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# PLANT OPERATIONS STRATEGY & FEE UPDATE MARCH 26, 2010



# Integration of Organizations and Services Plant Operations

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- Focusing on the New Organization
  - Long range planning
  - Quality/Integration of processes and services
  - Customer and team based organization
  - Accountability and performance management
  - Financial and resource management
  - Communication
- Initial Focus: Service Area Assessments
  - State of the union
  - Gap assessment/Resource allocation/Ideal state
  - Change management plan
  - Initial priorities



# Strategic Initiatives

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## Strategic Programs

- Integrated Facilities Plan
  - Project Management and Delivery ( system wide)
  - Renewal and Deferred Maintenance
  - Preventive Maintenance
  - Infrastructure Master Plan
  - Development of a Five Year Capital Plan ( system wide)
  - Operational Restructuring



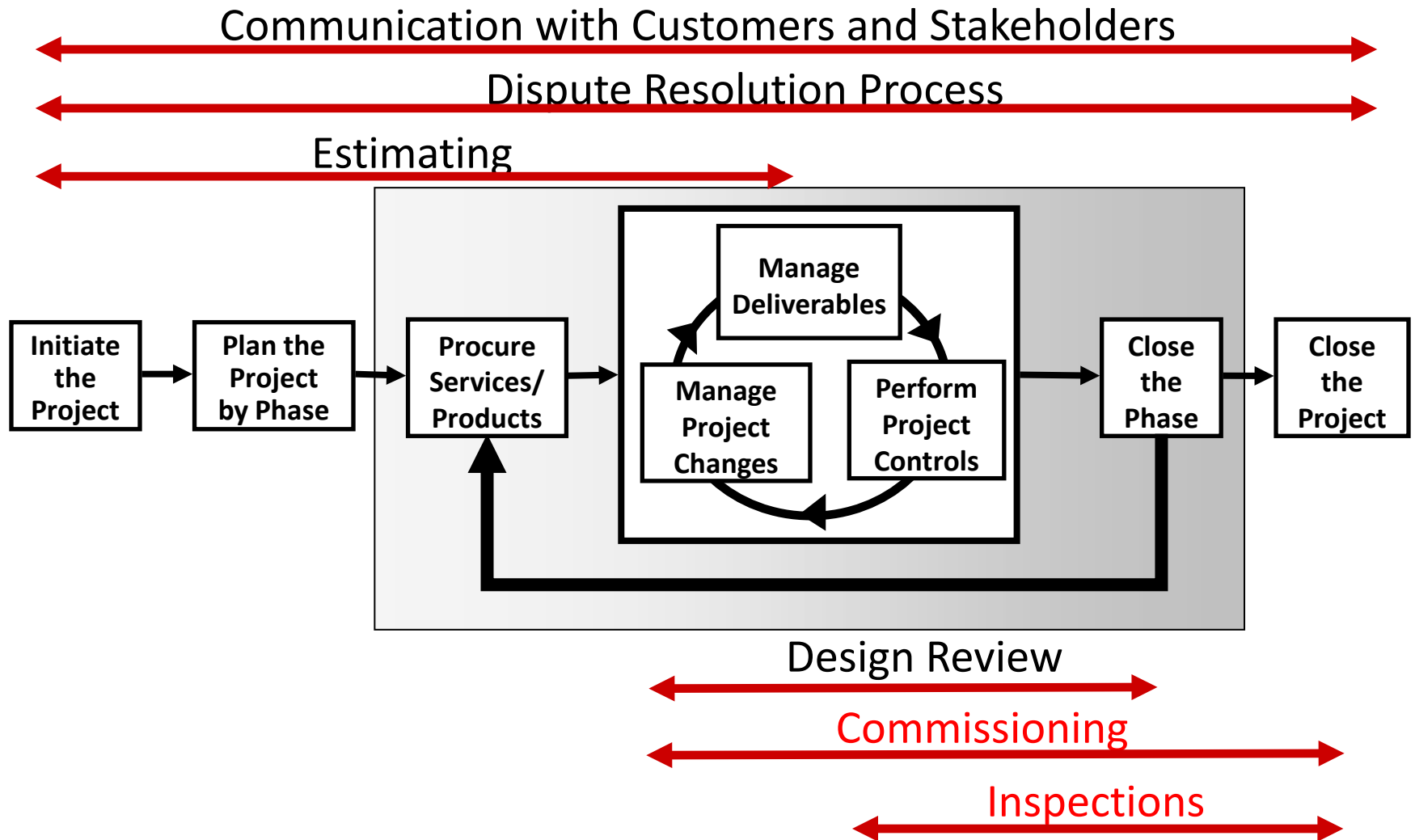
# Project Delivery Improvements

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- Develop and implement a project delivery process to serve as roadmap for successful cost, schedule, and quality performance on projects. Process being documented and supporting tools created to:
  - Enable Plant Operations to provide high quality service to it's customers, stakeholders, and the university.
  - Provide a balanced, systematic approach to planning and delivering construction/renovation projects.
  - Incorporate project management best practices



# Develop Standardized Project Process





# Targeted Program Results

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- Proactive → preventative activities
- Increased customer focus, alignment, and communication
- Enhanced collaborative team approach to Project Management
- Improved consistency/repeatability of Project Management
- Increased efficiency (reduction of administrative burden)
- Improved integration with project management support functions
- Broader, user-friendly communication of project information
- Improved cost, schedule and quality performance on University projects
