UMS Special Board of Trustees Meeting

Zoom Meeting
February 24, 2021

The public is invited to listen to the meeting through the live streaming on the Board website:
https://www.maine.edu/board-of-trustees/

AGENDA

Wednesday, February 24, 2021
Call to Order @ 11:00 am

Executive Session
The Board will go directly into Executive Session under the provisions of: 1 MRSA 405 6C.

Call to Order/Reconvene Public Meeting @ approximately 11:30 am

Citizen Comment
Individuals who wish to speak during Citizen Comment, please contact the Board Office at ums.trustees@maine.edu with your name and topic by 12:00 pm on Tuesday, February 23, 2021.
To participate in Citizen Comment during the meeting dial –1-800-605-5167 code 743544#

The Board of Trustees provides time for citizen comment prior to the business agenda at each meeting. The Chair of the Board will establish time limits (usually three minutes per person) and determine any questions of appropriateness and relevancy. Personnel decisions, collective bargaining issues, grievances, litigation and other areas excludable from public discussion under the Maine Freedom of Access Law shall not constitute appropriate matters for such input. A person who wishes to speak during the citizen comment period should arrive prior to the meeting start time and sign up on a sheet provided, indicating name and topic of remarks.

Chair's Remarks

Action Item:
Tab 1 – Authorization Portland Commons & Career and Student Success Center, USM

Date of the Next Meeting: March 22, 2021 via Zoom.
AGENDA ITEM SUMMARY

NAME OF ITEM: Authorization Portland Commons and Career & Student Success Center, USM

INITIATED BY: Dannel P. Malloy, Chancellor

BOARD INFORMATION: BOARD ACTION: X

BOARD POLICY:
701 – Budgets-Operating & Capital Changes in Square Footage

UNIFIED ACCREDITATION CONNECTION:
N/A

BACKGROUND:

a. Summary of the request.

The University of Maine System acting through the University of Southern Maine requests authorization to expend up to an additional $93.7 million to proceed with construction of the Portland Commons residence hall and the Career and Student Success Center (CSSC) buildings on the Portland campus. With the $5.7 million previously authorized by the Board in January of 2020 this brings the total authorization to $99.4 million.

This request is pursuant to Board Policy 701, which requires projects with a total cost of more than $500,000 to be considered by the Board of Trustees or its Finance, Facilities and Technology Committee. In this case, we are presenting the request to the full Board of Trustees for consideration. This request is also pursuant to Trustee Policy prohibiting increases in space without Trustee authorization. USM currently plans to off-set some of the new space through the demolition of existing space partially making this a renovation through replacement project.

b. Overall requested budget and funding source.

The funding for these projects has been identified as the following:

CSSC – Budget $26.6 million
- $19 million 2018 Voter approved Bonds;
- $1 million Gift (currently pledged) Fund raising continues and additional support is anticipated;
- Up to $6.6 million University bond issuance as needed.

Portland Commons – Budget $72.8 million
- $72.8 million University bond issuance.

c. More detailed explanation of rationale for project and metrics for success of the project (ROI or other).

For over two years the University of Southern Maine has been working toward a plan for a
new Student Residence Hall on the Portland campus. Additionally, the 2018 voter approved bonds included funds to support a new Career and Student Success Center on the Portland Campus as identified in the Master Plan. In January of 2019 the Board authorized the University to expend up to $1 million for preliminary planning and design of this facility. As the plans for the residence hall progressed it became clear that these two projects would be on a similar schedule and closely tied to each other, so it was determined that they be developed together. In January of 2020 the board authorized the University to enter into a pre-development agreement to complete the planning stage of these projects and to expend up to $5.7 million in the execution thereof. In February the Board authorized a bond financing, Internal Loan and Project request which identified the University’s intent to self-finance the Residence Hall rather than finance through the third party developer as originally proposed in January. Over the past year, the committee and campus has worked to bring the project design process to completion and receive initial City approval to construct these buildings. Expenses to date for design, permitting and related activities fall within the $5.7 million previously approved.

