

Facilities Management and Planning Organizational Review

Phase I Report

Lane Community College
March 4, 2013

Contents

Executive Summary 1

Organizational Review Background and Purpose..... 3

Topic I: Department Overview 4

 I.A.: Values 4

 I.B.: Strategic Alignment 4

 I.C.: Stakeholders and Relationships 5

 I.D.: Structure and Staffing..... 5

Topic II: Financial Structure 8

 II.A.: Resources..... 8

 II.B: Fund Balances 10

 II.C.: Expenditures 11

Topic III: Planning Processes..... 16

Topic IV: Trends & Operating Environment..... 17

Topic V: Key Performance Indicators 21

Topic VI: Current Year Operations & Budget..... 22

Appendix A: Organization Chart 28

Appendix B: Mandatory Expenditure Allocations 29

Appendix C: Specialized Support Services Crew Analysis 31

Executive Summary

Consultant's Note:

Over the course of my work with the organizational review team over the past two months, I have deepened my understanding of the scope and complexity of the work of Facilities Management and Planning and the real challenges presented by the dynamic environment in which they operate. I appreciate the commitment and effort of review team members in objectively and systematically presenting the issues and opportunities before us.

~ Jennifer Steele, Business Analyst

The objective of Phase I of the review process is to “review current year budgets, expenditures and operating and project plans for key organizational units in Facilities Management and Planning”. We focused our scope of work on General Fund FMP Operations and Fund IV Planning, Maintenance and Capital Improvement, and will address Bond and other Fund IV work in Phase II.

It became clear early on that we could not meaningfully understand FMP’s financial situation without developing a common understanding of its structures, systems and operating environment. As you’ll see in the following Phase I report, the team has been building this framework in parallel with our financial analysis. We are well positioned for Phase II of our work, where we will put these pieces together to develop and recommend structures and systems to optimally support the division into the future.

The information and narrative in this interim report reflect the review team’s current data and understanding, which grows and deepens on a daily basis. The Phase II report will reflect the evolution of our knowledge.

Current Year Budget Status

As presented on pages 25 & 27, FMP is positioned and prepared to stay within its General Fund and Fund IV Planning, Maintenance and Capital Improvement budgets for FY2013.

It is important to note that this is not an indication that current resource allocation structures are rationally optimized, as presented in the issues box on page 9; it is rather a reflection of FMP leadership’s commitment to working within existing resource constraints as the review team develops longer-term, strategic resource structure recommendations.

Trends and Operating Environment

FMP is operating in an increasingly dynamic and challenging environment. As the review team embarks on Phase II, the issues, opportunities, and constraints presented on pages 17-20 will factor heavily into our analysis and recommendations.

Base Year Note: You’ll find fiscal year 2008 used as a base year throughout the tables and schedules. This year was selected in order to be able to analyze five completed years of financial data, not because 2008 was necessarily an exemplary year to benchmark. The team pulled in data from 2005, 2006, and 2007, and found that using any of these presented virtually identical trend information.

Emerging Themes

The team has presented emerging issues and opportunities (framed as Phase II action items), highlighted respectively in gold and blue throughout the report. These can be summarized into the following interrelated themes:

- Historical resource and organizational structures are increasingly disconnected from FMP's current operating structure.
- Expenditures in some areas and expenditure categories are increasing at rates that are unsustainable within current resource levels.
- Reporting, tracking and management tools are insufficient for the complexity and dynamic nature of FMP work.
- Planning and decision-making processes and tools aren't clearly integrated across the spectrum of FMP work.

Next Steps

During Phase II, the review team will focus on the action items presented in this report, in addition to expanding our scope of review to include Bond and Fund IV restricted funds. Our initial timeline was to submit an interim Phase II report on March 29, 2013 and a final, comprehensive review report on April 30, 2013. We request these deadlines be extended to allow us time for proper consideration, development and engagement with stakeholders as follows:

April 19, 2013: Phase II Interim Report

May 31, 2013: Final Report

Organizational Review Background and Purpose

In January 2013, President Spilde commissioned an organizational review of the college's Facilities Management and Planning (FMP) department. This review is part of an ongoing effort to build strategic planning capacity at the division level and to develop systems and structures that support evidence-informed decision making, productivity, and optimal resource usage within existing funding levels. During the four-month review process, consultants Kay Malmberg and Jennifer Steele will bring their respective financial and organizational development expertise to support FMP administrators and staff in developing strategies and approaches for sustainably optimizing administrative structures, systems and operations.

Primary Objectives:

Phase I:

- Review current year budgets, expenditures, and operating and project plans for key organizational units

Phase II:

- Develop common understanding of FMP planning, operating and financial structures
- Develop effective tracking and communication systems and processes
- Ensure financial structures and controls are sound, sustainable and aligned with planning efforts
- Develop recommended strategies for continuous optimization of department resources

Approach:

The review team is taking a systems thinking approach to this work, responsively addressing immediate needs and concerns, while investing our efforts and best thinking in generating lasting, structural solutions.

Starting with a convening meeting January 8, 2013, consultants are meeting weekly with project participants and other stakeholders as appropriate, drawing upon the knowledge, expertise and work experience of FMP staff and subject matter experts, in addition to historical planning and review documents. Reports, key findings and recommendations will evolve through an iterative process of inquiry and analysis and presented to President Spilde in a Phase I Report, Phase II Interim Report, and Final Report.

Review Team:

Kay Malmberg, Budget Analyst; Jennifer Steele, Business Analyst; Dave Willis, Director, Facilities Management & Planning; Russ Pierson, Project Coordinator, Facilities Management & Planning; Rose Ellis, Budget Manager; Dennis Carr, Executive Director, Human Resources; Greg Morgan, Chief Finance Officer

Topic I: Department Overview

Facilities Management and Planning is one of the largest and most complex divisions at the college. Eight departments— FMP Office and Administrative, Bond and Capital Construction, Sustainability, Maintenance Trades, Grounds, Parking and Transportation, Custodial Services, and General Services— provide a range of services that include:

- Campus master planning
- Capital construction
- Carpentry services
- Control systems management
- Custodial services
- Electrical systems service and maintenance
- HVAC services
- Indoor environmental quality
- LTD bus pass program administration
- Painting and wayfinding services
- Landscaping and grounds maintenance
- Motor pool and vehicle maintenance and services
- Planning, design and construction
- Plumbing maintenance
- Waste water treatment operations and maintenance
- Utilities and energy management

The division employs a 54.8 full-time, 14.6 part-time, and 5.6 student full-time-equivalent FTE, supporting 1.4 million square feet of buildings and structures at the main campus, downtown campus, Cottage Grove and Florence campuses, and Eugene airport. FMP's annual General Fund operating budget is \$7.7 million. Its Capital Projects Fund budget of \$47.4 million includes \$44.3 million in bond funding.

