



July 26, 2006

TO: Dr. Layton McCurdy, Chair, and Members, Commission on Higher Education
FROM: Mr. Dan Ravenel, Chair, Committee on Finance and Facilities
SUBJECT: Recommendations of the Committee on Finance and Facilities

The Committee on Finance and Facilities met on July 12 to consider the following:

4.04A Interim Capital Projects

Francis Marion	Center for Performing Arts	\$18,000,000	-establish
Lander University	Student Center Construction/Renov.	2,000,000	-increase
SC State	Transportation Center	5,470,820	-increase
USC-Aiken	Residence Hall Construction	16,500,000	-increase
Greenville TC	Northwest Campus Constr.	2,978,921	-increase
USC-Upstate	Lease – Sptn Housing Auth Bldg	124,000	-annually

4.04B Recommendations of the Subcommittee to Review the Higher Education Facilities Approval Process

4.04C List of Staff Approvals for May and June 2006

If you have any questions about a particular item, or if you need additional information, please contact me or Lynn Metcalf at (803) 737-2265.

will not require an increase in tuition and fees. The same provision applies if the private guaranteed funds are not fulfilled.

Lander University

Student Center Facility Construction/
Renovation \$ 2,000,000 -increase budget
(Previous Budget = \$4,500,000)

Source of Funds: \$ 1,005,479 -institutional funds
994,521 -Life Sciences Act funds

Proposed Budget:	\$ 1,650,113	-new construction (3,000 GSF)
	1,564,187	-roofing
	1,235,000	-interior building renovations (47,000 GSF)
	875,000	-utilities renovations
	650,000	-exterior building renovations
	452,200	-professional services fees
	50,000	-contingency
	<u>23,500</u>	-landscaping
Total:	\$ 6,500,000	

Description

The University is seeking an increase in funding after additional building deterioration was discovered in the Grier Student Center. Appropriate corrective action must be taken to ensure the integrity of the work.

There is substantial settling along the building perimeter of the facility. Engineering investigations have determined that the foundation and footer settling is contributing to the cracking of the dining hall floor and the cracking in the brick veneer of the building. As a solution, the exterior sheathing has to be replaced and an Exterior Insulation and Finish System (EIFS) will be applied to the exterior of the second and third floors in lieu of brick veneer.

The renovation project will also include replacing the roof systems on the student center and the adjoining Cultural Center. The two facilities are connected through the room system. The roof systems have failed, and water intrusion is severe. The re-roofing will include removing the entire roof system to include permitted precautions for asbestos abatement and disposal. There is substantial roof decking that must be replaced due to severe corrosion. A modified bitumen roof system will be installed, the skylight systems will be replaced, and accommodations for new roof penetrations and curbing will be constructed.

The dining room's concrete floor will be demolished, along with existing patio surfaces and concrete stairs (where pedestrian traffic is now prohibited). Renovation of the dining hall will include new flooring, lighting, furniture, décor and serving stations. The University is working closely with Aramark, the food service provider, to provide resources for the interior renovation. During the renovation, the HVAC and electrical utility systems will be expanded, and several restrooms will be retrofitted to conform to ADA standards.

rigors of college life. Freshmen in the new facility would be offered double-occupancy bedrooms and upperclassmen would be offered private bedrooms for which there has been a demonstrated demand.

The estimated cost of the project is \$55,000 per bed including site development, financing, A&E fees, construction, and furnishings. The cost per square foot is \$130. *College Planning & Management's* "College Housing 2006 Special Report" found in a survey of 46 residence halls currently under construction, the average cost per student was \$56,449 for an average project size of 105,000 sq. ft. The average cost per square foot was \$171.44.

E&G Deferred Maintenance Reduction:

N/A – New Construction

Annual Operating Costs/Savings:

Utilities, salaries and benefits, administrative operations, building maintenance, and repair/replacement reserves will require additional operating costs ranging from \$330,800 to \$348,225 in the three years following project completion. The costs will not be absorbed into the existing budget.

Recommendation

The Committee on Finance and Facilities recommends approval of this project as proposed.

