



South Carolina Commission on Higher Education

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MEMORANDUM

DATE: October 15, 2007

TO: Members, Facilities Advisory Committee

FROM: Mr. Gary S. Glenn, Acting Director of Finance, Facilities, & MIS

SUBJECT: Facilities Advisory Committee Meeting

The Facilities Advisory Committee will meet on Wednesday, October 24 at 1:00 p.m. in the Commission's Main Conference Room. An agenda and meeting materials are attached.

If you have any questions, please do not hesitate to contact me at (803) 737-2155.

AGENDA

FACILITIES ADVISORY COMMITTEE

OCTOBER 24, 2007

1:00 P.M.

MAIN CONFERENCE ROOM

COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introduction
2. Approval of Minutes from February 13, 2007
3. Discussion on Revised Recommendations to Improve the Higher Education Facilities Approval Process
4. Selection of Workgroups for Follow-up Actions
 - a. Develop Parameters for Reporting Infrastructure Needs
 - b. Best Practices for Future Building Condition Surveys
 - c. Reporting Deferred Maintenance Reductions
 - d. Review Application of Criteria for Scoring and Prioritizing Capital Improvement Bond (CIB) Requests (Standards 1 and 2)
5. Other Business
 - a. Next Meeting – February 12, 2008 @ 10:30 a.m.

MINUTES

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
FACILITIES ADVISORY COMMITTEE
FEBRUARY 13, 2007
10:30 A.M.
CHE CONFERENCE ROOM

Committee Members Present

Ms. Lynn Metcalf, *Chair*
Col. Don Tomasik, *The Citadel*
Mr. Bob Wells, *Clemson*
Ms. Linda Lyerly, *Coastal Carolina*
Mr. Ralph Davis, *Francis Marion*
Mr. Jeff Beaver, *Lander*
Mr. John Malmrose, *MUSC*
Mr. Charles Jeffcoat, *USC Columbia*
Mr. Rick Puncke, *USC Upstate*
Mr. Walter Hardin, *Winthrop*
Ms. Judy Hrinda, *SBTCE*
Mr. Tuck Hanna, *Greenville TC*
Mr. Dale Wilson, *Piedmont TC*

Committee Members Absent

Ms. Monica Scott, *College of Charleston*
Mr. Tony Ateca, *USC Aiken*

Mr. Mike Parrott, *USC Beaufort*
Mr. Bruce Blumberg, *USC Sumter*
Mr. Dennis Rogers, *Aiken TC*

Guests

Ms. Teresa Cook
Ms. Brenda Cox
Mr. Craig Hess
Ms. Beth McInnis
Ms. Jennifer Pearce
Mr. Charles Shawver
Ms. Sandy Williams

CHE Staff

Mr. Tony Brown
Mr. Gary Glenn
Ms. Alyson Goff
Ms. Nicole Rowland

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

Ms. Metcalf called the meeting to order at 10:30 a.m. She welcomed everyone to the meeting and asked the attendees to introduce themselves.

I. Approval of Minutes from October 24, 2006 Meeting

Since there were no additions or corrections to the Minutes of the meeting on October 24, the Minutes were approved as written.

II. Recommendations of Subcommittee to Develop Parameters for Institutional Deferred Maintenance Plans

Ms. Metcalf provided a brief explanation for the purpose of the subcommittee and its recommendations. She noted the proposal to be discussed was the result of the Commission's

recommendations for improving the facilities approval process. She stated that CHE staff had used the subcommittee's proposal in developing the policy the Committee was reviewing today. Ms. Metcalf invited Mr. Malmrose, the subcommittee chair, to speak on the recommendation. Mr. Malmrose thanked the subcommittee for their advice and support through the development process. He noted the calculation method described in the meeting materials. Mr. Malmrose and Ms. Metcalf both noted the consistency of the proposed policy. Mr. Malmrose stated the plans provided the institutions with an indication of the deferred maintenance level and also could be used as a measure of the progress of reducing deferred maintenance.