I.A. Values

Facilities Management and Planning staff promote an organizational work ethic that creates a climate of caring, builds a collaborative organization, develops inspired leadership, focuses on continuous learning, and promotes common values:

- Sustain high expectations for well-maintained facilities, building systems, and campus grounds;
- Conduct business ethically and with the highest level of integrity while showing due respect for those with whom we work, partner, and contract;
- Spend resources wisely and responsibly while striving for the best value possible;
- Adhere to all applicable codes, regulations and statutes in our daily work and provide a safe, secure, and healthy working environment for all;
- Be a good neighbor in the community and set good examples;
- Maintain high quality, sustainable facilities that support the mission, core values, and strategic directives of Lane Community College;
- Encourage and implement high standards in environmental stewardship;
- Promote long-term financial sustainability and viability regarding the maintenance, operations, and care of the physical plant and associated college assets.

I.B. Strategic Alignment

By creating and maintaining efficient, safe, and accessible learning and operating environments, FMP services are integral to fulfillment of the college's mission. FMP work exemplifies Lane's core values of learning, diversity, innovation, collaboration and partnership, integrity, accessibility and sustainability and directly supports the college's strategic directions as described below.

- **A Liberal Education Approach for Student Learning**

FMP provides student volunteer, internship, employment, and co-curricular opportunities that are intentionally designed to provide students with communication, critical thinking and problem-solving skills; civic, environmental and personal responsibility; and invaluable vocational training and work experiences.

- **A Sustainable Learning and Working Environment**

FMP has provided extraordinary leadership and dedication to building a nationally-acclaimed sustainability program at Lane, building both environmental and fiscal sustainability into all FMP projects and initiatives.

- **A Diverse and Inclusive Learning and Working Environment**

FMP supports Lane’s diversity efforts by continuously improving accessibility of our buildings and spaces. Additionally, FMP’s partnership with Specialized Support Services to provide vocational training opportunities for adults with developmental disabilities is a powerful illustration of inclusion and opportunity.

- **A Safe Learning and Working Environment**

Safety is the overarching principle that guides FMP work, from prioritizing safety-related work orders and maintenance projects to participating in the college’s Safety Committee, to proactively providing staff training and development opportunities, to leading safety initiatives and innovations.

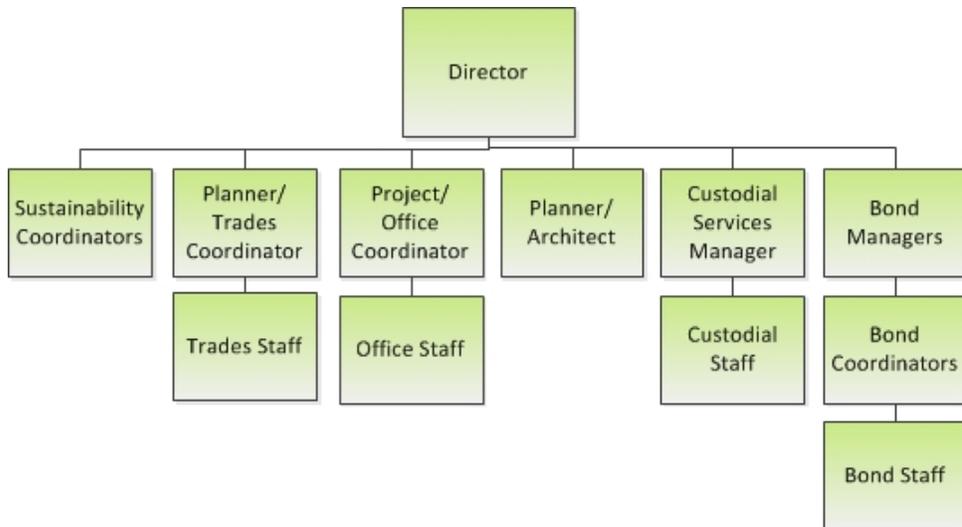
I.C. Stakeholders & Relationships

This section is a standard component of Lane’s Program Review format that will describe FMP’s relationships with internal and external constituencies. It will be written during Phase II.

I.D. Structure & Staffing

FMP falls under the supervision of the Executive Director of Human Resources. The FMP Director, Dave Willis, is responsible for the entire division, with management support from Heath Pierce, Custodial Services Manager, and Bob Mention and Todd Smith, Bond Project Managers. Chart 1 shows the basic organizational structure. Please see Appendix A for a complete organization chart.

Chart 1: FMP Organization Structure



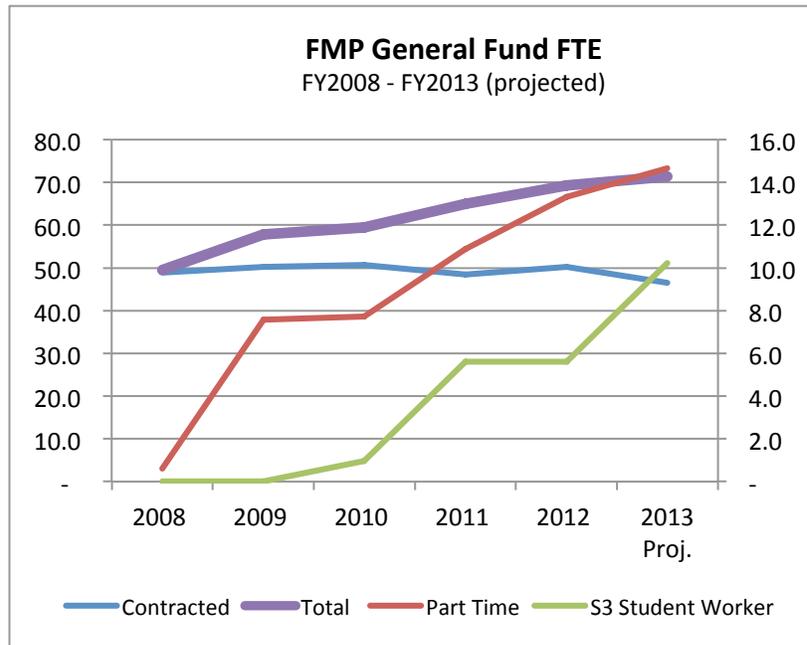
As shown in Table 1 and Chart 2a below, FMP General Fund contracted (or full-time) staffing levels have declined 4.9% since 2008, attributable to permanent reductions of 3.8 FTE custodial services positions. The fluctuation in non-custodial contracted positions is related to temporary reassignment of certain administrative positions to Bond work. Increasing utilization of part-time and student employees has resulted in an overall FTE increase of 44%¹. This evolution is illustrated in Charts 2b and 2c on page 7.

