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South Carolina Commission on Higher Education

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TO: Dr. Layton McCurdy, Chair, and Members, Commission on Higher Education
FROM: *Gary Glenn*
Mr. Jim Sanders, Chair, and Members of the Committee on Finance & Facilities
SUBJECT: Items for Consideration on October 2
DATE: September 23, 2008

Attached are items for your review and consideration at the October 2 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on these items but is scheduled to review and develop recommendations at its meeting scheduled for 9:00 a.m. on October 2. The Committee will bring its recommendations to the Commission for consideration at the Commission meeting. Staff recommendations are included for your information.

If you have any questions about a particular item, or if you need additional information, please contact me or Gary Glenn at (803) 737-2155.

7.04A Interim Capital Projects

- A. Greenville Technical College
 - i. Northwest Campus Building Two Construction
-increase budget, revise scope

7.04B Leases

- A. Lander University
 - ii. Equestrian Center
 - iii. Recreation, Wellness and Sports Complex
- B. University of South Carolina Upstate
 - iv. USC Upstate/Spartanburg County Lease Agreement

7.04C List of Capital Projects & Leases Processed by Staff for September 2008 (For Information)

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

October 2, 2008

GREENVILLE TECHNICAL COLLEGE

PROJECT NAME: Northwest Campus Building Two Construction (Phase II)
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$5,062,424
INITIAL CHE APPROVAL DATE: May 3, 2007

Project Budget	Previous	Revised	Change
Professional Services Fees	\$342,000	\$318,758	(\$23,242)
Site Development	\$0	\$511,244	\$511,244
New Construction	\$0	\$4,282,105	\$4,282,105
Other	\$0	\$52,650	\$52,650
Contingency	\$0	\$239,667	\$239,667
Total	\$342,000	\$5,404,424	\$5,062,424

Source of Funds	Previous	Revised	Change
Local Funds	\$342,000	\$5,404,424	\$5,062,424
Total	\$342,000	\$5,404,424	\$5,062,424

DESCRIPTION:

Greenville Technical College requests approval to increase the project budget to provide for design and construction funding as required in the Phase II – Construction PIP Submittal. The project was originally staff approved for A&E on May 3, 2007.

The project consists of a 20,667 SF welding and flexible construction trades training building. The construction trades component resulted during schematic programming and replaces the Animal Science component included in the request when the project was established. The project is needed to accommodate the increased demand for industrial and construction training.

The \$207 cost per SF is driven by the complex nature of the welding lab. The large electrical service, air handling equipment, dust collection system, and work booth materials are contributing to a higher than normal cost per SF.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Labor and utilities will require additional operating costs ranging between \$54,000 and \$58,000 in the three years following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

DESCRIPTION OF LEASES FOR CONSIDERATION

October 2, 2008

LANDER UNIVERSITY

LEASE NAME: Equestrian Center
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$600,000

DESCRIPTION:

The University requests approval for a new lease for approximately 38 acres of land located four miles from campus. The leased land will be used for an equestrian center including a classroom/lab building, a show arena, a practice arena, and a barn/stable to be developed and constructed by Lander RWS properties, LLC, a single member limited liability company owned by The Lander Foundation. The Foundation has a \$200,000 endowment to support the equestrian program. The Equestrian Center is expected to be available for occupancy in August 2009.

The University's Equestrian Center involves a partnership with Burton Center, an affiliate agency of the South Carolina Department of Disabilities and Special Needs. It will be the home for Lander's Equestrian Team Club Sport; as well as an educational and therapeutic academic lab for Lander's Special Education, Physical Education and Exercise Studies, Nursing, and Psychology students working and interacting with Burton Center's clients. Through this partnership, Lander will also engage in educational and rehabilitation activity with the community that will foster employment opportunities for students after graduation. The leased facility will relieve pressures on restricted space for teaching and learning on the main campus.

The monthly rental rate will be \$2,500, resulting in an annual cost of \$30,000. The requested lease term is 20 years, beginning on the first day of the month after receipt of a certification of occupancy. The total lease cost is \$600,000. The lease term is automatically renewable for an additional period of twenty years, unless the University decides not to renew. The extended term shall be upon the same terms and conditions subject to the Landlord's right to increase rent based on the percentage increase in the Higher Education Price Index. The lease will not require an increase in student tuition and fees.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

LANDER UNIVERSITY

LEASE NAME:

Recreation, Wellness, and Sports Complex

REQUESTED ACTION:

New Lease

REQUESTED ACTION AMOUNT:

\$14,389,000

DESCRIPTION:

The University requests approval for a new lease for approximately 25 acres of land located one tenth of a mile from the University. The Land is owned by Lander RWS Properties, LLC, a single member limited liability company owned by The Lander Foundation. The property will be home for the University's outdoor athletic sports (men's and women's soccer, men's and women's tennis, baseball and softball). It will be a unique venue of educational, recreational and wellness opportunities through its perimeter walking/jogging track, two recreation fields, a playground, and a field house building that will provide space for coaching offices, locker rooms, laundry facilities and sports medicine.

This location benefits the University's students, faculty, staff, the city and county of Greenwood, and business and corporate entities. The leased facility will alleviate severe space challenges for the 100 acre, landlocked, campus.

The monthly rental rate will be approximately \$57,583, resulting in an annual cost of \$691,000. The requested lease term is 22 years, beginning on the first day of the month after receipt of required approvals. The total lease cost is \$14,389,000. The University has the option to renew the lease for four successive five-year terms with the lease amount adjusted each renewal term for inflation with all other terms and conditions remaining unchanged. The lease is not projected to require an increase in student tuition and fees. Operating expenses are not included in the lease, and the University estimates those costs to be approximately \$15,813 per year, in addition to the lease. Operating expenses include utilities, custodial and grounds maintenance.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

UNIVERSITY OF SOUTH CAROLINA UPSTATE

LEASE NAME: USC Upstate/Spartanburg County Lease Agreement
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$629,707

DESCRIPTION:

USC Upstate requests permission to enter into a 3-year lease totaling \$629,707 with Spartanburg County.

Spartanburg County issued a bond in FY2007-08 in the amount of \$3,280,000 to purchase a number of contiguous land parcels totaling forty-three acres. Included in the forty-three acre purchase are three parcels which are currently being leased by USC Upstate from Carolina Piedmont Foundation and Spartanburg County Commission on Higher Education: 1) 155 America Way with an annual cost of \$75,000, 2) Shell/Valley Falls Road with an annual cost of \$90,000, and 3) 509-559 Hawkins Road with an annual cost of \$35,000. Together these parcels total twelve acres with a three year cost \$600,000.

With the onset of the new county bond, the County has asked the University for monetary support in the amount of \$629,707. The 3-year lease has been set to equal debt service payments for the first three years of the new bond: Year 1, \$124,639; Year 2, \$252,186; Year 3, \$252,882. The University's 3-year lease payments will allow Spartanburg County to retire the previous bond in FY2010-11 before incurring the cost for the new bond. Following this 3-year lease, the University will be relieved from any further obligation. The County will continue to pay the balance of the new bond and provide the land to the University of South Carolina Upstate at no additional costs at the conclusion of the bond period.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

INFORMATION ITEM

Capital Projects & Leases Processed by Staff

September 2008

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
9/2/2008	New	MUSC	2007 Energy Performance Contract	establish	\$0	\$16,400,000
9/2/2008	New	MUSC	Bank Building Demolition ² Courtenay Drive Parking Garage Lighting Upgrade ³	establish	\$0	\$12,000
9/2/2008	New	MUSC	Kingsston Hall & Greenhouse Area Land Acquisition ²	establish	\$0	\$15,000
9/2/2008	New	Coastal Carolina	University Transfer Building Auditorium Renovation ²	establish	\$0	\$2,500
9/8/2008	New	Greenville Tech	Meade Fire Tower Site Acquisition ²	establish	\$0	\$17,000
9/15/2008	New	Coastal Carolina	Softball Complex Upgrade - Phase I ²	establish	\$0	\$5,000
9/17/2008	New	Winthrop	Schwartz/Nettles HVAC Controls Replacement Administration Building Cooling Tower/Chiller Replacement - Phase I ²	decrease budget	(\$3,900)	\$239,000
9/17/2008	New	USC Sumter		establish	\$0	\$3,000

The Commission originally approved this project on September 6, 2007 for \$20,000,000. Negotiations were finalized resulting in a decrease from original estimate. Project will be sent to B&CB for approval.
²See supporting narrative.

