

OFFICE OF THE CHANCELLOR

November 8, 2016

The Honorable Edward J. Kasemeyer, Chair
Senate Budget and Taxation Committee
Room 3, West Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Maggie McIntosh, Chair
House Appropriations Committee
Room 121, Taylor House Office Building
Annapolis, Maryland 21401

The Honorable David R. Brinkley, Secretary
Department of Budget and Management
45 Calvert Street
Annapolis, Maryland 21401

Re: Transmittal of report required by Senate Bill 1052/Ch. 25, Sec. 3, 2016
MSAR #10769)

Dear Senator Kasemeyer, Delegate McIntosh and Secretary Brinkley:

As required by Senate Bill 1052 (2016), the University System of Maryland (USM) hereby submits the attached report outlining the plan for moving the USM Corporate Headquarters to Baltimore City. If you need additional information or have any questions, please contact Joseph Vivona, Vice Chancellor for Administration and Finance at 301-445-1923 or jvivona@usmd.edu.

I appreciate the opportunity to share this plan and look forward to the USM providing a strong and vibrant presence in Baltimore City.

Sincerely yours,



Robert L. Caret
Chancellor

Page 2

November 7, 2016

Re: Transmittal of report required by Senate Bill 1052/Ch. 25, Sec. 3, 2016 (MSAR #10769)

cc: The Honorable Larry Hogan, Governor
The Honorable Thomas V. "Mike" Miller, President of the Senate
The Honorable Michael E. Busch, Speaker of the House of Delegates
Members of the Budget Committees
Members of the USM Board of Regents



UNIVERSITY SYSTEM of MARYLAND

PLAN FOR ESTABLISHING A CORPORATE HEADQUARTERS FOR USM IN BALTIMORE CITY

University System of Maryland
Office of the Chancellor

November 7, 2016

I. LEGISLATIVE CHARGE

Senate Bill 1052 (2016) as enrolled, includes the following requirement:

“(B-1) The University System of Maryland shall establish its corporate headquarters in Baltimore City at a place designated by the Board.” (Enrolled Bill, p. 13)

“SECTION 3: AND BE IT FURTHER ENACTED, That:

“(1) (a) The University System of Maryland corporate headquarters shall be located in Baltimore City by July 1, 2017, and that the ownership of the current property, including structures, located on Metzert Road in Prince George’s County shall be transferred to the University of Maryland, College Park Campus by July 1, 2017.

“(b)(1) The Chancellor of the University System of Maryland shall develop a plan for moving the corporate headquarters to Baltimore City.

“(2) On or before December 1, 2016, the Chancellor shall submit the plan developed under paragraph (1) of this subsection, including an estimate of any costs associated with the plan, to the Department of Budget and Management and the Senate Budget and Taxation Committee and the House Appropriations Committee, in accordance with § 2-1246 of the State Government Article.” (Enrolled Bill, p. 39-40)

II. RELOCATION OPTIONS

Early in the discussion of SB 1052, it was determined that relocating all the functions and personnel currently housed in the Elkins Building in Adelphi would require roughly 30,000 (rentable) Square Feet of office, admin support, service, IT and meeting space, with an ongoing cost of roughly \$1M per year for lease and operating expenses. It's estimated that a one-time fit-out cost of over \$4M would be required for minor to moderate interior reconstruction, finishes, furnishings and equipment. This cost includes most IT and communication infrastructure, but does not include transportation costs.

Given the recent renovation of space for the USM Foundation (on the Elkins first floor) and the potential cost of disrupting the proven effective and efficient administrative operations in Adelphi, the Board of Regents approved an economical, resource-minded plan that would establish a formal headquarters for the University System in Baltimore while maintaining an operational presence in Adelphi. To maximize the effectiveness of the headquarters, approximately 12-15 individuals and functions were identified for relocation to Baltimore:

- Leadership (Chancellor, Board of Regents, USM operations); and
- Public Outreach (economic development, public relations, etc.).

Specifically, these include: the Chancellor and support staff, the Chancellor's Chief of Staff and Secretary to the Board of Regents, the Office of Economic Development, the Office of Communication, and the USM's Chief Operating Officer/Vice Chancellor for Administration and Finance and two directors responsible for capital planning, facilities, procurement, real property and sustainability. Plans include the use of video conferencing and other technologies to facilitate communication between the headquarters and the Adelphi office.

The offices of Governmental Relations and Internal Audit are already located in offices outside of Adelphi (Annapolis and Columbia, respectively). Remaining operational functions in Adelphi would include the USM Foundation, the offices of the Vice Chancellor for Academic Affairs and the administrative functions of finance, human resources, institutional research, budget and information technology.