Table 1: **General Fund FTE**

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 (proj.)	%Δ FY2008- FY2012
Contracted Employees (non-custodial services)	24.1	26.8	27.7	25.5	26.5	25.5	5.8%
Contracted Employees- Custodial services	24.8	23.5	23.0	23.0	23.85	21.0	-15.3%
Contracted Employees Total	48.9	50.3	50.7	48.5	50.3	46.5	-4.9%
Part-Time Employees	.6	7.6	7.7	10.9	13.3	14.6	>1000%
Subtotal: Management & Classified Staff	49.5	57.9	58.4	59.4	63.6	61.2	23.5%
S3 Student Workers	-	-	1.0	5.6	5.6	5.6	>1000%
Total	49.5	57.9	59.4	65.0	69.2	71.4	44.2%

Source: Budget Office, THOR Position List, Banner download 2.8.13

Chart 2a



¹ FTE figures include all General Fund employees and General Fund employees miscoded to Fund IV.

Chart 2b

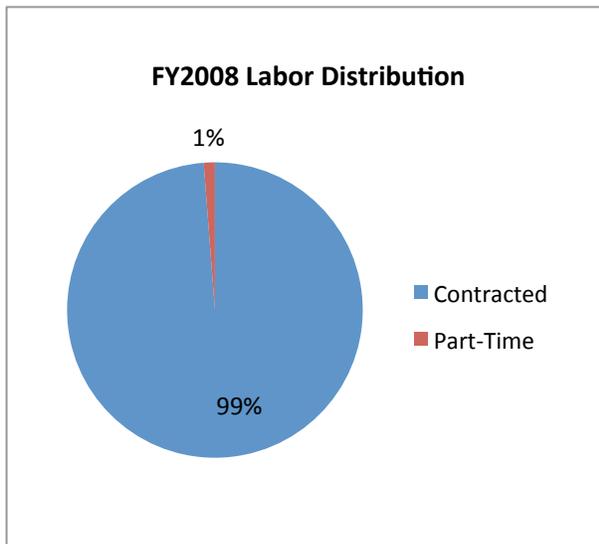
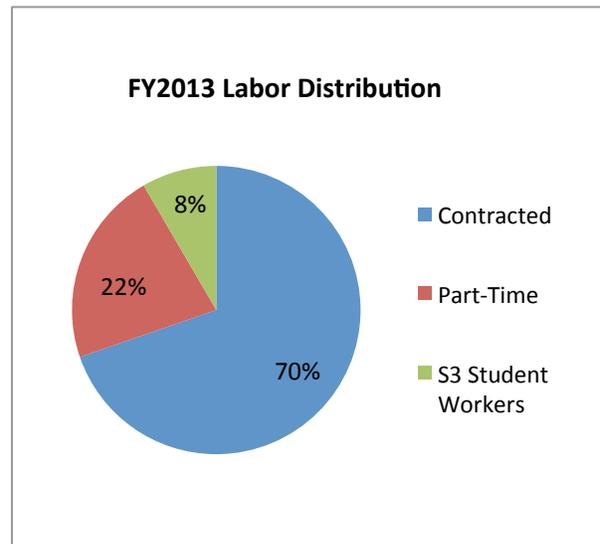


Chart 2c



Issues

Part-time and student employment FTE and expenditures are increasing at an unsustainable rate relative to current resource allocations. Misclassification of part-time employees into Fund IV has obscured the issue over the past few years.

Certain approved increases in part-time expenditures have not been matched with additional budget authority, for example for the new Downtown Campus.

When considering FTE and labor resource trends, there is a college-wide tendency to focus on contracted staffing levels; part-time FTE and expenditures are not consistently added into the labor resource picture. S3 student worker FTE and expenditures are even further removed from staffing analyses.

Phase II Work

During Phase II, the review team will analyze FTE trends and factors, to include scope of work (square footage, service levels, etc.), scheduling practices, assignable work hours, productivity, and comparator/benchmark data and develop a comprehensive personnel plan recommendation for FY2014 implementation.

Note: FMP has taken immediate action to curtail part-time custodial services expenditures by changing on call procedures. All current part-time employees have been correctly classified into Fund IV, effective March 1, 2013.

Topic II: Financial Structure

II.A. Resources

General Fund

Table 2 presents the General Fund budget allocated to Facilities Management and Planning operations from FY2008 to FY2013. While the FMP budget has increased 26% over this time period, the college budget has increased 40%, resulting in a relative allocation decline of 10%. The college's operating budget growth is directly related to enrollment increases and resultant increases in part-time faculty.

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	% Δ
FMP Operations	5,436	5,663	5,882	5,899	6,490	6,857	26%
College Operating Budget	64,555	67,171	73,166	78,678	84,187	90,436	40%
% FMP: Total	8.4%	8.4%	8.0%	7.5%	7.7%	7.6%	-10%

Source: Budget Office, Banner download 2.8.13

Notes:

- Although the review team has additional analysis work to do in vetting comparator data ratios on General Fund investment in plant operations and maintenance from the Oregon Department of Community Colleges and Workforce Development (CCWD) and from APPA: The Association of Higher Education Facilities Officers consistently average in the 9.5-10% range, as compared to Lane's current ratio of 7.6%. It is important to note that external comparators are limited in their utility as Lane has been consistently on the lower end of ratio scales and because colleges' complex and unique organization and financial structure make true "apples to apples" comparisons virtually impossible.
- Increases in mandatory expenditures as presented in Table 3 below are one of the key drivers of FMP budget escalation. A detailed list of mandatory allocations is presented in Appendix B.
- FY2013 budget does not include \$101,338 in budget authority approved in the Downtown Campus Staffing Plan for part-time custodians and student workers.
- FY2013 budget has not yet been adjusted for moving sustainability administration functions into the new Institute for Sustainable Practices in Fund IX. The adjusted budget will be presented in Phase II of the review.

Table 3: Mandatory FMP Expenditure Allocations

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Materials and Supplies ²	-	-	-	-	-	200,000
Outside Service Contracts	107,500	172,500	185,500	98,124	152,000	201,203
Rents & Leases, Misc. Other	99,880	103,000	103,000	95,000	144,000	144,000
S3 Student Workers	-	-	35,854	138,336	174,003	214,035
Utilities	1,667,140	1,569,500	1,574,500	1,528,250	1,708,648	1,831,320
Total All	1,874,520	1,845,000	1,898,854	1,859,710	2,178,651	2,590,558

Source: Budget Office, February 2013.

² Custodial Supplies Contract. Includes materials purchased for S3 student workers.

Fund IV

In 2003, the Board of Education approved an eight-year phased Capital Asset Replacement and Major Maintenance Funding Plan that would result in full funding of \$2,375,000 by FY2010. This plan has been only partially implemented due to college resource constraints and \$8,000,000 in Go Oregon grant funding received in FY2010. Table 4 shows the full funding target by category and actual allocations from FY2008 to the current year, FY2013.

Table 4

	Fund IV Allocation(Actual)						Full Funding Target
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	
Capital Improvement	\$484,785	\$255,000	\$255,000	\$255,000	\$472,000	\$475,000	\$605,000
Major Maintenance	\$1,110,000	\$1,110,000	\$765,257	\$840,000	\$2,225,000	\$625,000	\$1,650,000
Deferred Maintenance	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Capital Improvement & Maintenance Total	\$1,704,785	\$1,485,000	\$1,140,257	\$985,000	\$2,817,000	\$1,220,000	\$2,375,000

Source: Budget Office, Capital Asset and Maintenance Funding Plan, Banner download 2.8.13

Issues

Some historical resource allocation structures no longer align with current practice, such as a separate subfund for deferred maintenance.

