



## South Carolina Commission on Higher Education

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Mr. Neal J. Workman, Jr.  
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

**TO:** Mr. Jim Sanders, Chair, and Members of the Committee on Finance & Facilities

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

**SUBJECT:** Committee Meeting, September 30

**DATE:** September 22, 2009

A meeting of the Committee is scheduled to be held in the Commission's Main Conference Room at 9:00 a.m. on Wednesday, September 30. Please note the change in date. The agenda and materials for the meeting are enclosed.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on September 30.

*Enclosures*

## **AGENDA**

COMMITTEE ON FINANCE & FACILITIES

SEPTEMBER 30, 2009

9:00 A.M.

MAIN CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introductions
2. Minutes of September 3 Meeting
3. Interim Capital Projects
  - A. Clemson University
    - i. Golf Practice Facility Construction – Phase III  
- *increase budget*
  - B. Medical University of South Carolina
    - i. Energy Performance Contract  
- *increase budget, revise scope*
  - C. Francis Marion University
    - i. Athletic Complex Construction (Phase I)  
- *establish pre-design*
  - D. Horry-Georgetown Technical College
    - i. Building 400 (Phase I)  
- *establish pre-design*
    - ii. Speir Building Allied Health Expansion (Phase II)  
- *establish construction budget*
4. Other Business
  - A. List of Capital Projects & Leases Processed by Staff for September 2009 (For Information)
  - B. Review and discuss CHE's Legal Responsibility for Facilities Project Approvals

**MINUTES**

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION  
COMMITTEE ON FINANCE AND FACILITIES  
SEPTEMBER 3, 2009  
10:00 A.M.  
MAIN CONFERENCE ROOM  
SC COMMISSION ON HIGHER EDUCATION  
1333 MAIN STREET, SUITE 200  
COLUMBIA, SC 29201

**Committee Members Present**

Mr. Jim Sanders  
Dr. Doug Forbes  
Mr. Ken Jackson  
Mr. Chuck Talbert  
Mr. Neal Workman

Dr. Alice Frye  
Mr. Jeff Lamberson  
Ms. Beth McInnis  
Ms. Sandy Powers  
Dr. Susan Winsor

**Guests Present**

Mr. Clarence Bonnette  
Dr. Anthony Coyne  
Ms. Gemma Frock

**Staff Present**

Mr. Gary Glenn  
Ms. Courtney Blake

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 Sanders called the meeting to order at 10:00 a.m. Ms. Blake introduced the guests in attendance.

The following matters were considered:

**II. Approval of Minutes of Meeting on August 5, 2009**

A motion was made (Jackson), seconded (Workman), and carried to approve the minutes of the August 5, 2009 meeting.

**III. Lease**

The following lease was presented and discussed:

- A.) Clemson University
  - i. Computing & Information Technology

Mr. Glenn presented stating that the University is requesting a renewal of the current lease as well as approval for additional future space in the same location. He noted that the lease renewal is for 13,970 SF of office space at 934 Old Clemson Highway which houses the Clemson Computing and Information Technology Department. He added that the additional future space totals 3,588 SF and will allow space for an additional 20-30 full time staff.

With no further questions, it was moved (Workman), seconded (Talbert), and voted to approve the lease provided the rates and terms are approved by the Budget and Control Board.

**IV. Other Business**

Mr. Glenn noted that staff has continued to receive questions regarding the use of the 2009 Stimulus Funds. He stated that the stimulus funds must be used within the next two years; however, new projects often take longer than two years from identification to completion. His suggestion to institutions finding themselves in this situation is to take projects already established that are using institutional funding and switch the source to stimulus funds. He added that a change in source of funds can be staff approved which will make the process faster. Mr. Glenn also noted that efforts are in process to ensure the stimulus money is correctly classified as Federal Funds and not Appropriated Funds so that projects under \$500,000 will not have to undergo the two phased approval process.

Mr. Glenn handed out an analysis of the FY 2008-09 higher education appropriation changes as well as the current tuition and fee schedule. He noted that these documents will help clarify any questions regarding appropriation changes as well as tuition increases reported during the August 2009 Presidents' presentations. Mr. Glenn added that each Commissioner received a 2009 Statistical Abstract. He noted that some changes were made to this year's abstract in order to achieve transparency and ensure a historical track. Mr. Glenn thanked Ms. Stephanie Charbonneau for all of her hard work. Chairman Sanders stressed how useful the abstract is, and encouraged all to look through its contents.

Chairman Sanders noted that the October 2009 meeting date has been changed to September 30, 2009. He asked the committee members for topic suggestions for next month's meeting. Chairman Sanders suggested going over the legal and legislative duties of the Committee noting that it is their duty to evaluate each project and expedite the process as much as possible.

The lists of Capital Projects & Leases processed by staff for August 2009 were presented for information.

Dr. Forbes asked what was revised in the scope on project #9614 Dixie Plantation Development Phase I for the College of Charleston. Mr. Glenn clarified that the scope for Phase I was revised to include construction of a nature trail, renovation of the studio as an exhibit space, renovation of the barn as meeting space, and the upgrade of the utility infrastructure.

With no further business, Chairman Sanders adjourned the meeting at 10:25 a.m.

