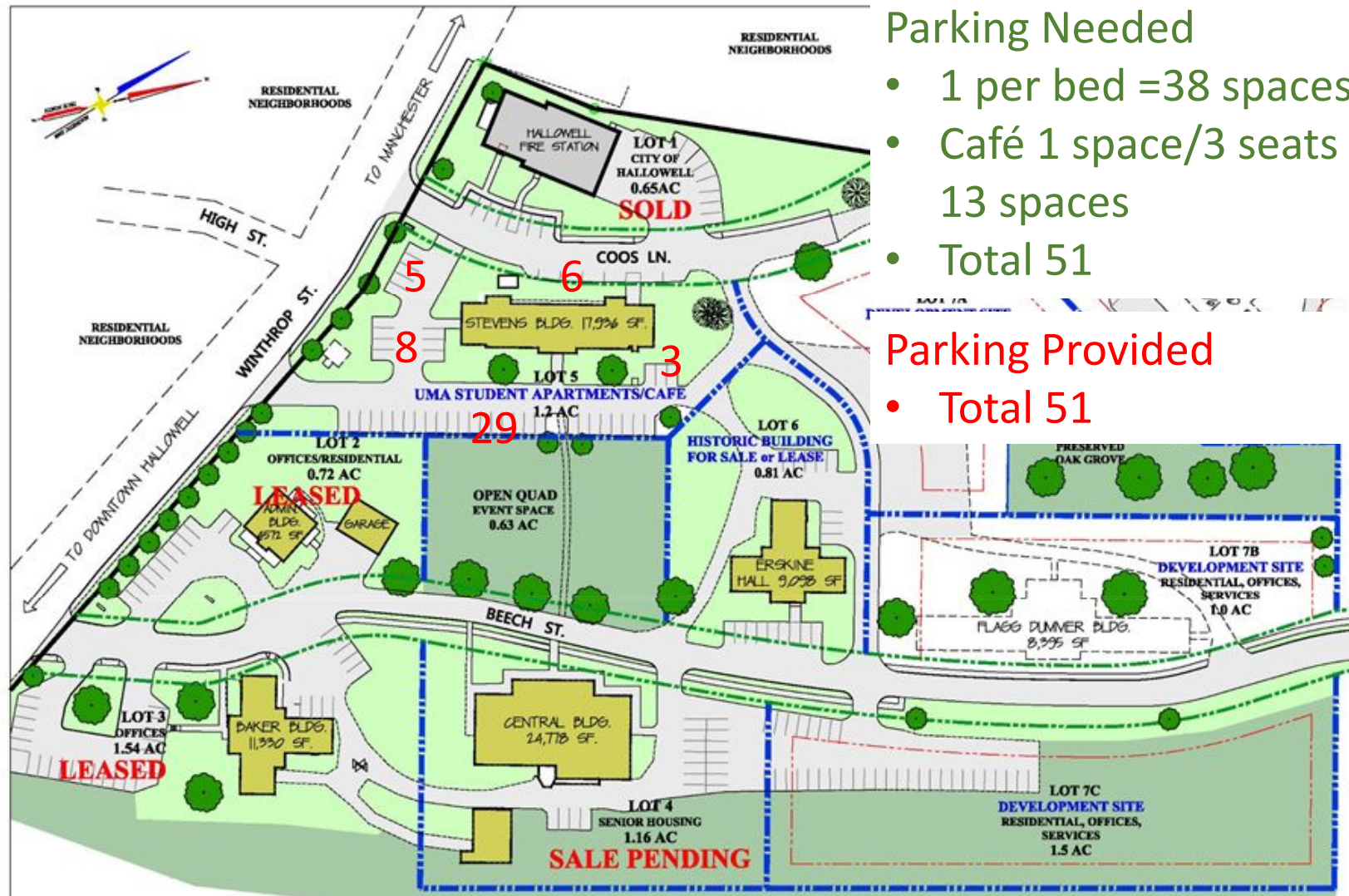
- 10-Year term
- Monthly rent per bedroom \$625
- Gross Lease with expense cap
- No termination clause

Schedule and Execution



- Award and Lease Negotiations is important
- Design and Permitting must begin upon award
- Execution feasibility (Design Team and Self Perform early tasks)
- Phased Delivery

