



## South Carolina Commission on Higher Education

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Acting Executive Director

**TO:** Members, Commission on Higher Education

**FROM:** Mr. Bill Scarborough, Chair, and Members of the Committee on Finance & Facilities

**SUBJECT:** Items for Consideration on March 7

**DATE:** March 1, 2013

Attached are items for your review and consideration at the March 7 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on item 6.04A but is scheduled to review and develop recommendations at its meeting scheduled for 9:30 a.m. on March 7. The Committee will bring its recommendations to the Commission for consideration at the Commission meeting. Staff recommendations are included for your information.

If you have any questions about a particular item, or if you need additional information, please contact Gary Glenn at (803) 737-2155.

### **6.04A Interim Capital Project**

- A. Greenville Technical College (*Carried over from 2/7/2013 meeting*)
  - i. Greer Campus Land Acquisition  
*- increase budget*

### **6.04B Consideration of New Policy for Inclusion of Updated Building Condition Survey with Project Close-outs**

### **6.04C List of Capital Projects & Leases Processed by Staff for February 2013 (For Information, No Action Required)**

**DESCRIPTION OF INTERIM CAPITAL PROJECT FOR CONSIDERATION**

March 7, 2013

**GREENVILLE TECHNICAL COLLEGE**

**PROJECT NAME:** Greer Campus Land Acquisition  
**REQUESTED ACTION:** Increase Budget  
**REQUESTED ACTION AMOUNT:** \$220,000  
**INITIAL CHE APPROVAL DATE:** December 6, 2012

<b><u>Source of Funds</u></b>	<b><u>Phase I (Environmental Assessment)</u></b>	<b><u>Phase II (Purchase of Property)</u></b>	<b><u>Total Proposed Budget</u></b>
Local Funds	\$5,000	\$220,000	\$225,000
<b><i>Total</i></b>	<b><i>\$5,000</i></b>	<b><i>\$220,000</i></b>	<b><i>\$225,000</i></b>

**DESCRIPTION:**

The College requests approval to increase the budget to purchase 14.53 acres of land, appraised at \$315,000, for future expansion of the College's Greer Campus. The property is currently owned by the Greenville Technical College Foundation and is contiguous to the Greer Campus.

The College will lease approximately 6 of the 14.53 acres to the Greer Charter High School for construction of a permanent classroom facility. A lease is currently in place between the Greer Charter High School and Greenville Technical College for use of land to house 26 portable classrooms. Once the 26 portables are removed, the College will be able to expand parking and provide future building space for a Greenville Technical College classroom building. This building will replace 4 portable classrooms currently used by Greenville Technical College and will expand the Visual Arts, Physical and Occupational Therapy programs offered at the Greer Campus.

**E&G MAINTENANCE NEEDS REDUCTION:**

N/A – Land Acquisition

**ANNUAL OPERATING COSTS/SAVINGS:**

The project is not expected to generate additional operating costs at this time.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

***At its meeting on February 7, 2013, the Finance and Facilities Committee carried over the Greenville Technical College Greer Campus Land Acquisition to gather additional information. Below is a list of additional questions and answers.***

**Additional Questions:**

- 1) What is the motivation behind this project? Why now? Why didn't the foundation lease the land to the Charter School?

Due to state regulations the College cannot participate in auctions; therefore, the Foundation bought the land at auction at the request of the College. At the time, it was the College's intention to purchase the land. The land is well below market value. The purchase of the property has become more urgent because of the Charter High Schools (CHS) desire to build a permanent building on the land. The foundation cannot lease land to CHS because it is required in the CHS charter that the school be located on a college campus.

- 2) How will maintenance of your existing buildings and infrastructure be affected by using local funds to support this purchase?

It will not be impacted. The college will use funds from the County to make the purchase.

- 3) What are the terms of the lease supporting the permanent facility being constructed by Greer Charter High School? Will that facility become Greenville TC property in the future?

