



## South Carolina Commission on Higher Education

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Mr. Daniel Ravenel, Vice Chairman  
Col. John T. Bowden, Jr.  
Doug R. Forbes, D.M.D.  
Dr. Bettie Rose Horne  
Dr. Raghu Korrapati  
Dr. Louis B. Lynn  
Ms. Cynthia C. Mosteller  
Mr. James Sanders  
Mr. Hood Temple  
Mr. Randy Thomas  
Mr. Kenneth B. Wingate  
Mr. Neal J. Workman, Jr.  
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

November 30, 2007

**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, December 6

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

In consultation with institutional representatives, we have revised the per-square-foot costs included in the interim capital project summaries so they are based on the total cost of the project. Costs had previously been calculated using the costs associated with specific line items such as construction or renovation. We hope this revision will assist the Committee members in their evaluation of projects submitted.

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

*Enclosures*

## AGENDA

COMMITTEE ON FINANCE & FACILITIES

DECEMBER 6, 2007

9:00 A.M.

CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introductions
2. Minutes of November 2 Meeting
3. Interim Capital Projects
  - A. College of Charleston
    - i. Purchase of 34 George Street  
*-increase budget*
  - B. South Carolina State University
    - i. Engineering/Computer Science Complex  
*-revise scope, change project name*
    - ii. Replace HVAC System in Turner Hall A Wing  
*-establish project*
    - iii. Repair & Replace HVAC System in Mitchell Hall  
*-establish project*
    - iv. Replace HVAC System in Washington Dining Hall  
*-establish project*
  - C. University of South Carolina Columbia
    - i. Patterson Hall Seismic Upgrades and Asbestos Abatement  
*-establish project*
4. Other Business
  - A. Clarification of Capital Project Definitions
  - B. Joint Bond Review Committee (JBRC) Policy Change & Proposed CHE Policy Change
  - C. Proposed CHE Policy Change for Budget Increases
  - D. Draft 2008 Committee Meeting Schedule
  - E. List of Staff Approvals for October & November 2007 (For Information)

**MINUTES**

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION  
COMMITTEE ON FINANCE AND FACILITIES  
NOVEMBER 2, 2007  
9:30 A.M.  
ROOM 109, LEE NURSING BUILDING  
FRANCIS MARION UNIVERSITY

Committee Members Present

Dr. Doug Forbes  
Dr. Louis Lynn  
Mr. Daniel Ravenel  
Mr. Jim Sanders  
Mr. Ken Wingate  
Mr. Neal Workman

Mr. Charles Jeffcoat  
Mr. Jay Kispert  
Mr. Scott Ludlow  
Ms. Beth McInnis  
Mr. Mike Parrott  
Mr. Tom Quasney  
Mr. Charles Shawver  
Ms. Sandy Williams

Commission Members Present

Dr. Bettie Rose Horne  
Dr. Layton McCurdy  
Mr. Randy Thomas

Staff Present

Ms. Julie Carullo  
Mr. Charlie FitzSimons  
Mr. Gary Glenn  
Ms. Alyson Goff  
Dr. Garrison Walters  
Ms. Karen Wham  
Dr. Karen Woodfaulk

Guests Present

Mr. Clarence Bonnette  
Ms. Christine Smalls Brown  
Ms. Donna Collins

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

**I. Introductions**

Mr. Ravenel called the meeting to order at 9:30 a.m. Ms. Goff introduced the guests in attendance.

The following matters were considered:

**II. Approval of Minutes of Meeting on October 4, 2007**

Since there were no additions or corrections to the Minutes of the meeting on November 2, it was moved (Sanders), seconded (Wingate), and voted to approve the Minutes as written.

**III. Interim Capital Projects**

Chairman Ravenel stated the University of South Carolina Columbia had requested to add an interim capital project to the agenda. It was moved (Wingate), seconded (Workman), and voted to

consider the request. Mr. Sanders moved to table the requested addendum to the agenda, and Dr. Forbes seconded the motion. It was voted to decline the request with one objection (Wingate). It should be noted Dr. Lynn joined the meeting at 9:45 a.m.; therefore, he was not included in the vote.

Chairman Ravenel proposed reviewing each request from each institution then voting on the projects, and the Committee agreed. Mr. Glenn noted the revised format for presenting project requests which provided a better history of the project in relation to the current request.

The following projects were presented and discussed:

A.) Medical University of South Carolina

- a) Psychiatric Institute Second Floor Renovation -establish project

Mr. Glenn noted the project would remove the last occupant of the Bank Building which was slated for demolition in early 2009. The demolition would reduce the institution's deferred maintenance backlog by an estimated \$5 million.

Dr. Mr. Forbes asked what the immediate plan was for the space. Mr. John Malmrose, from the Medical University of South Carolina, answered it would be used for surface parking with a long-term plan to build a parking garage. Mr. Workman asked how far the institution was in the architectural and engineering (A&E) process. Mr. Malmrose answered that work had already begun because it was believed it could be completed for less than \$500,000. However, once the work began, the institution realized there was much more substantial work to be completed which necessitated the establishment of a project.