Leases Processed by Staff

September 2008

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
9/22/2008	New	Coastal Carolina	900 79th Avenue North, Myrtle Beach	42,200 SF of academic space to replace classroom space that the University formerly leased at the Myrtle Square Mall prior to closing	Annual Rate - \$100,000; Monthly Rate - \$8,333.33; Cost per SF \$2.37	5 years

**FOR INFORMATION – PROJECT ESTABLISHMENTS PROCESSED BY STAFF
FOR SEPTEMBER 2008**

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.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

PROJECT NAME: Bank Building Demolition (Phase I)
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$12,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Services Fees	\$0	\$12,000	\$12,000
Total	\$0	\$12,000	\$12,000

Source of Funds	Previous	Revised	Change
Institutional Capital Projects Fund	\$0	\$12,000	\$12,000
Total	\$0	\$12,000	\$12,000

DESCRIPTION:

The University is requesting approval to establish a project to demolish the MUSC Bank Building located at 165 Cannon Street. This building was constructed in 1972 and is five stories tall with a total of approximately 36,650 gross SF. The building has numerous severe problems and is beyond economical repair. These building problems include the structural integrity of the exterior brick façade, HVAC, elevators, asbestos, roofing and waterproofing issues. After demolition the area will be converted to employee parking. The Office of State Engineer approved the demolition in September 2007.

This request is for approval to proceed with Phase I programming and design. At the completion of pre-design, a scope of work statement, schematic design cost estimate, and schedule will be submitted along with a revised A-1 for full project approval.

E&G MAINTENANCE NEEDS REDUCTION:

According to the fall 2007 survey, demolition of this building will reduce building maintenance needs by \$2,888,550.

ANNUAL OPERATING COSTS/SAVINGS:

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

MEDICAL UNIVERSITY OF SOUTH CAROLINA

PROJECT NAME: Courtenay Drive Parking Garage Lighting Upgrade
(Phase I)
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$15,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Services Fees	\$0	\$15,000	\$15,000
Total	\$0	\$15,000	\$15,000

Source of Funds	Previous	Revised	Change
Parking Revenue	\$0	\$15,000	\$15,000
Total	\$0	\$15,000	\$15,000

DESCRIPTION:

The University is requesting approval to establish a project to upgrade the existing lighting in Courtenay Drive Parking Garage with new metal halide replacement fixtures. This upgrade will provide the 530,000 SF parking garage with higher quality lighting, increased energy efficiency, less maintenance, and improved safety.

This request is for approval to proceed with Phase I programming and design. At the completion of pre-design, a scope of work statement, schematic design cost estimate, and schedule will be submitted along with a revised A-1 for full project approval.

E&G MAINTENANCE NEEDS REDUCTION:

N/A - Auxiliary

ANNUAL OPERATING COSTS/SAVINGS:

The project is expected to reduce operating costs through increased energy efficiency.

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Kingston Hall & Greenhouse Area Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

Source of Funds	Previous	Revised	Change
Operating Budget	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

DESCRIPTION:

The University requests approval to establish a project to perform the required environmental study of 5.11 acres located on Chanticleer Drive East. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of enabling the University to own the land upon which Kingston Hall and the greenhouse area are located.

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.

