

UNIVERSITY OF MAINE SYSTEM
Board of Trustees
Zoom Meeting

December 18, 2024

Finance, Facilities & Technology Committee

Present: Committee Members: Roger Katz (Chair), David MacMahon, Trish Riley, Emily Cain, Mike Michaud, Patrick Flood, Owen McCarthy, **Other Trustees:** John Moore, Barbara Alexander

Chancellor: Dannel Malloy **Presidents:** Joan Ferrini-Mundy, Ray Rice, Jennifer Cushman, Joseph McDonnell, Deb Hedeon, Leigh Saufley, Jacqueline Edmondson

System Staff: Ryan Low, Robert Placido, Paul Chan, Sam Warren, Elizabeth Stickler, Gretchen Catlin, Jeff St. John; **Faculty Representative:** William Otto. **Other**

Participants: Kelly Sparks, Aili Robinson, Betsy Sawhill-Espe, Pam Ashby, John Volin, Justin Swift, Jess Howe

Committee Members Absent: Lisa Eames.

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

EXECUTIVE SESSION

On a motion by Trustee Michaud, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Finance, Facilities, & Technology Committee went into Executive Session under the following provisions:

- 1 MRSA Section 405 6-C to discuss the condition, acquisition or disposition of real property or economic development if premature disclosure of the information would prejudice the competitive or bargaining position of the UMS.

On a motion by Trustee Flood, which was seconded by Trustee McCarthy, and approved by a roll call vote of all Trustees present, the Committee concluded the Executive Session.

PUBLIC SESSION

NAMING OF ROADWAY – USM GORHAM CAMPUS

President Edmondson presented two naming requests for roadways on the USM Gorham campus, both to honor longtime employees.

TEXT OF PROPOSED RESOLUTION:

On a motion by Trustee Michaud, which was seconded by Trustee Cain, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the Consent Agenda of the January 13, 2025 Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes the University of Maine System, acting through the University of Southern Maine to rename a roadway in Gorham with the naming details to be announced publicly at a later date.

NAMING OF ROADWAY – USM GORHAM CAMPUS

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ART BUILDING PRE-DEVELOPMENT AGREEMENT, USM

President Edmondson presented a request seeking authorization to expend up to \$2 million for a pre-development agreement for design services with Great Falls Construction for the construction of a new art building on the Gorham campus. This would allow moving the art department from Robie Andrews Hall, which is a historic residence hall, into a new facility. Chief Business Officer Justin Swift explained the project would involve a 10-12,000 square foot building with construction planned to begin in spring 2025. The project team is exploring philanthropic funding opportunities.

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On a motion by Trustee Cain, and seconded by Trustee Michaud, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the January 13, 2025, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes The University of Maine System acting through the University of Southern Maine (USM) to expend up to two million dollars (\$2,000,000) for a Pre-Development agreement for design services with Great Falls Construction for the construction of a new Art Building on the Gorham campus.

MODERNIZATION OF WITTER FARM, UNIVERSITY OF MAINE

President Ferrini-Mundy presented a request to increase spending from \$2.6 to \$3.5 million for the Witter Farm project. This is the third presentation to the committee regarding this project, following initial approval in June 2022 and an increase in 2023 to \$2.6 million. The project involves the long-needed renovation of the J. Franklin Witter Teaching and Research Center located in Old Town.

The requested \$900,000 increase is needed due to several factors:

- Site scope increases
- Design delays with the steel building
- Unplanned hazardous waste removal (specifically asbestos-lined pipes found below the barn that were thought to have been previously removed)
- Cost increases for renovation of existing spaces
- Equipment cost increases

The committee expressed several concerns about the cost increases:

Trustee Alexander raised questions about the adequacy of the contingency analysis and what reforms could prevent similar estimation issues in future projects. She suggested the committee consider whether resolutions should reference internal reforms for project development and budgeting processes.