The language of the bill mentions the return of the Elkins Building to the University of Maryland, College Park. The building, located at 3300 Metzert Road in Adelphi was never transferred to the USM and is currently under the ownership of the University of Maryland College Park.

III. SELECTION OF THE COLUMBUS CENTER

USM owns the Columbus Center located in downtown Baltimore at 701 E. Pratt Street that houses a joint research center known as the Institute of Marine and Environmental Technology (IMET) that is a collaboration between several USM institutions: University of Maryland, Baltimore, University

of Maryland Baltimore County (UMBC), and the University of Maryland Center for Environmental Science. IMET succeeded the Center of Marine Biotechnology (COMB) and the University of Maryland Biotechnology Institute (UMBI) in 2010. UMBC manages this facility on behalf of USM.

The Columbus Center was identified by the Board of Regents as the location to relocate the USM headquarters to Baltimore City given its central location and the fact that it was already a USM owned property. Discussions between USM and UMBC to occupy a portion of the building began in the spring of 2016. Because the building is primarily a research building, it was determined that only a limited amount of office space would be available for use by USM.

Ultimately, two general suites of offices were selected and reconfigured, one for the Chancellor's group (Phase I) and another for the Phase II functions and the four shared staff work spaces.

IV. ORGANIZING THE MOVE

The relocation of USM staff to Baltimore occurred in two phases.

A. Phase I. The first phase occurred in July of 2016 when the Chancellor's Office moved to Baltimore which comprised eight individuals. Specifically, the Chancellor, his Chief of Staff, an Executive Assistant, a Deputy Chief of Staff; as well as the Vice Chancellor for Economic Development and his Assistant. A part-time special assistant and the Chancellor's driver are also based out of the Baltimore Headquarters. At this time, a shared work space for other USM administrators and staff who may have business in the Baltimore Headquarters was also created. It includes four workstations, each with telephones and computer networking capability (via Wi-Fi).

B. Phase II. The second phase occurred in November of 2016 when the Office of Vice Chancellor for Administration and Finance and the Office of Vice Chancellor for Communications relocated to Baltimore. This provided a core administrative support team for the Chancellor's Office and includes the following positions: The Vice Chancellor for Communications, a Senior Writer, and a Media Relations and Web Manager. Also based in Baltimore will be the Chief Operating Officer/Vice Chancellor for Administration and Finance, the Director of Procurement and Real Property Initiatives, and the Director of Capital Planning.

V. ANTICIPATED COSTS

Although the Columbus Center is owned by USM, all tenants are required to pay rent in order to maintain the facility and meet ongoing operating costs.

In July of 2016 a memorandum of understanding was entered into between USM and UMBC for the space to be occupied by the Chancellor's Office located on the second floor of the building. The net assignable square footage for this space is 2,513 and the base rent is twenty-eight dollars a square foot

for a total annual rent of \$70,364 with an automatic renewal and 3% annual escalation. USM also has the right to the use of common areas including conference rooms in the Columbus Center.

The second phase of the move to Baltimore occurred in November of 2016. The additional space comprised 2,380 net assignable square footage at the same rate of twenty-eight dollars a square foot for an additional rent of \$66,640.

The total rent for all USM occupied space is \$137,004 annually. This includes basic utilities and services (janitorial, mail delivery, security, etc.). In addition to the lease costs, other ongoing operating expenses would include rental and maintenance of business equipment, supplies, technology and other services.

In addition to these ongoing expenses, there were one-time expenses associated with both phases tied to moving, such as furniture (where needed), information technology needs such as computers and servers and other one-time miscellaneous expenses to set up offices. The estimated total for these expenses is \$190,000.

USM employees working at the Columbus Center are required to pay for garage parking that is 2-1/2 times higher than the annual fee they formerly paid to the University of Maryland, College Park. Employees of UMBC and UMCES who work in the Columbus Center receive a 50% subsidy from the institution to park in an adjacent private downtown garage. It seemed fair and reasonable to do the same for USM employees. The subsidy amounts to \$88.50 per month for each employee, or \$1,062 per year, for a total annual cost of \$12,744. The incremental cost to employees relocating from Adelphi will be phased-in over three years.

VI. CONCLUSION

The implementation of the Plan as it has been accomplished to-date, has proven highly successful. Having key personnel based in Baltimore allows easier access for Baltimore-area institutions, companies and agencies to USM. The positive effect of the visibility of the Columbus Center and the USM name and logo in a highly trafficked part of the City cannot be understated.

At the same time, having the continuous support of an established administrative center in Adelphi behind the Headquarters has enabled the success of the Baltimore office. Furthermore, the ability to welcome public visitors and schedule System-wide meetings and conferences in either location will bring value to USM and the State.