



South Carolina Commission on Higher Education

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Mr. Kenneth B. Wingate
Mr. Neal J. Workman, Jr.
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

February 27, 2008

TO: Mr. Daniel Ravenel, Chair, and Members of the Committee on Finance & Facilities
FROM: Mr. Gary S. Glenn, Acting Director of Finance, Facilities, & MIS
SUBJECT: Committee Meeting, March 6

A meeting of the Committee is scheduled to be held in the Commission's Main Conference Room at 9:00 a.m. on Thursday, March 6. Attached are an agenda and materials for the meeting.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on March 6.

Enclosures

AGENDA

COMMITTEE ON FINANCE & FACILITIES

MARCH 6, 2008

9:00 A.M.

CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introductions
2. Minutes of February 7 Meeting
3. Interim Capital Projects
 - A. Clemson University
 - i. Dining Hall/Post Office Demolition/Construction – Phase I
-establish project
 - B. Orangeburg-Calhoun Technical College
 - i. Transportation & Logistics Center
-increase budget, revise scope, change project name
 - C. Piedmont Technical College
 - i. Saluda County Extension Center
-increase budget, revise scope
4. Lease
 - A. Medical University of South Carolina
 - i. 30 Bee Street
-renewal
5. Consideration of Method for Calculating Infrastructure Deferred Maintenance
6. Other Business
 - A. List of Staff Approvals for February 2008 (For Information)

MINUTES

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
COMMITTEE ON FINANCE AND FACILITIES
FEBRUARY 7, 2008
10:00 A.M.
CHE CONFERENCE ROOM (VIA TELECONFERENCE)

Committee Members Attending by
Teleconference

Mr. Daniel Ravenel, Chairman
Dr. Doug Forbes
Mr. Jim Sanders
Mr. Ken Wingate
Mr. Neal Workman

Mr. Dave LeGrande
Mr. Scott Ludlow
Ms. Beth McInnis
Ms. Sandra Powers

Staff Present

Dr. Garrison Walters, Executive Director
Ms. Camille Brown
Ms. Julie Carullo
Mr. Gary Glenn
Ms. Alyson Goff
Dr. Lynn Kelley
Ms. Tiffany Oliva
Dr. Karen Woodfaulk

Committee Members Absent

Dr. Louis Lynn

Guests Present

Ms. Donna Collins
Dr. Anthony Coyne

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

I. Call to Order

Chairman Ravenel called the meeting to order at 10:05 a.m. The meeting was held via teleconference. Ms. Goff introduced the guests in attendance.

The following matters were considered:

II. Approval of Minutes of Meeting on January 10, 2008

Since there were no additions or corrections to the Minutes of the meeting on January 10, it was moved (Workman), seconded (Forbes), and voted to approve the Minutes as written.

III. Lease

The following lease was presented and discussed:

A.) Clemson University

1. Computing & Information Technology

Mr. Workman asked if the total cost of the lease included operating costs. Mr. Glenn responded that the lease included maintenance and utilities, and Ms. Beth McInnis, from Clemson University,

confirmed this information. Chairman Ravenel stated the cost per square foot seemed a bit high. It was noted that the figure was a calculation of the total cost of the lease and the total square feet. Committee members asked that for future lease requests the costs be broken down by space and operating costs on an annual basis.

Mr. Workman asked if there was a Request for Proposal (RFP) process by which institutions seek space to lease. Mr. Scott Ludlow, from the SC Technical College System, answered that any lease resulting in an annual cost of more than \$25,000 required an RFP through the State Leasing Office.

It was moved (Sanders), seconded (Workman), and voted to approve the lease provided the Clemson University Board of Trustees approved the lease at its February 7 meeting and provided the rates and terms are approved by the Budget and Control Board.

IV. Master Land Acquisition Plan (MLAP) for Consideration

Mr. Glenn explained the policy which allows institutions to request conceptual approval of a land acquisition plan to expedite the process given the fast nature of purchasing real estate. Chairman Ravenel asked how much land was included in the proposal. Mr. Dave LeGrande, from York Technical College, answered that approximately 100 acres were included in the proposal. He stated the area surrounding the College was developing quickly given its close proximity to Charlotte, and the institution was concerned about becoming landlocked.