The department chargeback/ICO process is incredibly inefficient, creating significant budget availability issues for FMP, especially as the year progresses.

Fund IV budgets are chronically underfunded relative to plan and subject to significant volatility, creating an ever-increasing maintenance backlog and significant challenges in planning and sequencing major project work.

FMP does not have reporting tools that readily allow for meaningful connection between project plans and budgets or regular review of budget to plans to actuals.

Phase II Work

During Phase II, the review team will provide context and additional analysis to the college's facilities resource allocation picture by:

- 1) Compiling and validating comparator funding data from the Oregon Department of Community Colleges and Workforce Development, APPA: The Association of Higher Education Facilities Officers and the Society for College and University Planning (SCUP);
- 2) Analyzing mandatory expenditure budgets and expenditure trends across all FMP activities;
- 3) Developing recommendations for improving college chargeback processes and procedures;
- 4) Developing minimum operational service level and major maintenance/capital investment requirements for Lane;
- 5) Developing reporting tools that enable FMP staff to regularly review budgets to plans to actuals and to provide meaningful input to the budget development process;
- 6) Recommending resource structure and benchmarks for FY14 forward.

II.B. Fund Balances

Table 5 presents the FY2013 beginning fund balances for all Fund IV subfunds. Funds within the scope of Phase I review are highlighted in yellow.

Table 5: FY2013 Beginning Fund IV Fund Balances

Fund	Fund Title	Amount
411000	Facilities Planning Fund	10,293
412000	Special Projects-LASR	445,336
413000	Construction Reserves - Ashlane	475,175
414000	Deferred Maintenance	-
415400	Capital Improvements	371,114
415500	Capital Outlay Reserves	1,870,000
415600	Group Pass Parking	163,692
416000	Health Clinic	-
417000	Long House Project	(1,130,593)
418000	Major Maintenance	(178,429)
451000	Bond Project	-
452000	Capital Repair/Improvement	92,575
453000	Health & Wellness	(1,280,204)
458000	State Deferred Maintenance	-
460000	Bond Project 2009	538,627
460200	Bond Equipment	1,712,256
Total Fund IV		3,089,842
Source: Budget Office, 2/7/13.		

II.C. Expenditures

1) General Operations (General Fund)

General administrative and operating expenditures are expensed out of the college's General Fund and are classified into the following organizational functions:

Custodial Services (*previously Housekeeping*) includes cleaning and custodial services work in classrooms, common use areas, restroom stocking, sanitizing, deep cleaning, garbage removal and bloodborne pathogens management.

Facilities Administration includes office, administrative and planning staff not assigned to specific projects or trades and office and administrative materials, services and supplies.

General Services includes event set up, unlock services, equipment moves, and general physical plant and materials support for all students and staff.

Grounds includes landscaping, irrigation, parking lot support, snow removal and de-icing, garbage pickup, moving and field maintenance.

Hazardous Materials includes all work related to the handling and storage of hazardous materials, including permits, inventories required by regulatory agencies, and disposal, with the exception of Indoor Environmental Quality (IEQ) projects, which are typically categorized as major maintenance.

Maintenance includes routing infrastructure systems and structures maintenance, including core work by electricians, carpenters, painters, special maintenance (e.g. campus locksmith), plumbing, mechanical maintenance, heating, ventilation and air conditioning (HVAC), and vehicle maintenance.

Sustainability Administration includes work to support the college's core value of sustainability at a facilities-wide level. Components include energy management, recycling and surplus property, and commissioning. As of March 1, 2013, all sustainability functions will be contained within the new Institute for Sustainability Practices division and fund and will no longer be administered by FMP.

Utilities includes electricity, water, natural gas, diesel and garbage services.

Wastewater includes maintenance, service and support for the college's wastewater treatment plant.

Table 6 below presents a five year history of General Fund facilities expenditures by expense function along with percentage change over the five year period. ³

Table 6: General Fund Facilities Expenditures by Organizational Function, FY2008-FY2012

	2008	2009	2010	2011	2012	%Δ FY2008- FY2012
Custodial Services	1,134,887	1,235,365	1,468,131	1,598,161	1,944,980	71%
Facilities Administration	760,151	817,640	837,927	935,275	923,469	21%
General Services	333,171	300,138	170,345	169,075	187,921	-44%
Grounds	238,250	252,548	275,875	302,991	301,289	26%
Hazardous Material	46,978*	14,997	30,413	20,987	16,518	-65%
Maintenance	831,852	1,211,842	1,128,743	1,229,144	1,318,800	59%
Sustainability Administration	328,580	313,554	291,766	334,084	388,664	18%
Utilities	1,468,129	1,452,744	1,507,767	1,554,542	1,491,766	2%
Wastewater	41,425	39,366	51,112	44,965	68,758	66%
Grand Total	5,183,422	5,638,193	5,762,078	6,189,223	6,642,165	28%
* \$27,147 hazardous material expenditure in FY2008 for archives flooding would usually be expensed as a major maintenance Fund IV project.						
Source: Budget Office, Banner download 2.8.13						

The primary drivers for expenditure escalation are personnel, general materials and services, and maintenance contracts as illustrated in Table 7 on the following page.

³ Figures include all General Fund expenditures and General Fund personnel miscoded to Fund IV.

Table 7 presents a five year history of General Fund facilities expenditures by expenditure category, along with projections for FY2013.⁴

Table 7: **General Fund Facilities Expenditures by Expenditure Category, FY2008-FY2013**

	2008	2009	2010	2011	2012	2013 Proj.	%Δ FY2008- FY2013
M&S							
Fees & Dues	14,846	22,991	18,757	18,344	15,504	28,045	89%
M&S-General	253,403	355,956	312,475	320,246	387,580	454,322	79%
Rents & Leases	117,001	111,210	115,311	95,884	117,564	101,519	-13%
Utilities	1,504,453	1,472,969	1,546,514	1,594,843	1,530,884	1,700,497	13%
Computers & Equipment	10,154	137,800	19,465	31,953	168,400	70,775	597%
Outside Services	264,952	242,546	280,609	257,258	302,273	230,432	-13%
Maintenance & Repair	132,503	109,831	94,845	107,790	151,914	186,580	41%
M&S Total	2,297,313	2,453,303	2,387,976	2,426,318	2,674,118	2,772,170	21%
Personnel							
Contracted Staff	1,835,588	1,947,357	1,997,335	2,181,171	2,206,448	2,385,944	30%
OPE	1,030,995	1,040,994	1,171,933	1,296,697	1,417,984	1,638,611	59%
Overtime	6,086	24,167	25,486	32,458	31,403	40,420	564%
PT Staff	13,441	172,352	179,348	252,579	312,212	366,002	>1000%
Personnel Total	2,886,109	3,184,870	3,374,102	3,762,905	3,622,576	4,430,977	54%
Grand Total	5,183,422	5,638,173	5,762,078	6,189,223	6,642,165	7,203,147	39%

Source: Budget Office, Banner download 2.8.13

Issues

Financial and management reporting currently available to FMP staff requires significant manual manipulation and compilation and does not have the capability to summarize, group and sort data as presented in Tables 6 and 7.

