



Business Case for Facilities Project

The purpose of the business case is to justify the value and feasibility of the cross-institutional project to Dartmouth College, and to develop project plans based on requirements, identification of possible solutions, and cost-benefit analysis.

Business Case Name	Facilities Review
Business Case Sponsor(s)	Barry Scherr, Adam Keller, Tom Crady
Business Case Leaders	Mary Gorman, Lisa Celone
Description/Statement of Work (description of the business problem or opportunity that the project is trying to address)	
<p>Dartmouth owns a wide array of physical assets, ranging from housing to specialized laboratories; gymnasiums to high tech classrooms; playing fields to commercial real estate. The upkeep, renewal and programmatic renovation of these assets is critical to the effective fulfillment of Dartmouth's mission.</p> <p>Dartmouth College seeks to develop a business model that optimizes the strategic investment in our critical assets, optimizes the delivery of facilities services, and ensures a high degree of customer satisfaction (i.e. that the facilities meet the program needs of the faculty, students and staff). In addition to these overall goals, the business model should specifically address several other points including enhancing clarity around decision-making authority and determining guidelines for sustainability investments.</p> <p>The design of the business model will be shaped by the input of senior leaders, facilities service providers (described in the Background section below), and a broad range of customers.</p> <p>Following is a summary of opportunities to significantly improve facilities management at Dartmouth College. We recommend that these opportunities be considered as separate projects, each with its own project team to promote simultaneous progress, but under the same leadership team to promote consistency and oversight of shared/overlapping decisions.</p> <ol style="list-style-type: none"> 1. Information Management System: Utilize fully integrated facilities management system(s) to support the full life-cycle of capital maintenance, renewal and planning; work order management; space planning; and reporting at all levels of the institution. A review of systems needs and support should include, but not be limited to: <ul style="list-style-type: none"> ▪ Comprehensive facilities system to track facilities needs (i.e. audit information and other inputs), major maintenance and renewal. This system would help to drive effective oversight and decision-making ▪ Work order processing and related database to facilitate scheduling, communication and reporting ▪ Document storage ▪ Project management to support construction/renewal projects ▪ Geographic Information Systems (GIS) 2. Funding Model that Meets Facilities Standards: Define institution-wide standards (for quality, level of service, aesthetics, accessibility, and commitment to sustainability) and develop a funding model to meet defined expectations. Funding model should: <ul style="list-style-type: none"> ▪ Define the backlog of deferred maintenance and programmatic renewal needs, and develop a funding model to address these needs ▪ Quantify the investment needed to meet on-going maintenance and plant renewal requirements ▪ Support institutional priorities; emphasize broad institutional, rather than department/programmatic, interests ▪ Ensure appropriate value for services rendered, and market competitive-fees ▪ Review the value to users and appropriate distribution of internal charges (including rate setting, utility distribution, and clarity of services to be department- vs. centrally-funded) ▪ Evaluate incentives for energy savings and waste minimization 	

3. **Clarity of Decision-making:** Provide more clarity and transparency for facilities-related decision-making.
 - Review objectives of the ECFS (Executive Committee on Facilities and Space) and whether its current composition and process meets these objectives
 - Review and assess the Project Delivery Process in PDC, the capital budget development process in FOM, and clarify an institution-wide real property acquisition and disposition process. Review the information required for capital approval including the full project cost, all associated (or domino) project costs, and all operational costs including building O&M, technology, infrastructure renewal, and incremental program costs.
 - Ensure that the decision-making process for each project is based on well-informed alternatives, a rigorous value-engineering process, and an aggressive procurement strategy
 - Clarify the role of Provost, EVP, Chief Facilities Officer, and the Deans regarding planning and facilities decision-making for all institutional buildings and space
 - Ensure appropriate employees are well-informed re: who is authorized to make decisions, how and what decisions are made, and the related rationale for decisions

4. **Organization of workforce:** Organize the facilities workforce at all levels to meet both broad institutional needs and local, programmatic interests.
 - Identify specialty programs/functions that would benefit from a targeted facilities workforce, potentially across schools, divisions and departments
 - Define responsibilities of program owners and facilities offices in directing and managing facilities. Align the facilities workforce to meet specialty program and broader institutional needs.
 - Identify redundant positions at all levels; consider options to share work and/or best practices
 - Where needed, define criteria, authority and process to outsource work, institution-wide
 - Assess areas which may need additional resources, i.e. human resources, systems support/management, etc.