Respectfully submitted,

Courtney W. Blake  
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**

September 30, 2009

**CLEMSON UNIVERSITY**

**PROJECT NAME:** Golf Practice Facility Construction – Phase III  
**REQUESTED ACTION:** Increase Budget  
**REQUESTED ACTION AMOUNT:** \$2,350,000  
**INITIAL CHE APPROVAL DATE:** December 7, 2006

<b><u>Project Budget</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Professional Service Fees	\$235,000	\$0	\$235,000
Site Development	\$580,000	\$0	\$580,000
New Construction (6,600 SF)	\$0	\$2,350,000	\$2,350,000
Labor Costs	\$50,000	\$0	\$50,000
Contingency	\$78,500	\$0	\$78,500
<b><i>Total</i></b>	<b><i>\$943,500</i></b>	<b><i>\$2,350,000</i></b>	<b><i>\$3,293,500</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Private IPTAY (Athletics)	\$943,500	\$2,350,000	\$3,293,500
<b><i>Total</i></b>	<b><i>\$943,500</i></b>	<b><i>\$2,350,000</i></b>	<b><i>\$3,293,500</i></b>

**DESCRIPTION:**

The University is requesting approval to increase the budget to construct a 6,600 SF golf team clubhouse. This is the third part of a three-phase project to improve facilities for the golf team. Phases I and II of the project involved the construction of a practice green and the improvement of the short game practice area. The proposed LEED facility will be located in the vicinity of the northern edge of the driving range in the area that is now a service yard. Included in the facility will be meeting rooms, offices, a repair shop, a service kitchen, and locker rooms. Funding for this project has been secured from private IPTAY donations.

This project was not included on the University’s FY 2009-10 CPIP; however, it was listed on the FY 2008-09 CPIP as a \$2.5 M project to be initiated in FY 2009-10. The project has advanced quickly due to very successful private fund raising. The University does not anticipate any more increases to the project.

**E&G MAINTENANCE NEEDS REDUCTION:**

N/A - Auxiliary

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities and maintenance will require additional operating costs ranging between \$49,000 and \$54,022 in the three years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**MEDICAL UNIVERSITY OF SOUTH CAROLINA**

**PROJECT NAME:** Energy Performance Contract  
**REQUESTED ACTION:** Increase Budget, Revise Scope  
**REQUESTED ACTION AMOUNT:** \$1,941,305  
**INITIAL CHE APPROVAL DATE:** September 6, 2007

<b>Project Budget</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Utilities Renovations/Replacement	\$15,768,911	\$1,834,075	\$17,602,986
Contingency	\$631,089	\$107,230	\$738,319
<b>Total</b>	<b>\$16,400,000</b>	<b>\$1,941,305</b>	<b>\$18,341,305</b>

<b>Source of Funds</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Master Lease Program	\$16,400,000	\$0	\$16,400,000
ARRA Energy Funds	\$0	\$1,941,305	\$1,941,305
<b>Total</b>	<b>\$16,400,000</b>	<b>\$1,941,305</b>	<b>\$18,341,305</b>

**DESCRIPTION:**

The University is requesting approval to increase the budget and revise scope to replace the existing electric reheat system in the Clinical Sciences Building with a new hot water reheat system. The new energy efficiency measure (EEM) will result in a guaranteed annual savings of approximately \$91,000.

The University currently has an Energy Performance contract with Ameresco Inc. that includes twenty-three separate EEM's. This new energy efficiency measure is to be added to the current Ameresco contract.

**E&G MAINTENANCE NEEDS REDUCTION:**

The project will alleviate \$2,061,279 in existing maintenance needs.

**ANNUAL OPERATING COSTS/SAVINGS:**

Operational Savings ranging between \$2,554,020 and \$2,599,307 are expected in the three years following full implementation.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed contingent upon the approval of funding from the Energy Office.

**FRANCIS MARION UNIVERSITY**

**PROJECT NAME:** Athletic Complex Construction (Phase I)  
**REQUESTED ACTION:** Establish Pre-design  
**REQUESTED ACTION AMOUNT:** \$135,000  
**INITIAL CHE APPROVAL DATE:** N/A

<b>Project Budget</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Professional Services Fees	\$0	\$135,000	\$135,000
<b>Total</b>	<b>\$0</b>	<b>\$135,000</b>	<b>\$135,000</b>

<b>Source of Funds</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Athletic Revenue Bonds	\$0	\$135,000	\$135,000
<b>Total</b>	<b>\$0</b>	<b>\$135,000</b>	<b>\$135,000</b>

**DESCRIPTION:**

The University is requesting approval to establish a project to construct a new Athletic Complex.

The new complex will include all of the University’s athletic competition fields and support buildings, all of which are needed to meet the basic needs for an NCAA division one intercollegiate athletic program. The complex will also help to achieve Title IX equity for student athletes. The current fields and facilities are inadequate and do not provide basic comfort and service features needed for players and spectators to participate in these sports. The existing fields and facilities are thirty plus years old and are over-crowded and do not allow room for expansion or renovation. The proposed complex will allow the University to attract more students while increasing visibility for current student athletes and the University.