Expenditures in some functions and categories are increasing at rates that are unsustainable within current resource levels. As an increasing amount of small maintenance projects are expensed out of Fund IV, a general fund analysis only presents a partial view of expenditure category trends.

Phase II Work

During Phase II, the review team will analyze trend data detail for each organizational function and expenditure category to:

- 1) Develop understanding of the causes of significant shifts;
- 2) Identify issues, inefficiencies and opportunities for improvement;
- 3) Establish benchmarks and targets for FY14 forward;
- 4) Develop reporting tools that enable FMP staff to actively manage to budgets and benchmarks;
- 5) Recommend changes in processes, structures and operations to improve efficiencies and/or reduce costs.

^{4 4} Figures include all General Fund expenditures and General Fund personnel miscoded to Fund IV.

2) Major Maintenance and Capital Projects

Non-recurring maintenance and capital improvement projects are expensed out of the Capital Projects Fund IV and are organized into the following categories.

Major Maintenance

Projects in excess of \$10K that have a significant impact on the college's ability to achieve its mission are defined as major maintenance. There are three types of major maintenance projects:

- Planned, scheduled projects that have been through established prioritization and decision-making processes.
- Unplanned projects that follow emergency procedures.
- Operations projects that unexpectedly expand in scope to meet major maintenance criteria.

Major maintenance projects are funded through the major maintenance funding allocation presented in Table 4 on page 9.

Small Maintenance Projects

Non-recurring, non-routine maintenance projects with scope of \$10K are defined as small maintenance projects. Examples include one-time electrical improvements, plumbing repairs, and HVAC improvements and repairs. Historically, FMP has used the annual Deferred Maintenance allocation to fund small maintenance projects.

Capital Improvement

Projects in excess of \$10K that are attached to a building/structure *and* add new value are defined as capital improvement. Capital improvement projects can be used to renovate structures for enhanced or change of use, but not for repair or renewal of original value/existing use.

Capital improvement projects are funded through the capital asset replacement funding allocation presented in Table 4 on page 9.

Table 8 presents a five year history of Fund IV maintenance and capital improvement expenditures, along with projections for FY2013.

Table 8: Maintenance and Capital Projects Expenditures, FY2008 through FY2013 Projected

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 Proj.*
Maintenance ⁵	591,172	1,090,671	957,444	988,213	1,978,628	1,479,477
Capital Improvement ⁶	474,009	620,056	259,296	53,395	533,707	3,988
Total	1,065,181	1,710,727	1,216,740	1,041,608	2,512,335	1,483,465
* FY2013 projection includes year to date expenditures plus encumbrances, committed/scheduled work and estimated minimum small maintenance and/or emergency projects. Additional Building 4 IEQ work is NOT included in projections.						
Source: Budget Office, Banner download 2.8.13						

Issues

The majority of Fund IV expenditures (an estimated 64%) are going to small maintenance projects, emergencies, and other work not included in annual planning, prioritization and authorization processes. There is not an established process for identifying and reclassifying general operations (Fund I) work that grows in scope to meet major maintenance (Fund IV) project criteria.

Phase II Work

During Phase II, the review team will provide context and additional analysis to Fund IV expenditure processes and controls by:

- 1) Clarifying small maintenance definitions and classification criteria;
- 2) Developing processes and systems for general operations work that grows in scope to become major maintenance;
- 3) Develop reporting tools that enable FMP staff to actively manage to plans, budgets and benchmarks.

⁵ Funds 411000, 414000, 418000

⁶ Fund 415400

Topic III: Planning Processes

Planning processes and systems will be a primary area of focus during Phase II of the review. Although planning has been only been briefly touched upon during Phase I, the team has identified several issues and opportunities, presented below.

Issues

There is a lack of planning continuity from year to year, exacerbated by an ever-growing backlog of deferred projects.

Major projects are presented on myriad schedules and worksheets, making it difficult to strategically prioritize, allocate resources and track expenditures across the spectrum of major project work.

Plans are not systematically adjusted at an aggregate/comprehensive level throughout the year to reflect changing conditions to include emergencies, unplanned work, scope changes, reprioritization, and/or cost overruns.

There is a lack of clarity and understanding amongst college administrators about prioritization criteria for both work orders and major project work.

As mentioned previously, management and financial reporting tools currently available to FMP staff are insufficient for the complexity and dynamic nature of the work.

Projects and work order plans currently do not provide a reasonable spread across the fiscal year.

Phase II Work

During Phase II, the review team will:

- 1) Review, document and flow chart FMP planning processes;
- 2) Review and document prioritization criteria;
- 3) Review emergency declaration definitions and processes;
- 4) Document backlog of deferred projects by building and building components, then segment into portfolios of work (similar to how FMP has organized the High Risk Infrastructure Plan);
- 5) Develop recommendations for better connecting department planning with FMP planning and communications efforts;
- 6) Develop project list planning and tracking standards;
- 7) Develop management and financial reporting tools for various audiences to include college executives;
- 8) Develop structure for estimating life cycle costs and building ongoing operating and systems costs into plans and budgets;
- 9) Review contingency allocations by project and fund;
- 10) Recommend changes in processes, structures and operations to improve transparency and effectiveness.

Topic IV: Trends & Operating Environment

FMP is operating in an increasingly dynamic and challenging environment. As the review team embarks on Phase II of its work, the issues, opportunities, and constraints presented by our operating environment will factor heavily into the team's analysis and recommendations.

Aging Physical Plant

Facilities rarely fail in their entirety; it is their systems, components, or parts that fail. Continued use of functional facilities requires continued maintenance and upkeep of these same elements. This is a daunting task for any organization, large or small. What is gained in the sophistication of a larger owner is often overcome by sheer volume, data management challenges, and complexity of the inventory. Regardless, facilities management professionals wage a constant battle against the aging, wearing out, degradation, and obsolescence of the facilities they manage.⁷

Lane Community College was founded in 1964; its core campus buildings were constructed in the *brutalist* style of architecture (a phrase adopted from the French word *brut*, or "raw concrete"), with construction completed and classes offered for the first time in the new facilities in the fall of 1968. The Florence Center opened in 1976, followed by Cottage Grove and the Downtown Center in 1977. Various other buildings have been added and/or constructed in subsequent years, and the fruits of the most recent Bond measure and related funding campaigns have included the Native American Longhouse and the Health and Wellness Building on Main Campus, along with the just-completed Downtown Campus.