Greenville Technical College

Northwest Campus Construction (Previous Budget = \$16,133,000)	\$2,978,921	-increase budget
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Source of Funds:	\$2,000,000	-federal grants
	978,921	-local funds

Proposed Budget:	\$16,763,921	-new construction (95,200 GSF)
	1,095,000	-site development
	850,000	-professional services fees
	400,000	-contingency
	<u>3,000</u>	-builders risk insurance

Total:	\$19,011,921	
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Description

The College is requesting to increase the budget to cover escalating construction costs due to economic conditions. The increase reflects actual bid pricing received on June 21, 2006, through the competitive bid process. The scope of the project has not changed, pricing received as part of the bid process reflects current market pricing. The revised budget has reestablished the cost per square foot for this facility at \$176.09.

The project is in the final phase of a two-phase project to establish a permanent campus in northwestern Greenville County. Program reductions were considered but deemed not appropriate at this time.

E&G Deferred Maintenance Reduction:

N/A – New Construction

Annual Operating Costs/Savings:

Utilities and labor will require additional operating costs ranging from \$150,496 to \$159,661 in the three years following project completion. The costs will be absorbed into the existing budget. (For technical colleges, these costs are paid from local funds.)

Recommendation

The Committee on Finance and Facilities recommends approval of this project as proposed.

LEASE

University of South Carolina Upstate

Spartanburg Housing Authority Building \$124,000 -annual lease rate

Description

The purpose of the proposed lease is to provide space for a number of community outreach initiatives to include a University grant program specifically related to that geographic area. The property is located just south of the downtown area of Spartanburg and is owned and occupied by the Spartanburg Housing Authority who will relocate pending finalization of lease arrangements. The property is 2.5 acres with two buildings and 95 paved parking spaces. One building is a concrete one-story office facility with 12,380 sq. ft. with some large classroom and conference areas. The other structure is a complementary metal warehouse facility containing 7,600 sq. ft. of office and storage space.

The lease term is for one five-year period with no renewal. The lease rate is \$124,000 per year, or \$6.21 per sq. ft. The University indicates this rate is well below the average rent rate for property in the area. The University will pay all operating costs and insurance on building contents. The landlord will provide property insurance and make repairs to all major building systems. A property appraisal has been received and reviewed with no major structural problems noted.

Recommendation

The Committee on Finance and Facilities recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

Recommendations of the Subcommittee to Review the Higher Education Facilities Approval Process

In March 2006, the Committee on Finance and Facilities discussed a number of concerns about the length of time currently required for the approval of capital projects. The current approval process requires a significant amount of time between the planning and delivery of construction projects which can be up to a year in some cases. The Committee believes that if the timeframe were shortened, it would allow the institutions to develop more accurate budgets and reduce cost increases caused by delays. In May 2006, the Finance and Facilities Committee appointed a subcommittee to review the higher education facilities approval process. The goal of the subcommittee was to examine ways in which to make the approval process more efficient when addressing issues such as deferred maintenance, project delays and budget increases, and the overall approval timeline. The subcommittee members were:

- Ms. Rosemary Byerly, CHE Commissioner
- Mr. Dan Ravenel, CHE Commissioner
- Mr. Jim Sanders, CHE Commissioner
- Mr. Neal Workman, CHE Commissioner
- Mr. Walter Hardin, Winthrop University
- Mr. Rick Puncke, Jr., USC Upstate
- Mr. Thomas Suttles, Clemson University (initially Lander University)
- Mr. Dale Wilson, Piedmont Technical College
- Mr. Charles Shawver, Budget and Control Board
- Ms. Lynn Metcalf, CHE Staff
- Dr. John Sutusky, CHE Consultant and former Director of Planning & Special Projects at MUSC

The subcommittee met four times to identify and clarify the issues and to develop appropriate recommendations. The subcommittee received input and advice from the Interim State Engineer Alan Carter and several facilities officers at the institutions. The recommendations are presented in institutional priority order.

The Finance and Facilities Committee approved the recommendations on July 12, 2006.

The Finance and Facilities Committee recommends the Commission approve the recommendations in order to enact the necessary policy and procedure changes and to allow staff to draft legislation to present to the General Assembly where required.