Mr. Wells asked why there was no limit on the number of years in an institution's plan. There was some discussion that plans could range from 10 years to 50 years. Mr. Malmrose stated the goal of the plan was to get a credible deferred maintenance amount to use in conversation with interested stakeholders. Mr. Hanna noted his support for a consistent number of years in the plan to be used by all institutions.

Mr. Wells voiced his concern the plans could be used in a negative manner. Ms. Metcalf stated the intent of the policy was to assist the institutions. She noted the Commission's recommendation (to improve the facilities approval process) did not include language to prohibit or hinder an institution's request for new construction. Ms. Metcalf further stated institutions should always be able and prepared to justify requests for new construction.

Mr. Wells stated the calculation does not address inflation. Ms. Metcalf responded inflation is reflected in the replacement values. Mr. Wells asked where the plans would go after receiving approval by the Commission. Ms. Metcalf responded the plans were intended for CHE use only but noted they could be used in responding to requests from the Governor's Office and the General Assembly.

Mr. Malmrose stated the plans were a needs assessment, and the best result would be the state recognizing the need for deferred maintenance and new construction funding. He also noted the plans would not allow the state to ignore the issue of deferred maintenance. Mr. Shawver noted the Joint Bond Review Committee and Budget & Control Board relied heavily on data in reviewing and approving facilities projects.

The Committee agreed the plans should cover 20 years. Mr. Malmrose stated the Commission should assist the institutions in seeking funds for deferred maintenance. Mr. Malmrose asked for a one-year delay on reporting information for external infrastructure. He stated that each institution would have to determine the appropriate manner in which to estimate the replacement value for its infrastructure. Ms. Metcalf stated it was a reasonable request and would present the recommendation to the Committee on Finance and Facilities.

Mr. Wells stated the plans could see significant changes next year due to the Building Condition Survey – 2007 Update. He stated some building's condition codes could change significantly. Ms. Metcalf stated staff would inform the Committee on Finance and Facilities next year.

It was noted the plan and policy had to be presented for approval to the Committee on Finance and Facilities and the Commission.

III. Recommendations of Subcommittee to Review Application of Criteria for Scoring and Prioritizing Capital Improvement Bond (CIBs) Requests

Ms. Metcalf provided a brief explanation for the purpose of the subcommittee and its recommendations. She stated Mr. Rogers, the subcommittee chair, was unable to attend the meeting. The proposed changes were approved and will be implemented as recommended.

IV. Other Business

Ms. Goff reminded the Committee of two tutorials on the application of the criteria for scoring and prioritizing capital improvement bond (CIB) requests. The senior institutions and the USC two-year campuses will meet on Friday, February 23, and the technical colleges will meet on Friday, March 2. Ms. Goff stated the additional information used in the scoring and prioritizing process was due Friday, March 30.

Ms. Metcalf provided an information sheet to the Committee from HRP Associates who assist with environmental regulation compliance. (The information sheet is included with these minutes.)

Ms. Metcalf noted the agenda had incorrectly listed the date of the next meeting. The next meeting of the Facilities Advisory Committee is scheduled for Tuesday, October 9, 2007. Ms. Metcalf stated if the Committee found it necessary to meet before then, a date would be scheduled.

With no further business, the meeting was adjourned at 11:50 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.*

**REVISED RECOMMENDATIONS FOR
IMPROVING THE HIGHER EDUCATION FACILITIES APPROVAL PROCESS**

BACKGROUND

In March 2006, the CHE Finance & Facilities Committee discussed a number of concerns about the length of time required for the approval of capital projects. The current approval process requires a significant amount of time between project planning and delivery of construction. The Committee believes that if the timeframe were shortened, it would allow the institutions to reduce cost increases caused by these inherent delays. In May 2006, the Finance & Facilities Committee appointed a subcommittee to review the higher education facilities approval process.

The goal of the subcommittee was to examine ways to make the approval process more efficient. The subcommittee met four times to identify and clarify issues and to develop appropriate recommendations. The subcommittee received input and advice from Interim State Engineer Allen Carter and several institutional facilities representatives. The Commission on Higher Education approved the recommendations on August 2, 2006.

Since the Commission's original approval, CHE staff has worked with institutional facilities representatives, legislative staff, Joint Bond Review Committee (JBRC) and Budget & Control Board (B&CB) staff to determine ways to implement the recommendations. Significant progress has been made, and the approving entities have recognized delays in the process which result in increased costs to the state.

RECOMMENDATION

Staff recommends a revised set of recommendations to reflect the progress made. The proposed changes are presented below with the original recommendation, the suggested change, and rationale.

**Commission on Higher Education Revised Recommendations
for Improving the Higher Education Facilities Approval Process**

Overall Objectives: To improve State planning, streamline the State-approval process, improve institutional planning, and establish an effective alternative delivery system.

<u>Original Recommendation</u>	<u>Proposed Action</u>	<u>Rationale</u>
1.) The State’s Comprehensive Permanent Improvement Plan (CPIP) process should be made meaningful.	Carry Forward	Meetings with institutional representatives confirm the continued need for these recommendations.
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.	REVISE: Define permanent improvement projects as those with a value of greater than \$1 million. Institutions would be required to submit a quarterly report to the appropriate entities which identifies completed projects with a total cost between \$500,000 and \$1 million.	The majority of projects meeting this criterion are routine repair, replacement, and maintenance. <u>Since 2005, 223 projects were closed with budgets of \$1 million or less – 157 (70%) of which were routine maintenance.</u>
3.) Adopt code changes allowing institutions to conduct feasibility/planning studies up to and including design development without requiring State-level approvals to plan.	Carry Forward	Meetings with institutional representatives confirm the continued need for these recommendations.
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.	Defer	In light of the current work of the legislatively-mandated Higher Education Study Committee, staff believes this recommendation should be put on hold until the work of this group is completed.
5.) Require each higher education institution to develop and submit for CHE approval a funding plan to bring its deferred maintenance to an acceptable level.	Delete - Accomplished	The Commission adopted a policy in May 2007 to implement this recommendation. Institutions submitted their plans in August 2007, and the information was used to complete the October 2007 report, <i>An Assessment of Higher Education Facilities Conditions & Measuring Deferred Maintenance</i> . CHE staff will continue to work with institutional facilities offices to develop parameters to measure infrastructure needs.

<u>Original Recommendation</u>	<u>Proposed Action</u>	<u>Rationale</u>
<p>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 March 1, 2007.</p>	<p>Delete - Accomplished</p>	<p>During the 2007 legislative session, Senate Bill 282 was introduced to clarify the use of alternative delivery methods thereby making it easier for institutions and other state agencies to utilize methods such as design build and Construction Management at Risk. The bill’s conference committee report was completed at the end of the legislative session but did not reach the chamber floors. The Senate and House are expected to consider the report in January 2008 when the General Assembly reconvenes.</p>
	<p>ADD: Provide flexibility up to 20% or \$1 million within permanent improvement project budgets for budget increases only prior to additional approval by the required State entities. Institutions would be required to submit a quarterly report to the appropriate entities which identifies projects in which the budgets were increased using this flexibility.</p>	<p>Discussions with Budget & Control Board staff and institutional staffs have illustrated the benefit of providing this flexibility. The uncontrollable and often volatile construction market has required institutions to request budget increases – many of which require review and approval of all State-approving entities. A percentage or dollar maximum increase would allow institutions to make the necessary budget changes more quickly thereby saving the state time and money. <u>Since 2004, 70 project budgets have been increased by 20 percent or less. In the same period, 106 budgets were increased by \$1 million or less.</u></p>