Trustee Fournier, Chair, called the meeting to order and welcomed everyone. Trustee Fournier explained that the members of the Human Resources/Labor Relations Committee have been invited to participate in the meeting for the discussion on the Human Resources Administrative Review Recommendations.

Trustee Fournier called for a moment of silence in memory of P. James Dowe, former Trustee.

Human Resources Administrative Review Discussion and Approval. Mr. David Stevens, Executive Director of Organizational Effectiveness, and Ms. Tracy Bigney, Chief Human Resources and Organization Development Officer, explained that feedback was collected and summarized on the goals, recommendations and the overall HR Administrative Review Report. Most of the feedback supported the goals but clarity is needed for some of the terminology used in the report and individuals expressed the need for direction on how to accomplish the goals. Concern was raised regarding the small number of responses. Out of the possible 5700 employees only 112 were received. One of the reasons for the low response rate could be that the materials were distributed during the summer after the spring semester ended; therefore, that could have affected the number of faculty responses, in particular.

Ms. Bigney reviewed the major changes that will be reflected in the final Report which are as follows:

- Only asking for approval of Phase I: Scope of Work.
- Financials included for Phase I.
- Leadership Team of four has the responsibility and authority to identify and make HR - administrative changes that ensure that Phase I is cost neutral by year three of the implementation.
- Include the requirement for benchmark data and metrics as part of the full implementation plan for future phases.
- Each new software/technology investment will require an approved business case.
- Less jargon - use words more commonly accepted by the University community.
- Clarification on a number of points.
o Engagement (helping employees to do their jobs more effectively) not empowerment (as defined in the 70s and 80s). Report will clearly articulate expectations.

o Outsourcing is certainly an option to be considered for a number of the current services.

o More clearly articulate the audit/correct portions of the change cycle.

o Use different words to explain the 360-degree feedback recommendation so it is clear it applies to both individuals and work groups (from their customers). Also that it can be on-going, rather than once/year.

o Better clarify the role of the Multi-campus Leader and the relationships involved.

o Clarify in the report that a significant portion of the efficiencies gained will be utilized to staff Strategic Human Resources (SHR) and to build in change management resources (as opposed to further headcount reductions).

o Be cleaner in group definition: System-Wide Services, University Services, and System Office.

o Include System-Wide or shared service in vision statement.

Possible areas of outsourcing of human resources services were discussed. One possible area of outsourcing could be contracting with a vendor to provide the human resources background checks. Another area could be the tracking of the family medical leaves (FMLA), which are regulated, complex and need to be integrated with the short and long term disability programs and regulations. Trustee Erwin pointed out that such issues as FMLA might also involve either different yet associated laws such as the Americans with Disabilities Act and other which could have implications on leave tracking and coordination would be necessary.

Scope of Work and Financial Impact
Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, explained the Scope of Work and the financial impact for the Human Resources (HR) Administrative Review. The HR Review Team requested the ability to reinvest savings from the review back into the HR operation to strengthen it and provide an opportunity to implement Strategic Human Resources for the future. The Scope of Work and Financial Impact for Phase I attempts to outline a discrete subset of everything in the Report to accomplish the following three things: establish the HR Leadership Team, to begin training for senior leadership at the System and the campuses in how Strategic HR can improve the organization, and move the Employee Benefits Center to a phase where it takes on more work for all of the campuses.

The Leadership Team will consist of the UMS Chief Human Resources Officer, the UM Associate Vice President for Human Resources, the USM Chief Human Resources Officer and the Multi-campus Chief Human Resources Officer. The Leadership Team is charged with advancing a collaborative governance structure to oversee human resources policy, program, and budget for the entire University System.

The Employee Benefits Center (EBC) is the first logical pilot project under the HR Administrative Review given the existence of a business case dated March 12, 2012, the significant experience of current stakeholders in the prior development of the virtual EBC, and the opportunity to conduct a simultaneous pilot of creating more value for customers with fewer resources (the LEAN process) to redesign the EBC processes. The HR Administrative Review identified employee benefits as a transactional service – those services that are uniform and repetitive, easily automated, and for which a team of employees working together give the service economy of scale.
Phase I calls for a System investment of $387,794 in FY2014 and $202,228 in FY2015 for a total of $590,022 to cover the startup costs of the staffing as well as the onetime technology expenses. The Plan also calls for the Leadership Team to identify the savings sufficient to cover the increased operating costs by year three, which is FY2016.

On a motion by Trustee Mitchell, which was seconded by Trustee Medd, the Finance/Facilities Committee agreed to forward the report and recommendations relating to Phase I of the Human Resources Administrative Review to the Consent Agenda for Board approval.

**Sightlines Report and Presentation.** Mr. Chip Gavin, System Director of Facilities Management and General Services, introduced Mr. Jim Kadamus, Vice President of Sightlines, LLC who provided an update on its annual facilities findings.