Parking



Parking Needed

- 1 per bed = 38 spaces
- Café 1 space/3 seats = 13 spaces
- Total 51

Parking Provided

- Total 51

Heating and Electric Costs

SECTION A					
Option 1 - Five year lease					
Description	Number of Units	Monthly 'Per Unit' Cost	Total Monthly 'Per Unit' Cost		
Gross Rent Amount	38	675.00	25,650.00		
	0	0.00	0.00		
	0	0.00	0.00		
	0	0.00	0.00		
SECTION B					
For the items below please detail Landlord or University Responsibility, Landlord Responsibility will be above.					
Description				Included in Gross Rent - Landlord Responsibility (Yes / No)	Not Included in Gross Rent - University Responsibility (Yes / No)
Administrative					
Master Lease		675.00	25,650.00		Yes
Management Fee		13.10	497.80	Yes	
Operating	Totals	98.00	3,648.00		
Water/Sewer		8.00	304.00	Yes	
Electric		20.00	760.00	Yes	
Heat/ Hot Water		50.00	1,900.00	Yes	
Information Tech		0.00	0.00	Yes	
Security - Card Access		0.00	0.00	Yes	
Internet/WIFI		12.00	456.00	Yes	
Basic Cable TV		6.00	228.00	Yes	
Maintenance	Totals	35.10	1,333.80	Yes	
Building Maintenance*		21.30	809.40	Yes	
Grounds Maintenance		5.00	190.00	Yes	
Snow Removal		5.50	209.00	Yes	
Trash Removal		1.30	49.40	Yes	
Pest Control		2.00	76.00	Yes	