The College has not created the lease yet. The lease will be longer than the financing for the building and may have extended terms. The CHS will be required to tear the structure down if the lease ended and the College wanted the building demolished.

- 4) Why does Greenville TC have to pay County Taxes?

The College does not have to pay county taxes. The foundation made this purchase to enable the College to get the property at a price significantly below market value. The purchase price was an attempt to make the Foundation "whole" for the costs that they incurred.

- 5) What is the timeline for the construction of the Charter High School building?

The CHS is anxious to get a lease in place so they can move forward. Once the lease is in place they will start the design process. The lease will require State approval, so the start will be dependent on the approval process.

- 6) What is the timeline for the construction of the Greenville TC classroom building?

2-3 years –it will be dependent on the State approval process.

**CONSIDERATION OF NEW POLICY FOR INCLUSION OF UPDATED BUILDING  
CONDITION SURVEY WITH PROJECT CLOSE-OUTS**

March 7, 2013

*To be inserted into the Facilities Policies and Procedures Manual as part of the “Procedures for Submission of Permanent Improvement Projects.”*

All requests for close-outs must be submitted by the institutions to CHE prior to being sent to the staff of the B&CB. All projects must be closed by submitting an A-1 form as well as an updated building condition survey. In order to close-out and remove a project from the SPIRS system, the final project budget must equal the final expenditure amount.

**INFORMATION ITEM**

<b>Capital Projects &amp; Leases Processed by Staff</b>							
<b>February 2013</b>							
<b>Date Approved</b>	<b>Project #</b>	<b>Institution</b>	<b>Project Name</b>	<b>Action Category</b>	<b>Budget Change</b>	<b>Revised Budget</b>	<b>Original Approval Date</b>
<b>Deferred Maintenance Projects Using Capital Reserve/Lottery Funds</b>							
2/4/2013	New	MUSC	Ashley Tower Renovation <sup>1</sup>	establish project	\$0	\$5,500,000	-
2/26/2013	New	Clemson	Deferred Maintenance 2012 <sup>2</sup>	establish project	\$0	\$4,499,221	-
<b>Routine Staff Approvals</b>							
2/4/2013	6053	Aiken TC	Center for Energy & Advanced Technology Construction	establish construction budget	\$8,752,042	\$8,845,000	4/5/2012
2/7/2013	6082	USC Columbia	South Tower Mechanical Renovation/Roof Replacement <sup>3</sup>	change source of funds	\$0	\$6,700,000	10/19/2010
2/13/2013	New	Spartanburg CC	Cherokee Advanced Technology Center <sup>4</sup>	establish project	\$0	\$3,500,000	-
2/15/2013	New	Clemson	Greenwood Genetic Center Land Acquisition <sup>5</sup>	establish project	\$0	\$20,000	-
2/26/2013	9889	Clemson	Wind Turbine Drivetrain Test Facility/Grid Simulator Construction <sup>6</sup>	change source of funds	\$0	\$84,977,278	1/7/2010
<b>Close-Outs</b>							
2/4/2013	9650	MUSC	Children's Hospital HVAC Upgrades	decrease budget, close project	(\$133,366)	\$3,166,634	3/7/1997
2/4/2013	9703	MUSC	Hurricane Floyd Repairs <sup>7</sup>	decrease budget, close project	(\$3,378,817)	\$621,183	9/22/1999
2/4/2013	9723	MUSC	Thurmond/Gazes Building Chiller Repairs <sup>8</sup>	decrease budget, close project	(\$200,000)	\$0	8/4/2000
2/4/2013	9787	MUSC	Energy Performance Contract	decrease budget, close project	(\$1,554,118)	\$16,787,187	9/6/2007

<sup>1</sup>This project is funded with Capital Reserve Funds. Under the PIP definition, these projects will be considered legislatively authorized, not requiring further approval by JBRC and B&CB, if the projects are set up to conform to the act. The project will upfit the entire seventh floor and portions of the fifth and sixth floors of Ashley Tower. The renovation will create 42 new inpatient rooms on the seventh floor, 2 new patient rooms on the fifth floor, and 2 new patient rooms on the sixth floor.