Chairman Ravenel asked what percentage of the current 112 acres owned by the College was under a roof. Mr. LeGrande answered he was not sure, but he did state the institution currently occupied 60 acres with 15 additional acres not being usable. He stated the College was currently in the process of developing a campus master plan with an immediate five-year outlook and a long-range, 25-year plan.

Mr. Workman asked how many satellite campuses the College currently had. Mr. LeGrande responded there was a location in Chester and Kershaw. Mr. Workman asked what the projected growth was for those sites. Mr. LeGrande answered the Chester site was expected to see continued growth, and the Kershaw site did not expect more change.

Mr. Glenn reminded the Committee that approval of the MLAP did not obligate the College to purchase any of the land outlined in the plan.

It was moved (Workman), seconded (Wingate), and voted to approve York Technical College's MLAP.

V. Other Business

The list of staff approvals for January 2008 was presented for information. Mr. Sanders asked for an update on the status of the Commission's recommendations regarding improving the facilities approval process. Mr. Glenn stated that staff was scheduled to meet with staff from the Budget and Control Board and Joint Bond Review Committee (JBRC) to discuss definitions guiding the

new policy implemented by JBRC in November. Mr. Workman and Mr. Sanders asked to attend the meeting as well, and Mr. Glenn responded that staff would be in contact with the meeting details.

With no further business, Chairman Ravenel adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Alyson M. Goff
Recorder

**Attachments are not included in this mailing but will be filed with the permanent record of these minutes and are available for review upon request.*

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

March 6, 2008

CLEMSON UNIVERSITY

PROJECT NAME: Dining Hall/Post Office Demolition/Construction – Phase I
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$600,000
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$0	\$550,000	\$550,000
Labor Costs	\$0	\$50,000	\$50,000
<i>Total</i>	<i>\$0</i>	<i>\$600,000</i>	<i>\$600,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Dining Services Revenue	\$0	\$600,000	\$600,000
<i>Total</i>	<i>\$0</i>	<i>\$600,000</i>	<i>\$600,000</i>

DESCRIPTION:

The University requests to establish a project to demolish and replace Harcombe Dining Hall and Post Office, which is part of the Core Campus Precinct Plan. The current scope of the project is to complete the pre-design phase in accordance with the new Joint Bond Review Committee policy. The dining portion of the project (61,000 SF) will include a dining facility, convenience store with retail food options, and administrative offices for the vendor and Campus Services’ staff. The proposed Post Office (15,000 SF) will replace the Student Post Office located in the Student Union and the postal operations in the Dillard Building. The University proposes to begin design during summer 2008 with an estimated construction completion date in 2011.

Harcombe Dining Hall and retail food options are located in the Johnstone Hall/Student Union complex which is a 55-year-old facility with an increasingly deficient utility infrastructure. The layout of the facility is inefficient for dining operations and for energy consumption. The Post Office replacement will combine operations into a single location thereby improving efficiency as well as providing adequate space. With the construction of this facility, combined with other initiatives and program relations, Harcombe and the majority of the Student Union can be demolished to allow for a new Student Union in the near future.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Auxiliary

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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

PROJECT NAME: Transportation & Logistics Center
REQUESTED ACTION: Increase Budget, Revise Scope, Change Project Name
REQUESTED ACTION AMOUNT: \$4,778,000*
INITIAL CHE APPROVAL DATE: October 16, 2006

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$225,000	\$330,000	\$105,000
Equipment and/or Materials	\$0	\$250,000	\$250,000
Site Development	\$0	\$730,000	\$730,000
New Construction (25,000 GSF)	\$0	\$3,423,000	\$3,423,000
Other Permanent Improvements (data wiring)	\$0	\$50,000	\$50,000
Contingency	\$0	\$420,000	\$420,000
Total	\$225,000	\$5,203,000	\$4,978,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Appropriated State Program Source (FY2007-08)*	\$0	\$200,000	\$200,000
Federal	\$0	\$1,500,000	\$1,500,000
Local	\$225,000	\$3,503,000	\$3,278,000
Total	\$225,000	\$5,203,000	\$4,978,000

**State-appropriated funds supersede CHE approval authority; therefore, the amount of this approval is \$4,778,000.*

DESCRIPTION:

The College requests to increase the budget, revise the scope, and change the project name for a 25,000 GSF transportation and logistics facility for automotive training. The proposed facility will consolidate existing programs in one area of the campus as well as provide additional space for new programs such as paint and body work, forklift repair, and refrigerated trailer repair. These programs have been requested by local industry. The building will house lab, simulation, classroom, and office space. The College has worked with Quackenbush Architects and Planners to program the space, complete schematic design, and obtain initial cost estimates, which were received in February 2008. The cost per square foot is \$208.

