

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

Zoom Meeting
October 28, 2020

Finance/Facilities/Technology Committee

Present: Committee Members: Mark Gardner, Chair; Timothy Doak, Sam Collins, James Donnelly, Trevor Hustus, David MacMahon, Trish Riley, Emily Cain, James Erwin, and Kelly Martin. **Chancellor:** Dannel Malloy. **Presidents:** Joan Ferrini-Mundy, Edward Serna, Rebecca Wyke, and Glenn Cummings. **Faculty Representative:** Clyde Mitchell and Harlan Onsrud. **System Staff:** Ryan Low, Ellen Doughty, Robert Placido, James Thelen, Chip Gavin, Tracy Elliott, Getchen Catlin and David Demers. **Other Participants:** Claire Strickland, Leigh Saufley, Carolyn McDonough, Dick Young, John Volin and Buster Neel.

Committee Members Absent: None.

Trustee Gardner, Chair, called the meeting to order and welcomed everyone. The Clerk performed a roll call of the Committee members present.

Lease Request, Cutler Health, UM

UM Interim Executive Director of Auxiliary Services Dick Young provided information about the request for the University of Maine (UM) to enter a lease with Eastern Maine Medical Center (EMMC) through Northern Light Health for space at the Cutler Health Center.

In May of 2015 the University of Maine entered into a five-year agreement with Norumbega Medical Specialists, Ltd. to provide comprehensive healthcare services at the University of Maine. As a part of this service a no-cost lease agreement was executed for the space in Cutler Health Center where these services are provided. Prior to the termination of this agreement, the University went through a new Request for Proposal (RFP) process to find a partner to continue to provide these services for the University of Maine community (students, faculty and staff). The partner organization would provide these services out of the Cutler building in the space identified. As a result of the RFP, EMMC through Northern Light Health was selected as this partner. EMMC would utilize the space in the west side of the ground floor of Cutler Health Center, measuring roughly 8,356 net square feet to provide health services. Additional space in the southeast corner of the building totaling roughly 3,407 net square feet will be utilized for athletic training services, administrative office space, and for the Way to Optimal Weight, or W.O.W. program.

The proposed new lease would cover a potential period of ten years, including an initial term of seven years with three one-year renewals. As with the former lease agreement, in order to provide a revenue neutral and cost recoverable service, the Lessee is not required to pay rent for the premises.

On a motion by Trustee Hustus, which was seconded by Trustee Donnelly, and approved by a roll call vote of all Trustees present, the Board of Trustees, acting through the Finance, Facilities, and Technology Committee agreed to forward this item to the Consent Agenda at the November 16, 2020, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities, and Technology Committee to authorize the University of Maine System acting through the University of Maine to enter a lease with Eastern Maine Medical Center for approximately

11,763 net square feet of space at the Cutler Health Center, subject to review and approval of all final terms and conditions by the University of Maine System Treasurer and General Counsel.

Lease Request, Town of Orono, UM

UM Chief Business Officer Claire Strickland explained the request from the University of Maine (UM) to enter a new lease that would continue a prior lease and existing practices with the Town of Orono.

In October of 1969 the University of Maine entered a fifty-year lease with the Inhabitants of the Town of Orono for a parcel of land owned by the University known as the Kell Street Interceptor pumping station. The lease expired in October of 2019. Both parties have expressed interest in continuing the lease for a duration of 50 years.

The Orono Pump Station is located on the parcel in question. This pumping station is needed to safely handle all underground sewage in the surrounding area, which includes the sewer service from the University of Maine. The previous and now proposed lease for approximately 0.32 acres, began October 29, 1969 and expired on October 28, 2019. The new lease would extend the agreement by another fifty (50) years, through October 31, 2070. There are no changes to the current rate of \$1 per year.

On a motion by Trustee Collins, which was seconded by Trustee Hustus, and approved by a roll call vote of all Trustees present, the Board of Trustees, acting through the Finance, Facilities, and Technology Committee agreed to forward this item to the Consent Agenda at the November 16, 2020, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities, and Technology Committee to authorize the University of Maine System acting through the University of Maine to enter a continued lease with Town of Orono for a parcel of land known as the Kell Street Interceptor pumping station, subject to review and approval of all final terms and conditions by the University of Maine System Treasurer and General Counsel.