- b) College of Dental Medicine -increase budget

Mr. Glenn stated the actual costs of the project were \$8 million more than the pre-bid estimates. The institution reallocated funds for equipment in order to proceed with construction which had already begun. Mr. Workman stated the construction portion of the project was \$476 per square foot which is extraordinarily high. Chairman Ravenel stated he agreed but noted it was an important project to the state as it has been at the top of the capital improvement bond (CIB) funding priority list for several years.

Dr. Forbes asked for an explanation as to the high cost per square foot. Mr. Malmrose responded that the facility is located in an earthquake/hurricane zone and there are additional requirements mandated by the Charleston Board for Architectural Review. He also stated the facility required extensive plumbing and mechanical work but noted the costs were inline with escalating construction costs. Mr. Workman stated the project was an example of the need for reform of the facilities approval process.

It was moved (Forbes), seconded (Wingate), and voted to approve the projects.

B.) University of South Carolina Columbia

a) Sumwalt Trace Metals Laboratory Renovation -establish project

Mr. Glenn stated the high per-square-foot costs were associated with the challenges of renovating an occupied facility with specific requirements for the clean room and laboratory. Dr. Lynn asked what academic program would use the space. Mr. Charlie Jeffcoat, from the University of South Carolina Columbia, answered the Department of Geological Sciences and the Marine Science program would use the space. He also noted the laboratory would be used as a recruiting tool.

Mr. Sanders noted his concern with the high cost per square foot. Mr. Jeffcoat stated the institution had an indefinite delivery contract with consultants to provide estimates. Mr. Workman encouraged all institutions to use estimates from construction professionals. Dr. McCurdy stated research space was more expensive than traditional classroom space. Dr. Lynn asked if the finishes were included in the project scope. Mr. Jeffcoat answered they would be added to the space at a later date. Dr. Forbes asked why the institution did not build a new facility. Mr. Jeffcoat answered the institution had no land to do so.

b) Patterson Hall Seismic Upgrades and Asbestos Abatement -establish project

Mr. Glenn noted the meeting materials contained a typographical error (requested budget was \$4.2 million, not \$1 million) and stated the institution was requesting an establishment of a project to complete initial work for addressing future life safety issues in Patterson Hall.

Mr. Workman asked why seismic upgrades were being completed. Mr. Jeffcoat answered the future plans were to complete major renovations which will require the facility meet current code standards. Mr. Workman asked why the project scope was only for upgrades to the basement and first floor. Mr. Jeffcoat answered to complete upgrades on all floors would be too disruptive. Dr. Lynn asked when the facility was built. Ms. Donna Collins, from the University of South Carolina Columbia, answered it was constructed in 1962 with 155,000 GSF.

Mr. Workman asked if there were any plans to demolish the building. Mr. Jeffcoat answered it would be too disruptive, and the institution was not considering the possibility. Mr. Workman noted the layout of the residential facility was not acceptable to today's students.

c) Woodrow Roof Replacement and Exterior Repairs -establish project

Mr. Sanders asked what effect the project would have on the deferred maintenance backlog. Mr. Glenn answered that the recently-completed building condition surveys only included buildings classified 25 percent or more educational and general (E&G) space.

d) Williams Brice Stadium Training Room Renovations -establish project

Mr. Workman asked how far the institution was in the A&E process. Mr. Jeffcoat responded a schematic plan had been developed in conjunction with consultants with specific knowledge of installing hydrotherapy pools.

- e) Williams Brice Stadium Level 200 Renovation -establish project
- f) Columbia Campus Utility Infrastructure Repairs -establish project

Dr. Forbes requested to vote for the projects with the exception of the Patterson Hall project. It was moved (Forbes), seconded (Lynn), and voted to approve the projects.

Mr. Sanders moved to approve the Patterson Hall project, and Dr. Lynn seconded the motion. Dr. Forbes stated he wanted to see the total costs for all work planned for the facility to determine if renovation was the most cost-effective option or if new construction was an alternative.

Mr. Sanders asked what the timeline was for the project. Mr. Jeffcoat answered the work needed to be completed during the summer. Mr. Sanders asked if a one-month delay would hurt the project, and Mr. Jeffcoat affirmed that it would.

Mr. Workman stated that since students chose to live in the facility, the institution should complete the work in a manner that it determined to be appropriate. Dr. Forbes stated he wanted to see the entire analysis to determine if renovation was the best choice. Mr. Jeffcoat stated while it was a guess, a new residential hall with the same number of beds currently in Patterson Hall (637 beds) would be about \$60,000 per bed with an estimated costs of \$38 million. Chairman Ravenel stated Dr. Forbes had a legitimate concern.

Dr. Lynn asked how much longer the facility could be utilized without the proposed renovations. Mr. Jeffcoat answered it was difficult to determine that because the proposed work is of a structural nature. He stated the facility could not be renovated without repairs to the structure. Mr. Workman noted it was a difficult situation, and the options needed to be weighed carefully. Mr. Jeffcoat stated the Board of Trustees determined it was more economical to keep the current facility rather than building a new residential hall.

Dr. Forbes stated the Commission was responsible for protecting the state's students, and he wanted to see the complete picture before approving the project.

Chairman Ravenel called for a vote on the project, and all members voted not to approve the project with one exception (Lynn).

### C.) University of South Carolina Beaufort

- a) Science and Technology Building Second Floor Upfit -establish project

Mr. Glenn stated the institution had requested CIB funds but, in the absence of a bond bill, is prepared to fund the project itself. Mr. Sanders asked what priority it was of the institution. Mr. Mike Parrott, from the University of South Carolina Beaufort, answered it was the institution's first priority. Mr. Sanders asked what priority it was on the statewide list. Ms. Goff responded she believed it was in the mid-twenties.

Mr. Sanders asked where the project was in the design process. Mr. Parrott answered schematic work had been completed.

It was moved (Lynn), seconded (Wingate), and voted to approve the project.

#### **IV. Leases**

##### A.) Medical University of South Carolina

1. Roper Medical Office Building, Suites 120, 140; & 100, 170 -lease amendment

Chairman Ravenel asked why the institution was requesting two separate lease amendments when the space was intended for the same programmatic purpose. Mr. Glenn answered that with two separate leases, Budget and Control Board staff could approve the leases instead of requiring approval by the Joint Bond Review Committee and the Budget and Control Board. Mr. Sanders asked if the square foot rate was the same for both leases. Mr. Glenn answered that it was. Chairman Ravenel asked if the institution was willing to combine the leases. Mr. Malmrose answered the University would do so.

Mr. Wingate asked if a portion of the \$6 million National Institute of Health grant would be used to pay for the lease. Mr. Malmrose answered that more space was needed in order to obtain the grant. Mr. Ludlow, from the SC Technical College System, answered that a typical research grant usually included an overhead rate for facilities and administration. Mr. Sanders asked what that percentage was. Mr. Ludlow answered that from his experience at Clemson University it was typically 46-48 percent. Mr. Malmrose answered that the percentage was 46 for MUSC.

2. Roper Medical Office Building, Suite 190 -lease amendment

It was moved (Workman), seconded (Wingate), and voted to approve the leases provided the Medical University of South Carolina combined the two leases into one.

#### **V. Consideration of Revised Recommendations to Improve the Higher Education Facilities Approval Process**

Mr. Glenn presented the proposed revised recommendations and noted the Facilities Advisory Committee had approved the revisions. Mr. Sanders stated he was concerned with the revision to Recommendation Two (permanent improvement projects defined as projects with budget of \$1 million or less) that it would be used for needs beyond routine repair, replacement, and maintenance. Mr. Glenn responded that during conversations with various stakeholders, it was believed an open-ended approval for routine maintenance projects would not be supported. He also stated that some institutional facilities officers were concerned the \$1 million limit was too restrictive.

Ms. Collins stated that the revised definition of a project could allow for work beyond routine maintenance such as reconfiguration of space and life-safety issues. Ms. Goff reiterated Mr. Glenn's previous statement that in meetings with staff members of other approving entities, it was

determined there would be little support for defining routine maintenance projects using the Commission's definition.

Mr. Sanders asked what the timeline was for furthering the initiative. Ms. Goff answered that staff would like Committee and Commission approval today to allow other interested stakeholders to move forward with their efforts on filing legislation. Mr. Wingate recommended approving the revised recommendations with the understanding that definitional clarification and other issues would be resolved during the legislative process.

Mr. Sanders requested that staff work with the institutions to ensure the initiative was on their respective legislative agendas for the upcoming year. Ms. Goff stated that staff was prepared to draft letters to send to the presidents and other appropriate entities notifying them of the revisions and asking for their continued support.

Mr. Sanders asked how the recommendations fit with the work of the Higher Education Study Committee. Mr. Glenn answered that John Montgomery was chairing the advisory group charged with examining facilities and stated the group would be made aware of the Commission's initiative.

It was voted to approve the revised recommendations to improve the higher education facilities approval process.

#### **VI. Proposed Regulation 62-1100: Free Tuition for Residents Sixty Years of Age**

Mr. Glenn presented the proposed regulation to the members as information.

#### **VII. Other Business**

Mr. Glenn reminded the members of the November 8 campus tours of USC Salkehatchie and Denmark Technical College.

The list of staff approvals for September 2007 was presented for information.

With no further business, the meeting was adjourned at 10:45 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**

December 6, 2007

**COLLEGE OF CHARLESTON**

**PROJECT NAME:** Purchase of 34 George Street  
**REQUESTED ACTION:** Increase Budget  
**REQUESTED ACTION AMOUNT:** \$3,618,207  
**INITIAL CHE APPROVAL DATE:** November 2, 2007

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Land Purchase (0.38 Acres)	\$0	\$3,585,000	\$3,585,000
Professional Service Fees	\$6,500	\$6,500	
Other (Closing Costs/Attorney's Fees)	\$0	\$8,207	\$8,207
Contingency	\$0	\$25,000	\$25,000
<b><i>Total</i></b>	<b><i>\$6,500</i></b>	<b><i>\$3,624,707</i></b>	<b><i>\$3,618,207</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Private Funds	\$6,500	\$6,500	
Institutional Capital Project Fund	\$0	\$3,618,207	\$3,618,207
<b><i>Total</i></b>	<b><i>\$6,500</i></b>	<b><i>\$3,624,707</i></b>	<b><i>\$3,618,207</i></b>

**DESCRIPTION:**

The College requests to increase the project budget to purchase the property known as 34 George Street. The property is 0.38 acres (16,676 SF) with a one-story, 5,500 SF concrete block building in poor condition which does not add value to the property. The site is contiguous to the College's Johnson Center. Since land in close proximity to the campus is scarce, it is critical for the College to secure the land for future programmatic building needs. In the interim, the site can accommodate 50 parking spaces. At this time, the College plans to establish a separate project to demolish the building and complete site work for the parking area.

A guarantee letter for the private funds had not been received at the time of this mailing.

**E&G DEFERRED MAINTENANCE REDUCTION:**

N/A – Land Purchase

**ANNUAL OPERATING COSTS/SAVINGS:**

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

**RECOMMENDATION:**

Staff recommends approval of this project provided the guarantee letter for the private funds is received prior to the Committee's December 6 meeting.

**SOUTH CAROLINA STATE UNIVERSITY**

**PROJECT NAME:** Engineering/Computer Science Complex Construction  
**REQUESTED ACTION:** Revise Scope, Change Project Name  
**REQUESTED ACTION AMOUNT:** \$0  
**INITIAL CHE APPROVAL DATE:** October 7, 2004

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$1,500,000	\$1,500,000	
Equipment and/or Materials	\$800,000	\$800,000	
Site Development	\$700,000	\$700,000	
New Construction (100,000 GSF)	\$19,475,000	\$19,475,000	
Landscaping	\$100,000	\$100,000	
Other Capital Outlay	\$500,000	\$500,000	
Labor Costs	\$100,000	\$100,000	
Contingency	\$1,500,000	\$1,500,000	
<b>Total</b>	<b>\$24,675,000</b>	<b>\$24,675,000</b>	<b>\$0</b>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Institution Bonds	\$24,675,000	\$24,675,000	
<b>Total</b>	<b>\$24,675,000</b>	<b>\$24,675,000</b>	<b>\$0</b>

**DESCRIPTION:**

The University requests to revise the project scope and change the project name to allow the construction of a 100,000 SF engineering/computer science complex. Preliminary estimates show that the construction of a new facility will be more cost effective than the original plan to rehabilitate 31,000 SF in Harold Crawford Engineering Hall and to add an additional 60,000 SF. The building, constructed in 1939, is listed on the National Historic Register and has significant deferred maintenance issues. At this time, the institution has not determined future plans for this facility.

The new facility is needed to accommodate growth in enrollment expected in the Engineering and Computer Science programs with the new Nuclear Engineering program underway and the 2004 national accreditation of the computer science program. The new complex will include teaching and research labs, innovative classrooms, office spaces, and other support spaces. The building will be constructed on the site currently occupied by the Bethea Hall Residence Hall which has been shut down and slated for demolition. Site development will provide additional parking spaces.

The current budget is based on pre-programming which includes cost estimates obtained in January 2007. The total project cost per square foot is \$247. This project and the renovation and expansion of Hodge Hall (a science facility) have exhausted the institutional bond capacity. Therefore, the University anticipates that if architectural and engineering work determines the costs to be above the current budget, the project scope will be revised.

**E&G DEFERRED MAINTENANCE REDUCTION:**

N/A – New Construction

**ANNUAL OPERATING COSTS/SAVINGS:**

Custodial services, maintenance, utilities, and insurance will require additional operating costs ranging between \$153,450 and \$319,000 in the three years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**SOUTH CAROLINA STATE UNIVERSITY**

**PROJECT NAME:** Replace HVAC System in Turner Hall A Wing  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$1,481,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees		\$95,000	\$95,000
Interior Building Renovations (22,602 SF)		\$1,260,000	\$1,260,000
Contingency		\$126,000	\$126,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$1,481,000</i></b>	<b><i>\$1,481,000</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Master Lease Program		\$1,481,000	\$1,481,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$1,481,000</i></b>	<b><i>\$1,481,000</i></b>

**DESCRIPTION:**

The University requests to establish a project to replace the HVAC system in Turner Hall ‘A’ Wing, a three-story 22,600 SF academic and office facility built in 1956. The current system is over 20 years old, past its useful life, and has been repaired many times including at least one recently-replaced compressor. Many other component repairs and replacements have occurred over the years while other major components, such as fan coil units, remain inoperable, and therefore, rendering the system ineffective.

Continuous service calls from building occupants to in-house personnel prompted the University to request a wholesale evaluation of the system for sufficiency. The evaluation resulted in a report and schematic design that recommended replacement of the entire system with an air-cooled system which is more energy efficient and less costly to install and maintain due to the reduced number of parts required for operation. The renovation cost per square foot is \$66.

**E&G DEFERRED MAINTENANCE REDUCTION:**

The project will alleviate a portion of the \$2,351,549 in existing deferred maintenance in the building.

**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.

**SOUTH CAROLINA STATE UNIVERSITY**

**PROJECT NAME:** Repair & Replace HVAC System in Mitchell Hall  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$2,649,700  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees		\$202,000	\$202,000
Interior Building Renovations (56,438 SF)		\$200,000	\$200,000
Utilities Renovations		\$1,800,000	\$1,800,000
Exterior Building Renovations		\$132,700	\$132,700
Other (Program Administration)		\$75,000	\$75,000
Contingency		\$240,000	\$240,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$2,649,700</i></b>	<b><i>\$2,649,700</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Master Lease Program		\$2,649,700	\$2,649,700
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$2,649,700</i></b>	<b><i>\$2,649,700</i></b>

**DESCRIPTION:**

The University requests to establish a project to replace major components and repair minor parts of the HVAC system in Mitchell Hall. The facility is a three-story, 56,438 SF student residence hall constructed in 1975. The current system is 31 years old and past its useful life. Many of the component parts have been repaired or replaced over the years with the augmentation of a leased mobile chiller/compressor unit due to the system’s failure to the demand during the cooling season. Continued replacement of component parts and the leasing of mobile units only prolong the inevitability of having the entire unit replaced and costing the University money that could be reallocated to other pressing maintenance and repair projects.

Continuous service calls from building occupants to in-house personnel prompted the University to request a wholesale evaluation of the system for sufficiency. The evaluation resulted in the decision to replace major components and repair minor parts of the system. The renovation cost per square foot is \$49.

**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.

**SOUTH CAROLINA STATE UNIVERSITY**

**PROJECT NAME:** Replace HVAC System in Washington Dining Hall  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$2,224,630  
**INITIAL CHE APPROVAL DATE:** N/A

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Professional Service Fees		\$134,500	\$134,500
Interior Building Renovations (22,300 SF)		\$1,900,000	\$1,900,000
Contingency		\$190,130	\$190,130
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$2,224,630</i></b>	<b><i>\$2,224,630</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Revised</u></b>	<b><u>Change</u></b>
Master Lease Program		\$2,224,630	\$2,224,630
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$2,224,630</i></b>	<b><i>\$2,224,630</i></b>

**DESCRIPTION:**

The University requests to establish a project to replace the HVAC system in Washington Dining Hall, a one-story, 22,300 SF food preparation and dining hall. Within the last year, there has been an extensive renovation of the student dining and service areas; however, the faculty and staff dining areas and the food preparation kitchens have not received the same work. In recent years, the facility has experienced an increased number of students and faculty and additional functions which has rendered the current HVAC system ineffective and requires replacement. Many component parts have been repaired and/or replaced while the majority of the units continue to wear out or remain inoperable.

Continuous service calls from building occupants to in-house personnel prompted the University to request a wholesale evaluation of the system for sufficiency. The evaluation resulted in a report and schematic design that recommended replacement of the entire system with an air-cooled system which is more energy efficient and less costly to install and maintain due to the reduced number of parts required for operation. The renovation cost per square foot is \$100.

**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.

**UNIVERSITY OF SOUTH CAROLINA COLUMBIA**

**PROJECT NAME:** Patterson Hall Seismic Upgrades & Asbestos Abatements  
**REQUESTED ACTION:** Establish Project  
**REQUESTED ACTION AMOUNT:** \$4,200,000  
**INITIAL CHE APPROVAL DATE:** N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$650,000	\$650,000
Interior Building Renovations (155,000 SF)		\$3,550,000	\$3,550,000
<b>Total</b>		<b>\$4,200,000</b>	<b>\$4,200,000</b>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Housing Maintenance Reserve		\$4,200,000	\$4,200,000

**DESCRIPTION:**

The project was carried over by the Committee at its November 2 meeting. The University was asked to provide additional information which is presented below in Q&A format. The institution notes that for comparison purposes, all costs listed are in today's dollars. Due to the volatile construction market, it is difficult to project a reasonable escalation factor for the project.

*Q: What is the approximate cost to complete the renovations in addition to the \$4.2 million already identified?*

A: Based on the most recent construction estimates and factoring in fees, owner costs, and other soft costs, it is estimated that the cost of the additional phases will be \$31 million. This is for work to be phased over four additional summers.

*Q: What is the estimated increased life expectancy of Patterson Hall if these renovations are completed?*

A: The proposed work will completely update/replace building systems and finishes as well as address code issues. It is projected that this will extend life expectancy of the facility by 30 years.

*Q: What is the estimated cost to demolish the facility?*

A: Based on recent costs to demolish the Towers dormitories, the projected cost of demolition of Patterson Hall is \$3 million.

*Q: What is the estimated cost to construct a new facility for the same number of beds?*

A: Based on recent construction bids for the Honors College dormitory, the projected costs for construction of a replacement facility is \$65 million.

*Q: What is the estimated cost of losing two years availability (or if new construction would take longer) of the current 670 beds in the facility?*

A: The loss of revenue is projected to be approximately \$2.2 million in housing revenue.

*Q: Is there a better use for the land?*

A: Patterson Hall is located in a housing corridor with other housing facilities located to the north and south of the facility. Continued use of the land for housing seems most appropriate. Patterson Hall is well situated for student housing for first-year students. It is located in close proximity to the Russell House (student center), dining facilities, the student health center, parking, and the academic core of campus where many first-year classes are taught. In addition, Patterson Hall shares emergency infrastructure with adjacent housing facilities including emergency generator/power, fire pump, and power distribution.

Other factors that led to the decision to proceed with renovation of the facility, rather than pursue demolition and new construction, include the fact that the building has become a “legacy” facility with granddaughters residing in the same facility as the one occupied by their grandmothers while attending the University. Also, with the renovation project, housing is currently planning to pay for the work from an existing revenue stream, eliminating the need to issue bonds, as would be required for construction of a new facility.

**ORIGINAL PROJECT DESCRIPTION:**

The University requests to establish a project to complete the initial phase of seismic upgrades and asbestos abatement for Patterson Hall, an all-female residence facility. The scope addresses seismic upgrades, and includes installation of poured-in-place concrete shear walls and new foundations for the walls through the basement level. The upgrade is required to meet code requirements for future proposed renovations to the first floor. Upgrades of the upper levels will be addressed in future projects.

Asbestos abatement will include removal of sprayed-on-ceiling texture on floors two through nine. The work is necessary to prepare for future installation of a sprinkler system and to improve the current fire alarm system. The project will also include painting of the ceiling deck, installation of new ceilings in corridors, and replacement of existing lighting. The renovation cost per square foot is \$27.

**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.

**CLARIFICATION OF CAPITAL PROJECT DEFINITIONS**

- A ***permanent improvement project (PIP or "project")*** is statutorily defined as:
  - any acquisition of land, regardless of cost;
  - any acquisition, as opposed to the construction, of buildings or other structures, regardless of cost;
  - construction of facilities and any work on existing facilities including their renovation, repair, maintenance, alteration, or demolition in those instances where the total cost of all work involved is \$500,000 or more;
  - architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and, therefore, are not to be included;
  - capital lease purchase of any facility acquisition or construction; and
  - equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract.
  
- The Commission has approved specific parameters in which staff may approve, regardless of budget, a project that is ***routine repair, replacement, and/or maintenance***. Staff reserves the right to bring forward to the Committee and Commission a project that may meet the parameters outlined below if it believes the characteristics of a project require further consideration. The approved parameters are:
  - Roof repair/replacement
  - Building system modifications (HVAC, plumbing, electrical, etc.)
  - Interior refurbishment without major reconfiguration of interior space
  - Exterior refurbishment (waterproofing, window replacement, etc.) excluding additions beyond approximately 1,000 sq. feet
  - Renovation of \$500,000 or more that does not result in major building use change or additions beyond approximately 1,000 sq. feet
  - Code compliance (ADA, elevator, fire, electrical, etc.)
  - Infrastructure modifications/replacement (communications systems, sewers, waterlines, steam lines, etc.)

**\*NOTE:** In information provided to the Committee at its November meeting, it was stated that between January 2005 and August 2007, 223 projects have been closed with budgets of \$1 million or less. Of those, 70 percent met the criteria for “routine maintenance” as described above. The remaining projects were not considered routine as they included parking lot/garage work; site improvements; landscaping/parks/campus entrances; land acquisitions; and construction and/or expansion of 1,000 SF or more.

**JOINT BOND REVIEW COMMITTEE (JBRC) POLICY CHANGE &  
PROPOSED CHE POLICY CHANGE**

**What's the JBRC policy change?**

On November 15, the Joint Bond Review Committee (JBRC) implemented a new policy regarding approval of permanent improvement projects. The policy is in response to JBRC's increasing concerns about cost overruns and scope changes to projects which have resulted in numerous budget increases.

Requests for new construction or renovation work will be approved in two phases:

- **Phase I** – Approval for project establishment for pre-design and limited design services to establish project scope and costs estimates
- **Phase II** – Approval for adding funds for complete design and construction or renovation

Phase I approval is required before requesting Phase II approval. However, Phase II approval is not guaranteed. Definitions of what constitutes Phase I and II are included for information (Attachment 1).

**What's the effect?**

In effect, the facilities approval process now includes a formal two-step process that will require state agencies to appear before JBRC and the Budget & Control Board twice before having full authority to begin a construction or renovation project.

**Does this change support the CHE initiative?**

Phase I of the new JBRC policy is positive in that it will essentially allow institutions to complete schematics in order to develop conceptual drawings to define project scope and budget. However, the policy change does not align with the Commission's recommendation to allow institutions to complete feasibility/planning studies up to and including design development prior to establishing a permanent improvement project with the state.

The new JBRC policy could extend the approval process by four to six months depending on the costs of the pre-design work and the meeting schedules of the approval entities. For example, a new 40,000 SF building could require professional services fees of \$1 million. Under current policies and procedures, an institution could appear before CHE, JBRC, and the Budget & Control Board twice in order to request Phase I and II approval.

**How will this affect CHE?**

In order to address this potential delay, staff recommends the following CHE policy change:

*CHE staff may approve permanent improvement project requests for Phase I (as defined by the JBRC policy established November 15, 2007), regardless of cost. Staff will provide the Finance & Facilities Committee and the Commission a monthly report identifying projects approved under this policy. This approval does not guarantee Phase II approval by the staff, the Committee, or the Commission. Phase II requests will be subject to existing policies and procedures.*

**What action is needed?**

This policy change requires approval by the Committee and Commission.

**Definitions of Phase I & II under New JBRC Policy**  
**(As received from B&CB staff)**

**Phase I – Construction PIP Submittal:** The Phase I – Construction PIP Submittal is a request for approval to acquire professional services for pre-design services (as necessary) and/or design services, through development of concept design and preparation of a project budget for complete project design and construction. The product of these services shall be a statement of project scope and budget used to support a request, consistent with Section 2-47-40, for approval of the Phase II – Construction PIP Submittal: Design and Construction Budget.

A. **“Pre-design services”** consist of:

Programming services to establish and document the following detailed project requirements:

- a. Design objectives, limitations, and criteria;
- b. Approximate gross facility areas and space requirements;
- c. Required space relations;
- d. Facility flexibility and expandability requirements;
- e. Special equipment and systems required;
- f. Site requirements;
- g. Operating procedures;
- h. Security requirements;
- i. Communications relationships; and
- j. Project Schedule.

2. **“Space Schematics”** – Flow Diagrams consisting of diagrammatic studies and descriptive text for:

- a. Converting programmed requirements to net area requirements;
- b. Internal functions;
- c. Human, vehicular, and material flow patterns;
- d. General space allocations;
- e. Analysis of operating functions;
- f. Adjacency;
- g. Special facilities, materials, and equipment; and
- h. Flexibility and expandability.

3. **“Existing Facilities Surveys”** consisting of researching, assembling, reviewing, and supplementing information for Projects involving alterations and additions to existing facilities or determining new space usage in conjunction with a new building program including:

- a. Field measurements;
- b. Review of existing drawings for accuracy and the development of required measured drawings;
- c. Restrictions on modifying historic properties;
- d. Review of existing design data;
- e. Investigation of hazardous materials (asbestos, lead, mold, etc.); and
- g. Analysis of existing structural, mechanical, and electrical capabilities.

4. **“Site Analysis”** consisting of:
  - a. On-site observation;
  - b. Movement systems, traffic, and parking studies;
  - c. Topography analysis;
  - d. Utility systems
  - e. Analysis of deed, zoning, and other legal restrictions (including permits & approvals);
  - f. Structures placement;
  - g. Surface and subsurface conditions;
  - h. Environmental requirements (wetlands, threatened and endangered species, flood zones, archeological, etc.);
  - i. Landscape concepts and forms;
  - j. Studies of availability of construction materials, equipment, and labor;
  - k. Studies of construction market; and
  - l. Site analysis and evaluation.

B. Design services through concept design consist of services to prepare concept design documents that establish the conceptual design of the project illustrating the scale and relationship of the project components. If appropriate, concept design documents may include a conceptual site plan, and preliminary building plans, sections, and elevations. Concept design documents may include preliminary selections of major building systems and construction materials.

**Phase II – Construction PIP Submittal:** The Phase II – Construction PIP Submittal is a request for approval to acquire professional services to prepare a complete design and construction documents and to acquire construction. Such request must be supported by a complete program statement, statement of scope of work, concept design documents, an estimate of cost prepared by a party independent of the Agency, and any other information required by Section 2-47-40.

**PROPOSED CHE POLICY CHANGE FOR BUDGET INCREASES**

**What's the Rationale?**

In November, the Commission approved a revised set of recommendations for furthering the initiative to improve the facilities approval process. One of the recommendations was to provide flexibility up to 20 percent for project budget increases prior to additional approval by the required state entities. Discussions with Budget & Control Board staff and institutional staffs illustrated the benefit of providing this flexibility.

**What's the Recommended Policy Change?**

To address this issue, staff recommends the following CHE policy change:

*CHE staff may approve a budget increase for a permanent improvement project up to 20 percent in order to address differences between the project cost estimate and the bid or negotiated cost. The additional funds must be identified and readily accessible to the institution. This provision applies only to budget increases and would not extend to increases due to changes of project scope. CHE staff would provide the Finance & Facilities Committee and the Commission a monthly report identifying projects in which budgets were increased under this policy.*

NOTE: Current CHE policy allows staff to approve budget increases of \$500,000 or 10 percent of the approved budget, whichever is greater. Typically, the increases are to address bids that come in over budget; to reflect receipt of grants and private or gift funds; or to cover incidental costs for project closure.

**What action is needed?**

This policy change requires approval by the Committee and Commission.

**FINANCE & FACILITIES COMMITTEE 2008 MEETING SCHEDULE**

*(All dates and times are subject to change.)*

January 10, 2008 – 9:00 a.m.

February 7, 2008 – 9:00 a.m.

*(Location will be in accordance with Commission meeting.)*

March 6, 2008 – 9:00 a.m.

April 3, 2008 – 9:00 a.m.

May 1, 2008 – 9:00 a.m.

June 5, 2008 – 9:00 a.m.

August 6, 2008 – 9:00 a.m.

*(Note meeting day is Wednesday)*

September 4, 2008 – 3:00 p.m.

October 2, 2008 – 9:00 a.m.

November 6, 2008 – 9:00 a.m.

December 4, 2008 – 9:00 a.m.