With the campus core now more than 45 years old, obsolescence is becoming an increasingly alarming issue, due to the "perfect storm" represented by the four factors of obsolescence⁸ in facilities management:

1. Technological changes influence the scope or levels of services infrastructure is to provide. For example, our commitment to sustainability as a core value, coupled with our desire to realize savings in energy management, is severely challenged by 45-year old HVAC-system components that are connected and managed by a modern Building Automation System only with great difficulty.
2. Regulatory changes impose new requirements on infrastructure. For example, Facilities recently won a \$780,000 grant to upgrade Building 11 for seismic compliance with the current code as part of their upcoming renovation work. This highlights both the need and the cost for eventual improvements campus-wide.
3. Economic or social changes in the markets within a region can substantially alter the demands placed on infrastructure. For example, the incredible growth of the automobile as the preferred mode of transportation at the expense of other forms of public transportation places an increasing burden on campus roadways and parking lots.
4. Changes in values or behavior of the people who use the infrastructure. For example, one focus of the 1995 Bond was construction of eight community learning centers at high schools throughout the area; these CLCs are no longer functional.

At the same time, Lane has not been immune to winds of change on the budget front; enrollment waxes and wanes, as does State and local support for the College. Deferring regular maintenance and renewal programs exacerbates the problem over the long-term, and now approaching the half-century mark, we find ourselves with aging infrastructure in need of attention—perhaps earlier than we might have hoped—due to the diminishing returns of deferred maintenance that results both in reaching less than optimum performance more quickly and reducing overall service life:

⁷ Rod Rose, *Buildings--the Gifts that Keep on Taking: A Framework for Integrated Decision Making* (APPA CFaR Center for Facilities Research, 2007). 58.

⁸ Suggested by Andrew C Lemer, "Infrastructure obsolescence and design service life," *Journal of Infrastructure Systems* 2, no. 4 (1996): 154.

College leadership clearly recognizes the danger of deferred maintenance and our recent commitment to addressing high-risk infrastructure challenges, seeded by the current Bond, is an indication that we are on the road to finding our way back to appropriate, long-term investments—not only in construction, but in continual maintenance of the public’s investment in our facilities.

An effective asset investment strategy includes three factors:⁹

- a business case analysis,
- a financial and budget analysis, and
- an economic or total cost of ownership analysis.

As the review team continues our work into Phase 2, we are confident these factors will support a renewed commitment to both effective management and appropriate funding of maintenance and operations.

Growing Square Footage

As illustrated in Table 9 below, the building and structure square footage FMP is responsible for supporting has increased 60% since 1996 and 23% since 2008. As new buildings and structures come online, FMP takes on recurring additional operational expenses and obligations to include systems administration, maintenance, and custodial services. In short, each new building, each new square foot of inventory adds additional scope, more work orders, more parts and pieces that are required to maintain current levels of service, and typically, ***initial costs make up only about a third of total ownership costs.***¹⁰

Table 9: Supported Square Footage

	1996	2008	2013
Main Campus	721,467	963,634	1,052,325
Branch Campuses and Sites	125,106	170,279	342,741
Total	846,573	1,133,913	1,395,066
Source: Facilities Management and Planning, February 2013			

Moreover, institutions of higher education share a particular trait when it comes to their square footage:

*In colleges and universities, in particular, many facilities are custom-designed or built to suit specialized uses, which are determined by current users or stake-holders who may or may not have a perspective on long-term future needs— a circumstance that tends to minimize rather than optimize long-term flexibility in the use and function of spaces.*¹¹

In other words, in the higher education setting, the emphasis on programming and specialized uses can be a hindrance in terms of both space and staff utilization. Facilities staff have to understand how to maintain and operate a gym, a medical facility, a track, a laboratory—and more.

⁹ Rose, *Buildings--the Gifts that Keep on Taking: A Framework for Integrated Decision Making*: 28.

¹⁰ *Ibid.*, 39.

¹¹ *Ibid.*, 6.

Sustainability and Environmental Stewardship Commitments

As an early and strong proponent of sustainability, Lane’s commitment has matured well beyond basic recycling and energy management projects and “throwing LEED points” at new construction projects. As the college meets its ambitious Climate Action Plan commitments, continues to develop green standards and consciously adopt green technologies that will serve the campus for generations to come, FMP staff and planners play an integral role in ensuring facility investments are both environmentally and fiscally sustainable.

Design

As part of Lane’s commitment to sustainability and to excellence in facilities management, new construction and renovation projects are increasingly benefiting from integrated design. In fact, *integrated building design is the practice of designing sustainably*.¹² As we integrate construction practices, maintenance and operation policies and procedures, programming, design, and lifecycle analysis; and as we leverage the expertise of our Institute for Sustainable Practices, we are strategically designing for the future as well as for the present. This shift toward integrated design requires additional upfront investment to realize long-term livability and optimized total cost of ownership.

Indoor Environmental Quality Concerns

As illustrated in Table 10, the FMP budgets have been severely taxed by extraordinary IEQ issues over the past three years, including chronic problems in Building 4. Due to the aging campus core, our commitment to sustainability and the requirement to commission our new construction and renovation projects, FMP expects recurring IEQ expenditures of at least \$50,000 annually, in addition to building- or issue-specific IEQ projects. Table 11 presents building-specific IEQ costs for Building 4, which account for 67% of IEQ expenditures from FY2008 through FY2012.

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 YTD*
General Fund	29,394	16,092	22,183	16,092	16,518	9,380
Major Maintenance	-	26,153	15,531	26,153	693,502	76,136
Bond/State Funding	-	289,222	335,735	130,452	-	-
Total IEQ	29,394	331,467	373,449	172,697	710,020	85,516

* Significant additional expenditures are anticipated in FY2013 for Building 4 IEQ work.
Source: Facilities Management and Planning, Budget Office.

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 YTD*
Major Maintenance	-	11,832	9,237	11,832	625,453	46,397
Go Oregon	-	-	12,481	-	-	-
Bond	-	289,222	64,562	130,452	-	-
Total IEQ	-	301,054	86,280	142,284	625,453	46,397

* Significant additional expenditures are anticipated in FY2013 for Building 4 IEQ work.
Source: Facilities Management and Planning, Budget Office.

¹² Marian Keeler and Bill Burke, *Fundamentals of integrated design for sustainable building* (Wiley, 2009). 1.

Budgetary Pressures

As the college faces increasing budgetary pressures, recently exacerbated by declining enrollment, FMP faces uncertainty about its General Fund and Fund IV funding allocations which make it difficult to plan both operational and project work. Salary and benefit escalation and materials and services inflation – to include utilities and maintenance contracts - create additional strain.

Bond and Capital Construction Projects

Bond and capital construction projects, invariably result in significant “hangover” work for FMP: work that is required after the project has closed and therefore must be assumed into FMP’s existing maintenance and capital budgets. FMP staff are in the process of analyzing the causes and true costs of this work and will include recommendations for handling this during Phase II of the review.