The complex is expected to include a 1,000-seat baseball stadium, a 300-seat softball stadium, a 750-seat soccer stadium, a 300-seat track and field complex and field house with offices and support facilities. The baseball and softball stadium will include a ticket office, concession stands, public restrooms, press boxes, handicap accessible dugouts, bullpens, batting cages, and equipment storage areas. The soccer and track facilities will include raised seating, public restrooms, and team locker rooms. The fields will be designed to include natural grass turf with proper irrigation and drainage. The site plan will include practice fields, parking lots for cars and buses, pedestrian sidewalks, and walking trails through wetland and natural wooded areas.

The 82 acres of land for the Athletic Complex were donated to the University from the Francis Marion University Real Estate Foundation at no cost. The projected total cost for this project is \$9,000,000.

**E&G MAINTENANCE NEEDS REDUCTION:**

N/A – New Construction

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities will require additional operating costs ranging between \$112,000 and \$186,000 in the three years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**HORRY-GEORGETOWN TECHNICAL COLLEGE**

**PROJECT NAME:** Building 400 (Phase I)  
**REQUESTED ACTION:** Establish Pre-design  
**REQUESTED ACTION AMOUNT:** \$187,500  
**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	\$187,500	\$187,500
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$187,500</i></b>	<b><i>\$187,500</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Local – (\$.01 tax)	\$0	\$187,500	\$187,500
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$187,500</i></b>	<b><i>\$187,500</i></b>

**DESCRIPTION:**

The College is requesting approval to establish a project to demolish the existing Building 400 consisting of 12,000 SF of academic space, and replace it with a 45,000 SF academic building. The existing building is completely antiquated for instructional use, and no longer meets the physical growth or technological needs of the College.

The new facility, which includes three floors of 15,000 SF each, will be dedicated solely to academic classrooms, labs and faculty offices. The first floor will be used by forestry, engineering, golf and sports turf, and agricultural programs of study. The second and third floors will be used in their entirety by the Horry County Early College High School Program (ECHS). This program consists of 400 students who are dually enrolled in high school and College classes.

This project is included in year-two of the College’s FY 2009-10 CPIP. The College is requesting approval of Phase I in hopes of completing A&E in time to initiate Phase II (Construction) in FY 2010-11. This project is driven by the increase in the number of students attending the Early College High School Program. The College has seen a 25% increase in ECHS students this fall.

Internal projected cost of the project is \$12,500,000. All (100%) of this project will be funded with local money from the Educational Capital Sales and Use Tax or “penny tax.” There will be no Federal or State money in the construction of this building, nor will there be any tuition increase associated with construction.

**E&G MAINTENANCE NEEDS REDUCTION:**

Demolition of existing building will alleviate \$1,339,841 in existing maintenance needs.

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities, building maintenance and custodial will require additional operating costs ranging between \$97,500 and \$105,400 in the three years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**HORRY-GEORGETOWN TECHNICAL COLLEGE**

**PROJECT NAME:** Speir Building Allied Health Expansion (Phase II)  
**REQUESTED ACTION:** Establish Construction Budget  
**REQUESTED ACTION AMOUNT:** \$7,335,325  
**INITIAL CHE APPROVAL DATE:** January 12, 2009

<b>Project Budget</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
Professional Services Fees	\$82,500	\$480,201	\$562,701
Equipment and/or Materials	\$0	\$810,000	\$810,000
Site Development	\$0	\$451,200	\$451,200
New Construction (30,000 SF)	\$0	\$5,143,712	\$5,143,712
Contingency	\$0	\$450,212	\$450,212
<b>Total</b>	<b>\$82,500</b>	<b>\$7335,325</b>	<b>\$7,417,825</b>

<b>Source of Funds</b>	<b>Previous</b>	<b>Change</b>	<b>Revised</b>
HGTC Foundation	\$82,500	\$2,917,500	\$3,000,000
Duke Grant	\$0	\$500,000	\$500,000
Local – (\$.01 tax)	\$0	\$3,917,825	\$3,917,825
<b>Total</b>	<b>\$82,500</b>	<b>\$7,335,325</b>	<b>\$7,417,825</b>

**DESCRIPTION:**

The College is requesting approval to establish the construction budget to construct a 30,000 SF addition for use by the Dental and Health Science (Nursing) Programs.

The new addition, which includes three floors of 10,000 SF each, will be affixed to the existing Health Sciences Building on the Grand Strand Campus. The facility currently contains all of the College's Allied Health programs. This project will allow for the expansion of existing programs, start-up of new programs and relocation of the existing Dental program to the Grand Strand Campus. Existing facilities cannot accommodate expansion of the Dental or Allied Health Programs. In addition, having all health science programs consolidated in one building reduces operational costs.

The Dental classrooms, labs and a low or no cost clinic to provide dental care to the indigent population of Horry and Georgetown Counties would be located on the first floor. Other Allied Health programs such as Respiratory Care and Occupational Therapy would be situated on the proposed second and third floors.

This project was not included on the College's FY 2009-10 CPIP because the source of funding was not yet secured or finalized. The increased demand for dental assistants and an allied health enrollment increase of 20% over last fall has made this project a near-term priority. There will be no Federal or State money in the construction of this building, nor will there be any tuition increase associated with construction.