Trustee Riley noted this is an ongoing challenge with construction projects and suggested the committee needs a broader discussion about:

- The process for making construction estimates
- How campuses work with the system office
- Development of a checklist for adequate contingency buffers
- Ways to protect against unexpected cost increases

- Need for a more systematic approach across all projects

Vice Chancellor Low indicated that while process improvements are constantly being made, they preferred not to make them contingent requirements in resolutions, as changes are implemented because they make operational sense rather than due to mandate.

Kelly Sparks outlined new project management improvements being implemented, including:

- Development of improved project agreements
- Better upfront scope definition with academic units
- More detailed architectural programming and square footage allocation
- Enhanced cost per square foot analysis based on space type
- Implementation of staged contingency percentages that decrease as projects progress

The committee agreed to schedule a future informational discussion about construction estimation processes and policies.

Current project status includes:

- Completed demolition of the sheep barn and sheep shed
- Completed renovations to the horse barn
- Started construction of the new robotic dairy facility

TEXT OF PROPOSED RESOLUTION:

On a motion by Trustee Cain, and seconded by Trustee Michaud, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the January 13, 2025, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes the University of Maine System, acting through the University of Maine, to increase spending from \$2.6 to \$3.5 million for the construction of a new modern robotic dairy facility, renovate two existing barns, and demolish four existing barns located on the J. Franklin Witter Teaching & Research Center in Old Town, Maine.

LAND DONATION TO THE UNIVERSITY OF MAINE - HILLIARD ST. LOT 27C

President Ferrini-Mundy presented a request to accept the donation of a 0.46 acre parcel of land adjacent to the Witter property and University's bike path. The undeveloped land could potentially be developed into a small parking lot for access to the bike path system.

TEXT OF PROPOSED RESOLUTION:

On a motion by Trustee Michaud, and seconded by Trustee Cain, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the January 13, 2025, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and approves the University of Maine System, acting through the University of Maine, to accept the donation of a parcel of land of 0.46 acres from Nancy Nolette adjacent to the Witter property and University's bike path identified on the Old Town, Maine tax map as Lot 27C Hilliard St.

SELF-FUNDED ENERGY PLAN WITH BIOMASS PLANT, UMPI

Vice Chancellor Low explained this item was being presented as an information item only, as items exceeding \$5 million should first come to the committee as an information item before requesting approval. The energy audit will proceed under management authority at \$40,000, with findings and strategy to be presented in March for approval.

President Rice provided an overview of the proposed biomass plant project, which aligns with UMS strategic plan commitments including strengthening financial sustainability and infrastructure management. The project would replace previously approved boiler replacements in Kelly Commons with a comprehensive biomass plant solution. The project aims to modernize energy efficiency on campus and provide resilient power generation capabilities. A full proposal will return to the committee after completion of the energy audit.

DENTAL LAB CONSTRUCTION AND FURNISHING, UMPI

President Rice requested authorization to increase the dental lab project budget by \$1,050,000 using reserve funds. The project received \$750,000 in federally congressionally directed spending, but the overall renovation and equipment costs are closer to \$1.8 million. The increased costs are due to necessary work in Wieden Hall to create a freestanding space accessible to external clients while meeting health and safety requirements. With federal agency approval received, construction is planned to begin in early summer for completion in fall 2024, allowing program marketing to begin for Fall 2026 enrollment.

TEXT OF PROPOSED RESOLUTION:

On a motion by Trustee Michaud, and seconded by Trustee Cain, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the January 13, 2025, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes the University of Maine System, acting through the University of Maine at Presque Isle to increase the Dental Lab project by \$1,050,000 using reserve funds.

BANGOR HALL DISPOSAL RECOMMENDATION, UMA

President Cushman requested approval to declare Bangor Hall as surplus to the University's needs and authorize its disposal through a commercial realtor. The 11,000 square foot building, built in 1955, has a net asset value of 53% and requires significant repairs estimated to exceed \$1.5 million. A competitive market analysis conducted in November estimates the property, situated on 2.35 acres, has a market value of \$625,000 in its current state.