(Note: The following opportunities should be addressed internally within the facilities departments and are not to be considered as separate project proposals.

- Resource management: maintain appropriate staffing levels and ratio of supervisors to staff. Consider optimal organizational hierarchy, hiring/retention of custodians, etc.
- Optimize service quality and accountability for expectations between customer and service-provider)

Background

(description of the current situation including functions, scope and size of responsibilities, relevant history, and statistical information, if applicable)

Facilities Operations & Management (FO&M), which in August 2009 will report to the Chief Facilities Officer in the Finance & Administration (F&A) division, is responsible for the operations, maintenance and custodial service for ~5.4M sq ft of space in 165 college buildings; maintains campus grounds, and provides utilities to all college facilities. With ~330 employees, FO&M is the largest and one of the most complex departments at Dartmouth College. The \$82M annual expense budget includes O&M, capital and renewal, and related debt service. The budget is funded in part by the professional schools for their share of related building expenses, and by the college-only operating budget. There are few gifts or endowments that fund on-going facilities operations.

Planning, Design & Construction (PDC), which in August 2009 will also report to the Chief Facilities Office in the F&A division, is responsible for the planning and execution of major facilities projects across the college. In the past 4 years PDC has overseen delivery of 16 major capital building projects valued at \$270M, with 1.4M gross sq ft. PDC is comprised of 12 employees who are augmented by a variety of out-sourced service providers. Currently, PDC operations are funded by project fees and college subvention. Major capital projects are typically funded by fundraising, long-term debt and reserves.

Dartmouth College Athletics Department (DCAD) Facilities, reporting through DCAD to the Dean of the College, operates all DCAD buildings, fields and venues including the sailing facility on Mascoma Lake. With 16 FTE's and 120 temporary staff, DCAD Facilities staff spends a significant portion of their time preparing for and managing events for the 34 varsity- and 33 club-sport teams. In any given year, there are over 5,700 participants in team and intramural sports, ~4,100 students enrolled in PE classes, and ~100,000 community spectators. DCAD Facilities' annual expense budget of \$1.4M is partially offset by program revenues of \$825k. The \$575k net budget is funded by subvention and endowment distribution. The physical maintenance of DCA's facilities is performed by FOM.

The Office of Residential Life (ORL), reporting to the Dean of the College, manages undergraduate housing, in addition to providing residential education and programs and overseeing the Greek letter organizations. The ORL staff plan and oversee some renewal projects, and work with PDC on more complex renovations and renewal projects. There are 57 undergraduate housing buildings of over 1.1M sq ft which provide ~3,400 beds to students. ORL's housing, fiscal and residential operations offices employ 62 staff, and ~135 part-time student staff who work primarily during the commencement & reunion (C&R) period. ORL has \$22.7M of budgeted revenue, primarily from room fees which are used to fund operations and debt service on capital renewal.

Real Estate Office (REO), reporting to the EVP – Finance and Administration, manages over 250 off-campus real estate interests located primarily in the Hanover area. With a net asset value of \$110M, 500+ units of rental housing and ~430k sq ft of commercial and leased space, REO properties provide housing to faculty, staff and graduate students, and are managed to generate a return on investment to help fund the college's operations through endowment. REO's Rental Housing Office is self-supporting through fees, while REO's internal operations are funded through an overhead charge on the real estate interests managed within the endowment. REO currently has 16 employees.

The 3 professional schools, reporting through their Deans to the Provost, each have their own facilities offices. Tuck and Thayer employ FOM custodial and trades workers and provide day-to-day direction and oversight. DMS utilizes a hybrid approach, with 3 trades workers employed within DMS and custodial staff provided by FOM. DMS also plans and oversees all renovation and major capital projects. This is unlike Tuck and Thayer who rely wholly on PDC for management of their capital projects. The professional schools are all self-supporting in funding all facilities operations and capital renewal.