**E&G MAINTENANCE NEEDS REDUCTION:**

N/A – New Construction

**ANNUAL OPERATING COSTS/SAVINGS:**

Utilities, building maintenance and custodial will require additional operating costs ranging between \$116,000 and \$125,500 in the three years following project completion.

**RECOMMENDATION:**

Staff recommends approval of this project as proposed.

**INFORMATION ITEM**

**Capital Projects & Leases Processed by Staff  
September 2009**

<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>
8/31/2009	9544	USC Aiken	Etherredge Center Cooling System Repair/Replacement <sup>1</sup>	decrease budget	(\$95,000)	\$400,000
9/9/2009	New	Francis Marion	Ervin Dining Hall Renovation <sup>2</sup>	establish pre-design	\$0	\$30,000
9/14/2009	9537	USC Columbia	Science Building Roof Repairs	decrease budget, close project	(\$66,940)	\$366,060
9/14/2009	9566	Coastal Carolina	Science Annex Land Donation <sup>3</sup>	revise scope	\$0	\$2,500
9/14/2009	9568	Coastal Carolina	Kimbel Library Addition Land Donation <sup>3</sup>	revise scope	\$0	\$2,500
9/18/2009	New	Francis Marion	Athletic Complex - Land Acquisition <sup>2</sup>	establish	\$0	\$0
9/18/2009	New	Central Carolina TC	Building 600 Renovation <sup>2</sup>	establish pre-design	\$0	\$12,000
9/18/2009	New	Greenville TC	Information Technology & Logistics Building Construction <sup>2</sup>	establish pre-design	\$0	\$67,500

<sup>1</sup>On April 2, 2009, CHE approved the establishment of the project with concurrent approval of phase II with a \$495,000 budget. At its June 2009 meeting, the B&CB approved phase I (pre-design) with a budget of \$7,425. Since that time, the University has received the final project budget and now requests approval of phase II (construction phase) at a budget of \$400,000. Therefore, the CHE concurrent approval of phase I and II remains in place as the project scope did not change, the budget actually decreased, and the proposed funding source remains the same.

<sup>2</sup>See Supporting Narrative

<sup>3</sup>Revise scope to include the acceptance of land donation.

**FOR INFORMATION – PROJECT ESTABLISHMENTS PROCESSED BY STAFF  
FOR SEPTEMBER 2009**

*Note: At the June, 2008 meeting, the Finance & Facilities Committee clarified staff authority for processing institutional requests to establish capital projects. Accordingly, the following summaries are presented as information.*

**FRANCIS MARION UNIVERSITY**

**PROJECT NAME:** Ervin Dining Hall Renovation (Phase I)  
**REQUESTED ACTION:** Establish Pre-design  
**REQUESTED ACTION AMOUNT:** \$30,000  
**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 Service Fees	\$0	\$30,000	\$30,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$30,000</i></b>	<b><i>\$30,000</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Private Funding/ Contract Term	\$0	\$30,000	\$30,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$30,000</i></b>	<b><i>\$30,000</i></b>

**DESCRIPTION:**

The University requests approval to establish a project to renovate the main dining facility on campus, Ervin Dining Hall. With the exception of a few minor cosmetic changes, the facility remains largely as it was when constructed in 1986.

The scope of the project will be a complete renovation of the food service and dining areas. Paint, carpet, tile flooring, and light fixtures will be replaced throughout. In the food service area there will be new millwork, food service equipment, tables, soffits and signage. The main dining area will get new tables, chairs and booths. The Hendrick Dining Room will get new tables, chairs, storefront walls and doors. The dish room will get a new dish accumulator, scraping table, tray drop and window. Flat screen televisions will be added in several areas.

This project was not included in the University's FY 2009-10 CPIP because the idea was proposed but the contract with Sodexo was signed after submission. The projected total cost for this renovation is \$2,000,000.

**E&G MAINTENANCE NEEDS REDUCTION:**

N/A – Auxiliary

**ANNUAL OPERATING COSTS/SAVINGS:**

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

**FRANCIS MARION UNIVERSITY**

**PROJECT NAME:** Athletic Complex – Land Acquisition  
**REQUESTED ACTION:** Establish  
**REQUESTED ACTION AMOUNT:** \$0  
**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>
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$0</i></b>	<b><i>\$0</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$0</i></b>	<b><i>\$0</i></b>

**DESCRIPTION:**

The University requests approval to establish a project to accept the donation of approximately 82 acres of land for the purpose of constructing the new Athletic Complex. The parcel of land to be donated adjoins Francis Marion Road and highway 301/76. The land is being donated to the University from the Francis Marion University Real Estate Foundation at no cost.

**E&G MAINTENANCE NEEDS REDUCTION:**

N/A – Land Acquisition

**ANNUAL OPERATING COSTS/SAVINGS:**

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

**CENTRAL CAROLINA TECHNICAL COLLEGE**

**PROJECT NAME:** Building 600 Renovation (Phase I)  
**REQUESTED ACTION:** Establish Pre-design  
**REQUESTED ACTION AMOUNT:** \$15,000  
**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 Service Fees	\$0	\$15,000	\$15,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$15,000</i></b>	<b><i>\$15,000</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Institutional Funds	\$0	\$15,000	\$15,000
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$15,000</i></b>	<b><i>\$15,000</i></b>

**DESCRIPTION:**

The College requests approval to establish a project to renovate and repurpose the M600 Building located on the College's Main Campus once the health science programs move to the new facility downtown. Additional science labs will be added in order to meet current and future demands for science classes. The College's Environmental Training Center programs will move to this location as well.