<sup>2</sup>See supporting narrative.

<sup>3</sup>Change source of funds from Housing Maintenance Reserve Funds to Housing Revenue Bonds. Since project approval, the Master Plan for Housing has been completed and recommends a different allocation of Housing funds for maintenance projects.

<sup>4</sup>Establish a project to construct a 30,000 SF shop/lab facility to support the skills needed for workers in manufacturing. Programs to be offered at this facility include Automated Manufacturing Technology/Robotics; Automotive/Manufacturing Production Technology; Heating, Ventilation and Air Conditioning; Industrial Electricity, Electronic Repair; Machine Tool Technology; Mechanical/Mechatronics; Nuclear Power Radiation; and Welding. The funding source for the \$3.5M is Appropriated State from Act 9020.

<sup>5</sup>Establish project for the environmental study of 10.79 acres located in Greenwood Research Park for construction of the Greenwood Genetic Center. Land will be donated to the University from Greenwood

<sup>6</sup>The University received \$3M from the Capital Reserve Fund Act for 2012. Change source of funds from \$3,565,505 in Institutional Capital Project Funds to \$3M from Capital Reserve Funds, \$315,502 from Federal DOE Grant, and \$250,000 from Private funding.

<sup>7</sup>Repairs were less than expected once work began.

<sup>8</sup>Project was cancelled and handled under a maintenance service agreement. Eventually, chillers were completely replaced.

**CLEMSON UNIVERSITY**

**PROJECT NAME:** Deferred Maintenance 2012  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$4,499,221  
**INITIAL CHE APPROVAL DATE:** N/A

<b>Project Budget</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Professional Services Fees	\$0	400,000	400,000
Building Utilities Renovations	\$0	3,600,000	3,600,000
Labor Costs	\$0	120,000	120,000
Contingency	\$0	\$379,221	\$379,221
<b>Total</b>	<b>\$0</b>	<b>\$4,499,221</b>	<b>\$4,499,221</b>

<b>Source of Funds</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Capital Reserve Fund 2012-13*	\$0	\$1,595,044	\$1,595,044
Lottery Appropriation 2012*	\$0	\$2,904,177	\$2,904,177
<b>Total</b>	<b>\$0</b>	<b>\$4,499,221</b>	<b>\$4,499,221</b>

*\*Institutions of higher learning received funds for capital projects from the Capital Reserve Fund (CRF) Act and the South Carolina Education Lottery passed by the General Assembly this past legislative session. Because of the permanent improvement project definition, when funds have been authorized or appropriated from Capital Reserve Funds or State Appropriated Funds, a project must be established and processed regardless of the amount. Therefore, all allocations from the Capital Reserve Fund Act and South Carolina Education Lottery will result in a permanent improvement project. In addition, under the PIP definition, these projects will be considered legislatively authorized, not requiring further approval by JBRC and B&CB, if the projects are set up to conform to the act.*

**DESCRIPTION:**

The University requests approval to establish a project to replace and upgrade portions of the 12,470-volt and 4,160-volt distribution systems in order to address deferred maintenance and reliability issues. Scope of work will include the replacement of electrical switches that are no longer safe to operate, replacement of deteriorated overhead and underground power distribution cabling, replacement of building transformers and protective relays, and fuse coordination.

Portions of the distribution systems and electrical infrastructure within buildings have long outlived their useful life and must be replaced or upgraded. Proper maintenance is presently a challenge due to outdated and obsolete components, significantly reducing the reliability of the campus wide electrical distribution system.

**E&G MAINTENANCE NEEDS REDUCTION:**

The project will alleviate a portion of the \$46,620,360 in existing electrical infrastructure maintenance needs.

**ANNUAL OPERATING COSTS/SAVINGS:**

The project is not expected to generate additional operating costs at this time.