



# Maine Community College System

OFFICE OF THE PRESIDENT

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To: Senator Rotundo, Representative Sachs and members of the Joint Standing Committee on Appropriations and Financial Affairs  
From: Pamela Remieres-Morin, Chief Financial Officer, Maine Community College System  
Re: An Act to Authorize a General Fund Bond Issue to Fund the Maine Community College System (LD503)  
Date: April 26, 2023

Senator Rotundo, Representative Sachs, and Members of the Joint Standing Committee on Appropriations and Financial Affairs. I am Pam Remieres-Morin. I have been the CFO of the Maine Community College System for four years. Prior to my role as CFO, I served as Dean of Finance and General Services at Central Maine Community College for ten years. I am a resident of Lewiston.

After I became the CFO at MCCS, one of my first duties was to provide information to the task force that arose from a bill passed by the 129<sup>th</sup> Legislature, LD 1283. This bill created a task force comprised of the public higher education institutions, state agencies, FAME and the Associated General Contractors of Maine. The task force issued its report just prior to the pandemic in January 2020.

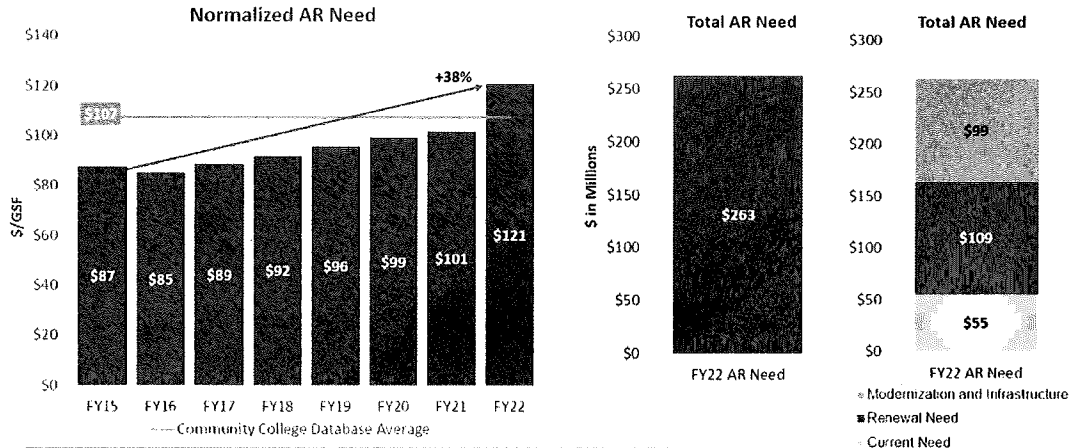
This report and the work it entailed broadened my understanding of MCCS's crucial need for financial investments in the form of general obligation bonds. My work in the intervening 3+ years has allowed me insight into the needs on each of our campuses and how that impacts our ability to serve our students.

Maine's public universities, community colleges and Maine Maritime Academy contracted with an independent third-party vendor, Gordian to analyze our current needs as they pertain to our physical infrastructure. The results were not surprising. Below you will find some of the information gathered from their analysis and continued involvement on our campuses.

The most recent Gordian life cycle prediction analysis for MCCS was completed this year and contained information through FY22. MCCS's total asset reinvestment need was identified at \$263 million in existing assets to be addressed over the next 10 years. This includes \$55 million in current need, \$109 million in renewal need, and \$99 million in modernization and infrastructure need. This asset reinvestment need has grown by \$38 million just since FY20.