- Improved integration with operational/other service areas
- System Wide Implementation for Major Projects





# FPC Fees

## Current Impact

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### Issue

- Deficit due to TAP funding of Calhoun lofts project at 1.5% in lieu of standard 3% TAP fee – **(\$1.6M impact)**
  - Impact - \$57M NSM project - 5% complete, 64% of TAP costs expended to cover departmental costs
  - = 35% of non- Project related items funded by the TAP
  - Planning Department
  - Space Management Department  **\$856,729**
- Current allocation of TAP fee for small projects does not cover current costs.
- TAP - \$349,000 vs \$700,000 actual costs  **\$351,000**
- TAP fee revenue declaration allocated based on need vs percent complete of project.
  - Currently reviewing and revising “declaration process”



# IMPACTS

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- Properly funded project management/delivery services
  - Project Inspections/Inspectors, Technical Services (MEP, Civil Engineers) are not being funded resulting in the following quality issues
    - Quality of Work Issues
      - CEMO Hall
      - SR-1
      - Hilton Generator
      - SERC Ventilation
      - MDACC Library issues
      - Law Center
    - Site coordination issues
    - Public Safety
  - Pressures of supporting main campus Major Projects, Minor Projects, Maintenance and Operations and System Wide Major Projects!
  - Project Controls, Scheduling, process development is not being developed or maintained
- (\$1.2m projected deficit for FY 2012) – Major projects not complete.
- Historical lack of investment in processes, procedures, technology
- Historical inability to establish cost reserve for billing periods
- Developing and revising a long term capital plan





# Solutions

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## Solutions

- Projects > \$1M – TAP fee increase to \$ 3.5%
- CRDM funded projects - TAP fee increase to 5%
- Small/Minor projects \$0-\$500K – 7% fee
- Small/Minor projects \$500K-\$1M – 5% fee



\$981,667

OR

Allocate current costs for planning, space management, and associated financial requirements to alternative cost centers thereby reducing “indirect” costs on TAP fee.