Mr. Kadamus outlined the following:

**Core Observations in FY2012:**
- The University of Maine System has aging campuses with more space in high risk categories than its peers. This means that life cycles of many building components are at or past their useful life.
- In addition, the System's buildings are on average smaller than our peers; a greater number of smaller facilities makes space more difficult and costly to maintain on a daily basis and increases capital demands. Densities of users on campuses are below peer averages.
- Investment in facilities is below target levels but increasing in recent years due to funding secured in prior years, but spent recently.
- The backlog across all campuses is high and growing over time, 20% since FY2006 reaching $770 million in FY2012.
- Operating costs are the lowest since FY2008. Resources are limited. Service process is low compared to peers.
- Energy reduction continues to be a highlight within the System, yielding cost and carbon avoidance.
- Public institutions average about 17% of space over 50 years old in FY2012 compared to 36% for the UMS.

**Asset Value Change**
- Recognize the fiscal situation in Maine, strategic planning for the future is critical. Without a significant capital infusion buildings will continue to deteriorate.
- Strategic project selection is more critical than ever in times of budget cuts.
  - Step 1: Consistently document the backlog of need across all campuses
  - Step 2: Use the backlog data to identify and address buildings with the highest need and highest program value. Look at when life cycles of buildings are coming due to plan for investments.
  - Step 3: Eliminate buildings with high need and low program value to open the door to cost savings.
- A case for additional Annual Stewardship funding will be necessary. Without a dependable source of “keep up” funding the new spaces will depreciate at a faster rate, growing the backlog and risk profile over time.
Operation Success

- Facilities operating costs shifted to a more proactive approach in FY2012 with increases toward planned maintenance. Daily service levels are stable.
- Implement the new Integrated Work Management System to improve productivity of facilities operations. As capabilities of the work order system increase, have procedures in place for who, what, and how information will be tracked. Use performance metrics to monitor resources and maximizing efficiencies on campus.
- Develop strategy for energy reduction across the System. Savings from this effort should be recycled back to restore the System’s decreasing operating budget.

Dr. Wyke commented that the Integrated Work Management System contract has been approved and signed and the UMS is moving forward with this project System-wide. The data from the Integrated Work Management System will be used to maintain and update the Sightlines data.

Mr. Kadamus commented that online courses are not having a big impact on reduced use of facilities. Instead, he is seeing a need for increased use of facilities. Mr. Gavin stated that the UMS is working hard to maintain its current facilities, its footprint and being aware of the buildings with a 50+ renovation age. All of the buildings proposed for bond funding where listed in the 50+ renovation age category. There is a current proposed Bond before the Legislature and the UMS portion is $60 million.

Trustee Fournier asked if the savings gained at each campus from the reduction in fossil fuels and utilities could be reinvested at the campus for facility maintenance. Ms. Janet Waldron, Vice President of Finance and Administration at UMaine, stated that the campuses do try to use savings to reinvest at the campus but cautioned that it should not be a requirement. The campuses are trying to keep tuition affordable while using the savings to reinvest in many different strategic areas, including compensation and depreciation.

The Committee had a discussion on various strategies that could assist with securing additional Bond funding which will allow additional investment in the UMS facilities.

Energy and Sustainability Update. Mr. Gavin provided a brief update on energy and sustainability projects of the buildings, facilities and other spaces. The UMS age profile indicates that 68% of the space is over 25 years old. In response to the market demands, the universities have collectively and individually pursued project and initiatives that have lessened the System’s environmental impact and helped to ensure the continued affordability of education to the citizens of the State of Maine, while allowing for allocation of resources to the research enterprise and public service mission that serves Maine’s citizens and businesses. The highlights of some of the System-wide actions and accomplishments are:

- System-wide gross carbon emissions have been reduced by 25% since 2006.
- Implemented supply-side projects have included conversion to natural gas, combined heat and power, and nearly every type of renewable alternative energy source, including: solar, geothermal, biomass, wind, and air-source heat pumps.
- Demand-side projects have included building envelope, variable speed drives, lighting, water conservation and heat recovery.
• Upcoming noteworthy projects include: expanded geothermal at UMF, biomass central heating plant conversion at UMFK, central steam plant upgrades at USM and landfill gas at UMaine.
• Energy efficiency, conservation, and sustainability efforts are ongoing on every campus. New and updated projects will save the equivalent of hundreds of thousands of gallons of heating oil annually.

The UMS Office of Strategic Procurement issued a Request for Proposals (RFP) for alternative fuel sources for UMA, UMPI, UMF and UMM. The RFP seeks alternatives to #2 heating oil and is open to any alternative fuel source. This project has the potential to replace approximately 800,000 gallons of heating oil. Competitive proposals have been received for each of the respective university campuses and some receiving multiple proposals. Some solutions may offer the promise of significant cost savings and environmental emissions reductions, as well as improved heating reliability and fuel diversity as a hedge against future fuel price volatility.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk