



# South Carolina Commission on Higher Education

## Agenda Item 9.05

Brig Gen John L. Finan, USAF (Ret.), Chair  
Dr. Bettie Rose Horne, Vice Chair  
Ms. Natasha M. Hanna  
Ms. Elizabeth Jackson  
Ms. Leah B. Moody  
Vice Admiral Charles Munns, USN (ret.)  
Mr. Kim F. Phillips  
Mr. Y. W. Scarborough, III  
Dr. Jennifer B. Settlemyer  
Mr. Hood Temple  
  
Dr. Richard C. Sutton  
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 6

**DATE:** February 28, 2014

Attached are items for your review and consideration at the March 6 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on these items but is scheduled to review and develop recommendations at its meeting scheduled for 9:30 a.m. on March 6. 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.

### **9.05A Interim Capital Project**

- A. Midlands Technical College
  - i. Beltline Library Building Replacement  
*- increase budget, revise scope*

### **9.05B Recovery Audit Mandated per Proviso 117.96 for FY 2009-12**

*(For Information, No Action Required)*

### **9.05C List of Capital Projects & Leases Processed by Staff for February 2014**

*(For Information, No Action Required)*

**DESCRIPTION OF INTERIM CAPITAL PROJECT FOR CONSIDERATION**

March 6, 2014

**MIDLANDS TECHNICAL COLLEGE**

**PROJECT NAME:** Beltline Library Building Replacement  
**REQUESTED ACTION:** Increase Budget, Revise Scope  
**REQUESTED ACTION AMOUNT:** \$4,000,000  
**INITIAL CHE APPROVAL DATE:** May 18, 2012

<b><u>Source of Funds</u></b>	<b><u>FY 2013-14 CPIP Year One</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
College Funds	\$2,999,960	\$1,500,000	\$4,499,960
County Funds	\$7,800,040	\$2,500,000	\$10,300,040
<b><i>Total</i></b>	<b><i>\$10,800,000</i></b>	<b><i>\$4,000,000</i></b>	<b><i>\$14,800,000</i></b>

**DESCRIPTION:**

The College requests approval to increase the budget and revise the scope of the Beltline Library project to account for unforeseen infrastructure costs and to add an additional 1,320 SF to the new building. Increased infrastructure costs include additional electrical power equipment, the addition of a campus fire main supply line and fire lane around the building, addressing unanticipated poor soil condition, and tight construction site limitations. In addition, construction costs have escalated since the project's inception.

The new library will be 41,320 SF and will include classrooms, student study spaces, tutoring labs, and computer stations. The facility will achieve LEED Silver status and has a projected date for completion July 1, 2017. A SACS accreditation report, faculty survey, and student survey all indicate the need for a larger library with more study rooms and computer space. With today's advanced information technologies, there is an inherent change in a college library's purpose. The current library does not meet today's student needs. Additionally, increased enrollment at the Beltline campus necessitates additional general purpose classrooms.

**E&G MAINTENANCE NEEDS:**

Demolition of the existing Library will alleviate \$530,565 in existing maintenance needs.

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities, maintenance, custodial, and insurance will require additional operating costs of \$50,787 in the first year, \$52,818 in the second year, and \$54,931 in the third year following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

# **Recovery Audit Specialists**

**Accountability ▪ Transparency ▪ Recovered Funds**

## **SC Commission on Higher Education**

### **AP Recovery Audit - Final Report**

**FY 2009-2012**

**February 17, 2014**

#### **Audit Overview**

As required by South Carolina Proviso 89.20 and 117.96, under the guidance of the South Carolina Budget and Control Board (B&CB), Recovery Audit Specialists (RAS) has completed the recovery audit of the SC Commission on Higher Education for fiscal years 2009, 2010, 2011 and 2012.

#### **Data Analysis**

After receiving the data, our system analyzed the data and marked invoices as potentially erroneous. We pulled the suspect invoices and reviewed the supporting documentation to validate each of those payments. Our examination revealed that the suspect transactions either had additional documentation that validated the charge or that the error had already been corrected by the SC Commission on Higher Education.

#### **Statement Audit**

We compiled a list of vendors that made up the bulk of the annual spend and requested statements from them. We did not discover any outstanding credits to recover.

#### **Audit Analysis**

RAS' observations during the audit revealed that the SC Commission on Higher Education has sound internal controls and procedures in place to prevent overpayments. The SC Commission on Higher Education is doing a commendable job in processing its financial transactions and preventing overpayments. No recovery items were, therefore, identified during this audit.

RAS appreciates the cooperation and assistance it received in fulfilling the audit requirements.

If you have any questions, please contact Josh Stafford, Senior Auditor, [JStafford@ras-dc.com](mailto:JStafford@ras-dc.com).