TEXT OF PROPOSED RESOLUTION:

On a motion by Trustee Michaud, and seconded by Trustee Caine, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the January 13, 2025, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes the University of Maine System acting through the University of Maine Augusta to sell Bangor Hall at fair market value with all final terms and conditions subject to review and approval of the University of Maine System.

BUILDING ACQUISITION REQUEST - 125 COMMUNITY DRIVE, UMA

President Cushman presented a request to purchase a 14,350 square foot building adjacent to the Augusta campus. UMA plans to use the space for administrative functions like Admissions and Early College to free up space in the Randall Student Center for growing student life activities and academic programs. The building is listed for \$1.2 million, though UMA has contracted for a building assessment to determine true value. UMA will use capital reserves for the purchase, with future lease revenue and capital improvement funds to make necessary improvements.

TEXT OF PROPOSED RESOLUTION:

On a motion by Trustee Michaud, and seconded by Trustee Cain, the Finance, Facilities and Technology Committee approved the following resolution to be forwarded to the January 13, 2025, Board of Trustees meeting:

That the Board of Trustees accepts the recommendation of the Finance, Facilities, and Technology Committee, and authorizes the University of Maine System acting through the University of Maine Augusta to purchase the 14,350 sq. ft. commercial building at 125 Community Drive in Augusta, Maine with all final terms and conditions subject to review and approval of the University of Maine System Treasurer and General Counsel.

IT PROJECT UPDATES

Chief Information Officer Robert Placido provided updates on several critical IT initiatives supporting the unified catalog project:

- Course auditor implementation is approximately 65% complete in assessment phase, with training planned for December and January
- Course Merchant successfully deployed in production environment on November 20
- Parchment diploma and transcript implementation is technically complete but launch delayed 90 days due to vendor notification requirements
- Boomi integration platform implementation proceeding with initial training completed and test environment established
- Initial prioritized integrations identified, with focus on real-time Salesforce data synchronization

OFFSITE LOCATION REPORT, UMA

President Cushman and Chief Business Officer Aili Robinson presented a comprehensive review of UMA's offsite locations. President Cushman emphasized that UMA's mission, established in 1965, is to provide adult learners across the state access to higher education and workforce development that meets state needs.

Property Portfolio Overview:

- Two owned campuses in Augusta and Bangor, plus building on Water Street in Augusta, totaling 367,000 square feet
- Leased properties include:

- Hangar space in Brunswick
- Two academic buildings in Augusta
- Three housing units in Hallowell
- Five regional centers
- Two MOUs for centers with USM and Eastern Maine Community College
- Total leased footprint approximately 142,000 square feet (28% of total portfolio)

Regional Centers:

Inland Centers:

- East Millinocket: Operates under MOU with Eastern Maine Community College, sharing staff and operating costs
- Lewiston: Located at USM's Lewiston-Auburn campus, houses Delta Dental Oral Health Center
- Rumford: Hosts nursing simulation cohort, partners with Oxford County Digital Coalition, developing teacher education pathway with RSU10

Coastal Centers:

- Brunswick: Supports Hangar Six programs and hosts nursing simulation cohorts
- Ellsworth: Supports Mountain View Correctional Facility, offers cyber security classes
- Rockland: Serves as hub for prison education program, hosts nursing classes
- Saco: Relocating to smaller downtown space, reducing footprint by 16,600 square feet and saving \$60,000 annually

Committee Concerns and Discussion:

Trustee Riley raised several questions:

- Whether centers should serve all universities' programs rather than just UMA
- Operating hours accessibility (confirmed centers operate beyond 9-5)
- Staffing costs, particularly at Rockland Center

- Need for more detailed cost analysis of each center

Trustee McCarthy inquired about:

- Staffing models and work arrangements
- Prison education program operations
- Integration with new program initiatives like dental programs