Annual Real Estate and Lease Report, UMS

UMS Chief General Services Officer Mr. Chip Gavin and UMS Risk Manager Gretchen Catlin provided an overview of the Annual Real Estate and Lease Report for fiscal year 2020. During FY2020, the University of Maine System did not acquire real estate. In October 2019, Trustees through its Finance, Facilities and Technology Committee approved a request by the University of Maine to dispose of two out-of-state properties that had been bequeathed to the University:

1. One property totaled 0.47 acres, 500 square feet of facility space, and sold for \$180,000.
2. The second property totals 0.80 acres, 1,194 square feet of facility space and is valued at \$319,000. This property remains for sale but is included here for clarity.

In general, this year's leasing activity reflects the normal ebb and flow of university business with the exception of the addition of a lease for residence hall purposes associated with the University of Maine at Augusta as approved by Trustees.

As a lessee or occupant of space, the University is engaged in lease agreements for uses such as dormitory space, forestland, academic and research locations, recreational fields, and utility purposes. The cost of leasing property in FY2020 was \$1.86 million, an increase of approximately \$650,000 from FY2019. Again, this increase was primarily associated with the Trustee-approved Steven Commons lease in Hallowell (UMA which constitutes the University of Maine at Augusta's creation of a residential experience and the cost of which ultimately is borne by those who reside there). The

University's lease footprint as a lessee decreased in FY2020. Acreage decreased by approximately 1,500 acres and facility space decreased by approximately 17,000 square feet. These decreases are attributed to several leases expiring.

As a lessor or owner, the University engaged in agreements making real property available for uses such as research, early education and childcare centers, office spaces, financial institution use, and cell tower locations. Revenue in FY2020 totaled more than \$697,000 which was a decrease of approximately \$45,000. The decrease was primarily due to leases which reached their end and were not renewed.

Mr. Gavin explained that in the future the report will be modified to include a year-over-year comparison data.

Capital Project Status Report and Bond Projects Update, UMS

UMS Chief General Services Officer Mr. Chip Gavin and UMS Director of Capital Planning and Project Management Ms. Carolyn McDonough provided an overview of the UMS Capital Project Status and Bond Project Status reports. The Report reflects a total of 21 projects; no new project has been added since the last report. One project has been removed. While many projects continue to move forward at this time under the various provisions of state and federal pandemic guidance, some impacts continue. Three of four projects previously placed on hold remain so. The viability of and alternative options for these projects will continue to be reviewed for potential future resumption. Where construction is underway, the University is requiring contractors to provide a site specific COVID-19 work plan that outlines their process for ensuring their employees respect social distancing and other recommended or mandated practices for minimizing the spread of the virus, and their alignment with University protocols. Since mid-March the University has been conducting pre-bid meetings virtually; providing photos and videos of existing conditions and responding to questions issued by email. Since April the process of receiving bids transitioned to an electronic process. UMS receives bids by email and provides a link to access an online or phone connection for the bid opening. Capital Planning and Project Management is collaborating with each campus to understand the policies each has put in place as well as any local municipal orders or policies to ensure our contractors are heeding them. UMS has started seeing communication from contractors that material deliveries are being delayed with potential schedule and cost impacts. UMS is beginning to see specific costs associated with the added protections and safety precautions required by the CDC, State and Campus. Costs for everyday construction materials are trending high and causing strain on project budgets.

The Bond Project Status Report reflects twenty-nine (29) projects. These twenty-nine projects are currently estimated to account for more than \$38 million of the \$49 million in voter approved general obligation bond funding. About \$9.3 million of that has been expended. Supplemental funding is being leveraged for some of these projects and the total estimated project value across all funds currently stands at approximately \$51.1 million, including the bond funding and other project resources. UMS continues to invest in additional projects as well. Twelve of the bond projects are complete and another two are substantially complete. Eleven of these bond projects also appear on the Capital Project Status Report with approved budgets above Board threshold. Four projects are expected to be brought to the Board for additional authorization as design progresses but are currently in design and pre-design phases with budgets below the Board approval threshold. The remaining bond funded projects do not have budgets that meet the threshold for Board of Trustees consideration and are therefore not present on the Capital Projects Status Report. As projects are completed, they will remain on this report for documenting purposes until all Bond Projects are completed.

