Integration of Organizations and Services
Plant Operations

• 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 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
• 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

- Initiate the Project
- Plan the Project by Phase
- Procure Services/Products
- Manage Deliverables
- Manage Project Changes
- Perform Project Controls
- Close the Phase

Communication with Customers and Stakeholders

Dispute Resolution Process

Estimating

Design Review

Commissioning

Inspections
Targeted Program Results

• Proactive \(\rightarrow\) 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

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

- 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

- 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

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

• 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

- 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

• 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

• 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

<table>
<thead>
<tr>
<th>Service</th>
<th>Rate</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Service</td>
<td>Actual material costs</td>
<td>All Auto Repairs</td>
</tr>
<tr>
<td>Craft Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular</td>
<td>$25.28/hr</td>
<td>Carpentry, Electric Services, Painting above normal schedule, Fire Alarm, Plumbing, lock rekeying, etc.</td>
</tr>
<tr>
<td>Overtime</td>
<td>$37.92/hr</td>
<td></td>
</tr>
<tr>
<td>Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular</td>
<td>$18.68/hr</td>
<td>Event Setups, table and chair rental, standby personnel for Special Events</td>
</tr>
<tr>
<td>Overtime</td>
<td>$28.02/hr</td>
<td></td>
</tr>
<tr>
<td>Moves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular</td>
<td>$18.82/hr</td>
<td>Labor Moves, all furniture, equipment and property</td>
</tr>
<tr>
<td>Overtime</td>
<td>$28.23/hr</td>
<td></td>
</tr>
<tr>
<td>Custodial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular</td>
<td>$17.51/hr</td>
<td>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</td>
</tr>
<tr>
<td>Overtime</td>
<td>$26.27/hr</td>
<td></td>
</tr>
<tr>
<td>Grounds</td>
<td></td>
<td></td>
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<tr>
<td>Regular</td>
<td>$19.42/hr</td>
<td>Project Support and Special Irrigation and Pest Control</td>
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<tr>
<td>Overtime</td>
<td>$29.13/hr</td>
<td></td>
</tr>
<tr>
<td>Utility (HVAC)</td>
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<td></td>
</tr>
<tr>
<td>Regular</td>
<td>$27.13/hr</td>
<td>Utility Services for Project Support</td>
</tr>
<tr>
<td>Overtime</td>
<td>$40.70/hr</td>
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</tr>
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</table>
Current Challenges

• 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?

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
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

• 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