This project is included in year-two of the College's FY 2009-10 CPIP. The College is requesting approval of Phase I in hopes of completing the A&E in time to initiate Phase II (Construction) in FY 2010-11. Internal projected cost of the project is \$1,000,000.

**E&G MAINTENANCE NEEDS REDUCTION:**

TBD – The extent to which the project will reduce the buildings' maintenance needs will be identified in phase II of the project.

**ANNUAL OPERATING COSTS/SAVINGS:**

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

**GREENVILLE TECHNICAL COLLEGE**

**PROJECT NAME:** Information Technology & Logistics Building Construction (Phase I)  
**REQUESTED ACTION:** Establish Pre-design  
**REQUESTED ACTION AMOUNT:** \$67,500  
**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 Service Fees	\$0	\$67,500	\$67,500
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$67,500</i></b>	<b><i>\$67,500</i></b>

<b><u>Source of Funds</u></b>	<b><u>Previous</u></b>	<b><u>Change</u></b>	<b><u>Revised</u></b>
Local	\$0	\$67,500	\$67,500
<b><i>Total</i></b>	<b><i>\$0</i></b>	<b><i>\$67,500</i></b>	<b><i>\$67,500</i></b>

**DESCRIPTION:**

The College requests approval to establish a project to construct a new building to house the College of Information Technology (IT) and Logistics Services operations. IT operations are currently housed in two separate buildings. The intent is to combine all IT and Logistics operations to improve overall efficiency and effectiveness, while effectively dealing with existing poor building conditions. It is anticipated that the two existing buildings housing operations associated with this request will be demolished once vacated.

The project was not included in the College's FY 2009-10 CIP. However, since submitting the 2009-10 CIP, a comprehensive independent Facilities Condition Assessment has been performed. The two buildings involved in this project request did not rate well when inspected and the extent of necessary upgrades was identified in the recently completed assessment.

The Logistics building is an old machine shop with aged musty oil smells that have saturated the interior finishes, a failing roof, damaged exterior walls, plumbing that is past its useful life, and the building is not ADA compliant. The report also listed concerns about the building that houses the College's data system. The concerns include the lack of humidity control and no redundancy for the cooling system and no fire suppression system in the computer center. The computer center is essential to the college's operations and the college cannot afford to have the servers in the computer center damaged or destroyed because the conditions are not adequate. The College's new President and his Cabinet have studied the results of the facility assessments and have reevaluated priorities based on this new information. As a result, it was decided to go forward with the request to hire the A&E to perform the Phase I study.

The projected total cost for construction is \$4,500,000.

**E&G MAINTENANCE NEEDS REDUCTION:**

Demolition of the two existing buildings will result in a reduction in maintenance needs. This amount will be determined at time of demolition.

**ANNUAL OPERATING COSTS/SAVINGS:**

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

## **COMMITTEE ON FINANCE & FACILITIES**

The Committee has several responsibilities which are covered in the following broad areas:

### **Facilities Evaluation & Approval**

- Approval of Comprehensive Permanent Improvement Plans (CPIP)
- Recommendations for Capital Improvement Bond (CIB) Funding
- Acquisition of Facilities & Leases
- Establishment & Increases of Capital Projects

### **Financial Analysis**

- Mission Resource Requirement (MRR) Funding Calculation
- Performance Funding
- Review of Institutional Budgets & Recommendations of State Appropriations

### **Special Subcommittees on Relevant Topics**

## **CHE LEGAL RESPONSIBILITY FOR FACILITIES**

The Commission is legally charged with the following responsibilities concerning facilities:

**Section 59-103-55** – Making recommendations to the Governor’s Office and the General Assembly concerning policies, programs, curricula, *facilities*, administration, and financing of all state-supported institutions of higher learning

**Section 59-103-70** – Making reports to the Governor and the General Assembly at least annually on the status and progress of higher education with appropriate recommendations (*including capital projects*)

**Section 59-103-110** – No institution is authorized to *construct or purchase any new permanent facility* at any location other than on a currently approved campus or on property immediately contiguous unless it has been approved by CHE

**Section 2-47-30** – Each institution’s *Comprehensive Permanent Improvement Plan (CPIP)* is to be submitted through the Commission on Higher Education to the Joint Bond Review Committee (JBRC) and the Budget and Control Board (B&CB).

**Section 2-47-40** – CHE is charged with *prioritizing capital project requests* submitted to the JBRC and the B&CB.

**Section 50-53-57** – Technical colleges are eligible to receive state funds for capital facilities. There is a minimum of *20% matching requirement from local funds for each new construction project*.

**Section 59-101-370** – The *20% match is not required for renovations, repair, replacement, or maintenance* at the technical colleges.

