

BRIDGE Group Meeting
Date: 05.18.10

Agenda

- 1. CPPM FY 11 Rates & Overview**
- 2. U Construction Update & FM FY 11 Rates**
- 3. Building Hours Review**
- 4. Brief updates**
 - **Furlough Building List**
 - **UMTC Sustainability Committee**
 - **U2 Concert Closing – June 27**

1. CPPM FY 11 Rates & Overview

Mike Berthelsen welcomed everyone to the meeting and introduced Capital Planning and Project Management (CPPM)AVP Mike Perkins. Mike said that the CPPM rate structure would be changing for FY 11. In the past, CPPM mimicked a fee structure followed by contractors outside the U, who charge a percentage of the overall project for their project management costs. This arrangement needs to be changed to align with State of Minnesota's accounting practices and so CPPM will be shifting to an hourly rate for their services.

All project starting after July 1, 2010 will be subject to the hourly rates. The rates will contain:

Project Manager and Project Coordinator hours charged to project
Payroll and fringe costs directly related to the project

Projects will also see charges for the time U Services Purchasing spends on each project. The biggest difference for CPPM customers is that CPPM will now need to bill for planning time, even if a project is not built. In the past this time was captured in the overall rates.

Mike said that culturally this means CPPM will need to make improvements in the way they track their time and he is sure that they will be making adjustments. He asked BRIDGE members to remain patient. The rate structure will also reflect a restructured CPPM department.

Mike commented that the same factors impacting the general economy were also affecting CPPM. With significant reductions in the amount of projects being done at the U and with U Construction fully operational, CPPM is overstaffed. Mike said his goal in restructuring the unit is to produce a stable but more nimble organization that can meet customer needs. CPPM will reduce 16 positions initially and evaluate an additional 8 positions during FY11.

Q&A

Will you still be hiring Contract Managers?

This will continue to be an option to address either unique projects or to manage through possible short-term peaks in workload.

What is included in the CPPM rates?

All project management staff directly working on projects, purchasing time associated with particular projects, project management administrative costs (ex. Management software system) and project accounting.

2. U Construction Update

Jim Dudley, FM's Director of Central Services, briefly updated the group on the successful launch of U Construction. He said that the organization went "live" on April 5. He said the process for initiating a project has not changed. Customers should either call FM's Call Center or fill out a CPR form on the web. Next a district Project Coordinator will call/meet with them to review the information on the CPR. The Project Coordinator will then determine if the project work will be completed by an FM District, U Construction or CPPM.

Jim mentioned that U Construction was holding a weekly meeting that included the district's Project Coordinators where the current project list was discussed and updates given. He distributed the list to show BRIDGE members what was currently in the Construction pipeline. Jim also shared a draft estimating and design document. He said the U Construction overhead rate will cover two hours of time for the scoping or consulting on a project. Beyond that time, would be billed at an hourly rate.

Mike Berthelsen told the group that they will have a choice as a project unfolds. They will get an estimate and then can proceed on a time and materials basis or they can get a fixed bid. In the fixed bid scenario, if FM labor exceeded the bid price FM would eat the difference but if FM finished under the price, they would keep the difference. If a unit chooses to utilize a 'time and materials' path, they will only be charged the actual costs for the project. Because U Construction is an ISO, at the end of the year if FM "made" money, those funds would be used to buy down the following year's rates.

Mike also distributed FM proposed FY 11 labor rates. He reminded the group that a couple of years ago FM adjusted rates that so regardless of which unit was completing the work a Trades time would be billed out at the same rate. He noted the trades rates reflect three-year contracts which had been negotiated prior to the Great Recession and that he would expect the next round to reflect lower increases in keeping with the current economy.

BRIDGE Summary Minutes

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Q&A

What is covered in the Labor overhead rate?

The labor overhead rate is used to insure that all labor provided by FM covers an equal share of its indirect costs whether the work is covered in the O&M cost pool or if the work is purchased by an Auxiliary for fairness. Included in the rate are all indirect costs: general parts and supplies; phones; vehicles; IT systems; call center; unit managers and supervisors; and other FM leadership. As it applies to U Construction, the overhead rate also includes components of the general management (part of contract with PCL for general support and oversight of 'do-it' work) and the unit planner, estimator, and admin support. The remainder of PCL staff (a total of 2 full-time staff) are billed in particular project costs as CPPM does.

How will it be billed?

FM will get your EFS string, put the projects funds in an account and then you'll be offered the choice of a hard bid or time and materials completion.

How do we keep track of project costs?

FM will send you monthly updates and at the completion of the project a summary so that you know where the project came in at. If you chose the time and materials option and there are funds left they will then be transferred back to your account.

Will NTS costs be included in these bills?

For U Construction projects, FM will be responsible for tracking NTS costs and including them in the bill.

Who decides if the design work will be done by U employees or not?

FM's engineering group will make the call. If the two-person design staff is too busy or encounters a project beyond their expertise, we will bring in designers from UTI. UTI was chosen for this purpose through an RFP we issued just for this purpose.

3. Building Hours Review

In keeping with earlier discussions held with the BRIDGE group and a course being championed by the cross functional Energy Conservation Operations (ECO) Team, Mike distributed a building list with **draft** building hours on it. He said the ECO team had recommended moving forward with building hours because it would improve security and reduce energy use while not impacting programs. The idea is to have posted "business" hours where the general public could access spaces, and then "fan schedule" hours that support the programmatic needs of the building. Mike reminded BRIDGE members that anyone with a key or keycard could access their space at anytime, however

if it wasn't during fan schedule time, building temps could be warmer or cooler than expected.

He also said ECO team members from the Department of Central Security, the Office of Classroom Management and FM had worked closely to formulate a strategy for weekend building use. Building off the success of last fall's football game day schedule, weekend activity is being concentrated into 8 buildings (EECS, STSS, Ford, Amundson, CSOM, Hanson Hall, Blegen and the Classroom Office Building).

Mike asked BRIDGE members to review the list and fill in their building's hours. Please return the list to Brad Hoff by June 21. He said an exception process will be in place but these standard hours help set expectations for the campus.

4. Brief Updates

Furlough Building List – Part of the furlough savings will come from reducing energy use during the holiday/furlough period. Larger savings will come from having reduced staffing. FM is planning their staffing levels based on who will be on campus. Mike asked BRIDGE members to consult with their units to see which of their buildings will be open for business during the furlough. He cited the examples that many of the clinics would remain open. He asked that BRIDGE members return their list to Brad Hoff by June 21.

UMTC Sustainability Committee – Mike noted the Committee had been launched in May and that they were tasked with creating a draft climate action plan by the end of 2010.

U2 Concert June 27 – Mike asked BRIDGE members to communicate with their units to ask them to not plan any programming for Sunday June 27. The U2 concert will bring more than 60,000 people to campus so additional people will put an undo stress on parking and facilities. He asked them to remind anyone who has to be on campus to not unlock or prop open doors so that concert revelers don't have access to spaces.