

NEW BUILDING FOR DHHS

Joseph O. Rogers III is the primary point of contact for the Budget and Control Board, General Services (803) 737-3880

100,000 sq ft building (2 stories high), (the model came for Florida).

Projected site for the new building (Parklane & Ferrow Road). The old state park area where the TB hospital was located.

Indicated below are a few other state agencies that will also be located and this complex:

* Labor, Licensing & Regulator (LLR)

Revenue Department

Department of Health & Environmental Control (DHEC)

* LLR contract run out in a few years so they may need to move into the complex first.

Meeting on May 22,2003 with William Wells, Dave Schaefer, Mike Cannon all from DHHS and Joe Rogers, Mike Stewart and other from the Budget and Control Board, General Services

The square footage for each person in the building would be approximately ~~220~~²²⁰sq ft per person.

The complex may have shared training area, shared large conference rooms

LLR lease agreement is over in 2 years and they were being look at as the first to move from their current location.

DHHS may need to wait and look at possibly moving one (1) year prior to the end of their current lease agreement.

REQUIRED ACTIONS

Budget and Control Board, General Services

- 1. DHHS submit an Expression of Interest letter to the Budget and Control Board, General Services, ATTN Joe Rogers, signed by the DHHS Agency Director. William stated he would complete this tasking and get Robbie to sign.**

Meet with the Engineering Art (to address need requirements)

- 3. Sell the Bond and get approvals (Normally need the lease agreement in place to sell the bond. (20 year projection on the Bond)**



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Robert M. Kerr
Director

November 21, 2006

Mr. M. Richbourg Roberson, Director
General Services Division
South Carolina Budget and Control Board
1201 Main St., Suite 420
Columbia, SC 29201

Dear Mr. Roberson:

In 2003 and in 2006 the Department of Health and Human Services made a request to the General Services Division to design and construct a state-owned facility to house the Department as part of a master plan for state office space that was being developed at that time. We understand that for various reasons those plans have been on hold.

We still believe that it makes the best economic sense for the State to construct an efficiently designed building on our behalf, which would be paid for by revenue bonds to be retired through our lease payments to the State. Since we receive a 50% Federal match for our administrative expenses, the State would ultimately be paying for only half of the cost of the building.

We would still suggest that a new state building be considered as an alternative to leasing commercial space, but we have reached the point at which we cannot wait any longer to make plans because most of our current leases will expire in June 2008. In the event that we must continue to lease commercial space, we believe that competitive pricing would provide a better value to the state, rather than simply renewing our current leases. Therefore, as we discussed with you in our meeting earlier this year, we believe it would be in the best interest of the State to initiate a competitive solicitation for office space, and request that the General Services Division begin that process immediately.

M. Richbourg Roberson

November 21, 2006

Page 2

As you know, we currently occupy approximately 181,000 square feet of leased office space in Columbia, including the Jefferson Square building and adjacent Klondike building on Main Street, and our Community Long Term Care office on Parklane Road. Total annual rent on these facilities is approximately \$3.5 million annually and will exceed \$3.6 million annually by the time these leases expire.

Enclosed with this letter is a space allocation form to support our request. Should you and your staff wish to explore the possibility of constructing a state-owned building as an alternative, we would appreciate that and would be happy to discuss it further, ideally, it might be best for both alternatives to proceed on parallel tracks if that is possible.

If you need additional information, please contact Mike Cannon, in the Bureau of Administrative Services directly at 898-2631.

Thank you for your assistance.

Sincerely,

William L. Wells, CPA
Deputy Director

WLW: jym



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Emma Forkner
Director

May 19, 2008

Mr. M. Richbourg Roberson, Director
General Services Division
South Carolina Budget and Control Board
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Mr. Roberson:

As you are aware, Regulation 19-447.1000 requires that leases, which commit one million dollars or more in a five-year period, be approved by the Budget and Control Board and reviewed by the Joint Bond Review Committee.

The South Carolina Department of Health and Human Services (SCDHHS) administers the South Carolina Medicaid Program, which provides health care coverage for about one quarter of the population of South Carolina. The administrative offices of SCDHHS have been housed in leased office space at the current location at 1801 Main Street since August 14, 1984. The current lease expires June 30, 2008.