## **FACILITIES DEFINITIONS & POLICY DETAIL**

### Capital or Permanent Improvement Projects

Capital or Permanent Improvements are defined as:

1. any acquisition of land, regardless of cost;
2. any acquisition, as opposed to the construction, of buildings or other structures, regardless of cost;
3. 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;
4. 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;
5. capital lease purchase of any facility acquisition or construction; and
6. equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract.

Any permanent improvement project that meets the above definition must become a project regardless of the source of funds. However, an institution of higher learning that has been authorized or appropriated capital improvement bond funds, capital reserve funds, or state-appropriated funds, or state infrastructure bond funds by the General Assembly for capital improvements shall process a permanent improvement.

These definitions focus on the significance rather than on the types of improvements being made. Significance is measured primarily in terms of the magnitude of funds being spent. For example, a \$500,000 renovation is considered significant, as is a \$500,000 project to replace a roof.

The State Board for Technical and Comprehensive Education (SBTCE) and the technical colleges are eligible to receive state funds for capital facilities. Section 50-53-57 requires that SBTCE shall obtain and transfer to the State Treasurer a certificate from the appropriate official at the technical college stating that a minimum of 20 percent of each project cost has been provided by the local support area. Amounts above 20 percent are subject to the Commission's approval process. Section 59-101-370 exempts funds for deferred maintenance and renovations.

## **CAPITAL OR PERMANENT IMPROVEMENT PROGRAMS**

Two methods are used by the institutions in requesting capital or permanent improvements. These are the Comprehensive Permanent Improvement Plans (CPIP) and Master Land Acquisition Plans (MLAP).

### **1.) Comprehensive Permanent Improvement Plan (CPIP)**

Each institution responsible for providing and maintaining physical facilities is required to submit a Comprehensive Permanent Improvement Plan (CPIP). Each institution's complete CPIP covers five fiscal years and is submitted to the Commission on Higher Education for consideration each year. The entire CPIP of each college and university is submitted to CHE to review and forward recommendations to the Joint Bond Review Committee and the Budget and Control Board.

The first year of the CPIP (Year 1) includes all permanent improvement projects expected to be advanced with funds already available or expected to be available during FY2009-10. The purpose is to provide the approval authorities an opportunity to review and approve at one time each institution's anticipated permanent improvement projects for the coming year. Once Year 1 projects are approved, institutions may initiate the projects, with staff concurrence, at any time during the year if no substantive changes are involved. Since 2003, the JBRC and the B&CB have not availed themselves of this opportunity.

The second year of the CPIP (Year 2) includes, but is not limited to, requests for capital improvement bonds for FY2010-11. These projects are scored and ranked by CHE staff according to established criteria. The prioritized list is presented to the Committee and Commission as information with further action pending CHE's initiative to develop a capital funding strategy and garner support for a bond bill, which the state has lacked for eight years.

The third, fourth, and fifth years of the CPIP represent the institutions' long term plans and are presented for information only.

### **2.) Master Land Acquisition Program (MLAP)**

Any public college or university seeking authorization to acquire land will be permitted to present master plans that outline proposed land acquisitions to the Commission for conceptual approval. The granting of conceptual approval shall be good for an initial five-year period and may be renewed by action of the Commission. If the plan is endorsed by the Commission, then future land acquisitions, provided they were included in the master plan presentation and had received State Building and Property Services acceptance of the environmental study and appraisal, and provided no student fee increase is required, will be considered by the CHE Staff and will not require additional review by the Commission. Any acquisition activity is presented quarterly, for information, to the Commission's Finance and Facilities Committee.

## **INTERIM PERMANENT IMPROVEMENT PROJECT APPROVALS**

During the fiscal year after the CPIP has been approved by the Commission, an institution may, on occasion, need to amend its program to cover emergencies and unanticipated critical needs. Projects submitted for interim approval are subject to the same requirements that are applicable to the CPIP. Projects submitted for interim approval will be considered monthly according to the CHE meeting schedules. Interim projects of \$500,000, or increases up to \$500,000 or 10% of the total budget, whichever is greater, may be approved by CHE staff. All interim projects greater than \$500,000, or increases greater than 10% of the total budget, are subject to action by the full Commission. Project close-outs and changes in funding sources, regardless of the amount, are also approved by CHE staff. Projects approved by the CHE Staff will be submitted to the Commission on a monthly basis.

## **LEASES**

A lease, as defined by the South Carolina Treasurer's Office, is a signed agreement by an institution that commits that institution to future payments for the use of property. Each lease, including renewals, with a term of three or more months in a single fiscal year and at a total annual cost of \$25,000 or more must be approved by the Commission. CHE staff may approve leases from \$25,000 up to and including \$100,000. All leases over \$100,000 are subject to action by the full Commission.

Lease requests must be submitted concurrently to the Commission and to the Leasing Office of State Building and Property Services. The Commission staff validates the programmatic need for the lease and verifies the source of funds. The Leasing Office assists the institution with meeting the need and by ensuring that the rate and terms of the lease are fair. The Leasing Office will not conduct a solicitation without the approval of the Commission. Approval to solicit does not constitute final authorization from the Commission to execute a lease. Once the Leasing Office has agreed on the terms of the lease, the lease is submitted to the Commission for approval to be executed by either the staff or the Commission.