UM Ferland Engineering Education & Design Center Project

Construction continues on this project. The underground utilities including site steam work is well underway and basement concrete foundation construction is nearing completion. The first floor concrete footing and wall construction is underway. The basement underground plumbing and basement structural steel is planned for October. The contractor, Consigli Construction Company, is working toward having the building concrete foundations in place and backfilled by winter with the plan of conducting structural steel erection through the winter months.

USM Portland Commons and Career and Student Success Center

Design is progressing with the intent of completing construction documents near the end of the calendar year. Enabling work, such as remediation in preparation for demolition of 25 and 35 Bedford Street is in planning stages and would allow for work to commence in early 2021 as buildings are vacated. The project is currently before the City of Portland Planning Board, with USM having presented to Board members at workshop sessions in August and October.

Update to UMFK Enrollment and Advancement Center

Foundation wall construction was complete and backfilled as of early October. Completion of underground utilities followed shortly thereafter. Wall framing will begin when the glulam beams arrive on site in November. The substantial completion date remains June 1st, 2021.

Projects with a Value of \$250,000 or Greater. Chief Information Officer Dr. David Demers provided information on projects with a value of \$250,000 or greater.

The Classrooms for the Future project completion has stayed at 99% from August 2020 to October 2020. The revised budget of \$4.945 million for the project reflects the additional \$582,730 allocation provided from project contingency funds, which has allowed for additional sites and rooms to be included in the project. The COVID-19 pandemic and Summer Web-Conferencing upgrades have affected final work scheduling. Several campuses have been completed and there is anticipation of availability of a small amount of remaining funds for UMA, UM and UMPI. For the rooms that are completed, the room scoring assessment is underway. There is still high anticipation for Phase II funding needed to complete the remaining rooms.

The Classrooms for the Future (CFTF) Web-Conferencing Project has increased from 41% complete in August 2020 to 69% complete in October 2020. The budget for this project is \$2.564 million. This project was added to address the need for expanded availability of web-conferencing and video recording capabilities across UMS, in order to maintain social distancing practices as UMS moves into the Fall semester. Approximately 12 room have been completed. Document cameras have arrived and most have been installed. Other will be completed during the extended winter break as well as 50 additional rooms. Project concerns include a tight completion timeline and availability of equipment and resources needed to complete the work.

The Wireless Infrastructure project completion has increased from 98% complete in August 2020 to 99% complete in October 2020. The revised budget of \$13.2 million reflects the additional \$415 thousand in contingency funds that will be infused back into the project. The COVID-19 pandemic has affected final work at USM due to facility availability and workforce availability. The project work is complete at UMA, UMF, UMFK, UMM and UMPI. A few punch list items for Facilities Management still remain at UM. The final cabling work at USM is underway. USM will have to maintain parallel wireless networks for a period of time due to phased funding and there is still high anticipation for additional funding to complete this effort.

The MaineStreet Improvements project report shows that the Campus Solutions (CS) upgrade to move from version 9.0 to version 9.2 is 100% complete and the Peoplesoft User Experience (UX) enhancement project increased to 70% complete as of October 2020. This project has a total budget of \$2.48 million. Recently completed work includes a controlled student preview of the new MaineStreet Experience interface and user-acceptance testing. UMS IT will be conducting an expanded student pilot during the Fall 2020 term with emphasis on functionality, to support the Spring 2021 registration. There is still some concern around managing change in navigation and the interface for the MaineStreet environment.

The VoIP Implementation Project for UMF, USM, and UMPI continues to progress. The overall budget for this project is \$1.599 million. The project is currently 98% completed at UMF, 53% completed at UMPI and 35% completed at USM. At UMF, the old legacy phone system was turned off on October 5th with all phones migrated to the new system. At UMPI, the cabling work in Preble is complete and the IP phones are being deployed. South Hall and the Campus Center work will proceed over Winter break. At USM, additional temporary staff has helped the deployment pace. Work at Brooks Student Center is complete and work is substantially complete in Corthell and Wishcamper. Work continues in Glickman, Luther-Bonney, Science, Baily, Upton and Russell. Two areas of concern are the on-going probability of future failures of legacy phone systems at UMF/USM and the poor network infrastructure on both campuses posing challenges to the project timeline.

The Brightspace Learning Management System (LMS) Implementation project with a budget of \$1.61 million has increased 88% complete in August 2020 to 95% complete in October 2020. Brightspace from Desire2Learn will replace Blackboard Learn, the current UMS LMS, with a modern, mobile friendly, cloud-based platform. In August UMS successfully launched Brightspace as the official LMS replacing Blackboard. The work in progress includes further development and refinement of user roles and permission, sunsetting the Blackboard system, development of the Brightspace governance planning, the course-level activating reporting and shifting the project to the closing phase. Concerns include the very aggressive timeline for completion and the COVID-19 disruption.

The ERP Assessment project with a budget of \$275 thousand has a completion of 55% as of October 2020. This is the third step in a four step process to evaluate the UMS MaineStreet (Peoplesoft) ERP to identify functional gaps and opportunities to support unified accreditation by development of a road map or “Repaving MaineStreet”. UMS has partnered with Huron and the assessment of human resources and financial modules are complete. The student records, student financials, student financial aid and reporting are currently underway. It is anticipated that the initial workshops will be completed by the end of October. Additional funding will be need to support the final step.

FY2021 Budget Revision Summary

Vice Chancellor for Finance and Administration and Treasure Ryan Low provided an update on the FY2021 Budget. The FY2021 budget was started sixteen months ago and Vice Chancellor Low thanked the Committee for their support and patience during the FY2021 budget process. He also expressed thanks to not only to the Presidents and Chief Business Officers but all staff who have worked on modifying the budget three times. Closing out FY2020 and all of the work for FY2021 has been a remarkable effort from campus and System staff. There will be substantial budget challenges for FY2022 as well.

A positive aspect of the FY2021 budget is the fact that there is a balanced budget being presented based on our current environment. UMS has had challenges presenting balanced budget pre-COVID and when you look at the national higher education budget realities, UMS has done very well. Enrollment has also

been a significant positive impact on the FY2021 budget. During March and June, UMS was projecting between a 10 to 20% deduction in enrollment. The total enrollment presented in this budget is down only 0.2%. This is based on the incredible efforts by the campus staff. Graduate and out-of-state enrollment has increased resulting in an overall tuition revenue increase of \$1.2 million from the budget that was presented in June 2020 and up slightly from the FY2020 level.

FY2021 budget has challenges with auxiliary services and is the biggest difference between the budgets that was presented in June compared to the budget that is being presented today. Dining and residence revenues combined are down more than \$11 million from June and down \$20 million from FY2020 due to impacts from the pandemic. Traditionally UMS would have an occupancy rate System-wide of 95%, today the budget reflects a System-wide occupancy rate of 70%. The occupancy rates range from 77% at UMA to 37% at UMM. Another challenge is in the reliance of revenues. He feels it is appropriate for one-time revenues to be used to balance this budget due to the pandemic. The budget includes \$5 million in System Budget Stabilization Fund transfers and \$5 million in reserves transferred from campuses which is the largest amount of reserves to balance a budget since 2015. This will result in the lowest balance in the Budget Stabilization Fund since the year it was created. The current balance of the System Budget Stabilization Fund will be below \$7 million. This is concerning because there are still many unknowns for the FY2022 budget including additional pandemic testing costs, state appropriations, and occupancy rates. After this budget, 5 to 6 campuses will have some level of reserves. The Law School and UMF will be using System Budget Stabilization Funds to balance their FY2021 budgets.

The Committee asked Vice Chancellor Low to address the cost cutting and savings from the Governance and University Services budget to ensure that area has reduces costs, even though it is a very small portion of the budget, to hold ourselves publicly accountable in the same way as the campuses.

Chancellor Malloy thanked Vice Chancellor Low and all the staff that have worked on the budget. He also thanked the Committee for allowing the additional time to refine the FY2021 budget.

Additional information about the meeting can be found on the Board of Trustees website:
<https://www.maine.edu/board-of-trustees/meeting-agendas-materials/finance-facilities-technology/>

Adjournment.

Ellen N. Doughty, Clerk