As described in January of 2020, the USM campus has seen enrollment growth since 2015 resulting in overoccupancy of its Gorham residence halls. Additionally, graduate and law students struggle to find affordable housing in the greater Portland area. A market analysis was completed in the 2018/19 school year which showed a strong demand for up to 600 beds on the Portland campus without harm to the Gorham campus occupancy. A new analysis was recently completed to study the effects of the pandemic on student’s plans for housing and continuing their higher education path. This study clearly showed that while demand has shifted, there is still ample demand across the University to support this new construction (see attached Brailsford & Dunlavey report).

The new Career and Student Success Center has been conceived in order to meet the growing and diverse student body at USM and to expand career services to meet workforce needs in Maine.

Both of these projects were included in USM’s Master Plan as presented to the Board in January of 2019.

A key metric of success for the residence hall will be tied to the student occupancy. The estimated project return at 95% occupancy has a net present value of $62 million over 50 years. The CSSC will be supported by revenue from the Portland Commons as needed as well as new dining revenue generated in the building, existing operating budget, and a student fee that USM will propose. In order to ensure a viable project, the University is using conservative estimates for the demand and occupancy of the residence hall and has ensured project contingencies are in place for the construction phase.

d. Explanation of the scope and substance of the project as needed to supplement (a) and (c) above.

Portland Commons will sit on the corner of Durham and Bedford Streets, spanning approximately 218,000 square feet, and adding an aesthetically pleasing cornerstone to the campus gateway.

While meeting leading-edge Passive House sustainability standards, the new Hall will also
feature large glass panels in the first floor common areas, illuminating and activating the sidewalk and making our campus a more welcoming and engaging place.

The four wings of the Hall — two reaching five stories in height and two reaching eight stories in height — will form a parallelogram that encloses a half-acre semi-private residential courtyard.

The Hall will be home to:
- USM Undergraduate students with a focus on third and fourth year
- USM and University of Maine System Graduate students
- Maine Law students
- Residential staff

Residents will be within walking distance to the dining hall of the new Career & Student Success Center, Glickman Library, and their Portland-based classes, as well as a METRO Husky Line stop and Portland's Back Cove.

First-floor features:
- Half-acre semi-private courtyard for studying and group gatherings
- Variety of study and meeting rooms
- Comfortable common gathering space
- Room for indoor bike storage

As the new hub of the USM Portland campus, the three-story, approximately 42,000 square-foot Career & Student Success Center will offer a space for students, faculty, and staff as well as alumni, employers, and community members to meet and make connections and advance the future success of USM and UMS students.

The Center’s iconic design, standing out in the heart of campus, celebrates the character of the City of Portland’s maritime industry as well as the State of Maine’s forestry industry. The diagonal mass timber framing of the building’s portico, corrugated metal elements of the facade, interior stone fireplace and natural stained wood echo the building materials found throughout the city and the state.

The Center will be built to LEED (Leadership in Energy & Environmental Design) standards, which provides for a sustainably driven construction process as well as energy-efficient day-to-day operations.

Each floor of the Center is filled with areas dedicated to fostering collaboration.

First Floor:
- 300-seat dining hall
- Fireside Student Lounge
- The University Store
- The Husky Brew cafe/pub featuring a daytime coffee & espresso bar and offering a pub-style environment in the evening
Second Floor:
- The new home of the Career & Employment Hub, including an office suite for the University’s Career Services advisors
- A 4,500 square foot Multi-Purpose Room to host career fairs, employer presentations, banquets, and other events
- Private rooms for employers and students to meet for both in-person and Zoom interviews
- The Husky Dining Room, which will sit in the second floor's southeast corner with views out over the quad and into the first floor of the Center

Third Floor:
- Diversity & Multicultural Center looking out over the Residential Quad
- An office for USM's Student Government Association
- Various student lounge spaces for studying and socializing

e. Changes, if any, in net square footage or ongoing operating costs resulting from the project. The project will demolish the existing Woodbury Campus Center (28,256 sq. ft.) and the Facility building (9,744 sq. ft.) while adding approximately 42,000 sq. ft. for the CSSC and 218,000 sq. ft. for the residence hall. Much of the space for the CSSC is offset by the demolition of the existing Woodbury Campus Center accounting for a partial renovation through replacement. The total increase in square footage in this building comes to approximately 4,000 sq. ft. This additional space is mainly due to an expanded student career center; providing opportunities for improved student and employer interactions. The building also provides enhanced dining operation and student gathering space to support the new on campus residents and provide better opportunities for commuter and residential students. The residence hall is all new space which will generate cash flow and enrich the student experience for the University of Southern Maine. The project creates affordable student housing on the USM campus and increases the housing portfolio to meet the past, current and projected future need.