## **SALE OF PROPERTY**

The Commission has no legislative authority over the sale of property by an institution of higher learning. However, CHE requests that institutions notify CHE of such sales.

## **ROUTINE REPAIR, REPLACEMENT, & MAINTENANCE**

Routine repair, replacement, and maintenance projects may be submitted to CHE staff at any time. The projects are approved at staff level and presented to the Commission in summary form at the next scheduled CHE meeting. However, if CHE staff believes that particular characteristics of a project require further consideration, the staff will refer that project to the full review and approval process of the Finance and Facilities Committee and the Commission.

### **Examples of Routine repair, replacement, and maintenance:**

- Roof repair/replacement
- Building system modifications (HVAC, plumbing, electrical, etc.)
- Interior refurbishment (without major reconfiguration or interior space)
- Exterior refurbishment (waterproofing, window replacement, etc.) excluding additions beyond approximately 1,000 square feet.
- Renovations up to \$500,000 that do not result in major building use change or additions beyond approximately 1,000 square feet.
- Code compliance (ADA, elevator, fire, electrical, etc.)  
infrastructure modification/replacement, sewers, waterlines, steam lines, communications systems, etc.).

## **CHE'S GENERAL RESPONSIBILITY FOR PROJECT EVALUATION**

CHE does not evaluate construction costs, lease rates and terms, appraisals, environmental studies, or institutional bond capacity. Those evaluations and approvals are primarily under the purview of the State Engineers Office, the Capital Budgeting Unit, the State Treasurer, the JBRC and B&CB. CHE's review and approval is for programmatic requirements, mission requirements, service area needs, and compatibility with the institutions approved master plan. CHE also verifies private and federal sources of funding.

### **THE APPROVAL PROCESS FOR CAPITAL PROJECTS**

#### **A. Overview of Capital Project Approval Process:**

1. Institutional Board of Trustees approves feasibility study for project.
2. Institution prepares Phase I (pre-design)<sup>1</sup> estimate of cost based on 1.5% of the internal projected cost of the project.
3. Institution identifies possible sources of funding.
4. Institution submits request for Phase I (pre-design) of a permanent improvement project (PIP) to CHE. All projects exceeding \$250,000 or that have the potential to exceed that amount must go through the entire PIP approval process. *(Sometimes there is a gap of several years between the feasibility study and the request for A&E)*
5. **CHE considers the Phase I (pre-design) PIP request. If approved, CHE submits to Budget and Control Board (B&CB) staff.**
6. B&CB staff considers request. If approved, staff assigns a project number and submits to Joint Bond Review Committee (JBRC).
7. JBRC considers request. If approved, submits to the B&CB.
8. B&CB considers request. If approved, B&CB staff sends approved project form to State Engineer. Institution must follow all of the state procurement guidelines as set forth in the Manual for Planning and Execution of State Permanent Improvement Projects Part II. *(To this point, project approval has taken between 3-4 months because CHE, JBRC and B&CB meet on different schedules)*
9. Institution advertises for A&E proposals (2 weeks).
10. Institution accepts proposals (2 weeks)
11. Institution evaluates proposals (2 weeks).
12. Institution prepares a "short list" of at least five bidders.
13. Institution interviews short listed firms and makes a choice.
14. Institution negotiates a contract and hires A&E for design services. At this point, better cost estimates can begin. *(To this point, approval to hire an architect has taken 6 months)*
15. Architectural firm develops program, schematic design, design development and construction and bid documents. This process takes 4 to 9 months.
16. **Institution prepares Phase II (construction)<sup>2</sup> estimate of final project budget.**
17. If necessary, Institution submits request for Phase II (construction) to the Institutional Board of Trustees for approval. If approved, Institutions must begin step 5 through step 8.
18. Institution receives approval to borrow funds, issue bonds, etc. from the State Treasurers Office.
19. After Construction documents are completed, the project is advertised for bid in South Carolina Business Opportunities (SCBO). This must be advertised for two weeks, then a site visit, then two more weeks for bid. Assuming an acceptable bid is given, an agency cannot award until a 16 day waiting period (for potential protests) has expired. *(It takes approximately one year to get to the construction stage of the project, provided all approvals have been received and barring any complications).*

## State Board for Technical & Comprehensive Education (SBTCE) Approvals

CHE will not accept for consideration any project from a technical college that has not first been approved by the SBTCE.

<sup>1</sup> **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. The budget of a pre-design phase of a permanent improvement project should be determined using the internal projected cost of the project. The amount of the budget for pre-design should be determined by multiplying 1.5% (15% of 10%) by the internal projected cost of the project. This percentage and the resulting budget will accommodate all pre-design work defined in the November 15, 2007 JBRC policy, including any additional pre-design work required for buildings that must comply with green building requirements and any geotechnical studies that may be needed. Any request to establish a pre-design project for an amount exceeding 1.5 % of the internal projected cost of the project must be accompanied by a statement detailing why the proposed pre-design budget exceeds the guideline and the reasons for the budget amount above the 1.5%.