Heat and Electric Costs
\$70/Bed/Month

Including other expenses

\$96/Bed/Month

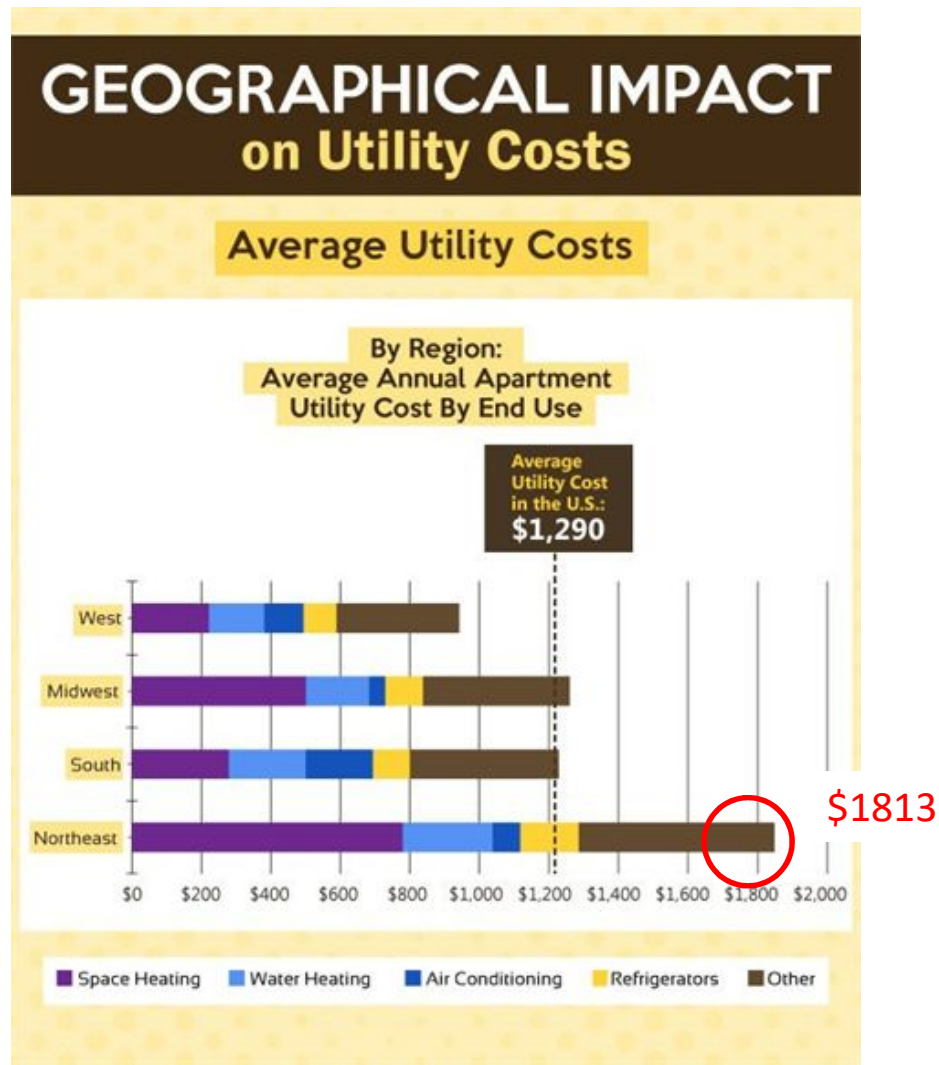
\$1,152/Bed/Year

\$3648/Month

\$43,736/Year

\$2,084/Year/Apartment

Heating and Electric Costs



Per study by ForRent.com, the average annual apartment utility costs is:

\$1813/Year/Apartment

Our Proposal:

\$2,084/Year/Apartment,
conservatively 15% higher
to account for inefficient
use

Portland Student Housing:

\$1,093 per Bed/Year

Our Proposal:

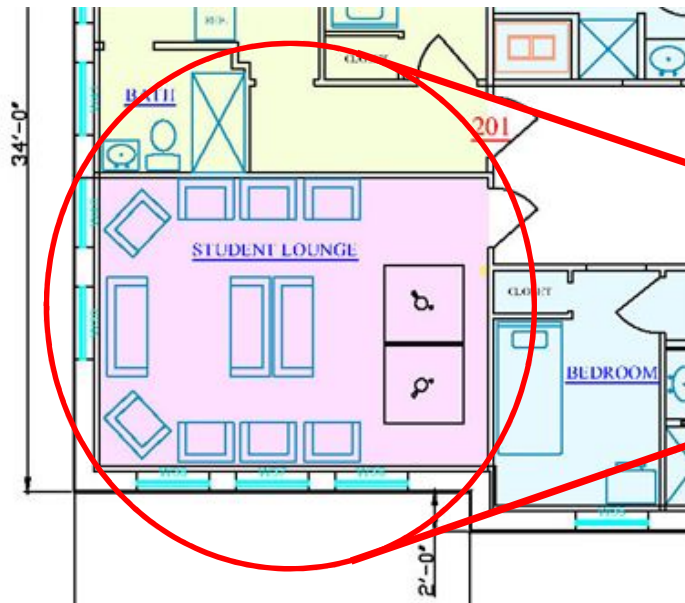
\$1,152 per Bed/Year

Internet and Wifi Services

SECTION A					
Option 1 - Five year lease					
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Management Fee		13.10	497.80	Yes	
Operating	Totals	96.00	3,648.00		
Water/Sewer		8.00	304.00	Yes	
Electric		20.00	760.00	Yes	
Heat/ Hot Water		50.00	1,900.00	Yes	
Information Tech			0.00	Yes	
Security - Card Access		0.00	0.00	Yes	
Internet/WIFI		12.00	456.00	Yes	
Basic Cable TV		6.00	228.00	Yes	
Maintenance	Totals	35.10	1,333.80	Yes	
Building Maintenance*		21.30	809.40	Yes	
Grounds Maintenance		5.00	190.00	Yes	
Snow Removal		5.50	209.00	Yes	
Trash Removal		1.30	49.40	Yes	
Pest Control		2.00	76.00	Yes	

Per discussions with ISP, Firstlight we can provide 100 Mb/s symmetric fiber optic service for the \$400/mo. We will equip the building with wifi as well as Cat6 wires in the rooms