The operating costs of the new buildings and added square footage have been accounted for in the financial calculations for the buildings (slide 6) and will be covered through the revenue generated by the Portland Commons.

f. Budget for the project and further elaboration on funding source and selection as needed to supplement (b) above – See (b) above

g. Alternatives that were considered to meet the need being addressed by this project. In 2016 the University started exploring the option of leasing existing units in the Portland area. This proved unsuccessful as affordable options which would not negatively affect the student experience were not available.

h. Timeline for start, occupancy and completion. The existing buildings have been vacated with hazardous material remediation expected to begin immediately. Once that is complete demolition would follow no later than early March. This will allow the contractor 27 months for construction and completion of the facilities with a target occupancy date of June 1, 2023.

02/23/2021 - REVISED
i. Timeline for any further consideration or action anticipated to be needed by the Board or its committees regarding this project if full authority is not being requested from the outset. As part of the city of Portland’s permitting process a few items were included in the conditions of approval for the site plan application. One notable item is the mitigation of expected parking needs as a result of this project. The university continues to work with our parking consultant (Desman Design) to finalize selection of a site and design for the proposed additional parking structure. This item is expected to be before the board for additional consideration in coming meeting cycles.

No further approvals are foreseen at this time.

j. Additional information that may be useful to consideration of the item.
   The following attachments are included for supplemental information:
   - B&D report and slide deck on 2020 Market Demand study
   - USM slide deck
   - Renderings

The Finance, Facilities and Technology Committee approved this recommendation at its meeting on January 6, 2021. The recommendation was withdrawn from the January 25, 2021 Board of Trustees meeting due to pending changes in the project value cost. The resolution being proposed for the February 24, 2021 Special Board of Trustees meeting has the revised total project value cost as well as an increase in square footage.

**TEXT OF PROPOSED RESOLUTION:**
That the Board of Trustees authorizes the University of Maine System acting through the University of Southern Maine to increase the authorized expenditure for the development of the Portland Commons residence hall and the Career and Student Success Center building by $93,700,000; And that the board authorizes the increase in square footage of approximately 222,000 gross square feet. Funding for these buildings to come from University financing, University issued bond, Voter approved General Obligation Bonds and private Philanthropy.

The Board directs System leadership to incorporate into its ongoing monitoring of System and campus performance metrics a means of monitoring and reporting to the Board on the success of this very significant investment. Specifically, the Board requests that System leadership use data related to the purposes of the project to recommend appropriate baseline metrics and associated KPI’s for Board approval concerning areas such as USM’s enrollment, retention, third party partnerships, expansion of experiential learning opportunities, job placement and career development, and financial performance.
MEMORANDUM

DATE: December 11, 2020
TO: University of Maine System, Board of Trustees
FROM: USM Student Housing Project Team, Brailsford & Dunlavey, Inc.
RE: Portland Commons Demand Confirmation

INTRODUCTION

In 2018, the University of Southern Maine (“USM”) and the UMaine System (“UMS”) engaged Brailsford & Dunlavey (“B&D,” the “Project Team”) to provide development advisory services for a potential new housing development on USM’s Portland Campus. B&D conducted a student housing market and demand analysis, which confirmed the feasibility of a new student housing development for upper-division undergraduate students and graduate/law students at Portland. In early 2020, USM selected a development partner and began the design of a 580-bed suite- and apartment-style housing project, Portland Commons. Portland Commons includes 580 beds, including 16 beds for RAs and RDs. Portland Commons is slated to open in spring 2023, concurrent with the opening of an adjacent Career and Student Success Center.

In fall 2020, in light of the impact of the COVID-19 pandemic on higher education, USM re-engaged B&D to confirm demand for on-campus housing at USM and therefore assess occupancy context for Portland Commons upon opening in 2023.

