

June 21, 2006

TO: Members, Subcommittee to Review the Higher Education Facilities Approval Process

FROM: Lynn W. Metcalf, Director of Finance, Facilities & MIS

SUBJECT: Subcommittee Meeting, June 28, 2006

The third meeting of the Subcommittee to Review the Higher Education Facilities Approval Process is scheduled to be held in the Commission's Main Conference Room at 9:00 a.m. on Wednesday, June 28. The meeting is to prepare final recommendations related to the facilities approval process. The meeting is expected to last until 11:30 a.m.

As a note on the draft recommendations included in this mailing, CHE staff is still working on recommendations #4 and #6. We anticipate having additional information at the meeting on June 28.

Additionally, we expect a fourth meeting of the Subcommittee will be necessary in order to perfect and polish the recommendations. We would like this meeting to be held Thursday, July 6 at 8:30 a.m. We ask that you review your calendars to see if this date is agreeable. We will set a definite meeting date on June 28.

Attached are an agenda and materials for the meeting. If you have any questions, please call me at (803) 737-2265. We look forward to meeting with you on June 28.

Attachments

A G E N D A
Subcommittee to Review the Higher Education Facilities Approval Process
June 28, 2006
9:00 a.m.
Main Conference Room
Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

1. Discussion of Final Recommendations
2. Set Next Meeting Date
3. Other Business

SUBCOMMITTEE TO REVIEW THE HIGHER EDUCATION FACILITIES APPROVAL PROCESS

Draft Recommendations (REVISED June 21, 2006)

Improve Institutional Planning

1.) RECOMMENDATION: Adopt code changes allowing institutions to conduct feasibility/planning studies without requiring State-level approvals to plan. (State Law changes)

RATIONALE: Currently, institutions must seek State approval to do such planning if the planning exercise will likely result in a project. This costs valuable time and requires institutions to establish projects based on very limited knowledge. Institutional project planning should occur before the State-level project approval process is initiated.

Therefore, institutions should be allowed to complete a feasibility/planning study prior to seeking State project approval. This study should include: space program; schematics; cost estimate; funding plan, including a funding timeline if all funds are not currently available; a project timeline through occupancy; and a declaration of a procurement methodology.

Institutions are strongly encouraged to pursue a complete architectural and engineering selection process, in accord with State regulations, to select a firm to conduct the aforementioned feasibility/planning study. This will allow the institution to continue with the same architectural and engineering firm for actual design, thereby realizing efficiencies.

2.) RECOMMENDATION: Require each institution to develop and submit for State approval a funding plan to bring its deferred maintenance to an acceptable level of three to five percent of the total E&G building replacement cost. Institutions failing to develop an adequate deferred maintenance plan with documented annual progress would be denied new construction approval. (State Policy change)

RATIONALE: Due to the magnitude of deferred maintenance at some institutions, a multi-year plan may be required to reach this goal. Each plan developed must take into account the current deferred maintenance level plus the projected annual growth (life-cycle replacement). Most are generally aware of the critical deferred maintenance issue facing our institutions. The Comprehensive Permanent Improvement Plan (CPIP) requires that deferred maintenance be addressed. Too often these plans are incomplete or simply statements of the problem offering no long-term solution. The State needs to take this issue seriously as evidenced through its review and acceptance of CPIPs.

Improve State Planning

3.) RECOMMENDATION: The State's Comprehensive Permanent Improvement Plan (CPIP) process should be made meaningful. (State Code and/or behavior change)

RATIONALE: CPIP, as initially conceived, has much to offer in support of rational planning and the timely approval of permanent improvement projects. What is largely lacking is a

commitment from the State to consider CPIPs, especially projects for the ensuing fiscal year, in a timely manner. The untimely consideration of CPIPs has resulted in a process that has become ineffective.

It is counterproductive for the State to require CPIPs and then approve them midway through the fiscal year the plan addresses. In recent years, CPIPs have not been presented to the State's Budget and Control Board for review and approval.

CPIP was established in part to ensure the one-time State approval of an institution's work plan for the ensuing fiscal year (Year 1). Adherence to this principle would allow most of the routine interim permanent approval requests to be processed at staff level.

A reinvigorated CPIP process would have the following benefits:

- Review and approval of all permanent improvement projects for the ensuing fiscal year could be obtained prior to the beginning of the fiscal year. The CPIP process should follow the timeline of the State budget cycle.
- Institutions would annually assess the extent of their deferred maintenance problem and progress.
- Institutions would address how they will maintain existing facilities in an acceptable manner.
- Institutions would define their construction needs.

Year 2 requests in a CPIP constitute an institution's request for State Capital Improvement Bond funds. The Year 2 projects requested need not be considered by the State on the same timeline as Year 1 projects. Year 2 requests, however, are to be supported with feasibility/planning studies as described above. Further, no request would be approved unless it is consistent with the institution's facilities master plan and the institution's approved mission.

Year 3, 4 and 5 proposed projects are more conceptual and give evidence of an institution's future facility planning.

4.) RECOMMENDATION: Eliminate the duplication of forms to the Office of State Budget for capital projects through both the CPIP and its "Detailed Justification for Capital Budget Priorities" portion of the annual State Budget Request.

RATIONALE: The same information is required to be submitted twice by institutions (in somewhat different formats) to the Office of State Budget.

Streamline State Approval Process

5.) RECOMMENDATION: Eliminate the project approval requirement for routine repair, maintenance, and replacement of building systems provided the Office of State Engineer and State Procurement requirements remain intact. (State Code change)

RATIONALE: Institutions should be permitted to proceed with identified repair, maintenance, and replacement of building systems detailed in their reinvigorated CPIP without requiring additional State level approvals of individual projects.

Establish an Effective Alternative Delivery System

6.) RECOMMENDATION: If design-build is chosen as the appropriate delivery system, allow selection based on qualifications of teams prior to the development of a space program, building specification, schematic, design, etc. (State Code change)

RATIONALE: Currently, space program, site selection, building specification, schematic, etc. are developed before the design-build competition is initiated. This defeats the fundamental purpose and efficiency that can be gained through the sound application of this process.