Systems and Technology

The college is strategically investing in increasingly sophisticated systems and technology that improve the efficiency and safety of our buildings and infrastructure. Implementation often spans multiple years and requires significant, specialized resources. This investment is reflected in growing outside services/consultants expenditures and increases in mandatory annual expenditures for ongoing service contracts and maintenance.

Part-Time Labor

FMP has been increasing its use of part-time labor to augment lean contracted staffing levels, particularly in custodial services and for summer project work. Part-time labor provides benefits through flexibility in scaling the FMP workforce up and down to adapt to changing needs and resources, and through lower salary and benefit costs. It does create additional recruitment and training costs, however.

Student Employees

FMP has expanded its partnership with the college’s Specialized Support Services (S3) division to provide vocational training opportunities in recycling and custodial services for students with developmental disabilities. S3 students now provide FMP with the equivalent labor of six full-time-equivalent employees. Appendix C presents an analysis of the department and college cost and benefit from utilization of S3 work crews.

Topic V: Key Performance Indicators

The following key performance indicators will enable FMP staff to benchmark and assess efficiency and effectiveness, both longitudinally and against comparable institutions.

General Operations

- Operations and Maintenance Expenditures/Gross Square Feet

Maintenance

- Maintenance Cost (General Funded)/Gross Square Feet
- Maintenance, Major Maintenance and Capital Improvement Cost/Gross Square Feet
- Gross Square Feet Maintained/Maintenance (trades) FTE

Work Orders

- Average Age of Routine Work Orders (hours)
- Work Order Backlog as % Years Efforts

Custodial Services

- Custodial Cost/Gross Square Feet Cleaned
- Custodial Cost/Student FTE
- Gross Square Feet Cleaned/Custodial FTE

Grounds

- Grounds Cost/Acre
- Grounds Cost/Student FTE
- Acres/Grounds FTE

Safety

- The review team is currently in the process of developing performance indicators for safety, which will encompass security and environmental safety.

Planning

- Project Costs/Budget
- Post-Project Costs

Capital Investment

- Capital Expenditure for Existing Space/Capital Replacement Value

Phase II Work

During Phase II, the review team will compile and analyze performance indicator data for Lane, over five years as possible, and will identify, vet and present relevant comparator data from other Oregon community colleges, APPA: The Association of Higher Education Facilities Officers, and the Society for College and University Planning (SCUP).

Topic VI: Current Year Operations and Budget

In spring and summer 2012, FMP developed ten performance goals for the division to be accomplished in FY2013. As presented in Table 12, the FMP team has made great progress in achieving them.

Goal	Status, February 2013
1) Complete the Downtown Campus residence and instruction buildings on schedule and within budget.	The Downtown Campus project has reached substantial completion as scheduled, and FMP expects to realize project savings that will be directed to the Center Building project.
2) Complete the design work of the central plant and remaining bond projects. - Complete all seismic grant work in Building 11 during the summer of 2013.	FMP plans to award the central plant design work at the March Board meeting, and is currently in the design phase for Building 11, on track for construction in summer 2013.
3) Complete past bond and other funded capital projects - Building 2 Data Center cooling system sequence of operation - Solar Station control system data integration - Solar Thermal System (Building 30) panel replacement, improvements, commissioning - Multi-Building Solar Thermal System sequence of operation, commissioning - Sub-Metering meter commissioning - Building 10 punch lists - Implement Capital Reinvestment Infrastructure Strategy	Building 2 is complete, with any remaining issues expected to be resolved in the central plant project. The Solar Station project is complete. The Solar Thermal System is tied into the Multi-Building Solar Thermal project. All components have been replaced, and FMP is continuing commissioning. Sub-metering commissioning is likewise ongoing. Building 10 is complete. FMP has awarded work on early components as part of the Capital Reinvestment Infrastructure Strategy, including electrical, the wastewater treatment plant and the Building 15 roof.
4) Complete CMMS Megamation Implementation On: - Work Order Module - Motor Pool PM Module - Key Module - HVAC Systems PM Module	FMP has fully implemented the Work Order module this year for maximum efficiency, making scores of changes to better fit the flow of work at Lane. Staff have begun entering the data required to implement the remaining modules.
5) Organize hard and soft copies of historical project files and contract documents.	Phase 1 is complete, with over 190 boxes of paperwork prepared for permanent storage. The FMP digital database now contains 9,700 plans and 375 gigabytes of storage. A process for retrieval is already in use.
6) Generate and implement procedures: - Project Administration procedure. - Request for Proposal "RFP" Procedure. - Motor Pool COPPS procedure	Work has begun on both the Project Administration and RFP procedures (and may well be influenced by this review). Motor Pool COPPS procedure has been updated.
7) Perform fiscal responsibility regarding all FY2012 budgets.	This work is ongoing and will be an important and welcome outcome of the operational review process.
8) Complete phase II of the BAS systems integration to R25.	This work has been deferred to FY14 due to budget constraints.
9) Training Program Development: - Custodial services qualification levels - Boiler operator training - Megamation - Civil & Respectful Relationship/Diversity Training	Completed. Training will continue on an ongoing basis as part of FMP's commitment to safety, service and civility.
10) Complete a State of the Facilities Survey for All College Buildings	FMP has taken first steps by identifying critical high-risk infrastructure needs and verifying our campus square footage figures with on-site assessment.

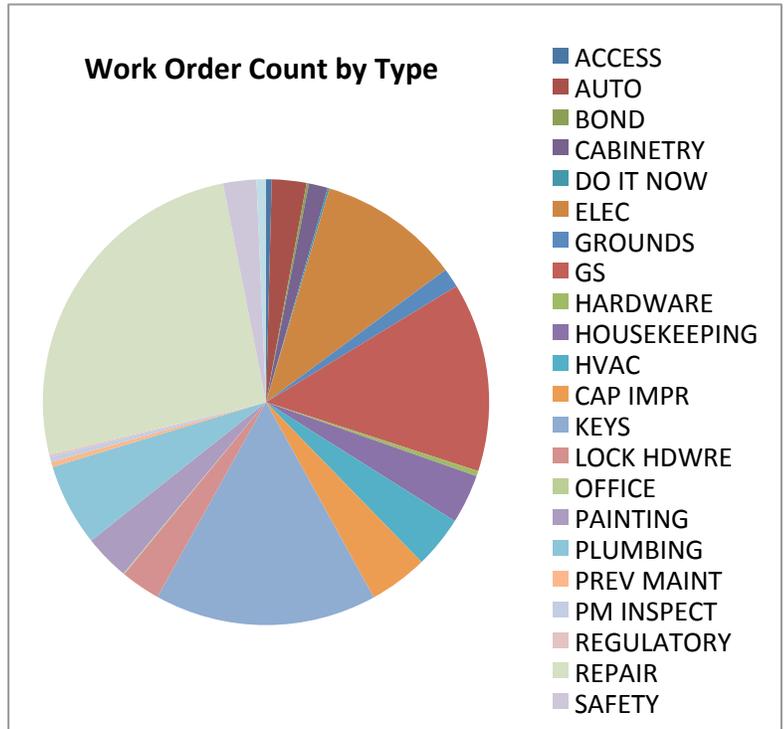
In 2012-2013, FMP implemented Megamation CMMS to improve efficiency receiving, tracking and scheduling work orders. As illustrated in Table 13, the FMP team has consistently increased the number of work orders completed each year, helped by the impact of Go Oregon and Bond project work and the ability to utilize part-time labor. The average work order completion time has been improved from 11 months in FY2009 to 2.5 months in FY2013. Chart 3 illustrates the wide range of work orders processed in FY2013, providing a sense of the complexity of scheduling and labor involved.

