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Testimony Before the Appropriations and Financial Affairs Committee in Support of LD 460, An Act to Authorize a General Fund Bond Issue to Improve Student Success and Workforce Readiness with the University of Maine System

Senator Rotundo, Representative Sachs and members of the Appropriations and Financial Affairs Committee, my name is Patrick Flood. I live in Saco. I am a member of the Board of Trustees of the University of Maine System. The Board supports LD460. We thank Senator Pierce for submitting this Bill.

The University of Maine System has a significant number of buildings, labs, and residence halls. Several of our campuses have existed for over 150 years and many of our older structures require renovations or replacements. We address these needs in our long-term facilities plan. Our plan aligns with guidance from a national consultant we use – the Gordian Company. We currently invest about \$20 million per year to renovate and/or replace structures to meet health, safety and ADA requirements. But we know that \$20 million is not enough. Our facilities renovation age and net asset value will not improve unless more investments are made each year. Gordian suggests (and we agree) that a more complete plan would require about \$50 million per year of upkeep.

General Fund Bond issues will not solely solve our infrastructure problems. We have to be creative. Already, we direct a large share of campus operating budgets to capital needs. The Board also raises funds from outside sources (like the Alford Foundation who has pledged \$240 million for specific projects over ten years provided we find appropriate matching funds), and from public-private partnerships (like the Olympia Hotel Management renovation of Coburn and Holmes Halls at Orono which had been unoccupied for a decade, converting these halls into 95 hotel rooms this year). This year we are particularly proud of an \$11.7 million energy upgrade we just authorized at the University of Maine at Farmington. This project will be financed completely by the 10-year savings and energy credits realized through the installation of water and lighting systems, additional insulation in 30 buildings, and the installation of a second biomass boiler to replace expensive propane and fuel oil. We also utilize revenue bonding, which allows the University System to borrow at competitive rates without General Fund Bond issuance. In some cases, funds for debt service from the State have helped support our payments on revenue bonds. This is a unique partnership with the State that does not bind the state into long term obligations. Of course, we will also continue to seek funding from our Congressional delegation on appropriate projects. I hope it is clear that ~~you~~ we are not coming to the State for all our capital facilities needs. It is our duty to be creative.

I recognize that in the first year of a biennium, it is sometimes difficult to determine the appropriate level (if any) for state borrowing, and therefore the right amount of General Fund Bond requests to put before the voters. As this Legislature evolves this year and next, please know that we will continue to do our share and work with you to provide for the public mission of the University System. The University System is a cherished public asset deserving of State support. Its Board of Trustees will continue to manage the University System and the funds provided by the State to the best of our ability. We appreciate your service and appreciate the opportunity to work with you throughout the session. Thank you. I will try to answer any questions you have.

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