Student Common Areas

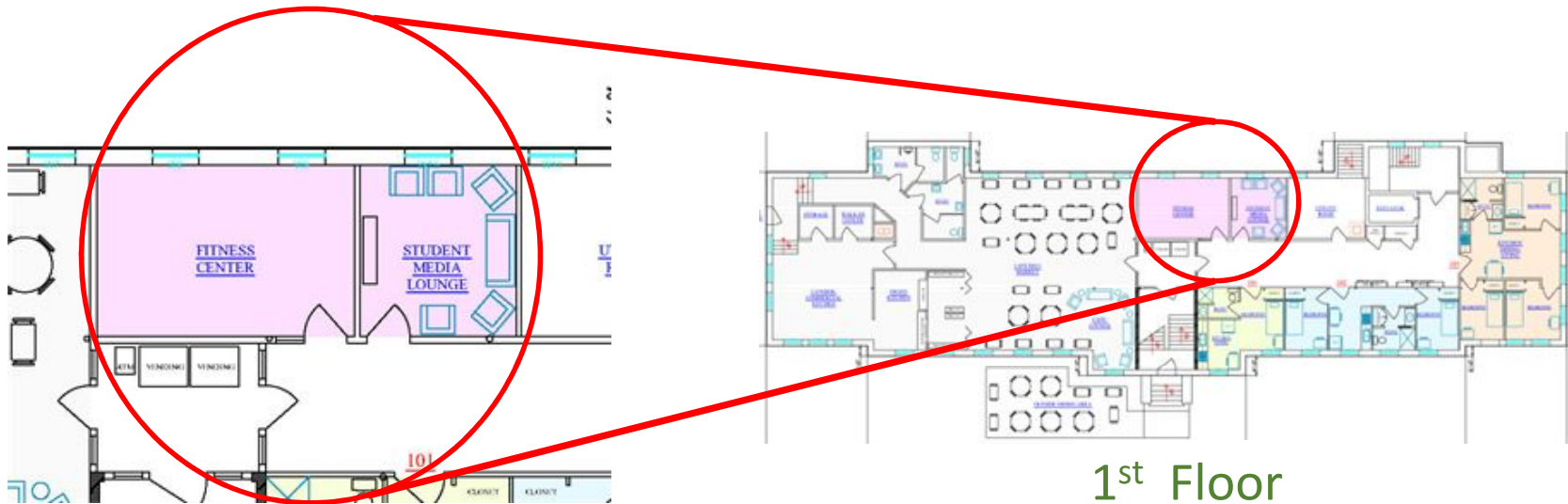


Student Lounge



2nd Floor

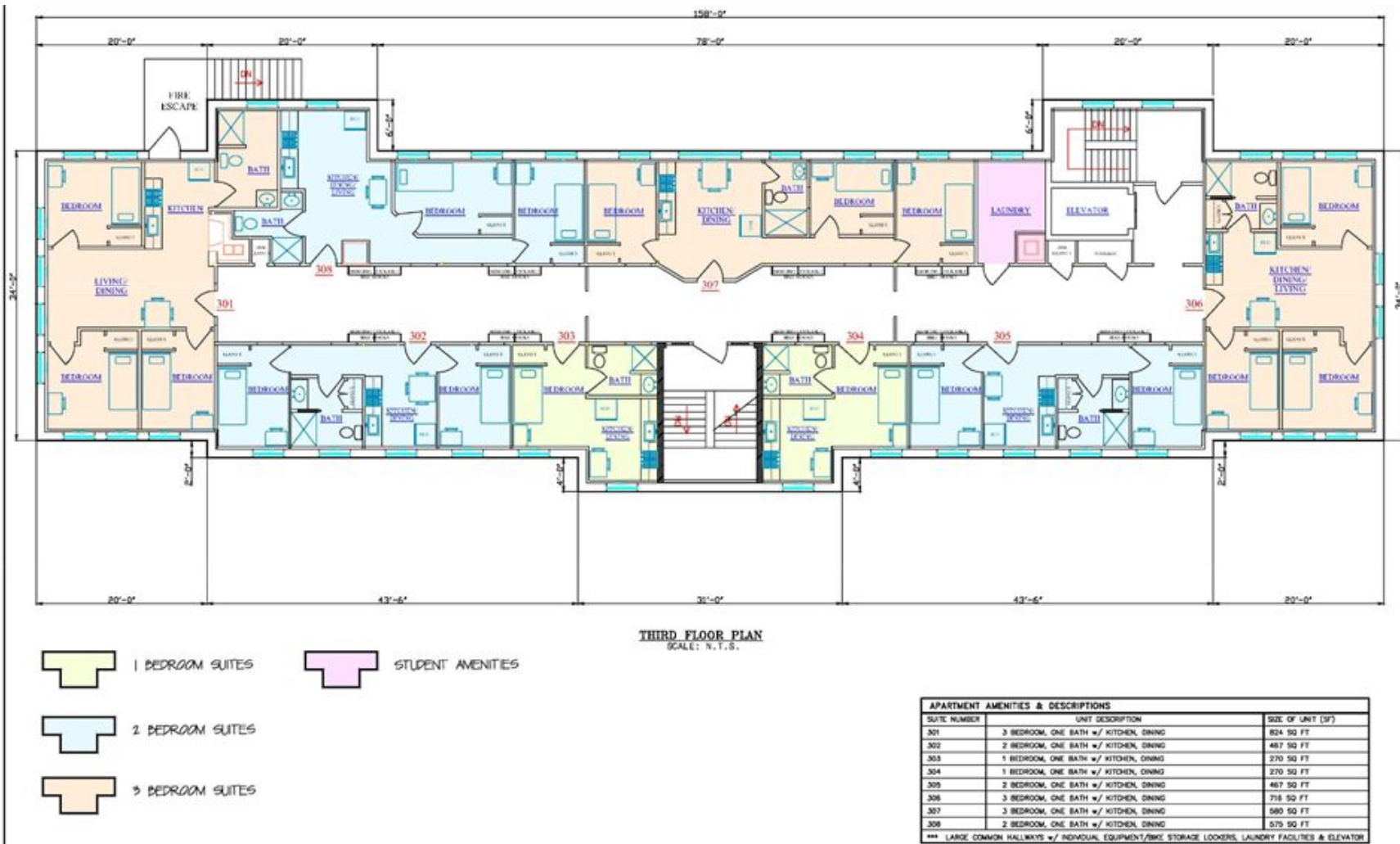
Student Common Areas



1st Floor

Student Lounge
and