Executive Summary

The results of the housing market and demand analysis indicated that overall demand for on-campus housing at USM is slightly stronger now than when students were last surveyed in 2018-19. The following key findings supported the outcome of the demand analysis:

- On-campus housing costs have become even more attractive as compared to the off-campus market as average rental rates both in and outside of Portland continue to increase.
- USM’s undergraduate student population has decreased 5% since 2018-19 due to the pandemic. Graduate and law enrollment grew 11% and 2%, respectively.
- The COVID-19 pandemic has not negatively impacted USM students’ desire to live in on campus housing.
- Variations in demand within class level submarkets impact the ideal occupancy balance between Portland and Gorham. Therefore, the Project Team recommends that USM consider an adjustment to the class level guidelines from 2018-19 to balance demand and minimize occupancy risk for housing between Portland Commons and the Gorham campus.
- To best position Portland Commons for success, USM must continue to deliver the strongest possible freshman residential experience on the Gorham campus.
HOUSING MARKET ANALYSIS

Project Approach

To project demand for on-campus housing as accurately as possible, B&D conducted a series of analyses to identify fluctuations in key factors in demand for on-campus student housing and determine how the pandemic may have influenced students’ housing perspectives. The analyses included the following:

- **Demographic Analysis** to define and size the primary target market for student housing at both campuses. The Project Team examined long- and short-term enrollment fluctuations at the sub-demographic group level to determine their possible impact on demand.

- **Off-Campus Housing Market Analysis** to identify rental rate and vacancy dynamics within the Southern Maine multi-family housing market that directly impact the competitiveness of on-campus housing with rental properties both inside and outside the City of Portland boundaries.

**Student Survey & Housing Demand Analysis** to assess students’ housing preferences and their demand for on-campus housing at Portland and Gorham. In total, data was collected from more than 1,351 respondents, about 17% of the USM student population. The response rate also represented a 6% increase from the 2018-19 survey, which received responses from 11% of the student population at that time. To achieve a statistically representative sample in 2020-21, the survey needed to receive a minimum of 942 responses. With 1,351 responses, the survey results achieved a 2.7% margin of error and 95% confidence interval. The statistical strength of the survey allowed for an in-depth analysis of housing preferences by demographic subpopulation.

B&D projected demand for on-campus housing at both campuses using statistically significant survey responses and 2020-21 enrollment figures. The survey asked students to select their preferred housing choice from unit types and room rates offered at Portland Commons as well as on the Gorham campus. Students were also allowed to indicate that they would prefer to live off campus. B&D then applied a series of filters to student demand for on-campus housing based on demographic risk and likelihood to live on campus.

**Off-Campus Market**

The local housing market in Southern Maine is very competitive and has experienced continued rental rate growth and vacancy decline in recent years. These trends are expected to continue in the near-term, though the recent passage of a rent control referendum in Portland seeks to limit rent increases to inflation. As of fall 2020, no immediate delivery new multi-family housing developments were identified in the pipeline in Portland or Gorham.

In the survey, USM target market students living off campus reported paying 23-24% more in rent and utilities than 2018-19. A greater percentage of students are also entering into 12+ month leases, as opposed to more student-friendly semester or academic year leases, than in 2018-19. These dynamics are seen both for students renting in the City of Portland and outside of it.
In addition, USM target market students have not significantly changed their unit type or roommate preferences since 2018-19, which indicates they are not willing to sacrifice these factors when making housing choices.

In a competitive housing market, it is expected that students will prioritize affordability in their housing search. Students also indicated that their preferred unit type configuration (e.g., private bedrooms, private bathrooms) and proximity to campus and on-campus resources are highly important.
Portland Commons offers students a variety of suite- and apartment-style unit types with monthly rental rates ranging from $792 to $1,240 per month in 2019$. Therefore, the rent increases seen in the off-campus market and reported by USM students indicate the offerings at Portland Commons and on the Gorham campus continue to become even more attractive when compared to the off-campus market.

**COVID-19 Impact**

The COVID-19 pandemic has impacted the campus experience at USM; since the spring 2020 semester, the University has limited in-person instruction at its campuses, and residence halls on the Gorham campus are at reduced capacity. Across the nation, almost all institutions of higher education have adjusted their residential policies to limit the spread of COVID-19 on campus. B&D has continued to conduct student housing market and demand analyses during this time, focusing on the impact of the pandemic on students’ future housing preferences. Across the nation, student housing demand among enrolled students has generally remained steady. In some cases, demand for on-campus housing has increased as students have realized the importance of campus life in their student experience.