1.) The State's Comprehensive Permanent Improvement Plan (CPIP) process should be made meaningful by using the CPIP process as it was intended to work. (*Behavior change*)

RATIONALE: CPIP, as initially conceived, has much to offer in support of rational planning and the timely approval of permanent improvement projects. What is largely lacking is a commitment from the State to consider CPIPs, especially projects for the ensuing fiscal year, in a timely manner. The untimely consideration of CPIPs has resulted in a process that has become ineffective.

It is counterproductive for the State to require CPIPs and then approve them midway through the fiscal year the plan addresses. In recent years, CPIPs have not been presented to the State's Budget and Control Board for review and approval.

CPIP was established in part to ensure the one-time State approval of an institution's work plan for the ensuing fiscal year (Year 1). Adherence to this principle would allow most of the routine interim permanent approval requests to be processed at staff level.

A reinvigorated CPIP process would have the following benefits:

- Review and approval of all permanent improvement projects for the ensuing fiscal year could be obtained prior to the beginning of the fiscal year. The CPIP process should follow the timeline of the State budget cycle.
- Institutions would annually assess the extent of their deferred maintenance problem and progress.
- Institutions would address how they will maintain existing facilities in an acceptable manner.
- Institutions would define their construction needs.

Year 2 requests in a CPIP constitute an institution's request for State Capital Improvement Bond funds. The Year 2 projects requested need not be considered by the State on the same timeline as Year 1 projects. Year 2 requests, however, may be supported with feasibility/planning studies. Further, no request would be approved unless it is consistent with the institution's facilities master plan and the institution's approved mission.

Year 3, 4 and 5 proposed projects are more conceptual and give evidence of an institution's future facility planning.

2.) Eliminate the project approval requirement for routine repair, maintenance, and replacement of building systems provided the Office of State Engineer and State Procurement requirements remain intact. *(State Code change)*

RATIONALE: Institutions should be permitted to proceed with identified repair, maintenance, and replacement of building systems detailed in their reinvigorated CPIP without requiring additional State-level approvals of individual projects.

3.) Adopt code changes allowing public higher education institutions to conduct feasibility/planning studies up to and including design development without requiring State-level approvals to plan. *(State Code changes)*

RATIONALE: Currently, institutions must seek State approval to do such planning if the planning exercise will likely result in a project. This costs valuable time and money and requires institutions to establish projects based on very limited knowledge. Institutional project planning should occur before the State-level project approval process is initiated.

Therefore, institutions should be allowed to complete a feasibility/planning study up to and including design development prior to seeking State project approval. This study should include: space program; schematics; cost estimate; funding plan, including a funding timeline if all funds are not currently

available; a project timeline through occupancy; and recommendation for a preferred/proposed procurement methodology.

Institutions are strongly encouraged to pursue a complete architectural and engineering selection process, in accord with State regulations, to select a firm to conduct the aforementioned feasibility/planning study. This will allow the institution to continue with the same architectural and engineering firm for actual design, thereby realizing efficiencies. If the planning results in an approved project, the technical colleges may use the cost toward the required 20% match for new projects.

4.) Eliminate the duplication of forms to the Office of State Budget for capital projects through both the CPIP and its “Detailed Justification for Capital Budget Priorities” portion of the annual State Budget Request. *(Policy/Practice change)*

RATIONALE: The same information is required to be submitted twice by institutions (in somewhat different formats) to the Office of State Budget.

5.) Require each higher education institution to develop and submit to CHE plan to bring its deferred maintenance¹ to an acceptable level. *(CHE Policy change)*

RATIONALE: Due to the magnitude of deferred maintenance at some institutions, a multi-year plan may be required to reach this goal. Each plan developed must take into account the current deferred maintenance level plus the projected annual growth (life-cycle replacement). Most are generally unaware of the critical deferred maintenance issue facing our institutions. The Comprehensive Permanent Improvement Plan (CPIP) requires that deferred maintenance be addressed. Too often, these plans are incomplete or simply statements of the problem offering no long-term solution. The State needs to take this issue seriously as evidenced through its review and acceptance of CPIPs.

6.) The Governor, in consultation with Senate and House leadership, should appoint a Blue Ribbon Committee to study and provide recommendations to enable South Carolina to implement an effective alternative construction delivery system – such as design build, Construction Management at Risk, Construction Management/General Contracting – for State agencies. The Blue Ribbon Committee should complete its report no later than November 1, 2006. *(State Code changes)*

RATIONALE: Alternative delivery systems – alternatives to design-bid-build – are used in greater than 70 percent of non-residential European construction and well over 50 percent in Japan.