## Budget

- Current Proposed Budget - \$3.2M



# Operational Improvements

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- Initial restructuring will be complete by 4/1/10
- Expanded first shift operations (7am – 6pm) accomplished
- Shops and services merged to increase staffing depth and service response times
- Software implementation of a web-based FME system to begin within next quarter; will be aligned with space management software
- Development of CRDM and Building Coordinator programs underway



# Operational M&O Funding

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- Plant Operations using M&O funding to provide basic operational services. As a general rule Plant Operations is responsible for building components that are common to most buildings.
  - Repairs from normal use
  - Maintenance of building envelope, comprised of the roof, windows, foundation, walls and floors
  - Maintaining clean/safe environmental



# Billable Services

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- Billable work examples:
  - Remodeling, conversion of space utilization, installation of specialized equipment affecting building systems
  - Repairing departmental equipment, teaching aids, furniture
  - Installing equipment that requires only minor structural changes or changing equipment locations
  - Fabricating shelves and equipment, non-scheduled painting, changing ventilation equipment, adding electrical service for new needs, etc.
  - Customer driven changes



# Leveling Rates

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- In order to improve customer satisfaction (varying rates by employee assigned) we are leveling rates by service type.
  - Services will have an established hourly fee for straight time and overtime
  - Average wage used to establish rate by service trade
  - Rates and services to be published in a new Plant Operations Service Guide by 5/1/2010



# Sample Rates

Service	Rate	Examples
Auto Service	Actual material costs	All Auto Repairs
Craft Services		
Regular	\$25.28/hr	Carpentry, Electric Services, Painting above normal schedule, Fire Alarm, Plumbing, lock rekeying, etc.
Overtime	\$37.92/hr	
Events		
Regular	\$18.68/hr	Event Setups, table and chair rental, standby personnel for Special Events
Overtime	\$28.02/hr	
Moves		
Regular	\$18.82/hr	Labor Moves, all furniture, equipment and property
Overtime	\$28.23/hr	
Custodial		
Regular	\$17.51/hr	Carpet Cleaning beyond established schedule, High Clean Requests, Special Services such as extra paper products, trash removal of irregular items, Window washing above scheduled washing
Overtime	\$26.27/hr	
Grounds		
Regular	\$19.42/hr	Project Support and Special Irrigation and Pest Control
Overtime	\$29.13/hr	
Utility (HVAC)		
Regular	\$27.13/hr	Utility Services for Project Support
Overtime	\$40.70/hr	



# Current Challenges

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- **Growing Need**
  - Block obsolescence (increasing number of buildings 50 years old)
  - Academic expectations and amount of space to maintain continue to rise
  - Escalation of replacement and renewal costs
  - CRDM funding limitations (review reports of current account status)
- **Strained Resources**
  - Maintenance operations underfunded
  - Staffing, funding and expectations misaligned
  - Reduced state support
  - Debt limits
  - Complexity of administrative processes



# What's Next?

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1. Fee & Rate Approvals Needed
2. Continued Development of Service and Strategic Programs
3. Complete Operations Restructuring
  - Plant restructuring into one operational structure to provide quality stewardship of university facilities through customer and staff collaboration
  - Engage Project Delivery Consultants for process development
    - RFP is in Procurement
    - Accomplish core plan by 12/31/10
    - Software implementation for Project Area – Calendar year 2011





# What's Next: continued

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## 3. Development of Integrated Facilities Plan

- Ensuring strategic programs work together
  - » Renewal and Deferred Maintenance
  - » Preventive and Planned Maintenance
  - » Energy Management
  - » Sustainability Initiatives
  - » Project Delivery
  - » Operational Services

## 4. Academic Plan Tie-In

- Exploration of non-traditional approaches (integration and collaboration)
- Partnering with Academics



# Ongoing Challenges

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- **Culture and historical perceptions**
  - Need for continual change management
  - Driving the train while laying the tracks
- **Growing Need**
  - Block obsolescence (increasing number of buildings 50 years old)
  - Academic expectations and amount of space to maintain continue to rise
  - Escalation of replacement and renewal costs
  - CRDM funding limitations (review reports of current account status)
  - System wide support for major projects
- **Strained Resources**
  - Maintenance operations underfunded
  - Staffing, funding and expectations misaligned
  - Reduced state support
  - Debt limits
  - Complexity of administrative processes
- **Competing Priorities & Communications**
  - Open, ongoing and two-way communications