The College must begin construction by December 2008 in order to comply with regulations associated with the \$1.5 million federal grant received. The project is included on the Commission’s FY2008-09 statewide priority list for capital improvement bonds.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Utilities, custodial services, insurance, miscellaneous supplies, waste disposal, and pest control will require additional operating costs ranging between \$16,500 and \$40,000 in the three years following project completion. The costs will not be absorbed into the existing budget. The College will increase its annual budget request to the two supporting counties.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

PIEDMONT TECHNICAL COLLEGE

PROJECT NAME: Saluda County Extension Center
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$3,408,000
INITIAL CHE APPROVAL DATE: October 11, 2004

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$250,000	\$250,000	\$0
Equipment and/or Materials	\$0	\$64,331	\$64,331
Site Development	\$0	\$456,000	\$456,000
New Construction (16,000 GSF)	\$0	\$2,590,108	\$2,590,108
Landscaping	\$0	\$6,000	\$6,000
Other (inspections)	\$0	\$25,000	\$25,000
Contingency	\$0	\$266,561	\$266,561
Total	\$250,000	\$3,658,000	\$3,408,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Federal	\$0	\$1,500,000	\$1,500,000
Saluda County Referendum	\$0	\$1,500,000	\$1,500,000
Local	\$250,000	\$658,000	\$408,000
Total	\$250,000	\$3,658,000	\$3,408,000

DESCRIPTION:

The College requests to increase the budget and revise the project scope to construct a 16,000 SF facility on approximately 10 acres of land owned by the Piedmont Technical College Area Commission in Saluda County. The facility will contain flexible classroom and lab space intended to target workforce development in healthcare, manufacturing, and agricultural technical training. The College has worked with McMilan Smith & Partners to develop costs estimates based on schematic design, which were received in February 2008. The cost per square foot is \$229. Currently, the College is using four mobile classrooms totaling 4,800 SF. Class offerings are limited due to inadequate space and building functionality.

In November 2006, the citizens of Saluda County approved a referendum for the county to contribute \$1.5 million toward the project. In January 2008, the College received a \$1.5 million grant from the United States Department of Commerce. The project is included on the Commission’s FY2008-09 statewide priority list for capital improvement bonds.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Utilities, custodial services, and maintenance will require additional operating costs ranging between \$48,000 and \$52,920 in the three years following project completion. The costs will be absorbed into the existing budget.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

DESCRIPTION OF LEASE FOR CONSIDERATION

March 6, 2008

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 30 Bee Street
REQUESTED ACTION: Lease Renewal
REQUESTED ACTION AMOUNT: \$371,339

DESCRIPTION:

The University requests approval to renew the current lease for 9,988 SF in the first floor of 30 Bee Street. The purpose of the lease is to house Student Health, the Counseling and Psychological Services (CAPS) program, some College of Dental Medicine department offices, and the MRI Neurosciences research operation.

The monthly rental rate will be \$15,472, resulting in an annual cost of \$185,670. The requested lease term is two years with a total lease cost of \$371,339. The per-square-foot rate is \$18.59. Operating expenses are not included in the lease, and the University estimates those costs to be approximately \$7.40 per SF in addition to the lease. The operating expenses include maintenance, grounds, contracts (i.e. exterminator), electricity, and water.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

**CONSIDERATION OF METHOD FOR CALCULATING
INFRASTRUCTURE DEFERRED MAINTENANCE**

In May 2007, the Commission approved the method to calculate deferred maintenance in buildings across the state's campuses. At that time, a one-year grace period was approved to allow CHE staff to work with institutional facilities officers to determine the best method by which to calculate infrastructure needs. The Facilities Advisory Committee approved the proposed method at its meeting on February 12.