Fitness Center

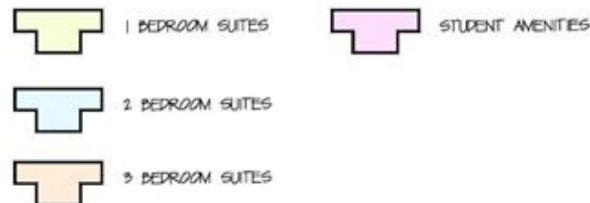
Room Layouts – 3rd Floor



Room Layouts – 2nd Floor

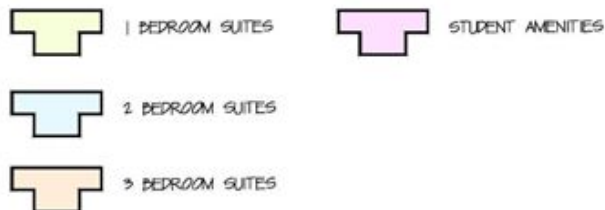
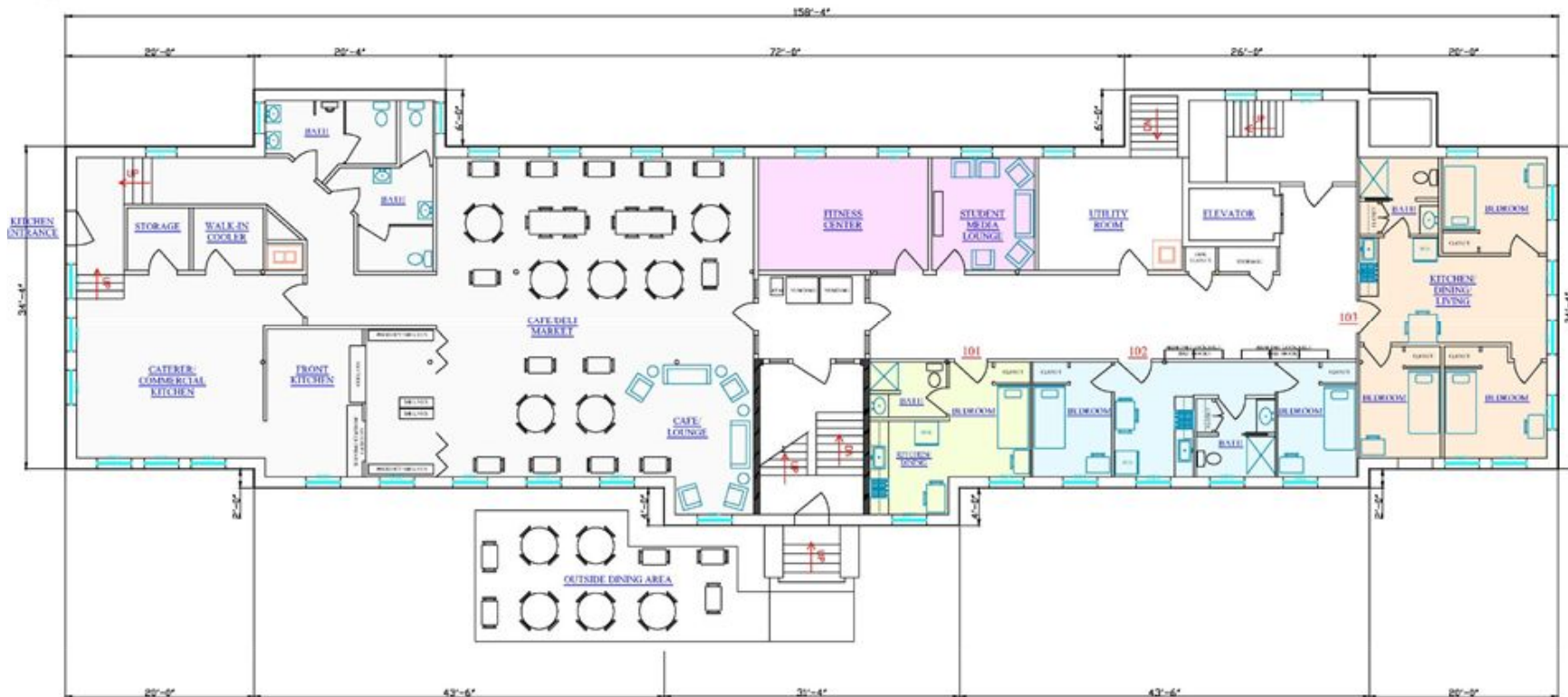