Table 13:

Work Orders Completed by Fiscal Year

Fiscal Year	Work Orders Completed
2004	1,430
2005	268
2006	2,051
2007	556
2008	2,223*
2009	2,739*
2010	3,367*
2011	4,109*
2012	2,933*
2013 Year to Date	1,640*
*Go Oregon and Bond FY2009 funding used to work through backlog.	
Source: Facilities Management and Planning	

Chart 3



FMP has also Table 14 presents the status of approved Fund IV Major Maintenance/Capital Improvement Projects as of March 1, 2013.

Table 14: FY2013 Approved Major Maintenance/Capital Improvement Project Status						
ID	Project Name	Status	FY Sched.	% Complete	Tier/ Priority	Project Notes
Completed						
002	Building 6 Roof Replacement	Complete	FY2012- FY2013	100%	1/1	Code requirement, added smoke vent replacement
007	Wildish Building Roof Repairs	Complete	FY2012- FY2013	100%	1/1	
012	Access System Improvements	Ongoing	FY2012- FY2013	100%	1/1	Includes cameras, doors, fire controllers, service contract
In process						
016	IEQ Improvements	Ongoing	FY2012- FY2013	115%	1/1	
013	Lighting Improvements		FY2012- FY2013	90%	1/1	\$31,000 Allocated to FLO
014	Megamation Implementation		FY2012- FY2013	50%	1/1	
011	Minor ADA improvements	On hold; only continue essential work.	FY2013	20%	1/1	
015	Custodial Closet Improvement	On hold.	FY2012- FY2013	17%	1/1	
009	Improvements to the WWTP and Storage Ponds	Design only in FY2013. Bid approved. Estimated implementation in FY14, \$150K	FY2013	0%	1/1	
NEW	Beam Repairs	Approved 2/25/13	FY2013	0%	1/1	
Deferred						
001	Transformer Replacement	Design only. On hold.	FY2012-FY16	0%	1/1	Design paid in FY2012 (Bond): \$22,760
008	BAS Phase 2: R25 Integration	Dependent on summer FY14	FY2012- FY2013	0%	1/1	
Total Estimated Cost: \$642,000						
YTD Expenditures + Encumbrances: \$578,783						

Fund I Budget Status

Table 15 shows the current, FY2013 accounted General Fund budget alongside year to date expenditures through February 28, 2013.

Table 15: **FY2013 General Fund Budget Status**

Category	Accounted Budget	YTD Actual	Encumbrances	\$ Remaining	% Remaining
Materials & Services	3,041,082	1,670,598	294,205	1,076,280	35%
Personnel	3,793,429	2,549,630	-	1,243,799	33%
Total	6,834,511	4,220,228	294,205	2,320,078	34%

Source: Budget Office, Banner download.

As mentioned previously, certain general operating expenditures have been incorrectly classified into Fund IV over the past few fiscal years. Table 16 presents current FY2013 expenditures in Fund IV that should have been expensed out of Fund IV.

Table 16: **FY 2013 General Operating Expenditures Expensed to Fund IV**

Category	Accounted Budget
Materials & Services	227,245
Personnel	138,500
Total	365,745

Source: Review team worksheet, Banner downloads 2/8/13, 3/1/13.

Table 17 presents the projected FMP FY2013 general fund budget balance both with and without factoring in misclassified expenditures. Without reclassification, and with continuing vigilance managing expenditures, FMP is on track to stay within budget this year at current service levels.

Table 17: **Projected FY2013 General Fund Budget Balance**

Category	FY2013 Acct. Budget	2013 Projection with Reclassification ¹³	Reclassified Budget Balance	2013 Projection without Reclassification	Non-Reclassified Budget Balance
Materials & Services	3,041,082	2,772,170	268,912	2,544,925	496,157
Personnel	3,793,429	4,430,976	(637,547)	4,292,476	(499,047)
Total	6,834,511	7,203,146	(368,635)	6,837,401	(2,890)

¹³ Projection detail presented in Table 7 on page 13.

Issue

If expenditures presented in Table 16 above are corrected through the journal entry process and moved into the General Fund, FMP is projected to exceed their General Fund budget by approximately the reclassification total.

FMP has taken immediate action to prevent future misclassification for the remainder of the year, and as part of the review team's work we will implement controls for ongoing classification integrity.

Recommendation: Because classifications have been muddled for several years, this issue is directly related to resource allocation, planning and control issues that will be addressed in Phase II of the review process, and reclassification will cause a significant general fund shortfall, the review team recommends not reclassifying the FY2013 expenditures.

Fund IV Budget Status

Table 18 shows the current, FY2013 accounted Fund IV budget for planning, maintenance and capital improvement alongside year to date expenditures through February 28, 2013.

Table 18: FY2013 Fund IV Planning, Maintenance & Capital Improvement Budget Status

	FY2013 Acct. Budget	YTD Actual	Encumbrances	\$ Remaining	% Remaining
Maintenance ¹⁴	1,210,293	1,001,320	117,157	91,816	8%
Capital Improvement ¹⁵	176,114 ¹⁶	3,988	-	172,116	98%
Total	1,386,407	1,005,308	117,157	263,932	19%

Source: Budget Office, Banner download 3.2.13.

Table 19 presents the projected FY2013 Fund IV budget balance. Projected FY2013 figures reflect YTD actual expenditures, plus encumbrances, essential project commitments and an allowance for emergency/unplanned work.

Notes:

- Projections assume operating expenditures will not be reclassified as discussed in the previous section.
- Projections do *not* include additional Building 4 major maintenance as it is expected that work will be funded through contingency/reserves.

Table 19: Projected FY2013 Fund IV Budget Balance

Category	FY2013 Acct. Budget	FY2013 Projection	Projected Budget Balance
Maintenance	1,210,293	1,382,409	(172,116)
Capital Improvement	176,114	3,998	172,116
Total	1,386,407	1,386,407	0

¹⁴ Funds 411000, 414000, 418000

¹⁵ Fund 415400

¹⁶ Includes \$688,427 NWC. \$225,000 transferred to major maintenance.