# MCCS Asset Reinvestment Need Continues an Upward Trend

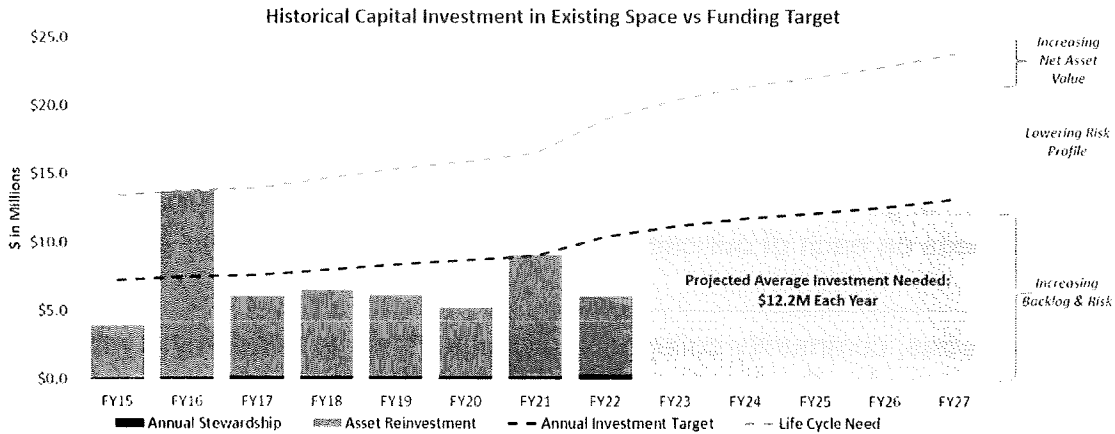
Campus age and historical capital investments drive asset reinvestment need



The projected average investment need annually is approximately \$12.2 million over each of the next 5 years just to tread water on deferred maintenance and mitigate any backlog growth. This investment doesn't improve our position, but does lower our risk by not increasing the backlog of needs.

## MCCS 5-Year Funding Target Projection

\$60.9M of investment into existing space over next 5 years is needed to mitigate backlog growth

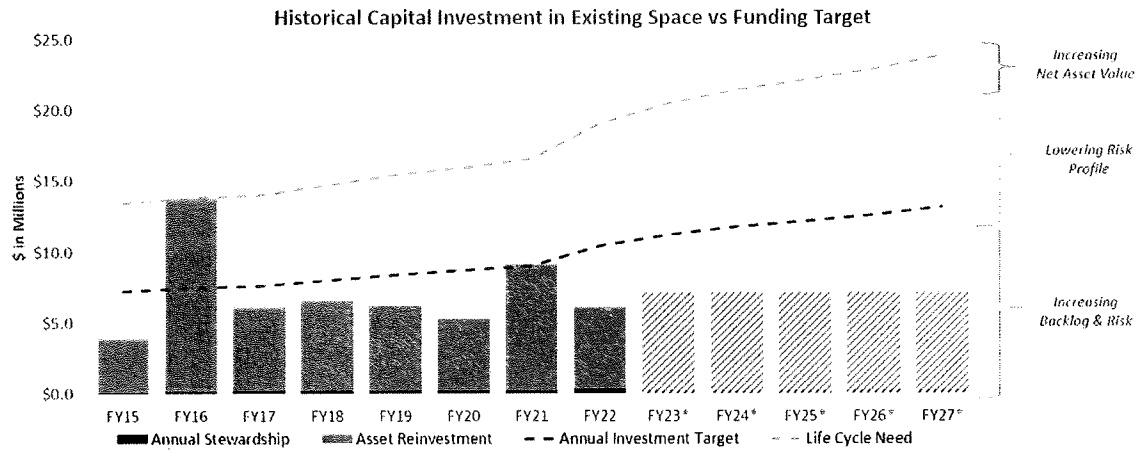


\*Gordian is using a 16.2% inflation rate across its database for FY22 from the BSMears CCI catalog.  
 \*\*Excludes infrastructure, new space and non-facilities spending.  
 \*\*\*Assumes 5% inflation FY23-FY27.

Currently the system expends between \$5-10 million a year on capital investment. If MCCS keeps investing at our current level, we will unintentionally defer \$21.7M in backlog over the next five years. The MCCS net asset value is currently at 68% which places our buildings where they need more significant repairs and large capital infusions. If we are not able to address these needs, major building components are in jeopardy of failure and the colleges will start to experience reliability issues throughout their buildings. The \$50 million bond in addition to our current investment will allow us to make progress and lower our risk profile.

# Projected Investments Fall Short to Investment Targets

At current investment levels, MCCS will unintentionally defer \$21.7M in Backlog in next 5 years



\*Gordian is using a 16.2% inflation rate across its database for FY22 from the RSI:trans CCI catalog.  
 \*\*Excludes infrastructure, new space and non-facilities spending  
 \*\*\*Projections calculated by FY15 - FY22 AS & AR investment averages

As the system infrastructure ages, the cost for planned maintenance and extending useful life increases. These growing costs cause additional strain on the operating budgets of the colleges.

I realize this is a lot of information, but please know that this bond is crucial. I am more than happy to answer any questions during worksession.