Auxiliaries: Dartmouth has several auxiliary operations, each of which is expected to maintain and fund its own facilities operations and renewal. These auxiliaries include the Hanover Country Club, Dartmouth Skiway, Morton Farm, Hanover Inn, and Minary Conference Center. In general, these auxiliaries struggle to generate enough revenues to cover their annual operations, and are not able to set aside enough funds for capital renewal. (Note: ORL is also considered an auxiliary, but is discussed in a separate paragraph above.)

Definition	
Project Goal	To ensure Dartmouth's facilities are planned for, maintained, and improved in a strategic and coordinated manner, and that resources to accomplish this work are allocated and managed via an efficient process and structure.
Project Scope (In- and Out-of-scope)	In the Statement of Work section above, 4 specific areas for further review were identified. When planning for each project area, consideration should be given to whether the Real Estate Office is "out of scope" because it operates for a different business purpose, with a different funding model, and for a varied customer base. However, we should look for opportunities to include REO when defining institutional goals and standards (i.e. sustainability, master planning) or setting parameters for shared resources (i.e. project managers, trouble shooters).
Stakeholders	Impact
Students, faculty and staff	Service, quality, access
Board of Trustees	Ability to make informed strategic and financial decisions

Deans and Major Program Directors	Clarity of role, authority and control of facilities management and decisions
Facilities managers and staff	Day to day organization and working environment
Customers who utilize College facilities and who rely on services provided by facilities staff	Service, quality, access
SEIU Union	Contract
Alumni/ae and donors	Assuring strong stewardship of the campus and its resources
Town officials and Town boards	Clarify roles and point(s) of contact
Departments that support facilities (i.e. HR, procurement, computing, finance, OGC, community relations, etc)	Unclear, but the level of support and impact may change

Constraints / Risks
(elements that may restrict or place control over a project, project team, or project action)

- Limited financial resources
- Cultural change re: organizational shifts, process changes, control/ownership
- Bound by parameters of union contract
- Recent creation of the Chief Facilities Officer may impact the timing and scope of the review
- Competing priorities and resources

Justification (alignment with College’s mission and goal, and expected benefits)

Dartmouth’s facilities provide the space for all learning and living, research and collaborative engagement that takes place on campus. It is crucial that Dartmouth manage its physical, financial, and facilities human resources to maximize the long-term interests of the institution.

Issue Management (How will decisions be made?)

Typically, a project sponsor is the VP and/or Dean who is the project champion and ultimate decision-maker for project budget, timeline and scope. S/He approves changes to institutional policy. A project steering committee, comprised of representatives from major constituents, typically provides project direction and oversight, sets priorities, approves major project deliverables and changes, and makes major project decisions. The committee recommends changes to institutional policy.

Team Roles and Responsibilities – TBD

The roles and responsibilities of project teams for an in-depth facilities project are still to be determined. We suggest that decisions for how to move forward with these business case suggestions be made by September 30, 2009.

Business Case Participants

The following people participated in the Facilities Business Case

Advisors: Steve Campbell – PDC, John Gratiot – FOM, Paul Olsen – Real Estate Office, Marty Redman – ORL, Gordon Taylor – Dean of the College, Richard Whitmore – DCAD Facilities

Interviewees:

PDC: Matt Purcell, John Scherding, Reed Bergwall, Jason Rouillard, Brenda West, James Pike, Joanna Whitcomb, Mary Bourque, Paul Tougas

FO&M: Frank Roberts, Ken Packard, Bill Barr, Steve Shadford, Rick Jaros, Bonnie Hafer

REO: Woody Simonds, Jonathon Garthwaite

DCAD: Josie Harper, Bob Ceplikas, Brian Austin, Roger Demment

ORL: Woody Eckels, Emily Eckels, Bernard Haskell, Cathy Henault

DMS: David Harris, David Nierenberg, Leslie Henderson

SEIU Union: Earl Sweet, Chris Peck

Customers: Jeff Horrell, Marga Rahman, Chris Strenta, Penny Paquette, Shelley Wirasnik, Larry McKinnon, Gary Durkee, EJ Kiefer

Administrative Partners: Kate Lark, Michael Blayney, Kathy Fallon Lambert, Julie Dolan, Gail Goodness, Susan Wells, Kevin Weinman