To accurately assess student demand in a post-pandemic environment at USM, students were asked to respond to the survey with their housing preferences upon a full return to in-person instruction and normalized residential experience. The survey also asked students to reflect upon the direct impact the pandemic has had on their perspective of living on campus. Undergraduate students (18%) who previously preferred living off campus indicated a strong desire to live on campus once USM returns to full in-person instruction. Only 6% of undergraduates who previously preferred living on campus would change their behavior and choose to live off campus / at home because of the pandemic. Seven percent (7%) of graduate students who previously preferred living off campus would move on campus, while 3% living on campus would move off. Though the long-term effects of the pandemic are unknown, results indicate both undergraduate and graduate USM students continue to value a residential experience.

![Figure 4: USM Undergraduate and Grad/Law, COVID-19 Impact on Housing Decision. Note: percentages reflect the housing perspectives of the full student population, not just the target market for on-campus housing](image)

**Enrollment Trends**

In 2018 and 2019, overall enrollment at USM began to rebound after experiencing several years of decline. To compare demand results from the previous housing market analysis, it is important to evaluate how enrollment has shifted from 2018-19 to 2020-21. Due to the pandemic, undergraduate enrollment declined 5% since 2018-19, however graduate and law enrollment have grown 11% and 2%, respectively.
DEMAND OUTCOME

Approach

B&D utilized its propriety demand-based programming model, which projects student survey data onto current enrollment figures to quantify market demand for on-campus student housing. Student respondents were presented with unit types and price points available at Portland Commons or at improved housing on the Gorham campus. Students were then asked to identify their preferred housing option, including the option of living off campus, assuming a return to in-person instruction once the pandemic subsides.

Target Market & OCRs

The Project Team developed a target market of respondents likely to live in on-campus housing to project quantification of demand. B&D utilized the same target market criteria from the 2019 student housing market analysis to directly compare the data to the 2019 findings. The target market criteria included only the following students:

- Students of full- and part-time degree-seeking status;
- Currently living on the Gorham campus OR;
- Contributing $500+/month to rent off campus and not living with family members or dependents.

All students who did not meet the aforementioned criteria were excluded from the demand analysis. Consistent with the previous demand assessment and mitigate risk to the University, B&D applied an occupancy coverage ratio (OCR) discount to demand numbers based upon classification level.

Demand Findings & Policy Overlays

Since 2018-19, overall demand for on-campus housing at USM has increased by 142 beds. Without any adjustment for classification level, the demand for beds at the Gorham campus is at 99% of the existing bed capacity. Demand for beds at Portland Commons is at 138% of bed capacity.
In 2019, the University identified a guideline to mitigate potential occupancy risk at the Gorham campus when Portland Commons opens. The guideline was to meet junior, senior, and graduate/law demand at Portland Commons, with the exception of student athletes. Freshman and sophomore demand, as well as junior and senior student athlete demand, would be accommodated at the Gorham campus. Utilizing this same approach, Gorham demand (1,334 beds) exceeds existing capacity (1,134 revenue generating beds) and Portland demand (565 beds) meets the existing program for Portland Commons (564 revenue generating beds).

To balance the housing system and reduce risk for Portland Commons, the Project Team recommends revising the previous approach to allow sophomores whose first choice was Portland to live at Portland.
Commons. With the revised guideline, Portland demand (694 beds) exceeds the existing program and relieves pressure from the Gorham campus with demand for 1,205 beds.

![Diagram showing student demand for housing at Gorham and Portland](image)

**Figure 8: Student Demand for Housing: NEW Class Level Guidelines (Gorham and Portland).**

**CONCLUSION & RECOMMENDATIONS**

The results of the 2020 housing market and demand analysis demonstrate that the COVID-19 pandemic has not negatively impacted demand for on-campus housing at USM. The Project Team recommends that USM consider an adjustment to the class level guidelines from 2018-19 to balance demand and minimize occupancy risk for housing on each campus. In addition, in light of increased demand from freshman students in particular, it will be important for USM to deliver the best possible residential experience at Gorham in the immediate-term to retain those students in on-campus housing as they matriculate and eventually consider living at Portland Commons as junior and senior students.