SECOND FLOOR PLAN
SCALE: N.T.S.



APARTMENT AMENITIES & DESCRIPTIONS		
SUITE NUMBER	UNIT DESCRIPTION	SIZE OF UNIT (SF)
201	1 BEDROOM, ONE BATH w/ KITCHEN, DINING	378 SQ FT
202	2 BEDROOM, ONE BATH w/ KITCHEN, DINING	467 SQ FT
203	1 BEDROOM, ONE BATH w/ KITCHEN, DINING	270 SQ FT
204	1 BEDROOM, ONE BATH w/ KITCHEN, DINING	270 SQ FT
205	2 BEDROOM, ONE BATH w/ KITCHEN, DINING	432 SQ FT
206	3 BEDROOM, ONE BATH w/ KITCHEN, DINING	754 SQ FT
207	2 BEDROOM, ONE BATH w/ KITCHEN, DINING	461 SQ FT
208	1 BEDROOM, ONE BATH w/ KITCHEN, DINING	312 SQ FT
209	2 BEDROOM, ONE BATH w/ KITCHEN, DINING	437 SQ FT
*** LARGE COMMON HALLWAYS w/ BIKE STORAGE RACKS, STUDENT LOUNGE, LAUNDRY FACILITIES & ELEVATOR		

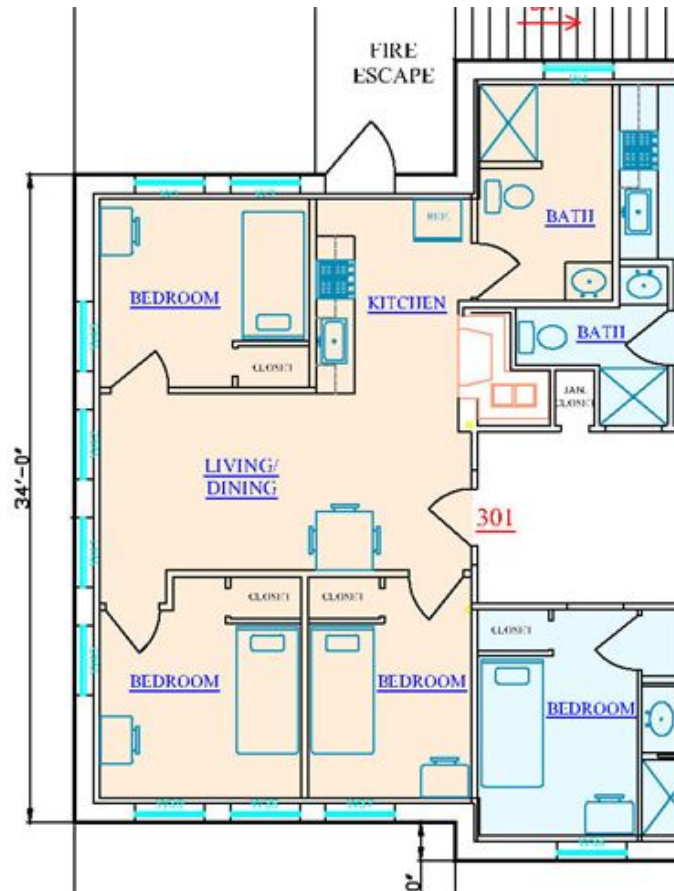
Room Layouts – 1st Floor



FIRST FLOOR PLAN
SCALE: N.T.S.

APARTMENT AMENITIES & DESCRIPTIONS		
SUITE NUMBER	UNIT DESCRIPTION	SIZE OF UNIT (SF)
101	1 BEDROOM, ONE BATH w/ KITCHEN, DINING	270 SQ FT
102	2 BEDROOM, ONE BATH w/ KITCHEN, DINING	479 SQ FT
103	3 BEDROOM, ONE BATH w/ KITCHEN, DINING	724 SQ FT
LARGE COMMON HALLWAYS w/ BIKE STORAGE RACKS, STUDENT MEDIA LOUNGE, ELEVATOR, FITNESS CENTER & CAFE		

UMA Student Housing Suite Features



Open Layout
Private Bedrooms
Shared Kitchen, Living, Dining, and Bath
Sun Filled Rooms



The new home of UMA - Student Housing



University of Maine at Augusta

SHORT TERM HOUSING, UMA

Benefit/Cost Analysis -- Annual Financial Impact - Mastway

Finance/ Facilities/ Technology Committee Meeting, September 13, 2018

KEY ASSUMPTIONS		
	Base	
Total # of Beds	38	33 available in Fall 2019, remaining 5 in Spring 2020
Occupancy Rate	92%	This translates to 3 empty beds not generating revenue