<sup>2</sup>**Phase II – Construction PIP Submittal:** The Phase II – Construction PIP Submittal is a request for approval to acquire professional services to prepare complete design and construction documents and to acquire construction. Such request must be supported by a complete program statement, a statement of the scope of work, concept design documents, an estimate of the cost prepared by a party independent of the agency/institution, projected date for the execution of the construction contract, projected date for completion of the construction, and any other information required by Section 2-47-40. At the time of the construction PIP submittal, the agency/institution will be expected to complete execution of the construction contract by the projected date designated. If the construction contract is not in place by the projected date, the agency/institution must report to the Joint Bond Review Committee the reason(s) said contract is not in place and the projected impact the delay will have on the project's costs and funding. In the event of a protest of the successful bid, the requirement to complete a construction contract by the projected date is suspended until the protest is resolved. The agency should notify the Capital Budgeting Unit in the event of a protest.

### **CHE STAFF APPROVAL LEVELS**

1. Projects of \$100,000 up to and including \$500,000, or 10% of the total budget, whichever is greater
2. Leases of \$25,000 up to and including \$100,000 per year
3. Routine repair, replacement, and maintenance projects<sup>1</sup>
4. Change in funding source<sup>1</sup>
5. Revisions in scope<sup>1</sup>
6. Project name changes
7. Project closures

### **PROJECTS HELD, RETURNED, RESUBMITTED, OR WITHDRAWN**

Projects can be held, returned, resubmitted, or withdrawn due to:

- Errors on the original submitted form
- Problems with funding sources
- Additional information needed before proceeding
- Other reasons as deemed appropriate by CHE staff

<sup>1</sup>Although staff approval is authorized, application of this authority is determined on a case by case basis.

## **ADDITIONAL INFORMATION ON FUNDING SOURCES**

1. **Institution Bonds** are guaranteed by the full faith and credit of the state. Institution bonds are used for educational and general (E&G) projects. Each institution has a bonding capacity and the B&CB and State Treasurer must approve the use of institutional bonds.
2. **Revenue Bonds** must be secured by an institutional revenue stream. They can be used for E&G projects (tuition or fees) or for auxiliary projects (athletic or parking revenues). The B&CB and the State Treasurer must approve the use of revenue bonds.
3. **Capital Improvement Bonds (CIBs)** are issued by the State and the state pays the debt service on the bonds. Institution's request capital improvement bond funds in their CPIP. The Legislature determines when and how CIBs will be issued. CHE submits recommendations for CIB funding to the Legislature on behalf of the institutions.
4. **Local Funds** are funds received from the county or a municipality (government subdivision) allocated to an institutional project. Technical colleges receive local funds from counties in their service areas. These are usually provided through tax revenues.
5. **Federal Grants** are sometimes provided for capital projects. Institutions must provide documentation of the intent to award from the awarding entity to CHE, JBRC, and B&CB prior to project approval.
6. **Private Funds** are sometimes donated to a project by an individual or organization. Institutions must provide documentation guaranteeing the private funding to CHE, JBRC, and B&CB prior to project approval.
7. **Institutionally Generated Funds** may be funds set aside in a special account by the institution for use on capital projects. These may be generated by tuition, special fees, or other institutionally generated revenue. Some examples are institutional capital project funds (ICPF), renovation/reserve account funds, excess debt service, etc.

## **CHE Legal RESPONSIBILITY for Higher Education**

The Commission is legally charged with the following responsibilities concerning funding:

**Section 59-103-45** – Develop funding formula based entirely on an institution’s achievement of the standards set for the performance indicators.

**Section 59-103-35** – Receive annual budget requests from institutions and state technical college system and submit the budget request annually on behalf of the public higher education system.

**Section 59-103-35** – Receive, review, and submit on behalf of institutions supplemental appropriation requests. Institutions for which CHE does not agree with request may have their case heard before the appropriate legislative committee. CHE may present its case and recommendations at any such hearing.

**Section 59-118-80** – Provide procedures and administration of program for matching endowment funds.

### **PERFORMANCE FUNDING**

In 1996, legislation was enacted that required the CHE to implement an accountability mechanism for funding for higher education. Under the legislation, commonly referred to as “Performance Funding,” CHE was charged to develop a system over a three-year phase-in period that based institutional funding entirely on performance using 37 indicators categorized across nine critical success areas – mission focus, quality of faculty, classroom faculty, cooperation and collaboration, administrative efficiency, entrance requirements, graduates’ achievements, user-friendliness, and research funding. The system developed has two parts: 1) The Mission Resource Requirement (MRR) that identifies institutional need to operate at acceptable levels and 2) An evaluation component that assesses institutions on how they perform on a defined number of indicators that are outcome driven. Over the years, the measurement system evolved from measuring all 37 indicators and judging performance against individual institutionally defined benchmarks to measuring a reduced number of indicators with institutional performance compared to peer-driven standards. Each year since 1996, performance reports have been produced with performance since 2005 being monitored as considerations of recommendations from the 2003 study *Foundations for the Future: Higher Education in SC* and lessons learned from Performance Funding were taken into account for developing a revised accountability system for higher education.

### **MISSION RESOURCE REQUIREMENT (MRR)**

The Mission Resource Requirement (MRR) is the model used to identify funding requirements for costs associated with Education and General (E&G) activities of the institutions for which the State is responsible.