SCDHHS in coordination with General Services Division, Real Property Services, initiated two competitive solicitations for available space to lease in February 2007 and October 2007, in order to determine whether other suitable commercial office space alternatives were available and to obtain the best value for the State. After reviewing the proposals submitted as a result of these solicitations, SCDHHS has determined that none of the proposed sites would be as suitable in accommodating the needs of the agency as the present site and hereby requests the approval of a lease to remain at our current location at 1801 Main Street through the negotiated lease term.

The proposed lease with Jefferson Square Joint Venture is to begin July 1, 2008 for a term of five years with an expiration date of June 30, 2013. The basic rental rate begins at \$15.00 in the first year and increases \$0.25 each year thereafter. Annual basic rent in the first year will be \$2,187,465. SCDHHS will additionally pay \$15,714.49 monthly for parking, approximately \$4,640 of which will be recouped from our employees occupying such parking spaces.

Mr. M. Richbourg Roberson, Director
May 19, 2008
Page Two

General Services Division has negotiated a lower rate with the landlord resulting in a significant cost savings for the agency in the first year of the lease of over \$652,000.

The state's process is designed to meet the requirements of Regulation 19-447.1000 and the proposed lease terms and conditions are consistent with the State's standard lease terms. Adequate funds are available within the agency's budget, and a financial plan has been submitted.

Therefore, I respectfully request that the proposed lease with Jefferson Square Joint Venture be approved by the Budget and Control Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Emma Forkner". The signature is written in a cursive style with a large initial "E".

Emma Forkner
Director

EF/jym



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Emma Forkner
Director

Mr. M. Richbourg Roberson, Director
General Services Division
South Carolina Budget and Control Board
1201 Main St., Suite 420
Columbia, SC 29201

Dear Mr. Roberson:

It was indeed a pleasure to meet with you and members of your staff to discuss our options for obtaining leased space. My staff and I have reviewed the responses from the previous two requests for lease proposals and at this time, none of the properties listed will meet the needs of the South Carolina Department of Health and Human Services (SCDHHS). While we still believe that it makes the best economic sense for the State to construct an efficiently designed building on our behalf, and because of our current time constraints we propose renewing the current lease agreement with Wilson-Kibler for a period of three (3) years with two (2), one (1) year options.

As soon as schedules permits, I am going to schedule a meeting with the Governor's staff to pursue our options, to construct a new building to house the South Carolina Department of Health and Human Services.

Sincerely,

Emma Forkner
Director

EF/

Second Solicitation Pros & Cons

Location

Keenan Building / Capital Building
1310 Lady Street / 1330 Lady Street

Pros

Easy Access to State Capital and other State Buildings
Secured Covered Parking Garage
Downtown Location
Easy Access to all major Interstate Exchanges

Cons

Asbestos Problems
Large footprint that is too spread out
Carpet replacement in numerous areas
Square footage not adequate

Location

Formerly NetBank
9710 Two Notch Road

Pros

Comprehensive Security System
On-site generator back-up power
Numerous Conference Rooms

Cons

Square footage not adequate
Potential traffic problems
Cam charges would apply
Enormous cubicle expenditure to occupy
Janitorial Services not included

First Solicitation Pros & Cons

| <u>Location</u> | <u>Pros</u> | <u>Cons</u> |
|--|--|--|
| 3130 Bluff Rd SouthParc Ctr | Easy access to I-77 & I-20 \$10.50 per Sq Ft Warehouse Industrial Environment | Total Renovation |
| Village at Sandhill | Close proximity to I-20 | Total Renovation Utilities, janitorial, tax & insurance not included Heavy Traffic congestion Rail Road Tracks are parallel to building Numerous electrical transformers are next to the building |
| 1628 Browning Rd (Browning Business Ctr) | 800 secured parking spaces Standard Loading Dock Easy access to I-26 and I-20 On-site generators back-up power Comprehensive security system | Large footprint that is spreaded out Old roof mounted AC Units 35,000 sf of raised flooring w/ numerous AC Vents Tenant improvement allowance of \$850,000 will not be enough to offset needed improvements |
| Current Location | Easy access to I-20, I-26 and I-277 Easy access to Capitol Building and other State Agencies | Continued increases in leasing and operating cost Numerous ongoing building issues (odor problems in the bank lobby area, water leakage around windows during rain storms, Heating and AC system problems, plumbing problems and electrical problems) Age of building that is continuing to fall apart Parking will not accommodate 625 employees Limited parking for visitors Current sf will not accommodate 625 employees Maintenance staff is very limited for current sf of building |