During the past two decades, because of the inherent advantages of alternative delivery, the use of design-build and its variations has greatly accelerated in the United States’ public and private sectors.

The benefits of alternative delivery systems include: single entity responsibility for architectural, engineering, design, and construction services; improve project definition through the collaborative planning efforts of designers, engineers, constructors, and owners at the earlier stages of project

¹ The Strategic Assessment Model (SAM) defines deferred maintenance is the upkeep of buildings and equipment postponed from an entity’s normal operating budget cycle due to a lack of funds. The term does not include projected maintenance and replacements, program improvements or new construction.

conceptualization; enhanced project quality; cost savings, time savings, reduced State Agency administrative burden; realization of “best value” rather than “low bid;” and perhaps most importantly, the early knowledge of realistic construction costs.

For many State construction projects, there are inarguable advantages with alternative delivery as contrasted to conventional design-bid-build.

The State has a process in place that makes alternative delivery permissible in South Carolina. However, further examination reveals that the process, as it now exists, is inconsistent with sound alternative delivery methods. The existing State process needs to be evaluated and made consistent with current accepted practices used in the private and other governmental sectors.

Information Item

PERMANENT IMPROVEMENT PROJECTS						
APPROVED BY STAFF						
May 2006						
Date Appr.	Project #	Institution	Project Name	Action Category	Budget Chg.	Revised Budget
5/8/2006	9861	Clemson	Lightsey Bridget Fire Sprinkler Retrofit/Renovations	increase budget, revise scope	\$ 400,000	\$1,758,300
5/8/2006	9727	USC-Columbia	Jones PSC Renovations*	increase budget	\$ 4,000,000	\$14,849,000
5/8/2006	9727	USC-Columbia	Jones PSC Renovations	change source of funds		\$10,849,000
5/8/2006	9999	USC-Columbia	Columbia Campus Recreational Facilities Development	increase budget	\$ 249,000	\$6,549,000
5/8/2006	6022	USC-Columbia	Beta Research Facility Construction	increase budget, change source of funds	\$ 1,000,000	\$31,564,157
5/9/2006	9533	Citadel	Utility Systems Repair/Replacement	decrease budget, close project	\$ (1)	\$8,013,143
5/9/2006	9871	USC-Columbia	EMP Boiler Replacement-Phase I	decrease budget, close project	\$ (41,968)	\$898,032
5/9/2006	9941	USC-Columbia	Law School Water Pumps & Controls Upgrades	decrease budget, close project	\$ 44,869	\$105,131
5/9/2006	9944	USC-Columbia	West Energy No. 1 Boiler & Deaerator Tank Replacement	decrease budget, close project	\$ (2,587)	\$519,413