General concerns were expressed about:

- Cost-effectiveness of maintaining multiple physical locations in an increasingly online world
- Total operating costs versus services provided
- Need for system-wide evaluation of program delivery locations
- Historical expansion versus current needs
- Potential for consolidation or alternative delivery methods

President Cushman and CBO Robinson noted:

- Centers serve multiple programs across UMA
- Staff provide in-person services during center operating hours
- Typical staffing includes director, office manager, and student services coordinator
- Centers crucial for programs requiring physical presence (dental, nursing, etc.)
- Support for prison education includes necessary administrative functions
- Recent efforts to optimize space use, as demonstrated by Saco Center downsizing

The committee requested additional information on:

- Staffing costs for each center
- Number of unique individuals served versus service points
- Cost per student/service analysis
- Opportunities for space consolidation or sharing

The discussion concluded with agreement to continue evaluating the centers' roles and costs as part of ongoing strategic planning efforts.

UNIVERSITY OF SOUTHERN MAINE FINANCIAL RATIOS FOLLOW-UP

Vice Chancellor Low and USM Chief Business Officer Justin Swift presented an update on USM's financial ratios and improvement strategies:

- USM ended FY23 with \$8.8 million operating deficit and negative \$4.5 million reserve balance
- FY24 achieved \$496,000 surplus and improved reserve balance to negative \$3.8 million
- Future projections include planned debt service:
 - \$1.4 million in FY26 for Center for Arts
 - \$900,000 in FY27 for potential art building
 - \$1.9 million in FY29 for Robie Andrews renovation
- Revenue growth projected through FY28 based on credit hour growth and other factors
- Strategy includes intentional annual reserve contributions of \$500,000
- Primary reserve ratio shows projected improvement based on current plans

MULTI-YEAR FINANCIAL ANALYSIS

Vice Chancellor Low presented the five-year financial analysis covering FY25 through FY29. Key points included:

- Base assumptions include 3% tuition increase and 4% compensation increase
- First two years show budget gaps less than 0.5% of expenditure base
- Benefit rate changes in later years drive increased gaps
- Campus-specific results vary significantly
- State appropriation levels remain a critical variable

The Committee will review the analysis in more detail at its next meeting.

FY26- FY30 CAPITAL PLAN

Nate Harris, Interim Director of Capital Planning and Project Management, presented the FY26-FY30 Capital Plan including:

- Total plan value of \$1.16 billion across the five-year period
- UM and USM represent 86% of planned investments
- \$430 million dedicated to existing facility improvements
- Projects over \$10 million showing 16% growth from previous plan
- Demolition projects identified to reduce over 300,000 square feet
- Plan includes tracking of academic facilities with net asset scores below 30

UMS ANNUAL REAL ESTATE AND LEASE ACTIVITY REPORT – FY24

Gretchen Catlin, Chief Facilities & General Services Officer, presented the FY24 report highlighting:

- Reduction of approximately 194,000 square feet
- Generation of nearly \$1.5 million in real estate revenue
- Management of 57 leases as lessor and 47 leases as lessee
- Development of PowerBI tool to track utility costs for leased properties
- Creation of interactive map for UMS leases

UMS GROSS SQUARE FOOTAGE REPORT

Gretchen Catlin presented an update on the system's physical footprint:

- Report based on capital plans as of November 1
- Historical removals total 563,064 square feet since 2011
- Future removals contingent on approximately \$26.5 million in demolition funding
- Detailed analysis of campus-specific contributions to space reduction goals

STRATEGIC PLAN TRACKING UPDATE

Vice Chancellor Low and Gretchen Catlin reviewed progress on initiatives assigned to the FFT Committee, with seven items discussed this meeting. Progress includes:

- Campus balanced budget efforts
- Instruction sites assessment
- Energy consumption reductions
- Space reduction achievements

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.

Elizabeth Stickler, Clerk