RECOMMENDATION:

Staff recommends approval of the proposed method to calculate infrastructure deferred maintenance needs.

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DEFINITIONS

- *Infrastructure Item:* As each campus varies in mission and size, the items to include would be at the discretion of the institutional facilities officer. The proposed reporting template includes several items that could apply to all institutions such as paved roads, sidewalks, irrigation, sewer lines, stormwater lines, and signage.
- *Quantity:* The portion of educational and general (E&G) area the institution is responsible for as determined by the percent of E&G space or the actual amount of space as determined by the unit of measurement.
- *Unit Cost:* The source or method by which cost is developed such as Means, A&E estimates, bids, local knowledge, etc.
- *Infrastructure Condition Code:* A value between 1 and 100 assigned to each item. The source or method by which condition was obtained should be noted. Examples include engineer estimate, recent bids, subjective evaluation, etc.

Note: The calculation method is described below with an example to illustrate how the formula would work using paved roads.

CALCULATION METHOD

➤ EXTERNAL INFRASTRUCTURE

1. Use quantity (Q), unit cost (UC), and infrastructure condition code (ICC)

Q: 168,072

UC: \$50

ICC: 50

2. Replacement Value (RV) = Q x UC

168,072 x \$50 = \$8,403,600

3. To Bring to Like-New Condition = ((100-ICC) x .01) x RV

((100-50) x .01) x \$8,403,600 = \$4,201,800

4. Annual Investment Required to Maintain (APPA Average) = RV x .03
 $\$8,403,600 \times .03 = \$252,108$
5. Acceptable Amount of Deferred Maintenance (APPA Standard) = (RV x .10) – Annual Investment Required
 $(\$8,403,600 \times .10) - \$252,108 = \$588,252$
6. Magnitude of Deferred Maintenance = Like-New Condition – (RV x .0333)
 $\$4,201,800 - (\$8,403,600 \times .0333) = \$3,949,692$
7. Deferred Maintenance to Eliminate = Magnitude – Acceptable Deferred Maintenance
 $\$3,949,692 - \$588,252 = \$3,361,440$
8. Additional Funding Per Year = Deferred Maintenance to Eliminate / 20 (# of years in plan)
 $\$3,361,440 / 20 = \$168,072$
9. Total Needed Per Year to Maintain Existing & Eliminate Deferred Maintenance = Annual Investment Required + Additional Funding Per Year
 $\$252,108 + \$168,072 = \$420,180$

INFORMATION ITEM

PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF						
February 2008						
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
2/7/2008	New	USC Columbia	Cliff Apartments Kitchen Renovations	Establish	\$0	\$150,000
2/7/2008	TBD	SC State	Mays Hall I - HVAC System Repair/Replacement - Phase I	Decrease Budget, Revise Scope	(\$5,000)	\$100,000
2/7/2008	TBD	SC State	Williams Hall - HVAC System Repair/Replacement - Phase I	Decrease Budget, Revise Scope	(\$46,000)	\$74,000
2/26/2008	9788	USC Columbia	Thurmond Fitness & Wellness Center Construction	Decrease Budget, Close Project	(\$542,852)	\$48,710,889
2/26/2008	9990	USC Columbia	McKissick Museum Window Replacements ¹	Decrease Budget, Close Project	(\$562,498)	\$12,502
2/26/2008	9942	USC Columbia	East and West Energy Motor Control Centers Replacement	Decrease Budget, Close Project	(\$41,294)	\$248,706
2/26/2008	9993	USC Columbia	Circuit #1 Electrical Distribution Upgrades	Decrease Budget, Close Project	(\$17,456)	\$672,544
2/26/2008	9996	USC Columbia	Swearingen MEMS/NEMS Laboratory Construction	Decrease Budget, Close Project	(\$123,672)	\$376,328
2/26/2008	6007	USC Columbia	Bates West Kitchen and Bathroom Upgrades	Decrease Budget, Close Project	(\$16,073)	\$1,443,927
2/26/2008	6034	USC Columbia	USC ROTC Center Renovations	Change Source of Funds	\$0	\$690,000

¹Project canceled.