% Var - Instruc Cost	67%	Leverage under utilized capacity in Gen. Ed.
% Incr Credit Hrs	90%	Housing will generate strong incremental CH
% Out of State	20%	Housing will attract a component of out-of-state students
Annual CH/ Bed	30	Housing supports FT students earning 30 CH annually
Monthly Rent	675	Direct pass-through of actual rent expense
<u>Administrative Support</u>		
# of RA's	2	Room for 2 RA's is worth: \$16,200
# Prof. Staff in Residence	1	Total compensation cost is: \$60,746 plus housing worth \$8,100
Stipends for rotating call duty	12,000	Total compensation cost is: \$18,408
SUMMARY P&L		
	Annual	Notes
Rental Revenue	259,200	32 beds generating revenue, assumes 92.0% occupancy rate
Tuition and Fee Revenue	303,124	90% of credit hours are assumed incremental (includes the RA's)
Less: Discount	(30,312)	Per UMS tuition discount report
Total Revenue	532,011	
<i>Memo: Incremental Credit Hours</i>	918	90% of credit hours incremental
<u>Costs</u>		
Facility Rental	307,800	Per RFP Pricing; Assumes cap is not exceeded
Activities & Programming	8,500	Assumes \$250 per occupied bed annually
Instructional Cost	132,782	Assumes instructional costs are 67% variable
Staff Support	79,154	(Doesn't include housing benefit)
Total Costs	528,236	
Surplus/ (Deficit)	3,775	Base Case Scenario

SENSITIVITY ANALYSIS

Assumption	KEY ASSUMPTIONS			SURPLUS/ (DEFICIT)		
	Low	Base	High	Low	Base	High
	Downside	Case	Upside	Downside	Case	Upside
% Var - Instruc Cost	100%	67%	33%	(62,616)	3,775	70,166
% Incr Credit Hrs	80%	90%	100%	(26,537)	3,775	34,088
% Out of State	10%	20%	30%	(23,572)	3,775	31,122
Annual CH/ Bed	27	30	33	(10,228)	3,775	17,778
Occupancy Rate%	90%	92%	95%	(8,193)	3,775	15,744
Monthly Rent	650	675	700	(5,825)	3,775	13,375