**INFORMATION ITEM**

**Capital Projects & Leases Processed by Staff  
February 2014**

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
<b>Maintenance Needs Projects using FY 2013-14 Lottery Allocation and Match</b>								
2/11/2014	New	The Citadel	2013-14 Maintenance Needs <sup>1</sup>	establish project	\$0	\$932,000	-	-
<b>Routine Staff Approvals</b>								
2/18/2014	9593	Coastal Carolina	Hicks Dining Hall Expansion <sup>2</sup>	establish construction budget	\$2,462,500	\$2,500,000	4/5/2012	-
2/18/2014	9812	MUSC	BSB East Side Exhaust & Emergency Power Improvements <sup>3</sup>	revise scope	\$0	\$2,550,000	7/1/2010	-
<b>Close-Outs</b>								
2/11/2014	9886	Clemson	Lee Hall Complex Expansion/Renovation <sup>4</sup>	change source of funds, close project	\$0	\$31,600,000	8/6/2008	-
2/11/2014	9890	Clemson	Barnette Hall HVAC & Windows Renovation	decrease budget, close project	(\$57,479)	\$3,942,521	5/6/2010	-
2/11/2014	9809	MUSC	Harborview Office Tower Chilled Water Risers Replacement	close project	\$0	\$999,000	7/1/2010	-
2/18/2014	9558	Coastal Carolina	Kimbel Library/Information Commons Expansion/Addition	decrease budget, close project	(\$195,404)	\$5,804,596	4/18/2008	-
2/18/2014	9543	Coastal Carolina	Student Center Deferred Maintenance Grille Addition	close project	\$0	\$2,340,480	5/10/2005	-

<sup>1</sup>See supporting narrative.

<sup>2</sup>Approved by CHE on May 2, 2013 as part of FY 2013-14 CPIP year one.

<sup>3</sup>Significant savings of approximately \$900,000 were realized during the initial design, bidding, and construction. Revising scope to add replacement of east side hot water riser system. Existing piping is over 40 years old and is beyond its useful life.

<sup>4</sup>Change source of funds from \$1,481,623.89 in FY09 Stimulus funds to \$671,157.65 in Institutional Capital Project Funds and \$810,466.24 in Gifts from the Clemson University Foundation. There was not enough allowable ARRA Stimulus expenses in the Lee Hall Renovation so the University had to find another project to spend the remaining Stimulus funds from. The remaining \$1,481,623.89 in FY09 Stimulus funds were used in the University's BANNER project.

**Leases Processed by Staff  
February 2014**

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
2/20/2014	Amend	MUSC	125 Doughty Street	Add an additional 684 SF of office space to the existing lease agreement. Additional space is needed for staff offices due to the continued growth in the Southeastern Clinical & Translational Research (SCTR) staff and programs.	Cost per SF - \$28.17; Annual Lease Cost - \$19,268.28; Total Lease Cost - \$948,220.92	Three years - (6/25/2013 - 6/24/2016)  Amendment effective - 3/1/2014

**THE CITADEL**

**PROJECT NAME:** 2013-14 Maintenance Needs  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$932,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Professional Services Fees	\$0	\$79,230	\$79,230
Roofing	\$0	\$811,941	\$811,941
Contingency	\$0	\$40,829	\$40,829
<b>Total</b>	<b>\$0</b>	<b>\$932,000</b>	<b>\$932,000</b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Lottery Appropriation 2013-14*	\$0	\$387,663	\$387,663
Citadel Deferred Maintenance Fund	\$0	\$544,337	\$544,337
<b>Total</b>	<b>\$0</b>	<b>\$932,000</b>	<b>\$932,000</b>

*\*Per lottery proviso 3.5, these funds are allocated for repair and maintenance and may only be distributed to an institution to the extent the funds are matched (1:1) by the institution. Matching funds exclude supplemental, capital reserve, lottery, or other non-recurring appropriated state funds. Because these funds are appropriated, under the PIP definition for higher education projects, a permanent improvement project must be established. Since these projects are considered legislatively authorized and the matching funds are legislatively mandated, CHE has delegated staff the authority to process submitted projects if the projects are set up to conform to the lottery proviso.*

**DESCRIPTION:**

The University requests approval to establish a project to perform roof work on Bond Hall (area A&B), the Central Warehouse, Duckett Hall, Jenkins Hall, and the Library (north end).

**E&G MAINTENANCE NEEDS REDUCTION:**

Based on Fall 2012 data, Bond Hall has a roof system rating of 1.83 out of 5, Duckett Hall has a roof system rating of 2.83 out of 5, Jenkins Hall has a roof system rating of 1.83 out of 5, and Daniel Library has a roof system rating of 1.66 out of 5. The four buildings have combined existing maintenance needs of \$8,779,626 over the next twenty years.

**ANNUAL OPERATING COSTS/SAVINGS:**

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