5/9/2006	9965	USC-Columbia	Blatt Interior Painting	decrease budget, close project	\$ (123,496)	\$26,504
5/9/2006	9967	USC-Columbia	Blatt Gym Floor Replacement	decrease budget, close project	\$ (6,796)	\$138,204
5/9/2006	9973	USC-Columbia	Harper Elliot Roof Repair/Replacement	decrease budget, close project	\$ (1,036)	\$163,964
5/9/2006	9982	USC-Columbia	Gambrell Hall Elevator Upgrades	increase budget, close project	\$ 52	\$435,052
5/9/2006	9987	USC-Columbia	Gambrell Hall Interior Refurbishment	decrease budget	\$ (52)	\$154,948
5/9/2006	9749	USC-Columbia	Utility Tunnel Repair	change source of funds		\$160,000
5/9/2006	9846	USC-Columbia	School of Public Health Construction	change source of funds		\$31,550,000
5/9/2006	9998	USC-Columbia	Energy Performance Contract- Phase I & II	change source of funds		\$53,390,969
5/9/2006	6015	USC-Columbia	Band Hall Construction	change source of funds		\$6,729,000
5/9/2006	6627	USC-Columbia	Biomedical Block Parking Garage Construction	change source of funds		\$19,000,000
5/9/2006	6030	USC-Columbia	Gambrell Hall Repairs	change source of funds		\$8,200,000
5/9/2006	6031	USC-Columbia	Steamline Replacement/Repair	change source of funds		\$1,000,000
5/17/2006	9951	Winthrop	Baseball Park Phase II	change source of funds, revise scope	\$ 400,000	\$3,200,000
5/17/2006	9998	USC-Columbia	Energy Performance Contract- Phase I & II	change source of funds, revise scope	\$ 249,000	\$53,639,969
5/17/2006	9562	Citadel	Stadium Endzone Building Construction	decrease budget, close project	\$ (12,938)	\$2,832,062
5/17/2006	9930	Horry-Georgetown TC	Georgetown Building 100 Roofing Renovation	increase budget, change name of project	\$ 60,000	\$214,900
5/17/2006	9894	Horry-Georgetown TC	Grand Strand Campus Former Base Hospital*	increase budget	\$ 2,000,000	\$8,500,000
5/19/2006	9585	Citadel	Mark Clark Hall HVAC Replacement	close project	\$ (4,480)	\$425,520
5/19/2006	NEW	College of Charleston	Sottile Theatre Renovation	change project name	-	-
5/30/2006	9620	College of Charleston	Campus Buildings HVAC Systems-Deferred Maintenance	decrease budget, close project	\$ (500,000)	\$0
5/30/2006	9621	College of Charleston	Campus Buildings Roofs-Deferred Maintenance	decrease budget	\$ (725,000)	\$715,000
5/30/2006	9747	MUSC	Thurmond/Gazes Biomedical Research Building Chillers Replacement	increase budget	\$ 200,000	\$11,934,798
LEASES						
Date Appr.	Project #	Institution	Project Name	Terms		Renewal Term
5/8/2006		MUSC	Alpha Genesis Incorporated (95 Castle Hall Road)	Monthly Rate - \$4,166.67; Annual Rate - \$50,000.04; Cost per sq. ft. - \$16.66	<i>Note: 3,000 sq. ft.; land only lease</i>	7/1/2006-6/30-2011
5/25/2006		MUSC	26 Bee Street	Monthly Rate - \$3,313.33; Annual Rate - \$39,760; Cost per sq. ft. - \$14	<i>Note: 2,840 sq. ft.</i>	8/1/2006-7/31/2007
*Previously approved Comprehensive Permanent Improvement Plan (CPIP)						