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Meade Fire Tower Site Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$5,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$5,000	\$5,000
Total	\$0	\$5,000	\$5,000

Source of Funds	Previous	Revised	Change
Operating Budget	\$0	\$5,000	\$5,000
Total	\$0	\$5,000	\$5,000

DESCRIPTION:

The University requests approval to establish a project to begin the process to purchase approximately 10 acres of land from the South Carolina Forestry Commission. Once approval is received, the University will perform the required environmental study. The land is needed for the purpose of facilities and student recreation space. This property is included in the University's Master Land Acquisition Plan.

F&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.

WINTHROP UNIVERSITY

PROJECT NAME: Softball Complex Upgrade (Phase I)
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$15,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Services Fees	\$0	\$15,000	\$15,000
Total	\$0	\$15,000	\$15,000

Source of Funds	Previous	Revised	Change
Athletic Bonds	\$0	\$15,000	\$15,000
Total	\$0	\$15,000	\$15,000

DESCRIPTION:

The University is requesting approval to establish a project to upgrade the existing ladies softball facilities. The upgrades will include: 1) Replacement of both home and visitor dugouts, 2) Infrastructure and mechanical equipment will be added to support the additional square footage, 3) The rusted fence will be replaced on all four playing fields with black vinyl fencing, 4) Circulation areas will be expanded, upgraded and made more safe, 5) New concrete pads will be made for existing bleachers, and 6) Paver accents and new signage will be included to blend with the other athletics areas.

All athletic facilities at the University are being systematically upgraded. Upgrading the women's softball complex is the next area for improvement which will help to achieve Title IX equity. The total projected cost for the project is \$1,000,000.

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.

UNIVERSITY OF SOUTH CAROLINA SUMTER

PROJECT NAME: Administration Building Cooling Tower/Chiller Replacement (Phase I)
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$3,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$3,000	\$3,000
Total	\$0	\$3,000	\$3,000

Source of Funds	Previous	Revised	Change
Research University Infrastructure Bonds	\$0	\$3,000	\$3,000
Total	\$0	\$3,000	\$3,000

DESCRIPTION:

The University requests approval to establish a project to replace the existing chiller and cooling tower for the Administration Building. The current 50 ton chiller and cooling tower were refurbished in 1989 during a building renovation, and currently cannot maintain adequate cooling in the building. Constant maintenance is required, and replacement parts are hard to find.

A total project budget has not been determined. Internal cost estimates project the budget to be approximately \$120,000. Due to the small scale of the project, fees are anticipated to be greater than the suggested 1.5% of the total projected cost. The requested budget of \$3,000 is 2.5% of the current projected cost.

E&G MAINTENANCE NEEDS REDUCTION:

TBD – The extent to which the project will reduce the buildings' maintenance needs as calculated in fall 2007 will be identified in the design phase 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: University Transfer Building Auditorium Renovation (Phase I)
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$17,300
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$12,300	\$12,300
Other	\$0	\$3,500	\$3,500
Contingency	\$0	\$1,500	\$1,500
Total	\$0	\$17,300	\$17,300

Source of Funds	Previous	Revised	Change
Local Funds	\$0	\$17,300	\$17,300
Total	\$0	\$17,300	\$17,300

DESCRIPTION:

The University requests approval to establish a project to renovate a thirty-eight year old auditorium located in the University Transfer Building on the University's Barton Campus. Pre-design services shall include: programming, space schematics, and an existing building survey. Design goals and objectives include, but are not limited to: creating a state-of-the-art auditorium; upgrading lighting and communications systems; upgrading seating; providing fresh, modern floor, wall and ceiling finishes; identifying and proposing solutions to non-compliant code/life-safety conditions; identifying and proposing solutions to non-compliant ADA conditions; proposing high quality IT/audio-visual solutions, and proposing alternative seating solutions.

Renovation of this auditorium is necessary due to facility age and a deplorable condition. Heavy use and current instruction methods are mandating an upgrade to the latest IT and audio-visual equipment available. No other alternatives exist.

E&G MAINTENANCE NEEDS REDUCTION:

TBD – The extent to which the project will reduce the buildings' maintenance needs as calculated in fall 2007 will be identified in the design phase of the project.

ANNUAL OPERATING COSTS/SAVINGS:

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