*All meetings are scheduled to be held in the CHE Main Conference Room unless otherwise noted.  
Room changes, if necessary, will be noted on the agenda.*

**INFORMATION ITEM**

<b>PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF</b>						
<b>October 2007</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>
10/1/2007	9984	Central Carolina TC	Preliminary Land Acquisition (Kershaw-Lee Campus)	Revise Scope	\$0	\$20,000
10/1/2007	9881	Horry-Georgetown TC	Allied Health Wing Construction - Georgetown Campus	Decrease Budget, Close Project	(\$71,800)	\$1,933,110
10/1/2007	9979	Midlands TC	Lexington Hall Addition <sup>1</sup>	Increase Budget, Revise Scope	\$1,500,000	\$2,500,000
10/1/2007	9944	Spartanburg CC	West Building HVAC Renovation	Increase Budget	\$10,510	\$464,244
10/5/2007	9548	Coastal Carolina	Science Building Renovation	Change Source of Funds (from renovation reserve to institution bonds)	\$0	\$2,025,000
10/5/2007	9557	Francis Marion	Center for the Child Facility Construction	Increase Budget	\$495,000	\$4,965,500
10/5/2007	9573	SC State	James E. Clyburn Transportation Research and Conference Center	Increase Budget	\$1,946	\$23,479,042
10/5/2007	9587	SC State	237 Parker St Land Acquisition	Decrease Budget, Close Project	(\$1,946)	\$70,554
10/5/2007	9564	SC State	Camp Daniels Renovation	Increase Budget	\$250,000	\$850,000
10/5/2007	New	Midlands TC	Northeast Classroom/Engineering Facility - A&E	Establish Project	\$0	\$495,000
10/12/2007	New	Tri-County TC	Tri-County Tech Clarke/McKissick Building Replacement <sup>2</sup>	Establish Project	\$0	\$6,067,200
10/12/2007	9856	USC Columbia	McClintock Dormitory Renovations	Decrease Budget, Close Project	(\$717,639)	\$32,361
10/17/2007	6041	USC Columbia	Equestrian Farm Acquisition	Revise Scope	\$0	\$25,000
10/17/2007	9781	MUSC	Clinical Sciences Building Air Handler #5 Replacement	Increase Budget, Revise Scope, Change Project Name	\$225,000	\$1,025,000
10/17/2007	New	The Citadel	Daniel Library Renovations	Establish Project	\$0	\$150,000
10/17/2007	New	The Citadel	Campus Wide Energy Performance Contract	Establish Project	\$0	\$125,000
10/17/2007	9600	The Citadel	Stevens Barracks Renovation <sup>2</sup>	Increase Budget	\$1,600,000	\$2,250,000
10/30/2007	New	Clemson	Clemson Apparel Research (CAR)	Establish Project	\$0	\$4,001
10/30/2007	9900	USC Columbia	South Campus Housing - Phase III	Decrease Budget, Close Project	(\$685,691)	\$30,714,309
10/30/2007	9553	Coastal Carolina	Band Building and Practice Field Land Acquisition <sup>3</sup>	Increase Budget	\$505,500	\$515,500
10/30/2007	9943	Piedmont TC	Campus Wide Deferred Maintenance	Close Project	\$0	\$824,624

<sup>1</sup>Of increase, \$1.175 million was through appropriations which supersedes CHE authority.  
<sup>2</sup>Funds appropriated by General Assembly which supersedes CHE authority.  
<sup>3</sup>Approved as part of Year One projects in 2007 CPIP.

**LEASES APPROVED BY STAFF**

October 2007

Date Approved	Lease #	Institution	Project Name	Purpose/Additional Info	Rates	Term
10/17/2007	Renewal	MUSC	5900 Core Avenue	5404 sf for the Dept. of Psychiatry and Geriatric Research Ctr	Annual Rate (6 months)- \$52,200; Monthly Rate - \$8,700; Cost Per SF \$19.32	2/1/2008-1/31/2009
10/17/2007	Renewal	MUSC	Cannon Park Place, Third Floor	4381 sf located on the third floor, space for Senator Hollings and the Office of Development and Alumni Affairs until Sebring-Aimar House Renovations are complete.	Annual Rate - \$82,809.41; Monthly Rate - \$6,900.78; Cost Per SF \$18.90	1/1/2008-6/30/2008

**PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF**

November 2007

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
11/2/2007	6036	USC Columbia	707 Catawba/350 Wayne Street Acquisition	increase budget	\$10,000	\$30,000
11/2/2007	6037	USC Columbia	Whaley House Acquisition	increase budget	\$11,630	\$36,630
11/2/2007	9598	Citadel	Alumni House Renovation - Deferred Maintenance	increase budget	\$109,000	\$849,000
11/2/2007	9599	Citadel	Infirmery Renovation	increase budget	\$204,000	\$1,704,000
11/2/2007	New	College of Charleston	Purchase of 34 George Street - Feasibility Studies	establish project	\$0	\$6,500
11/5/2007	New	Clemson	Institute of Environmental Toxicology	establish project	\$0	\$1,501
11/5/2007	New	Clemson	Computing & Information Technology Building Acquisition	establish project	\$0	\$1,501
11/7/2007	9521	Lander	New Student Housing Complex Construction	increase budget	\$12,115	\$16,042,478
11/7/2007	9523	Lander	Lide Student Housing Complex Renovation	increase budget	\$76,842	\$3,071,842
11/16/2007	9793	Clemson	Fraternity Dormitories Renovations	decrease budget, close project	(\$40,422)	\$26,036,578
11/16/2007	9694	Clemson	Athletic Facilities - Construction/Renovation	decrease budget, close project	(\$2,347,000)	\$60,104,000