PERMANENT IMPROVEMENT PROJECTS						
APPROVED BY STAFF						
June 2006						
Date Appr.	Project #	Institution	Project Name	Action Category	Budget Chg.	Revised Budget
6/2/2006	NEW	Clemson	Lee Hall Reroof*	Establish Project		\$ 575,000
6/2/2006	9571	Citadel	McAlister Field House - Female Locker Room Facility Addition	decrease budget, close project	\$ (743)	\$ 914,257
6/2/2006	9999	USC-Columbia	Columbia Campus Recreational Facilities Development	change source of funds	\$ -	\$ 6,549,000
6/2/2006	9751	USC-Columbia	Graduate Science Research Center	increase budget	\$ 116,287	\$ 34,993,008
6/2/2006	9997	USC-Columbia	Russell House Improvements	decrease budget, close project	\$ (4,151)	\$ 1,245,859
6/5/2006	9849	Clemson	Newman Hall Renovation/Addition A&E	increase budget, revise scope	\$ 200,000	\$ 300,000
6/5/2006	9530	Coastal Carolina	Multipurpose Athletic Facility	increase budget	\$ 245,000	\$ 11,935,000
6/5/2006	9538	Coastal Carolina	Athletic Training Facility Construction, Phases I & II	decrease budget	\$ (245,000)	\$ 6,155,000
6/5/2006		Francis Marion	Pee Dee Education Center Acquisition	decrease budget, close project	\$ (3,005)	\$ 1,500
6/14/2006	9589	Citadel	Stadium East Stands Partial Demolition & Repairs	decrease budget, close project	\$ (3,039)	\$ 246,961
6/20/2006	9613	College of Charleston	Patriots Point Athletics Complex Facilities Upgrade	change source of funds	\$ -	\$ 3,500,000
6/20/2006	9928	USC-Columbia	President's House Preservation/Renovation	decrease budget, close project	\$ (19,576)	\$ 18,424
6/20/2006	9987	USC-Columbia	Gambrell Hall Interior Refurbishment	decrease budget, close project	\$ (3,946)	\$ 151,003
6/26/2006	9834	Clemson	Sikes Hall-Windows Replacement	increase budget	\$ 40,000	\$ 500,000
6/26/2006	NEW	SC State	South Buckley Street Beautification Project	Establish Project	\$ -	\$ -
6/26/2006	9957	Midlands TC	Campus Accelerator-Northwest Campus Warehouse/Maintenance Facility Construction	change source of funds	\$ -	\$ 5,000,000
6/26/2006	9663	TC of the Lowcountry	Jasper County Land Purchase	decrease budget, close project	\$ (73,101)	\$ 347,971
6/26/2006	9902	TC of the Lowcountry	Building 10 & 14 Renovations	decrease budget, close project	\$ (197)	\$ 337,803
6/26/2006	9827	TC of the Lowcountry	Student Residence Hall Construction	decrease budget, close project	\$ (485,312)	\$ 1,555,688
6/28/2006	NEW	USC-Aiken	McBryde Hall Phase II-Interior Refurbishment	Establish Project	\$ -	\$ 35,000
6/29/2006	9516	Winthrop	Sims Science Building Addition/Renovation	decrease budget, close project	\$ (189,793)	\$ 50,207
6/29/2006	9520	Winthrop	Athletic Facilities Improvements	decrease budget, close project	\$ (24,872)	\$ 22,208,948
6/29/2006	9523	Winthrop	Wofford Hall Renovation	decrease budget, close project	\$ (940)	\$ 4,449,060
6/29/2006	9529	Winthrop	Richardson Hall Renovation	close project	\$ -	\$ 2,897,355
6/29/2006	9530	Winthrop	Softball Park-Batting Cage Construction	close project	\$ -	\$ 2,618,651
6/29/2006	9538	Winthrop	Energy Performance Contract/Improvements	close project	\$ -	\$ 250,000
6/29/2006	9543	Winthrop	General Maintenance/Alterations/Painting	close project	\$ -	\$ 5,500,000
6/29/2006	9839	Midlands TC	New Student Housing Complex Construction**	decrease budget, close project	\$ (60,986)	\$ 739,014
6/29/2006	9521	Lander	Deferred Maintenance	increase budget	\$ 767,363	\$ 16,030,363
6/30/2006	9963	York TC	Campus Resident Hall Areas-Site Improvement	decrease budget, close project	\$ (33,829)	\$ 119,271
6/30/2006	9818	Clemson	Thomas Cooper Library Special Collections Addition**	decrease budget, close project	\$ (387,473)	\$ 112,527
6/30/2006	9911	USC Columbia	Roofs-Deferred Maintenance	increase budget	\$ 998,941	\$ 18,000,000
6/30/2006	9962	Piedmont TC	Energy Performance Contract Implementation-Phase I & II**	close project	\$ -	\$ 100,000
6/30/2006	9998	USC Columbia	Energy Performance Contract Implementation-Phase I & II**	increase budget, revise scope	\$ 1,265,191	\$ 54,905,160
LEASES						
Date Appr.	Project #	Institution	Project Name	Terms		Renewal Term
6/20/2006	NEW	Coastal Carolina	Student Health Services Building	Monthly Rate - \$6,121; Annual Rate - \$73,450; Cost per sq. ft. - \$9.31	<i>Note: 7,889 sq. ft.</i>	07/01/2006 - 06/30/2011
6/29/2006	NEW	USC Upstate	Valley Falls Rd./Shell Rd. Properties	Monthly Rate - \$7,500; Annual Rate - \$90,000; Cost per sq. ft. - \$25.71	<i>Note: 3,500 sq. ft.</i>	07/01/2006 - 06/30/2007
6/29/2006	NEW	USC Upstate	McAlister Square Mall	Monthly Rate - \$3,864.58; Annual Rate - \$46,375; Cost per sq. ft. - \$17.50	<i>Note: 2,650 sq. ft.; Per sqft cost includes \$2 maint fee</i>	07/01/2006 - 06/30/2007
*Routine repair, replacement & maintenance projects are approved at staff level.						
**Increases of 10% or less of total project budget can be approved by staff.						